

# 2013

Annual Report

Jardine Cycle & Carriage Limited Annual Report 2013

[www.jcclgroup.com](http://www.jcclgroup.com)



Jardine Cycle & Carriage

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Mercedes-Benz E-Class  
Singapore

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 31ST DECEMBER 2013

Announcement of results:

– first quarter	26th April 2013
– half year	2nd August 2013
– third quarter	6th November 2013
– full year	27th February 2014
Issue of Annual Report	9th April 2014
Annual General Meeting	30th April 2014
Book Closure	19th May 2014
Final Dividend Payment	26th June 2014

FINANCIAL YEAR ENDING 31ST DECEMBER 2014

Proposed dates for announcement of results:

– first quarter	30th April 2014
– half year	1st August 2014
– third quarter	4th November 2014
– full year	27th February 2015



HIGHLIGHTS

- Underlying earnings per share down 12%
- Astra's contribution lower mainly due to weaker rupiah
- Contribution from the Group's other motor interests little changed

GROUP RESULTS

	2013 US\$m	2012 US\$m	Change %	2013† S\$m
Revenue	19,788	21,541	(8)	24,811
Profit after tax	2,089	2,328	(10)	2,620
Underlying profit attributable to shareholders*	894	1,015	(12)	1,121
Profit attributable to shareholders	915	986	(7)	1,147
Shareholders' funds	4,261	4,633	(8)	5,393

	US¢	US¢	%	S¢
Underlying earnings per share*	251.36	285.44	(12)	315.17
Earnings per share	257.24	277.20	(7)	322.55
Dividend per share	108.00	123.00	(12)	136.88

	US\$	US\$	%	S\$
Net asset value per share	11.98	13.03	(8)	15.16

† The exchange rate of US\$1=S\$1.27 (31st December 2012: US\$1=S\$1.22) was used for translating assets and liabilities at the balance sheet date and US\$1=S\$1.25 (2012: US\$1=S\$1.25) was used for translating the results for the year.

\* The Group uses underlying profit in its internal financial reporting to distinguish between ongoing business performance and non-trading items. Items classified as non-trading items include fair value gains or losses on revaluation of plantations and investment properties; gains and losses arising from sales of businesses, investments and properties; impairment of non-depreciable intangible assets and other investments; provisions for 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 the Group's underlying business performance.

Toyota Kijang Innova  
Indonesia



Honda Vario  
Indonesia



## CORPORATE PROFILE

Jardine Cycle & Carriage (“JC&C”) is a leading Singapore-listed company and a member of the Jardine Matheson Group. It has an interest of just over 50% in Astra, a major listed Indonesian conglomerate, as well as other motor interests in Southeast Asia. Together with its subsidiaries and associates, JC&C employs around 214,000 people across Indonesia, Malaysia, Singapore, Vietnam and Myanmar.

Astra is the largest independent automotive group in Southeast Asia, with further interests in financial services, heavy equipment and mining, agribusiness, infrastructure, logistics and other, and information technology. JC&C has motor businesses operating in Singapore, Malaysia and Myanmar under the Cycle & Carriage banner, as well as other motor interests in Indonesia and Vietnam. The JC&C Group represents some of the world’s leading motoring marques including Mercedes-Benz, Toyota, Honda, Kia and Mazda.

Jardine Matheson is 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 and Mandarin Oriental, in addition to JC&C and Astra. 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.



Astracredit Companies  
Indonesia



Federal International Finance  
Indonesia



Toyota Avanza  
Indonesia



## KEY OPERATING BUSINESSES

### ASTRA

#### Indonesia

Astra (50.1%), which is listed on the Indonesia Stock Exchange, is a diversified business group with six core businesses comprising automotive, financial services, heavy equipment and mining, agribusiness, infrastructure, logistics and other, and information technology.

#### Automotive

Astra is the largest independent automotive group in Southeast Asia. Its automotive business comprises the production, distribution, retail and after-sales service of motor vehicles and motorcycles. In 2013, it held 53% of the country's motor vehicle market through partnerships with Toyota, Daihatsu, Isuzu, Peugeot, Nissan Diesel and BMW, and 61% of the motorcycle market with Honda. Astra also manufactures and distributes automotive components.

#### Financial Services

Astra's financial services cover a wide spectrum, from consumer financing to banking and general insurance.

In 2013, its automotive division financed more than 254,000 motor vehicles and over 1.3 million Honda motorcycles in Indonesia. Its heavy equipment division supports the mining, construction, forestry and agricultural sectors.

#### Heavy Equipment and Mining

Astra provides construction machinery and mining contracting through the supply of construction and mining equipment, heavy-duty trucks, vibratory rollers, cranes, forklifts, forestry equipment and after-sales service. It is the sole distributor of Komatsu machinery and equipment, and is also the largest coal mining services contractor in Indonesia. In 2013, it had interests in nine coal mines with combined reserves of 409 million tonnes.

#### Agribusiness

Astra's agribusiness includes the cultivation, harvesting and processing of palm oil. It is one of the largest producers of crude palm oil in Indonesia, with plantations covering approximately 281,000 hectares.

#### Infrastructure, Logistics and Other

Astra's infrastructure, logistics and other businesses include the operation of the western Jakarta water utility system, toll road operations and transportation services.

#### Information Technology

Astra's information technology business provides document and IT solutions services and is the sole distributor for Fuji Xerox in Indonesia.

### OTHER MOTOR INTERESTS

#### Singapore

Cycle & Carriage (100%) is one of the leading automotive groups in Singapore. It is engaged in the retail, distribution and after-sales service of Mercedes-Benz, Mitsubishi, Kia and Citroën motor vehicles.

#### Malaysia

Cycle & Carriage Bintang (59.1%) is listed on Bursa Malaysia. It is the largest dealer of Mercedes-Benz motor vehicles in Malaysia, involved in retail and after-sales service.

#### Indonesia

Tunas Ridean (43.8%) is listed on the Indonesia Stock Exchange and is the largest independent automotive dealer group in Indonesia, representing Toyota, Daihatsu, BMW, Peugeot and Isuzu motor vehicles, as well as Honda motorcycles. Tunas Ridean also provides automotive rental and fleet management services. In addition, it is a major provider of vehicle financing through its associate, Mandiri Tunas Finance.

#### Vietnam

Truong Hai Auto Corporation (32%) is one of the largest automotive companies in Vietnam. Its activities include manufacturing, assembly, distribution, retail and after-sales service of commercial and passenger vehicles, representing brands such as Kia, Mazda, Peugeot, Foton and Hyundai.

#### Myanmar

Cycle & Carriage Automobile Myanmar (60%) was established to carry on the business of motor vehicle maintenance and repair services. JC&C has secured the distribution rights to Mercedes-Benz passenger cars and commercial vehicles, Fuso commercial vehicles, EvoBus buses and Mazda passenger cars for Myanmar.

Honda Motorcycle Assembly Plant  
Indonesia



Permata Bank  
Indonesia



Astra Graphia  
Indonesia



Mercedes-Benz Autohaus  
Malaysia



Harvesting Palm Fruits  
Indonesia



Automotive Components  
Indonesia



Tunas Toyota Showroom  
Indonesia



Kia Passenger Car Assembly Plant  
Vietnam





Honda Beat  
Indonesia

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Benjamin Keswick	Chairman
Boon Yoon Chiang	Deputy Chairman
Alexander Newbigging*	Group Managing Director
Chiew Sin Cheok*	Group Finance Director
Tan Sri Azlan Zainol <sup>+</sup>	
Chang See Hiang <sup>+</sup>	
Cheah Kim Teck*	
Mark Greenberg	
Hassan Abas <sup>#</sup>	
Michael Kok	
Lim Hwee Hua <sup>+</sup>	
Anthony Nightingale	
James Watkins <sup>+</sup>	

### NOMINATING COMMITTEE

Chang See Hiang <sup>+</sup>	Chairman
Hassan Abas <sup>#</sup>	
Benjamin Keswick	

### REMUNERATION COMMITTEE

James Watkins <sup>+</sup>	Chairman
Chang See Hiang <sup>+</sup>	
Hassan Abas <sup>#</sup>	
Benjamin Keswick	

### AUDIT COMMITTEE

Hassan Abas <sup>#</sup>	Chairman
Boon Yoon Chiang	
Chang See Hiang <sup>+</sup>	
Mark Greenberg	
Lim Hwee Hua <sup>+</sup>	
James Watkins <sup>+</sup>	

### GROUP COMPANY SECRETARY

Ho Yeng Tat

### AUDITORS

PricewaterhouseCoopers LLP  
8 Cross Street #17-00  
PWC Building  
Singapore 048424  
Partner-in-charge: Quek Bin Hwee  
Appointment: 2012

### REGISTRAR

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112 Robinson Road  
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Singapore 159930  
Telephone: (65) 6473 3122  
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### WEBSITE

[www.jcclgroup.com](http://www.jcclgroup.com)

\* Executive Director

<sup>+</sup> Independent Director

<sup>#</sup> Lead Independent Director

Corporate information as at 24th March 2014



## CHAIRMAN'S STATEMENT

### OVERVIEW

Jardine Cycle & Carriage produced a reasonable result in 2013, particularly as a number of its businesses faced difficult trading conditions, with the decline in earnings largely due to the impact on translation of an 11% fall in the average rupiah exchange rate used.

### PERFORMANCE

The Group's revenue for the year was down by 8% to US\$19.8 billion, primarily due to a decline in heavy equipment sales and the impact on translation of the weaker rupiah. Underlying profit and underlying earnings per share both declined by 12% to US\$894 million and US\$251.36, respectively. Profit attributable to shareholders was 7% down at US\$915 million and earnings per share were also 7% lower at US\$257.24 after accounting for non-trading items.

Astra's underlying contribution of US\$849 million was 13% lower largely due to the impact of the weaker rupiah on translation. In rupiah terms, Astra's net income was maintained

at the same level as 2012. The underlying profit contribution from the Group's other motor interests at US\$59 million was in line with the previous year.

The Board is recommending a final one-tier tax-exempt dividend of US\$90 per share (2012: US\$105 per share). This together with the interim dividend will produce a reduced total dividend of US\$108 per share (2012: US\$123 per share).

### BUSINESS ACTIVITY

Through 50.1%-owned Astra, the Group is involved in six business segments in Indonesia; being automotive, financial services, heavy equipment and mining, agribusiness, infrastructure, logistics and other and information technology. The Group's other motor interests operate in Singapore, Malaysia, Indonesia, Vietnam and Myanmar. Jardine Cycle & Carriage's strategy is to support the growth of Astra's businesses, and to develop its other interests in Southeast Asia through organic growth and through acquisition.



Mercedes-Benz S-Class  
Singapore





Komatsu Heavy Equipment  
Indonesia

#### ASTRA

Astra's underlying profit contribution of US\$849 million was down on the previous year, principally due to the weakening of the rupiah on translation as its net income in its reporting currency was unchanged. Strong results from Astra's financial services and mining contracting businesses were offset by a decline in earnings from its heavy equipment and palm oil businesses. Astra's automotive activities delivered slightly improved results, as a decline in the contribution from the components businesses was countered by an improved result from the motorcycle operations.

Astra pursued a number of business development initiatives over the past year. In April, Astra Otoparts acquired a 51% interest in a wheel rim manufacturer for US\$72 million, which it followed with a US\$306 million rights issue to strengthen its capital base. Astra subsequently placed out 16% of Astra Otoparts shares to help increase the liquidity of the stock, thereby reducing its shareholding to 80%.

In October, Astra announced plans to develop 2.4 hectares of land in Jakarta's city centre into an office tower and residential apartment complex, with the residential portion to

be undertaken in joint venture with affiliate, Hongkong Land. In December, Permata Bank completed a US\$180 million senior and subordinated debt issuance. In January 2014, Permata Bank completed a US\$123 million rights issue, with Astra taking up its share, equivalent to US\$55 million. The capital raisings will strengthen core capital and fund a 25% equity investment in Astra Sedaya Finance, which was approved by Bank Indonesia in December 2013 and is expected to complete during the second quarter of 2014.

In January 2014, Astra has entered into a 50-50 joint venture with Aviva plc, the UK's largest insurer, called Astra Aviva Life, which will sell and distribute life insurance products in Indonesia.

#### GROUP'S OTHER MOTOR INTERESTS

The contribution from the Group's other motor interests was little changed. The Singapore operations did well, with only a marginal decline in earnings despite various government measures to curb demand, including a lower quota for new vehicles and restrictions on vehicle financing. In Malaysia, intense competition and severe margin erosion in the premium car segment led to a fall in profit for Cycle

& Carriage Bintang, although investment continued with the opening of a tenth outlet, the Glenmarie Autohaus in Shah Alam. In Indonesia, Tunas Ridean's profits suffered from lower margins and increased labour costs, although earnings were higher in its finance business. In Vietnam, Truong Hai Auto Corporation produced a significant increase in its contribution following improvements in both unit sales and margins helped by lower interest costs.

The Group is pursuing opportunities in Myanmar where it has recently entered into a 60%-owned automotive joint venture and has secured rights for the distribution and after-sales service of Mercedes-Benz, Mazda and Fuso vehicles.

#### PEOPLE

The Group's satisfactory performance in 2013 in the face of the difficult trading conditions is a reflection of the hard work and dedication of our more than 200,000 employees. On behalf of the Board, I would like to thank them for their fine effort and wish them well in the year ahead.

Lim Ho Kee retired as Director of the Company in February 2014 after more than 16 years on the Board. On behalf of the

Mercedes-Benz Citaro  
Singapore



Car Leasing  
Indonesia

Board, I would like to record our appreciation and to thank Ho Kee for his valuable contribution to the Group.

Cheah Kim Teck retired as Chief Executive Officer, Group Motor Operations in January 2014. I am pleased that the Group will continue to benefit from his experience in his new position as Managing Director of Business Development. Haslam Preston, who joined the Group in February 2014, has taken over management responsibility for JC&C's non-Astra businesses.

#### OUTLOOK

Jardine Cycle & Carriage is expecting another year of mixed performances from its businesses in 2014. Astra expects the heightened competition in the Indonesian car market and weakness in coal prices to continue, while concerns remain about increases in interest rates and rupiah volatility. The Group's non-Astra motor businesses do not foresee any significant improvement in trading conditions.

#### Ben Keswick

Chairman  
27th February 2014



## GROUP MANAGING DIRECTOR'S REVIEW

### OVERVIEW

A number of the Group's businesses faced challenging trading conditions in 2013. However, the principal reason for the decline in earnings was the reduction in Astra's contribution due to a weaker rupiah exchange rate.

### PERFORMANCE

The Group reported an underlying profit of US\$894 million for 2013, down 12%. Profit attributable to shareholders was US\$915 million, 7% lower, after a profit of US\$21 million from non-trading items, which included gains of US\$23 million arising from Astra's sale of an interest in a subsidiary to an affiliate, Hongkong Land, and US\$10 million from the revaluation of investment properties, partly offset by a loss of US\$12 million from the write-down of Astra's interest in a joint venture. This compares to a net loss of US\$29 million from non-trading items in 2012.

Astra's underlying profit contribution to the Group at US\$849 million was 13% lower than the previous year. Astra's little changed rupiah earnings translated into an 11% decline in US dollar terms. Astra saw strong results from its financial services and mining contracting businesses and a slightly improved performance from its automotive activities, but there was a decline in earnings in its heavy equipment and palm oil businesses. The underlying profit contribution from the Group's other motor interests at US\$59 million was in line with the previous year.

The Group's consolidated net debt at the end of 2013 was US\$303 million, excluding borrowings within Astra's financial services subsidiaries, compared to the net debt of US\$867 million at the end of 2012. The reduction was largely due to proceeds arising from the sale by Astra of part of its interest in Astra Otoparts and a reduction in working capital in its heavy equipment businesses. The consolidated net debt from Astra's financial services subsidiaries was US\$3.5 billion at the end of December, down from US\$3.8 billion at the end of 2012 as the impact of the weaker rupiah on translation more than offset the increase in volumes financed.

### GROUP REVIEW

#### ASTRA

Astra reported a net profit for 2013 equivalent to US\$1,838 million under Indonesian accounting standards, which in rupiah terms was unchanged from the prior year.

#### Automotive

Automotive demand remained favourable during 2013; however, increased competition from additional domestic capacity coupled with higher labour costs led to the earnings contribution from the car sector being little changed. The group's automotive component businesses achieved higher sales volumes, but earnings fell due to rises in both material and labour costs. There was, however, an improved contribution from the motorcycle businesses, which benefited from good demand and a higher market share.

The wholesale market for cars in Indonesia grew by 10% to 1.2 million units. Astra's car sales rose by 8% to 655,000 units, leading to its market share dipping from 54% to 53%. The group launched 23 new models and 12 revamped models during the year, which included the release in September of the two Low Cost Green Car models, the Astra Toyota Agya and the Astra Daihatsu Ayla.

The wholesale market for motorcycles increased by 10% to 7.7 million units. Astra Honda Motor's sales rose 15% to 4.7 million units, with its market share increasing from 58% to 61%. Astra Honda Motor launched two new models and nine revamped models during the year.

Astra Otoparts, the 80%-owned automotive component manufacturing business, reported a net income down 4% to US\$95 million despite higher volumes in the original equipment manufacturer, replacement and export markets. This was due largely to higher raw material and labour costs that could not be covered by increased prices.

#### Financial Services

Net income from Astra's financial services businesses grew by 15% to US\$405 million in 2013. Strong growth in Permata Bank and the automotive-focused Astra Credit Companies, Toyota Astra Financial Services and Federal International Finance, was offset in part by a decline in the finance companies serving the heavy equipment sector, Surya Artha Nusantara Finance and Komatsu Astra Finance.

The amount financed through Astra's automotive-focused consumer finance operations grew by 13% to US\$5.4 billion, including joint bank financing without recourse. The amount financed in the heavy equipment sector declined by 30% to US\$473 million, reflecting a significant reduction in equipment sales.

Astra's 45%-held joint venture, Permata Bank, reported net income of US\$163 million, an increase of 26%, with growth in net interest income arising from a 26% increase in the loan book, partly offset by higher operating costs.

Group insurance company, Asuransi Astra Buana, recorded higher earnings with strong growth in gross written premiums and investment income, partly offset by higher claims and operating expenses.

#### Heavy Equipment and Mining

United Tractors, which is 60%-owned, reported a decline in revenue of 9% and net income reducing 16% to US\$458 million.

Sales of Komatsu heavy equipment declined 32% to 4,200 units and revenue fell 29% as weaker coal prices led to lower demand in the mining sector. The earnings impact was partly mitigated by growth in service revenue.



Astra Toyota Agya  
Indonesia



Astra Daihatsu Ayla  
Indonesia



## GROUP MANAGING DIRECTOR'S REVIEW



Mandiri Tunas Finance  
Indonesia

The coal mining contracting operations of subsidiary, Pamapersada Nusantara, benefited from increased mine site capacity. It reported a 13% improvement in revenue as contract coal production increased 11% to 105 million tonnes, although contract overburden removed was 1% down at 845 million bank cubic metres.

United Tractors' mining subsidiaries reported a decline in revenue of 34% in rupiah terms, with coal sales 26% lower at 4.2 million tonnes and average coal sale prices declining by 14%. The lower coal prices and increased fuel costs reduced gross profit margins. United Tractors and its subsidiaries own interests in nine coal mines with combined reserves estimated at 409 million tonnes.

### Agribusiness

Astra Agro Lestari, which is 80%-held, reported net income down 25% at US\$171 million. Crude palm oil sales increased by 11% to 1.6 million tonnes, but average crude palm oil prices achieved were 1% lower. Income was also impacted by lower crop yield, higher labour costs and foreign exchange translation loss on US dollar borrowings.

### Infrastructure, Logistics and Other

The contribution to Astra's net income from infrastructure, logistics and other businesses increased by 10% to US\$71 million after accounting for a net non-trading gain of US\$19 million comprising a revaluation and part disposal of a land holding in Central Jakarta and the write-down of the group's interest in a joint venture. Excluding these non-trading items, net income was 19% lower at US\$52 million.

The 72.5 km Tangerang-Merak toll road operated by 79%-owned Marga Mandalasakti reported a 9% increase in traffic volume to 41 million vehicles with 3% higher average tariffs. The group's 95%-owned greenfield 40.5 km



Toll Road Service  
Indonesia

Kertosono-Mojokerto toll road near Surabaya remains under construction, and subject to the timely completion of land acquisitions is expected to be completed by the end of 2014. Taken together with Astratel's 40% interest in the greenfield 11.2 km Kunciran-Serpong toll road on Jakarta's outer ring-road, the group has interests in 124.2 km of toll road. Serasi Autoraya's revenue improved despite a modest decrease in the number of vehicles under contract at its TRAC car rental but its net income fell 33% to US\$19 million due to higher depreciation and operating costs.

### Information Technology

Astra Graphia, 77%-owned, which is active in the area of document information and communication technology solutions and is the sole distributor of Fuji Xerox office equipment in Indonesia, reported net income of US\$20 million, up 22%.

### GROUP'S OTHER MOTOR INTERESTS

Underlying profit from the Group's other motor interests in 2013 was in line with 2012 at US\$59 million despite mixed results from the various businesses in challenging trading environments.

### Singapore

The Singapore motor operations produced a profit contribution of US\$31 million, marginally down, as lower profits from passenger car sales were largely compensated by an improvement in taxi and commercial vehicle sales as well as after-sales. The Singapore vehicle market was impacted by government measures to reduce demand, including a reduction in the quota for new vehicles and restrictions on vehicle financing. This led to a 19% decline in the passenger car market to 22,500 units. The Group sold some 4,000 passenger cars, 18% lower than the previous year with declines in all brands, while its market share was maintained at 18%.



Mazda CX-5  
Vietnam

### Malaysia

In Malaysia, the profit contribution from 59%-owned Cycle & Carriage Bintang ("CCB") fell by 74% to US\$1 million as it faced an extremely difficult trading environment. CCB's Mercedes-Benz passenger car unit sales were stable but increased competition in the premium segment led to heavy discounting and reduced profitability.

### Indonesia

In Indonesia, 44%-owned Tunas Ridean contributed a profit of US\$12 million, 36% lower than the previous year. Motor car sales were 15% higher at 54,500 units, but margins were lower owing to intense competition for market share. Tunas Ridean's motorcycle sales, which are concentrated in Indonesia's palm oil provinces, benefited from a modest increase in palm oil prices in the last quarter and ended the year slightly higher at 177,300 units. The contribution from its 49%-owned associate, Mandiri Tunas Finance, was up 51% due to a larger loan portfolio and lower credit losses.

### Vietnam

In Vietnam, 32%-owned Truong Hai Auto Corporation ("Thaco") produced an improved performance, with its contribution almost four times the previous year at US\$15 million. The motor vehicle market in Vietnam recovered in 2013, with sales increasing by 26% to 129,300 units, while Thaco's sales grew by 14% to 28,200 units. Thaco's earnings benefited from increases in unit sales and margins as well as from lower interest costs.

### Alex Newbigging

Group Managing Director  
27th February 2014

The underlying profit attributable to shareholders by business is shown below:

	2013 US\$m	2012 US\$m
<b>Astra</b>		
Automotive	443.4	486.9
Financial services	202.4	197.6
Heavy equipment and mining	141.0	186.2
Agribusiness	68.1	102.2
Infrastructure, logistics and other	23.2	36.3
Information technology	7.6	7.0
	885.7	1,016.2
Less: Withholding tax on dividend	(36.7)	(44.4)
	849.0	971.8

### Other motor interests

Singapore	31.2	31.8
Malaysia	0.8	3.1
Indonesia (Tunas Ridean)	12.3	19.1
Vietnam	15.3	4.0
Myanmar	(1.0)	—
	58.6	58.0

<b>Corporate costs</b>	<b>(13.5)</b>	<b>(14.5)</b>
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<b>Underlying profit attributable to shareholders</b>	<b>894.1</b>	<b>1,015.3</b>
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Kia Forte K3  
Singapore

### 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 2013, a number of new or amended standards became effective and the Group adopted those which are relevant to the Group's operations. As mentioned in Note 2 to the financial statements, the only standard adopted that impacts the consolidated profit and loss account and balance sheet is IAS 19 (amended 2011) "Employee Benefits". The adoption of this standard does not have a material effect on the financial statements, but the comparative financial statements have been restated. In addition, pursuant to the new or amended standards, additional disclosures have been made in the financial statements in respect of pension plans, fair value measurements, interests in subsidiaries that have material non-controlling interests, and interests in material associates and joint ventures.

### Results

The Group's revenue for the year was down 8% to US\$19.8 billion. Revenue from Astra fell by 8% to US\$18.4 billion as increases in all segments except heavy equipment were offset by the impact on translation of the rupiah, which was on average 11% lower against the US dollar during 2013. Revenue from the Group's other motor interests fell 10% to US\$1.4 billion due to challenging trading conditions in Singapore and Malaysia. Gross revenue, including 100% of revenue from associates and joint ventures, which is a better measure of the extent of the Group's operations, declined by 3% to US\$33.0 billion.

Operating profit at US\$2,063 million was US\$364 million or 15% lower than the previous year. Excluding non-trading items, which amounted to a net gain of US\$60 million

(2012: net gain of US\$8 million), underlying operating profit was US\$2,003 million, 17% lower. Astra's financial services and mining contracting businesses' strong results were offset by a decline in earnings from its heavy equipment and palm oil businesses, alongside the impact on translation of the weaker rupiah. Astra's automotive segment delivered slightly improved results, as a decline in the contribution from its components business was offset by improved motorcycle results. The Group's other motor interests in Singapore experienced a marginal decline in earnings despite government measures to curb demand, while in Malaysia, intense competition in the premium car segment led to reduced earnings.

The non-trading items referred to above included an aggregate gain of US\$54 million arising from Astra's sale of an interest in a subsidiary to an affiliate, Hongkong Land, and the disposal of a non-core subsidiary, a US\$19 million revaluation gain from investment properties and a fair value loss of US\$15 million on oil palm plantations.

Net financing charges, excluding interest income/expense relating to consumer finance and leasing activities, decreased by US\$11 million to US\$28 million as a result of significantly lower net debt in most of Astra's business segments. Interest cover excluding financial services companies remained strong at 48 times, calculated as the sum of underlying operating profit and share of associates' and joint ventures' results after tax, divided by net financing charges.

The Group's share of associates' and joint ventures' results after tax at US\$590 million was 2% higher than the previous year after including a non-trading loss of US\$23 million attributable largely to the write-down of

Astra's interest in a joint venture. This compares to the non-trading loss in the previous year of US\$45 million, which was due to an impairment of the Group's investment in Vietnam. Excluding these non-trading items, the Group's share of associates' and joint ventures' results after tax was US\$613 million, 1% down on the previous year. An increase in Astra's automotive and financial services associates and joint ventures were offset by the impact on translation of the weaker rupiah. The Group's Vietnam associate, Truong Hai Auto Corporation, recorded a significant increase in earnings, while the Group's Indonesian associate, Tunas Ridean, experienced a decline.

The effective tax rate of the Group was 26% compared to 27% in the previous year. Excluding non-trading items, the effective tax rate would have been 27% compared to 26% in 2012.

The Group's profit after tax for the year was US\$2,089 million, 10% lower than the previous year. After excluding profit attributable to non-controlling shareholders, the Group's profit after tax attributable to shareholders fell 7% to US\$915 million. Excluding non-trading items, underlying profit attributable to shareholders was 12% lower at US\$894 million. Had Astra's earnings been translated using the same exchange rate as applied in 2012, Astra's contribution to the Group's underlying profit attributable to shareholders would have been US\$108 million higher.

### Dividends

The Board is recommending a final one-tier tax-exempt dividend of US\$90 per share (2012: US\$105 per share), payable on 26th June 2014 to shareholders of the Company as at 5.00pm on 19th May 2014. This, together with the interim dividend paid in October 2013, will produce a total dividend of US\$108 per share (2012: US\$123 per share). This represents a dividend payout equivalent to 43% of underlying earnings per share, in line with the previous year. Shareholders will have the option to receive the dividend in Singapore dollar and in the absence of any election, the dividend will be paid in US dollar.

### Cash Flow

Cash inflow from the Group's operating activities was US\$1,931 million, US\$1,081 million higher than the previous year, mainly due to a reduction in working capital in Astra's heavy equipment business.

The cash outflow from investing activities was US\$838 million, US\$80 million lower than the previous year. Cash outflow from investing activities comprised mainly Astra's capital expenditure in the automotive, heavy equipment and mining, and agribusiness segments, acquisitions of new automotive component and infrastructure businesses, capital injections in associates and joint ventures, and the net purchase of other investments.

The cash outflow from financing activities was US\$499 million, US\$329 million higher than the previous year. This was due mainly to a higher repayment of loans, partly offset by the proceeds of US\$261 million from the sell-down by Astra of its interest in Astra Otoparts from 96% to 80% and lower dividends paid to non-controlling interests.

At the year-end, the Group had undrawn committed facilities of some US\$2.7 billion. In addition, the Group had available liquid funds of US\$1.6 billion. The Group's net debt excluding borrowings within Astra's financial services subsidiaries was US\$303 million, compared to US\$867 million at the end of the previous year, mainly due to the aforementioned proceeds from Astra's sell-down of a partial interest in Astra Otoparts and the reduction in working capital. Net debt within the Group's financial services operations was US\$3.5 billion, down from US\$3.8 billion at the end of 2012, as the impact of a weaker rupiah on translation more than offset the increase in volumes financed. The Company ended the year with net debt of US\$20 million.

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.

### Balance Sheet

Shareholders' funds decreased by 8% to US\$4.3 billion, principally due to the impact on translation of the rupiah, which at the end of 2013 had depreciated by 21% against the US dollar from the end of 2012. Property, plant and equipment declined by US\$560 million to US\$3.7 billion, with the translation impact of the weaker rupiah more than offsetting purchases of heavy equipment and machinery. Interests in associates and joint ventures declined by US\$160 million to US\$2.4 billion, as the Group's share of profit and purchase of additional interests were more than offset by the weaker rupiah. Financing debtors declined by US\$543 million to US\$4.5 billion, as higher volumes financed were more than offset by the weaker rupiah. Stocks at US\$1.3 billion were US\$394 million lower due to a decrease in inventory of heavy equipment and the impact of the weaker rupiah.

### 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 surplus cash resources is managed so as to minimise risk while seeking to enhance yield.

### Risk Management Review

A review of the major risks facing the Group is set out on page 32.

### S C Chiew

Group Finance Director  
27th February 2014



PARTNERS WITH THE COMMUNITY



Astra helps to develop small and medium-sized enterprises through the Income Generating Activity programmes. Indonesia

JC&C strives to fulfil its role as a responsible corporate citizen by contributing to the communities where it operates and encouraging employee volunteerism. In 2013, the JC&C Group continued to support a range of programmes in the areas of mental health, education and community-related initiatives. Astra undertook programmes relating to education, healthcare, environmental conservation and income-generating activities for its partners and the community.

Astra’s Corporate Social Responsibility Initiatives

In Indonesia, Astra’s Corporate Social Responsibility (“CSR”) programmes are implemented through the parent company, its 179 subsidiaries and eight foundations. These foundations are the Dharma Bhakti Astra Foundation (“YDBA”), Astra Bina Ilmu Foundation (“YABI”), Astra Education Foundation – Michael D. Ruslim (“YPA-MDR”), Toyota Astra Foundation (“YTA”), Astra Honda Motor Foundation (“YAHM”), Karya Bakti United Tractors Foundation (“YKBUT”), Amaliah Astra Foundation (“YAA”) and Astra Agro Lestari Foundation (“YAAL”).

Astra supports education programmes which focus on helping the economically disadvantaged communities where it operates. These programmes include providing basic education for children, awarding scholarships, training of teachers and improving school facilities. In 2013, Astra awarded more than 157,000 scholarships to students from elementary to university levels. Astra also supported more than 10,000 schools in improving their education facilities.

Astra helps to develop small and medium-sized enterprises through the Income Generating Activity (“IGA”) programmes that benefit the communities around Astra’s operating areas. These activities include capacity-building for entrepreneurs, assistance in production as well as market access for



Astra awarded more than 157,000 scholarships to students from elementary to university levels in 2013. Indonesia

products made by these small businesses. These IGA programmes have created about 400 new businesses that are spread throughout Indonesia to serve the communities.

Astra’s healthcare programmes provide health check-ups and medication for mainly the mothers and children. Astra has established “Posyandu” which offers community healthcare facilities for mothers and their children at some 680 locations in Indonesia. In addition, employees of Astra in Jakarta, Surabaya, Medan, Balikpapan and Makassar participated in the blood donation drives organised by the “Astra for Health” programme. Astra and the various local sub-district authorities jointly organised the Mobil Kesehatan Astra (“MOKESA”), a mobile health clinic providing free medical services to low income groups. MOKESA has served about 42,000 patients in 2013.

“Go Green with Astra” is a tree planting programme by the Astra Group which aims to conserve nature and counter the emission of greenhouse gases. In 2013, over 2.4 million trees were planted across Indonesia. “Astra Eco Edu River”, an education programme on environmental preservation, continues to carry out its activities on the banks of the Ciliwung River in Jakarta.

Mental Health

MINDSET was set up in Singapore in 2010 by the Jardine Matheson Group to promote mental health and to change people’s attitude in this area by raising awareness and understanding of mental health issues. It has obtained charity status in 2012. MINDSET’s activities are organised by the Jardine Ambassadors, a group of young, energetic and enterprising executives selected from across the Jardine Matheson Group companies. JC&C, along with the other Jardine Matheson Group companies, is actively involved in MINDSET’s activities through donations and participation in its programmes.



The MINDSET Challenge 2013 successfully raised about US\$213,000 towards the building of the “MINDSET Rehab Gym” at the Institute of Mental Health. Singapore

MINDSET is in its third year of operations and has appointed its fourth batch of 19 Jardine Ambassadors for a two-year term. In 2013, MINDSET created nine short-term job placements within the Jardine Matheson Group companies for the clients of various agencies. These job placements provided clients recovering from mental illnesses the opportunity to learn valuable skills in order to integrate back to the workforce. MINDSET also organised roadshows to create awareness of mental health and showcase the handicrafts made by the agencies’ clients for sale to the public, educational Lunch Talks in Jardine Matheson Group companies, Fun Days and shelf-projects in 7-Eleven outlets.

The major fund-raising event of the year was “The MINDSET Challenge 2013”, involving a run up the 33-storey tower in Marina Bay Financial Centre, which successfully raised about US\$213,000. The funds raised were used to set up the “MINDSET Rehab Gym” at the Institute of Mental Health to promote patients’ recovery through physical activities. In 2013, MINDSET raised and disbursed a total of US\$767,000 to five charities.

Education

At the Singapore Management University, three JC&C scholarships are awarded annually to provide financial support to outstanding students from humble backgrounds with strong academic abilities, community involvement and leadership skills. JC&C also provides opportunities for scholarship holders to gain on-the-job working experience through internship stints with the Company.

In Malaysia, Cycle & Carriage Bintang contributed financially to the Star Publications “Newspaper in Education” programme where 10,000 copies of the Star newspapers were supplied to selected schools to help students improve their English and general knowledge through the reading of newspapers.

In Vietnam, Truong Hai Auto Corporation (“Thaco”) continues to sponsor the “Support in Exam Season” programme which provides counselling sessions, accommodation, transport and food for students preparing for their entrance exams. In 2013, Thaco donated around US\$20,000 in scholarship grants to outstanding elementary, high school and university students of Dong Nai, Quang Nam and Ho Chi Minh City. Thaco also provides learning opportunities for its employees in Quang Nam province to develop their careers through an investment in a vocational college which offers education and training programmes.

Community-Related Initiatives

In Indonesia, Tunas Ridean conducts its charitable activities under the TunasCare programme which aims to provide medical and educational aid to junior employees and underprivileged members of local communities. In 2013, TunasCare helped to cover the cost of hospital treatment and children’s education for several hundred employees. TunasCare also provided meals and donations during Ramadhan to orphans as well as donations for victims of flood disasters in local communities across the Tunas network.

In Vietnam, Thaco’s annual Blood Donation programme collected over 1,000 units of blood across the country for the Red Cross Society as part of the “Joining Hands for the Community” initiative, which supports fundraising programmes for orphans, handicapped and the underprivileged. In 2013, Thaco helped to build roads and houses for the underprivileged in the underdeveloped provinces such as Quang Nam, Dong Nai and Can Tho. It also contributed a sum of US\$70,000 to the victims affected by the typhoon and floods in Central Vietnam during the year.



BOARD OF DIRECTORS

BENJAMIN KESWICK

Non-Executive Director

Mr Keswick was appointed Chairman on 1st April 2012. He was the Group Managing Director from 1st April 2007 to 31st March 2012. He was last re-elected as a director on 25th April 2012. Mr Keswick is Chairman and Managing Director of Dairy Farm, Hongkong Land and Mandarin Oriental. He is also Managing Director of Jardine Matheson Holdings and Jardine Strategic. He has been with the Jardine Matheson Group since 1998, undertaking a variety of roles before being appointed as Finance Director and then Chief Executive Officer of Jardine Pacific between 2003 and 2007. He is Chairman of Jardine Matheson Limited and a director of Jardine Pacific and Jardine Motors. He is also a commissioner of Astra. Mr Keswick graduated from Newcastle University with a Bachelor of Science degree in Agricultural Economics and Food Marketing and obtained a Master of Business Administration degree from INSEAD.

Past directorships in other listed companies over the preceding three years:

- MCL Land
- Cycle & Carriage Bintang
- OHTL Public Company
- United Tractors

BOON YOON CHIANG, PBM

Non-Executive Director

Mr Boon was appointed Deputy Chairman of the Group in May 1996. He has been on the Board since 19th May 1993 and was last re-elected as a director on 26th April 2013. He is Country Chairman of Jardine Matheson Group in Singapore and a director of Food Empire Holdings. He serves on the Board of the Singapore International Chamber of Commerce and is a council member of the ASEAN Chambers of Commerce and Industry. He is a member of the Competition Appeal Board and serves on the Board of the Employment and Employability Institute (e2i). He sits on the Singapore National Council of INSEAD, a leading international graduate business school and also on the Board of Governors of Asian Institute of Management, based in Manila. He is a diploma holder from the Singapore Institute of Management majoring in Personnel Management. He completed the Senior Executive Programme at the London Business School.

Past directorships in other listed companies over the preceding three years:

- United International Securities

ALEXANDER NEWBIGGING

Executive Director

Mr Newbigging was appointed Group Managing Director on 1st April 2012 and was last elected as a director on 25th April 2012. He has been employed by Jardine Matheson since 1995 in a variety of roles, spanning the fields of business process outsourcing, aviation services, retailing and engineering, and over this period was based in the Philippines, Australia, Malaysia, Hong Kong and now Singapore. Prior to his current appointment, he was Chief Executive of Jardine Engineering Corporation and before that, General Manager of IKEA Hong Kong. Mr Newbigging is a commissioner of Astra, Vice President Commissioner of United Tractors, Chairman of Cycle and Carriage Bintang and Vice Chairman of Refrigeration Electrical Engineering. He graduated from the University of Edinburgh with a Master of Arts (Honours) degree in mental philosophy and has completed the General Management Programme at the Harvard Business School.

Past directorships in other listed companies over the preceding three years:

- Nil

CHIEW SIN CHEOK

Executive Director

Mr Chiew was appointed Group Finance Director on 1st November 2006 and was last re-elected as a director on 25th April 2012. He has worked for Jardine Matheson since 1993 where he has held various senior finance positions, prior to which he worked for Schroders and Pricewaterhouse, both in London. He is a commissioner of Astra and Astra Otoparts, Vice President Commissioner of Astra Agro Lestari, a member of the audit and advisory committees of Tunas Ridean and an alternate director of Cycle & Carriage Bintang. Mr Chiew graduated from the London School of Economics and Political Science with a Bachelor of Science (Economics) degree and obtained a Master of Management Science degree from the Imperial College of Science and Technology, London. He is a fellow of the Institute of Chartered Accountants in England & Wales and has completed the Advanced Management Programme at the Harvard Business School. Mr Chiew is on the Board of Governors of the Keswick Foundation, a charitable body in Hong Kong.

Past directorships in other listed companies over the preceding three years:

- Nil

TAN SRI AZLAN ZAINOL

Non-Executive and Independent Director

Tan Sri Azlan Zainol joined the Board as a non-executive director on 30th April 2004 and was last re-elected as a director on 21st April 2011. He is Chairman of Malaysian Resources Corp and RHB Bank. He is also a director of RHB Capital, RHB Investment Bank and Kuala Lumpur Kepong. He was Chief Executive Officer of the Employees Provident Fund in Malaysia until his retirement in April last year. Tan Sri Azlan Zainol is a fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Past directorships in other listed companies over the preceding three years:

- MCL Land

CHANG SEE HIANG

Non-Executive and Independent Director

Mr Chang joined the Board on 16th July 1997 and was last re-elected as a director on 26th April 2013. He is Senior Partner of Chang See Hiang & Partners, a firm of advocates and solicitors. Mr Chang is a director of Parkway Pantai, Yeo Hiap Seng, STT Communications and IHH Healthcare. He is also a board member of the Casino Regulatory Authority of Singapore, a member of the Appeal Advisory Panel (Securities and Futures Act, Financial Advisers Act and Insurance Act) and a member of the Securities Industry Council. Mr Chang graduated from the University of Singapore with a Bachelor of Law (Honours) degree.

Past directorships in other listed companies over the preceding three years:

- MCL Land
- Parkway Holdings

CHEAH KIM TECK

Executive Director

Mr Cheah joined the Board on 1st March 2005 and was last re-elected as a director on 25th April 2012. He is the Managing Director, Business Development and is responsible for developing new lines of business in the region. Prior to that, he was Chief Executive Officer of the Group's motor operations, excluding those held by Astra, until he stepped down from his position in December 2013. He is a commissioner of Tunas Ridean, a director of Mapletree Logistics Trust Management and Singapore Pools, and Deputy Chairman of the Singapore Sports Council. Prior to joining the Group, he held several senior marketing positions in multinational companies, namely, McDonald's Restaurant, Kentucky Fried Chicken and Coca-Cola. He holds a Master of Marketing degree from Lancaster University, United Kingdom.

Past directorships in other listed companies over the preceding three years:

- Trek 2000 International
- Cycle & Carriage Bintang

MARK GREENBERG

Non-Executive Director

Mr Greenberg joined the Board on 7th June 2006 as a non-executive director and was last re-elected as a director on 25th April 2012. He was appointed Group Strategy Director of Jardine Matheson Holdings in 2008 having first joined the Group in 2006. He is a director of Jardine Matheson Limited, Dairy Farm, Hongkong Land and Mandarin Oriental. He is also a commissioner of Astra and Permata Bank. He had previously spent 16 years in investment banking with Dresdner Kleinwort Wasserstein in London. Mr Greenberg graduated from Hertford College, Oxford University, with a Master of Arts degree in Modern History.

Past directorships in other listed companies over the preceding three years:

- Nil

HASSAN ABAS

Non-Executive and Independent Director

Mr Hassan has served as a director on the Board since 18th December 1992 and was last re-elected as a director on 26th April 2013. He is Deputy Chairman of Peremba (Malaysia). He graduated from Lancaster University with a degree in Accounting and Finance and is a member of the Institute of Chartered Accountants in England & Wales.

Past directorships in other listed companies over the preceding three years:

- MCL Land
- Kentz Corporation

MICHAEL KOK

Non-Executive Director

Mr Kok joined the Board on 1st April 2013 and was last elected as a director on 26th April 2013. He was Group Chief Executive of Dairy Farm from 2007 until he retired from executive office in December 2012. He remains a non-executive director of Dairy Farm. He joined Dairy Farm in 1987 and has extensive experience in the retail industry in Asia. As a director of Dairy Farm Management Services from 1997 to 2012, he had prime responsibility for its retail businesses in South and East Asia. Mr Kok is a diploma holder from the Food Marketing Institute majoring in Marketing & Sales Management. He has completed the Senior Management Programme at the London Business School and the Advanced Management Programme at the Harvard Business School.

Past directorships in other listed companies over the preceding three years:

- Nil



BOARD OF DIRECTORS

LIM HWEE HUA

Non-Executive and Independent Director

Mrs Lim joined the Board on 29th July 2011 and was last re-elected as a director on 25th April 2012. She is an Executive Director of Tembusu Partners and a director of Stamford Land Corporation, BW Group and Stewardship and Corporate Governance Centre. Mrs Lim is also Honorary Chairman of the Securities Investors Association (Singapore), a senior advisor to Kohlberg Kravis Roberts & Co and a member of Westpac Institutional Bank’s Asia Advisory Board. She was first elected to Parliament in December 1996 and served till May 2011. She last served as Minister in the Prime Minister’s Office, Singapore, and concurrently as Second Minister for Finance and Transport. Prior to joining the government, she has had a varied career in financial services, including Temasek Holdings as a Managing Director (2000-2004), and Jardine Fleming (1992-2000). Mrs Lim graduated with a Master/ Bachelor of Arts (Honours) in Mathematics/Engineering from the University of Cambridge and obtained a Master of Business Administration from the University of California at Los Angeles.

Past directorships in other listed companies over the preceding three years:

- Nil

ANTHONY NIGHTINGALE

Non-Executive Director

Mr Nightingale has served on the Board since 1993 and was Chairman from 27th November 2002 to 31st March 2012. He was last re-elected as a director on 26th April 2013. Mr Nightingale was Managing Director of Jardine Matheson Holdings, Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental until he retired from executive office in March 2012 and remains a non-executive director of these companies. He is also a director of Prudential, Schindler Holding, China Xintiandi and CRUPE International Holdings, and a commissioner of Astra. Mr Nightingale is a Senior Advisor to Academic Partnerships International (API) and an Adviser to Dickson Concepts. He is a non-official member of the Commission on Strategic Development and a Hong Kong representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council. He is a council member of the Employers’ Federation of Hong Kong, and a member of the UK ASEAN Business Council Advisory Panel. He is also an Honorary Professor of the School of Business of the Hong Kong Baptist University, a Justice of Peace and Chairman of The Sailors Home and Missions to Seamen in Hong Kong. Mr Nightingale holds a Bachelor’s degree (Honours) in Classics from Peterhouse, Cambridge University.

Past directorships in other listed companies over the preceding three years:

- Nil

JAMES WATKINS

Non-Executive and Independent Director

Mr Watkins joined the Board on 20th October 2003 and was last re-elected as a director on 21st April 2011. He was Group General Counsel of Jardine Matheson Holdings from 1997 to 2003. Mr Watkins qualified as a solicitor in 1969 and was formerly a partner of the English law firm, Linklaters & Paines. He is also a director of Hongkong Land, Mandarin Oriental, Global Sources, Advanced Semiconductor Manufacturing Corporation and Asia Satellite Telecommunications Holdings. He graduated from Leeds University with a first-class (Honours) degree in Law.

Past directorships in other listed companies over the preceding three years:

- MCL Land

KEY MANAGEMENT STAFF

PRIJONO SUGIARTO

Mr Sugiarto is President Director of Astra and has overall responsibility for Astra's automotive and non-automotive businesses. He currently serves as President Commissioner of United Tractors, Astra Agro Lestari and Astra Honda Motor. He is also Vice President Commissioner of Federal International Finance, Toyota Astra Motor and Astra Daihatsu Motor. Prior to joining Astra in 1990, he was a Sales Engineering Manager at Daimler-Benz Indonesia. Mr Sugiarto obtained his Diplom-Ingenieur in Mechanical Engineering from the University of A.Sc. Konstanz, Germany in 1984, and Diplom-Wirtschaftsingenieur in Business Administration from the University of A.Sc. Bochum, Germany in 1986.

HASLAM PREESTON

Mr Preston was appointed Regional Managing Director of Jardine Cycle and Carriage in February 2014, and is responsible for overseeing the Group’s motor operations, excluding those held by Astra. He is a director of Cycle and Carriage Bintang. Following an early career in the British army, he joined Jardine Matheson in 2001, where he has undertaken various roles in Jardine Wines & Spirits, Jardine Motors, Jardine Matheson Limited and Hongkong Land, in which time he was based in China, Macau, Hong Kong and Indonesia. Prior to his current appointment, he had served as General Manager of Jakarta Land, a joint venture of Hongkong Land, and was earlier the General Manager of Zung Fu Motors (Macau) from 2002 to 2007. Mr Preston has a Bachelor of Arts (War Studies) from King’s College London, University of London and a Master of Arts (Chinese Studies) from the School of Oriental and African Studies, University of London. He also has a Post Graduate Diploma in Surveying from the College of Estate Management, Reading University.

ERIC CHAN

Mr Chan is Managing Director - Singapore Motor Operations, and is responsible for the Group's motor operations in Singapore. He has been with Cycle & Carriage Industries since 1995 and has held various positions. Prior to his current appointment, he was the Chief Operating Officer of Cycle & Carriage Industries which is engaged in the retail and after-sales service of Mercedes-Benz vehicles. He has spent the last 20 years in the field of sales and marketing. He graduated from the National University of Singapore with a Bachelor degree in Arts and Social Science, majoring in Economics and Sociology and has completed the Accelerated Development Programme at the London Business School.

WONG KIN FOO

Mr Wong is Chief Executive Officer of Cycle & Carriage Bintang, and is responsible for the Group’s motor operations in Malaysia. He has been with Cycle & Carriage Bintang since 1996 and last held the position of Chief Operating Officer and before that, Director of Retail Operations. Mr Wong is an Associate Chartered Management Accountant, United Kingdom and is also a member of the Malaysian Institute of Accountants.

HO YENG TAT

Mr Ho is Group Company Secretary and Director of Group Corporate Affairs. He is responsible for compliance, legal, company secretarial, communications and public affairs at the Group level. He has previously worked in a government-linked corporation and a merchant bank, involved in corporate finance and syndication work. He graduated from the National University of Singapore with a Bachelor of Law (Honours) degree and a Master of Business Administration degree. He is also a graduate of the Association of Chartered Certified Accountants, United Kingdom.

Notes:

At the 45th Annual General Meeting to be held on 30th April 2014:

- James Watkins, Tan Sri Azlan Zainol and Mark Greenberg shall retire and be eligible for re-election pursuant to Article 94 of the Articles of Association of the Company;
- Boon Yoon Chiang shall retire and be eligible to be re-appointed to act as a director pursuant to Section 153(6) of the Companies Act, Cap. 50.



## CORPORATE GOVERNANCE

The Board of Jardine Cycle & Carriage has put in place a Corporate Governance Policies Manual which sets out the Company's corporate governance practices and terms of reference for the Board, Audit Committee, Nominating Committee and Remuneration Committee, in line with the principles prescribed by the Code of Corporate Governance 2012.

This report describes the corporate governance practices of the Company for the financial year ended 31st December 2013, in adherence to the principles and guidelines of the Code of Corporate Governance 2012.

### THE BOARD

The Board is composed of a majority of non-executive directors and at least one-third of its members are independent directors. It comprises three executive directors and 11 non-executive directors of whom six are independent. Key information regarding the directors, including those who are executive and non-executive and whether or not they are independent, can be found on pages 22 to 24 of the Annual Report.

The Board ensures that there is an appropriate mix of core competencies and skills among its members to provide the depth of knowledge and experience necessary to meet its responsibilities. In order to fulfil their duties, directors have access to adequate and timely information provided by the management, including management accounts which are provided on a monthly basis to the directors. In addition, the Board has separate and independent access to the Group Company Secretary and senior management. It is also empowered to seek independent professional advice as considered necessary.

An orientation pack is provided to newly-appointed directors explaining their duties and obligations, and briefings on the Group's businesses and strategic plans are arranged. The directors are also provided from time to time with continuing training and education to ensure that they are kept abreast of relevant new laws, regulations and practices. The directors are kept updated on industry-related developments to improve their understanding of the issues involved, leading to appropriate decision-making as board members. These include updates and presentations by consultants to the Audit Committee on changes to accounting standards and issues which have a direct impact on financial statements.

There is a clear division of responsibilities between the roles of the Chairman and Group Managing Director. The Group Managing Director is the chief executive officer of the organisation, whereas the Chairman occupies a non-executive position and chairs the Board meetings. Since the Chairman is not an independent director, a lead independent director, Hassan Abas, has been appointed to provide shareholders with an independent channel for contact with the Company.

The Board has adopted a comprehensive set of Terms of Reference defining the roles and responsibilities of the Chairman, the Board, the Board Committees and the Group Company Secretary. Board meetings are scheduled on a regular basis throughout the year in consultation with the Chairman. The Company's Articles of Association allow Board meetings to be held by way of telephone conference and other electronic means.

The Board is responsible for charting the overall strategy and direction of the Group and approves important matters such as major acquisitions, disposals, capital expenditure and the operating plan and budget. To safeguard shareholders' interests, there are also internal guidelines requiring the Board to review and approve material transactions, and these include major and discloseable transactions as referred to in the Singapore Exchange's Listing Manual.

The Board ensures regular and timely communication with shareholders through announcements on the SGXNet and postings on the Company's website, as well as quarterly and year-end reporting of its results. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. At these meetings, shareholders are invited to put forth any questions they may have on the motions to be discussed and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. At shareholders' meetings, each specific matter is proposed as a separate resolution. The Annual General Meeting is the principal forum for dialogue with shareholders, where the directors, members of the Board Committees and external auditors are available to answer questions.

The Board believes in the importance of a sound system of internal controls and risk management to safeguard shareholders' interests and the Company's assets as well as to achieve corporate objectives. The Board has overall responsibility for the Group's internal controls and risk management and reviews the adequacy and effectiveness of these control and risk management systems.

The Board has received assurance from the Group Managing Director and Group Finance Director that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the system of risk management and internal controls in place is adequate and effective in addressing the material risks in the Group in its current business environment. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management throughout the financial year 2013, as well as the assurance from the Group Managing Director and Group Finance Director, the Board, with the concurrence of the Audit Committee,

is satisfied that adequate internal controls including financial, operational and compliance controls and risk management systems are in place and meet the needs of the Group in its current business environment.

The Board notes that the Group's system of internal controls is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate business risk completely. The Group's internal controls and risk management systems provide reasonable but not absolute assurance that the Group will not be materially adversely affected by any event that can be reasonably foreseen and do not provide absolute assurance against material misstatements, the occurrence of material or human errors, poor judgment in decision-making, losses, fraud or other irregularities.

To assist it in the discharge of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee. From time to time, the Board also establishes ad hoc committees to look into specific matters. The composition and functions of these committees are described in the following pages.

### NOMINATING COMMITTEE

The members of the Nominating Committee are Chang See Hiang, Hassan Abas, Lim Ho Kee and Benjamin Keswick. Three of the members are independent and all are non-executive. The Nominating Committee is chaired by Chang See Hiang, an independent non-executive director.

The members of the Nominating Committee carry out their duties in accordance with the Terms of Reference defining their roles and responsibilities. The primary function of the Nominating Committee is to make recommendations to the Board on all Board appointments, including the Company's representatives on the boards of the Group's subsidiaries and associates. It ensures that the directors have an appropriate mix of core competencies and experience in areas such as accountancy, finance, business, management, law, industry knowledge and strategic planning, to fulfil their roles and responsibilities. It also determines the size of the Board after taking into consideration the scope and nature of operations of the Group.

The responsibilities of the Nominating Committee also include assessing annually the independence of directors. Consistent with Code of Corporate Governance 2012, six non-executive directors who had served on the Board beyond nine years from their date of first appointment were subject to particularly rigorous review. Taking into account the recommendations from the Nominating Committee, the Board (each member abstaining in respect of his own independence review) considered these six non-executive directors to be independent as:

- (a) there was an absence of any relationships with the Company, its related corporations, its 10% shareholder or its officers that could interfere, or be reasonably perceived to interfere, with such director's exercise of independent business judgment with a view to the best interests of the Company;
- (b) based on such director's active participation in deliberations and speaking out (when necessary) to challenge the status quo in meetings of the Board and its committees on the Company's affairs, each of these directors had demonstrated an independent character and judgment; and
- (c) taking into account the personal attributes, skills and competency of such directors in relation to the current and future needs of the Board, the Company would continue to benefit from the experience and knowledge of each of these directors.

It also develops and maintains internal guidelines used to evaluate the directors' ability and performance for the purpose of submitting them for re-nomination and re-election. Additionally, it is responsible for managing succession planning of key management personnel, such as identifying key potential candidates and providing training and career planning.

A formal and transparent process for the appointment of new directors exists. The Nominating Committee reviews each proposal for the appointment of a new member to the Board. The candidate will be assessed for his suitability and potential contribution to the Board, taking into account the existing competencies, knowledge and experience of the other Board members. After considering factors such as the candidate's professional qualifications, business experience and capabilities, suitable candidates will be nominated to the Board for approval. All newly appointed directors are subject to election by shareholders at the next Annual General Meeting. Furthermore, in accordance with the Company's Articles of Association, at least one-third of the directors, including the Group Managing Director, are required to retire by rotation and submit themselves for re-election at each Annual General Meeting.

The assessment of the Board as a whole and the contribution of each individual director to the effectiveness of the Board is carried out annually and overseen by the Nominating Committee. The formal performance assessment process is set out in the Company's Corporate Governance Policies Manual, and uses self-assessment with certain set performance criteria.



For individual director’s performance, each director performs a self-evaluation by completing a checklist containing a set of pre-determined performance criteria. The performance criteria cover areas such as attendance and adequacy of preparation for Board and Board Committee meetings, contributions in topics like strategic/business decisions, finance/accounting, risk management, legal/regulatory, human resource management, generation of constructive debate, maintenance of independence and disclosure of related party transactions. These relate directly to areas in which a director would be expected to contribute and are designed to encourage the director to be more effective. Each director’s self-evaluation is also reviewed by the Nominating Committee.

The Board has decided not to set a maximum number of listed company board representations which any director may concurrently hold, as this would be arbitrary and may be unnecessarily limiting. The number of board representations should not be the only measure of a director’s commitment and ability to contribute effectively to the Board. In making their assessment of a director’s ability and performance in adequately carrying out his duties as a director of the Company, the Nominating Committee will take into consideration the competing time commitments that are faced by the directors who serve on multiple boards.

For the Board’s performance as a whole, the Company has adopted a set of quantitative and qualitative performance criteria. For the quantitative assessment, the share price performance, return on capital employed (“ROCE”) and earnings per share of the Company are compiled over a five-year period and compared with the Straits Times Index and industry peers which have similar businesses as the Company. The selection of industry peers is reviewed annually to ensure that the comparison is objective and relevant. The collation of information and the comparison are carried out by external consultants, which have no connection with the Company or any of its directors, and set out in a performance benchmark report which is then reviewed by the Nominating Committee. For the qualitative assessment, the Nominating Committee carries out a self-evaluation of the Board’s performance using a set of comprehensive pre-determined performance criteria. The areas that are covered are Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measurement and monitoring of performance, recruitment and evaluation, compensation, succession planning, financial reporting and communication with shareholders.

**Directors’ Attendance at Board and Board Committee Meetings**  
The table below sets out the number of meetings of the Company’s directors including meetings of the Board Committees during the financial year ended 31st December 2013.

Director	No. of Board Meetings		No. of Nominating Committee Meetings		No. of Audit Committee Meetings		No. of Remuneration Committee Meetings	
	Held whilst a Director	Attended	Held whilst a Member	Attended	Held whilst a Member	Attended	Held whilst a Member	Attended
Benjamin Keswick	4	4	1	1	NA	NA	2	2
Boon Yoon Chiang	4	3	NA	NA	4	3	NA	NA
Alexander Newbigging	4	4	NA	NA	NA	NA	NA	NA
Chiew Sin Cheok	4	4	NA	NA	NA	NA	NA	NA
Tan Sri Azlan Zainol	4	4	NA	NA	NA	NA	NA	NA
Chang See Hiang	4	4	1	1	4	4	2	2
Cheah Kim Teck	4	4	NA	NA	NA	NA	NA	NA
Mark Greenberg	4	3	NA	NA	4	2	NA	NA
Hassan Abas	4	4	1	1	4	4	2	2
Michael Kok*	3	3	NA	NA	NA	NA	NA	NA
Lim Ho Kee†	4	4	1	1	4	4	NA	NA
Lim Hwee Hua	4	4	NA	NA	4	4	NA	NA
Anthony Nightingale	4	3	NA	NA	NA	NA	NA	NA
James Watkins	4	3	NA	NA	4	3	2	1

\* Appointed 1st April 2013  
† Resigned 28th February 2014

REMUNERATION COMMITTEE

The Remuneration Committee consists entirely of non-executive directors, the majority of whom are independent, and is chaired by a non-executive independent director, James Watkins. The other members are Chang See Hiang, Hassan Abas and Benjamin Keswick.

The members of the Remuneration Committee carry out their duties in accordance with the Terms of Reference defining their roles and responsibilities. The Remuneration Committee is responsible for reviewing the remuneration of senior management and advising the Board on the framework of remuneration policies for executive directors and senior executives, as well as the framework of fees payable to non-executive directors. These policies are designed to attract, retain and motivate them to align their interests with the growth of the Company, in order to increase shareholder value. Several members of the Remuneration Committee are knowledgeable in the field of executive compensation. If necessary, the Remuneration Committee will seek expert advice from consultants on executive compensation matters.

The remuneration for executive directors and senior management is structured to link rewards to corporate and individual performance. The remuneration policy for executive directors and senior management staff consists of both a fixed and variable component. The fixed component comprises salary, provident fund contributions and other allowances. The variable component comprises a performance-based bonus, which is payable on the achievement of individual and corporate performance conditions which are set or refreshed annually. The performance of the executive directors is based on the Board’s assessment as described in the earlier section, while those of the senior management are based on appraisals done by the executive directors.

Short-term and long-term incentive plans have been designed to strengthen the pay for performance framework

and to reward participants for the success of the business units and the Group. Performance targets to be met under the short-term incentive plan include annual earnings, which are benchmarked against the budget, and individual qualitative key performance indicators, other than earnings, that focus on short-term and long-term success and profitability. Individual payments are made based on performance appraisals. Under the long-term incentive plan, an incentive pool is created from which payment is made for performance measured in three-year cycles that exceeds baseline targets, as approved by the Remuneration Committee. These performance targets are chosen because they are closely aligned with the long-term success of the Group and shareholders’ interests. The Company does not currently operate any share-based incentive plan.

No service contract has been signed with any executive director.

Directors’ fees for non-executive directors are determined having regard to best market practice, the level of duties and responsibilities of the directors and the size and diversity of the Group’s operations. The directors’ fees paid include board committee membership fees as set out below, attendance fees of S\$1,000 per meeting (capped at one meeting per day, regardless of the number of meetings attended on that day) and benefits-in-kind, all of which are approved by shareholders at the Annual General Meeting.

	Chairman S\$	Member S\$
Board	120,000	60,000
Audit Committee	40,000	20,000
Remuneration Committee	14,000	7,000
Nominating Committee	14,000	7,000

No directors’ fees are paid to executive directors.



CORPORATE GOVERNANCE

Remuneration of Directors and Key Management Personnel

The remuneration of the directors of the Company and at least the top five key management personnel (who are not also directors) for the financial year ended 31st December 2013 is shown in the following tables, broken down into the various elements in dollar terms and percentages, respectively:

Directors	Directors' fees S\$000	Base salary S\$000	Variable bonus S\$000	Defined benefits/ contribution plans S\$000	Benefits-in-kind S\$000	Total S\$000
Benjamin Keswick	138	–	–	–	–	138
Boon Yoon Chiang	84	–	–	–	7	91
Alexander Newbigging <sup>#</sup>	–	402	1,234	60	477	2,173
Chiew Sin Cheok <sup>#</sup>	–	361	548	54	489	1,452
Tan Sri Azlan Zainol	64	–	–	–	–	64
Chang See Hiang	105	–	–	–	6	111
Cheah Kim Teck <sup>#</sup>	–	666	1,034	6	100	1,806
Mark Greenberg	83	–	–	–	–	83
Hassan Abas	118	–	–	–	–	118
Michael Kok <sup>*</sup>	48	–	–	–	–	48
Lim Ho Kee <sup>†</sup>	91	–	–	–	–	91
Lim Hwee Hua	84	–	–	–	–	84
Anthony Nightingale	63	–	–	–	–	63
James Watkins	97	–	–	–	–	97

<sup>#</sup> Executive Director  
<sup>\*</sup> Appointed 1st April 2013  
<sup>†</sup> Resigned 28th February 2014

Key Management Personnel	Base salary %	Variable bonus %	Defined benefits/ contribution plans %	Benefits-in-kind %	Total %
<b>S\$500,000 to S\$749,999</b>					
Alvyn Ang	31	60	2	7	100
Eric Chan	34	58	2	6	100
Emily Wee	47	41	2	10	100
Jason Wen	36	49	3	12	100
<b>S\$750,000 to S\$999,999</b>					
Ho Yeng Tat	51	41	1	7	100

**Notes:**  
(1) Directors' fees for non-executive directors, including benefits-in-kind, were approved by the shareholders as a lump sum at the Annual General Meeting held in 2013.  
(2) Benefits-in-kind refer to benefits such as car, driver, housing and club membership made available as appropriate.  
(3) The total remuneration of the top five key management personnel for the financial year ended 31st December 2013 was S\$3,192,000.  
(4) No stock options or share-based incentives or awards were paid to directors and key management personnel for the financial year ended 31st December 2013.

There are no Company employees who are immediate family members of a director.

AUDIT COMMITTEE

The Chairman of the Audit Committee is Hassan Abas and the members are Boon Yoon Chiang, Chang See Hiang, Mark Greenberg, Lim Ho Kee, Lim Hwee Hua and James Watkins. All the members are non-executive and five of them including the Chairman are independent. Four of the members have expertise in financial management, of whom, one is a chartered accountant.

The members of the Audit Committee carry out their duties in accordance with the Terms of Reference defining their roles and responsibilities. The primary function of the Audit Committee is to help the Board in fulfilling its statutory and fiduciary responsibilities in relation to the Group's financial reporting, ensuring the integrity of financial statements, reviewing financial and control risks and monitoring of the internal control systems. The Audit Committee has access to management and has the discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Internal Audit function (excluding Astra), which reports directly to the Chairman of the Audit Committee, provides an independent and objective assurance on internal controls and assists the Audit Committee in reviewing how principal business risks in the Group are evaluated. The Internal Audit function is independent of the operating companies and employs qualified professionals to handle the work in accordance with prevailing professional standards. The Internal Audit function reviews the effectiveness of the internal control system and management control system. These reviews are conducted regularly throughout the year in accordance with an agreed plan to ensure material internal controls are in place. The Audit Committee approves the audit plans, reviews the audit findings and follows up on implementation plans. The Audit Committee evaluates the adequacy of the Internal Audit function annually.

The Internal Audit function of the Astra group is similar to that mentioned in the preceding paragraph and is performed by the various internal audit units which report to the respective board of commissioners within the Astra

group. The internal audit department of Astra's parent company provides advice and support to these various internal audit units to ensure alignment, adequate coverage and consistent standards. The Audit Committee receives quarterly reports on internal audit plans, audit findings and implementation plans from the Astra group.

The Group has in place a risk management programme to identify and report on areas of potential business risks, and to recommend counteracting measures to prevent and minimise any loss arising from the business risks identified. The Risk Registers are updated regularly and a Risk Management Review, which is included in this section, is submitted to the Audit Committee annually.

In performing its functions, the Audit Committee also reviews and approves audit plans for external audit. It meets with the external auditors to discuss significant accounting and auditing issues arising from their audit, other audit findings and recommendations.

The Audit Committee meets with both internal and external auditors annually without the presence of management to discuss any matters that the Audit Committee or auditors believe should be discussed privately.

Prior to the completion and announcement of the quarterly and full year results, the Audit Committee and the senior management review the Group's financial information to ensure that it is properly presented and that appropriate accounting policies have been applied in the preparation of financial information.

The Audit Committee serves as an independent party to review financial information prepared by the management for shareholders, as well as the channel of communication between the Board and external auditors.

The Audit Committee also reviews or approves the interested person transactions entered or proposed to be entered into during the year as recorded in the Register of Interested Person Transactions (excluding transactions less than S\$100,000).



CORPORATE GOVERNANCE

For the year ended 31st December 2013, the following interested person transactions were entered into:

Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
US\$m	US\$m
Jardine Matheson Limited	
– management support services	4.7
Jardine Matheson (Singapore) Limited	
– rental of premises	0.1
Jardine Engineering (Singapore) Pte Ltd	
– maintenance of air-conditioning equipment	0.1
Hongkong Land Group Limited	
– subscription of shares in a subsidiary	–
– interest on loan	0.2
Hongkong Land (Singapore) Pte Ltd	
– consultancy services	0.8
PT Brahmayasa Bahtera	
– loan and interest on loan from PT Astra International Tbk	–
	3.2
Total	5.9

Save for those transactions disclosed above, no material contract has been entered into by the Group involving the interests of the Group Managing Director, any director or controlling shareholder, either as at the end of the financial year or since the end of the financial year.

The Group has a Corporate Code of Conduct that encapsulates many of the Group's longstanding policies. The Audit Committee reviews and approves any changes made to the code. These policies apply to all employees and set out the standards within which they are expected to act. The policies are aimed at the maintenance of standards of honesty, integrity and fair dealing by all employees in their dealings with customers, suppliers, interested persons, the community, competitors and other internal units in the performance of their duties and responsibilities.

The Group also has in place whistle blowing policies which come under the purview of the Audit Committee to ensure independent investigation and appropriate follow-up action on any concerns raised.

The Company has adopted internal guidelines on dealings in securities by directors and employees of the Company and Group companies. The guidelines incorporate the best practices on the subject issued by the Singapore Exchange Securities Trading Limited or the appropriate regulatory requirements of the markets on which the securities are listed. Under the guidelines, directors and employees who are in possession of unpublished material price-sensitive information are prohibited from dealing in the Company's or any Group company's securities. They are not permitted to deal on short-term considerations or during the relevant closed periods immediately preceding the announcement of results.

The Audit Committee also reviews the range and value of non-audit services provided by the external auditors on an annual basis. For the financial year which recently ended, it was satisfied that the provision of such non-audit services had not affected the independence of the external auditors.

The Company has complied with Rules 712 and 715 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited with regards to the auditing firms.

RISK MANAGEMENT REVIEW

The Group has a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The process is supported by a policy as well as detailed procedures, methodologies, evaluation criteria and documentation requirements with the aim of ensuring clarity and consistency of application across the Group. These procedures and methodologies are regularly reviewed to include new elements that aim at enhancing the reporting process in order to make it more comprehensive, of more value to the Audit Committee and in line with current best practices.

Management is required to comprehensively identify and assess significant risks in terms of the likelihood of occurrence, magnitude and speed of impact. Management is also required to identify and evaluate the adequacy and implementation of mechanisms to manage, mitigate, avoid or eliminate these risks. The level of risk that management is willing to tolerate in order to achieve the business objectives are also considered. The process encompasses assessments and evaluations at business unit level before being examined at the Group level.

On an annual basis, Risk Registers are updated and a Risk Management Review is presented to the Audit Committee on the significant risks, measures taken by management to address them and residual risk exposures impacting the Group.

The following are the major residual risk exposures.

- 1. Dependence on Investment in Astra**

Astra is the major contributor to the Group's earnings and represents a significant proportion of the Group's total assets. Consequently, any adverse changes in the political, social or economic situation in Indonesia or any other factors, including changes in laws, regulations and policies by the Indonesian or other foreign governments, any termination of or material changes to key licensing and distribution agreements between Astra and its strategic partners or any pricing actions Astra may have to take in response to competition which have a material adverse impact on Astra's financial performance, will in turn have a significant impact on the Group's earnings and total assets.

The Group is exposed to foreign currency fluctuations, mainly through Astra. Any significant depreciation of the rupiah will have an adverse impact on the Group's earnings and total assets.
- 2. Terrorists' Attacks, Other Acts of Violence and Natural Disasters**

Terrorists' attacks, other acts of violence and natural disasters may directly impact the Group's physical facilities or those of its suppliers and customers and have an adverse impact on the Group's earnings and total assets. Such risks cannot be totally eliminated. However, the Group takes up appropriate insurance as part of its risk management.
- 3. Outbreak of Contagious or Virulent Diseases**

A pandemic outbreak or spread of contagious or virulent diseases such as severe acute respiratory syndrome or avian influenza may result in quarantine restrictions on the Group's staff, suppliers and customers and limit access to facilities. These could have a significant negative impact on the Group's earnings and total assets.
- 4. Competition, Economic Cycle and Government Regulations**

The Group faces competition in each of its businesses. If the Group is unable to compete successfully against its existing competitors or new entrants to the industries in which it operates, its business, financial condition and results of operations will be adversely affected.

The Group's financial performance fluctuates with the economic cycle. Market forces and their resultant movements can significantly impact the earnings and asset position of the Group.

The Group's businesses are impacted by government regulations and policies relevant to the respective industries and territories. Economic trade agreements such as the Asean Free Trade Agreement may also result in increased competition which may have an adverse effect on the Group's earnings and total assets.

- 5. Exclusive Business Arrangements**

The Group currently has a number of subsidiaries and associates in Indonesia, Singapore, Malaysia and Vietnam engaged in the automotive business that enjoy exclusive rights in various forms either as a manufacturer, assembler, distributor or dealer.

Management works to meet targets and improve business performance. Notwithstanding this, any change in the strategies of the principals may be beyond management's control. In certain cases, any withdrawal or dilution of the exclusive rights can potentially have a significant impact on the Group's earnings and total assets.

- 6. Financial Risk**

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. It manages its exposure to financial risks by using a variety of techniques and instruments.

The Group has an internal policy which prohibits speculative transactions to be undertaken and only enters into derivative financial instruments in order to hedge underlying exposures. The objective is to provide a degree of certainty on costs. The investment of the Group's surplus cash resources is managed so as to minimise credit risk while seeking to enhance yield. The steps taken by the Group to manage its exposure to financial risks are set out in further detail under Financial Risk Management on page 67, Note 2.30 to the Financial Statements. The Group also has a system of internal controls as described in this report.

Notwithstanding the risk management policies of the Group, any unanticipated fluctuations in debt and equity market prices, foreign currency exchange rates and interest rates may have an adverse effect on the Group's earnings and total assets.



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Daihatsu Xenia  
Indonesia

## DIRECTORS' REPORT

The directors of Jardine Cycle & Carriage Limited present their report to the members together with the audited financial statements for the financial year ended 31st December 2013.

### 1. Directors

The directors of the Company in office at the date of this report are as follows:

Benjamin William Keswick (Chairman)  
 Boon Yoon Chiang (Deputy Chairman) #  
 David Alexander Newbigging (Group Managing Director)  
 Chiew Sin Cheok (Group Finance Director)  
 Tan Sri Azlan Zainol  
 Chang See Hiang #  
 Cheah Kim Teck  
 Mark Spencer Greenberg #  
 Hassan Abas #  
 Michael Kok Pak Kuan (appointed on 1st April 2013)  
 Lim Hwee Hua #  
 Anthony John Liddell Nightingale  
 James Arthur Watkins #

# Audit Committee member.

\* Lim Ho Kee resigned on 27th February 2014.

### 2. Directors' Interests

As at 31st December 2013 and 1st January 2013, the directors of the Company had interests set out below in the ordinary shares of the Company and related companies. These were direct interests except where otherwise indicated:

Name of director/ Par value per share	The Company	Jardine Matheson	Jardine Strategic	Dairy Farm	Astra International	Hongkong Land
	-	US\$0.25	US\$0.05	US\$0.05 <sup>5/9</sup>	Rp50	US\$0.10

#### As at 31st December 2013

Benjamin Keswick	-	2,547,643 39,359,902*	-	-	-	-
Cheah Kim Teck	20,189	-	-	-	480,000	-
Michael Kok	-	-	-	782,688	-	-
Anthony Nightingale	-	1,150,170 11,081 <sup>#</sup>	17,922	34,183	6,100,000	2,184
James Watkins	-	50,000	-	-	-	-

#### As at 1st January 2013 or date of appointment

Benjamin Keswick	-	2,423,584 38,912,284*	-	-	-	-
Cheah Kim Teck	20,189	-	-	-	-	-
Michael Kok	-	-	-	1,498,688	-	-
Anthony Nightingale	-	1,125,762 10,845 <sup>#</sup>	17,807	34,183	6,100,000	2,184
James Watkins	-	50,000	-	-	-	-

# Non-beneficial deemed interest.

\* Deemed interest in shares held by family trusts in which Benjamin Keswick is a beneficiary.

## DIRECTORS' REPORT

### 2. Directors' Interests (continued)

In addition:

- At 31st December 2013, Benjamin Keswick, Alexander Newbigging, Chiew Sin Cheok and Mark Greenberg held options in respect of 220,000 (1.1.13: 310,000), 80,000 (1.1.13: 80,000), 20,000 (1.1.13: 20,000) and 240,000 (1.1.13: 240,000) ordinary shares, respectively, in Jardine Matheson issued pursuant to that company's Senior Executive Share Incentive Schemes.
- At 31st December 2013 and 1st January 2013, Benjamin Keswick and Mark Greenberg had deemed interests in 35,915,991 ordinary shares in Jardine Matheson as discretionary objects under the 1947 Trust, the income of which is available for distribution to senior executive officers and employees of Jardine Matheson and its wholly-owned subsidiaries.

There were no changes in the abovementioned interests with regards to the Company between the end of the financial year and 21st January 2014.

No other person who was a director of the Company at the end of the financial year had an interest in any shares or debentures of the Company or its related companies either at the beginning or end of the financial year or on 21st January 2014.

At no time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as shown in Note 31 to the financial statements and in this report, and except that certain directors who are nominees of the substantial shareholders have employment relationships either with the substantial shareholders or their related companies and have received remuneration in those capacities.

### 3. Audit Committee

In relation to the financial statements of the Group and the Company for the financial year ended 31st December 2013, the Audit Committee reviewed the audit plans and scope of the audit examination of the internal and external auditors of the Company. The internal and external auditors' findings on the internal controls of the companies within the Group and management's response to these findings were also discussed with the internal and external auditors and management. The Audit Committee's activities included a review of the financial statements of the Group and the Company for the financial year ended 31st December 2013 and the reports of the external auditors thereon. The Audit Committee has had four meetings since the report of the previous financial year.

The Audit Committee has recommended to the Board of Directors the re-appointment of our auditors, PricewaterhouseCoopers LLP, as external auditors of the Company at the forthcoming Annual General Meeting.

### 4. Share Options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.



DIRECTORS’ REPORT

5. **Auditors**  
Our auditors, PricewaterhouseCoopers LLP, being eligible, have expressed their willingness to accept re-appointment at the Annual General Meeting.

On behalf of the directors

**Benjamin Keswick**  
Director

**Hassan Abas**  
Director

Singapore  
13th March 2014

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying financial statements set out on pages 41 to 125 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company at 31st December 2013, the results of the business and the changes in equity of the Group and of the Company and the cash flows of the Group for the financial year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

**Benjamin Keswick**  
Director

**Hassan Abas**  
Director

Singapore  
13th March 2014

INDEPENDENT AUDITOR’S REPORT

To the members of Jardine Cycle & Carriage Limited (incorporated in Singapore) and subsidiaries

Report on the Financial Statements

We have audited the accompanying financial statements of Jardine Cycle & Carriage Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 41 to 125, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31st December 2013, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the profit and loss account, the statement of comprehensive income and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the “Act”) and the International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity’s preparation of financial statements that gives a true and fair view 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 consolidated financial statements of the Group and balance sheet, the profit and loss account, the statement of comprehensive income and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2013, and of the results, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and  
Chartered Public Accountants

Singapore  
13th March 2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2013

	Notes	2013 US\$m	(Restated) 2012 US\$m
Revenue	3	19,787.8	21,541.1
Net operating costs	4	(17,724.8)	(19,114.1)
Operating profit		2,063.0	2,427.0
Financing income		78.4	72.0
Financing charges		(106.7)	(111.2)
Net financing charges	6	(28.3)	(39.2)
Share of associates’ and joint ventures’ results after tax	16	590.1	575.9
Profit before tax		2,624.8	2,963.7
Tax	7	(535.6)	(636.1)
Profit after tax		2,089.2	2,327.6
Profit attributable to:			
Shareholders of the Company		915.0	986.0
Non-controlling interests		1,174.2	1,341.6
		2,089.2	2,327.6
		US¢	US¢
Earnings per share:			
- basic	9	257.24	277.20
- diluted	9	257.24	277.20

The notes on pages 51 to 125 form an integral part of the financial statements.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2013

	Notes	2013 US\$m	(Restated) 2012 US\$m
Profit for the year		<b>2,089.2</b>	2,327.6
Items that will not be reclassified to profit and loss:			
Asset revaluation reserve			
- surplus during the year		<b>8.6</b>	-
Remeasurements of defined benefit plans		<b>13.5</b>	(47.6)
Tax relating to items that will not be reclassified	7	<b>(3.4)</b>	11.2
Share of other comprehensive income/(expense) of associates and joint ventures, net of tax		<b>0.5</b>	(16.3)
		<b>19.2</b>	(52.7)
Items that may be reclassified subsequently to profit and loss:			
Translation differences			
- losses arising during the year		<b>(2,200.4)</b>	(566.9)
Available-for-sale investments			
- gains/(losses) arising during the year	17	<b>(12.0)</b>	50.9
- transfer to profit and loss		<b>(11.4)</b>	(86.4)
		<b>(23.4)</b>	(35.5)
Cash flow hedges			
- losses arising during the year		<b>(53.0)</b>	(25.0)
- transfer to profit and loss		<b>74.8</b>	8.9
		<b>21.8</b>	(16.1)
Tax relating to items that may be reclassified	7	<b>(5.7)</b>	3.8
Share of other comprehensive income/(expense) of associates and joint ventures, net of tax		<b>5.2</b>	(2.2)
		<b>(2,202.5)</b>	(616.9)
Other comprehensive expense for the year, net of tax		<b>(2,183.3)</b>	(669.6)
<b>Total comprehensive income/(expense) for the year</b>		<b>(94.1)</b>	1,658.0
<b>Attributable to:</b>			
Shareholders of the Company		<b>2.6</b>	680.8
Non-controlling interests		<b>(96.7)</b>	977.2
		<b>(94.1)</b>	1,658.0

The notes on pages 51 to 125 form an integral part of the financial statements.

## CONSOLIDATED BALANCE SHEET

As at 31st December 2013

	Notes	At 31st December 2013 US\$m	(Restated) At 31st December 2012 US\$m	(Restated) At 1st January 2012 US\$m
<b>Non-current assets</b>				
Intangible assets	10	<b>835.6</b>	926.6	902.5
Leasehold land use rights	11	<b>502.0</b>	534.2	499.3
Property, plant and equipment	12	<b>3,746.6</b>	4,306.1	3,543.4
Investment properties	13	<b>112.6</b>	67.6	59.4
Plantations	14	<b>856.2</b>	1,025.7	1,057.9
Interests in associates and joint ventures	16	<b>2,363.1</b>	2,522.9	2,406.4
Non-current investments	17	<b>428.8</b>	530.1	595.3
Non-current debtors	20	<b>2,625.5</b>	2,481.1	2,300.4
Deferred tax assets	25	<b>195.3</b>	185.0	117.9
		<b>11,665.7</b>	12,579.3	11,482.5
<b>Current assets</b>				
Current investments	17	<b>17.5</b>	13.2	4.5
Stocks	19	<b>1,346.4</b>	1,740.6	1,448.5
Current debtors	20	<b>4,475.6</b>	5,094.9	4,591.1
Current tax assets		<b>103.6</b>	93.6	64.5
Bank balances and other liquid funds				
- non-financial services companies		<b>1,317.1</b>	908.0	1,282.6
- financial services companies		<b>284.0</b>	317.9	221.9
	21	<b>1,601.1</b>	1,225.9	1,504.5
		<b>7,544.2</b>	8,168.2	7,613.1
<b>Total assets</b>		<b>19,209.9</b>	20,747.5	19,095.6
<b>Non-current liabilities</b>				
Non-current creditors	22	<b>261.5</b>	272.6	199.5
Provisions	23	<b>85.2</b>	99.2	77.5
Long-term borrowings				
- non-financial services companies		<b>551.3</b>	779.5	639.7
- financial services companies		<b>1,673.6</b>	2,319.1	2,001.5
	24	<b>2,224.9</b>	3,098.6	2,641.2
Deferred tax liabilities	25	<b>466.4</b>	547.2	411.2
Pension liabilities	26	<b>188.0</b>	218.5	152.9
		<b>3,226.0</b>	4,236.1	3,482.3

The notes on pages 51 to 125 form an integral part of the financial statements.

## CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31st December 2013

	Notes	At 31st December 2013 US\$m	(Restated) At 31st December 2012 US\$m	(Restated) At 1st January 2012 US\$m
<b>Current liabilities</b>				
Current creditors	22	2,839.8	2,845.9	3,085.6
Provisions	23	44.3	39.6	37.2
Current borrowings				
- non-financial services companies		1,069.2	995.2	754.2
- financial services companies		2,079.0	1,802.7	1,669.9
	24	3,148.2	2,797.9	2,424.1
Current tax liabilities		68.6	130.0	115.9
		6,100.9	5,813.4	5,662.8
<b>Total liabilities</b>		<b>9,326.9</b>	10,049.5	9,145.1
<b>Net assets</b>		<b>9,883.0</b>	10,698.0	9,950.5
<b>Equity</b>				
Share capital	27	632.6	632.6	632.3
Revenue reserve	28	4,329.9	3,786.7	3,271.1
Other reserves	29	(701.4)	214.0	496.7
Shareholders' funds		4,261.1	4,633.3	4,400.1
Non-controlling interests	30	5,621.9	6,064.7	5,550.4
<b>TOTAL EQUITY</b>		<b>9,883.0</b>	10,698.0	9,950.5

The notes on pages 51 to 125 form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2013

		Attributable to shareholders of the Company							
	Notes	Share capital US\$m	Revenue Reserve US\$m	Asset revaluation reserve US\$m	Translation reserve US\$m	Fair value and other reserves US\$m	Total US\$m	Attributable to non-controlling interests US\$m	Total equity US\$m
2013									
Balance at 1st January as previously reported		632.6	3,791.8	333.7	(142.6)	23.8	4,639.3	6,072.6	10,711.9
Effect of amendment to IAS 19		-	(5.1)	-	(0.9)	-	(6.0)	(7.9)	(13.9)
Balance at 1st January as restated		632.6	3,786.7	333.7	(143.5)	23.8	4,633.3	6,064.7	10,698.0
Total comprehensive income		-	918.0	5.1	(935.3)	14.8	2.6	(96.7)	(94.1)
Issue of shares to non-controlling interests		-	-	-	-	-	-	17.8	17.8
Dividends paid by the Company 8		-	(435.1)	-	-	-	(435.1)	-	(435.1)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(540.5)	(540.5)
Change in shareholding		-	61.3	-	-	-	61.3	126.1	187.4
Acquisition/disposal of subsidiaries		-	-	-	-	-	-	51.7	51.7
Other		-	(1.0)	-	-	-	(1.0)	(1.2)	(2.2)
Balance at 31st December		632.6	4,329.9	338.8	(1,078.8)	38.6	4,261.1	5,621.9	9,883.0
2012									
Balance at 1st January as previously reported		632.3	3,276.4	333.7	94.6	69.6	4,406.6	5,558.9	9,965.5
Effect of amendment to IAS 19		-	(5.3)	-	(1.2)	-	(6.5)	(8.5)	(15.0)
Balance at 1st January as restated		632.3	3,271.1	333.7	93.4	69.6	4,400.1	5,550.4	9,950.5
Total comprehensive income		-	963.2	-	(236.9)	(45.5)	680.8	977.2	1,658.0
Issue of shares to non-controlling interests		-	-	-	-	-	-	0.1	0.1
Dividends paid by the Company 8		-	(445.4)	-	-	-	(445.4)	-	(445.4)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(602.1)	(602.1)
Change in shareholding		-	(2.0)	-	-	-	(2.0)	(8.7)	(10.7)
Acquisition/disposal of subsidiaries		-	-	-	-	-	-	148.0	148.0
Other		0.3	(0.2)	-	-	(0.3)	(0.2)	(0.2)	(0.4)
Balance at 31st December		632.6	3,786.7	333.7	(143.5)	23.8	4,633.3	6,064.7	10,698.0

The notes on pages 51 to 125 form an integral part of the financial statements.



## PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2013

	Notes	2013 US\$m	2012 US\$m
<b>Revenue</b>	3	<b>508.1</b>	483.8
Net operating costs	4	<b>(16.7)</b>	(85.5)
<b>Operating profit</b>		<b>491.4</b>	398.3
Financing charges	6	<b>(0.9)</b>	(1.3)
<b>Profit before tax</b>		<b>490.5</b>	397.0
Tax	7	<b>(42.5)</b>	(44.9)
<b>Profit after tax</b>		<b>448.0</b>	352.1

The notes on pages 51 to 125 form an integral part of the financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2013

	Notes	2013 US\$m	2012 US\$m
Profit for the year		<b>448.0</b>	352.1
Items that may be reclassified subsequently to profit and loss:			
Net exchange translation difference			
- gains/(losses) arising during the year		<b>(54.9)</b>	99.5
Available-for-sale investment			
- gains/(losses) arising during the year	17	<b>1.3</b>	(0.5)
Other comprehensive income/(expense) for the year		<b>(53.6)</b>	99.0
<b>Total comprehensive income for the year</b>		<b>394.4</b>	451.1

The notes on pages 51 to 125 form an integral part of the financial statements.

## BALANCE SHEET

As at 31st December 2013

	Notes	2013 US\$m	2012 US\$m
<b>Non-current assets</b>			
Property, plant and equipment	12	37.5	33.7
Interests in subsidiaries	15	1,397.8	1,447.0
Interests in associates and joint ventures	16	127.1	127.8
Non-current investment	17	7.7	6.6
		1,570.1	1,615.1
<b>Current assets</b>			
Current debtors	20	44.1	53.4
Bank balances and other liquid funds	21	11.5	4.1
		55.6	57.5
<b>Total assets</b>		<b>1,625.7</b>	<b>1,672.6</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	25	0.2	0.2
		0.2	0.2
<b>Current liabilities</b>			
Current creditors	22	19.7	57.5
Current borrowings	24	31.6	-
Current tax liabilities		1.7	1.7
		53.0	59.2
<b>Total liabilities</b>		<b>53.2</b>	<b>59.4</b>
<b>Net assets</b>		<b>1,572.5</b>	<b>1,613.2</b>
<b>Equity</b>			
Share capital	27	632.6	632.6
Revenue reserve	28	525.1	512.2
Other reserves	29	414.8	468.4
<b>Total equity</b>		<b>1,572.5</b>	<b>1,613.2</b>

The notes on pages 51 to 125 form an integral part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2013

	Notes	Share capital US\$m	Revenue reserve US\$m	Translation reserve US\$m	Fair value and other reserves US\$m	Total equity US\$m
<b>2013</b>						
Balance at 1st January		632.6	512.2	469.6	(1.2)	1,613.2
Total comprehensive income		-	448.0	(54.9)	1.3	394.4
Dividends paid	8	-	(435.1)	-	-	(435.1)
Balance at 31st December		632.6	525.1	414.7	0.1	1,572.5
<b>2012</b>						
Balance at 1st January		632.3	605.5	370.1	(0.4)	1,607.5
Total comprehensive income		-	352.1	99.5	(0.5)	451.1
Transfer of reserves		0.3	-	-	(0.3)	-
Dividends paid	8	-	(445.4)	-	-	(445.4)
Balance at 31st December		632.6	512.2	469.6	(1.2)	1,613.2

The notes on pages 51 to 125 form an integral part of the financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2013

	Notes	2013 US\$m	2012 US\$m
<b>Cash flows from operating activities</b>			
Cash generated from operations	35	2,641.4	1,568.1
Interest paid		(89.0)	(94.1)
Interest received		76.0	70.4
Other finance costs paid		(18.1)	(15.3)
Income taxes paid		(679.5)	(678.9)
		(710.6)	(717.9)
<i>Net cash flows from operating activities</i>		1,930.8	850.2
<b>Cash flows from investing activities</b>			
Sale of leasehold land use rights		5.3	3.8
Sale of property, plant and equipment		24.4	31.6
Sale of investment properties		1.1	-
Sale of subsidiaries, net of cash disposed	36	12.8	7.9
Sale of investments		92.3	325.7
Purchase of intangible assets		(135.4)	(123.3)
Purchase of leasehold land use rights		(126.7)	(99.1)
Purchase of property, plant and equipment		(679.5)	(925.3)
Purchase of investment properties		(58.0)	(1.1)
Additions to plantations		(64.7)	(87.5)
Purchase of subsidiaries, net of cash acquired	36	(73.8)	(94.8)
Purchase of shares in associates and joint ventures		(76.7)	(139.5)
Purchase of investments		(99.4)	(253.7)
Capital repayment of investments		16.5	4.2
Dividends received from associates and joint ventures (net)		323.7	433.3
<i>Net cash flows used in investing activities</i>		(838.1)	(917.8)
<b>Cash flows from financing activities</b>			
Drawdown of loans		5,607.7	4,728.3
Repayment of loans		(5,356.1)	(3,815.5)
Changes in controlling interests in subsidiaries	36	209.3	(35.3)
Investments by non-controlling interests		15.6	0.1
Dividends paid to non-controlling interests		(540.5)	(602.1)
Dividends paid by the Company	8	(435.1)	(445.4)
<i>Net cash flows used in financing activities</i>		(499.1)	(169.9)
Net change in cash and cash equivalents		593.6	(237.5)
Cash and cash equivalents at the beginning of the year		1,201.0	1,500.1
Effect of exchange rate changes		(193.6)	(61.6)
Cash and cash equivalents at the end of the year	36	1,601.0	1,201.0

The notes on pages 51 to 125 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is 239 Alexandra Road, Singapore 159930.

The principal activities of the Group are the manufacture, assembly, distribution and retail of motor vehicles and motorcycles, financial services, heavy equipment and mining, agribusiness, infrastructure, logistics and other, and information technology. The Company acts as an investment holding company and a provider of management services.

On 13th March 2014, the Jardine Cycle & Carriage Limited Board of Directors authorised the financial statements for issue.

2 Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), 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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.31.

The following new standards, amendments and interpretations to existing standards which are effective in the accounting period and relevant to the Group’s operations were adopted in 2013:

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (amended 2011)	Employee Benefits
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to IFRSs	2009-2011 Cycle

As set out on pages 53 and 54, the only standard adopted that impacts the consolidated profit and loss account and balance sheet is IAS 19 (amended 2011) ‘Employee Benefits’. The adoption of this standard does not have a material effect on the financial statements, but the comparative financial statements have been restated.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.1 Basis of Preparation (continued)

IFRS 10 ‘Consolidated Financial Statements’ 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 investee; and ability to use power to affect the reporting entity’s returns.

IFRS 11 ‘Joint Arrangements’ replaces IAS 31 ‘Interests in Joint Ventures’ and SIC 13 ‘Jointly Controlled Entities – Non Monetary Contributions by Venturers’. Under IFRS 11, joint arrangements are classified 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). Joint operations are accounted for by showing the party’s interest in the assets, liabilities, revenue and expenses, and/or its relative share of jointly controlled assets, liabilities, revenue and expenses, if any. Accounting for joint ventures is now covered by IAS 28 (2011) as proportionate consolidation is no longer permitted under IFRS 11.

IFRS 12 ‘Disclosure of Interests in Other Entities’ 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.

IFRS 13 ‘Fair Value Measurement’ 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).

IAS 19 (amended 2011) ‘Employee Benefits’ requires, for defined benefit plans, the assumed return on plan assets recognised in the profit and loss to be the same as the rate used to discount the defined benefit obligation. Previously, the Group determined income on plan assets based on their long-term rate of expected return. It also requires past service costs to be recognised immediately in the profit and loss account. Additional disclosures are required to present the characteristics of defined benefit plans, the amount recognised in the financial statements, and the risks arising from defined benefit plans and multi-employer plans. The Group has applied the amended standard retrospectively and the comparative financial statements have been restated in accordance with the transition provisions of the standard. Details of the effect of the change are set out on pages 53 and 54.

IAS 27 (2011) ‘Separate Financial Statements’ 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 is 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’ 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.

Amendments to IFRS 7 ‘Disclosures – Offsetting Financial Assets and Financial Liabilities’ focus on disclosures of quantitative information about recognised financial instruments that are offset in the balance sheet, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

Amendments to IFRSs 10, 11 and 12 on transition guidance provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

Amendments to IAS 1 ‘Presentation of Items of Other Comprehensive Income’ 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 reclassified to the profit and loss account in the future. Items that will not be reclassified – such as remeasurements of defined benefit pension plans – will be presented separately from items that may be reclassified 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.1 Basis of Preparation (continued)

IFRIC 20 ‘Stripping Costs in the Production Phase of a Surface Mine’ 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.

Annual improvements to IFRSs 2009 – 2011 Cycle comprise a number of non-urgent but necessary amendments to IFRSs. The amendments which are relevant to the Group’s operations include the following:

Amendment to IAS 1 ‘Presentation of financial statements’ clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, ‘Accounting policies, changes in accounting estimates and errors’; or voluntarily. When an entity produces an additional balance sheet as required by IAS 8, the balance sheet should be as at the date of the beginning of the preceding period – that is, the opening position. No notes are required to support this balance sheet. When management provides additional comparative information voluntarily – for example, profit and loss account, balance sheet – it should present the supporting notes to these additional statements.

Amendment to IAS 16 ‘Property, plant and equipment’ clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The previous wording of IAS 16 indicated that servicing equipment should be classified as inventory, even if it was used for more than one period. Following the amendment, this equipment used for more than one period is classified as property, plant and equipment.

Amendment to IAS 32 ‘Financial instruments: Presentation’ clarifies that income tax related to profit distributions is recognised in the profit and loss account, and income tax related to the costs of equity transactions is recognised in equity. Prior to the amendment, IAS 32 was ambiguous as to whether the tax effects of distributions and the tax effects of equity transactions should be accounted for in the profit and loss account or in equity.

Amendment to IAS 34 ‘Interim financial reporting’ clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

The effects of adopting IAS 19 (amended 2011) on the current financial year are not material. The effects on the comparative financial statements were as follows:

- i) On the consolidated profit and loss account for the year ended 31st December 2012:

	Increase/ (decrease) in profit US\$m
Net operating costs	(2.7)
Share of results of associates and joint ventures	(0.5)
Tax	0.6
Profit after tax	(2.6)
Attributable to:	
Shareholders of the Company	(1.0)
Non-controlling interests	(1.6)
	(2.6)
Underlying earnings per share (US¢) – basic and diluted	(0.28)
Earnings per share (US¢) – basic and diluted	(0.28)



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.1 Basis of Preparation (continued)

ii) On the consolidated statement of comprehensive income for the year ended 31st December 2012:

	Increase/ (decrease) in total comprehensive income US\$m
Profit after tax	(2.6)
Remeasurement of defined benefit plans	2.9
Tax on items that will not be reclassified	(0.7)
Share of other comprehensive expense of associates and joint ventures	0.6
Net exchange translation differences	0.9
Total comprehensive income for the year	1.1
Attributable to:	
Shareholders of the Company	0.5
Non-controlling interests	0.6
	1.1

iii) On the consolidated balance sheet:

	Increase/(decrease)	
	31st December 2012 US\$m	1st January 2012 US\$m
Interests in associates and joint ventures	(2.0)	(2.2)
Deferred tax assets	2.0	2.4
Deferred tax liabilities	1.4	1.3
Pension liabilities	(15.3)	(16.5)
Net assets	(13.9)	(15.0)
Revenue and other reserves	(6.0)	(6.5)
Non-controlling interests	(7.9)	(8.5)
Total equity	(13.9)	(15.0)

The adoption does not have any effect on the consolidated cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.1 Basis of Preparation (continued)

The following standards, amendments and interpretation which are effective after 2013, are relevant to the Group's operations and yet to be adopted:

IFRS 9	Financial Instruments
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies
Annual Improvements to IFRSs	2010 – 2012 Cycle
	2011 – 2013 Cycle

The Group is currently assessing their impact but expects that their adoption will not have a material effect on the consolidated profit and loss account and balance sheet, although there will be additional disclosures in respect of Amendments to IAS 36.

IFRS 9 'Financial Instruments' is the first standard issued as part of a wider project to replace IAS 39. It is effective for annual periods beginning on or after 1st January 2015. However, on 24th July 2013, the IASB tentatively decided to defer the mandatory effective period of IFRS 9 and that the mandatory effective date should be left open pending the finalisation of the impairment and classification and measurement requirements. It is likely that the standard will be effective no earlier than 2017 and the Group will adopt the standard from its effective date.

IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised 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'.

IFRS 9 (2013) aligns hedge accounting more closely with risk management. It also establishes a more principles-based approach to hedge accounting, particularly in respect of assessing hedge effectiveness and assessing what qualifies as a hedged item.

Amendments to IAS 19 'Employee Benefits: Employee Contributions' contain narrow scope amendments that apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for periods beginning on or after 1st July 2014 and the Group will adopt the amendments from the effective date.

Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (effective 1st January 2014) are made to the application guidance in IAS 32 and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of offset" and "simultaneous realisation and settlement". The Group will adopt the amendments from 1st January 2014.

Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' (effective 1st January 2014) set out the changes to the disclosures when recoverable amount is determined based on fair value less costs of disposal. The key amendments are (a) to remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment, (b) to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed, and (c) to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. The Group will adopt the amendments from 1st January 2014.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.1 Basis of Preparation (continued)

Amendments to IAS 39 ‘Novation of Derivatives and Continuation of Hedge Accounting’ (effective 1st January 2014) provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The Group will adopt the amendments from 1st January 2014.

IFRIC 21 ‘Levies’ (effective 1st January 2014) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Group will apply the interpretation from 1st January 2014.

Annual Improvements to IFRSs 2010 – 2012 Cycle comprises a number of non-urgent but necessary amendments. The amendments, effective for periods beginning on or after 1st July 2014, which are relevant to the Group’s operations include the following:

Amendment to IFRS 2 ‘Share-based Payment’ clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’.

Amendment to IFRS 3 ‘Business Combinations’ clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 ‘Financial Instruments: Presentation’. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in the profit and loss account.

Amendment to IFRS 8 ‘Operating Segments’ requires disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

Amendment to IAS 24 ‘Related Party Disclosures’ includes, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (‘the management entity’). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity’s employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

Annual Improvements to IFRSs 2011 – 2013 Cycle comprises a number of non-urgent but necessary amendments. The amendments, largely effective for periods beginning on or after 1st July 2014, which are relevant to the Group’s operations include the following:

IFRS 3 ‘Business Combinations’ clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

IFRS 13 ‘Fair Value Measurement’ clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9.

IAS 40 ‘Investment Property’ clarifies that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFR 3 to determine whether the acquisition of an investment property is a business combination.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.2 Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group’s interests in associates and joint ventures on the basis set out below.

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued, liabilities incurred or assumed and any contingent consideration at the date of exchange. Acquisition-related costs are expensed off. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition dates, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss account. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in the profit and loss account. 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 recognised in the profit and loss account.

All material inter-company balances, transactions and unrealised gains and deficits on transactions between Group companies have been eliminated.

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

Associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting and are initially recorded at cost. The Group’s investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group’s share of its post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are included in the carrying amount of the associates and joint ventures. Its share of post-acquisition profit and loss is recognised in the consolidated profit and loss account.

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

The results of subsidiaries, associates and joint ventures are included or excluded from the consolidated financial statements from the 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)

2.3 Property, Plant and Equipment

Freehold land and buildings, and the building component of owner-occupied leasehold properties are stated at cost less any accumulated depreciation and impairment loss. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Mining properties, which are contractual rights to mine and own coal reserves in specified concession areas, and other assets are stated at historical cost or at fair value if acquired as part of a business combination, less accumulated depreciation and impairment loss. Cost of mining properties includes expenditure to restore and rehabilitate coal mining areas following the completion of production.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

Freehold land is not depreciated. Mining properties are depreciated using the unit of production method. Depreciation of all other assets is calculated using the straight line method to allocate the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Building and leasehold improvements	3 <sup>1</sup> / <sub>3</sub> % - 50%
Plant and machinery	5% - 50%
Office furniture, fixtures and equipment	10% - 50%
Transportation equipment and motor vehicles	4% - 50%

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at each balance sheet date and adjusted, if appropriate.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

2.4 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, based on a discounted cash flow method using unobservable inputs. 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.

2.5 Investment Properties

Investment properties are properties, including those held under operating leases, held for long-term rental yields or capital gains, but their business model does not necessarily envisage that the properties will be held for their entire useful life. Investment properties are stated 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. Changes in fair values are recorded in the profit and loss account. Investment properties under development are measured at cost until its fair value becomes reliably measurable or construction is completed (whichever is earlier).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)

2.6 Intangible Assets

i) Goodwill  
Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the profit and loss account. Goodwill on acquisition of associates and joint ventures is included in interests in associates and joint ventures while goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment loss.

The profit or loss on disposal of subsidiaries, associates and joint ventures is stated after deducting the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing.

ii) Franchise rights  
Franchise rights, which are rights under franchise agreements, are separately identified intangible assets acquired as part of a business combination. These franchise agreements are expected to continue for an indefinite period and, where these agreements do not have indefinite terms, it is believed that renewal of these agreements can be obtained without significant costs, taking into account the history of renewal and the relationships between the franchisee and contracting parties. Franchise rights are not amortised, but are tested annually for impairment and carried at cost less accumulated impairment loss.

iii) Concession rights  
Concession rights are operating rights for toll roads under service concession agreements. The cost of the construction services provided is amortised using the straight line method over the service concession period of 39 years.

iv) Customer acquisition costs  
Commissions that are related to securing new insurance contracts and renewing existing insurance contracts with a term of more than one year are capitalised. All other costs are recognised as expenses when incurred. The customer acquisition costs are subsequently amortised over the lives of the contracts that range from 1 to 4 years.

v) Deferred exploration costs  
Exploration costs are capitalised when the rights of tenure of a coal mining area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area. Deferred exploration costs are amortised using the unit of production method, and are assessed for impairment if facts and circumstances indicate that an impairment may exist.

vi) Computer software  
Computer software is stated at cost less accumulated amortisation and impairment loss. These costs are amortised using the straight line method over their estimated useful lives 1 to 5 years.

2.7 Leasehold Land Use Rights

Leasehold land use rights are payments to acquire long-term interests in owner-occupied property. Leasehold land use rights acquired by way of a business combination are measured at their fair values at the acquisition date. For subsequent measurement, leasehold land use rights are amortised over the useful lives of the leases which include the renewal period if the leases can be renewed without significant cost. The estimated useful lives range from 1 to 94 years.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.8 Impairment of Non-financial Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised 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 cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date.

#### 2.9 Financial Assets

Financial assets are initially recognised at fair value plus transaction costs. Subsequent measurement of financial assets depends on the classification of the financial assets.

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- i) **Loans and receivables**  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortised cost using the effective interest method, less impairment allowance. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "debtors" in the balance sheet.
- ii) **Available-for-sale financial assets**  
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are stated at fair values and are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Unrealised gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. On disposal of investments or when an investment is determined to be impaired, the cumulative gains and losses previously deferred in equity is recognised in the profit and loss account.
- iii) **Held-to-maturity financial assets**  
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are carried at amortised cost using the effective interest method.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The fair values of quoted financial assets are based on current market prices. If the market for a financial asset is not active (and for unquoted securities), the Group establishes fair values by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, or discounted cash flow analysis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account) is removed from the fair value reserve within equity and recognised in the profit and loss account. Impairment testing of debtors is described in Note 2.12.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.10 Investments in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and joint ventures are stated in the financial statements of the Company at cost. When an indication of impairment exists, the carrying amount of the investment is written down immediately to its recoverable amount. The write-down is charged to the profit and loss account.

#### 2.11 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is generally determined using the first-in, first-out method, specific identification method and weighted average method. The cost of finished goods and work in progress comprises goods held for resale, raw materials, labour and an appropriate portion of overheads. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

#### 2.12 Debtors

Debtors, excluding derivative financial instruments, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial, less allowance for impairment. Repossessed assets of financial services companies, which represent collateral obtained from customers towards settlement of receivables that are in default, are measured at the lower of cost of the carrying amount of the debtors in default and fair value less costs to sell. The financial services 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.

An allowance for impairment of debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the debtors are impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the profit and loss account. Bad debts are written off as soon as it is established that these are irrecoverable. Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

#### 2.13 Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, net of bank overdrafts and restricted bank balances and deposits. In the balance sheet, restricted bank balances and deposits are included in non-current debtors and bank overdrafts are included under current borrowings.

#### 2.14 Borrowings

Borrowings are initially stated at fair value, net of transaction costs incurred and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date. Borrowing costs that are not used in financing the acquisition or construction of qualifying assets, are recognised as an expense in the period in which they are incurred.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)

2.15 Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is more likely than not that an outflow of economic resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

- i) Warranty and goodwill expenses  
The Group recognises the estimated liability that falls due under the warranty terms offered on sale of new and used vehicles beyond that which is reimbursed by the manufacturer. The provision is calculated based on the past history of repairs.
- ii) Closure costs  
The Group recognises a provision for closure costs when legal or constructive obligations arise on closure or disposal of businesses.

2.16 Creditors

Creditors, excluding derivative financial instruments, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Creditors are classified under non-current liabilities unless their maturities are within 12 months after the balance sheet date.

2.17 Employee Benefits

- i) Pension obligations  
The Group operates a number of defined benefit and defined contribution plans.

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 the profit and loss account 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 government bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, and are recognised in other comprehensive income and accumulated under equity in the revenue reserve. Past service costs are recognised immediately in the profit and loss account.

The Group pays fixed contributions into separate entities for defined contribution plans and has no legal or constructive obligations once the contributions are paid. The Group’s contributions to the defined contribution plans are charged to the consolidated profit and loss account in the period to which the contributions relate.

- ii) Share-based compensation  
The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options in respect of shares in the Company or in its subsidiaries is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options on the grant date, excluding the impact of non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to share option reserve over the remaining vesting period.

The proceeds received net of any transaction costs are credited to share capital when the options are exercised.

- iii) Employee leave entitlements  
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)

2.18 Foreign Currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The functional currency of the Company is the Singapore Dollar. The financial statements of the Group and the Company are presented in United States Dollars to serve the needs of the readers of the Group’s and the Company’s financial statements who are spread globally and reflects the international nature of the Group.

Foreign currency transactions of each entity in the Group are translated into its functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account, except when recognised in other comprehensive income and accumulated under equity in the hedging reserve as qualifying cash flow hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in the profit and loss account, and other changes in carrying amount are recognised in other comprehensive income and accumulated under equity in the fair value reserve. Translation differences on non-monetary financial assets and liabilities are recognised in other comprehensive income and accumulated under equity in the fair value reserve.

For the purpose of consolidation, the balance sheets of foreign entities are translated into the Group’s presentation currency in United States Dollars at the rates of exchange prevailing at the balance sheet date and the results of foreign entities are translated into United States Dollars at the average exchange rates for the financial year. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the translation reserve. On disposal, these translation differences are recognised in the profit and loss account as part of the gain or loss on sale. None of the Group’s entities has the currency of a hyperinflationary economy.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange prevailing at the balance sheet date. For the purpose of presenting the financial statements of the Company in United States Dollars, assets and liabilities of the Company are translated at the rates of exchange prevailing at the balance sheet date, the results of the Company are translated at the average exchange rates for the financial year and share capital and reserves are translated at the exchange rates prevailing at the dates of the transactions. The resulting exchange differences are taken to the Company’s translation reserve.

The exchange rates used for translating assets and liabilities at the balance sheet date are US\$1=S\$1.2656 (2012: US\$1=S\$1.2226), US\$1=RM3.2815 (2012: US\$1=RM3.0591), US\$1=IDR12,189 (2012: US\$1=IDR 9,670) and US\$1=VND21,110 (2012: US\$1=VND20,830).

The exchange rates used for translating the results for the year are US\$1=S\$1.2539 (2012: US\$1=S\$1.2457), US\$1=RM3.1726 (2012: US\$1=RM3.0849), US\$1=IDR10,563 (2012: US\$1=IDR9,419) and US\$1=VND21,046 (2012: US\$1=VND20,869).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)

2.19 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. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group’s activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

- i) Revenue from the sale of goods is recognised 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) Receipts under operating leases are accounted for on an accrual basis over the lease terms.
- iii) Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.
- iv) Revenue from consumer financing and finance leases is recognised over the term of the respective contracts based on a constant rate of return on the net investment.
- v) Interest income is recognised on a time proportion basis taking into account the principal amounts outstanding and the interest rates applicable.
- vi) Dividend income is recognised when the right to receive payment is established.

2.20 Tax

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

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

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised 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 business acquisitions, on the difference between the fair values of the net assets acquired and their tax bases. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)

2.21 Leases

- i) Finance leases - Group company is the lessee  
The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term borrowings, except for those with maturities of less than 12 months which are included in current borrowings. The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful lives of the assets or the lease term.

- ii) Operating leases - Group company is the lessee  
Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

- iii) Finance leases - Group company is the lessor  
When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Revenue from finance leases is recognised over the term of the respective contracts based on a constant periodic rate of return on the net investment.

- iv) Operating leases - Group company is the lessor  
The Group leases out certain property, plant and equipment and investment properties. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

2.22 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. Once classified as held for sale, the assets are no longer amortised or depreciated.

2.23 Insurance Contracts

Insurance contracts are those contracts that transfer significant insurance risk. Premiums are recognised as revenue (earned premiums) 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 account 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 analysis for the claims incurred but not reported.

2.24 Financial Guarantee Contracts

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 recognised when it is probable that the guarantee will be called upon and an outflow of resources embodying economic benefits will be required to settle the obligations.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)

2.25 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 plantations and investment properties; gains and losses arising from sale of businesses, investments and properties; impairment of non-depreciable intangible assets and other investments; provisions for 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 the Group’s underlying business performance.

2.26 Derivative Financial Instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures. Derivative financial instruments are initially recognised in the balance sheet at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair values. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), 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 (net investment hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the profit and loss account, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the ineffective portion is recognised in the profit and loss account. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria of hedge accounting, the cumulative adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the profit and loss account 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 recognised in other comprehensive income and accumulated in equity under the hedging reserve. Changes in the fair value relating to the ineffective portion is recognised immediately in the profit and loss account. 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 equity are transferred from hedging reserve and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the profit and loss account and classified as income or expense in the same period during which the hedged firm commitment or forecasted transaction affects the profit and loss account. 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 reserve at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the profit and loss account. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the profit and loss account.

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 recognised immediately in the profit and loss account.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Changes in the fair value of the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in equity under the translation reserve; changes in the fair value relating to the ineffective portion is recognised immediately in the profit and loss account.

The fair value of derivative financial instruments is classified as a non-current asset or liability if the remaining maturities of the derivative financial instruments are greater than 12 months.

2.27 Segment Reporting

Reportable segments provide products or services that are subject to risks and returns that are different from those of other business segments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)

2.28 Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

2.29 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.30 Financial Risk Management

i) 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 Company co-ordinates, under the directions of the directors, 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 exchange rates and to minimise 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 forward 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. 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 2013 are disclosed in Note 33.

a) 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 required to be swapped into the entity’s functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

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 2013, the Group’s Indonesian Rupiah functional currency entities had United States Dollar denominated net monetary liabilities of US\$158.9 million (2012: US\$174.2 million). At 31st December 2013, if the United States Dollar had strengthened/weakened by 10% against the Indonesian Rupiah with all other variables held constant, the profit attributable to shareholders of the Company would have been US\$4.3 million (2012: US\$5.3 million) lower/higher, arising mainly from foreign exchange losses/gains taken to the profit and loss account on translation. The 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 entities at 31st December 2013 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)  
2.30 Financial Risk Management (continued)

- i) Financial risk factors (continued)
- a) Market risk (continued)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through the use of 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% - 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments with an average tenure of two to three years. The financial services companies borrow predominantly at a fixed rate. The interest rate profile of the Group’s borrowings after taking into account the economic effects of derivative financial instruments are set out in Note 24.

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, and 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 instrument will fluctuate because of changes in market interest rates. The Group may manage its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate.

At 31st December 2013, 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\$9.0 million (2012: US\$6.1 million) higher/lower and the hedging reserve would have been US\$15.0 million (2012: US\$24.2 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 reasonable possible change in those interest rates, specifically the Indonesian rates, which have the most impact on the Group over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in 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 market interest rates 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

2 Significant Accounting Policies (continued)  
2.30 Financial Risk Management (continued)

- i) Financial risk factors (continued)
- a) Market risk (continued)

Price risk

The Group is exposed to securities price risk because of quoted and unquoted 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 these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. The performance of the Group’s quoted and unquoted available-for-sale investments are monitored regularly, together with a regular 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 2013, if the price of quoted and unquoted available-for-sale investments had been 30% higher/lower with all other variables held constant, total equity would have been US\$130.8 million (2012: US\$159.0 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

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

- b) 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 limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. At 31st December 2013, deposits with banks and financial institutions amounted to US\$1,593.1 million (2012: US\$1,221.4 million) of which 13% (2012: 19%) were made to financial institutions with credit ratings of no less than A– (Fitch). This is because in Indonesia, it may be necessary to deposit money with banks that have a lower credit rating. Additionally, transactions involving derivative financial instruments are made 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 motor vehicles and motorcycles from consumer financing debtors towards settlement of receivables. Customers give the right to the Group to sell the repossessed collateral or take any other action to settle the outstanding receivable. Sales to other customers are made in cash or by major credit cards.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group’s exposure to credit risk arising from consumer financing and trade debtors, and derivative financial instruments with a positive fair value are set out in Note 20. The Group’s exposure to credit risk arising from deposits and balances with banks and financial institutions is set out in Note 21.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.30 Financial Risk Management (continued)

##### i) Financial risk factors (continued)

##### c) 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 of evenly spread debt maturities 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 2013, total available committed and uncommitted borrowing facilities amounted to US\$9,372.2 million (2012: US\$9,001.4 million) of which US\$5,373.1 million (2012: US\$5,896.5 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totaled US\$2,698.7 million (2012: US\$1,735.0 million).

The table 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 dates. 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 US\$m
<b>2013</b>							
Borrowings	3,310.6	1,301.2	784.1	308.8	1.2	-	5,705.9
Finance lease liabilities	45.4	36.9	26.4	16.3	3.5	-	128.5
Creditors	2,231.2	5.0	5.6	7.5	9.0	38.5	2,296.8
Net settled derivative financial instruments	1.2	0.2	-	-	-	-	1.4
Gross settled derivative financial instruments							
- inflow	1,243.0	384.4	117.7	-	-	-	1,745.1
- outflow	1,111.7	321.0	104.7	-	-	-	1,537.4
Estimated losses on insurance contracts	104.2	-	-	-	-	-	104.2
<b>2012</b>							
Borrowings	3,011.8	1,792.4	1,150.3	112.2	346.7	-	6,413.4
Finance lease liabilities	56.1	37.4	29.3	20.4	10.8	-	154.0
Creditors	2,196.7	4.6	5.6	7.7	9.3	40.7	2,264.6
Net settled derivative financial instruments	1.7	0.7	0.1	-	-	-	2.5
Gross settled derivative financial instruments							
- inflow	988.4	534.3	208.3	5.8	-	-	1,736.8
- outflow	992.7	524.1	201.9	5.6	-	-	1,724.3
Estimated losses on insurance contracts	111.0	-	-	-	-	-	111.0

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.30 Financial Risk Management (continued)

##### ii) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while seeking to maximise benefits to shareholders and other stakeholders. Capital is total 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 expenditure 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 relevant ratios are monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more leveraged than the Group's other businesses. The Group does not have a defined gearing or interest cover benchmark or range.

The gearing ratios at 31st December 2013 and 2012 were as follows:

	Group	
	2013	2012
Gearing ratio excluding financial services companies	3%	8%
Gearing ratio including financial services companies	38%	44%
Interest cover excluding financial services companies	48 times	47 times

The decrease in gearing ratio excluding financial services companies as at 31st December 2013 as compared to 2012 was primarily due to proceeds arising from the sale by Astra of part of its interest in Astra Otoparts, and a reduction in working capital in Astra's heavy equipment business.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.30 Financial Risk Management (continued)

##### iii) Fair value estimation

##### a) 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:

*Quoted prices (unadjusted) in active markets for identical assets or liabilities (“quoted prices in active markets”)*

The fair value of quoted 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.

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

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

*Inputs for the asset or liability that are not based on observable market data (“unobservable inputs”)*

The fair value of unquoted 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.

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

	Quoted prices in active markets US\$m	Observable current market transactions US\$m	Unobservable inputs US\$m	Total US\$m
<b>2013</b>				
<b>Assets</b>				
Available-for-sale financial assets				
- listed securities	404.6	-	-	404.6
- unlisted investments	-	-	41.7	41.7
	404.6	-	41.7	446.3
Derivatives used for hedging	-	277.6	-	277.6
	404.6	277.6	41.7	723.9
<b>Liabilities</b>				
Derivatives used for hedging	-	(1.8)	-	(1.8)
<b>2012</b>				
<b>Assets</b>				
Available-for-sale financial assets				
- listed securities	495.6	-	-	495.6
- unlisted investments	-	-	45.6	45.6
	495.6	-	45.6	541.2
Derivatives used for hedging	-	93.0	-	93.0
	495.6	93.0	45.6	634.2
<b>Liabilities</b>				
Derivatives used for hedging	-	(3.2)	-	(3.2)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.30 Financial Risk Management (continued)

##### iii) Fair value estimation (continued)

##### b) 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 disclosed are based on market prices or are estimated using the expected future payments discounted at market interest rates.

The table below analyses financial instruments by category.

	Loans and receivables US\$m	Derivatives used for hedging US\$m	Available-for-sale US\$m	Held-to-maturity US\$m	Other financial liabilities at amortised cost US\$m	Total carrying amount US\$m	Fair value US\$m
<b>2013</b>							
Investments	-	-	446.3	-	-	446.3	446.3
Debtors excluding prepayments, rental and other deposits	6,444.4	277.6	-	-	-	6,722.0	6,317.5
Bank balances and other liquid funds	1,601.1	-	-	-	-	1,601.1	1,601.1
	8,045.5	277.6	446.3	-	-	8,769.4	8,364.9
Borrowings excluding finance lease liabilities	-	-	-	-	(5,250.6)	(5,250.6)	(5,254.1)
Finance lease liabilities	-	-	-	-	(122.5)	(122.5)	(122.5)
Creditors excluding non-financial liabilities	-	(1.8)	-	-	(2,296.8)	(2,298.6)	(2,298.6)
	-	(1.8)	-	-	(7,669.9)	(7,671.7)	(7,675.2)
<b>2012</b>							
Investments	-	-	541.2	2.1	-	543.3	543.3
Debtors excluding prepayments, rental and other deposits	7,116.5	93.0	-	-	-	7,209.5	7,452.4
Bank balances and other liquid funds	1,225.9	-	-	-	-	1,225.9	1,225.9
	8,342.4	93.0	541.2	2.1	-	8,978.7	9,221.6
Borrowings excluding finance lease liabilities	-	-	-	-	(5,746.5)	(5,746.5)	(5,781.1)
Finance lease liabilities	-	-	-	-	(150.0)	(150.0)	(149.8)
Creditors excluding non-financial liabilities	-	(3.2)	-	-	(2,477.4)	(2,480.6)	(2,480.4)
	-	(3.2)	-	-	(8,373.9)	(8,377.1)	(8,411.3)



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.31 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.

##### i) 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 use rights, concession rights, property, plant and equipment and investment properties are determined by independent, professionally qualified valuers by reference to comparable market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

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

##### ii) Property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for the Group's mining properties and other property, plant and equipment. 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.

##### iii) Plantations

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

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

##### iv) Impairment of assets

The Group tests annually whether goodwill and other non-financial assets that have indefinite useful lives have 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 fair value less costs to sell or value-in-use calculations prepared on the basis of management's assumptions and estimates. Changing the key assumptions, including the amount of estimated coal reserves, discount rates or growth rates in the cash flow projections, could materially affect the value-in-use calculations.

The results of the impairment review undertaken at 31st December 2013 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 to the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to the profit and loss account 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 2 Significant Accounting Policies (continued)

#### 2.31 Critical Accounting Estimates and Judgements (continued)

##### v) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes, particularly in Indonesia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

Deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which 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 IFRS that investment properties measured at fair value are recovered by 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 management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

##### vi) Pension obligations

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

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

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

##### vii) 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.

### 3 REVENUE

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Sale of goods	14,599.6	16,280.3	-	-
Rendering of services	4,125.2	4,136.8	1.2	1.2
Financial services	1,044.8	1,094.6	-	-
Dividends	-	-	506.9	482.6
Others	18.2	29.4	-	-
	19,787.8	21,541.1	508.1	483.8

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 4 Net Operating Costs

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Cost of sales and services rendered	(16,278.9)	(17,518.8)	-	-
Other operating income	382.3	378.5	0.4	4.8
Selling and distribution expenses	(852.9)	(921.8)	-	-
Administrative expenses	(877.0)	(963.3)	(17.1)	(17.4)
Other operating expenses	(98.3)	(88.7)	-	(72.9)
	(17,724.8)	(19,114.1)	(16.7)	(85.5)
The following credits/(charges) are included in net operating costs:				
Depreciation of property, plant and equipment (Note 12)	(652.5)	(663.2)	(0.5)	(0.2)
Amortisation of:				
- intangible assets (Note 10)	(52.6)	(45.5)	-	-
- leasehold land use rights (Note 11)	(28.2)	(24.8)	-	-
Profit/(loss) on disposal of:				
- leasehold land use rights	0.7	3.2	-	-
- property, plant and equipment	10.5	12.8	-	0.1
- investment properties	0.5	-	-	-
- plantations	(0.9)	(5.2)	-	-
- shares in subsidiaries (Note 36)	55.3	1.9	-	-
- investments	10.8	83.0	-	-
Loss on disposal/write-down of repossessed assets	(56.4)	(77.6)	-	-
(Impairment)/write-back in impairment of:				
- property, plant and equipment (Note 12)	(1.1)	-	-	-
- financing debtors (Note 18)	(101.5)	(134.7)	-	-
- trade debtors (Note 20)	(9.4)	(7.5)	-	-
- other debtors (Note 20)	(0.5)	(0.2)	-	-
- interests in subsidiaries	-	-	-	0.1
- interests in associates	-	-	-	(72.9)
Fair value gain/(loss) on:				
- plantations (Note 14)	(14.9)	(51.8)	-	-
- investment properties (Note 13)	19.5	14.6	-	-
- derivatives not qualifying as hedges	0.1	0.3	-	-
Stocks:				
- cost of stocks recognised as an expense (included in cost of sales and services rendered)	(13,533.5)	(14,784.9)	-	-
- write-down of stocks	(28.3)	(24.2)	-	-
- reversal of write-down of stocks made in previous years	10.7	19.0	-	-
Provision for:				
- warranty and goodwill expenses (Note 23)	(7.3)	(8.0)	-	-
- others (Note 23)	(13.2)	(25.8)	-	-
Operating expenses arising from investment properties	(0.3)	(0.6)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 4 Net Operating Costs (continued)

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Auditors' remuneration for:				
- audit services	(6.5)	(6.4)	(1.0)	(1.1)
- non-audit services	(2.0)	(1.4)	-	-
Net exchange loss	(21.9)	(7.0)	-	-
Rental expenses – operating leases	(84.1)	(94.0)	(0.8)	(0.8)
Rental income from:				
- investment properties	1.7	0.9	-	-
- other properties	2.3	2.7	-	-
Dividend income from investments	7.3	16.5	-	1.7
Interest income from investments	31.8	17.0	-	-

### 5 Employee Benefits

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Salaries and benefits in kind	1,230.7	1,176.8	6.6	7.0
Pension costs – defined contribution plans	9.8	8.7	0.2	0.1
Pension costs – defined benefit plans	33.8	37.2	-	-
Termination benefits	2.3	2.3	-	-
	1,276.6	1,225.0	6.8	7.1

### 6 Net Financing Charges

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Interest expense on:				
- bank borrowings	(75.8)	(79.8)	(0.5)	(0.7)
- other borrowings	(12.8)	(16.0)	-	-
	(88.6)	(95.8)	(0.5)	(0.7)
Other finance costs	(18.1)	(15.4)	(0.5)	(0.6)
Financing charges	(106.7)	(111.2)	(1.0)	(1.3)
Financing income	78.4	72.0	0.1	-
	(28.3)	(39.2)	(0.9)	(1.3)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 7 Tax

Tax expense attributable to profit is made up of:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Current tax:				
- Singapore	8.7	9.4	0.1	0.1
- Foreign	596.0	653.9	42.4	44.8
	604.7	663.3	42.5	44.9
Deferred tax (Note 25)	(69.1)	(28.6)	-	-
	535.6	634.7	42.5	44.9
Adjustments in respect of prior years	-	1.4	-	-
	535.6	636.1	42.5	44.9

The following sets out the differences between the tax expense on the Group's and the Company's profit before tax and the theoretical amount that would arise using the domestic tax rates applicable to profits of the respective companies.

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Profit before tax	2,624.8	2,963.7	490.5	397.0
Less: Share of associates' and joint ventures' results after tax	(590.1)	(575.9)	-	-
	2,034.7	2,387.8	490.5	397.0
Tax calculated at domestic tax rates applicable to profits in the respective countries	440.3	526.3	53.9	36.4
Income not subject to tax	(25.7)	(26.5)	(14.4)	(7.0)
Expenses not deductible for tax purposes	65.8	48.2	3.0	15.5
Utilisation of previously unrecognised tax losses	(0.9)	(0.7)	-	-
Deferred tax assets written off	1.8	2.4	-	-
Deferred tax liabilities written back	(0.1)	-	-	-
Tax losses arising in the year not recognised	16.0	10.2	-	-
Temporary differences arising in the year not recognised	-	0.2	-	-
Recognition of previously unrecognised:				
- tax losses	(3.5)	(0.6)	-	-
- temporary differences	-	(0.3)	-	-
Withholding tax	42.4	75.8	-	-
Adjustments in respect of prior years	-	1.4	-	-
Others	(0.5)	(0.3)	-	-
	535.6	636.1	42.5	44.9

The effective tax rates for the Group and Company were 26% (2012: 27%) and 9% (2012: 11%), respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 7 Tax (continued)

Tax relating to components of other comprehensive income is analysed as follows:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Revaluation of available-for-sale investments	-	(0.2)	-	-
Cash flow hedges	(5.7)	4.0	-	-
Defined benefit pension plans	(3.4)	11.2	-	-
	(9.1)	15.0	-	-

### 8 Dividends

At the Annual General Meeting on 30th April 2014, a final one-tier tax exempt dividend in respect of 2013 of US\$90.00 per share amounting to a dividend of approximately US\$320.1 million is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31st December 2014. The dividends paid in 2013 and 2012 were as follows:

	Group and Company	
	2013 US\$m	2012 US\$m
Final one-tier tax exempt dividend in respect of previous year of US\$105.00 per share (2012: in respect of 2011 of US\$105.00)	370.9	382.2
Interim one-tier tax exempt dividend in respect of current year of US\$18.00 per share (2012: US\$18.00)	64.2	63.2
	435.1	445.4

### 9 Earnings Per Share

	Group	
	2013 US\$m	2012 US\$m
<b>Basic earnings per share</b>		
Profit attributable to shareholders	915.0	986.0
Weighted average number of ordinary shares in issue (millions)	355.7	355.7
Basic earnings per share	US\$257.24	US\$277.20
<b>Diluted earnings per share</b>		
Profit attributable to shareholders	915.0	986.0
Weighted average number of ordinary shares in issue (millions)	355.7	355.7
Adjustment for assumed conversion of share options (millions)	-	-*
Weighted average number of ordinary shares for diluted earnings per share (millions)	355.7	355.7
Diluted earnings per share	US\$257.24	US\$277.20
<b>Underlying earnings per share</b>		
Underlying profit attributable to shareholders	894.1	1,015.3
Basic underlying earnings per share	US\$251.36	US\$285.44
Diluted underlying earnings per share	US\$251.36	US\$285.44

\* Less than 0.1 million



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 9 Earnings Per Share (continued)

A reconciliation of profit attributable to shareholders and underlying profit attributable to shareholders is as follows:

	Group	
	2013 US\$m	2012 US\$m
<b>Profit attributable to shareholders</b>	<b>915.0</b>	986.0
<b>Less:</b>		
<b>Non-trading items (net of tax and non-controlling interests)</b>		
Gain on loss of control in a subsidiary	22.7	-
Impairment of investment in associate/joint venture	(11.8)	(45.0)
Fair value changes of:		
- investment properties	9.8	7.3
- plantations	(3.9)	(16.2)
Net gain/(loss) on disposal/closure of businesses	4.1	(1.9)
Profit on disposal of an investment	-	57.3
Provision for deferred tax on dividends from a subsidiary	-	(30.8)
	20.9	(29.3)
<b>Underlying profit attributable to shareholders</b>	<b>894.1</b>	1,015.3

The underlying profit attributable to shareholders by business is shown below.

	2013 US\$m	2012 US\$m
<b>Astra</b>		
Automotive	443.4	486.9
Financial services	202.4	197.6
Heavy equipment and mining	141.0	186.2
Agribusiness	68.1	102.2
Infrastructure, logistics and other	23.2	36.3
Information technology	7.6	7.0
	885.7	1,016.2
Withholding tax on dividend	(36.7)	(44.4)
	849.0	971.8
<b>Other motor interests</b>		
Singapore	31.2	31.8
Malaysia	0.8	3.1
Indonesia (Tunas Ridean)	12.8	19.5
Withholding tax on dividend	(0.5)	(0.4)
	12.3	19.1
Vietnam	15.3	4.0
Myanmar	(1.0)	-
	58.6	58.0
<b>Corporate costs</b>	<b>(13.5)</b>	(14.5)
<b>Underlying profit attributable to shareholders</b>	<b>894.1</b>	1,015.3

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 10 Intangible Assets

	Goodwill US\$m	Franchise rights US\$m	Concession rights US\$m	Customer acquisition costs US\$m	Deferred exploration costs US\$m	Computer software & others US\$m	Total US\$m
<b>Group</b>							
<b>2013</b>							
Balance at 1st January	226.3	220.3	366.7	56.3	43.2	13.8	926.6
Translation adjustments	(48.6)	(45.3)	(83.3)	(13.0)	(2.6)	(4.8)	(197.6)
Additions	13.4	-	60.9	51.9	12.4	4.1	142.7
Additions arising from acquisition of subsidiaries (Note 36)	-	-	-	-	-	16.5	16.5
Amortisation (Note 4)	-	-	(4.9)	(41.3)	(1.1)	(5.3)	(52.6)
Balance at 31st December	191.1	175.0	339.4	53.9	51.9	24.3	835.6
<b>Cost</b>	<b>194.0</b>	<b>175.0</b>	<b>357.2</b>	<b>89.6</b>	<b>54.6</b>	<b>38.5</b>	<b>908.9</b>
<b>Amortisation and impairment</b>	<b>(2.9)</b>	<b>-</b>	<b>(17.8)</b>	<b>(35.7)</b>	<b>(2.7)</b>	<b>(14.2)</b>	<b>(73.3)</b>
	191.1	175.0	339.4	53.9	51.9	24.3	835.6
<b>2012</b>							
Balance at 1st January	241.3	234.8	335.8	50.4	25.4	14.8	902.5
Translation adjustments	(15.0)	(14.5)	(22.3)	(3.3)	(2.1)	(0.9)	(58.1)
Additions	-	-	58.1	44.3	19.0	4.4	125.8
Additions arising from acquisition of subsidiaries (Note 36)	-	-	-	-	1.9	-	1.9
Amortisation (Note 4)	-	-	(4.9)	(35.1)	(1.0)	(4.5)	(45.5)
Balance at 31st December	226.3	220.3	366.7	56.3	43.2	13.8	926.6
<b>Cost</b>	<b>229.7</b>	<b>220.3</b>	<b>383.7</b>	<b>90.5</b>	<b>44.8</b>	<b>25.5</b>	<b>994.5</b>
<b>Amortisation and impairment</b>	<b>(3.4)</b>	<b>-</b>	<b>(17.0)</b>	<b>(34.2)</b>	<b>(1.6)</b>	<b>(11.7)</b>	<b>(67.9)</b>
	226.3	220.3	366.7	56.3	43.2	13.8	926.6

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 10 Intangible Assets (continued)

The carrying amounts of franchise rights comprise mainly Astra's automotive of US\$62.6 million (2012: US\$78.9 million) and heavy equipment of US\$110.8 million (2012: US\$139.6 million). Management has performed an impairment review of the carrying amounts of franchise rights at 31st December 2013 and concluded that no impairment has occurred. The impairment review of franchise rights 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 financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimates stated below:

	2013	2012
Growth rates	3% - 4%	3% - 4%
Pre-tax discount rates	14% - 17%	19% - 23%

The growth rates do not exceed the long-term average growth rates of the industries. The pre-tax discount rates reflect business specific risks relating to the relevant industries.

The remaining amortisation lives for intangible assets are as follows:

Concession rights	34 years
Customer acquisition costs	1 to 4 years
Computer software and others	1 to 5 years
Deferred exploration costs	39.8 million tonnes (based on unit of production method)

### 11 Leasehold Land Use Rights

	Group	
	2013 US\$m	2012 US\$m
Net book value at 1st January	534.2	499.3
Translation adjustments	(118.3)	(30.3)
Additions	89.4	76.6
Additions arising from acquisition of subsidiaries (Note 36)	41.8	-
Disposals	(4.6)	(0.6)
Disposals arising from disposal of subsidiaries (Note 36)	(9.0)	-
Transfers from/(to) investment properties (Note 13)	(11.4)	14.0
Amortisation (Note 4)	(28.2)	(24.8)
Surplus on revaluation before transfer to investment properties	8.1	-
Net book value at 31st December	502.0	534.2
Cost	631.7	666.8
Amortisation and impairment	(129.7)	(132.6)
	502.0	534.2

Leasehold land use rights at 31st December 2013 with a net book value of US\$5.2 million (2012: US\$7.0 million) have been pledged as security for borrowings (Note 24).

The remaining amortisation periods for leasehold land use rights are 1 month to 86 years.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 12 Property, Plant and Equipment

	Freehold land US\$m	Buildings and leasehold improvements US\$m	Mining properties US\$m	Plant & machinery US\$m	Office furniture, fixtures & equipment US\$m	Transportation equipment & motor vehicles US\$m	Total US\$m
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#### Group

#### 2013

Net book value at 1st January	38.1	858.6	1,098.7	1,570.8	113.9	626.0	4,306.1
Translation adjustments	(1.6)	(187.9)	(104.3)	(321.8)	(24.0)	(125.3)	(764.9)
Additions	-	242.6	17.3	384.8	58.9	166.2	869.8
Additions arising from acquisition of subsidiaries (Note 36)	-	35.1	-	33.7	0.5	1.1	70.4
Transfer to investment properties (Note 13)	-	(1.6)	-	-	-	-	(1.6)
Transfer to stocks	-	-	-	(3.5)	(0.4)	(62.2)	(66.1)
Disposals	-	(1.3)	-	(2.7)	(5.5)	(4.5)	(14.0)
Depreciation (Note 4)	-	(73.4)	(24.9)	(390.2)	(44.5)	(119.5)	(652.5)
Impairment (Note 4)	-	-	-	(1.1)	-	-	(1.1)
Surplus on revaluation before transfer to investment properties	-	0.5	-	-	-	-	0.5
Net book value at 31st December	36.5	872.6	986.8	1,270.0	98.9	481.8	3,746.6
Cost	36.5	1,194.4	1,087.2	2,706.0	256.4	684.5	5,965.0
Accumulated depreciation	-	(321.8)	(100.4)	(1,436.0)	(157.5)	(202.7)	(2,218.4)
	36.5	872.6	986.8	1,270.0	98.9	481.8	3,746.6

#### 2012

Net book value at 1st January	36.0	704.0	631.5	1,501.5	93.4	577.0	3,543.4
Translation adjustments	2.1	(42.9)	(3.7)	(96.5)	(6.1)	(37.3)	(184.4)
Additions	-	263.5	-	631.4	76.8	251.6	1,223.3
Additions arising from acquisition of subsidiaries (Note 36)	-	0.4	492.3	-	-	-	492.7
Transfer to stocks	-	-	-	(36.2)	(7.5)	(43.5)	(87.2)
Disposals	-	(1.4)	-	(13.3)	(0.4)	(3.4)	(18.5)
Depreciation (Note 4)	-	(65.0)	(21.4)	(416.1)	(42.3)	(118.4)	(663.2)
Net book value at 31st December	38.1	858.6	1,098.7	1,570.8	113.9	626.0	4,306.1
Cost	38.1	1,171.2	1,191.3	2,970.6	277.8	822.9	6,471.9
Accumulated depreciation	-	(312.6)	(92.6)	(1,399.8)	(163.9)	(196.9)	(2,165.8)
	38.1	858.6	1,098.7	1,570.8	113.9	626.0	4,306.1

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 12 Property, Plant and Equipment (continued)

Property, plant and equipment at 31st December 2013 with a net book value of US\$138.2 million (2012: US\$171.9 million) have been pledged as security for borrowings (Note 24).

Included in the additions are plant and machinery acquired under finance leases amounting to US\$28.7 million (2012: US\$96.6 million).

The carrying amount of plant and machinery held under finance leases at 31st December 2013 amounted to US\$92.8 million (2012: US\$151.9 million).

	Freehold land US\$m	Buildings and leasehold improvements US\$m	Office furniture, fixtures & equipment US\$m	Motor vehicles US\$m	Total US\$m
<b>Company</b>					
<b>2013</b>					
Net book value at 1st January	30.1	2.8	-	0.8	33.7
Translation adjustments	(1.0)	(0.1)	-	-	(1.1)
Additions	-	3.8	0.4	1.3	5.5
Disposals	-	-	-	(0.1)	(0.1)
Depreciation (Note 4)	-	(0.2)	-	(0.3)	(0.5)
Net book value at 31st December	29.1	6.3	0.4	1.7	37.5
Cost	29.1	7.0	1.0	2.4	39.5
Accumulated depreciation	-	(0.7)	(0.6)	(0.7)	(2.0)
	29.1	6.3	0.4	1.7	37.5
<b>2012</b>					
Net book value at 1st January	28.4	0.5	-	0.6	29.5
Translation adjustments	1.7	0.1	-	-	1.8
Additions	-	2.2	-	0.5	2.7
Disposals	-	-	-	(0.1)	(0.1)
Depreciation (Note 4)	-	-	-	(0.2)	(0.2)
Net book value at 31st December	30.1	2.8	-	0.8	33.7
Cost	30.1	3.3	0.6	1.3	35.3
Accumulated depreciation	-	(0.5)	(0.6)	(0.5)	(1.6)
	30.1	2.8	-	0.8	33.7

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 13 Investment Properties

	Group	
	2013 US\$m	2012 US\$m
Completed commercial properties:		
Balance at 1st January	67.6	59.4
Translation adjustments	(17.1)	(4.0)
Fair value gain (Note 4)	19.5	14.6
Additions	1.8	11.6
Disposals	(0.6)	-
Disposals arising from disposal of subsidiaries (Note 36)	(11.6)	-
Transfer from commercial properties under development	0.6	-
Transfer from/(to) leasehold land use rights and property, plant and equipment (Notes 11 and 12)	13.0	(14.0)
Balance at 31st December	73.2	67.6
Commercial properties under development:		
Balance at 1st January	-	-
Translation adjustments	(6.0)	-
Additions	46.0	-
Transfer to completed commercial properties	(0.6)	-
Balance at 31st December	39.4	-
Total	112.6	67.6

The valuations of the investment properties were conducted by independent, professionally qualified valuers, based on the open market value. Fair values of these properties are generally derived based on the direct comparison method, using observable inputs. This valuation method is based on comparing the property to be valued directly with other comparable properties. However, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

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

The Group's investment properties have not been pledged as security for borrowings at 31st December 2012 and 2013.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 14 Plantations

	Group	
	2013 US\$m	2012 US\$m
Movements during the year are as follows:		
Balance at 1st January	1,025.7	1,057.9
Translation adjustments	(218.5)	(66.7)
Additions	69.2	91.5
Disposals	(5.3)	(5.2)
Fair value loss (Note 4)	(14.9)	(51.8)
Balance at 31st December	856.2	1,025.7
Immature plantations	105.0	177.9
Mature plantations	751.2	847.8
	856.2	1,025.7
Planted area (hectares):		
Immature plantations	33,147	37,842
Mature plantations	187,382	175,288
	220,529	213,130

The Group's plantations are primarily used for the production of palm oil. The plantations were valued internally at their fair values less point of sale costs, based on a discounted cash flow method using unobservable inputs. The major unobservable inputs used in the valuation are:

	2013	2012
Crude palm oil price per tonne	US\$909	US\$934
Effective annual price inflation (for the first five years)	9%*	9%*
Effective annual cost inflation (for the first five years)	7%*	6%*
Post-tax discount rate	14%	14%

\* 0% inflation thereafter

The higher the crude palm oil price per tonne and the higher the effective annual price inflation, the higher the fair value. The higher the effective annual cost inflation and the higher the post-tax discount rate, the lower the fair value.

Changes in unrealised loss for the year for plantations held at the end of the year amounted to US\$14.9 million (2012: US\$51.8 million) have been included in profit or loss in the line "Other operating expenses". During the year, the Group harvested 3.7 million (2012: 4.1 million) tonnes of produce from the plantations with a fair value at the point of harvest less point of sale costs of US\$481.8 million (2012: US\$638.3 million).

The Group's plantations have not been pledged as security for borrowings at 31st December 2012 and 2013.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 15 Interests in Subsidiaries

	Company	
	2013 US\$m	2012 US\$m
At cost:		
- quoted equity securities (market value: 2013: US\$11,362.5 million; 2012: US\$15,895.6 million)	1,358.7	1,406.5
- unquoted equity securities	42.3	43.8
	1,401.0	1,450.3
Less: Impairment	(3.2)	(3.3)
	1,397.8	1,447.0

A list of principal subsidiaries is set out in Note 41.

### 16 Interests in Associates and Joint Ventures

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
At cost:				
- quoted equity securities (Group market value: 2013: US\$598.1 million; 2012: US\$877.0 million)	428.1	529.4	45.2	46.8
- unquoted equity securities	489.7	468.4	153.6	155.3
	917.8	997.8	198.8	202.1
Post-acquisition reserves	1,513.9	1,570.1	-	-
	2,431.7	2,567.9	198.8	202.1
Less: Impairment	(68.6)	(45.0)	(71.7)	(74.3)
	2,363.1	2,522.9	127.1	127.8
Associates	573.2	580.1	123.5	127.8
Joint ventures	1,789.9	1,942.8	3.6	-
	2,363.1	2,522.9	127.1	127.8

The market value of quoted equity securities is based on their quoted prices, some of which may not be reflective of their fair values. In determining whether these investments are impaired, management has also considered recent arm's length transactions of a similar nature.

The amounts recognised in the Group profit and loss account are as follows:

	2013 US\$m	2012 US\$m
Associates	149.5	94.6
Joint ventures	440.6	481.3
	590.1	575.9

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 16 Interests in Associates and Joint Ventures (continued)

#### (a) Investment in associates

The material associate of the Group is PT Astra Daihatsu Motor, of which 32% of its share capital, consisting solely of ordinary shares, is held by the Group's subsidiary, Astra. PT Astra Daihatsu Motor is principally involved in the manufacturing and distribution of Daihatsu motor vehicles in Indonesia.

Set out below is the summarised financial information for PT Astra Daihatsu Motor.

Summarised balance sheet at 31st December:

	2013 US\$m	2012 US\$m
Non-current assets	609.9	757.1
Current assets		
Cash and cash equivalents	474.7	395.7
Other current assets	407.2	401.9
Total current assets	881.9	797.6
Non-current liabilities		
Financial liabilities	-	-
Other non-current liabilities	(41.0)	(45.6)
Total non-current liabilities	(41.0)	(45.6)
Current liabilities		
Financial liabilities (excluding trade payables)	(1.1)	(2.3)
Other current liabilities (including trade payables)	(525.4)	(600.9)
Total current liabilities	(526.5)	(603.2)
Net assets	924.3	905.9

Summarised statement of comprehensive income for the year ended 31st December:

	2013 US\$m	2012 US\$m
Revenue	4,559.9	4,435.4
Depreciation and amortisation	(109.9)	(104.7)
Financing income	32.9	25.9
Financing expense	-	(0.4)
Tax	(120.0)	(103.1)
Profit after tax	339.2	293.2
Translation	(218.9)	(52.8)
Other comprehensive income	(0.3)	(3.4)
Total comprehensive income	120.0	237.0
Dividends received from associate	32.4	31.8

There are no contingent liabilities relating to the Group's interest in the material associate.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 16 Interests in Associates and Joint Ventures (continued)

#### (a) Investment in associates (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material associate is set out below.

	2013 US\$m	2012 US\$m
Net assets	924.3	905.9
Interest in associate (%)	32%	32%
Group's share of net assets in associate	294.6	288.7
Goodwill	-	-
Carrying value	294.6	288.7

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

	2013 US\$m	2012 US\$m
Share of profit	41.4	1.2
Translation difference	(46.1)	(11.8)
Share of other comprehensive income	(0.1)	(2.2)
Share of total comprehensive income	(4.8)	(12.8)
Carrying amount of interests in these associates	278.6	291.4

#### (b) Investment in joint ventures

The material joint ventures of the Group are PT Astra Honda Motor and PT Bank Permata Tbk. These joint ventures have share capital consisting solely of ordinary shares, which are held by the Group's subsidiary, Astra. Astra has a 50% interest in PT Astra Honda Motor and a 45% interest in PT Bank Permata Tbk. PT Astra Honda Motor is principally involved in the manufacturing and distribution of Honda motorcycles in Indonesia, while PT Bank Permata Tbk is a commercial bank with operations in Indonesia.

As at 31st December 2013, the fair value of the Group's interest in PT Bank Permata Tbk, which is listed on the Indonesian Stock Exchange, was US\$491.8 million (2012: US\$649 million) and the carrying amount of the Group's interest was US\$595.9 million (2012: US\$677 million). All other joint ventures are unlisted.

There are no contingent liabilities relating to the Group's interest in the material joint ventures.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 16 Interests in Associates and Joint Ventures (continued)

#### (b) Investment in joint ventures (continued)

Set out below is the summarised financial information for the Group's material joint ventures.

Summarised balance sheet at 31st December:

	PT Astra Honda Motor US\$m	PT Bank Permata Tbk US\$m	Total US\$m
<b>2013</b>			
Non-current assets	1,197.9	4,823.7	6,021.6
Current assets			
Cash and cash equivalents	376.0	1,692.1	2,068.1
Other current assets	396.6	7,071.3	7,467.9
Total current assets	772.6	8,763.4	9,536.0
Non-current liabilities			
Financial liabilities	-	(729.5)	(729.5)
Other non-current liabilities	(247.3)	(44.1)	(291.4)
Total non-current liabilities	(247.3)	(773.6)	(1,020.9)
Current liabilities			
Financial liabilities (excluding trade payables)	-	(11,489.8)	(11,489.8)
Other current liabilities (including trade payables)	(588.3)	(185.8)	(774.1)
Total current liabilities	(588.3)	(11,675.6)	(12,263.9)
Net assets	1,134.9	1,137.9	2,272.8
<b>2012</b>			
Non-current assets	1,458.9	4,572.1	6,031.0
Current assets			
Cash and cash equivalents	298.4	2,568.1	2,866.5
Other current assets	443.5	6,468.8	6,912.3
Total current assets	741.9	9,036.9	9,778.8
Non-current liabilities			
Financial liabilities	-	(617.1)	(617.1)
Other non-current liabilities	(298.2)	(49.7)	(347.9)
Total non-current liabilities	(298.2)	(666.8)	(965.0)
Current liabilities			
Financial liabilities (excluding trade payables)	-	(11,400.3)	(11,400.3)
Other current liabilities (including trade payables)	(638.1)	(274.9)	(913.0)
Total current liabilities	(638.1)	(11,675.2)	(12,313.3)
Net assets	1,264.5	1,267.0	2,531.5

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 16 Interests in Associates and Joint Ventures (continued)

#### (b) Investment in joint ventures (continued)

Summarised statement of comprehensive income for the year ended 31st December:

	PT Astra Honda Motor US\$m	PT Bank Permata Tbk US\$m	Total US\$m
<b>2013</b>			
Revenue	4,947.0	1,249.0	6,196.0
Depreciation and amortisation	(90.0)	(18.2)	(108.2)
Financing income	28.2	-	28.2
Tax	(145.0)	(54.0)	(199.0)
Profit after tax	455.6	161.6	617.2
Translation difference	(281.6)	(282.3)	(563.9)
Other comprehensive income	0.1	(8.4)	(8.3)
Total comprehensive income	174.1	(129.1)	45.0
Dividends received from joint ventures	151.9	-	151.9
<b>2012</b>			
Revenue	4,579.2	1,086.1	5,665.3
Depreciation and amortisation	(92.4)	(18.3)	(110.7)
Financing income	23.8	-	23.8
Tax	(149.0)	(55.2)	(204.2)
Profit after tax	463.6	147.5	611.1
Translation difference	(87.1)	(70.3)	(157.4)
Other comprehensive income	(19.2)	(1.6)	(20.8)
Total comprehensive income	357.3	75.6	432.9
Dividends received from joint ventures	263.0	-	263.0

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for fair value adjustments made at time of acquisition and differences in accounting policies between the Group and the joint ventures.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 16 Interests in Associates and Joint Ventures (continued)

#### (b) Investment in joint ventures (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material joint ventures is set out below.

	PT Astra Honda Motor US\$m	PT Bank Permata Tbk US\$m	Total US\$m
<b>2013</b>			
Net assets	1,134.9	1,137.9	2,272.8
Interest in joint ventures (%)	50%	45%	
Group's share of net assets in joint ventures	567.4	507.1	1,074.5
Group adjustment to share of net assets at acquisition	0.5	48.4	48.9
Goodwill	-	40.4	40.4
Carrying value	567.9	595.9	1,163.8
<b>2012</b>			
Net assets	1,264.5	1,267.0	2,531.5
Interest in joint ventures (%)	50%	45%	
Group's share of net assets in joint ventures	632.2	564.6	1,196.8
Group adjustment to share of net assets at acquisition	0.6	61.1	61.7
Goodwill	-	50.9	50.9
Carrying value	632.8	676.6	1,309.4

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

	2013 US\$m	2012 US\$m
Share of profit	140.8	183.8
Translation difference	(138.9)	(114.4)
Share of other comprehensive income	7.7	(5.0)
Share of total comprehensive income	9.6	64.4
Carrying amount of interests in these joint ventures	626.1	633.4

A list of the Group's principal associates and joint ventures is set out in Note 41.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 17 Investments

The Group's investments consist of available-for-sale and held-to-maturity financial assets.

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Available-for-sale				
- quoted investments	404.6	495.6	-	-
- unquoted investments	41.7	45.6	7.7	6.6
	446.3	541.2	7.7	6.6
Held-to-maturity quoted investments	-	2.1	-	-
	446.3	543.3	7.7	6.6
Non-current	428.8	530.1	7.7	6.6
Current	17.5	13.2	-	-
	446.3	543.3	7.7	6.6
Analysis by geographical area of operation:				
Indonesia	353.2	493.1	-	-
Singapore	7.7	6.6	7.7	6.6
Others	85.4	43.6	-	-
	446.3	543.3	7.7	6.6

Movements during the year are as follows:

Balance at 1st January	543.3	599.8	6.6	6.7
Translation adjustments	(89.4)	(21.2)	(0.2)	0.4
Fair value changes	(12.0)	50.9	1.3	(0.5)
Additions	119.1	253.5	-	-
Disposals	(92.0)	(328.7)	-	-
Disposals arising from disposal of subsidiaries (Note 36)	(4.3)	(6.3)	-	-
Capital repayment	(16.5)	(4.2)	-	-
Unwinding of discount/premium	(1.9)	(0.5)	-	-
Balance at 31st December	446.3	543.3	7.7	6.6

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

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Quoted prices in active markets	404.6	495.6	-	-
Other valuation techniques using unobservable inputs	41.7	45.6	7.7	6.6
	446.3	541.2	7.7	6.6

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 17 Investments (continued)

Movements of available-for-sale financial assets which are valued based on other valuation techniques are as follows:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Balance at 1st January	45.6	47.7	6.6	6.7
Translation adjustments	(5.2)	-	(0.2)	0.4
Fair value changes	1.3	(1.7)	1.3	(0.5)
Additions	-	0.1	-	-
Disposals	-	(0.5)	-	-
Balance at 31st December	41.7	45.6	7.7	6.6

Included in the available-for-sale unquoted investments is a 49% shareholding in Mercedes-Benz Malaysia Sdn Bhd ("MBM") held through the Group's subsidiary, Cycle & Carriage Bintang Berhad which entitles it to receive an annual dividend when declared. MBM is not considered an associate of the Group as the Group holds its interest through MBM's Class B shares which do not carry any voting rights nor any right to share in the equity interest.

Profit on disposal of available-for-sale financial assets during 2013 amounted to US\$10.8 million (2012: US\$83.0 million) and was credited to profit and loss.

The fair value of the held-to-maturity quoted investments is nil (2012: US\$2.1 million).

### 18 Financing Debtors

	Group	
	2013 US\$m	2012 US\$m
Consumer financing debtors	3,915.2	4,332.3
Less: Allowance for impairment	(183.0)	(218.2)
	3,732.2	4,114.1
Financing leases		
- gross investment	889.3	1,084.2
- unearned finance income	(102.0)	(131.9)
- net investment	787.3	952.3
Less: Allowance for impairment	(33.6)	(37.4)
	753.7	914.9
	4,485.9	5,029.0
Non-current	2,121.9	2,083.4
Current	2,364.0	2,945.6
	4,485.9	5,029.0

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 18 Financing Debtors (continued)

The maturity analysis of consumer financing debtors is as follows:

#### Including related finance income

	2013 US\$m	2012 US\$m
Within one year	2,654.2	3,267.9
Between one and two years	1,387.2	1,358.5
Between two and five years	852.6	772.3
	4,894.0	5,398.7

#### Excluding related finance income

	2013 US\$m	2012 US\$m
Within one year	2,026.6	2,534.6
Between one and two years	1,122.0	1,113.2
Between two and five years	766.6	684.5
	3,915.2	4,332.3

The maturity analysis of investment in financing leases is as follows:

	Gross investment		Net investment	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Within one year	513.9	612.8	444.1	523.6
Between one and two years	272.9	340.9	247.0	305.9
Between two and five years	102.5	130.5	96.2	122.8
Beyond five years	-	-	-	-
	889.3	1,084.2	787.3	952.3

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 scoring systems. These limits and scoring are reviewed periodically. The Group obtains collateral in the form of motor vehicles and motorcycles from consumer financing debtors who give the Group the right to sell the repossessed collateral or take any other action to settle the outstanding debt.

The loan period ranges from 6 to 60 months for motor vehicles and motorcycles. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment is made based on the estimated irrecoverable amount by reference to past default experience. The Group has the right to repossess the assets whenever its customers default on their instalment obligations. It usually exercises its right if monthly instalments are overdue for 30 days for motor vehicles and 60 days for motorcycles. Management has considered the balances against which collective impairment provision is made as impaired.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 18 Financing Debtors (continued)

The fair value of the financing debtors is US\$4,081.6 million (2012: US\$5,272.4 million). The fair value of financing debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 9% to 32% per annum (2012: 8% to 29% per annum). The higher the rates, the lower the fair value.

Financing debtors are due within five years (2012: Five years) from the balance sheet date and the interest rates range from 12% to 32% per annum (2012: 7% to 43% per annum).

Financing debtors amounting to US\$2,172.2 million at 31st December 2013 (2012: US\$2,467.9 million) have been pledged as security for borrowings (Note 24).

Movements in the allowance for impairment of financing debtors are as follows:

	2013 US\$m	2012 US\$m
Balance at 1st January	255.6	225.1
Translation adjustments	(53.3)	(15.2)
Allowance made during the year (Note 4)	101.5	134.7
Utilised during the year	(87.2)	(89.0)
Balance at 31st December	216.6	255.6

### 19 Stocks

	Group	
	2013 US\$m	2012 US\$m
Finished goods	1,091.1	1,390.6
Work in progress	40.1	48.6
Raw materials	57.5	94.1
Spare parts	70.9	86.6
Others	86.8	120.7
	1,346.4	1,740.6

Stocks amounting to US\$1.6 million at 31st December 2013 (2012: US\$2.1 million) have been pledged as security for borrowings (Note 24).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 20 Debtors

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
<b>Financing debtors (Note 18)</b>	<b>4,485.9</b>	5,029.0	-	-
<b>Trade debtors</b>				
Amounts owing by third parties	1,619.9	1,676.0	-	-
Less: Allowance for impairment	(21.0)	(17.1)	-	-
	1,598.9	1,658.9	-	-
Amounts owing by associates and joint ventures	71.2	72.4	-	-
	1,670.1	1,731.3	-	-
<b>Other debtors</b>				
Reinsurers' share of estimated losses (Note 34)	43.8	55.1	-	-
Reposessed assets	14.0	14.1	-	-
Restricted bank balances and deposits	7.5	9.7	-	-
Loans to employees	32.4	39.4	0.2	0.2
Interest receivable	4.5	3.1	-	-
Amounts owing by associates and joint ventures	72.7	71.2	-	-
Amounts owing by subsidiaries	-	-	65.8	76.2
Less: Allowance for impairment	-	-	(22.7)	(23.5)
	-	-	43.1	52.7
Sundry debtors	114.1	164.0	0.2	0.1
Less: Allowance for impairment	(0.6)	(0.4)	-	-
	113.5	163.6	0.2	0.1
<b>Financial assets excluding derivatives</b>	<b>6,444.4</b>	7,116.5	<b>43.5</b>	53.0
Cross-currency swap contracts (Note 33)	276.5	92.3	-	-
Interest rate swap contracts (Note 33)	0.1	-	-	-
Forward foreign exchange contracts (Note 33)	1.0	0.7	-	-
	277.6	93.0	-	-
<b>Financial assets</b>	<b>6,722.0</b>	7,209.5	<b>43.5</b>	53.0
Deposits	106.8	115.5	0.1	0.1
Prepayments	194.7	200.7	0.5	0.3
Others	77.6	50.3	-	-
	7,101.1	7,576.0	44.1	53.4
Non-current	2,625.5	2,481.1	-	-
Current	4,475.6	5,094.9	44.1	53.4
	7,101.1	7,576.0	44.1	53.4
Analysis by geographical area of operation:				
Indonesia	7,032.5	7,499.7	-	-
Singapore	42.6	30.1	44.1	53.4
Others	26.0	46.2	-	-
	7,101.1	7,576.0	44.1	53.4



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 20 Debtors (continued)

The average credit period on sale of goods and services varies among Group businesses, but is not more than 60 days. Before accepting any new customer, the individual Group business assesses the potential customer's credit quality and sets credit limits by customer using internal credit scoring systems. These limits and scoring are reviewed periodically. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are considered indicators that the debtor is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

At 31st December 2013, trade and other debtors of the Group and the Company of US\$102.8 million (2012: US\$67.3 million) and US\$22.7 million (2012: US\$23.5 million), respectively, were impaired. The amount of the allowances for the Group and the Company was US\$21.6 million (2012: US\$17.6 million) and US\$22.7 million (2012: US\$23.5 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:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Below 30 days	1.9	2.4	-	-
Between 31 and 60 days	0.4	-	-	-
Between 61 and 90 days	0.9	1.3	-	-
Over 90 days	99.6	63.6	22.7	23.5
	102.8	67.3	22.7	23.5

At 31st December 2013, trade and other debtors of the Group of US\$612.7 million (2012: US\$515.0 million) were past due but not impaired. The ageing analysis of these debtors is as follows:

	Group	
	2013 US\$m	2012 US\$m
Below 30 days	336.8	268.4
Between 31 and 60 days	121.6	147.1
Between 61 and 90 days	57.5	47.2
Over 90 days	96.8	52.3
	612.7	515.0

The risk of debtors that are neither past due nor impaired as at 31st December 2013 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.

Movements in the allowance for impairment of trade debtors are as follows:

	Group	
	2013 US\$m	2012 US\$m
Balance at 1st January	17.1	14.3
Translation adjustments	(4.2)	(0.9)
Additions arising from acquisition of subsidiaries	0.3	-
Allowance made during the year (Note 4)	9.4	7.5
Utilised during the year	(1.6)	(3.8)
Balance at 31st December	21.0	17.1

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 20 Debtors (continued)

Movements in the allowance for impairment of other debtors are as follows:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Balance at 1st January	0.4	0.4	23.5	22.1
Translation adjustments	(0.1)	-	(0.8)	1.4
Allowance made during the year (Note 4)	0.5	0.2	-	-
Utilised during the year	(0.2)	(0.2)	-	-
Balance at 31st December	0.6	0.4	22.7	23.5

The fair value of the non-current debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 6% to 15% per annum (2012: 6% to 15% per annum). The higher the rates, the lower the fair value. The fair value of the repossessed assets held amounted to US\$14.0 million (2012: US\$14.1 million).

Trade and other debtors of the Group amounting to US\$6.4 million at 31st December 2013 (2012: US\$7.7 million) have been pledged as security for borrowings (Note 24).

The amounts owing by subsidiaries, associates and joint ventures are interest free except for amounts owing by associates and joint ventures amounting to US\$61.4 million (2012: US\$61.5 million) which bear weighted average interest rate of 9.4% (2012: 9.5%) per annum.

Included in the sundry debtors is an amount of US\$6.6 million (2012: US\$26.9 million) for the 3-year convertible bonds held by a subsidiary. The bonds pay a coupon rate of 6% per annum, are unsecured and mature in December 2015.

### 21 Bank Balances and Other Liquid Funds

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Bank and cash balances	653.8	797.7	11.5	4.1
Deposits with banks and financial institutions	947.3	428.2	-	-
	1,601.1	1,225.9	11.5	4.1

Analysis by currency:

Singapore Dollar	45.0	49.0	10.2	1.3
United States Dollar	428.3	306.6	1.1	2.3
Malaysian Ringgit	7.0	7.0	0.1	0.2
Japanese Yen	6.6	5.0	-	-
Indonesian Rupiah	1,089.7	839.6	0.1	0.3
Euro	22.2	16.2	-	-
Others	2.3	2.5	-	-
	1,601.1	1,225.9	11.5	4.1

The weighted average effective interest rate on interest bearing deposits at 31st December 2013 was 6.3% (2012: 3.6%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 22 Creditors

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
<b>Trade creditors</b>				
Amounts owing to third parties	1,245.9	1,067.7	-	-
Amounts owing to associates and joint ventures	221.5	307.3	-	-
	1,467.4	1,375.0	-	-
<b>Other creditors</b>				
Accruals	533.9	580.2	9.4	9.5
Interest payable	36.3	41.7	-	-
Amounts owing to associates and joint ventures	5.1	9.5	-	-
Amounts owing to subsidiaries	-	-	10.3	48.0
Contingent consideration on acquisition of subsidiaries	65.6	66.2	-	-
Sundry creditors	188.5	192.0	-	-
<b>Financial liabilities excluding derivatives</b>	2,296.8	2,264.6	19.7	57.5
Cross-currency swap contracts (Note 33)	0.4	-	-	-
Interest rate swap contracts (Note 33)	1.1	2.2	-	-
Forward foreign exchange contracts (Note 33)	0.3	1.0	-	-
	1.8	3.2	-	-
<b>Financial liabilities</b>	2,298.6	2,267.8	19.7	57.5
Insurance contracts – gross estimated losses (Note 34)	104.2	111.0	-	-
Net amount due to customers for contract work	0.2	-	-	-
Rental and other income received in advance	168.0	169.9	-	-
Deferred warranty income	3.1	2.0	-	-
Insurance contracts – unearned premiums (Note 34)	328.0	338.2	-	-
Others	199.2	229.6	-	-
	3,101.3	3,118.5	19.7	57.5
Non-current	261.5	272.6	-	-
Current	2,839.8	2,845.9	19.7	57.5
	3,101.3	3,118.5	19.7	57.5
Analysis by geographical area of operation:				
Indonesia	2,953.4	2,967.3	-	-
Singapore	25.2	102.4	19.7	57.5
Malaysia	122.7	48.8	-	-
	3,101.3	3,118.5	19.7	57.5

The advances from subsidiaries, associates, joint ventures and related companies are unsecured, interest free and repayable on demand. The fair value of creditors approximates their carrying amounts.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 23 Provisions

	Warranty and Goodwill expenses US\$m	Closure costs US\$m	Statutory employee entitlements US\$m	Others US\$m	Total US\$m
<b>Group</b>					
<b>2013</b>					
Balance at 1st January	29.2	0.4	101.6	7.6	138.8
Translation adjustments	(1.1)	-	(22.1)	(2.1)	(25.3)
Additions arising from acquisition of subsidiaries (Note 36)	-	-	0.1	-	0.1
Provision made during the year (Note 4)	7.3	(0.4)	8.7	4.9	20.5
Utilised during the year	(3.4)	-	(0.3)	(0.9)	(4.6)
Balance at 31st December	32.0	-	88.0	9.5	129.5
Non-current	-	-	75.7	9.5	85.2
Current	32.0	-	12.3	-	44.3
	32.0	-	88.0	9.5	129.5
<b>2012</b>					
Balance at 1st January	23.1	2.5	80.7	8.4	114.7
Translation adjustments	1.6	-	(5.7)	(0.5)	(4.6)
Provision made during the year (Note 4)	8.0	(2.1)	27.8	0.1	33.8
Utilised during the year	(3.5)	-	(1.2)	(0.4)	(5.1)
Balance at 31st December	29.2	0.4	101.6	7.6	138.8
Non-current	-	-	91.6	7.6	99.2
Current	29.2	0.4	10.0	-	39.6
	29.2	0.4	101.6	7.6	138.8

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 24 Borrowings

	Group	
	2013 US\$m	2012 US\$m
<b>Current borrowings</b>		
Bank loans	<b>1,126.5</b>	738.3
Bank overdrafts	<b>0.1</b>	24.9
Other loans	<b>7.5</b>	8.7
Current portion of long-term borrowings:		
- Bank loans	<b>1,185.6</b>	1,432.8
- Astra Sedaya Finance XI Bonds	<b>22.1</b>	18.0
- Astra Sedaya Finance XII Bonds	<b>60.7</b>	24.5
- Astra Sedaya Finance Berkelanjutan I Tahap I Bonds	<b>-</b>	77.1
- Astra Sedaya Finance Berkelanjutan I Tahap II Bonds	<b>76.7</b>	60.6
- Astra Sedaya Finance Berkelanjutan I Tahap III Bonds	<b>28.6</b>	-
- Astra Sedaya Finance Berkelanjutan II Tahap I Bonds	<b>53.1</b>	-
- Astra Sedaya Finance Berkelanjutan II Tahap II Bonds	<b>44.5</b>	-
- Federal International Finance X Bonds	<b>41.0</b>	41.3
- Federal International Finance XI Bonds	<b>153.2</b>	49.6
- Federal International Finance Berkelanjutan I Tahap I Bonds	<b>108.8</b>	103.1
- Federal International Finance Berkelanjutan I Tahap II Bonds	<b>58.2</b>	-
- Shogun Bonds FIF	<b>20.0</b>	19.9
- San Finance I Bonds	<b>23.8</b>	10.1
- San Finance II Bonds	<b>11.5</b>	57.2
- San Finance Berkelanjutan I Tahap I Bonds	<b>9.0</b>	-
- Serasi Auto Raya II Bonds	<b>-</b>	19.1
- Serasi Auto Raya III Bonds	<b>27.0</b>	16.4
- MTN Surya Artha Nusantara Finance II Tahun 2012	<b>16.4</b>	-
- Finance lease liabilities	<b>42.6</b>	54.4
- Others	<b>31.3</b>	41.9
	<b>3,148.2</b>	2,797.9

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 24 Borrowings (continued)

	Group	
	2013 US\$m	2012 US\$m
<b>Long-term borrowings</b>		
Bank loans	<b>1,035.7</b>	1,442.1
Astra Sedaya Finance XI Bonds	<b>-</b>	27.9
Astra Sedaya Finance XII Bonds	<b>47.5</b>	136.4
Astra Sedaya Finance Berkelanjutan I Tahap I Bonds	<b>343.2</b>	435.9
Astra Sedaya Finance Berkelanjutan I Tahap II Bonds	<b>-</b>	97.1
Astra Sedaya Finance Berkelanjutan I Tahap III Bonds	<b>91.7</b>	-
Astra Sedaya Finance Berkelanjutan II Tahap I Bonds	<b>77.8</b>	-
Astra Sedaya Finance Berkelanjutan II Tahap II Bonds	<b>100.3</b>	-
Federal International Finance X Bonds	<b>-</b>	51.6
Federal International Finance XI Bonds	<b>-</b>	192.9
Federal International Finance Berkelanjutan I Tahap I Bonds	<b>133.9</b>	309.7
Federal International Finance Berkelanjutan I Tahap II Bonds	<b>138.3</b>	-
Shogun Bonds FIF	<b>-</b>	19.9
San Finance I Bonds	<b>-</b>	30.2
San Finance II Bonds	<b>66.0</b>	97.9
San Finance Berkelanjutan I Tahap I Bonds	<b>27.6</b>	-
Serasi Auto Raya II Bonds	<b>37.9</b>	48.5
Serasi Auto Raya III Bonds	<b>23.7</b>	63.9
MTN Surya Artha Nusantara Finance II Tahun 2012	<b>-</b>	20.7
Finance lease liabilities	<b>79.9</b>	95.6
Others	<b>21.4</b>	28.3
	<b>2,224.9</b>	3,098.6
<b>Total borrowings</b>	<b>5,373.1</b>	5,896.5
Secured	<b>3,674.6</b>	4,261.0
Unsecured	<b>1,698.5</b>	1,635.5
	<b>5,373.1</b>	5,896.5

At 31st December 2013, the Company has unsecured bank loans of US\$31.6 million (2012: nil) in current borrowings.

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

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Within one year	<b>3,312.8</b>	2,964.8	<b>31.6</b>	-
Between one and two years	<b>1,156.5</b>	1,575.7	<b>-</b>	-
Between two and three years	<b>668.6</b>	1,015.6	<b>-</b>	-
Between three and four years	<b>234.2</b>	97.7	<b>-</b>	-
Between four and five years	<b>1.0</b>	242.7	<b>-</b>	-
	<b>5,373.1</b>	5,896.5	<b>31.6</b>	-



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 24 Borrowings (continued)

The minimum lease payments under the finance lease liabilities were payable as follows:

	Group	
	2013 US\$m	2012 US\$m
Finance lease liabilities – minimum lease payments:		
- within one year	45.4	56.1
- between one and five years	83.1	97.9
	128.5	154.0
Future finance charges on finance leases	(6.0)	(4.0)
Present value of finance lease liabilities	122.5	150.0

The present value of finance lease liabilities is as follows:

- within one year	42.6	54.4
- between one and five years	79.9	95.6
	122.5	150.0

After taking into account the economic effects of the derivative financial instruments, the interest rate exposure of the borrowings of the Group at the end of the year was as follows:

			Fixed rate borrowings	Floating rate borrowings	Total
	Weighted average interest rates %	Weighted average period outstanding Months			
Currency			US\$m	US\$m	US\$m
Group					
2013					
Singapore Dollar	1.02	-	-	52.9	52.9
United States Dollar	2.51	19	348.9	422.4	771.3
Japanese Yen	1.58	-	-	5.0	5.0
Indonesian Rupiah	7.60	16	3,632.3	884.9	4,517.2
Malaysian Ringgit	3.44	-	-	26.7	26.7
			3,981.2	1,391.9	5,373.1
2012					
Singapore Dollar	1.62	-	-	17.9	17.9
United States Dollar	2.57	26	451.6	534.1	985.7
Japanese Yen	1.55	5	0.2	8.0	8.2
Indonesian Rupiah	8.30	19	4,294.5	579.4	4,873.9
Malaysian Ringgit	3.31	-	-	10.8	10.8
			4,746.3	1,150.2	5,896.5
Company					
2013					
Singapore Dollar	1.10	-	-	31.6	31.6

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 24 Borrowings (continued)

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

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values of the non-current borrowings at the end of the year are as follows:

	Group	
	2013 US\$m	2012 US\$m
Bank loans	1,043.0	1,454.9
Bonds and others	1,185.4	1,678.3
	2,228.4	3,133.2

The fair values are based on market prices, or are estimated using unobservable inputs which are based on the expected future payments discounted at market interest rates ranging from 2.2% to 11.75% per annum (2012: 2.2% to 12.75% per annum). The higher the rates, the lower the fair value.

At 31st December 2013, bank loans and bonds amounting to US\$3,674.6 million (2012: US\$4,261.0 million) have been collateralised by debtors, stocks, financing debtors, property, plant and equipment and leasehold land use rights.

	Maturity	Interest rates %	Nominal values	
			US\$m	Rp billion
Astra Sedaya Finance (“ASF”) Bonds				
ASF XI Bonds	2014	10.9%	22.1	270.0
ASF XII Bonds	2014-2015	9.7%-10.0%	108.3	1,320.5
ASF Berkelanjutan I Tahap I Bonds	2015-2017	8.0%-8.6%	343.6	4,188.0
ASF Berkelanjutan I Tahap II Bonds	2014	7.5%	77.2	941.0
ASF Berkelanjutan I Tahap III Bonds	2014-2016	6.75%-7.75%	120.6	1,470.0
ASF Berkelanjutan II Tahap I Bonds	2014-2016	6.75%-7.75%	131.3	1,600.0
ASF Berkelanjutan II Tahap II Bonds	2014-2017	8.75%-9.75%	145.2	1,770.0
			948.3	11,559.5

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

	Maturity	Interest rates %	Nominal values	
			US\$m	Rp billion
Federal International Finance (“FIF”) Bonds				
FIF X Bonds	2014	10.55%	41.0	500.0
FIF XI Bonds	2014	9.6%	153.3	1,868.5
FIF Berkelanjutan I Tahap I Bonds	2014-2015	7.35%-7.65%	243.0	2,962.0
FIF Berkelanjutan I Tahap II Bonds	2014-2016	6.75%-7.75%	196.9	2,400.0
			634.2	7,730.5

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

The Shogun Bonds with nominal value of US\$20 million which bear interest rates from 7.9% to 9.25% per annum were issued by a wholly-owned subsidiary of Astra and are collateralised by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total outstanding principal of the bonds. The bonds will mature in 2014.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 24 Borrowings (continued)

	Maturity	Interest rates %	Nominal values	
			US\$m	Rp billion
Serasi Auto Raya Bonds				
Serasi Auto Raya II Bonds	2015	10.2%	38.0	463.0
Serasi Auto Raya III Bonds	2014-2016	7.75%-8.75%	50.9	620.0
			88.9	1,083.0

The Serasi Auto Raya Bonds were unsecured and issued by a wholly-owned subsidiary of Astra.

	Maturity	Interest rates %	Nominal values	
			US\$m	Rp billion
SAN Finance Bonds and MTNs				
SAN Finance I Bonds	2014	9.3%	24.1	294.0
SAN Finance II Bonds	2014-2015	7.7%-8.4%	77.7	947.0
SAN Finance Berkelanjutan I Tahap I Bonds	2014-2016	8.8%-9.75%	36.5	445.0
The MTN Surya Artha Nusantara Finance II Tahun 2012	2014	8.35%	16.4	200.0
			154.7	1,886.0

The SAN Finance Bonds and MTN were issued by a partly-owned subsidiary of Astra and are collateralised by fiduciary guarantee over net investment in finance leases of the subsidiary amounting to 60% of the total outstanding principal of the bonds and MTN.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 25 Deferred Tax

	Accelerated tax depreciation US\$m	Fair value (gains)/ losses US\$m	Provisions US\$m	Tax losses US\$m	Others US\$m	Total US\$m
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#### Group

##### 2013

Balance at 1st January as previously reported	(8.3)	(550.1)	116.5	15.5	60.8	(365.6)
Effect of amendment to IAS 19	-	-	-	-	3.4	3.4
Balance at 1st January as restated	(8.3)	(550.1)	116.5	15.5	64.2	(362.2)
Translation adjustments	(1.5)	84.5	(24.5)	(3.2)	(21.2)	34.1
Credited/(charged) to profit and loss account (Note 7)	22.0	6.3	18.1	(3.8)	26.5	69.1
Credited/(charged) to other comprehensive income (Note 7)	-	(5.7)	-	-	(3.4)	(9.1)
Additions arising from acquisition of subsidiaries (Note 36)	-	(7.1)	-	3.4	-	(3.7)
Disposals arising from disposal of subsidiaries (Note 36)	-	-	-	-	0.7	0.7
Balance at 31st December	12.2	(472.1)	110.1	11.9	66.8	(271.1)

##### 2012

Balance at 1st January as previously reported	(3.8)	(471.6)	105.0	7.8	65.6	(297.0)
Effect of amendment to IAS 19	-	-	-	-	3.7	3.7
Balance at 1st January as restated	(3.8)	(471.6)	105.0	7.8	69.3	(293.3)
Translation adjustments	0.1	22.8	(5.9)	(0.7)	(5.7)	10.6
Credited/(charged) to profit and loss account (Note 7)	(4.6)	18.0	17.4	8.4	(10.6)	28.6
Credited/(charged) to other comprehensive income (Note 7)	-	3.8	-	-	11.2	15.0
Additions arising from acquisition of subsidiaries (Note 36)	-	(123.1)	-	-	-	(123.1)
Balance at 31st December	(8.3)	(550.1)	116.5	15.5	64.2	(362.2)

	Unremitted interest income	
	2013 US\$m	2012 US\$m

#### Company

Balance at 1st January and 31st December	(0.2)	(0.2)
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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 25 Deferred Tax (continued)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Deferred tax assets	195.3	185.0	-	-
Deferred tax liabilities	(466.4)	(547.2)	(0.2)	(0.2)
Balance at 31st December	(271.1)	(362.2)	(0.2)	(0.2)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group did not recognise deferred income tax assets of US\$24.7 million (2012: US\$18.7 million) in respect of tax losses of US\$98.9 million in 2013 (2012: US\$74.7 million) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. These tax losses have expiry dates as follows:

	Group	
	2013 US\$m	2012 US\$m
No expiry date	1.9	2.1
Expiring in one year	2.1	0.9
Expiring in two years	7.8	2.8
Expiring in three years	6.1	5.1
Expiring in four years	29.7	17.9
Expiring beyond four years	51.3	45.9
	98.9	74.7

Deferred tax liabilities of US\$368.2 million (2012: US\$311.9 million) on temporary differences associated with investments in subsidiaries of US\$3,681.9 million (2012: US\$3,119.1 million) have not been recognised as there is no current intention of remitting the retained earnings to the Company in the foreseeable future.

### 26 Pension Liabilities

The Group has defined benefit pension plans covering its employees in Indonesia 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 pension liabilities are calculated annually by an independent actuary using the projected unit credit method.

The amounts recognised in the Group balance sheet are as follows:

	2013 US\$m	2012 US\$m
Fair value of plan assets	76.9	100.5
Present value of funded obligations	(94.0)	(113.2)
	(17.1)	(12.7)
Present value of unfunded obligations	(171.3)	(206.0)
Impact of minimum funding requirement/assets ceiling	0.4	0.2
Net pension liabilities	(188.0)	(218.5)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 26 Pension Liabilities (continued)

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US\$m	Present value of obligations US\$m	Total US\$m	Impact of minimum funding requirement US\$m	Total US\$m
<b>2013</b>					
At 1st January as restated	100.5	(319.2)	(218.7)	0.2	(218.5)
Translation differences	(20.3)	67.5	47.2	-	47.2
Additions arising from acquisition of subsidiaries (Note 36)	-	(4.8)	(4.8)	-	(4.8)
Current service cost	-	(30.4)	(30.4)	-	(30.4)
Interest income/(expense)	5.3	(18.3)	(13.0)	-	(13.0)
Past service cost and gains/(losses) on settlement	-	9.6	9.6	-	9.6
	5.3	(39.1)	(33.8)	-	(33.8)
Remeasurements					
- return on plan assets, excluding amounts included in interest income/(expense)	(2.5)	-	(2.5)	-	(2.5)
- change in financial assumptions	-	43.6	43.6	-	43.6
- experience gains/(losses)	-	(27.8)	(27.8)	-	(27.8)
- change in asset ceiling, excluding amounts included in interest expense	-	-	-	0.2	0.2
	(2.5)	15.8	13.3	0.2	13.5
Contributions from employers	0.4	-	0.4	-	0.4
Contribution from plan participants	1.1	(1.1)	-	-	-
Benefit payments	(8.1)	15.6	7.5	-	7.5
Transfer (to)/from plans	0.5	-	0.5	-	0.5
At 31st December	76.9	(265.3)	(188.4)	0.4	(188.0)
<b>2012</b>					
At 1st January as restated	105.6	(258.6)	(153.0)	-	(153.0)
Translation differences	(6.6)	18.1	11.5	-	11.5
Current service cost	-	(23.7)	(23.7)	-	(23.7)
Interest income/(expense)	6.9	(18.8)	(11.9)	-	(11.9)
Past service cost and gains/(losses) on settlement	-	(1.6)	(1.6)	-	(1.6)
	6.9	(44.1)	(37.2)	-	(37.2)
Remeasurements					
- return on plan assets, excluding amounts included in interest income/(expense)	2.4	-	2.4	-	2.4
- change in financial assumptions	-	(50.2)	(50.2)	-	(50.2)
- change in asset ceiling, excluding amounts included in interest expense	-	-	-	0.2	0.2
	2.4	(50.2)	(47.8)	0.2	(47.6)
Contributions from employers	0.3	-	0.3	-	0.3
Contribution from plan participants	1.1	(1.1)	-	-	-
Benefit payments	(9.3)	16.7	7.4	-	7.4
Transfer (to)/from plans	0.1	-	0.1	-	0.1
At 31st December	100.5	(319.2)	(218.7)	0.2	(218.5)



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 26 Pension Liabilities (continued)

The weighted average duration of the defined benefit obligation at 31st December 2013 is 16 years.

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

	2013 US\$m
Less than a year	21.0
Between one and two years	24.9
Between two and five years	65.3
Beyond five years	3,371.8
	3,483.0

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

	2013 %	2012 %
Discount rate	8	7
Salary growth rate	8	8

As the employees in Indonesia usually take one-off lump sum amounts from the plans upon retirement, mortality is not a significant assumption for these plans.

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption US\$m	Decrease in assumption US\$m
Discount rate	1%	29.9	(37.4)
Salary growth rate	1%	(38.2)	30.8

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

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

	2013 US\$m	2012 US\$m
<b>Quoted investments</b>		
Equity instruments	33.8	42.2
Debt instruments		
- government	19.7	27.9
- corporate bonds (investment grade)	20.7	24.4
Total investments	74.2	94.5
Cash and cash equivalents	2.7	6.0
	76.9	100.5

All the plan assets are invested in Indonesia.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 26 Pension Liabilities (continued)

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

#### Asset volatility

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

#### Changes in bond yields

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

#### Inflation risk

The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by fixed interest bonds or loosely correlated with equities inflation, meaning that an increase in inflation will also increase the deficit.

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

The estimated amount of contributions expected to be paid to the plans in 2014 is US\$28.6 million.

### 27 Share Capital of the Company

	2013 US\$m	2012 US\$m
Issued and fully paid:		
Opening balance 355,712,660 (2012: 355,699,660) ordinary shares	632.6	632.3
Issue of Nil (2012: 13,000) ordinary shares under the CCL Executives' Shares Option Scheme	-	.*
Transfer from share option reserve	-	0.3
Closing balance 355,712,660 (2012: 355,712,660) ordinary shares	632.6	632.6

\* less than US\$0.1 million

There is no par value for the ordinary shares. The Company did not hold any treasury shares as at 31st December 2013 (31st December 2012: Nil).

The CCL Executives' Share Option Scheme was set up in order to provide selected executives with options to purchase shares in the Company. Options are granted at the price which is equal to the average of the last dealt prices for the share for the three consecutive trading days immediately preceding the date of the grant of option and are exercisable one year from the date of grant and expire ten years after the date. No share options were granted to directors and employees during the financial years 2013 and 2012.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 27 Share Capital of the Company (continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2013		2012	
	Average exercise price in S\$ per share	No. of Options	Average exercise price in S\$ per share	No. of Options
At 1st January	-	-	1.664	13,000
Exercised during the year	-	-	1.664	(13,000)
At 31st December		-		-
Exercisable at 31st December		-		-

The weighted average market price at the time of exercise in 2012 was S\$49.90 per share.

### 28 Revenue Reserve

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
<b>Movements:</b>				
Balance at 1st January as previously reported	3,791.8	3,276.4	512.2	605.5
Effect of amendment to IAS 19	(5.1)	(5.3)	-	-
Balance at 1st January as restated	3,786.7	3,271.1	512.2	605.5
Defined benefit pension plan				
- actuarial loss	4.9	(18.1)	-	-
- deferred tax	(1.2)	4.2	-	-
Share of associates' and joint ventures' actuarial loss on defined benefit pension plans, net of tax	(0.7)	(8.9)	-	-
Profit attributable to shareholders	915.0	986.0	448.0	352.1
Dividends paid by the Company	(435.1)	(445.4)	(435.1)	(445.4)
Change in shareholding	61.3	(2.0)	-	-
Other	(1.0)	(0.2)	-	-
Balance at 31st December	4,329.9	3,786.7	525.1	512.2

The Group's revenue reserve includes actuarial loss on defined benefit pension plans of US\$22.3 million (2012: US\$25.3 million).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 29 Other Reserves

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
<b>Composition:</b>				
Asset revaluation reserve	338.8	333.7	-	-
Translation reserve	(1,078.8)	(143.5)	414.7	469.6
Fair value reserve	31.1	28.9	0.1	(1.2)
Hedging reserve	4.2	(8.4)	-	-
Other reserve	3.3	3.3	-	-
Balance at 31st December	(701.4)	214.0	414.8	468.4

#### Movements:

<i>Asset revaluation reserve</i>				
Balance at 1st January	333.7	333.7	-	-
Surplus on revaluation of assets	4.3	-	-	-
Share of associates' and joint ventures' surplus on revaluation of assets	0.8	-	-	-
Balance at 31st December	338.8	333.7	-	-

#### Translation reserve

Balance at 1st January as previously reported	(142.6)	94.6	469.6	370.1
Effect of amendment to IAS 19	(0.9)	(1.2)	-	-
Balance at 1st January as restated	(143.5)	93.4	469.6	370.1
Translation difference	(935.3)	(236.9)	(54.9)	99.5
Balance at 31st December	(1,078.8)	(143.5)	414.7	469.6

#### Fair value reserve

Balance at 1st January	28.9	67.7	(1.2)	(0.7)
Available-for-sale investments				
- fair value changes	8.6	36.7	1.3	(0.5)
- deferred tax	-	(0.1)	-	-
- transfer to profit and loss	(5.5)	(75.0)	-	-
Share of associates' and joint ventures' fair value changes of available-for-sale investments, net of tax	(0.9)	(0.4)	-	-
Balance at 31st December	31.1	28.9	0.1	(1.2)

#### Hedging reserve

Balance at 1st January	(8.4)	(1.7)	-	-
Cash flow hedges				
- fair value changes	(25.5)	(12.5)	-	-
- deferred tax	(3.0)	2.0	-	-
- transfer to profit and loss	37.5	4.5	-	-
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	3.6	(0.7)	-	-
Balance at 31st December	4.2	(8.4)	-	-

#### Share option reserve

Balance at 1st January	-	0.3	-	0.3
Transfer to share capital	-	(0.3)	-	(0.3)
Balance at 31st December	-	-	-	-

#### Other reserve

Balance at 1st January and 31st December	3.3	3.3	-	-
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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 30 Non-Controlling Interests

	Group	
	2013 US\$m	2012 US\$m
Balance at 1st January as previously reported	6,072.6	5,558.9
Effect of amendment to IAS 19	(7.9)	(8.5)
Balance at 1st January as restated	6,064.7	5,550.4
Asset revaluation surplus		
- surplus on revaluation of assets	4.3	-
Share of associates' and joint ventures' surplus on evaluation of assets	1.1	-
Available-for-sale investments		
- fair value changes	(20.6)	14.2
- deferred tax	-	(0.1)
- realised on disposal of subsidiaries	(0.5)	(0.2)
- transfer to profit and loss	(5.4)	(11.2)
	(26.5)	2.7
Share of associates' and joint ventures' fair value changes of available-for-sale investments, net of tax	(0.9)	(0.4)
Cash flow hedges		
- fair value changes	(27.5)	(12.5)
- deferred tax	(2.7)	2.0
- transfer to profit and loss	37.3	4.4
	7.1	(6.1)
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	3.4	(0.7)
Defined benefit pension plans		
- actuarial loss	8.6	(29.5)
- deferred tax	(2.2)	7.0
	6.4	(22.5)
Share of associates' and joint ventures' actuarial loss on defined benefit pension plans, net of tax	(0.7)	(7.4)
Translation difference	(1,265.1)	(330.0)
Profit for the year	1,174.2	1,341.6
Issue of shares	17.8	0.1
Dividends paid	(540.5)	(602.1)
Change in shareholding	126.1	(8.7)
Acquisition/disposal of subsidiaries	51.7	148.0
Other	(1.2)	(0.2)
Balance at 31st December	5,621.9	6,064.7

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 30 Non-Controlling Interests (continued)

Set out below is the summarised financial information for the Group's subsidiary, Astra, that has non-controlling interests that are material to the Group.

Summarised balance sheet at 31st December:

	2013 US\$m	2012 US\$m
Current		
Assets	7,240.7	7,876.1
Liabilities	(5,827.1)	(5,590.1)
Total current net assets	1,413.6	2,286.0
Non-current		
Assets	11,162.6	12,076.5
Liabilities	(3,198.3)	(4,203.2)
Total non-current net assets	7,964.3	7,873.3
Non-controlling interests	(1,943.3)	(2,078.1)
Net assets	7,434.6	8,081.2

Summarised statement of comprehensive income for the year ended 31st December:

	2013 US\$m	2012 US\$m
Profit after tax	2,077.9	2,337.1
Other comprehensive income	(2,065.1)	(600.1)
Total comprehensive income	12.8	1,737.0
Total comprehensive income/(expense) allocated to non-controlling interests	(140.7)	230.7
Dividends paid to non-controlling interests	(128.9)	(160.9)

Summarised cash flows for the year ended 31st December:

	2013 US\$m	2012 US\$m
Cash generated from operations	2,609.2	1,537.3
Net interest and other financing costs paid	(29.7)	(36.4)
Income taxes paid	(627.7)	(623.8)
Net cash flows from operating activities	1,951.8	877.1
Net cash flows from investing activities	(830.0)	(1,035.2)
Net cash flows from financing activities	(527.3)	(100.2)
Net change in cash and cash equivalents	594.5	(258.3)
Cash and cash equivalents at 1st January	1,118.4	1,441.4
Effect of exchange rate exchanges	(190.6)	(64.7)
Cash and cash equivalents at 31st December	1,522.3	1,118.4

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 31 Related Party Transactions

In addition to the related party information shown elsewhere in the financial statements, the following significant related party transactions took place during the financial year:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
<b>(a) With associates and joint ventures:</b>				
Purchase of goods and services	(8,078.8)	(8,604.7)	-	-
Sale of goods and services	1,197.9	1,193.1	-	-
Commission and incentives earned	24.6	27.9	-	-
Bank deposits and balances	651.5	397.8	-	-
Dividend income	-	-	9.6	7.2
Interest received	32.1	22.6	-	-
<b>(b) With related companies and associates of ultimate holding company:</b>				
Management fees paid	(4.8)	(5.5)	(4.7)	(5.3)
Secondment costs	(4.6)	(4.6)	(4.6)	(4.6)
Purchase of goods and services	(0.9)	(1.4)	-	-
Sale of goods and services	2.3	2.2	-	-
<b>(c) Remuneration of directors of the Company and key management personnel of the Group:</b>				
Salaries and other short-term employee benefits	(7.7)	(7.5)	(4.8)	(4.7)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 32 Commitments

#### (a) Capital commitments

Capital expenditure contracted for at the balance sheet date, but not recognised in the financial statements is as follows:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Approved and contracted	261.8	173.3	-	4.0
Approved, but not contracted	658.2	873.7	-	-
	920.0	1,047.0	-	4.0

#### (b) Operating lease commitments

The Group leases various property, plant and machinery under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments and receivables under non-cancellable operating leases contracted for at the reporting date, but not recognised as liabilities or receivables, are as follows:

	Group		Company	
	2013 US\$m	2012 US\$m	2013 US\$m	2012 US\$m
Lease rentals payable:				
- within one year	5.7	6.8	0.2	0.3
- between one and five years	9.3	11.7	-	0.2
- beyond five years	30.7	33.2	-	-
	45.7	51.7	0.2	0.5
Lease rentals receivable:				
- within one year	115.0	144.5	-	-
- between one and five years	101.0	95.9	-	-
- beyond five years	1.8	2.1	-	-
	217.8	242.5	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 33 Derivative Financial Instruments

At 31st December, the fair values of the Group's and the Company's derivative financial instruments were:

	Group		Company	
	Assets US\$m	Liabilities US\$m	Assets US\$m	Liabilities US\$m
<b>2013</b>				
Designated as cash flow hedges				
- Cross-currency swap contracts	276.5	0.4	-	-
- Interest rate swap contracts	0.1	1.1	-	-
- Forward foreign exchange contracts	1.0	0.1	-	-
	277.6	1.6	-	-
Not qualifying as hedges				
- Forward foreign exchange contracts	-	0.2	-	-
<b>2012</b>				
Designated as cash flow hedges				
- Cross-currency swap contracts	92.3	-	-	-
- Interest rate swap contracts	-	2.2	-	-
- Forward foreign exchange contracts	0.7	0.9	-	-
	93.0	3.1	-	-
Not qualifying as hedges				
- Forward foreign exchange contracts	-	0.1	-	-

**(a) Cross-currency swap contracts**

The contract amounts of the outstanding cross-currency swap contracts at 31st December 2013 were US\$1,411.1 million (2012: US\$1,408.3 million).

**(b) Forward foreign exchange contracts**

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2013 were US\$42.0 million (2012: US\$184.5 million).

**(c) Interest rate swap contracts**

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2013 were US\$333.6 million (2012: US\$433.3 million). At 31st December 2013, the fixed interest rates range from 0.59% to 4.35% per annum (2012: 0.59% to 4.89% per annum).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 34 Insurance Contracts

	Group	
	2013 US\$m	2012 US\$m
Gross estimated losses (Note 22)	104.2	111.0
Claims payable	4.7	5.9
Unearned premiums (Note 22)	328.0	338.2
	436.9	455.1
Less: Reinsurers' share of estimated losses (Note 20)	(43.8)	(55.1)
Total insurance liabilities	393.1	400.0
The gross estimated losses and unearned premiums are analysed as follows:		
Non-current	71.7	77.8
Current	365.2	377.3
	436.9	455.1

Claims payable are included in trade creditors. The amount and timing of claim payments are typically resolved within one year.

#### Movements in insurance liabilities and reinsurance assets

**(a) Claims and loss adjustment expenses**

	2013 US\$m	2012 US\$m
Balance at 1st January	61.8	54.7
Cash paid for claims settled in the period	(132.5)	(113.9)
Increase in liabilities		
- arising from current period claims	150.3	114.4
- arising from prior period claims	0.8	10.2
Translation adjustments	(15.3)	(3.6)
Total at 31st December	65.1	61.8
Notified claims	53.2	58.2
Incurred, but not reported	11.9	3.6
Total at 31st December	65.1	61.8

**(b) Unearned premium provision**

	2013 US\$m	2012 US\$m
At 1st January	338.2	301.8
Increase	68.9	56.7
Translation adjustments	(79.1)	(20.3)
Total at 31st December	328.0	338.2

The risk under an insurance contract is the possibility that the insured event may occur and the resulting loss may vary in severity. Although it is possible for the actual loss to exceed the carrying amount of insurance liabilities, the extent of liabilities of the risk carrier is confined to the sum insured or the limit specified under the contract.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 34 Insurance Contracts (continued)

The Group manages its insurance risks through its underwriting guidelines, which are approved by an appropriate level of management regularly. The Group also has adequate reinsurance arrangements and proactive claims handling.

The concentration of insurance risks after reinsurance with reference to the carrying amount of the insurance liabilities is in four classes of business namely motor vehicles, heavy equipment, fire and fire major risks and marine cargo.

The insurance business is not a significant activity of the Group.

### 35 Cash Flows From Operating Activities

	Group	
	2013 US\$m	2012 US\$m
Profit before tax	2,624.8	2,963.7
<b>Adjustments for:</b>		
Financing income	(78.4)	(72.0)
Financing charges	106.7	111.2
Share of associates' and joint ventures' results after tax	(590.1)	(575.9)
Depreciation of property, plant and equipment	652.5	663.2
Amortisation of leasehold land use rights and intangible assets	80.8	70.3
Fair value (gain)/loss of:		
- plantations	14.9	51.8
- investment properties	(19.5)	(14.6)
Impairment of:		
- property, plant and equipment	1.1	-
- debtors	111.4	142.4
(Profit)/loss on disposal of:		
- leasehold land use rights	(0.7)	(3.2)
- property, plant and equipment	(10.5)	(12.8)
- investment properties	(0.5)	-
- plantations	0.9	5.2
- subsidiaries	(55.3)	(2.0)
- investments	(10.8)	(83.0)
Loss on disposal/write-down of repossessed assets	56.4	77.6
Write-down of stocks	17.6	5.2
Changes in provisions	20.5	33.8
Foreign exchange (gain)/loss	68.0	27.6
	365.0	424.8
<b>Operating profit before working capital changes</b>	<b>2,989.8</b>	<b>3,388.5</b>
<b>Changes in working capital</b>		
Stocks	(19.9)	(500.3)
Financing debtors	(621.1)	(925.2)
Debtors	(176.7)	(300.1)
Creditors	443.5	(124.4)
Pensions	25.8	29.6
	(348.4)	(1,820.4)
Cash flows from operating activities	2,641.4	1,568.1

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 36 Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	Group	
	2013 US\$m	2012 US\$m
Bank balances and other liquid funds (Note 21)	1,601.1	1,225.9
Bank overdrafts (Note 24)	(0.1)	(24.9)
	1,601.0	1,201.0

#### (a) Purchase of subsidiaries

In 2013, Astra acquired new subsidiaries for US\$108.8 million (2012: US\$94.9 million). This comprised net cash outflow of US\$41.8 million for a 100% interest in PT Pelabuhan Penajam Banua Taka, an integrated logistics port in Indonesia, US\$66.3 million for a 51%% interest in PT Pakoakuina, a producer of wheel rims for motor vehicles and motorcycles, and US\$0.7 million representing further payments made in relation to an acquisition of a coal mining business in 2012.

Revenue and loss after tax since acquisition in respect of new subsidiaries acquired during the year amounted to US\$100.4 million and US\$5.7 million, respectively. Had the acquisitions occurred on 1st January 2013, consolidated revenue and consolidated profit after tax for the year ended 31st December would have been US\$19,835.9 million and US\$2,105.5 million, respectively.

	2013 Fair value US\$m	2012 Fair value US\$m
Intangible assets (Note 10)	16.5	1.9
Leasehold land use rights (Note 11)	41.8	-
Property, plant and equipment (Note 12)	70.4	492.7
Interests in associates and joint ventures	9.4	-
Deferred tax assets (Note 25)	0.4	-
Stocks	12.8	-
Debtors	25.1	-
Current tax assets	3.5	-
Bank balances and other liquid funds	35.0	0.1
Non-current provisions (Note 23)	(0.1)	-
Non-current borrowings	(0.4)	-
Deferred tax liabilities (Note 25)	(4.1)	(123.1)
Pension liabilities (Note 26)	(4.8)	-
Current borrowings	(8.6)	-
Current tax liabilities	(0.6)	-
Creditors	(49.2)	(0.1)
Net assets	147.1	371.5
Adjustment for non-controlling interests	(52.4)	(148.6)
Goodwill	13.4	-
Total consideration	108.1	222.9
Adjustment for advance payment	-	(63.4)
Adjustment for contingent consideration	0.7	(64.6)
Cash paid for business combination	108.8	94.9
Cash and cash equivalents of subsidiaries acquired	(35.0)	(0.1)
Net cash flow from business combination	73.8	94.8



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 36 Notes to Consolidated Statement of Cash Flows (continued)

#### (b) Sale of subsidiaries

In 2013, Astra received US\$14.9 million (2012: US\$7.9 million) for the sale of subsidiaries.

	Group	
	2013 US\$m	2012 US\$m
Leasehold land use rights (Note 11)	(9.0)	-
Investment properties (Note 13)	(11.6)	-
Other investments (Note 17)	(4.3)	(6.3)
Debtors	(3.3)	-
Bank balances and other liquid funds	(2.1)	-
Creditors	39.6	-
Deferred tax liabilities (note 25)	0.7	-
Adjustment for non-controlling interests	0.6	0.6
Net assets/liabilities disposed of	10.6	(5.7)
Realisation of fair value reserve	1.0	0.4
Profit on disposal of subsidiaries (Note 4)	(55.3)	(1.9)
Sale proceeds	(43.7)	(7.2)
Adjustment of carrying value of associates and joint ventures	29.5	-
Adjustment for deferred consideration	(0.7)	(0.7)
Cash proceeds from disposal	(14.9)	(7.9)
Cash and cash equivalents of subsidiaries disposed	2.1	-
Net cash flow from disposal	(12.8)	(7.9)

#### (c) Changes in controlling interests of subsidiaries

Change in controlling interests of subsidiaries in 2013 comprised an outflow of US\$51.4 million for Astra's acquisition of additional 15% interests in PT Asmin Bara Bronang and PT Asmin Bara Jaan, increasing its controlling interest to 75%, and an inflow of US\$260.7 million arising from the sale by Astra of a 16% interest in PT Astra Otoparts Tbk, reducing its controlling interest to 80%.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

### 37 Segment 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. Astra is considered as one operating segment because the decisions for resource allocation and performance assessment are made directly by the board of Astra, taking into account the opinions of the JC&C Board. Set out below is an analysis of the segment information.

	Astra US\$m	Other motor interests US\$m	Corporate and other interests US\$m	Group US\$m
<b>2013</b>				
Revenue	18,440.1	1,347.7	-	19,787.8
Net operating costs	(16,406.8)	(1,305.8)	(12.2)	(17,724.8)
Operating profit/(loss)	2,033.3	41.9	(12.2)	2,063.0
Financing income	78.1	0.2	0.1	78.4
Financing charges	(105.0)	(0.7)	(1.0)	(106.7)
Net financing charges	(26.9)	(0.5)	(0.9)	(28.3)
Share of associates' and joint ventures' results after tax	563.0	27.1	-	590.1
Profit before tax	2,569.4	68.5	(13.1)	2,624.8
Tax	(528.3)	(6.9)	(0.4)	(535.6)
Profit after tax	2,041.1	61.6	(13.5)	2,089.2
Non-controlling interests	(1,171.2)	(3.0)	-	(1,174.2)
Profit attributable to shareholders	869.9	58.6	(13.5)	915.0
Non-trading items	(20.9)	-	-	(20.9)
Underlying profit attributable to shareholders	849.0	58.6	(13.5)	894.1
Net cash/(debt) (excluding net debt of financial services companies)	(302.5)	16.9	(17.8)	(303.4)
Total equity	9,465.2	356.9	60.9	9,883.0

<b>2012</b>				
Revenue	20,039.2	1,501.9	-	21,541.1
Net operating income/(costs)	(17,710.5)	(1,453.6)	50.0	(19,114.1)
Operating profit	2,328.7	48.3	50.0	2,427.0
Financing income	71.7	0.3	-	72.0
Financing charges	(108.4)	(0.8)	(2.0)	(111.2)
Net financing charges	(36.7)	(0.5)	(2.0)	(39.2)
Share of associates' and joint ventures' results after tax	597.4	(21.5)	-	575.9
Profit before tax	2,889.4	26.3	48.0	2,963.7
Tax	(627.5)	(8.2)	(0.4)	(636.1)
Profit after tax	2,261.9	18.1	47.6	2,327.6
Non-controlling interests	(1,336.5)	(5.1)	-	(1,341.6)
Profit attributable to shareholders	925.4	13.0	47.6	986.0
Non-trading items	46.4	45.0	(62.1)	29.3
Underlying profit attributable to shareholders	971.8	58.0	(14.5)	1,015.3
Net cash/(debt) (excluding net debt of financial services companies)	(922.2)	32.9	22.6	(866.7)
Total equity	10,269.7	360.8	67.5	10,698.0

Further analysis of the underlying profit attributable to shareholders by business is disclosed under Note 9. Segment assets and liabilities are not disclosed as these are not regularly provided to the Board.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

38 Immediate and Ultimate Holding Companies

The Company’s immediate holding company is Jardine Strategic Singapore Pte Ltd, incorporated in Singapore and its ultimate holding company is Jardine Matheson Holdings Limited, incorporated in Bermuda.

39 Reclassification of Accounts

Certain comparative amounts have been reclassified for consistency with the presentation of the 2013 consolidated financial statements. The reclassification has no material impact to the Group.

40 Subsequent Events

- (a) In January 2014, the Group’s 50.1%-held subsidiary, PT Astra International Tbk, entered into a conditional share purchase agreement with Aviva International Holdings Ltd to acquire a 50% stake in PT Asuransi Aviva Indonesia, a company engaged in the life insurance business in Indonesia. The completion of the transaction is subject to the fulfillment of certain conditions and approval from authority.
- (b) In January 2014, PT Bank Permata Tbk, a joint venture held by the Group’s 50.1%-held subsidiary, PT Astra International Tbk, completed a Rp1.5 trillion rights issue by issuing 1,207.7 million shares at Rp1,242 per share. Astra subscribed for its 44.56% interest comprising 538.1 million shares for a consideration of Rp668 billion (US\$55 million).

41 Principal Subsidiaries, Associates and Joint Ventures

The details of principal subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2013 %	2012 %
Singapore				
• Cycle & Carriage Industries Pte Ltd	Retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Automotive Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Kia Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage France Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Diplomat Parts Pte Ltd	Investment holding and sale of vehicle parts	Singapore	100.0	100.0
• Republic Auto Pte Ltd	Retail and leasing of vehicles	Singapore	70.0	70.0
Malaysia				
♦ Cycle & Carriage Bintang Berhad (Quoted on Bursa Malaysia)	Retail of vehicles and provision of after-sales services	Malaysia	59.1	59.1
Indonesia				
♦ PT Astra International Tbk (Quoted on the Indonesia Stock Exchange)	Investment holding and retail of vehicles and motorcycles	Indonesia	50.1	50.1
♦ PT United Tractors Tbk (Quoted on the Indonesia Stock Exchange) #	Distribution and rental of heavy equipment	Indonesia	29.8	29.8
♦ PT Pamapersada Nusantara #	Mining	Indonesia	29.8	29.8

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

41 Principal Subsidiaries, Associates and Joint Ventures (continued)

The details of principal subsidiaries are as follows: (continued)

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2013 %	2012 %
Indonesia				
♦ PT Astra Otoparts Tbk (Quoted on the Indonesia Stock Exchange) #	Manufacture and sale of automotive components	Indonesia	40.1	47.9
♦ PT Astra Agro Lestari Tbk (Quoted on the Indonesia Stock Exchange) #	Development of oil palm plantations, processing and sale of palm oil products	Indonesia	39.9	39.9
♦ PT Federal International Finance #	Consumer finance activities	Indonesia	50.1	50.1
♦ PT Astra Graphia Tbk (Quoted on the Indonesia Stock Exchange) #	Sole agent and distributor of Fuji Xerox copier and information technology goods	Indonesia	38.5	38.5

The details of principal associates and joint ventures are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2013 %	2012 %
Indonesia				
♦ PT Astra Honda Motor	Manufacture, assembly, and distribution of Honda motorcycles and provision of after-sales services	Indonesia	25.1	25.1
♦ PT Toyota Astra Motor *	Distribution of Toyota vehicles	Indonesia	25.6	25.6
♦ PT Astra Daihatsu Motor	Manufacture, assembly and distribution of Daihatsu vehicles	Indonesia	16.0	16.0
+ PT Bank Permata Tbk (Quoted on the Indonesia Stock Exchange)	Commercial bank	Indonesia	22.3	22.3
♦ PT Tunas Ridean Tbk (Quoted on the Indonesia Stock Exchange)	Retail of vehicles and motorcycles, provision of operating lease and consumer financing services	Indonesia	43.8	43.8
Vietnam				
@ Truong Hai Auto Corporation	Assembly, distribution and retail of motor vehicles	Vietnam	32.0	32.0
Myanmar				
✓ Cycle & Carriage Automobile Myanmar Company Limited *	Vehicle maintenance and repair service centre	Myanmar	60.0	-

- Audited by PricewaterhouseCoopers LLP, Singapore.
- ♦ Audited by Tanudiredja, Wibisana & Rekan in Indonesia and PricewaterhouseCoopers, Malaysia, members of the worldwide PricewaterhouseCoopers organisation.
- + Audited by Siddharta & Widjaja in Indonesia, a member of the worldwide KPMG organisation.
- @ Audited by EY Vietnam, a member of the worldwide EY organisation.
- ✓ Audited by Win Thin & Associates in Myanmar.
- # Direct interest more than 50%.
- \* Not consolidated as the entity is not controlled by the Group and is deemed to be a joint venture as the Group shares control of the entity.

THREE-YEAR SUMMARY

	2013 US\$m	2012 US\$m	2011 US\$m	2013 S\$m	2012 S\$m	2011 S\$m
Profit and Loss						
Revenue	19,787.8	21,541.1	20,083.5	24,811.4	26,833.3	25,197.2
Underlying profit attributable to shareholders	894.1	1,015.3	1,019.2	1,121.1	1,264.8	1,278.8
Non-trading items	20.9	(29.3)	11.4	26.3	(36.5)	14.3
Profit attributable to shareholders	915.0	986.0	1,030.6	1,147.4	1,228.3	1,293.1
Underlying earnings per share (US¢/S¢)	251.36	285.44	286.53	315.17	355.56	359.50
Earnings per share (US¢/S¢)	257.24	277.20	289.74	322.55	345.30	363.52
Dividend per share (US¢/S¢)	108.00	123.00	123.00	136.88	152.50	153.16
Balance Sheet						
Total assets	19,209.9	20,747.5	19,095.6	24,312.1	25,365.9	24,816.5
Total liabilities	(9,326.9)	(10,049.5)	(9,145.1)	(11,804.1)	(12,286.6)	(11,885.0)
Total equity	9,883.0	10,698.0	9,950.5	12,508.0	13,079.3	12,931.5
Shareholders' funds	4,261.1	4,633.3	4,400.1	5,393.0	5,664.7	5,718.3
Net debt (excluding net debt of financial services companies)	(303.4)	(866.7)	(111.3)	(384.0)	(1,059.6)	(144.6)
Net asset value per share (US\$/S\$)	11.98	13.03	12.37	15.16	15.92	16.08
Net tangible asset per share (US\$/S\$)	10.85	11.63	10.76	13.73	14.22	13.98
Cash Flow						
Cash flows from operating activities	1,930.8	850.2	972.5	2,421.0	1,059.1	1,220.1
Cash flows used in investing activities	(838.1)	(917.8)	(1,121.3)	(1,050.9)	(1,143.3)	(1,406.8)
Net cash flow before financing activities	1,092.7	(67.6)	(148.8)	1,370.1	(84.2)	(186.7)
Cash flow per share from operating activities (US\$/S\$)	5.4	2.4	2.7	6.8	3.0	3.4
Key Ratios						
Gearing including financial services companies	38%	44%	36%	38%	44%	36%
Gearing excluding financial services companies	3%	8%	1%	3%	8%	1%
Dividend cover (times)	2.3	2.3	2.3	2.3	2.3	2.3
Dividend payout	43%	43%	43%	43%	43%	43%
Return on shareholders' funds	20%	22%	25%	20%	22%	24%
Return on total equity	20%	23%	27%	20%	23%	26%

- Notes :
- 1. The exchange rate of US\$1=S\$1.2656 (2012: US\$1=S\$1.2226, 2011: US\$1=S\$1.2996) was used for translating assets and liabilities at the balance sheet date and US\$1=S\$1.2539 (2012: US\$1=S\$1.2457, 2011: US\$1=S\$1.2546) was used for translating the results for the year.
  - 2. Net tangible assets as at 31.12.13 were US\$3,860.0 million (2012: US\$4,137.4 million, 2011: US\$3,827.0 million) and were computed after deducting intangibles from shareholders' funds.
  - 3. Gearing is computed based on net borrowings divided by total equity.
  - 4. Dividend cover is based on underlying profit attributable to shareholders divided by dividend declared and dividend proposed for the financial year.
  - 5. Dividend payout is based on dividend per share divided by underlying earnings per share.
  - 6. Return on shareholders' funds is computed based on underlying profit attributable to shareholders, divided by average shareholders' funds.
  - 7. Return on total equity is computed based on underlying profit after tax, divided by average total equity.

INVESTMENT PROPERTIES

Address	Title	Land area sq ft	Description
Indonesia			
Jalan Gaya Motor II No. 1 Jakarta	Leasehold (20 years wef 2012)	424,626	Warehouse
Jalan Gaya Motor II No. 3 Jakarta	Leasehold (20 years wef 2012 )	237,446	Vehicle storage yard
Jalan Jendral Sudirman Kav. 5 Jakarta	Leasehold (20 years wef 2013)	85,356	Commercial property under development



SHAREHOLDING STATISTICS

As at 11th March 2014

Share Capital

Issued and fully paid-up capital : S\$1,082,179,362.61 comprising 355,712,660 shares  
Class of shares : Ordinary shares, each with equal voting rights

Twenty Largest Shareholders

No.	Name of shareholder	No. of shares	% of issued share capital
1	Jardine Strategic Singapore Pte Ltd	260,714,540	73.29
2	DBS Nominees Pte Ltd	32,161,561	9.04
3	Citibank Nominees Singapore Pte Ltd	17,399,878	4.89
4	DBSN Services Pte Ltd	11,844,871	3.33
5	HSBC (Singapore) Nominees Pte Ltd	5,742,032	1.62
6	United Overseas Bank Nominees Pte Ltd	5,273,808	1.48
7	BNP Paribas Securities Services	1,991,169	0.56
8	Mrs Chua Boon Unn Nee Fong Lai Wah	1,543,536	0.44
9	Raffles Nominees (Pte) Ltd	1,138,197	0.32
10	Hong Leong Finance Nominees Pte Ltd	772,103	0.22
11	Estate Of Chua Boon Yew, Deceased	744,700	0.21
12	Chua Swee Eng	660,537	0.18
13	First Cuscaden Private Limited	558,954	0.16
14	Song Mei Cheah Angela	486,000	0.14
15	UOB Kay Hian Pte Ltd	445,670	0.12
16	Kew Estate Limited	441,000	0.12
17	Yeo Realty & Investments (Pte) Ltd	309,841	0.09
18	DB Nominees (Singapore) Pte Ltd	301,936	0.08
19	Kota Trading Company Sendirian Berhad	205,000	0.06
20	Chee Bay Hoon Realty Pte Ltd	198,295	0.06
TOTAL		342,933,628	96.41

As at 11th March 2014, approximately 20.8% of the Company's ordinary shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

SHAREHOLDING STATISTICS

As at 11th March 2014

Substantial Shareholders

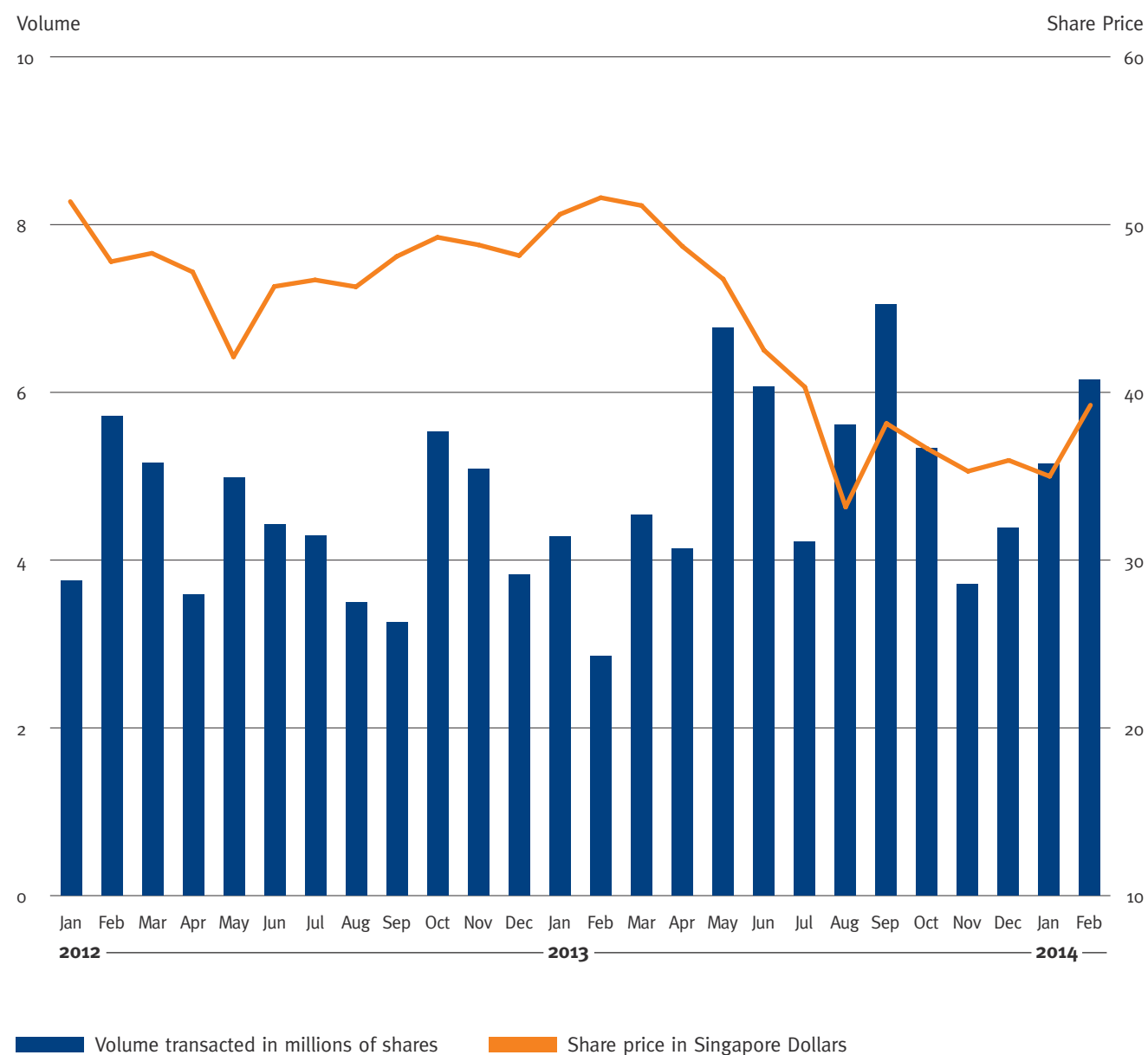
Name of shareholder	No. of shares	%
Jardine Strategic Holdings Limited *	260,714,540 shares	73.29%
Employees Provident Fund Board	20,910,000 shares	5.88%

\* Jardine Strategic Holdings Limited ("JSHL") is interested in 260,714,540 shares through its wholly-owned subsidiary, JSH Asian Holdings Limited ("JAHL"). JAHL is in turn interested in the said shares through its wholly-owned subsidiary, Jardine Strategic Singapore Pte Ltd. By virtue of Jardine Matheson Holdings Limited's ("JMH") interests in JSHL through its wholly-owned subsidiary, JMH Investments Limited ("JMHI"), JMH and JMHI are also deemed to be interested in the said shares.

Breakdown of Shareholdings by Range

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
1 - 999	1,029	32.19	229,059	0.06
1,000 - 10,000	1,905	59.59	5,131,871	1.44
10,001 - 1,000,000	254	7.94	12,542,138	3.53
1,000,001 and above	9	0.28	337,809,592	94.97
TOTAL	3,197	100.00	355,712,660	100.00

## SHARE PRICE AND VOLUME



	2013	2012
Underlying earnings per share (US¢)	251.36	285.44
Earnings per share (US¢)	257.24	277.20
Dividend per share (US¢)	108.00	123.00
Net asset value per share (US\$)	11.98	13.03

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 45th Annual General Meeting of the Company will be held at Ballroom 1, Lobby Level, Mandarin Oriental, Singapore, 5 Raffles Avenue, Singapore 039797 on Wednesday, 30th April 2014 at 11:30 a.m. for the following purposes:

### As Ordinary Business:

- To receive and adopt the Audited Financial Statements for the year ended 31st December 2013 together with the reports of the Directors and the Auditors thereon.
- To approve the payment of a final one-tier tax exempt dividend of US\$0.90 per share for the year ended 31st December 2013 as recommended by the Directors.
- To approve payment of Directors' fees of up to S\$948,000 for the year ending 31st December 2014. (2013: S\$998,000)
- To re-elect the following Directors retiring pursuant to Article 94 of the Articles of Association of the Company:
  - Mr. James Watkins;
  - Tan Sri Azlan Zainol; and
  - Mr. Mark Greenberg.
- To authorise Mr. Boon Yoon Chiang to continue to act as a Director of the Company from the date of this Annual General Meeting until the next Annual General Meeting, pursuant to Section 153(6) of the Companies Act, Cap. 50.
- To re-appoint PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.

### As Special Business:

- To consider and, if thought fit, to pass with or without any amendments the following resolutions as Ordinary Resolutions:

#### Renewal of the Share Issue Mandate

7A. "That authority be and is hereby given to the Directors of the Company to:

- issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
  - make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below);

## NOTICE OF ANNUAL GENERAL MEETING

### As Special Business: (continued)

2. (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - a. new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - b. any subsequent bonus issue, consolidation or subdivision of shares;
3. in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association for the time being of the Company; and
4. (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

### Renewal of the Share Purchase Mandate

7B. “That:

- a. for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the “**Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - i. market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
  - ii. off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);
- b. unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
  - i. the date on which the next Annual General Meeting of the Company is held; or
  - ii. the date by which the next Annual General Meeting of the Company is required by law to be held;

## NOTICE OF ANNUAL GENERAL MEETING

### As Special Business: (continued)

- c. in this Resolution:

“**Prescribed Limit**” means that number of issued Shares representing 10% of the issued Shares of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares); and

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- i. in the case of a Market Purchase, 105% of the Average Closing Price; and
- ii. in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price,

where:

“**Average Closing Price**” is the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period;

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

“**day of the making of the offer**” means the day on which the Company makes an offer for the purchase of Shares from shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**Market Day**” means a day on which the SGX-ST is open for trading in securities; and

- d. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.”

### Renewal of the General Mandate for Interested Person Transactions

7C. “That:

- a. approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix B of the Company’s letter to shareholders dated 9th April 2014 (the “**Letter**”), with any party who is of the classes of Interested Persons described in Appendix B of the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions (the “**IPT Mandate**”);
- b. the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- c. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.”

By Order of the Board

**Ho Yeng Tat**  
Group Company Secretary

Singapore, 9th April 2014



NOTICE OF ANNUAL GENERAL MEETING

Notes:

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote on his behalf and such proxy need not be a member of the Company.

An instrument appointing a proxy must be deposited at the office of the share registrar, M & C Services Pte Ltd, 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof.

Statement pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited

Mr. James Watkins, Mr. Mark Greenberg and Mr. Boon Yoon Chiang will continue as members of the Company’s Audit Committee upon their re-election as Directors of the Company. Of these directors, Mr. James Watkins is an independent Director.

Additional information for items under the heading “As Ordinary Business”

- a. Item 3 is to request shareholders’ approval for payment of Directors’ fees (including benefits-in-kind) on a current year basis, calculated taking into account the number of scheduled Board and committee meetings for 2014 and assuming that all non-executive Directors will hold office for the full year. In the event the Directors’ fees proposed for 2014 are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at next year’s Annual General Meeting for additional fees to meet the shortfall.
- b. In item 4, Mr. Cheah Kim Teck, an executive Director, retires by rotation pursuant to Article 94 of the Articles of Association of the Company at the Annual General Meeting and is not seeking re-election.
- c. Key information on the Directors to be re-elected are set out in pages 22 to 24 of the Annual Report 2013.

Statement pursuant to Article 54 of the Articles of Association of the Company

The effects of the resolutions under the heading “As Special Business” are:

- a. Ordinary Resolution No. 7A is to renew effective until the next Annual General Meeting, the Share Issue Mandate to allow the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a *pro-rata* basis to shareholders. For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.
- b. Ordinary Resolution No. 7B is to renew effective until the next Annual General Meeting, the Share Purchase Mandate for the Company to make purchases or acquisitions of its issued ordinary shares. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company, of 10% of its issued ordinary shares as at 11th March 2014, at a purchase price equivalent to the Maximum Price per share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited accounts of the Group and the Company for the financial year ended 31st December 2013, and certain other assumptions, are set out in the Company’s letter to shareholders dated 9th April 2014 accompanying the Annual Report 2013.
- c. Ordinary Resolution No. 7C is to renew effective up to the next Annual General Meeting, the General Mandate for Interested Person Transactions to enable the Company, its subsidiaries and associated companies that are considered “entities at risk” to enter in the ordinary course of business into certain types of transactions with specified classes of the Company’s interested persons. Particulars of the IPT Mandate, and the Audit Committee’s confirmation in support of the renewal of the IPT Mandate, are set out in the Company’s letter to shareholders dated 9th April 2014 accompanying the Annual Report 2013.

PROXY FORM

The Group Company Secretary  
Jardine Cycle & Carriage Limited  
c/o M & C Services Pte Ltd  
112 Robinson Road  
#05-01  
Singapore 068902

IMPORTANT:

- 1. For investors who have used their CPF monies to buy **Jardine Cycle & Carriage Limited** shares, this **Annual Report** is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- 2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- 3. CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. Any voting instructions must also be submitted to their CPF Approved Nominees within the time frame specified to enable them to vote on the CPF investor's behalf.

I/We \_\_\_\_\_ (NRIC/Passport/UEN No.) \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of Jardine Cycle & Carriage Limited (the "**Company**") hereby appoint the following person(s):

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies, or if no proxy is named, the Chairman of the Meeting, to attend and to vote for me/us on my/our behalf at the 45th Annual General Meeting of the Company to be held at Ballroom 1, Lobby Level, Mandarin Oriental, Singapore, 5 Raffles Avenue, Singapore 039797 on Wednesday, 30th April 2014 at 11:30 a.m. and at any adjournment thereof.

(Please indicate with an “X” in the spaces provided if you wish all your votes to be cast “For” or “Against” the resolutions to be proposed at the Annual General Meeting as indicated hereunder. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

Ordinary Business	For	Against
1. Adoption of Directors’ and Auditors’ Reports and Financial Statements		
2. Declaration of Final Dividend		
3. Approval of Directors’ Fees for the year ending 31st December 2014		
4. Re-election of the following Directors retiring pursuant to Article 94:		
a. Mr. James Watkins		
b. Tan Sri Azlan Zainol		
c. Mr. Mark Greenberg		
5. Authorisation for Mr. Boon Yoon Chiang to continue as Director pursuant to section 153(6) of the Companies Act		
6. Re-appointment of PricewaterhouseCoopers LLP as Auditors		

Please cut proxy form here

## PROXY FORM

Special Business	For	Against
7. A. Renewal of the Share Issue Mandate		
B. Renewal of the Share Purchase Mandate		
C. Renewal of the General Mandate for Interested Person Transactions		

Date this ..... day of ..... 2014.

Total number of shares held

.....  
Signature(s) of Member(s) or Common Seal

### Important: Please Read Notes Below

#### Notes:

- Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
- A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him and such proxy need not be a member of the Company.
- Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.
- The instrument appointing a proxy or proxies must be deposited at the office of the share registrar, M & C Services Pte Ltd, 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Annual General Meeting.
- The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its officer or attorney duly authorised.
- A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Chapter 50 of Singapore.

#### General

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.