Jardines

Jardine Matheson

Annual Report **2017**

Jardines

www.jardines.com
for more information

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

Jardine Matheson Holdings Limited
Jardine House
Hamilton
Bermuda

Contents

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

Where we operate

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

Our operations

In our operations, which employ 444,000 people, we are active in the fields of motor vehicles and related operations, property investment and development, food retailing, home furnishings, engineering and construction, transport services, insurance broking, restaurants, luxury hotels, financial services, heavy equipment, mining and agribusiness.

Our philosophy

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

Highlights

- Underlying earnings per share up 12%
- Full-year dividend increased by 7%
- Strong trading performances from most businesses
- NAV per share up 17% reflecting higher property valuations

Analysis of Underlying Profit of US$1,568m

By Business*

By Sector*

26% US$411m Property

26% US$407m Motor vehicles

14% US$231m Engineering, construction & mining contracting

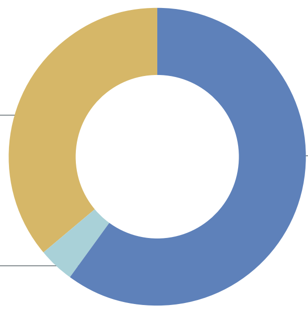
18% US$291m Retail & restaurants

10% US$157m Insurance broking & financial services

2% US$35m Hotels

4% US$71m Others

By Geographical Area*



2017 Financial Highlights

US$83,808m
Gross revenue

US$4,378m
Underlying profit before tax

US$82,814m
Total assets

444,000
People employed

US$25,669m
Shareholders' funds

US$1,568m
Underlying profit attributable to shareholders

US$3,403m
Net debt[#]

US$11,691m
Total capital investment[†]

Results

	2017 US$m	2016 US$m	Change %
Gross revenue including 100% of associates and joint ventures	**83,808**	72,437	16
Revenue	**39,456**	37,051	6
Underlying profit before tax[Ω]	**4,378**	3,729	17
Underlying profit attributable to shareholders[Ω]	**1,568**	1,386	13
Profit attributable to shareholders	**3,785**	2,503	51
Shareholders' funds	**25,669**	21,800	18
	US$	US$	%
Underlying earnings per share[Ω]	**4.17**	3.71	12
Earnings per share	**10.06**	6.69	50
Dividends per share	**1.60**	1.50	7
Net asset value per share	**68.21**	58.15	17

Underlying Earnings per Share (US$)

Net Asset Value per Share (US$)

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

[#] Excluding net debt of financial services companies.

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

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

Jardine Matheson Group Businesses at a Glance

Jardine Matheson

The listed holding company of the Group which oversees a portfolio of market-leading businesses and supports their long-term development. It holds an 84% interest in Jardine Strategic, a listed company holding most of the Group's major listed interests, including 58% of Jardine Matheson.

Jardine Pacific

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

Jardine Motors

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

Jardine Lloyd Thompson

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

Hongkong Land

Hongkong Land is a major listed property investment, management and development group that operates under the principles of excellence, integrity and partnership. Its more than 850,000 sq. m. of prime office and retail space in Hong Kong, Singapore and other major Asian cities attracts the world's foremost companies and luxury brands. The group also has a number of high quality residential and mixed-use projects under development in cities across Greater China and Southeast Asia. (50%)†

* Figures in brackets show effective ownership by Jardine Matheson as at 8th March 2018.
† Figures in brackets show effective ownership by Jardine Strategic as at 8th March 2018.

Dairy Farm

Dairy Farm is a leading listed Asian retailer that is active across four divisions, being Food (including supermarkets, hypermarkets and convenience stores), Health and Beauty, Home Furnishings and Restaurants. The group aims to provide quality and value to Asian consumers by offering leading brands, a compelling retail experience and great service, all provided through a strong store network supported by efficient supply chains. (78%)[†]

Mandarin Oriental

Mandarin Oriental is an international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations. The group operates 31 hotels and eight residences in 21 countries and territories, and has a strong pipeline of properties under development. As an innovative industry leader, the group is committed to exceeding its guests' expectations through exceptional levels of hospitality. (78%)[†]

Jardine Cycle & Carriage

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

Astra International

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

Chairman's Statement

Sir Henry Keswick
Chairman

The Group's principal markets across Greater China and Southeast Asia remained strong during 2017, and appear well set for 2018. This, coupled with development initiatives being pursued by our businesses, provides the Group with a firm foundation for long-term growth.

Overview

The Jardine Matheson Group produced a good overall result for the year as most businesses traded well. There were strong performances from Astra, Hongkong Land, Jardine Motors, Jardine Pacific and Jardine Lloyd Thompson. Reduced contributions were, however, seen from Dairy Farm, Mandarin Oriental and Jardine Cycle & Carriage's non-Astra businesses.

Performance

The Group's revenue for 2017, including 100% of revenue from associates and joint ventures, was US$83.8 billion, compared with US$72.4 billion in 2016, while the Group's consolidated revenue for 2017 was US$39.5 billion, an increase of 6%. Jardine Matheson achieved an underlying profit before tax for the year of US$4,378 million, an increase of 17%. The underlying profit attributable to shareholders was up 13% at US$1,568 million, while underlying earnings per share were 12% higher at US$4.17.

The profit attributable to shareholders for the year was US$3,785 million, which included the Group's US$1,949 million share of increases in property valuations, principally Hongkong Land's investment properties in Hong Kong, and US$268 million of other net non-trading gains. This compares with US$2,503 million in 2016, which reflected a US$1,061 million increase in property valuations and US$56 million of other net non-trading gains.

Within the Group's businesses, Jardine Pacific achieved good results in 2017 as Gammon's contribution recovered and Hactl benefited from increased cargo throughput. Jardine Motors' increased earnings were led by strong results from mainland China. Jardine Lloyd Thompson's contribution was higher due to a combination of a good trading performance and the absence of the restructuring costs seen in 2016.

At Hongkong Land, underlying profit grew due to the strength of both its investment and development property activities. Positive performances in most of Dairy Farm's retail formats and key associates were, however, offset by poor performances in its supermarket and hypermarket businesses in Southeast Asia and it recognized US$64 million of business rationalization costs. Mandarin Oriental saw generally improved performances across its hotel portfolio, notably in Hong Kong, but profitability was again impacted by the renovation of its London hotel. Mandarin Oriental's adjusted shareholders' funds at the end of 2017 were US$1.9 billion higher following a significant revaluation of The Excelsior hotel in Hong Kong.

Jardine Cycle & Carriage produced good profit growth as Astra's results improved, although there was a reduced overall contribution from the group's Direct Motor Interests and Other Strategic Interests, including Thaco and Siam City Cement. Astra's performance reflected the return to profitability at Permata Bank and enhanced commodity prices benefiting its heavy equipment and mining activities as well as agribusiness. The results from Astra's automotive activities, however, were lower due to reduced earnings from motor cars in challenging markets.

The Group's financial position remains strong with shareholders' funds up 18% at US$25.7 billion at the year end. Robust cash flows have enabled continued high levels of capital expenditure to be combined with low levels of debt. The consolidated net debt excluding financial services companies was US$3.4 billion at 31st December 2017, representing gearing of 6%.

The Board is recommending a final dividend of US$1.20 per share, which produces a full-year dividend of US$1.60 per share, up 7% from the prior year.

Strategic Developments

Mainland China continued to grow in importance for the Group, with its contribution to profits increasing to 18%. In this market, Hongkong Land's residential developments achieved an excellent result, while Zung Fu and affiliates Zhongsheng and Yonghui each had a very good year. A 28% shareholding was taken in Greatview, the second-largest supplier of aseptic carton packaging in China.

Hongkong Land secured five further development projects in mainland China during 2017, including in the new markets of Wuhan, Nanjing and Hangzhou. The retail component of its luxury retail and hotel complex in Beijing, WF CENTRAL, was opened in late 2017. In January 2018, Hongkong Land secured a prime commercial site in Nanjing city centre, which has a developable area of 235,000 sq. m.

In Southeast Asia, Jardine Cycle & Carriage continued to build its business interests, acquiring a 10% shareholding in Vinamilk, the leading dairy producer in Vietnam with a market share of some 58%. Hongkong Land secured further development projects in Singapore and Vietnam, together with a joint-venture interest in a prime freehold site in Bangkok. Astra in Indonesia is expanding its operations further with investments in toll roads, energy and property. In February 2018, Astra acquired a minority stake in GO-JEK, Indonesia's leading multi-platform technology group.

The Group's new investments in Greatview and Vinamilk are in line with its strategy of taking stakes in leading companies that are benefiting from the opportunities offered by the economic development of the region and the growth of the middle classes. Investments are being made in strong companies with first class management teams that can accelerate the Group's exposure to fast growing markets.

Weakness in Dairy Farm's supermarket and hypermarket businesses in Southeast Asia led to a review being undertaken to determine the actions necessary to re-establish the competitive positions of these operations. While Dairy Farm's other formats and markets are trading well, Dairy Farm recognizes that it must change and adapt in the face of intensifying and evolving competition, both online and offline, as well as greater demands from increasingly well-informed customers.

During the year, Mandarin Oriental explored strategic options for The Excelsior hotel in Hong Kong. While a review of market interest in a potential sale did not give rise to any acceptable offers, all options for the site are still being considered, including the redevelopment of the site as a commercial property.

People

The continued progress achieved across our businesses in 2017 is a reflection of the hard work, dedication and professionalism of the Group's 444,000 employees, for which we are most grateful.

We welcomed Alex Newbigging to the Board in October 2017. Dr Richard Lee will step down from the Board at the forthcoming Annual General Meeting and will not seek re-election. We would like to thank him for his contribution to the Company. We are very pleased that Julian Hui has been invited to join the Board with effect from 10th May 2018.

Outlook

The Group's principal markets across Greater China and Southeast Asia remained strong during 2017, and appear well set for 2018. This, coupled with development initiatives being pursued by our businesses, provides the Group with a firm foundation for long-term growth.

Managing Director's Review

Ben Keswick
Managing Director

The Group provides access to financial resources, expertise, people and customers necessary to support the development of its businesses and enable them to compete effectively in rapidly evolving operating environments.

Jardine Matheson is a diversified group of market-leading operations focused principally on two of the regions that are driving global growth, Greater China and Southeast Asia, although some businesses have a greater global reach. In 2017, 60% of underlying profit came from Greater China, while 36% was from Southeast Asia. The main contributors to underlying profit by activity were motor related interests at 26%, property at 26%, and retailing and restaurants at 18%.

The Group provides access to financial resources, expertise, people and customers necessary to support the development of its businesses and enable them to compete effectively in rapidly evolving operating environments. This includes the ability to take advantage of the developments in technology necessary to keep pace with consumer expectations.

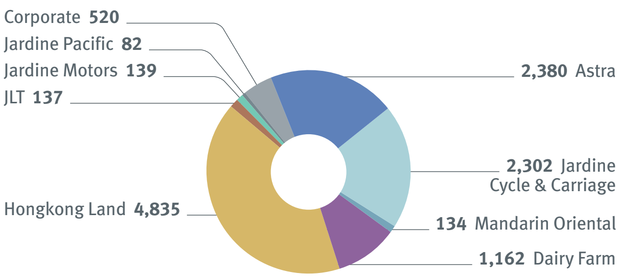
The Group's businesses traded well in 2017. Jardine Matheson achieved an underlying profit before tax of US$4,378 million, up 17%. The underlying profit attributable to shareholders rose 13% to US$1,568 million, while underlying earnings per share were 12% higher at US$4.17.

The profit attributable to shareholders of US$3,785 million included a US$1,949 million share of increases in commercial property valuations, principally relating to Hongkong Land's investment properties in the Central District of Hong Kong, and net gains of US$268 million mainly arising from property and other disposals.

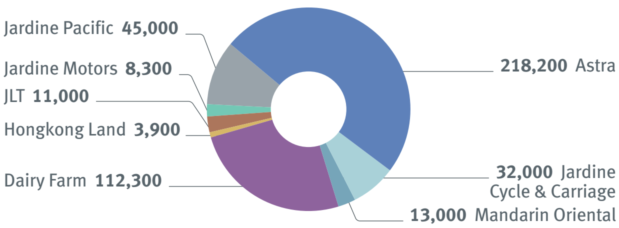
The Group's profit generation and related cash flows and retained earnings have supported continued investment enabling high levels of capital expenditure to be combined with low levels of debt. The Group's capital investment, including expenditure on properties for sale, was US$7.1 billion in 2017, in addition to which capital investment at its associates and joint ventures exceeded US$4.6 billion. The Group's consolidated net debt at the end of the year, excluding financial services companies, was US$3.4 billion, which compares to US$2.1 billion at the end of 2016, with gearing increasing from 4% to 6%.

The Group's strong financial position, continued business development and investment in new areas of activity provide the foundation for profit growth over the long term.

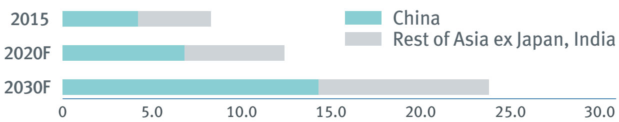
Total Capital Investment of US$11.7 billion (US$ million)



443,700 Employees by Business Units



Forecast middle class consumption in Asia* (US$ trillion)



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

Jardine Pacific

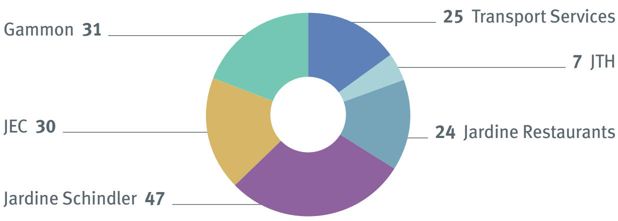
- **Underlying profit up 21%**
- **Most businesses achieved higher earnings**
- **28% stake in Hong Kong-listed Greatview acquired by Jardine Strategic**

	2017	2016	Change (%)
Gross revenue (including 100% of associates and joint ventures) (US$billion)	**6.7**	6.3	6
Underlying profit attributable to shareholders (US$million)	**164**	135	21

Gross Revenue (US$ billion)

Underlying Profit Attributable to Shareholders (US$ million)

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



Jardine Pacific produced an underlying net profit of US$164 million, including an initial contribution from the interest in Greatview, compared with US$135 million in 2016, an increase of 21%. The net profit after non-trading gains was US$174 million.

Jardine Schindler and JEC again performed well to deliver higher contributions. Gammon's result recovered in 2017 following a weaker performance in 2016 due to provisions for a specific civils project. Jardine Restaurants produced steady profit growth, but the reported result was lower due to one-off employee benefit costs. The contribution from Transport Services reflected Hactl's improved performance due to good growth in cargo throughput. JTH delivered reduced earnings as IT markets remained soft.

A 28% stake in Hong Kong-listed Greatview was acquired by Jardine Strategic in June 2017. Founded in mainland China, Greatview is the second-largest supplier of aseptic carton packaging in China and the third-largest globally. Greatview achieved stable growth during 2017 as the effect of challenging market conditions in China was offset by strong growth momentum in its international business. Its contribution from June onwards reflects the Group's equity interest. Jardine Pacific will be supporting Greatview's continued development, particularly in new markets including those in Southeast Asia.

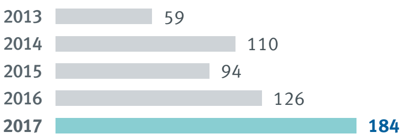
Jardine Motors

- **Underlying profit up 46%**
- **Strong performances from Zung Fu and Zhongsheng in mainland China**
- **Improved trading in Hong Kong and Macau**
- **Lower result in the United Kingdom**

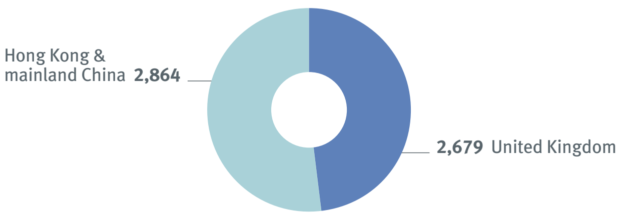
	2017	2016	Change (%)
Revenue (US$ billion)	**5.5**	5.2	7
Underlying profit attributable to shareholders (US$ million)	**184**	126	46

Revenue (US$ billion)

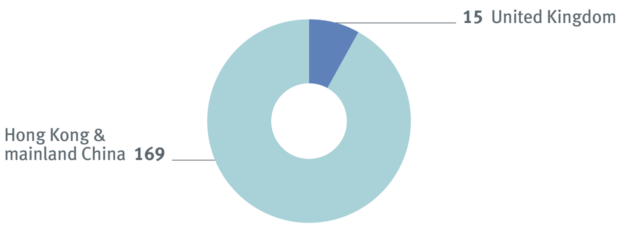
Underlying Profit Attributable to Shareholders (US$ million)



Revenue by Geographical Location (US$ million)



Profit by Geographical Location (US$ million)



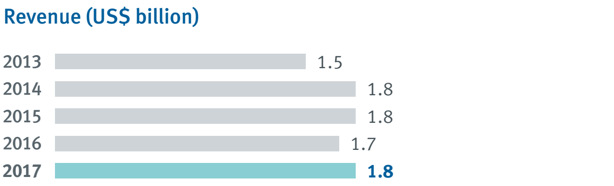
Jardine Motors produced an underlying net profit in 2017 of US$184 million, a 46% improvement being largely due to impressive performances from Zung Fu and Zhongsheng in mainland China. After taking into account non-trading gains, the net profit was US$388 million.

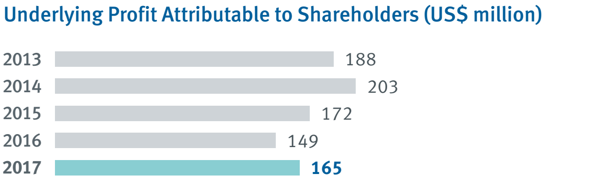
In mainland China, Zung Fu had another good year due to higher sales of Mercedes-Benz passenger cars, margin improvement and a strong performance from its after-sales activities. In Hong Kong and Macau there was an improved trading performance, although this was offset by costs associated with the repositioning of its sales and service facilities to meet changing customer requirements. The new flagship property, combining most of the Mercedes-Benz sales, service and administration activities, is scheduled to be fully operational in the last quarter of 2018. In the United Kingdom, the result was significantly lower than that in 2016, which had included a gain on the sale of a dealership.

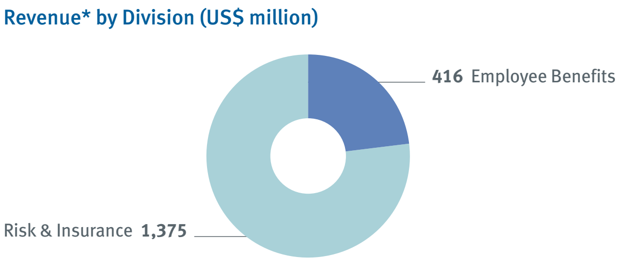
Zhongsheng, one of mainland China's leading motor dealership groups, produced a significant improvement in profitability in 2017, reflecting increased sales and better margins. The Group's shareholding, held through Jardine Strategic, was increased from 15.5% to 20% in June 2017.

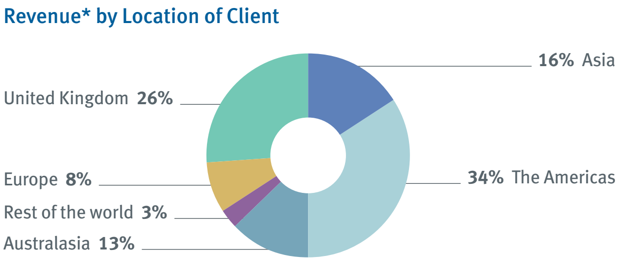
- **Underlying trading profit increased by 7% at constant rates of exchange**
- **Good performances in Risk and Insurance businesses and Employee Benefits businesses**
- **Continued progress in US Specialty business**

	2017	2016	Change† (%)
Revenue (US$ billion)	**1.8**	1.7	10
Underlying profit attributable to shareholders (US$ million)	**165**	149	14









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

JLT's total revenue for 2017 was US$1,800 million, an increase of 10% in its reporting currency, of which 5% represented organic growth. Underlying trading profit was up 10% in its reporting currency at US$277 million, or 7% higher at constant rates of exchange. On conversion into US dollars, JLT's contribution to the Group's underlying profit in 2017 was 22% higher than in 2016, which had included restructuring costs.

JLT's Risk & Insurance businesses saw revenue growth of 11%, with good performances in Europe, Latin America, Asia and the United States. The combined Employee Benefits businesses produced headline revenue growth of 7%. Continued progress was made with the development of JLT's Specialty business in the United States. The group is undertaking a reorganization into three global divisions, Reinsurance, Specialty and Employee Benefits, and is implementing a business transformation programme which will deliver significant cost reductions.

Hongkong Land

- **Underlying profit up 14% to a record US$970 million**
- **Full-year dividend up 5%**
- **Net asset value per share up 18%**
- **WF CENTRAL retail complex opens in Beijing**
- **Ten new projects secured**

	2017	2016	Change (%)
Underlying profit attributable to shareholders (US$ million)	**970**	848	14
Gross assets (US$ billion)	**39.4**	33.3	18
Net asset value per share (US$)	**15.63**	13.30	18

Underlying Profit Attributable to Shareholders (US$ million)

Net Asset Value per Share (US$)

Hongkong Land's underlying profit for 2017 rose 14% to US$970 million, with strong performances from both investment properties and development properties. The profit attributable to shareholders of US$5,585 million included net revaluation gains of US$4,615 million recorded on its investment properties, principally in Hong Kong. This compares to US$3,346 million in 2016, which included net revaluation gains of US$2,498 million. The group remains well-financed with net debt of US$2.5 billion at the year end and net gearing of 7%.

In investment properties, limited competitive supply in the Hong Kong office leasing market benefited the group's Central portfolio where year-end vacancy reduced to 1.4% and rental reversions remained positive. The retail portion of the portfolio was effectively fully occupied, although rental reversions were neutral during the year. The group's Singapore office portfolio was almost fully let, but the average rents declined marginally.

In mainland China, the retail component of the group's luxury retail and hotel complex in Beijing opened in late 2017, and the Mandarin Oriental Hotel is due to open in the second half of 2018. Elsewhere, in Jakarta the development of the fifth tower of World Trade Centre was completed, in Phnom Penh

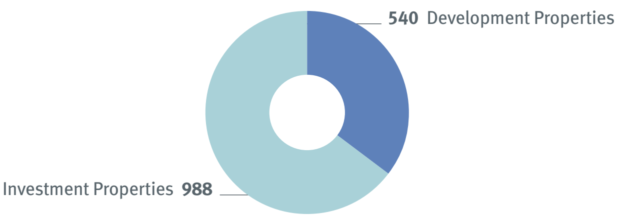
a 25,000 sq. m. mixed-use complex was opened, and in Bangkok's central business district the group acquired a 49%-joint venture interest in a prime freehold site with a developable area of 440,000 sq. m.

Within development properties, the profit contribution from mainland China increased significantly in 2017 due to higher completions of residential units. In Singapore, results were lower with only one project completion during the year. Hongkong Land's joint venture projects in the rest of Southeast Asia are progressing on schedule.

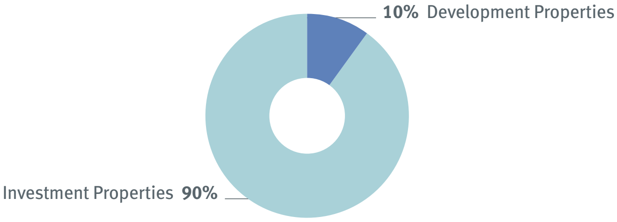
1.1 million sq. m.

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

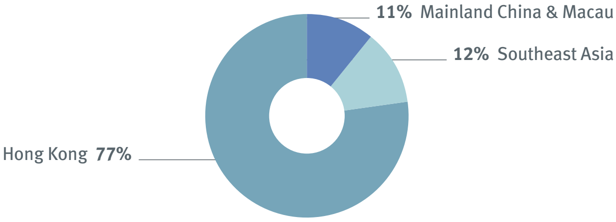
Underlying Operating Profit by Activity (before corporate costs) (US$ million)



Gross Assets by Activity



Gross Assets by Location

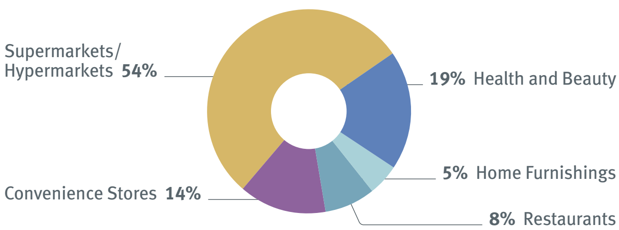


- **Underlying profit 13% lower at US$403 million, after US$64 million of business rationalization costs**
- **Poor operating results from Southeast Asia Food**
- **Strong trading performances from Health and Beauty, IKEA, Maxim's and Yonghui**

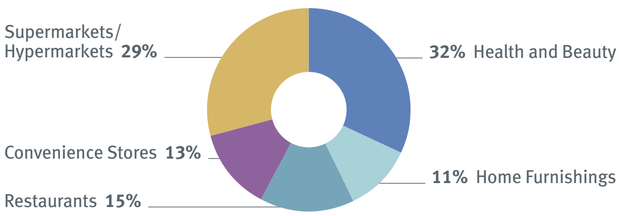
	2017	2016	Change (%)
Sales including 100% of associates & joint ventures (US$ billion)	**21.8**	20.4	7
Sales (US$ billion)	**11.3**	11.2	1
Underlying profit attributable to shareholders (US$ million)	**403**	460	(13)

Underlying Profit Attributable to Shareholders (US$ million)

Sales Mix by Format*



Profit Mix by Format#



* Including share of associates and joint ventures.

Based on operating profit and share of results of associates and joint ventures, excluding store support centre costs, business rationalization costs and non-trading items.

Dairy Farm's result in 2017 was disappointing as positive performances in most formats and key associates were offset by weakness in its supermarket and hypermarket operations in Southeast Asia. Sales for the year by the group's subsidiaries were little changed at US$11.3 billion. Total sales, including 100% of associates and joint ventures, were up 7% at US$21.8 billion, reflecting strong growth at both Yonghui and Maxim's. The underlying profit attributable to shareholders was 13% lower at US$403 million, after deducting rationalization costs of US$64 million principally relating to the closure of underperforming stores and stock clearance in the Food Division.

The Food Division's poor performances in its supermarket and hypermarket businesses in Malaysia, Singapore and Indonesia led to sales being down and profits significantly lower. A strategic review is underway to determine the actions needed to restore the profitability of these businesses. Sales were more resilient in Hong Kong,

11
Asian countries and territories

7.2 million
Customer transactions per day

Over 7,100
Outlets

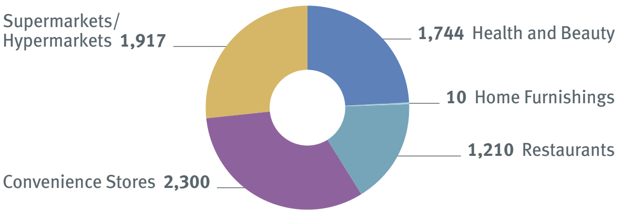
6.4 million sq. m.
Gross trading area

although increasing costs led to profits being marginally lower. The group's convenience stores produced overall sales and profit growth, in part reflecting a consumer shift to more convenient retail formats and enhanced customer offerings.

In the Health and Beauty Division, strong performances in Hong Kong, Macau and Indonesia, together with improvements in mainland China, led to sales and profit growth. IKEA recorded higher sales and trading profit, but overall profit was affected by store pre-opening expenses in Hong Kong. There was encouraging growth in IKEA's e-commerce channels. Maxim's, which enjoyed good sales and profit growth during the year, is continuing to expand in the region with the acquisition of the existing businesses and franchises of Genki Sushi in both Singapore and Malaysia, and of Starbucks in Singapore.

The group's 20%-owned associate in mainland China, Yonghui Superstores, opened a net 292 new stores in 2017, which underpinned its 19% growth in revenue. Supply chain and shrinkage improvements produced margin gains, which together with better capital utilization, led to a 45% growth in profit.

Retail Outlet Numbers by Format†



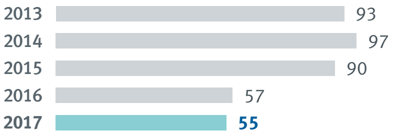
† Including 100% of associates and joint ventures.

MANDARIN ORIENTAL
THE HOTEL GROUP

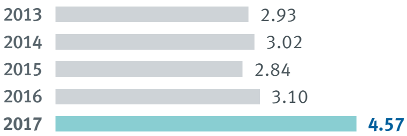
- **Lower earnings due to renovation of London property**
- **Strategic review of The Excelsior, Hong Kong ongoing**
- **Nine new management contracts signed**
- **Restoration of Hotel Ritz, Madrid commenced**

	2017 US$m	2016 US$m	Change %
Combined total revenue of hotels under management	**1,380**	1,324	4
Underlying profit attributable to shareholders	**55**	57	(4)

Underlying Profit Attributable to Shareholders (US$ million)

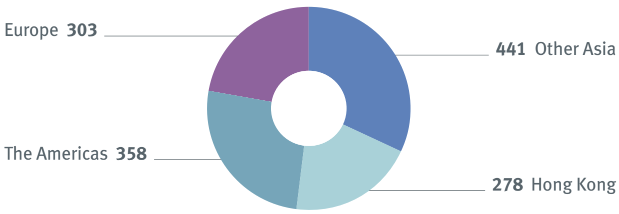


Net Asset Value per Share* (US$)

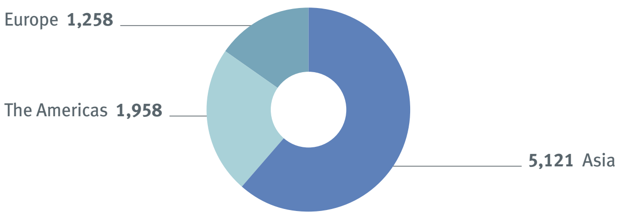


*With freehold and leasehold properties at valuation.

Combined Total Revenue of US$1,380 million by Geographical Area (US$ million)



Portfolio of 8,337 Hotel Rooms by Geographical Area



Mandarin Oriental's underlying profit was slightly lower primarily due to the impact of the renovation of its London property as the combined results of the group's other hotels improved in 2017, notably in Hong Kong. The underlying profit was US$55 million, compared with US$57 million in 2016, and with no non-trading items the profit attributable to shareholders was also US$55 million, in line with 2016.

The renovation of Mandarin Oriental Hyde Park, London is on schedule to complete in the second quarter of 2018. The jointly-owned Hotel Ritz, Madrid closed at the end of February 2018 to commence an extensive renovation. In June 2017, the group announced that consideration was being given to its strategic options for The Excelsior, Hong Kong. A subsequent review of market interest in a potential sale did not give rise to any acceptable offers. Mandarin Oriental is still considering all options for the site, including possible redevelopment as a commercial property, although no decision has yet been made.

Mandarin Oriental announced nine new management contracts over the past year. They comprise the management of existing hotels in Santiago, Chile and on Canouan in Saint Vincent and the Grenadines; four hotels with branded residences scheduled to open in Dubai and Honolulu in 2020, in London in 2021 and in Melbourne in 2022; a hotel in Beijing located in a traditional hutong quarter due to open in 2019; branded residences in Barcelona opening in 2020; and a coastal resort in Viña del Mar in Chile opening in 2020. In the next 12 months the group expects to open its first hotels in the Middle East, in Doha and Dubai, as well as Mandarin Oriental Wangfujing in Beijing.

Jardine Cycle & Carriage

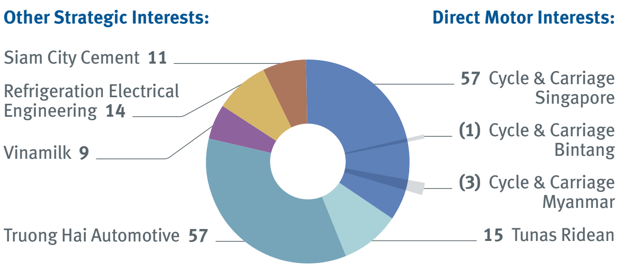
- **Underlying earnings per share up 16%**
- **Improvements in most of Astra's businesses**
- **Weaker overall performances from Direct Motor Interests and Other Strategic Interests**
- **Acquisition of a strategic stake in Vinamilk**

	2017	2016	Change (%)
Revenue (US$ billion)	**17.7**	15.8	12
Underlying profit attributable to shareholders (US$ million)	**788**	679	16

Revenue (US$ billion)

Underlying Profit Attributable to Shareholders (US$ million)

Underlying Profit (excluding Astra) of US$159 million by Business (US$ million)



Jardine Cycle & Carriage's underlying profit was up 16% at US$788 million. Profit attributable to shareholders was US$811 million, including a net non-trading profit of US$23 million, compared with US$702 million in 2016. Astra's contribution to underlying profit of US$641 million was up 28%. The group's Direct Motor Interests contributed US$125 million, 25% down, while the contribution from its Other Strategic Interests was 3% higher at US$34 million.

Within the group's Direct Motor Interests, Cycle & Carriage Singapore performed well as it grew its earnings by 15% to US$57 million. The 25%-owned Truong Hai Auto Corporation, however, faced an increasingly competitive environment in Vietnam ahead of the removal of tariffs on imported cars in January 2018. Its profit contribution declined 40% to US$57 million, although its real estate interests performed better. In Malaysia, 59%-owned Cycle & Carriage Bintang reported a loss in a particularly challenging year, while 44%-owned Tunas Ridean in Indonesia recorded an 18% reduction in its contribution mainly due to weaker margins in car sales.

Within Other Strategic Interests, 25.5%-held Siam City Cement in Thailand reported a profit of US$54 million, down 54% in local currency terms, following one-off restructuring expenses and lower domestic volume and prices, coupled with higher energy costs. The profit of 24%-held Refrigeration Electrical Engineering Corporation in Vietnam of US$61 million was 26% higher in local currency terms due to higher contributions from all its businesses. An initial dividend contribution of US$9 million was recognized on the recently acquired 10% shareholding in Vinamilk in Vietnam.

ASTRA international

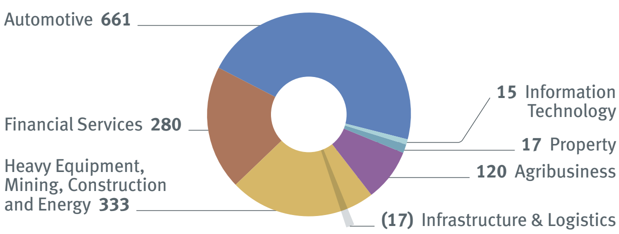
- **Net earnings per share up 25%**
- **Higher market share for motorcycles but lower for cars in challenging markets**
- **Return to profitability at Permata Bank**
- **Sustained higher commodity prices benefited heavy equipment and mining businesses, as well as agribusiness**

	2017	2016	Change* (%)
Net revenue# (US$ billion)	**15.4**	13.6	14
Profit attributable to shareholders# (US$ million)	**1,409**	1,137	25

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

Motorcycle Sales including Associates and Joint Ventures (thousand units)

Profit Attributable to Shareholders of US$1,409 million by Business (US$ million)



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

Astra's underlying profit for 2017 under Indonesian accounting standards was up 27% at Rp18.6 trillion, equivalent to US$1,387 million. Its net profit was up 25% at Rp18.9 trillion, some US$1,409 million. The group's net cash, excluding financial services subsidiaries, was US$196 million at 31st December 2017, the reduction from the net cash of US$461 million at the end of 2016 was due mainly to investments in toll roads, property and power plants.

Net income from Astra's automotive division was 3% lower at US$661 million. Astra's car sales were 2% lower at 579,000 units in a wholesale market that was little changed, leading to its market share declining from 55% to 54%. Astra Honda Motor's market share improved from 74% to 75% as its domestic sales of motorcycles were maintained at 4.4 million units while the wholesale market contracted by 1%. Astra Otoparts, the group's components business, saw net income increase by 32% to US$41 million.

Net income from financial services increased to US$280 million from US$59 million, primarily due to a return to profitability at 44.6%-owned Permata Bank. To strengthen its capital base, Permata Bank completed a further US$220 million rights issue in June 2017. There were improved contributions from a number of the group's finance businesses, although overall earnings were held back by increased loan loss provisions relating to the low cost car segment and the small and medium sized borrowers in the heavy equipment segment. Net income at general insurer Asuransi Astra Buana was 9% higher at US$75 million, and life insurance joint venture, Astra Aviva Life, continued to acquire new individual life customers and participants for its corporate employee benefits programmes.

United Tractors, which is 59.5%-owned, reported net income 48% higher at US$553 million as significantly stronger coal prices led to improved performances in its construction machinery and mining contracting businesses, as well as its mining operations. Komatsu heavy equipment sales were up 74%, and parts and service revenues were also higher. The mining contracting operations of Pamapersada Nusantara recorded a 3% increase in coal production, while overburden removal was up 14%. United Tractors' mining subsidiaries, however, reported coal sales down 8%. General contractor Acset Indonusa, 50%-held, reported net income up 126% at US$11 million, with new contracts worth US$627 million secured.

United Tractors has an 80% interest in a coking coal company in Central Kalimantan, which started production at the end of 2017, and a 25% interest in two 1,000MW power plants under construction in Central Java, which are due to start commercial operations in 2021.

Astra Agro Lestari, which is 80%-owned, saw improved revenue from higher crude palm oil prices and sales volumes, but reported net income little changed at US$150 million. The 2016 result had benefited from foreign exchange translation gains, excluding which net income in 2017 would have been 8% higher.

Astra's infrastructure and logistics division reported a net loss of US$17 million, compared with net profit of US$20 million in 2016, due to initial losses on a newly opened toll road and a loss on the disposal of the group's 49% interest in PAM Lyonnaise Jaya, a water concession with five years left to run. Astra is continuing to expand its toll road interests, which now extend to 353km of toll roads, of which 269km is operational. Serasi Autoraya's net income doubled to US$15 million due to higher net margins in its car leasing and rental, as well as logistics businesses. Net income from the group's information technology division was 1% higher at US$15 million.

The group's property division saw net income double to US$17 million under local accounting standards, primarily due to higher property development earnings recognized on its Anandamaya Residences project.

54%
2017 New motor car market share

75%
2017 New motorcycle market share

US$6.1bn +3%
2017 New consumer financing

US$437m +25%
2017 New heavy equipment financing

People and the Community

Jardine Matheson Group companies are committed to making positive change through their participation in the communities where they operate and in supporting the growth and development of their people.

In Hong Kong, Singapore and mainland China, Group companies focus its philanthropic activities on the area of mental health through MINDSET, the Group's in-house charitable programme. Led by the Jardine Ambassadors, young executives drawn from across the Group, the MINDSET programme aims to change people's attitudes by raising awareness and understanding of mental health issues, as well as providing direct assistance for individuals, families and organizations in need of help.

In Hong Kong, MINDSET (www.mindset.org.hk) continued its support for people in recovery engaged in a range of art initiatives through MINDSET Expression. Its school-based 'Health in Mind' programme, in collaboration with Hong Kong's Hospital Authority, is promoting positive attitudes towards mental health among young people. MINDSET College, a pilot programme launched in 2017, is the first education platform in Hong Kong that provides recovery-oriented mental health training. Its courses are developed by a combination of those who have personal experience of mental health challenges and those who have professional expertise, and are designed to help people in recovery manage their mental health and wellbeing.

The growing network of Jardine Foundation scholars now stands at 280, with 73 currently studying for either undergraduate or postgraduate degrees at Oxbridge. Contact between all the scholars is maintained through regular social gatherings in Hong Kong, Indonesia, Singapore and the United Kingdom.

MINDSET in Singapore (www.mindset.com.sg) raised a record of US$300,000 for its flagship project, MINDSET Learning Hub, through its signature annual fund-raising event, The MINDSET Challenge & Carnival 2017. With a pledge of US$140,000 from MINDSET, the Hub is Singapore's first and only certified job training and placement centre for recovering individuals. Since its establishment in October 2016, the Hub has trained over 190 clients and provided some 110 placements in the workforce. MINDSET also won its second consecutive 'Charity Transparency Award'.

In Indonesia, Astra continued its initiatives of offering support to the community in the areas of health, education, environment, entrepreneurship and technology. For the first time, the annual SATU Indonesian (Astra's Unified Spirit of Indonesia) Awards began to recognize young, driven individuals from each province across Indonesia for their contributions to their communities. The second Green Energy Summit continued to build on the success in implementing energy conservation and efficiency initiatives in the Astra companies. As a result, Astra has reduced its energy consumption equivalent to US$30 million in 2017 through its conservation initiatives. Under the 'Astra Berseri Village' programme, Astra helped in the promotion of rural villages in Central Java as cultural tourism destinations.

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

Encouraging Higher Education

In January 2018, 14 students from mainland China, Hong Kong, Indonesia and Singapore were awarded scholarships by the Jardine Foundation to pursue their undergraduate studies in the United Kingdom. Meanwhile, the Foundation's postgraduate scholarship scheme supported 17 scholars from mainland China, Myanmar, Indonesia and Taiwan for their master's or doctoral studies commencing in October 2017. The scholarships aim to support students who excel in their academic ability, leadership qualities and community participation to pursue studies at selected Colleges at Oxford and Cambridge Universities. Since its establishment, 280 scholarships have been awarded to students from the communities in which the Group operates. (www.jardine-foundation.org)

In Indonesia, Astra distributed scholarships through a number of foundations to support students from underdeveloped areas. Over 230,000 scholarship grants were given to recipients in elementary schools up to university level. Some 16,700 schools were funded to improve their educational activities.

Providing Expertise

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

The MINDSET Challenge & Carnival 2017 raised some US$300,000 for the MINDSET Learning Hub, Singapore's first and only certified job training and placement centre for recovering individuals from mental health illnesses.

Supporting our People

The Group supports its people with various management training and development programmes. A good example is the central recruitment of graduates who pursue a modular executive development curriculum throughout the first five years of their career in the Group, where they develop an understanding of and capability in the six elements of the Group's leadership framework, including strategic and commercial thinking, innovation, collaboration and developing organizational capability. Another example is the Advanced Leadership Programme, which provides senior executives with the opportunity to meet chief executives from some of the world's most admired companies.

The Group also conducts a series of development centres every year to identify talent and support the Group's human resources planning process. In 2017, around 40 executives were transferred between businesses in the Group.

Financial Review

John Witt
Group Finance Director

Accounting Policies

The Directors continue to review the appropriateness of the accounting policies adopted by the Group having regard to developments in International Financial Reporting Standards. There have been no changes to the accounting policies in 2017.

Results

Underlying Business Performance

	2017 US$m	2016 US$m
Revenue	**39,456**	37,051
Operating profit	**3,305**	3,146
Net financing charges	**(161)**	(151)
Share of results of associates and joint ventures	**1,234**	734
Profit before tax	**4,378**	3,729
Tax	**(826)**	(654)
Profit after tax	**3,552**	3,075
Non-controlling interests	**(1,984)**	(1,689)
Underlying profit attributable to shareholders	**1,568**	1,386
Non-trading items	**2,217**	1,117
Net profit	**3,785**	2,503
	US$	US$
Underlying earnings per share	**4.17**	3.71

In 2017, revenue increased by 6% to US$39.5 billion principally due to increased trading in Astra's heavy equipment and mining businesses, and agribusiness. Gross revenue, including 100% of revenue from associates and joint ventures, which is a measure of the full extent of the Group's operations, increased by 16% to US$83.8 billion. This increase was largely from the Group's associates and joint ventures in mainland China, namely Hongkong Land's development joint ventures, Dairy Farm's Yonghui Superstores, and Zhongsheng, which became a 20%-owned associate in 2017.

Operating profit from the Group's subsidiaries, excluding non-trading items, was US$3,305 million, an increase of US$159 million or 5%. Higher operating profits in Astra and Jardine Motors were partly offset by reduced operating profits from Hongkong Land and Dairy Farm subsidiaries.

Astra's underlying operating profit increased by US$259 million or 18% from 2016. Astra's heavy equipment and mining businesses, and agribusiness increased earnings as a result of higher commodity prices, while lower results were recorded in its automotive business due to lower car sales in the sales operations and increased loan loss provisions in its financial services businesses.

The overall underlying operating profit for Jardine Motors increased by US$45 million as Zung Fu in mainland China achieved higher sales at higher margins and benefited from a strong performance in its after-sales operations. This was partly offset by lower earnings in the United Kingdom. In 2016, its operating profit also benefited from a gain on the sale of a dealership. The trading performance of Zung Fu in Hong Kong improved in 2017, although this was offset by costs associated with the repositioning of its sales and services facilities.

Jardine Cycle & Carriage's contribution increased marginally in 2017. There were higher earnings in the Singapore motor operations and the recognition of an initial dividend from its recently acquired 10% interest in Vinamilk, a leading dairy producer in Vietnam. These were, however, offset by a weak performance in its Malaysian motor operations. Jardine Pacific's results were in line with 2016 as a better performances in JEC was offset by lower profits in its Restaurant businesses due to one-off employment related expenses and in JTH as the IT market remained soft.

Dairy Farm's underlying operating profit was US$85 million below 2016. This was after including total costs of US$73 million principally relating to the closure of underperforming stores and stock clearance in the Food business. Excluding these costs, the lower contribution was mainly due to weak performances in the supermarket and hypermarket operations in Malaysia, Singapore and Indonesia, mitigated by higher sales in its Health and Beauty business particularly in Hong Kong, Macau and Indonesia.

Hongkong Land's underlying operating profit decreased by US$64 million as higher earnings from its Hong Kong commercial portfolio were more than offset by a lower contribution from its subsidiaries engaged in residential development activities in mainland China and Singapore. Mandarin Oriental's contribution decreased marginally compared with 2016. There was a lower contribution from the London hotel due to its ongoing major renovation programme that commenced in the third quarter of 2016, mitigated by improved performances of its other hotels notably in Hong Kong.

Net financing charges increased by US$10 million compared to 2016 principally due to the higher average levels of net debt in Hongkong Land and Jardine Cycle & Carriage. Interest cover exclusive of financial services companies remained strong at 24 times, calculated as the sum of underlying operating profit and share of results of associates and joint ventures divided by net financing charges.

The Group's share of underlying results of associates and joint ventures increased by US$500 million or 68% to US$1,234 million. Contributions from Astra's associates and joint ventures increased by US$268 million principally due to a return to profitability at Permata Bank following significant loan-loss provisions made in 2016, and a higher contribution from its automotive associates and joint ventures. The contribution from Hongkong Land's associates and joint ventures increased by US$182 million, primarily from its joint venture development projects in mainland China. Jardine Pacific's joint ventures' contributions increased by US$34 million, with a recovery in Gammon's results following a weaker performance in 2016 due to provisions for a major project, and higher contributions from Hactl and Greatview, its newly acquired 28%-owned associate. In Dairy Farm, the contributions from its associates increased by US$28 million with strong performance in both Yonghui Superstores and Maxim's. In Jardine Motors, a contribution from Zhongsheng was included upon its becoming an associate in June 2017. The contribution from Jardine Lloyd Thompson increased by US$13 million mainly due to higher revenues and the absence of the 2016 restructuring costs in its Employee Benefits business in the United Kingdom.

In Jardine Cycle & Carriage, contributions from associates and joint ventures were US$53 million lower compared with the prior year, mainly due to reduced earnings in the motor vehicle operation of THACO in Vietnam, and lower domestic demand and prices for cement together with one-off restructuring expenses in Siam City Cement in Thailand.

The underlying effective tax rate for the year was 26%, which was broadly in line with that of 2016.

The Group's underlying profit attributable to shareholders in 2017 was US$1,568 million or US$4.17 on an earnings per share basis, 13% and 12% higher than in the prior year, respectively.

Non-trading Items

In 2017, the Group had net non-trading gains of US$2,217 million, which included a net increase of US$1,949 million in the fair value of investment properties primarily in Hongkong Land, gains on property disposals of US$194 million, and gains on disposals of other investments of US$52 million.

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

Dividends

The Board is recommending a final dividend of US$1.20 per share for 2017, providing a total annual dividend of US$1.60 per share, an increase of 7% over 2016. The final dividend will be payable on 16th May 2018, subject to approval at the Annual General Meeting to be held on 10th May 2018, to those persons registered as shareholders on 23rd March 2018. The dividends are payable in cash with a scrip alternative.

Cash Flow

Summarized Cash Flow

	2017 US$m	2016 US$m
Operating cash flow	**3,354**	3,370
Dividends from associates and joint ventures	**944**	597
Operating activities	**4,298**	3,967
Capital expenditure and investments, net of disposals	**(3,975)**	(2,063)
Cash flow before financing	**323**	1,904

The cash inflow from operating activities for the year was US$4,298 million compared with US$3,967 million in 2016. The increase of US$331 million from 2016 was principally due to higher dividends from associates and joint ventures, mainly from Astra's automotive business and Jardine Pacific's joint ventures.

Capital expenditure and investments for the year before disposals amounted to US$5,841 million *(2016: US$2,594 million)*. This included the following:

- US$74 million for the purchase of businesses, principally Hongkong Land's US$42 million acquisition of a controlling interest in a property development company in Malaysia, which was previously a joint venture, and Jardine Motors' acquisition of various motor dealerships in the United Kingdom for US$18 million;
- US$2,380 million for investments in various associates and joint ventures, the main ones being Hongkong Land's investments of US$1,192 million primarily in development projects in mainland China including the Wuhan, Nanjing and Hangzhou joint venture projects, of US$59 million in a joint venture in Thailand and of US$20 million in a joint venture in Vietnam; Jardine Cycle & Carriage's subscription to a rights issue and purchase of additional shares in Siam City Cement for a total of US$138 million; Astra's investments in toll road concessions of US$274 million and a 25% interest in power plants of US$207 million; Astra's subscription to a Permata Bank rights issue of US$44 million; and Jardine Strategic's acquisition of a 28% interest in Greatview for US$241 million and additional shares in Zhongsheng for US$172 million, increasing its interest from 15.5% to 20.0%;
- US$1,609 million for the purchase of other investments, which included US$1,160 million for the acquisition of a 10% interest in Vinamilk by Jardine Cycle & Carriage, and US$449 million of securities by Astra's general insurance business;
- US$172 million for the purchase of intangible assets, which included US$52 million for the acquisition of contracts in Astra's general insurance business and US$60 million for leasehold land for use by Astra, Dairy Farm and Jardine Cycle & Carriage;
- US$1,184 million for the purchase of tangible assets, which included US$731 million in Astra (US$513 million was for the acquisition of heavy equipment and machinery, predominantly by Pamapersada, US$113 million was for outlet development and additional operational machinery and equipment in Astra's automotive business, and US$75 million was to improve plantation infrastructure in Astra's agribusiness); US$86 million in Mandarin Oriental (of which US$56 million was for the renovation of the hotel property in London); US$218 million in Dairy Farm primarily in-store related capital expenditure; and US$96 million in Jardine Motors for dealership developments; and
- US$372 million for additions to investment properties in Hongkong Land and Astra, and US$50 million for additions to bearer plants in Astra.

In 2016, the Group's principal capital expenditure and investments included:

- US$60 million for the purchase of businesses, principally Jardine Motors' acquisition of various motor dealerships in the United Kingdom for US$46 million;
- US$190 million for Dairy Farm's further investment in Yonghui Superstores to maintain its shareholding at 19.99%;
- US$240 million for Astra's subscription to a Permata Bank rights issue and a subsequent equity loan;
- US$70 million for Hongkong Land's investment in a development project in Chengdu;
- US$57 million for Hongkong Land and Astra's 50/50 joint investment in a development project in Indonesia;
- US$294 million for the purchase of other investments, mainly by Astra's general insurance business;

- US$142 million for the purchase of intangible assets, which included US$60 million for the acquisition of contracts in Astra's general insurance business and US$30 million for leasehold land for use by Astra;
- US$996 million for the purchase of tangible assets by Group companies; and
- US$313 million for additions to investment properties in Hongkong Land and Astra.

The contribution to the Group's cash flow from disposals for the year amounted to US$1,866 million *(2016: US$531 million)*, which principally included US$658 million relating to advances and repayments from associates and joint ventures in Hongkong Land, US$398 million from the redemption of convertible bonds by Zhongsheng, US$221 million from the sale of tangible assets mainly a property in Hong Kong by Zung Fu and other tangible assets in Astra, US$369 million from the sale of other investments by Astra's general insurance business and Jardine Strategic, and US$103 million from the sale of non-core businesses by Astra and Jardine Motors.

During the year, Jardine Strategic purchased shares in the Company at a total cost of US$95 million *(2016: nil)*. Additional shares in Group companies were also purchased at a total cost of US$194 million *(2016: US$362 million)*. According to accounting standards, these purchases are presented under financing activities in the Consolidated Cash Flow Statement.

The Group's management also monitors total capital investment across the Group. The Group's capital investment, including expenditure on properties for sale, was US$7.1 billion in 2017 *(2016: US$3.4 billion),* in addition to which capital investment at its associates and joint ventures exceeded US$4.6 billion *(2016: US$2.3 billion)*.

Treasury Policy

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

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

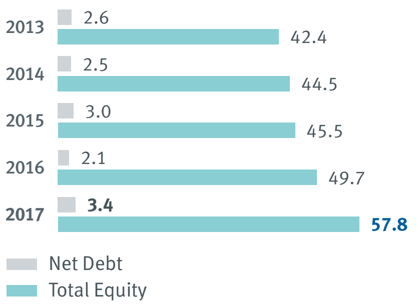
The Group's Treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

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

Funding

The Group is well financed with strong liquidity. Net gearing, excluding net borrowings relating to Astra's financial services companies, was 6% at 31st December 2017, up from 4% at the end of 2016. Net borrowings, on the same basis, were US$3.4 billion at 31st December 2017 compared with US$2.1 billion at the end of 2016. Astra's financial services companies had net borrowings of US$3.4 billion at the end of the year compared with US$3.6 billion at the end of 2016.

Net Debt* and Total Equity (US$ billion)



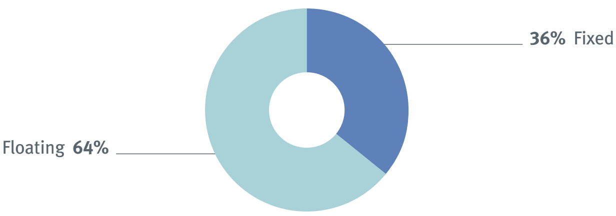
* Excluding net debt of Astra's financial services companies.

At the year end, undrawn committed facilities totalled US$6.9 billion. In addition, the Group had liquid funds of US$6.0 billion. During the year, the Group's total equity increased by US$8.1 billion to US$57.8 billion.

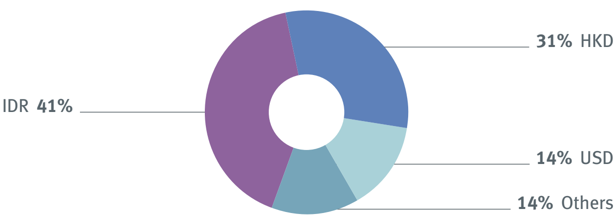
The average tenor of the Group's debt at 31st December 2017 was 3.7 years, down from 4.2 years at the end of 2016. 86% of borrowings were non-US dollar denominated and directly related to the Group's businesses in the countries of the currencies concerned. As at 31st December 2017, approximately 64% of the Group's borrowings, exclusive of Astra's financial services companies, were at floating rates and the remaining 36% were at fixed rates including those hedged with derivative instruments with major creditworthy financial institutions. For Astra's financial services companies, 92% of their borrowings were at fixed rates.

Debt profile as at 31st December 2017

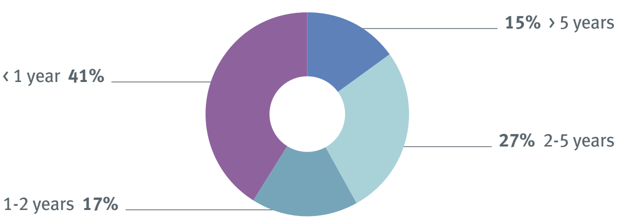
Interest rate*



Currency



Maturity

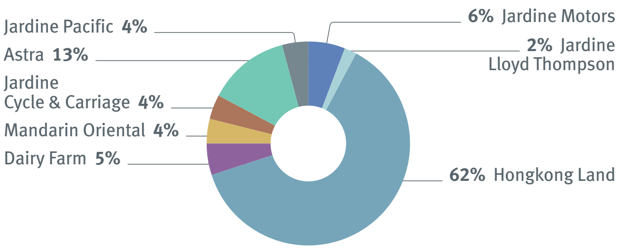


* Excluding Astra's financial services companies.

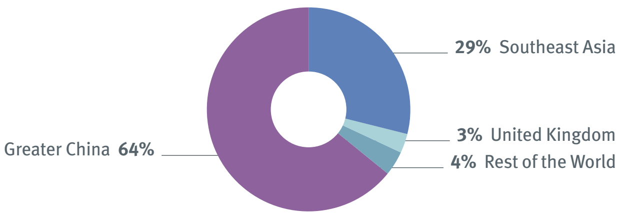
Shareholders' Funds

Shareholders' funds as at 31st December 2017 are analyzed below, by business and by geographical area. There were no significant changes from the prior year.

By Business



By Geographical Area



Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 126.

Directors' Profiles

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

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

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

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

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

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

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

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

Alex Newbigging*
Mr Newbigging joined the Board in October 2017. Since first joining the Group in 1995, he held a number of executive positions before taking up his current role of group managing director of Jardine Cycle & Carriage in 2012. He is also a commissioner of Astra, a director of Siam City Cement and vice chairman of Refrigeration Electrical Engineering.

Anthony Nightingale
Mr Nightingale joined the Group in 1969 and was appointed as a Director in 1994. He was Managing Director from 2006 until he retired from executive office in 2012. He is also a director of Dairy Farm, Hongkong Land, Jardine Cycle & Carriage, Jardine Strategic, Mandarin Oriental, Prudential, Schindler, Shui On Land and Vitasoy and a commissioner of Astra. He is chairman of The Sailors Home and Missions to Seamen in Hong Kong.

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

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

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

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

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

*Executive Director

Company Secretary
Neil McNamara

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

Consolidated Profit and Loss Account

for the year ended 31st December 2017

		2017			2016		
		Underlying business performance	Non-trading items	Total	Underlying business performance	Non-trading items	Total
	Note	US$m	US$m	US$m	US$m	US$m	US$m
Revenue	*5*	**39,456**	**–**	**39,456**	37,051	–	37,051
Net operating costs	*6*	**(36,151)**	**279**	**(35,872)**	(33,905)	93	(33,812)
Change in fair value of investment properties		**–**	**4,706**	**4,706**	–	2,573	2,573
Operating profit		**3,305**	**4,985**	**8,290**	3,146	2,666	5,812
Net financing charges	*7*						
– financing charges		**(334)**	**–**	**(334)**	(297)	–	(297)
– financing income		**173**	**–**	**173**	146	–	146
		(161)	**–**	**(161)**	(151)	–	(151)
Share of results of associates and joint ventures	*8*						
– before change in fair value of investment properties		**1,234**	**(9)**	**1,225**	734	7	741
– change in fair value of investment properties		**–**	**(32)**	**(32)**	–	(56)	(56)
		1,234	**(41)**	**1,193**	734	(49)	685
Profit before tax		**4,378**	**4,944**	**9,322**	3,729	2,617	6,346
Tax	*9*	**(826)**	**(3)**	**(829)**	(654)	(5)	(659)
Profit after tax		**3,552**	**4,941**	**8,493**	3,075	2,612	5,687
Attributable to:							
Shareholders of the Company	*10 & 11*	**1,568**	**2,217**	**3,785**	1,386	1,117	2,503
Non-controlling interests		**1,984**	**2,724**	**4,708**	1,689	1,495	3,184
		3,552	**4,941**	**8,493**	3,075	2,612	5,687
		US$		US$	US$		US$
Earnings per share	*10*						
– basic		**4.17**		**10.06**	3.71		6.69
– diluted		**4.16**		**10.04**	3.70		6.68

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2017

	Note	2017 US$m	2016 US$m
Profit for the year		**8,493**	5,687
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*20*	**77**	23
Net revaluation surplus before transfer to investment properties			
– intangible assets	*12*	**6**	105
– tangible assets	*13*	**–**	2
Tax on items that will not be reclassified		**(8)**	(10)
		75	120
Share of other comprehensive income/(expense) of associates and joint ventures		**17**	(25)
		92	95
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net gain/(loss) arising during the year		**164**	(139)
– transfer to profit and loss		**9**	(3)
		173	(142)
Revaluation of other investments			
– net gain arising during the year	*17*	**321**	113
– transfer to profit and loss		**(75)**	–
		246	113
Cash flow hedges			
– net loss arising during the year		**(39)**	(173)
– transfer to profit and loss		**10**	186
		(29)	13
Tax relating to items that may be reclassified		**8**	1
Share of other comprehensive income/(expense) of associates and joint ventures		**388**	(213)
		786	(228)
Other comprehensive income/(expense) for the year, net of tax		**878**	(133)
Total comprehensive income for the year		**9,371**	5,554
Attributable to:			
Shareholders of the Company		**4,395**	2,310
Non-controlling interests		**4,976**	3,244
		9,371	5,554

Consolidated Balance Sheet

at 31st December 2017

	Note	2017 US$m	2016 US$m
Assets			
Intangible assets	*12*	**3,009**	2,825
Tangible assets	*13*	**7,008**	6,239
Investment properties	*14*	**33,538**	28,609
Bearer plants	*15*	**498**	497
Associates and joint ventures	*16*	**13,088**	10,595
Other investments	*17*	**2,673**	1,369
Non-current debtors	*18*	**3,042**	2,936
Deferred tax assets	*19*	**404**	375
Pension assets	*20*	**14**	5
Non-current assets		**63,274**	53,450
Properties for sale	*21*	**2,947**	2,315
Stocks and work in progress	*22*	**3,470**	3,281
Current debtors	*18*	**6,921**	6,697
Current investments	*17*	**22**	65
Current tax assets		**164**	169
Bank balances and other liquid funds	*23*		
– non-financial services companies		**5,764**	5,314
– financial services companies		**241**	229
		6,005	5,543
		19,529	18,070
Assets classified as held for sale		**11**	3
Current assets		**19,540**	18,073
Total assets		**82,814**	71,523

Approved by the Board of Directors

Ben Keswick
John Witt
Directors

8th March 2018

	Note	2017 US$m	2016 US$m
Equity			
Share capital	*24*	**181**	178
Share premium and capital reserves	*26*	**188**	175
Revenue and other reserves		**30,015**	25,547
Own shares held	*28*	**(4,715)**	(4,100)
Shareholders' funds		**25,669**	21,800
Non-controlling interests	*29*	**32,101**	27,937
Total equity		**57,770**	49,737
Liabilities			
Long-term borrowings	*30*		
– non-financial services companies		**5,975**	5,343
– financial services companies		**1,487**	1,518
		7,462	6,861
Deferred tax liabilities	*19*	**544**	500
Pension liabilities	*20*	**385**	419
Non-current creditors	*31*	**255**	440
Non-current provisions	*32*	**175**	151
Non-current liabilities		**8,821**	8,371
Current creditors	*31*	**10,352**	8,714
Current borrowings	*30*		
– non-financial services companies		**3,195**	2,058
– financial services companies		**2,154**	2,265
		5,349	4,323
Current tax liabilities		**362**	266
Current provisions	*32*	**154**	112
		16,217	13,415
Liabilities classified as held for sale		**6**	–
Current liabilities		**16,223**	13,415
Total liabilities		**25,044**	21,786
Total equity and liabilities		**82,814**	71,523

Consolidated Statement of Changes in Equity

for the year ended 31st December 2017

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Asset revaluation reserves US$m	Hedging reserves US$m	Exchange reserves US$m	Own shares held US$m	Attributable to shareholders of the Company US$m	Attributable to non-controlling interests US$m	Total equity US$m
2017											
At 1st January	178	20	155	27,223	210	(32)	(1,854)	(4,100)	21,800	27,937	**49,737**
Total comprehensive income	–	–	–	4,016	2	26	351	–	4,395	4,976	**9,371**
Dividends paid by the Company	–	–	–	(571)	–	–	–	–	(571)	101	**(470)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(816)	**(816)**
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	1	1	**2**
Issue of shares	–	10	–	–	–	–	–	–	10	–	**10**
Employee share option schemes	–	–	21	–	–	–	–	–	21	–	**21**
Scrip issued in lieu of dividends	3	(3)	–	751	–	–	–	–	751	–	**751**
Increase in own shares held	–	–	–	–	–	–	–	(615)	(615)	(100)	**(715)**
Subsidiaries acquired	–	–	–	–	–	–	–	–	–	107	**107**
Subsidiaries disposed of	–	–	–	–	–	–	–	–	–	(1)	**(1)**
Capital repayment to non-controlling interests	–	–	–	–	–	–	–	–	–	(3)	**(3)**
Change in interests in subsidiaries	–	–	–	(93)	–	–	–	–	(93)	(101)	**(194)**
Change in interests in associates and joint ventures	–	–	–	(30)	–	–	–	–	(30)	–	**(30)**
Transfer	–	5	(20)	15	–	–	–	–	–	–	**–**
At 31st December	**181**	**32**	**156**	**31,312**	**212**	**(6)**	**(1,503)**	**(4,715)**	**25,669**	**32,101**	**57,770**
2016											
At 1st January	175	21	137	24,578	176	(14)	(1,591)	(3,596)	19,886	25,614	45,500
Total comprehensive income	–	–	–	2,558	34	(18)	(264)	–	2,310	3,244	5,554
Dividends paid by the Company	–	–	–	(541)	–	–	–	–	(541)	97	(444)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(778)	(778)
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	1	–	1
Issue of shares	–	1	–	–	–	–	–	–	1	–	1
Employee share option schemes	–	–	22	–	–	–	–	–	22	1	23
Scrip issued in lieu of dividends	3	(3)	–	700	–	–	–	–	700	–	700
Increase in own shares held	–	–	–	–	–	–	–	(504)	(504)	(73)	(577)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	83	83
Change in interests in subsidiaries	–	–	–	(74)	–	–	1	–	(73)	(251)	(324)
Change in interests in associates and joint ventures	–	–	–	(2)	–	–	–	–	(2)	–	(2)
Transfer	–	1	(4)	3	–	–	–	–	–	–	–
At 31st December	178	20	155	27,223	210	(32)	(1,854)	(4,100)	21,800	27,937	49,737

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$3,785 million *(2016: US$2,503 million)* and net fair value gain on other investments of US$134 million *(2016: US$94 million)*. Cumulative net fair value gain on other investments amounted to US$481 million *(2016: US$347 million)*.

Consolidated Cash Flow Statement

for the year ended 31st December 2017

	Note	2017 US$m	2016 US$m
Operating activities			
Operating profit		**8,290**	5,812
Change in fair value of investment properties		**(4,706)**	(2,573)
Depreciation and amortization	*33 (a)*	**981**	945
Other non-cash items	*33 (b)*	**107**	134
Increase in working capital	*33 (c)*	**(411)**	(91)
Interest received		**172**	136
Interest and other financing charges paid		**(323)**	(289)
Tax paid		**(756)**	(704)
		3,354	3,370
Dividends from associates and joint ventures		**944**	597
Cash flows from operating activities		**4,298**	3,967
Investing activities			
Purchase of subsidiaries	*33 (d)*	**(74)**	(60)
Purchase of associates and joint ventures	*33 (e)*	**(1,527)**	(652)
Purchase of other investments	*33 (f)*	**(1,609)**	(294)
Purchase of intangible assets		**(172)**	(142)
Purchase of tangible assets		**(1,184)**	(996)
Additions to investment properties		**(372)**	(313)
Additions to bearer plants		**(50)**	(56)
Advance to associates and joint ventures	*33 (g)*	**(853)**	(81)
Advance and repayment from associates and joint ventures	*33 (h)*	**658**	175
Sale of subsidiaries	*33 (i)*	**103**	16
Sale of associates and joint ventures		**73**	5
Redemption of convertible bonds by Zhongsheng	*18*	**398**	–
Sale of other investments	*33 (j)*	**369**	122
Sale of intangible assets		**2**	8
Sale of tangible assets		**221**	204
Sale of investment properties		**42**	1
Cash flows from investing activities		**(3,975)**	(2,063)
Financing activities			
Issue of shares		**10**	1
Capital (repayment to)/contribution from non-controlling interests		**(3)**	77
Change in interests in subsidiaries	*33 (k)*	**(179)**	(339)
Purchase of own shares		**(95)**	–
Drawdown of borrowings	*30*	**7,601**	6,020
Repayment of borrowings	*30*	**(6,112)**	(5,722)
Dividends paid by the Company		**(338)**	(322)
Dividends paid to non-controlling interests		**(824)**	(783)
Cash flows from financing activities		**60**	(1,068)
Net increase in cash and cash equivalents		**383**	836
Cash and cash equivalents at 1st January		**5,531**	4,773
Effect of exchange rate changes		**87**	(78)
Cash and cash equivalents at 31st December	*33 (l)*	**6,001**	5,531

Notes to the Financial Statements

1 Principal Accounting Policies

Basis of preparation

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

There are no new standards or amendments, which are effective in 2017 and relevant to the Group's operations, that have a material impact on the Group's accounting policies and disclosures.

New standards and amendments effective after 2017 which are relevant to the Group's operations and yet to be adopted:

A number of new standards and amendments, which are effective for accounting periods beginning after 2017, have been published and will be adopted by the Group from their effective dates. The Group's assessment of the impact of these standards and amendments is set out below.

IFRS 9 Financial Instruments (effective from 1st January 2018)

The standard replaces IAS 39 'Financial Instruments: Recognition and Measurement', addresses the classification, measurement and derecognition of financial assets and liabilities, and includes a new expected credit losses model for financial assets that replaces the incurred loss impairment model used today. A substantially-reformed approach to hedging accounting is introduced.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and financial liabilities. At 31st December 2017, the Group had investments in equity securities classified as available-for-sale with a fair value of US$2,692 million. Under IFRS 9, the gains and losses arising from changes in fair value of these investments will be recognized in profit and loss, instead of through other comprehensive income. Such fair value gains or losses on revaluation of these investments will be classified as non-trading items. The above change will not have any impact on the Group's underlying profit attributable to shareholders and shareholders' funds. The Group's profit attributable to shareholders for the year ended 31st December 2017 would increase by US$134 million. The new loan impairment model will mainly affect the loan impairment provisions of the Group's financial services companies in Indonesia. Based on the assessments undertaken to date, the change is expected to reduce the Group's underlying profit attributable to shareholders for the year ended 31st December 2017 by less than 1% with insignificant effect on the Group's shareholders' funds at 1st January 2018.

The new hedge accounting rules will align the accounting for hedging instruments closely with the Group's risk management practices. The Group does not expect a significant impact on the accounting for its hedging relationships.

IFRS 15 Revenue from Contracts with Customers (effective from 1st January 2018)

The standard establishes a comprehensive framework for the recognition of revenue. It replaces IAS 11 'Construction Contracts' and IAS 18 'Revenue' which covers contracts for goods and services. The core principle in the framework is that revenue is recognized when control of a good or service transfers to a customer. The new standard will change the Group's revenue recognition on certain property sales, from completion method to percentage of completion method. This will lead to earlier recognition of revenue when compared to the current completion method.

Based on the Group's assessment, it is estimated that the change in the above property sale recognition method will reduce the Group's underlying profit attributable to shareholders for the year ended 31st December 2017 by less than 1% with insignificant effect on the Group's shareholders' funds at 1st January 2018. The impact of IFRS 15 on the Group's other businesses is expected to be insignificant.

IFRS 16 Leases (effective from 1st January 2019)

The standard replaces IAS 17 'Leases' and related interpretations. It will result in lessees bringing almost all of their leases onto the balance sheet as the distinction between operating leases and finance leases is removed. The model requires a lessee to recognize a right-of-use asset and a lease liability, except for leases with a term of less than 12 months or with low-value. IFRS 16 will affect primarily the accounting for the Group's operating leases. As at 31st December 2017, the Group had total commitments under operating leases of US$3,710 million *(refer note 35)*. The accounting for lessors will not change significantly.

The Group is currently finalizing the detailed assessment on its lease portfolio and at the date of this report, it is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

IFRS 17 Insurance Contracts (effective from 1st January 2021)
The standard replaces IAS 4 'Insurance Contracts'. It is a comprehensive standard with a fundamental overhaul of insurance accounting, covering recognition and measurement, presentation and disclosure. It requires insurance contract liabilities reported on the balance sheet using current assumptions at each reporting date. It is likely to have a significant impact on profit and shareholders' funds for insurance companies. There could also be an increase in volatility in reported profit and shareholders' funds compared to today's accounting models. The new standard will have an effect on the Group's insurance companies, which are in the process of assessing the impact on the Group's financial statements.

Apart from the above, there are no other standards or amendments that are not yet effective and that would be expected to have a material impact to the Group.

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

The Group's reportable segments are set out in note 4 and are described on pages 4 and 5, and pages 9 to 19.

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognizes the non-controlling interest's proportionate share of the recognized identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognized in profit and loss.

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

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

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

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

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

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

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

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

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

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

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

Intangible assets
(i) Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognized directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

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

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

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

(iv) Concession rights are operating rights for toll roads under service concession arrangements. The cost of the construction services is amortized based on traffic volume projections.

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

Tangible fixed assets and depreciation

Freehold land and buildings, and the building component of owner-occupied leasehold properties are stated at cost less any accumulated depreciation and impairment. Long-term interests in leasehold land are classified as finance leases and grouped under tangible assets if substantially all risks and rewards relating to the land have been transferred to the Group, and are amortized over the useful life of the lease. Grants related to tangible assets are deducted in arriving at the carrying amount of the assets. Mining properties, which are contractual rights to mine and own coal reserves in specified concession areas, and other tangible fixed assets are stated at cost less amounts provided for depreciation. Cost of mining properties includes expenditure to restore and rehabilitate coal mining areas following the completion of production.

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

Buildings	14 – 150 years
Surface, finishes and services of hotel properties	20 – 30 years
Leasehold improvements	shorter of unexpired lease term or useful life
Leasehold land	period of the lease
Plant and machinery	2 – 20 years
Furniture, equipment and motor vehicles	2 – 25 years

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

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

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

Investment properties

Properties including those under operating leases which are held for long-term rental yields or capital gains are classified and accounted for as investment properties, but the business model does not necessarily envisage that the properties will be held for their entire useful life. Investment properties are carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. The market value of commercial properties are calculated on the discounted net rental income allowing for reversionary potential. The market value of residential properties are arrived at by reference to market evidence of transaction prices for similar properties. Changes in fair value are recognized in profit and loss.

Bearer plants

Bearer plants are stated at cost less any accumulated depreciation and impairment loss. The cost of bearer plants includes costs incurred for field preparation, planting, fertilizing and maintenance, capitalization of borrowing costs incurred on loans used to finance the development of immature bearer plants and an allocation of other indirect costs based on planted hectares. Bearer plants are considered mature within three to four years after planting and are generating fresh fruit bunches which average four to six tonnes per hectare per year. Depreciation of mature bearer plants commences in the year when the bearer plants are mature using the straight-line method over the estimated useful life of 20 years. Agricultural produce growing on bearer plants comprise oil palm fruits which are measured at fair value. Changes in fair value are recorded in the profit and loss account.

Investments
(i) Investments are classified by management as available for sale or held to maturity on initial recognition. Available-for-sale investments are shown at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in equity. On the disposal of an investment or when an investment is determined to be impaired, the cumulative gain or loss previously deferred in equity is recognized in profit and loss. Held-to-maturity investments are shown at amortized cost. Investments are classified under non-current assets unless they are expected to be realized within 12 months after the balance sheet date.

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

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

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

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

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

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

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

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

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

Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

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

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

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

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

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

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

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

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

Employee benefits

(i) Pension obligations

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the year in which they occur.

Past service costs are recognized immediately in profit and loss.

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

(ii) Share-based compensation

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

Derivative financial instruments

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

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

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

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

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

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 Financial Risk Management

Financial risk factors

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

The Group's treasury function co-ordinates, under the directions of the board of Jardine Matheson Limited, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimize the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, caps and collars, cross-currency swaps, forward foreign exchange contracts and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the profit and loss account. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 31st December 2017 are disclosed in note 34.

(i) Market risk

Foreign exchange risk

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

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

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2017 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary assets of US$358 million *(2016: US$371 million)*. At 31st December 2017, if the United States dollar had strengthened/weakened by 10% against the Indonesian rupiah with all other variables unchanged, the Group's profit after tax would have been US$27 million higher/lower *(2016: US$28 million higher/lower)*, arising from foreign exchange gains/losses taken on translation. The impact on amounts attributable to the shareholders of the Company would be US$6 million higher/lower *(2016: US$4 million higher/lower)*. This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 31st December 2017 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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

Interest rate risk
The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments. At 31st December 2017 the Group's interest rate hedge exclusive of the financial services companies was 38% *(2016: 39%)*, with an average tenor of six years *(2016: seven years)*. The financial services companies borrow predominately at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in note 30.

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

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

At 31st December 2017, 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$8 million *(2016: US$16 million)* higher/lower, and hedging reserves would have been US$93 million *(2016: US$82 million)* higher/lower as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant sensitivity resulting from interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

Price risk
The Group is exposed to securities price risk because of listed and unlisted investments which are available for sale and held by the Group at fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are recognized in other comprehensive income. The performance of the Group's listed and unlisted available-for-sale investments are monitored regularly, together with an assessment of their relevance to the Group's long-term strategic plans. Details of the Group's available-for-sale investments are contained in note 17.

Available-for-sale investments are unhedged. At 31st December 2017, if the price of listed and unlisted available-for-sale investments had been 25% higher/lower with all other variables held constant, total equity would have been US$673 million *(2016: US$357 million)* higher/lower unless impaired. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

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

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

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilization of credit limits is regularly monitored. Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

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

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

(iii) Liquidity risk

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

At 31st December 2017, total available borrowing facilities amounted to US$22.8 billion *(2016: US$19.4 billion)* of which US$12.8 billion *(2016: US$11.2 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US$6.9 billion *(2016: US$5.4 billion)* and US$3.1 billion *(2016: US$2.8 billion)*, respectively.

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

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
At 31st December 2017							
Borrowings	5,907	2,482	1,372	872	1,746	2,162	**14,541**
Creditors	8,187	84	92	16	12	46	**8,437**
Net settled derivative financial instruments	1	–	–	–	–	–	**1**
Gross settled derivative financial instruments							
– inflow	1,336	754	333	136	873	1,098	**4,530**
– outflow	1,361	767	346	143	872	1,089	**4,578**
Estimated losses on insurance contracts	161	–	–	–	–	–	**161**
At 31st December 2016							
Borrowings	4,797	1,805	2,064	715	550	2,793	12,724
Creditors	6,881	85	65	37	13	33	7,114
Net settled derivative financial instruments	1	–	–	–	–	–	1
Gross settled derivative financial instruments							
– inflow	1,695	667	299	133	68	1,655	4,517
– outflow	1,684	659	278	122	59	1,644	4,446
Estimated losses on insurance contracts	161	–	–	–	–	–	161

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

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

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

The ratios at 31st December 2017 and 2016 are as follows:

	2017	2016
Gearing ratio exclusive of financial services companies (%)	**6**	4
Gearing ratio inclusive of financial services companies (%)	**12**	11
Interest cover exclusive of financial services companies (times)	**24**	22
Interest cover inclusive of financial services companies (times)	**28**	26

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

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

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')
The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and caps, cross-currency swaps, forward foreign exchange contracts and credit default swaps are calculated by reference to market interest rates and foreign exchange rates.

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

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

There were no changes in valuation techniques during the year.

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

	Quoted prices in active markets US$m	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2017				
Assets				
Available-for-sale financial assets				
– listed securities	2,596	–	–	**2,596**
– unlisted investments	–	47	49	**96**
	2,596	47	49	**2,692**
Derivative designated at fair value				
– through other comprehensive income	–	37	–	**37**
– through profit and loss	–	10	–	**10**
	2,596	**94**	**49**	**2,739**
Liabilities				
Contingent consideration payable	–	–	(10)	**(10)**
Derivative designated at fair value				
– through other comprehensive income	–	(34)	–	**(34)**
– through profit and loss	–	(9)	–	**(9)**
	–	**(43)**	**(10)**	**(53)**
2016				
Assets				
Available-for-sale financial assets				
– listed securities	1,327	–	–	1,327
– unlisted investments	–	44	56	100
	1,327	44	56	1,427
Derivative designated at fair value				
– through other comprehensive income	–	102	–	102
– through profit and loss	–	17	–	17
	1,327	163	56	1,546
Liabilities				
Contingent consideration payable	–	–	(10)	(10)
Derivative designated at fair value				
– through other comprehensive income	–	(21)	–	(21)
– through profit and loss	–	(8)	–	(8)
	–	(29)	(10)	(39)

There were no transfers among the three categories during the year ended 31st December 2017 and 2016.

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

	2017		2016	
	Available-for-sale financial assets	Contingent consideration payable	Available-for-sale financial assets	Contingent consideration payable
	US$m	US$m	US$m	US$m
At 1st January	**56**	**(10)**	55	(27)
Exchange differences	**2**	**–**	(1)	–
Additions	**2**	**–**	1	(1)
Disposal	**(11)**	**–**	–	–
Net change in fair value during the year				
– included in other comprehensive income	**–**	**–**	1	–
– included in profit and loss	**–**	**–**	–	15
Adjustment of contingent consideration	**–**	**–**	–	3
At 31st December	**49**	**(10)**	56	(10)

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

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

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

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 31st December 2017 and 2016 are as follows:

	Loans and receivables	Derivatives used for hedging	Available-for-sale	Other financial instruments at amortized cost	Other financial instruments fair value through profit and loss	Total carrying amount	Fair value
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2017							
Assets							
Other investments	–	–	2,692	–	–	**2,692**	**2,692**
Debtors	8,421	47	–	–	–	**8,468**	**8,520**
Bank balances and other liquid funds	6,005	–	–	–	–	**6,005**	**6,005**
	14,426	**47**	**2,692**	**–**	**–**	**17,165**	**17,217**
Liabilities							
Borrowings (excluding finance lease liabilities)	–	–	–	(12,807)	–	**(12,807)**	**(12,941)**
Finance lease liabilities	–	–	–	(4)	–	**(4)**	**(4)**
Trade and other payables excluding non-financial liabilities	–	(43)	–	(8,427)	(10)	**(8,480)**	**(8,480)**
	–	**(43)**	**–**	**(21,238)**	**(10)**	**(21,291)**	**(21,425)**
2016							
Assets							
Other investments	–	–	1,427	–	–	1,427	1,427
Debtors	8,271	119	–	–	12	8,402	8,323
Bank balances and other liquid funds	5,543	–	–	–	–	5,543	5,543
	13,814	119	1,427	–	12	15,372	15,293
Liabilities							
Borrowings (excluding finance lease liabilities)	–	–	–	(11,129)	–	(11,129)	(11,214)
Finance lease liabilities	–	–	–	(55)	–	(55)	(55)
Trade and other payables excluding non-financial liabilities	–	(29)	–	(7,104)	(10)	(7,143)	(7,143)
	–	(29)	–	(18,288)	(10)	(18,327)	(18,412)

3 Critical Accounting Estimates and Judgements

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

Acquisition of subsidiaries, associates and joint ventures

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

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

Investment properties

The fair values of investment properties, which are principally held by Hongkong Land, are determined by independent valuers on an open market for existing-use basis calculated on the discounted net income allowing for reversionary potential. For investment properties in Hong Kong and Singapore, capitalization rates in the range of 2.75% to 3.50% for office *(2016: 3.20% to 3.85%)* and 3.75% to 5.00% for retail *(2016: 4.50% to 5.50%)* are used by Hongkong Land in the fair value determination.

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

Impairment of assets

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

The results of the impairment reviews undertaken at 31st December 2017 on the Group's indefinite life franchise rights indicated that no impairment charge was necessary. If there is a significant increase in the discount rate and/or a significant adverse change in the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to profit and loss in the future.

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

Income taxes

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

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

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

Pension obligations

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

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

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

Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.

4 Segmental Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company for the purpose of resource allocation and performance assessment. The Group has eight operating segments as more fully described on pages 4 and 5. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's underlying profit, net debt and total equity by reportable segment.

	Jardine Pacific US$m	Jardine Motors US$m	Jardine Lloyd Thompson US$m	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage US$m	Astra US$m	Corporate and other interests US$m	Intersegment transactions US$m	Underlying businesses performance US$m	Non-trading items US$m	Group US$m
2017													
Revenue *(refer note 5)*	2,391	5,543	–	1,960	11,289	611	2,293	15,408	–	(39)	39,456	–	**39,456**
Net operating costs	(2,329)	(5,319)	–	(1,053)	(10,922)	(542)	(2,232)	(13,733)	(60)	39	(36,151)	279	**(35,872)**
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	4,706	**4,706**
Operating profit	62	224	–	907	367	69	61	1,675	(60)	–	3,305	4,985	**8,290**
Net financing charges													
– financing charges	(5)	(8)	–	(121)	(28)	(12)	(6)	(153)	(1)	–	(334)	–	**(334)**
– financing income	–	3	–	43	2	1	2	110	12	–	173	–	**173**
	(5)	(5)	–	(78)	(26)	(11)	(4)	(43)	11	–	(161)	–	**(161)**
Share of results of associates and joint ventures													
– before change in fair value of investment properties	123	29	69	299	143	11	95	467	(2)	–	1,234	(9)	**1,225**
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	(32)	**(32)**
	123	29	69	299	143	11	95	467	(2)	–	1,234	(41)	**1,193**
Profit before tax	180	248	69	1,128	484	69	152	2,099	(51)	–	4,378	4,944	**9,322**
Tax	(14)	(54)	–	(157)	(93)	(15)	(15)	(474)	(4)	–	(826)	(3)	**(829)**
Profit after tax	166	194	69	971	391	54	137	1,625	(55)	–	3,552	4,941	**8,493**
Non-controlling interests	(2)	(10)	–	(565)	(130)	(19)	(55)	(1,223)	20	–	(1,984)	(2,724)	**(4,708)**
Profit attributable to shareholders	**164**	**184**	**69**	**406**	**261**	**35**	**82**	**402**	**(35)**	**–**	**1,568**	**2,217**	**3,785**
Net (debt)/cash (excluding net debt of financial services companies)*	**(82)**	**193**	**–**	**(2,548)**	**(599)**	**(327)**	**(1,015)**	**196**	**779**	**–**			**(3,403)**
Total equity	**1,051**	**1,489**	**530**	**36,808**	**1,949**	**1,383**	**1,689**	**11,865**	**1,168**	**(162)**			**57,770**
2016													
Revenue *(refer note 5)*	2,356	5,197	–	1,994	11,201	597	2,154	13,610	–	(58)	37,051	–	37,051
Net operating costs	(2,294)	(5,018)	–	(1,023)	(10,749)	(527)	(2,096)	(12,194)	(62)	58	(33,905)	93	(33,812)
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	2,573	2,573
Operating profit	62	179	–	971	452	70	58	1,416	(62)	–	3,146	2,666	5,812
Net financing charges													
– financing charges	(6)	(11)	–	(111)	(23)	(12)	(1)	(131)	(2)	–	(297)	–	(297)
– financing income	–	1	–	42	1	1	1	92	8	–	146	–	146
	(6)	(10)	–	(69)	(22)	(11)	–	(39)	6	–	(151)	–	(151)
Share of results of associates and joint ventures													
– before change in fair value of investment properties	89	–	56	117	115	11	148	199	(1)	–	734	7	741
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	(56)	(56)
	89	–	56	117	115	11	148	199	(1)	–	734	(49)	685
Profit before tax	145	169	56	1,019	545	70	206	1,576	(57)	–	3,729	2,617	6,346
Tax	(9)	(37)	–	(168)	(85)	(14)	(18)	(320)	(3)	–	(654)	(5)	(659)
Profit after tax	136	132	56	851	460	56	188	1,256	(60)	–	3,075	2,612	5,687
Non-controlling interests	(1)	(6)	–	(498)	(163)	(20)	(76)	(944)	19	–	(1,689)	(1,495)	(3,184)
Profit attributable to shareholders	135	126	56	353	297	36	112	312	(41)	–	1,386	1,117	2,503
Net (debt)/cash (excluding net debt of financial services companies)*	(165)	(110)	–	(2,008)	(641)	(297)	248	461	425	–			(2,087)
Total equity	651	1,406	448	31,314	1,765	1,276	1,385	10,805	778	(91)			49,737

*Net (debt)/cash is total borrowings less bank balances and other liquid funds. A cash balance of US$3 million is included in assets classified as held for sale at 31st December 2017 *(2016: nil)*. Net debt of financial services companies amounted to US$3,400 million at 31st December 2017 *(2016: US$3,554 million)* and relates to Astra.

4 Segmental Information *(continued)*

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

	2017 US$m	2016 US$m
Underlying profit attributable to shareholders:		
Greater China	**965**	764
Southeast Asia	**579**	599
United Kingdom	**46**	52
Rest of the world	**13**	12
	1,603	1,427
Corporate and other interests	**(35)**	(41)
	1,568	1,386
Non-current assets*:		
Greater China	**39,066**	32,659
Southeast Asia	**16,122**	14,373
United Kingdom	**897**	673
Rest of the world	**1,056**	1,060
	57,141	48,765

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

5 Revenue

	Gross revenue		Revenue	
	2017	2016	**2017**	2016
	US$m	US$m	US$m	US$m
By business:				
Jardine Pacific	**6,651**	6,285	**2,391**	2,356
Jardine Motors	**10,031**	5,197	**5,543**	5,197
Jardine Lloyd Thompson	**1,800**	1,698	**–**	–
Hongkong Land	**4,695**	3,201	**1,960**	1,994
Dairy Farm	**21,827**	20,424	**11,289**	11,201
Mandarin Oriental	**983**	965	**611**	597
Jardine Cycle & Carriage	**6,966**	6,785	**2,293**	2,154
Astra	**31,120**	28,156	**15,408**	13,610
Intersegment transactions	**(265)**	(274)	**(39)**	(58)
	83,808	72,437	**39,456**	37,051
By product and service:				
Property	**4,680**	3,184	**1,957**	1,989
Motor vehicles	**34,061**	28,686	**14,944**	14,437
Retail and restaurants	**22,732**	21,096	**11,943**	11,820
Insurance broking and financial services	**4,712**	4,730	**1,421**	1,357
Engineering, construction and mining contracting	**11,018**	8,663	**5,320**	3,839
Hotels	**981**	964	**609**	596
Other	**5,624**	5,114	**3,262**	3,013
	83,808	72,437	**39,456**	37,051
By geographical location of customers:				
Greater China	**33,427**	25,352	**12,989**	12,495
Southeast Asia	**45,550**	42,471	**23,442**	21,612
United Kingdom	**3,512**	3,468	**2,725**	2,665
Rest of the world	**1,319**	1,146	**300**	279
	83,808	72,437	**39,456**	37,051

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

6 Net Operating Costs

	2017 US$m	2016 US$m
Cost of sales	**(30,050)**	(28,232)
Other operating income	**799**	659
Selling and distribution costs	**(4.476)**	(4,157)
Administration expenses	**(2,002)**	(1,873)
Other operating expenses	**(143)**	(209)
	(35,872)	(33,812)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognized as expense	**(26,842)**	(25,429)
Cost of properties for sale recognized as expense	**(754)**	(756)
Amortization of intangible assets	**(127)**	(118)
Depreciation of tangible assets	**(829)**	(805)
Depreciation of bearer plants	**(25)**	(22)
Impairment of intangible assets	**(12)**	(87)
Impairment of tangible assets	**(8)**	(1)
Write down of stocks and work in progress	**(51)**	(51)
Reversal of write down of stocks and work in progress	**34**	36
Reversal of write down of properties for sale	**–**	3
Impairment of debtors	**(193)**	(93)
Operating expenses arising from investment properties	**(176)**	(147)
Employee benefit expense		
– salaries and benefits in kind	**(3,498)**	(3,256)
– share options granted	**(8)**	(9)
– defined benefit pension plans *(refer note 20)*	**(90)**	(93)
– defined contribution pension plans	**(96)**	(90)
	(3,692)	(3,448)
Operating lease expenses		
– minimum lease payments	**(1,170)**	(1,121)
– contingent rents	**(42)**	(37)
– subleases	**40**	48
	(1,172)	(1,110)
Auditors' remuneration		
– audit	**(19)**	(19)
– non-audit services	**(4)**	(4)
	(23)	(23)
Dividend and interest income from available-for-sale investments	**89**	54
Rental income from properties	**33**	38
Net operating costs included the following gains/(losses) from non-trading items:		
Change in fair value of agricultural produce	**(4)**	22
Asset impairment	**(11)**	(82)
Sale and closure of businesses	**10**	5
Sale of other investments	**67**	–
Sale of property interests	**194**	151
Change in interest in a joint venture	**13**	(4)
Value added tax recovery in Jardine Motors	**10**	–
Restructuring of businesses	**–**	3
Acquisition-related costs	**–**	(2)
	279	93

7 Net Financing Charges

	2017 US$m	2016 US$m
Interest expense		
– bank loans and advances	**(166)**	(135)
– other	**(119)**	(120)
	(285)	(255)
Fair value losses on fair value hedges	**(6)**	(10)
Fair value adjustment on hedged items attributable to the hedged risk	**6**	10
	–	–
	(285)	(255)
Interest capitalized	**52**	47
Commitment and other fees	**(101)**	(89)
Financing charges	**(334)**	(297)
Financing income	**173**	146
	(161)	(151)

8 Share of Results of Associates and Joint Ventures

	2017 US$m	2016 US$m
By business:		
Jardine Pacific	**123**	71
Jardine Motors	**29**	–
Jardine Lloyd Thompson	**64**	46
Hongkong Land	**245**	59
Dairy Farm	**144**	119
Mandarin Oriental	**11**	11
Jardine Cycle & Carriage	**104**	148
Astra	**475**	232
Corporate and other interests	**(2)**	(1)
	1,193	685
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Change in fair value of investment properties	**(32)**	(56)
Asset impairment	**(14)**	(18)
Sale and closure of businesses	**1**	3
Sale of property interests	**–**	32
Change in interest in an associate	**8**	–
Litigation costs	**(4)**	(10)
	(41)	(49)

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

9 Tax

	2017 US$m	2016 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(854)**	(718)
Deferred tax	**25**	59
	(829)	(659)
Greater China	**(302)**	(259)
Southeast Asia	**(517)**	(389)
United Kingdom	**(4)**	(6)
Rest of the world	**(6)**	(5)
	(829)	(659)
Reconciliation between tax expense and tax at the applicable tax rate*:		
Tax at applicable tax rate	**(1,489)**	(1,077)
Income not subject to tax		
– change in fair value of investment properties	**785**	433
– other items	**114**	113
Expenses not deductible for tax purposes		
– change in fair value of investment properties	**(2)**	(10)
– other items	**(110)**	(98)
Tax losses and temporary differences not recognized	**(47)**	(34)
Utilization of previously unrecognized tax losses and temporary differences	**13**	16
Recognition of previously unrecognized tax losses and temporary differences	**4**	5
Deferred tax assets written off	**(1)**	(2)
Underprovision in prior years	**(9)**	(8)
Withholding tax	**(65)**	(54)
Land appreciation tax in mainland China	**(20)**	(14)
Fiscal assets revaluation in Indonesia	**–**	69
Change in tax rate	**–**	1
Other	**(2)**	1
	(829)	(659)
Tax relating to components of other comprehensive income is analyzed as follows:		
Remeasurements of defined benefit plans	**(8)**	(10)
Cash flow hedges	**8**	1
	–	(9)

Share of tax charge of associates and joint ventures of US$481 million and nil *(2016: charge of US$221 million and credit of US$13 million)* are included in share of results of associates and joint ventures and share of other comprehensive income of associates and joint ventures, respectively.

*The applicable tax rate for the year was 18.3% *(2016: 19.0%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates.

10 Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$3,785 million *(2016: US$2,503 million)* and on the weighted average number of 376 million *(2016: 374 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$3,783 million *(2016: US$2,502 million)*, which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and on the weighted average number of 377 million *(2016: 375 million)* shares in issue during the year.

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

	Ordinary shares in millions	
	2017	2016
Weighted average number of shares in issue	**720**	708
Company's share of shares held by subsidiaries	**(344)**	(334)
Weighted average number of shares for basic earnings per share calculation	**376**	374
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	**1**	1
Weighted average number of shares for diluted earnings per share calculation	**377**	375

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

		2017			2016	
		Basic earnings per share	Diluted earnings per share		Basic earnings per share	Diluted earnings per share
	US$m	US$	US$	US$m	US$	US$
Profit attributable to shareholders	**3,785**	**10.06**	**10.04**	2,503	6.69	6.68
Non-trading items *(refer note 11)*	**(2,217)**			(1,117)		
Underlying profit attributable to shareholders	**1,568**	**4.17**	**4.16**	1,386	3.71	3.70

11 Non-trading Items

	2017 US$m	2016 US$m
By business:		
Jardine Pacific	**10**	(78)
Jardine Motors	**204**	143
Jardine Lloyd Thompson	**(4)**	(10)
Hongkong Land	**1,931**	1,043
Dairy Farm	**1**	6
Mandarin Oriental	**–**	(1)
Jardine Cycle & Carriage	**8**	(3)
Astra	**6**	17
Corporate and other interests	**61**	–
	2,217	1,117
An analysis of non-trading items after interest, tax and non-controlling interests is set out below:		
Change in fair value of investment properties		
– Hongkong Land	**1,930**	1,043
– other	**19**	18
	1,949	1,061
Change in fair value of agricultural produce	**(1)**	4
Asset impairment	**(6)**	(101)
Sale and closure of businesses	**17**	5
Sale of other investments	**52**	–
Sale of property interests	**194**	158
Change in interests in associates and joint ventures	**8**	(3)
Value added tax recovery in Jardine Motors	**8**	–
Litigation costs	**(4)**	(9)
Restructuring of businesses	**–**	3
Acquisition-related costs	**–**	(1)
	2,217	1,117

12 Intangible Assets

	Goodwill US$m	Franchise rights US$m	Leasehold land US$m	Concession rights US$m	Other US$m	Total US$m
2017						
Cost	1,278	159	938	484	507	**3,366**
Amortization and impairment	(86)	–	(211)	(28)	(216)	**(541)**
Net book value at 1st January	1,192	159	727	456	291	**2,825**
Exchange differences	18	(1)	(4)	(5)	2	**10**
New subsidiaries	11	–	–	–	38	**49**
Additions	–	–	65	84	116	**265**
Disposals	(3)	–	(1)	–	–	**(4)**
Revaluation surplus before transfer to investment properties	–	–	6	–	–	**6**
Transfer to investment properties	–	–	(1)	–	–	**(1)**
Amortization	–	–	(40)	(3)	(84)	**(127)**
Impairment charge	(1)	–	–	–	(11)	**(12)**
Reclassified to assets held for sale	(2)	–	–	–	–	**(2)**
Net book value at 31st December	**1,215**	**158**	**752**	**532**	**352**	**3,009**
Cost	1,303	158	999	563	617	**3,640**
Amortization and impairment	(88)	–	(247)	(31)	(265)	**(631)**
	1,215	**158**	**752**	**532**	**352**	**3,009**
2016						
Cost	1,277	155	859	419	434	3,144
Amortization and impairment	(4)	–	(179)	(25)	(183)	(391)
Net book value at 1st January	1,273	155	680	394	251	2,753
Exchange differences	(12)	4	16	10	2	20
New subsidiaries	14	–	4	–	–	18
Additions	–	–	50	54	124	228
Disposals	–	–	(8)	–	(2)	(10)
Revaluation surplus before transfer to investment properties	–	–	105	–	–	105
Transfer from/(to) investment properties	–	–	(84)	–	–	(84)
Amortization	–	–	(36)	(2)	(80)	(118)
Impairment charge	(83)	–	–	–	(4)	(87)
Net book value at 31st December	1,192	159	727	456	291	2,825
Cost	1,278	159	938	484	507	3,366
Amortization and impairment	(86)	–	(211)	(28)	(216)	(541)
	1,192	159	727	456	291	2,825

	2017 US$m	2016 US$m
Goodwill allocation by business:		
Jardine Pacific	**70**	71
Jardine Motors	**67**	54
Dairy Farm	**723**	708
Mandarin Oriental	**39**	39
Astra	**316**	320
	1,215	1,192

12 Intangible Assets *(continued)*

Goodwill relating to Dairy Farm is allocated to groups of cash-generating units identified by banners or group of stores acquired in each geographical segment. Cash flow projections for impairment reviews are based on budgets prepared on the basis of assumptions reflective of the prevailing market conditions, and are discounted appropriately. Key assumptions used for value-in-use calculations for significant balances of goodwill include budgeted gross margins between 21% and 30% and average growth rate between 2% to 4% to project cash flows, which vary across the group's business segments and geographical locations, over a five-year period and thereafter, and are based on management expectations for the market development; and pre-tax discount rates between 5% and 13% applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of these reviews, management concluded that no impairment exists.

Goodwill relating to Astra represents goodwill arising from acquisition of shares in Astra which is regarded as an operating segment. Accordingly, for the purpose of impairment review, the carrying value of Astra is compared with the recoverable amount measured by reference to the quoted market price of the shares held. On the basis of this review and the continued expected level of profitability, management concluded that no impairment has occurred.

Franchise rights are rights under franchise agreements with automobile and heavy equipment manufacturers. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The carrying amounts of franchise rights, which included automotive of US$56 million and heavy equipment of US$100 million, are not amortized as such rights will contribute cash flows for an indefinite period. Management has performed an impairment review of the carrying amounts of franchise rights at 31st December 2017 and has concluded that no impairment has occurred. The impairment review was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates between 3% and 4%. Pre-tax discount rates between 14% and 16%, reflecting business specific risks, are applied to the cash flow projections.

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

At 31st December 2017, the carrying amount of leasehold land pledged as security for borrowings amounted to US$4 million *(2016: US$4 million) (refer note 30)*.

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

The remaining amortization periods for intangible assets are as follows:

Leasehold land	up to 83 years
Concession rights	by traffic volume over 38 to 42 years
Computer software	up to 7 years
Other	various

13 Tangible Assets

	Freehold properties US$m	Leasehold properties US$m	Leasehold improve-ments US$m	Mining properties US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2017							
Cost	1,010	3,030	1,343	1,058	3,772	1,960	**12,173**
Depreciation and impairment	(103)	(639)	(841)	(715)	(2,494)	(1,142)	**(5,934)**
Net book value at 1st January	907	2,391	502	343	1,278	818	**6,239**
Exchange differences	81	21	23	–	7	2	**134**
New subsidiaries	8	11	1	103	75	1	**199**
Additions	78	207	181	–	623	256	**1,345**
Disposals	(7)	(3)	(9)	–	(8)	(13)	**(40)**
Transfer from/(to) stock and work in progress	–	–	–	–	5	(33)	**(28)**
Depreciation charge	(13)	(103)	(125)	(12)	(352)	(224)	**(829)**
Impairment charge	–	–	(1)	–	(1)	(6)	**(8)**
Reclassified to assets held for sale	–	(4)	–	–	–	–	**(4)**
Net book value at 31st December	**1,054**	**2,520**	**572**	**434**	**1,627**	**801**	**7,008**
Cost	1,166	3,264	1,516	1,156	4,418	2,077	**13,597**
Depreciation and impairment	(112)	(744)	(944)	(722)	(2,791)	(1,276)	**(6,589)**
	1,054	**2,520**	**572**	**434**	**1,627**	**801**	**7,008**
2016							
Cost	901	2,843	1,178	1,040	3,490	2,119	11,571
Depreciation and impairment	(98)	(549)	(701)	(688)	(2,232)	(1,217)	(5,485)
Net book value at 1st January	803	2,294	477	352	1,258	902	6,086
Exchange differences	(59)	–	(23)	1	18	12	(51)
New subsidiaries	22	2	–	–	2	1	27
Additions	176	213	163	–	341	233	1,126
Disposals	(22)	(10)	(6)	–	(8)	(18)	(64)
Revaluation surplus before transfer to investment properties	–	2	–	–	–	–	2
Transfer from/(to) investment properties, and stock and work in progress	–	(12)	–	–	–	(67)	(79)
Depreciation charge	(11)	(98)	(109)	(10)	(332)	(245)	(805)
Impairment charge	–	–	–	–	(1)	–	(1)
Reclassified to assets held for sale	(2)	–	–	–	–	–	(2)
Net book value at 31st December	907	2,391	502	343	1,278	818	6,239
Cost	1,010	3,030	1,343	1,058	3,772	1,960	12,173
Depreciation and impairment	(103)	(639)	(841)	(715)	(2,494)	(1,142)	(5,934)
	907	2,391	502	343	1,278	818	6,239

13 Tangible Assets *(continued)*

Freehold properties include a hotel property of US$109 million *(2016: US$112 million)*, which is stated net of a grant of US$21 million *(2016: US$22 million)*.

Net book value of leasehold properties, plant and machinery and motor vehicles acquired under finance leases amounted to US$269 million, US$3 million and US$3 million *(2016: US$266 million, US$14 million and US$44 million)*, respectively.

Rental income from properties and other tangible assets amounted to US$286 million *(2016: US$281 million)* including contingent rents of US$3 million *(2016: US$3 million)*.

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

	2017 US$m	2016 US$m
Within one year	**117**	122
Between one and two years	**70**	67
Between two and five years	**73**	69
Beyond five years	**3**	6
	263	264

At 31st December 2017, the carrying amount of tangible assets pledged as security for borrowings amounted to US$480 million *(2016: US$466 million) (refer note 30)*.

14 Investment Properties

	Completed commercial properties US$m	Under development commercial properties US$m	Completed residential properties US$m	Total US$m
2017				
At 1st January	26,911	1,019	679	**28,609**
Exchange differences	(173)	45	(4)	**(132)**
Additions	69	337	–	**406**
Disposals	(8)	(44)	–	**(52)**
Transfer	990	(990)	–	**–**
Transfer from intangible assets	1	–	–	**1**
Change in fair value	4,642	41	23	**4,706**
At 31st December	**32,432**	**408**	**698**	**33,538**
Freehold properties				**172**
Leasehold properties				**33,366**
				33,538
2016				
At 1st January	24,128	851	651	25,630
Exchange differences	(22)	(43)	(1)	(66)
Additions	133	242	2	377
Disposals	(1)	–	–	(1)
Transfer from/(to) intangible assets and tangible assets	96	–	–	96
Change in fair value	2,577	(31)	27	2,573
At 31st December	26,911	1,019	679	28,609
Freehold properties				159
Leasehold properties				28,450
				28,609

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2017 and 2016, which were principally held by Hongkong Land, have been determined on the basis of valuations carried out by independent valuers who hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. Hongkong Land employed Jones Lang LaSalle to value its commercial investment properties in Hong Kong, mainland China, Singapore, Vietnam and Cambodia which are either freehold or held under leases with unexpired lease terms of more than 20 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The valuations are comprehensively reviewed by Hongkong Land.

Fair value measurements of residential properties using no significant unobservable inputs

Fair values of completed residential properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

14 Investment Properties *(continued)*

Fair value measurements of commercial properties using significant unobservable inputs

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

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

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

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

Information about fair value measurements of Hongkong Land's commercial investment properties using significant unobservable inputs at 31st December 2017:

			Range of significant unobservable inputs	
	Fair value	Valuation method	Prevailing market rent per month	Capitalization/ discount rates
Completed properties	US$m		US$	%
Hong Kong	30,560	Income capitalization	5.1 to 37.2 per square foot	2.75 to 5.00
Mainland China	899	Income capitalization	96.6 per square metre	3.75
Singapore	573	Income capitalization	7.3 to 8.8 per square foot	3.50 to 4.80
Vietnam and Cambodia	142	Discounted cash flow	21.0 to 44.8 per square metre	12.50 to 15.00
Total	32,174			

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

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

Rental income from investment properties amounted to US$914 million *(2016: US$860 million)* including contingent rents of US$9 million *(2016: US$10 million)*.

14 Investment Properties *(continued)*

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

	2017 US$m	2016 US$m
Within one year	**826**	770
Between one and two years	**620**	527
Between two and five years	**728**	580
Beyond five years	**321**	341
	2,495	2,218

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

At 31st December 2017, the carrying amount of investment properties pledged as security for borrowings amounted to US$899 million *(2016: US$676 million) (refer note 30)*.

15 Bearer Plants

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

	2017 US$m	2016 US$m
Movements during the year:		
Cost	**629**	596
Depreciation	**(132)**	(111)
Net book value at 1st January	**497**	485
Exchange differences	**(4)**	13
New subsidiaries	**–**	9
Additions	**55**	61
Disposals	**(25)**	(49)
Depreciation charge	**(25)**	(22)
Net book value at 31st December	**498**	497
Immature bearer plants	**118**	151
Mature bearer plants	**380**	346
	498	497
Cost	**648**	629
Accumulated depreciation	**(150)**	(132)
	498	497

At 31st December 2017 and 2016, the Group's bearer plants had not been pledged as security for borrowings.

16 Associates and Joint Ventures

	2017 US$m	2016 US$m
Listed associates		
– Yonghui	**696**	635
– Zhongsheng	**431**	–
– Siam City Cement	**343**	221
– Jardine Lloyd Thompson	**311**	254
– Greatview	**118**	–
– other	**104**	89
	2,003	1,199
Unlisted associates	**1,800**	1,261
Share of attributable net assets	**3,803**	2,460
Goodwill on acquisition	**1,222**	998
	5,025	3,458
Listed joint ventures		
– Bank Permata	**679**	618
– PT Tunas Ridean	**102**	93
	781	711
Unlisted joint ventures	**7,153**	6,296
Share of attributable net assets	**7,934**	7,007
Goodwill on acquisition	**129**	130
	8,063	7,137
	13,088	10,595
By business:		
Jardine Pacific	**611**	357
Jardine Motors	**431**	–
Jardine Lloyd Thompson	**530**	448
Hongkong Land	**5,436**	4,413
Dairy Farm	**1,604**	1,464
Mandarin Oriental	**200**	168
Jardine Cycle & Carriage	**1,260**	1,037
Astra	**3,016**	2,675
Corporate and other interests	**–**	33
	13,088	10,595

16 Associates and Joint Ventures *(continued)*

	Associates		Joint ventures	
	2017	2016	**2017**	2016
	US$m	US$m	US$m	US$m
Movements of associates and joint ventures during the year:				
At 1st January	**3,458**	3,256	**7,137**	6,934
Share of results after tax and non-controlling interests	**530**	382	**663**	303
Share of other comprehensive expense after tax and non-controlling interests	**185**	(177)	**220**	(61)
Dividends received	**(319)**	(232)	**(625)**	(365)
Acquisitions, increases in attributable interests and advances	**1,444**	222	**1,413**	424
Disposals, decreases in attributable interests and repayment of advances	**(227)**	(5)	**(813)**	(103)
Employee share options schemes	**16**	14	**–**	–
Reclassification	**(61)**	–	**61**	–
Other	**(1)**	(2)	**7**	5
At 31st December	**5,025**	3,458	**8,063**	7,137
Fair value of listed associates and joint ventures	**6,873**	3,122	**783**	651

(a) Investment in associates

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

Nature of investments in material associates in 2017 and 2016:

Name of entity	Nature of business	Country of incorporation/ principal place of business/ place of listing	% of ownership interest 2017	2016
Jardine Lloyd Thompson Group plc ('Jardine Lloyd Thompson')	Insurance and reinsurance broking, risk management and employee benefit services	United Kingdom/ Worldwide/ London	**42**	42
Maxim's Caterers Limited ('Maxim's')	Restaurants	Hong Kong/ Hong Kong/ Unlisted	**50**	50
Yonghui Superstores Co., Limited ('Yonghui')	Supermarkets and hypermarkets	Mainland China/ Mainland China/ Shanghai	**20**	20
Siam City Cement Public Company Limited ('Siam City Cement')	Cement manufacturing	Thailand/ Thailand/ Thailand	**26**	25
PT Astra Daihatsu Motor	Automotive	Indonesia/ Indonesia/ Unlisted	**32**	32

16 Associates and Joint Ventures *(continued)*

Summarized financial information for material associates

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

	Jardine Lloyd Thompson US$m	Maxim's US$m	Yonghui† US$m	Siam City Cement US$m	PT Astra Daihatsu Motor US$m	Total US$m
2017						
Non-current assets	1,294	1,083	2,195	2,413	574	**7,559**
Current assets						
Cash and cash equivalents	1,365	193	850	52	528	**2,988**
Other current assets	984	182	2,032	315	322	**3,835**
Total current assets	2,349	375	2,882	367	850	**6,823**
Non-current liabilities						
Financial liabilities*	(1,044)	(155)	–	(809)	–	**(2,008)**
Other non-current liabilities*	(312)	(43)	(20)	(167)	(60)	**(602)**
Total non-current liabilities	(1,356)	(198)	(20)	(976)	(60)	**(2,610)**
Current liabilities						
Financial liabilities*	(40)	(324)	(61)	(167)	–	**(592)**
Other current liabilities*	(1,712)	(128)	(1,646)	(250)	(458)	**(4,194)**
Total current liabilities	(1,752)	(452)	(1,707)	(417)	(458)	**(4,786)**
Non-controlling interests	(27)	(14)	(67)	(45)	–	**(153)**
Net assets	**508**	**794**	**3,283**	**1,342**	**906**	**6,833**
2016						
Non-current assets	1,194	857	1,969	1,643	620	6,283
Current assets						
Cash and cash equivalents	1,155	171	1,705	99	672	3,802
Other current assets	876	144	1,153	250	317	2,740
Total current assets	2,031	315	2,858	349	989	6,542
Non-current liabilities						
Financial liabilities*	(864)	(57)	–	(179)	–	(1,100)
Other non-current liabilities*	(260)	(45)	(21)	(132)	(54)	(512)
Total non-current liabilities	(1,124)	(102)	(21)	(311)	(54)	(1,612)
Current liabilities						
Financial liabilities*	(108)	(260)	(68)	(585)	–	(1,021)
Other current liabilities*	(1,562)	(109)	(1,487)	(210)	(562)	(3,930)
Total current liabilities	(1,670)	(369)	(1,555)	(795)	(562)	(4,951)
Non-controlling interests	(28)	(14)	(9)	–	–	(51)
Net assets	403	687	3,242	886	993	6,211

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

†Based on unaudited summarized balance sheets at 30th September 2017 and 2016.

16 Associates and Joint Ventures *(continued)*

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

	Jardine Lloyd Thompson US$m	Maxim's US$m	Yonghui† US$m	Siam City Cement US$m	PT Astra Daihatsu Motor US$m	Total US$m
2017						
Revenue	1,800	2,238	8,148	1,276	3,897	**17,359**
Depreciation and amortization	(66)	(102)	(152)	(88)	(123)	**(531)**
Interest income	4	1	51	2	32	**90**
Interest expense	(35)	–	(27)	(40)	–	**(102)**
Profit from underlying business performance	248	235	290	88	401	**1,262**
Tax	(69)	(42)	(58)	(26)	(96)	**(291)**
Profit after tax from underlying business performance	179	193	232	62	305	**971**
Profit/(loss) after tax from non-trading items	(12)	–	22	–	–	**10**
Profit after tax	167	193	254	62	305	**981**
Other comprehensive income/(expense)	59	19	(2)	–	(3)	**73**
Total comprehensive income	**226**	**212**	**252**	**62**	**302**	**1,054**
Dividends received from associates	**37**	**51**	**34**	**25**	**122**	**269**
2016						
Revenue	1,698	2,019	7,292	969	3,807	15,785
Depreciation and amortization	(67)	(86)	(197)	(54)	(110)	(514)
Interest income	3	1	20	1	25	50
Interest expense	(33)	–	(12)	(21)	–	(66)
Profit from underlying business performance	232	215	168	129	356	1,100
Tax	(70)	(37)	(45)	(28)	(92)	(272)
Profit after tax from underlying business performance	162	178	123	101	264	828
Loss after tax from non-trading items	(40)	–	–	–	–	(40)
Profit after tax	122	178	123	101	264	788
Other comprehensive income/(expense)	17	(15)	1	(12)	2	(7)
Total comprehensive income	139	163	124	89	266	781
Dividends received from associates	38	48	18	24	75	203

†Based on unaudited summarized statements of comprehensive income for the twelve months ended 30th September 2017 and 2016.

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

16 Associates and Joint Ventures *(continued)*

Reconciliation of the summarized financial information

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

	Jardine Lloyd Thompson US$m	Maxim's US$m	Yonghui US$m	Siam City Cement US$m	PT Astra Daihatsu Motor US$m	Total US$m
2017						
Net assets	508	794	3,283	1,342	906	**6,833**
Adjustment for shares purchased for employee benefit plans	238	–	–	–	–	**238**
Adjusted net assets	746	794	3,283	1,342	906	**7,071**
Interest in associates (%)	*42*	*50*	*20*	*26*	*32*	
Group's share of net assets in associates	311	397	656	343	289	**1,996**
Goodwill	220	–	414	386	–	**1,020**
Other	–	–	40	–	–	**40**
Carrying value	**531**	**397**	**1,110**	**729**	**289**	**3,056**
Fair value	**1,646**	**N/A**	**2,962**	**612**	**N/A**	**5,220**
2016						
Net assets	403	687	3,242	886	993	6,211
Adjustment for shares purchased for employee benefit plans	208	–	–	–	–	208
Adjusted net assets	611	687	3,242	886	993	6,419
Interest in associates (%)	*42*	*50*	*20*	*25*	*32*	
Group's share of net assets in associates	254	344	648	221	317	1,784
Goodwill	193	–	388	345	–	926
Other	–	–	(13)	–	–	(13)
Carrying value	447	344	1,023	566	317	2,697
Fair value	1,064	N/A	1,352	435	N/A	2,851

16 Associates and Joint Ventures *(continued)*

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

	2017 US$m	2016 US$m
Share of profit	**206**	102
Share of other comprehensive income/(expense)	**15**	(23)
Share of total comprehensive income	**221**	79
Carrying amount of interests in these associates	**1,969**	761

Contingent liabilities relating to the Group's interest in associates

	2017 US$m	2016 US$m
Financial guarantee in respect of facilities made available to an associate	**20**	21

(b) Investment in joint ventures

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

Nature of investments in material joint ventures in 2017 and 2016:

	Nature of business	Country of incorporation and principal place of business	% of ownership interest **2017**	2016
Hongkong Land				
– Properties Sub F, Ltd	Property investment	Macau	**49**	49
– BFC Development LLP	Property investment	Singapore	**33**	33
– Central Boulevard Development Pte Ltd	Property investment	Singapore	**33**	33
– One Raffles Quay Pte Ltd	Property investment	Singapore	**33**	33
Astra				
– PT Astra Honda Motor	Automotive	Indonesia	**50**	50
– PT Bank Permata Tbk	Commercial and retail bank	Indonesia	**45**	45

As at 31st December 2017, the fair value of the Group's interest in PT Bank Permata Tbk, which is listed on the Indonesian Stock Exchange, was US$576 million *(2016: US$411 million)* and the carrying amount of the Group's interest was US$716 million *(2016: US$654 million)*.

16 Associates and Joint Ventures *(continued)*

Summarized financial information for material joint ventures

Summarized balance sheets at 31st December:

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2017							
Non-current assets	1,373	3,628	2,797	2,767	1,438	3,598	**15,601**
Current assets							
Cash and cash equivalents	25	13	17	12	473	1,325	**1,865**
Other current assets	30	2	5	2	426	5,967	**6,432**
Total current assets	55	15	22	14	899	7,292	**8,297**
Non-current liabilities							
Financial liabilities*	–	(1,275)	(1,211)	(778)	–	(353)	**(3,617)**
Other non-current liabilities*	(146)	–	(21)	(200)	(244)	(105)	**(716)**
Total non-current liabilities	(146)	(1,275)	(1,232)	(978)	(244)	(458)	**(4,333)**
Current liabilities							
Financial liabilities*	–	(1)	(6)	(4)	–	(132)	**(143)**
Other current liabilities*	(47)	(62)	(35)	(48)	(702)	(8,776)	**(9,670)**
Total current liabilities	(47)	(63)	(41)	(52)	(702)	(8,908)	**(9,813)**
Net assets	**1,235**	**2,305**	**1,546**	**1,751**	**1,391**	**1,524**	**9,752**
2016							
Non-current assets	1,374	3,301	2,547	2,526	1,479	3,502	14,729
Current assets							
Cash and cash equivalents	44	11	32	15	432	1,677	2,211
Other current assets	32	3	9	1	388	7,086	7,519
Total current assets	76	14	41	16	820	8,763	9,730
Non-current liabilities							
Financial liabilities*	(16)	(1,175)	(1,118)	(717)	–	(486)	(3,512)
Other non-current liabilities*	(144)	–	(20)	(184)	(229)	(47)	(624)
Total non-current liabilities	(160)	(1,175)	(1,138)	(901)	(229)	(533)	(4,136)
Current liabilities							
Financial liabilities*	–	–	(6)	(4)	–	–	(10)
Other current liabilities*	(42)	(64)	(31)	(47)	(664)	(10,350)	(11,198)
Total current liabilities	(42)	(64)	(37)	(51)	(664)	(10,350)	(11,208)
Net assets	1,248	2,076	1,413	1,590	1,406	1,382	9,115

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

16 Associates and Joint Ventures *(continued)*

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

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2017							
Revenue	81	151	109	118	4,749	954	**6,162**
Depreciation and amortization	(8)	–	–	–	(127)	(21)	**(156)**
Interest income	–	–	–	–	32	–	**32**
Interest expense	–	(39)	(28)	(22)	–	–	**(89)**
Profit from underlying business performance	41	78	55	70	596	58	**898**
Tax	(5)	(13)	(9)	(12)	(146)	(16)	**(201)**
Profit after tax from underlying business performance	36	65	46	58	450	42	**697**
Profit after tax from non-trading items	13	58	43	33	–	–	**147**
Profit after tax	49	123	89	91	450	42	**844**
Other comprehensive income/(expense)	(10)	170	115	128	(8)	(7)	**388**
Total comprehensive income	**39**	**293**	**204**	**219**	**442**	**35**	**1,232**
Dividends received from joint ventures	**10**	**21**	**24**	**20**	**223**	**–**	**298**
2016							
Revenue	86	168	106	121	4,560	1,226	6,267
Depreciation and amortization	(8)	–	–	–	(134)	(19)	(161)
Interest income	–	–	–	–	24	–	24
Interest expense	(1)	(46)	(29)	(22)	–	–	(98)
Profit/(loss) from underlying business performance	45	85	51	71	580	(661)	171
Tax	(5)	(14)	(8)	(12)	(125)	162	(2)
Profit/(loss) after tax from underlying business performance	40	71	43	59	455	(499)	169
Loss after tax from non-trading items	(169)	(4)	(4)	(3)	–	–	(180)
Profit/(loss) after tax	(129)	67	39	56	455	(499)	(11)
Other comprehensive income/(expense)	(1)	(33)	(37)	(36)	3	(7)	(111)
Total comprehensive income/(expense)	(130)	34	2	20	458	(506)	(122)
Dividends received from joint ventures	12	27	17	20	131	–	207

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

16 Associates and Joint Ventures *(continued)*

Reconciliation of the summarized financial information

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

	Properties Sub F, Ltd	BFC Development LLP	Central Boulevard Development Pte Ltd	One Raffles Quay Pte Ltd	PT Astra Honda Motor	PT Bank Permata Tbk	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2017							
Net assets	1,235	2,305	1,546	1,751	1,391	1,524	**9,752**
Shareholders' loans	–	1,275	–	101	–	–	**1,376**
Adjusted net assets	1,235	3,580	1,546	1,852	1,391	1,524	**11,128**
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	*45*	
Group's share of net assets in joint ventures	605	1,193	515	617	695	679	**4,304**
Goodwill	–	–	–	–	–	37	**37**
Carrying value	**605**	**1,193**	**515**	**617**	**695**	**716**	**4,341**
2016							
Net assets	1,248	2,076	1,413	1,590	1,406	1,382	9,115
Shareholders' loans	16	1,175	–	93	–	–	1,284
Adjusted net assets	1,264	3,251	1,413	1,683	1,406	1,382	10,399
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	*45*	
Group's share of net assets in joint ventures	619	1,084	471	561	703	617	4,055
Goodwill	–	–	–	–	–	37	37
Carrying value	619	1,084	471	561	703	654	4,092

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

	2017	2016
	US$m	US$m
Share of profit	**297**	324
Share of other comprehensive income/(expense)	**86**	(95)
Share of total comprehensive income	**383**	229
Carrying amount of interests in these joint ventures	**3,722**	3,045

Commitments and contingent liabilities in respect of joint ventures

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

	2017	2016
	US$m	US$m
Commitment to provide funding if called	**1,349**	453

There were no contingent liabilities relating to the Group's interest in the joint ventures at 31st December 2017 and 2016.

17 Other Investments

	2017 US$m	2016 US$m
Available-for-sale financial assets		
Listed securities		
– Asia Commercial Bank	–	58
– Rothschild & Co	154	114
– Schindler Holdings	286	222
– The Bank of N.T. Butterfield & Son	90	75
– Vietnam Dairy Products	1,338	–
– Zhongsheng	–	297
– other	728	561
	2,596	1,327
Unlisted securities	96	100
	2,692	1,427
Held-to-maturity financial assets		
Listed securities	3	7
	2,695	1,434
Non-current	2,673	1,369
Current	22	65
	2,695	1,434
Analysis by geographical area of operation:		
Greater China	158	402
Southeast Asia	1,998	613
Rest of the world	539	419
	2,695	1,434
Movements during the year:		
At 1st January	1,434	1,137
Exchange differences	22	8
Additions	1,609	292
Disposals and capital repayments	(460)	(115)
Reclassification of other investments to associates and joint ventures	(230)	–
Unwinding of discount	(1)	(1)
Change in fair value	321	113
At 31st December	2,695	1,434

During the year, Zhongsheng became an associate upon Jardine Strategic's acquisition of additional shares in the company, increasing its interest from 15.5% to 20.0%.

Movements of available-for-sale financial assets which were valued based on unobservable inputs during the year are disclosed in note 2. Profit on sale of these assets in 2017 amounted to US$5 million (*2016: nil*) and was credited to profit and loss.

The fair value of held-to-maturity financial assets was US$3 million *(2016: US$7 million)*.

18 Debtors

	2017 US$m	2016 US$m
Consumer financing debtors		
– gross	**4,551**	4,660
– provision for impairment	**(197)**	(182)
	4,354	4,478
Financing lease receivables		
– gross investment	**384**	398
– unearned finance income	**(56)**	(51)
– net investment	**328**	347
– provision for impairment	**(13)**	(14)
	315	333
Financing debtors	**4,669**	4,811
Trade debtors		
– third parties	**2,842**	2,423
– associates	**30**	26
– joint ventures	**91**	96
	2,963	2,545
– provision for impairment	**(78)**	(48)
	2,885	2,497
Other debtors		
– third parties	**2,274**	2,237
– associates	**7**	7
– joint ventures	**135**	91
	2,416	2,335
– provision for impairment	**(7)**	(10)
	2,409	2,325
	9,963	9,633
Non-current	**3,042**	2,936
Current	**6,921**	6,697
	9,963	9,633
Analysis by geographical area of operation:		
Greater China	**1,088**	1,457
Southeast Asia	**8,620**	7,962
United Kingdom	**127**	105
Rest of the world	**128**	109
	9,963	9,633
Fair value:		
Consumer financing debtors	**4,418**	4,444
Financing lease receivables	**318**	335
Financing debtors	**4,736**	4,779
Trade debtors	**2,885**	2,497
Other debtors*	**899**	1,047
	8,520	8,323

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

18 Debtors *(continued)*

Trade and other debtors excluding derivative financial instruments are stated at amortized cost. The fair value of these debtors other than short-term debtors is estimated using the expected future receipts discounted at market rates ranging from 13% to 14% *(2016: 9% to 14%)* per annum. The fair value of short-term debtors approximates their carrying amounts. Derivative financial instruments are stated at fair value.

Financing debtors

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

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

The maturity analysis of consumer financing debtors at 31st December is as follows:

	2017 US$m	2016 US$m
Including related finance income		
Within one year	**3,148**	3,188
Between one and two years	**1,665**	1,672
Between two and five years	**1,064**	1,135
	5,877	5,995
Excluding related finance income		
Within one year	**2,313**	2,357
Between one and two years	**1,309**	1,324
Between two and five years	**929**	979
	4,551	4,660

Financing lease receivables

An analysis of financing lease receivables is set out below:

	2017 US$m	2016 US$m
Lease receivables	**384**	398
Guaranteed residual value	**211**	201
Security deposits	**(211)**	(201)
Gross investment	**384**	398
Unearned lease income	**(56)**	(51)
Net investment	**328**	347

18 Debtors *(continued)*

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

	2017 Gross investment US$m	2017 Net investment US$m	2016 Gross investment US$m	2016 Net investment US$m
Within one year	**186**	**150**	251	213
Between one and two years	**127**	**114**	105	95
Between two and five years	**71**	**64**	42	39
	384	**328**	398	347

The fair value of the financing debtors is US$4,736 million *(2016: US$4,779 million)*. The fair value of financing debtors is determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 6% to 35% per annum *(2016: 6% to 34% per annum)*. The higher the rates, the lower the fair value.

Financing debtors are due within five years *(2016: five years)* from the balance sheet date and the interest rates range from 6% to 35% per annum *(2016: 6% to 34% per annum)*.

Trade and other debtors

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payment are considered indicators that the debtor is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

At 31st December 2017, consumer financing debtors of US$96 million *(2016: US$44 million)*, financing lease receivables of US$14 million *(2016: US$16 million)*, trade debtors of US$95 million *(2016: US$78 million)* and other debtors of US$7 million *(2016: US$11 million)* were impaired. The impaired consumer financing debtors and financing lease receivables were covered by provisions for impairment of these debtors which are assessed collectively.

At 31st December 2017, consumer financing debtors of US$347 million *(2016: US$385 million)*, financing lease receivable of US$54 million *(2016: US$90 million)*, trade debtors of US$889 million *(2016: US$626 million)* and other debtors of US$62 million *(2016: US$50 million)*, respectively, were past due but not impaired. The ageing analysis of these debtors is as follows:

	Consumer financing debtors 2017 US$m	Consumer financing debtors 2016 US$m	Financing lease receivables 2017 US$m	Financing lease receivables 2016 US$m	Trade debtors 2017 US$m	Trade debtors 2016 US$m	Other debtors 2017 US$m	Other debtors 2016 US$m
Below 30 days	**290**	311	**42**	61	**369**	266	**15**	9
Between 31 and 60 days	**47**	62	**12**	21	**201**	119	**3**	8
Between 61 and 90 days	**10**	12	**–**	8	**110**	65	**6**	1
Over 90 days	**–**	–	**–**	–	**209**	176	**38**	32
	347	385	**54**	90	**889**	626	**62**	50

18 Debtors *(continued)*

The risk of trade and other debtors that are neither past due nor impaired at 31st December 2017 becoming impaired is low as they have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Other debtors

Other debtors are further analyzed as follows:

	2017 US$m	2016 US$m
Convertible bonds in Zhongsheng	**–**	397
Derivative financial instruments	**47**	119
Restricted bank balances and deposits	**213**	68
Loans to employees	**38**	37
Other amounts due from associates	**7**	7
Other amounts due from joint ventures	**135**	91
Repossessed assets of finance companies	**41**	25
Other receivables	**433**	350
Financial assets	**914**	1,094
Prepayments	**1,022**	796
Reinsurers' share of estimated losses on insurance contracts	**63**	76
Rental and other deposits	**231**	207
Other	**179**	152
	2,409	2,325

The convertible bonds in Zhongsheng with a nominal value of HK$3,092 million *(US$399 million)*, held by a wholly-owned subsidiary, carried interest at 2.85% per annum and were unsecured. The bonds were fully redeemed upon their maturity on 25th April 2017.

Movements in the provisions for impairment are as follows:

	Consumer financing debtors		Financing lease receivables		Trade debtors		Other debtors	
	2017 US$m	2016 US$m	**2017** US$m	2016 US$m	**2017** US$m	2016 US$m	**2017** US$m	2016 US$m
At 1st January	**(182)**	(183)	**(14)**	(14)	**(48)**	(59)	**(10)**	(10)
Exchange differences	**2**	(4)	**–**	1	**–**	(1)	**–**	–
Additional provisions	**(143)**	(95)	**(4)**	(8)	**(51)**	(13)	**(3)**	(1)
Unused amounts reversed	**–**	–	**–**	1	**8**	22	**–**	1
Amounts written off	**126**	100	**5**	6	**13**	3	**6**	–
At 31st December	**(197)**	(182)	**(13)**	(14)	**(78)**	(48)	**(7)**	(10)

At 31st December 2017, the carrying amount of consumer financing debtors, financing lease receivables, trade debtors and other debtors pledged as security for borrowings amounted to US$1,765 million, US$6 million, nil and US$11 million *(2016: US$1,783 million, US$86 million, nil and US$9 million)*, respectively *(refer note 30)*.

19 Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/ losses US$m	Losses US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2017						
At 1st January	(65)	(253)	30	96	67	**(125)**
Exchange differences	(3)	–	1	–	(3)	**(5)**
New subsidiaries	–	(25)	–	–	(11)	**(36)**
Credited/(charged) to profit and loss	(20)	6	1	8	30	**25**
Credited/(charged) to other comprehensive income	–	8	–	(8)	–	**–**
Other	–	–	1	–	–	**1**
At 31st December	**(88)**	**(264)**	**33**	**96**	**83**	**(140)**
Deferred tax assets	155	(42)	30	90	171	**404**
Deferred tax liabilities	(243)	(222)	3	6	(88)	**(544)**
	(88)	**(264)**	**33**	**96**	**83**	**(140)**
2016						
At 1st January	(147)	(250)	36	99	84	(178)
Exchange differences	3	(4)	–	1	4	4
Credited/(charged) to profit and loss	79	–	(6)	6	(20)	59
Credited/(charged) to other comprehensive income	–	1	–	(10)	–	(9)
Other	–	–	–	–	(1)	(1)
At 31st December	(65)	(253)	30	96	67	(125)
Deferred tax assets	159	(50)	30	90	146	375
Deferred tax liabilities	(224)	(203)	–	6	(79)	(500)
	(65)	(253)	30	96	67	(125)

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

Deferred tax assets of US$160 million *(2016: US$157 million)* arising from unused tax losses of US$660 million *(2016: US$648 million)* have not been recognized in the financial statements. Included in the unused tax losses, US$270 million have no expiry date and the balance will expire at various dates up to and including 2037.

Deferred tax liabilities of US$519 million *(2016: US$480 million)* arising on temporary differences associated with investments in subsidiaries of US$5,189 million *(2016: US$4,800 million)* have not been recognized as there is no current intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

20 Pension Plans

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

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

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

	2017 US$m	2016 US$m
Fair value of plan assets	**991**	901
Present value of funded obligations	**(1,090)**	(1,104)
	(99)	(203)
Present value of unfunded obligations	**(272)**	(211)
Net pension liabilities	**(371)**	(414)
Analysis of net pension liabilities:		
Pension assets	**14**	5
Pension liabilities	**(385)**	(419)
	(371)	(414)

20 Pension Plans *(continued)*

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US$m	Present value of obligations US$m	Total US$m
2017			
At 1st January	901	(1,315)	**(414)**
Current service cost	–	(61)	**(61)**
Interest income/(expense)	29	(52)	**(23)**
Past service cost and loss on settlements	–	(5)	**(5)**
Administration expenses	(1)	–	**(1)**
	28	(118)	**(90)**
	929	(1,433)	**(504)**
Exchange differences	26	(31)	**(5)**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	103	–	**103**
– change in financial assumptions	–	(35)	**(35)**
– experience gains	–	9	**9**
	103	(26)	**77**
Contributions from employers	44	–	**44**
Contributions from plan participants	4	(4)	**–**
Benefit payments	(75)	92	**17**
Settlements	(41)	41	**–**
Transfer from other plans	1	(1)	**–**
At 31st December	**991**	**(1,362)**	**(371)**
2016			
At 1st January	926	(1,337)	(411)
Current service cost	–	(67)	(67)
Interest income/(expense)	34	(59)	(25)
Past service cost and gains on settlements	–	2	2
Administration expenses	(3)	–	(3)
	31	(124)	(93)
	957	(1,461)	(504)
Exchange differences	(56)	59	3
Remeasurements			
– return on plan assets, excluding amounts included in interest income	41	–	41
– change in financial assumptions	–	(37)	(37)
– experience gains	–	19	19
	41	(18)	23
Contributions from employers	50	–	50
Contributions from plan participants	4	(4)	–
Benefit payments	(86)	100	14
Settlements	(9)	9	–
At 31st December	901	(1,315)	(414)

20 Pension Plans *(continued)*

The weighted average duration of the defined benefit obligations at 31st December 2017 is 12 years *(2016: 12 years)*.

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

	2017 US$m	2016 US$m
Less than a year	**95**	89
Between one and two years	**98**	93
Between two and five years	**328**	304
Beyond five years	**5,446**	5,683
	5,967	6,169

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

	Hong Kong		United Kingdom		Others	
	2017 %	2016 %	**2017** %	2016 %	**2017** %	2016 %
Discount rate	**2.9**	3.3	**2.4**	2.6	**7.0**	7.3
Salary growth rate	**4.8**	4.8	**–**	–	**6.4**	6.2
Inflation rate	**N/A**	N/A	**3.2**	3.4	**N/A**	N/A

Life expectancy for pensioners in the United Kingdom plans at the age of 65 for male and female are 21 years and 23 years, respectively *(2016: 22 years and 24 years)*. As participants of the plans relating to Hong Kong usually take lump sum amounts upon retirement, mortality rate is not a principal assumption for these plans.

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

		(Increase)/decrease on defined benefit obligations	
	Change in assumption %	Increase in assumption US$m	Decrease in assumption US$m
Discount rate	1	**145**	**(177)**
Salary growth rate	1	**(105)**	**88**
Inflation rate	1	**(21)**	**18**

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

20 Pension Plans *(continued)*

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

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2017					
Quoted investments					
Equity instruments	90	54	11	11	**166**
Debt instruments					
– government	28	–	–	–	**28**
– corporate bonds					
– investment grade	17	96	–	–	**113**
	45	96	–	–	**141**
Investment funds	114	141	131	61	**447**
	249	291	142	72	**754**
Unquoted investments					
Investment funds	8	6	6	174	**194**
Total investments	257	297	148	246	**948**
Cash and cash equivalents					**47**
Benefits payable and other					**(4)**
					991
2016					
Quoted investments					
Equity instruments	87	46	10	10	153
Debt instruments					
– government	49	–	–	2	51
– corporate bonds					
– investment grade	20	88	4	–	112
	69	88	4	2	163
Investment funds	73	124	110	46	353
	229	258	124	58	669
Unquoted investments					
Investment funds	8	4	2	172	186
Total investments	237	262	126	230	855
Cash and cash equivalents					48
Benefits payable and other					(2)
					901

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

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

As at 31st December 2017, the Hong Kong plans had assets of US$550 million *(2016: US$471 million)*. These assets were invested 30% in Asia Pacific, 9% in Europe and 22% in North America *(2016: 27%, 10% and 21%, respectively)*. Within Asia Pacific, 38% *(2016: 49%)* was invested in Hong Kong equities and bonds. 70% *(2016: 66%)* and 30% *(2016: 34%)* of the investments were in quoted and unquoted instruments, respectively. The high percentage of quoted instruments provides liquidity to fund drawdowns and benefit payments. Within the quoted equity allocation, the plan is well diversified in terms of sectors, with the top three being financials, technology and consumer goods, with a combined fair value of US$39 million. In 2016, the top three being financials, technology and industrials, with a combined fair value of US$38 million.

20 Pension Plans *(continued)*

In the United Kingdom, the defined benefit plans have strategic asset allocations for equities, fixed income and diversified growth funds of 40/30/30 for Matheson & Co. and 40/40/20 for Jardine Motors. The majority of the equity investments are in passive funds with a significant percentage in developed economies. Matheson & Co. has 85% *(2016: 87%)* of their investments in developed and 15% *(2016: 13%)* in emerging economies. The regional splits are 10% *(2016: 10%)* in Asia Pacific, 44% *(2016: 45%)* in Europe, 14% *(2016: 14%)* in North America and 32% *(2016: 31%)* globally. All of their investments were in quoted instruments, unchanged from 2016. Jardine Motors had 95% of the investments in developed economies and all of their investments were in quoted instruments, similar to 2016. Their regional splits are 6% in Asia Pacific, 84% in Europe, 5% in North America and 5% globally, also similar to 2016. The top three sectors of the quoted equity instruments at the end of both 2017 and 2016 were financials, consumer goods and industrials, with combined fair values of US$48 million and US$39 million, respectively.

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

Asset volatility

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

In Hong Kong, where the Group has open and closed plans, the assets and liabilities mix are distinct to reduce the level of investment risk to each plan. The composition of the assets are reviewed on a regular basis, with annual rebalancing and de-risking initiatives undertaken to reduce investment volatility of the plan assets while maintaining an appropriate level of target returns. The open plans retained a higher exposure to equities to generate higher returns to meet pension obligations. Management believes that the long-term nature of the plan liabilities and the strength of the Group supports a level of equity investment as part of the Group's long term strategy to manage the plans efficiently.

Changes in bond yields

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

Inflation risk

Only the Group's United Kingdom plans' benefit obligations are linked to inflation, specifically CPI, where a higher CPI leads to higher liabilities. Although CPI has remained benign in 2017, the long-term outlook is for a higher inflation assumption. The rest of the Group's plan assets are unaffected by inflation.

Life expectancy

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

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

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

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2017 were US$44 million and the estimated amount of contributions expected to be paid to all its plans in 2018 is US$46 million.

21 Properties for Sale

	2017 US$m	2016 US$m
Properties in the course of development	**2,774**	2,052
Completed properties	**173**	263
	2,947	2,315

At 31st December 2017, properties in the course of development amounting to US$1,618 million *(2016: US$1,484 million)* were not scheduled for completion within the next twelve months.

At 31st December 2017 and 2016, the Group's properties for sale had not been pledged as security for borrowings.

22 Stocks and Work in Progress

	2017 US$m	2016 US$m
Finished goods	**3,157**	3,013
Work in progress	**55**	41
Raw materials	**80**	65
Spare parts	**71**	80
Other	**107**	82
	3,470	3,281

At 31st December 2017 and 2016, the Group's stocks and work in progress had not been pledged as security for borrowings.

23 Bank Balances and Other Liquid Funds

	2017 US$m	2016 US$m
Deposits with banks and financial institutions	**3,540**	2,532
Bank balances	**2,301**	2,893
Cash balances	**164**	118
	6,005	5,543
Analysis by currency:		
Chinese renminbi	**446**	1,188
Euro	**38**	19
Hong Kong dollar	**365**	193
Indonesian rupiah	**1,968**	1,771
Japanese yen	**23**	20
Macau patacas	**28**	29
Malaysian ringgit	**65**	74
New Taiwan dollar	**76**	58
Philippine peso	**22**	26
Singapore dollar	**757**	501
United Kingdom sterling	**30**	38
United States dollar	**2,165**	1,598
Other	**22**	28
	6,005	5,543

The weighted average interest rate on deposits with banks and financial institutions is 2.1% *(2016: 1.8%)* per annum.

24 Share Capital

	2017 US$m	2016 US$m
Authorized:		
1,000,000,000 shares of US¢25 each	**250**	250

	Ordinary shares in millions			
	2017	2016	2017 US$m	2016 US$m
Issued and fully paid:				
At 1st January	**714**	702	**178**	175
Scrip issued in lieu of dividends	**12**	12	**3**	3
At 31st December	**726**	714	**181**	178

25 Share-based Long-term Incentive Plans

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

The 2015 LTIP was adopted by the Company on 5th March 2015. During 2017, awards were granted in the form of options with exercise prices based on the then prevailing market prices, and no free shares were granted. Prior to the adoption of the 2015 LTIP, The Jardine Matheson International Share Option Plan 2005 and The Jardine Matheson Holdings Limited Approved Share Option Plan 2005 provided selected executives with options to purchase ordinary shares in the Company.

The exercise prices of the options granted during 2017, and in prior years, were based on the average market prices for the five trading days immediately preceding the dates of grant of the options. Options normally vest in tranches over a period of three to five years, and are exercisable for up to ten years following the date of grant.

Movements during the year:

	2017		2016	
	Weighted average exercise price US$	Options in millions	Weighted average exercise price US$	Options in millions
At 1st January	**51.3**	**2.7**	48.0	2.2
Granted	**65.6**	**0.4**	54.0	0.7
Exercised	**38.1**	**(0.5)**	26.0	(0.2)
At 31st December	**55.7**	**2.6**	51.3	2.7

The average share price during the year was US$63.4 *(2016: US$57.4)* per share.

Outstanding at 31st December:

Expiry date	Exercise price US$	Options in millions **2017**	2016
2017	21.7	**–**	0.1
2018	27.3	**–**	0.1
2020	32.2	**0.2**	0.2
2021	45.7 – 46.8	**0.2**	0.3
2022	51.2	**0.4**	0.5
2023	64.9	**0.4**	0.4
2024	59.6	**0.1**	0.2
2025	52.8 – 63.4	**0.2**	0.2
2026	53.9 – 56.6	**0.7**	0.7
2027	65.6	**0.4**	–
Total outstanding		**2.6**	2.7
of which exercisable		**1.0**	1.2

The fair value of options granted during the year, determined using the Trinomial valuation model, was US$5 million *(2016: US$8 million)*. The significant inputs into the model, based on the weighted average number of options issued, were share price of US$64.6 *(2016: US$54.4)* at the grant dates, exercise price shown above, expected volatility based on the last seven years of 22.5% *(2016: 23.9%)*, dividend yield of 2.3% *(2016: 2.7%)*, option life disclosed above, and annual risk-free interest rate of 2.2% *(2016: 1.7%)*. Options are assumed to be exercised at the end of the seventh year following the date of grant.

26 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2017			
At 1st January	20	155	**175**
Capitalization arising on scrip issued in lieu of dividends	(3)	–	**(3)**
Employee share option schemes			
– exercise of share options	10	–	**10**
– value of employee services	–	21	**21**
Transfer	5	(20)	**(15)**
At 31st December	**32**	**156**	**188**
2016			
At 1st January	21	137	158
Capitalization arising on scrip issued in lieu of dividends	(3)	–	(3)
Employee share option schemes			
– exercise of share options	1	–	1
– value of employee services	–	22	22
Transfer	1	(4)	(3)
At 31st December	20	155	175

Capital reserves represent the value of employee services under the Group's employee share option schemes. At 31st December 2017, US$25 million *(2016: US$26 million)* related to the Company's Senior Executive Share Incentive Schemes.

27 Dividends

	2017 US$m	2016 US$m
Final dividend in respect of 2016 of US¢112.00 *(2015: US¢107.00)* per share	**800**	752
Interim dividend in respect of 2017 of US¢40.00 *(2016: US¢38.00)* per share	**289**	270
	1,089	1,022
Company's share of dividends paid on the shares held by subsidiaries	**(518)**	(481)
	571	541
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**553**	515
Interim dividend in respect of current year	**198**	185
	751	700

A final dividend in respect of 2017 of US¢120.00 *(2016: US¢112.00)* per share amounting to a total of US$872 million *(2016: US$800 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2018 Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by subsidiaries of US$421 million *(2016: US$380 million)* will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2018.

28 Own Shares Held

Own shares held of US$4,715 million *(2016: US$4,100 million)* represent the Company's share of the cost of 417 million *(2016: 406 million)* ordinary shares in the Company held by subsidiaries and are deducted in arriving at shareholders' funds.

29 Non-controlling Interests

	2017 US$m	2016 US$m
By business:		
Hongkong Land	**21,390**	18,224
Dairy Farm	**686**	631
Mandarin Oriental	**455**	417
Jardine Cycle & Carriage	**643**	534
Astra	**8,645**	7,893
Jardine Strategic	**1,054**	905
Other	**134**	139
	33,007	28,743
Less own shares held attributable to non-controlling interests	**(906)**	(806)
	32,101	27,937

Summarized financial information on subsidiaries with material non-controlling interests

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

Summarized balance sheets at 31st December:

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m	Jardine Strategic US$m
2017					
Current					
Assets	4,666	1,671	295	9,202	17,189
Liabilities	(1,999)	(3,012)	(172)	(7,271)	(14,474)
Total current net assets/(liabilities)	2,667	(1,341)	123	1,931	2,715
Non-current					
Assets	38,285	3,796	1,725	12,795	64,055
Liabilities	(4,144)	(699)	(568)	(3,052)	(8,549)
Total non-current net assets	34,141	3,097	1,157	9,743	55,506
Net assets	**36,808**	**1,756**	**1,280**	**11,674**	**58,221**
Non-controlling interests	**34**	**66**	**6**	**2,421**	**27,672**
2016					
Current					
Assets	4,616	1,617	288	8,267	16,124
Liabilities	(1,791)	(2,771)	(151)	(6,616)	(11,758)
Total current net assets/(liabilities)	2,825	(1,154)	137	1,651	4,366
Non-current					
Assets	32,339	3,512	1,573	11,462	53,784
Liabilities	(3,850)	(779)	(537)	(2,501)	(7,944)
Total non-current net assets	28,489	2,733	1,036	8,961	45,840
Net assets	31,314	1,579	1,173	10,612	50,206
Non-controlling interests	20	74	4	2,094	24,064

29 Non-controlling Interests *(continued)*

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

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m	Jardine Strategic US$m
2017					
Revenue	**1,960**	**11,289**	**611**	**15,408**	**31,556**
Profit after tax from underlying business performance	971	391	54	1,651	3,359
Profit after tax from non-trading items	4,626	1	–	14	4,850
Profit after tax	5,597	392	54	1,665	8,209
Other comprehensive income/(expense)	346	129	103	(41)	797
Total comprehensive income	**5,943**	**521**	**157**	**1,624**	**9,006**
Total comprehensive income/(expense) allocated to non-controlling interests	**17**	**(12)**	**–**	**301**	**4,277**
Dividends paid to non-controlling interests	**(2)**	**(1)**	**–**	**(134)**	**(766)**
2016					
Revenue	1,994	11,201	597	13,610	29,552
Profit after tax from underlying business performance	851	460	56	1,283	2,917
Profit/(loss) after tax from non-trading items	2,494	10	(2)	57	2,586
Profit after tax	3,345	470	54	1,340	5,503
Other comprehensive income/(expense)	(295)	(68)	(58)	125	(56)
Total comprehensive income/(expense)	3,050	402	(4)	1,465	5,447
Total comprehensive income/(expense) allocated to non-controlling interests	(5)	4	(1)	243	2,824
Dividends paid to non-controlling interests	(4)	(4)	–	(101)	(726)

29 Non-controlling Interests *(continued)*

Summarized cash flows at 31st December:

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m	Jardine Strategic US$m
2017					
Cash flows from operating activities					
Operating profit	5,589	368	69	1,681	7,732
Non-cash items	(4,678)	237	59	909	(3,504)
Interest received	42	2	1	111	167
Interest and other financing charges paid	(118)	(28)	(12)	(148)	(310)
Tax paid	(137)	(84)	(13)	(410)	(694)
Other operating cash flows	102	176	16	(13)	359
Cash flows from operating activities	800	671	120	2,130	3,750
Cash flows from investing activities	(947)	(281)	(102)	(1,579)	(4,142)
Cash flows from financing activities	(193)	(387)	(22)	(393)	521
Net increase/(decrease) in cash and cash equivalents	(340)	3	(4)	158	129
Cash and cash equivalents at 1st January	1,898	323	183	2,185	5,091
Effect of exchange rate changes	59	9	5	(12)	78
Cash and cash equivalents at 31st December	**1,617**	**335**	**184**	**2,331**	**5,298**
2016					
Cash flows from operating activities					
Operating profit	3,522	459	68	1,445	5,447
Non-cash items	(2,551)	221	63	764	(1,475)
Interest received	36	1	1	88	135
Interest and other financing charges paid	(111)	(22)	(10)	(126)	(272)
Tax paid	(141)	(85)	(19)	(365)	(660)
Other operating cash flows	341	(31)	5	(174)	257
Cash flows from operating activities	1,096	543	108	1,632	3,432
Cash flows from investing activities	(245)	(428)	(223)	(1,138)	(2,110)
Cash flows from financing activities	(442)	(43)	(7)	(290)	(724)
Net increase/(decrease) in cash and cash equivalents	409	72	(122)	204	598
Cash and cash equivalents at 1st January	1,566	257	309	1,963	4,568
Effect of exchange rate changes	(77)	(6)	(4)	18	(75)
Cash and cash equivalents at 31st December	1,898	323	183	2,185	5,091

Hongkong Land, Dairy Farm, Mandarin Oriental and Astra are subsidiaries of Jardine Strategic.

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

30 Borrowings

	2017		2016	
	Carrying amount US$m	Fair value US$m	Carrying amount US$m	Fair value US$m
Current				
– bank overdrafts	**7**	**7**	12	12
– other bank advances	**3,047**	**3,047**	2,028	2,028
– other advances	**5**	**5**	34	34
	3,059	**3,059**	2,074	2,074
Current portion of long-term borrowings				
– bank loans	**1,244**	**1,244**	1,313	1,313
– bonds and notes	**1,030**	**1,030**	874	874
– finance lease liabilities	**3**	**3**	51	51
– other loans	**13**	**13**	11	11
	2,290	**2,290**	2,249	2,249
	5,349	**5,349**	4,323	4,323
Long-term borrowings				
– bank loans	**3,650**	**3,636**	2,876	2,882
– bonds and notes	**3,797**	**3,945**	3,962	4,041
– finance lease liabilities	**1**	**1**	4	4
– other loans	**14**	**14**	19	19
	7,462	**7,596**	6,861	6,946
	12,811	**12,945**	11,184	11,269

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.1% to 12.0% *(2016: 0.1% to 12.0%)* per annum. This is in line with the definition of 'observable current market transactions' under the fair value measurement hierarchy. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

	2017 US$m	2016 US$m
Secured	**4,052**	3,942
Unsecured	**8,759**	7,242
	12,811	11,184

Secured borrowings at 31st December 2017 included Hongkong Land's bank borrowings of US$393 million *(2016: US$265 million)* which were secured against its investment properties, Mandarin Oriental's bank borrowings of US$508 million *(2016: US$476 million)* which were secured against its tangible assets, and Astra's bonds and notes of US$1,648 million *(2016: US$1,617 million)* and bank borrowings of US$1,503 million *(2016: US$1,584 million)* which were secured against its various assets.

30 Borrowings *(continued)*

		Fixed rate borrowings			
By currency:	Weighted average interest rates %	Weighted average period outstanding Years	US$m	Floating rate borrowings US$m	Total US$m
2017					
Chinese renminbi	4.9	–	–	393	**393**
Hong Kong dollar	3.3	7.3	2,106	1,904	**4,010**
Indonesian rupiah	8.0	1.6	4,163	1,103	**5,266**
Malaysian ringgit	4.2	–	–	220	**220**
Philippine peso	3.2	–	–	16	**16**
Singapore dollar	2.3	2.2	189	735	**924**
United Kingdom sterling	1.3	–	–	210	**210**
United States dollar	2.0	1.2	210	1,552	**1,762**
Other	2.5	12.7	2	8	**10**
			6,670	**6,141**	**12,811**
2016					
Chinese renminbi	5.0	–	–	278	278
Hong Kong dollar	3.2	8.2	2,128	2,016	4,144
Indonesian rupiah	8.6	1.2	3,589	1,292	4,881
Malaysian ringgit	4.1	–	–	194	194
Philippine peso	3.1	–	–	91	91
Singapore dollar	2.7	3.2	181	204	385
United Kingdom sterling	1.3	–	–	108	108
United States dollar	2.1	1.7	341	753	1,094
Other	2.4	10.6	3	6	9
			6,242	4,942	11,184

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

30 Borrowings *(continued)*

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

	2017 US$m	2016 US$m
Within one year	**8,202**	7,008
Between one and two years	**1,478**	1,040
Between two and three years	**875**	1,045
Between three and four years	**70**	247
Between four and five years	**615**	–
Beyond five years	**1,571**	1,844
	12,811	11,184

The finance lease liabilities are as follows:

	Minimum lease payments		Present value of finance lease liabilities	
	2017 US$m	2016 US$m	**2017** US$m	2016 US$m
Within one year	**3**	53	**3**	51
Between one and five years	**1**	4	**1**	4
	4	57	**4**	55
Future finance charges on finance leases	**–**	(2)		
Present value of finance lease liabilities	**4**	55		
Current			**3**	51
Non-current			**1**	4
			4	55

30 Borrowings *(continued)*

Details of the bonds and notes outstanding at 31st December 2017 are as follows:

	Maturity	Interest rates %	Nominal values	2017 Current US$m	2017 Non-current US$m	2016 Current US$m	2016 Non-current US$m
Hongkong Land							
3.86% 8-year notes	2017	3.86	S$50 million	–	–	35	–
4.135% 10-year notes	2019	4.135	HK$200 million	–	**26**	–	25
4.1875% 10-year notes	2019	4.1875	HK$300 million	–	**38**	–	39
4.25% 10-year notes	2019	4.25	HK$300 million	–	**38**	–	39
4.22% 10-year notes	2020	4.22	HK$500 million	–	**66**	–	67
4.24% 10-year notes	2020	4.24	HK$500 million	–	**64**	–	64
3.43% 10-year notes	2020	3.43	S$150 million	–	**112**	–	104
3.95% 10-year notes	2020	3.95	HK$500 million	–	**64**	–	64
4.28% 12-year notes	2021	4.28	HK$500 million	–	**66**	–	67
3.86% 10-year notes	2022	3.86	HK$410 million	–	**52**	–	52
4.50% 10-year notes	2022	4.50	US$500 million	–	**489**	–	488
3.00% 10-year notes	2022	3.00	HK$305 million	–	**39**	–	39
2.90% 10-year notes	2022	2.90	HK$200 million	–	**26**	–	26
3.95% 10-year notes	2023	3.95	HK$1,100 million	–	**140**	–	141
3.95% 10-year notes	2023	3.95	HK$300 million	–	**38**	–	39
4.625% 10-year notes	2024	4.625	US$400 million	–	**403**	–	406
4.10% 15-year notes	2025	4.10	HK$300 million	–	**38**	–	38
4.50% 15-year notes	2025	4.50	US$600 million	–	**612**	–	614
3.75% 15-year notes	2026	3.75	HK$302 million	–	**38**	–	39
4.00% 15-year notes	2027	4.00	HK$785 million	–	**99**	–	99
4.04% 15-year notes	2027	4.04	HK$473 million	–	**60**	–	61
3.95% 15-year notes	2027	3.95	HK$200 million	–	**26**	–	26
3.15% 15-year notes	2028	3.15	HK$300 million	–	**38**	–	38
4.22% 15-year notes	2028	4.22	HK$325 million	–	**41**	–	42
4.40% 15-year notes	2029	4.40	HK$400 million	–	**51**	–	51
4.11% 20-year notes	2030	4.11	HK$800 million	–	**102**	–	103
4.125% 20-year notes	2031	4.125	HK$200 million	–	**25**	–	25
4.00% 20-year notes	2032	4.00	HK$240 million	–	**30**	–	30
5.25% 30-year notes	2040	5.25	HK$250 million	–	**32**	–	32
Astra Sedaya Finance ('ASF')							
Berkelanjutan I Tahap I bonds	2017	8.6	Rp2,250 billion	–	–	167	–
Berkelanjutan II Tahap II bonds	2017	9.75	Rp370 billion	–	–	28	–
Berkelanjutan II Tahap III bonds	2018	10.6	Rp75 billion	**5**	–	52	6
Berkelanjutan II Tahap IV bonds	2017	10.5	Rp1,430 billion	–	–	106	–
Berkelanjutan II Tahap V bonds	2018	9.25	Rp825 billion	**61**	–	–	58
Berkelanjutan III Tahap I bonds	2019	8.5	Rp1,230 billion	–	**91**	57	91
Berkelanjutan III Tahap II bonds	2019	7.95	Rp850 billion	–	**58**	63	59
Berkelanjutan III Tahap III bonds	2022	7.4 – 8.75	Rp2,500 billion	**74**	**111**	–	–
Berkelanjutan III Tahap IV bonds	2022	6.25 – 7.65	Rp1,800 billion	**72**	**61**	–	–
Singapore Dollars Guaranteed bonds	2017	2.12	S$100 million	–	–	69	–
Euro Medium Term Notes	2018	2.88	US$300 million	**300**	–	–	300

30 Borrowings *(continued)*

Details of the bonds and notes outstanding at 31st December 2017 are as follows *(continued)*:

	Maturity	Interest rates %	Nominal values	2017 Current US$m	2017 Non-current US$m	2016 Current US$m	2016 Non-current US$m
Federal International Finance							
Berkelanjutan I Tahap III bonds	2017	10.5	Rp745 billion	**–**	**–**	55	–
Berkelanjutan II Tahap I bonds	2018	9.25	Rp2,061 billion	**150**	**–**	–	146
Berkelanjutan II Tahap II bonds	2018	9.25	Rp587 billion	**43**	**–**	–	43
Berkelanjutan II Tahap III bonds	2019	9.15	Rp2,507 billion	**–**	**181**	65	180
Berkelanjutan II Tahap IV bonds	2019	7.95	Rp1,257 billion	**–**	**85**	65	86
Berkelanjutan III Tahap I bonds	2020	7.35 – 8.45	Rp3,500 billion	**105**	**151**	–	–
Berkelanjutan III Tahap II bonds	2020	6.5 – 7.5	Rp2,650 billion	**124**	**71**	–	–
SAN Finance							
Berkelanjutan I Tahap II bonds	2017	10.5	Rp1,000 billion	**–**	**–**	74	–
Berkelanjutan I Tahap III bonds	2018	9.4	Rp500 billion	**37**	**–**	–	33
Berkelanjutan II Tahap I bonds	2019	9.0	Rp1,090 billion	**–**	**74**	38	76
Berkelanjutan II Tahap II bonds	2022	8.0 – 9.25	Rp1,272 billion	**59**	**35**	–	–
Astra Otoparts ('AOP') Medium Term Note							
AOP Medium Term Note Seri B	2019	9.0	Rp350 billion	**–**	**26**	–	26
				1,030	**3,797**	874	3,962

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

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

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

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

30 Borrowings *(continued)*

The movements in borrowings are as follows:

	Bank overdrafts US$m	Long-term borrowings US$m	Short-term borrowings US$m	Finance lease liabilities US$m	Total US$m
2017					
At 1st January	12	6,857	4,260	55	**11,184**
Exchange differences	–	37	(33)	–	**4**
New subsidiaries	–	35	90	–	**125**
Amortization of borrowing costs	–	4	15	–	**19**
Transfer	–	(2,657)	2,657	–	**–**
Change in fair value	–	(5)	–	–	**(5)**
Change in bank overdrafts	(5)	–	–	–	**(5)**
Drawdown of borrowings	–	4,554	3,047	–	**7,601**
Repayment of borrowings	–	(1,364)	(4,697)	(51)	**(6,112)**
As 31st December	**7**	**7,461**	**5,339**	**4**	**12,811**
2016					
At 1st January	9	6,930	3,951	96	10,986
Exchange differences	–	(15)	(100)	–	(115)
Additions	–	–	–	2	2
Amortization of borrowing costs	–	7	12	–	19
Transfer	–	(2,618)	2,618	–	–
Change in fair value	–	(9)	–	–	(9)
Change in bank overdrafts	3	–	–	–	3
Drawdown of borrowings	–	3,277	2,743	–	6,020
Repayment of borrowings	–	(715)	(4,964)	(43)	(5,722)
As 31st December	12	6,857	4,260	55	11,184

31 Creditors

	2017 US$m	2016 US$m
Trade creditors		
– third parties	**4,741**	4,123
– associates	**80**	81
– joint ventures	**197**	194
	5,018	4,398
Accruals	**2,090**	1,677
Other amounts due to joint ventures	**154**	175
Rental and other refundable deposits	**462**	421
Deferred consideration payable	**230**	25
Contingent consideration payable	**10**	10
Derivative financial instruments	**43**	29
Other creditors	**473**	408
Financial liabilities	**8,480**	7,143
Gross estimated losses on insurance contracts	**161**	161
Net amount due to customers for contract work	**34**	42
Proceeds from properties for sale received in advance	**1,042**	943
Rental income received in advance	**33**	29
Other income received in advance	**253**	221
Deferred warranty income	**15**	12
Unearned premiums on insurance contracts	**355**	352
Other	**234**	251
	10,607	9,154
Non-current	**255**	440
Current	**10,352**	8,714
	10,607	9,154
Analysis by geographical area of operation:		
Greater China	**3,884**	3,385
Southeast Asia	**6,160**	5,292
United Kingdom	**367**	282
Rest of the world	**196**	195
	10,607	9,154

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

32 Provisions

	Motor vehicle warranties US$m	Closure cost provisions US$m	Obligations under onerous leases US$m	Reinstatement and restoration costs US$m	Statutory employee entitlements US$m	Others US$m	Total US$m
2017							
At 1st January	46	8	17	52	108	32	**263**
Exchange differences	4	1	2	2	(1)	–	**8**
Additional provisions	13	48	6	13	16	12	**108**
Unused amounts reversed	–	(3)	(10)	(1)	–	(12)	**(26)**
Utilized	(5)	(4)	(1)	(2)	(2)	(10)	**(24)**
At 31st December	**58**	**50**	**14**	**64**	**121**	**22**	**329**
Non-current	–	1	14	54	100	6	**175**
Current	58	49	–	10	21	16	**154**
	58	**50**	**14**	**64**	**121**	**22**	**329**
2016							
At 1st January	39	8	16	45	101	20	229
Exchange differences	(1)	–	(1)	(1)	3	–	–
Additional provisions	12	7	2	10	7	15	53
Unused amounts reversed	–	(3)	–	–	(1)	(1)	(5)
Utilized	(4)	(4)	–	(2)	(2)	(2)	(14)
At 31st December	46	8	17	52	108	32	263
Non-current	–	1	11	45	84	10	151
Current	46	7	6	7	24	22	112
	46	8	17	52	108	32	263

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

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

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

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

33 Notes to Consolidated Cash Flow Statement

(a) Depreciation and amortization

	2017 US$m	2016 US$m
By business:		
Jardine Pacific	**33**	31
Jardine Motors	**31**	30
Hongkong Land	**3**	3
Dairy Farm	**221**	213
Mandarin Oriental	**59**	60
Jardine Cycle & Carriage	**10**	10
Astra	**624**	598
	981	945

(b) Other non-cash items

	2017 US$m	2016 US$m
By nature:		
Profit on sale of subsidiaries	**(4)**	(16)
Profit on sale of associates and joint ventures	**(16)**	–
Profit on sale of other investments	**(71)**	(7)
Profit on sale of tangible assets	**(183)**	(143)
Loss on sale of investment properties	**10**	–
Loss on sale of repossessed assets	**58**	60
Loss on sale of bearer plants and related assets	**–**	38
Fair value gain on contingent consideration	**–**	(15)
Fair value loss/(gain) on agricultural produce	**4**	(22)
Impairment of intangible assets	**12**	87
Impairment of tangible assets	**8**	1
Impairment of debtors	**193**	93
Write down of stocks and work in progress	**51**	51
Reversal of write down of stocks and work in progress	**(34)**	(36)
Reversal of write down of properties for sale	**–**	(3)
Change in provisions	**35**	36
Net foreign exchange losses/(gains)	**26**	(15)
Amortization of borrowing costs for financial services companies	**14**	14
Options granted under employee share option schemes	**5**	9
Other	**(1)**	2
	107	134
By business:		
Jardine Pacific	**5**	75
Jardine Motors	**(181)**	(145)
Hongkong Land	**(3)**	(5)
Dairy Farm	**16**	8
Mandarin Oriental	**–**	3
Jardine Cycle & Carriage	**17**	18
Astra	**309**	175
Corporate and other interests	**(56)**	5
	107	134

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

(c) Increase in working capital

	2017 US$m	2016 US$m
Increase in concession rights	**(78)**	(61)
(Increase)/decrease in properties for sale	**(339)**	350
Increase in stocks and work in progress	**(209)**	(75)
Increase in debtors	**(1,005)**	(917)
Increase in creditors	**1,192**	583
Increase in pension obligations	**28**	29
	(411)	(91)

(d) Purchase of subsidiaries

	2017 Fair value US$m	2016 Fair value US$m
Intangible assets	**38**	4
Tangible assets	**199**	27
Bearer plants	**–**	9
Associates and joint ventures	**283**	–
Non-current debtors	**95**	–
Current assets	**320**	11
Deferred tax liabilities	**(36)**	–
Current liabilities	**(140)**	(17)
Long-term borrowings	**(35)**	–
Non-current creditors	**(3)**	–
Fair value of identifiable net assets acquired	**721**	34
Goodwill	**11**	14
Adjustment for non-controlling interests	**(107)**	–
Total consideration	**625**	48
Adjustment for deposit paid	**(12)**	12
Adjustment for contingent consideration	**–**	(1)
Payment for contingent consideration	**–**	1
Adjustment for deferred consideration	**(87)**	–
Carrying value of associates and joint ventures	**(301)**	–
Cash and cash equivalents of subsidiaries acquired	**(151)**	–
Net cash outflow	**74**	60

For the subsidiaries acquired during 2017, the fair values of the identifiable assets and liabilities at the acquisition dates are provisional and will be finalized within one year after the acquisition dates.

The fair values of the identifiable assets and liabilities at the acquisition dates of certain subsidiaries acquired during 2016 as included in the comparative figures were provisional. The fair values were finalized in 2017. As the difference between the provisional and the finalized fair values were not material, the comparative figures have not been adjusted.

Net cash outflow for purchase of subsidiaries in 2017 comprised US$18 million for Jardine Motors' acquisition of various motor dealership businesses in the United Kingdom throughout the year; US$42 million for Hongkong Land's acquisition of an additional 50% interest in MCL Land (Malaysia) Sdn Bhd, a property development company, increasing its controlling interest to 100%; and an additional consideration of US$14 million for Astra's acquisition of an 80% interest in PT Suprabari Mapanindo Mineral ('Suprabari'), a coal mining company, upon completion in March 2017.

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

(d) Purchase of subsidiaries *(continued)*

Net cash outflow in 2016 included US$46 million for Jardine Motors' acquisition of various motor dealership businesses in the United Kingdom during the second quarter of 2016, and US$12 million deposit paid for Astra's acquisition of the above-mentioned 80% interest in Suprabari.

Goodwill in both years arose from the acquisitions of motor dealership businesses which were attributable to the expected synergies with its existing retail network. None of the goodwill is expected to be deductible for tax purposes.

Revenue and loss after tax since acquisition in respect of subsidiaries acquired during the year amounted to US$94 million and US$19 million, respectively. Had the acquisitions occurred on 1st January 2017, consolidated revenue and profit after tax for the year ended 31st December 2017 would have been US$39,555 million and US$8,498 million, respectively.

(e) Purchase of associates and joint ventures in 2017 included Hongkong Land's investments in mainland China, Thailand and Vietnam for a total of US$438 million; Jardine Cycle & Carriage's subscription to rights issue and purchase of additional shares in Siam City Cement Public Company Limited in Thailand of US$138 million, increasing its interest from 24.9% to 25.5%; Astra's investments in toll road concessions of US$274 million and 25% interest in power plants of US$207 million in Indonesia, and subscription to PT Bank Permata's rights issue of US$44 million; and Jardine Strategic's acquisition of a 28% interest in Greatview Aseptic Packaging Company Limited, an aseptic carton packaging supplier, of US$241 million and additional investment in Zhongsheng of US$172 million, increasing its interest from 15.5% to 20.0%.

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

(f) Purchase of other investments in 2017 comprised US$1,160 million for acquisition of a 10% interest in Vietnam Dairy Products by Jardine Cycle & Carriage and US$449 million for acquisition of securities by Astra.

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

(g) Advance to associates and joint ventures in 2017 and 2016 mainly included Hongkong Land's advance to its property joint ventures.

(h) Advance and repayment from associates and joint ventures in 2017 and 2016 mainly included advance and repayment from Hongkong Land's property joint ventures.

(i) Sale of subsidiaries in 2017 included US$83 million for disposal of a mutual fund company by Astra.

(j) Sale of other investments in 2017 mainly included disposal of securities by Astra and Jardine Strategic of US$261 million and US$95 million, respectively.

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

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

(k) Change in interests in subsidiaries

	2017 US$m	2016 US$m
Increase in attributable interests		
– Jardine Strategic	**(107)**	(235)
– Mandarin Oriental	**–**	(67)
– Jardine Cycle & Carriage	**–**	(23)
– other	**(87)**	(37)
Decrease in attributable interests	**15**	23
	(179)	(339)

Increase in attributable interests in other subsidiaries in 2017 included Jardine Motors' acquisition of an additional 40% interest in a motor dealership in mainland China of US$24 million and Dairy Farm's acquisition of a further 34% interest in Rustan Supercenters Inc. in the Philippines of US$60 million, increasing the controlling interests in both subsidiaries to 100%.

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

Decrease in attributable interests in other subsidiaries in 2017 comprised balance of proceeds for Hongkong Land's sale of a 6% interest in Wangfu Central Real Estate Development Company Limited ('Wangfu') in 2016, reducing its controlling interest to 84%.

Decrease in 2016 comprised US$15 million being 50% proceeds received for Hongkong Land's sale of the above-mentioned 6% interest in Wangfu, and US$8 million for Astra's sale of a 20% interest in PT Balai Lelang Serasi, reducing its controlling interest to 70%.

(l) Analysis of balances of cash and cash equivalents

	2017 US$m	2016 US$m
Bank balances and other liquid funds *(refer note 23)*	**6,005**	5,543
Bank overdrafts *(refer note 30)*	**(7)**	(12)
Cash and bank balances included in assets classified as held for sale	**3**	–
	6,001	5,531

34 Derivative Financial Instruments

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

	2017		2016	
	Positive fair value US$m	Negative fair value US$m	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	**1**	**2**	–	2
– interest rate swaps and caps	**3**	**–**	2	–
– cross currency swaps	**33**	**32**	100	19
	37	**34**	102	21
Designated as fair value hedges				
– interest rate swaps and caps	**3**	**–**	3	–
– cross currency swaps	**7**	**9**	14	8
	10	**9**	17	8
Non-qualifying as hedges				
– forward foreign exchange contracts	**–**	**–**	–	1

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2017 were US$597 million *(2016: US$658 million)*.

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2017 were US$610 million *(2016: US$604 million)*.

At 31st December 2017, the fixed interest rates relating to interest rate swaps and caps vary from 0.9% to 3.1% *(2016: 0.9% to 3.5%)* per annum.

The fair values of interest rate swaps are based on the estimated cash flows discounted at market rates ranging from 1.3% to 2.2% *(2016: 0.7% to 2.3%)* per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2017 totalled US$3,563 million *(2016: US$3,241 million)*.

35 Commitments

	2017 US$m	2016 US$m
Capital commitments:		
Authorized not contracted		
– joint ventures	**–**	–
– other	**804**	1,065
	804	1,065
Contracted not provided		
– joint ventures	**1,349**	453
– other	**302**	600
	1,651	1,053
	2,455	2,118

	2017 US$m	2016 US$m
Operating lease commitments:		
Total commitments under operating leases		
– due within one year	**983**	916
– due between one and two years	**687**	649
– due between two and three years	**438**	337
– due between three and four years	**280**	195
– due between four and five years	**214**	150
– due beyond five years	**1,108**	522
	3,710	2,769

Total future sublease payments receivable relating to the above operating leases amounted to US$36 million *(2016: US$42 million)*.

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

36 Contingent Liabilities

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

37 Related Party Transactions

In the normal course of business the Group undertakes a variety of transactions with certain of its associates and joint ventures.

The most significant of such transactions relate to the purchases of motor vehicles and spare parts from its associates and joint ventures in Indonesia including PT Toyota-Astra Motor, PT Astra Honda Motor and PT Astra Daihatsu Motor. Total cost of motor vehicles and spare parts purchased in 2017 amounted to US$5,272 million *(2016: US$5,325 million)*. The Group also sells motor vehicles and spare parts to its associates and joint ventures in Indonesia including PT Astra Honda Motor, PT Astra Daihatsu Motor and PT Tunas Ridean. Total revenue from sale of motor vehicles and spare parts in 2017 amounted to US$599 million *(2016: US$601 million)*.

The Group uses Jardine Lloyd Thompson to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid by the Group in 2017 to Jardine Lloyd Thompson were US$6 million *(2016: US$5 million)*.

The Group manages six *(2016: six)* associate and joint venture hotels. Management fees received by the Group in 2017 from these managed hotels amounted to US$14 million *(2016: US$13 million)*.

PT Bank Permata provides banking services to the Group. The Group's deposits with PT Bank Permata at 31st December 2017 amounted to US$588 million *(2016: US$328 million)*.

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

Details of Directors' remuneration (being the key management personnel compensation) are shown on page 122 under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

38 Summarized Balance Sheet of the Company

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

	2017 US$m	2016 US$m
Subsidiaries	**1,659**	1,659
Share capital *(refer note 24)*	**181**	178
Share premium and capital reserves *(refer note 26)*	**57**	46
Revenue and other reserves	**1,188**	499
Shareholders' funds	**1,426**	723
Current liabilities	**233**	936
Total equity and liabilities	**1,659**	1,659

Subsidiaries are shown at cost less amounts provided.

39 Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2017 are set out below:

	Country of incorporation/ principal place of business	Nature of business	Attributable interests 2017 %	Attributable interests 2016 %	Proportion of ordinary shares and voting powers at 31st December 2017 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2017 held by non-controlling interests %
Dairy Farm International Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants	**65**	65	**78**	**22**
Hongkong Land Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Property development & investment, leasing & management	**42**	42	**50**	**50**
Jardine Cycle & Carriage Ltd	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk, motor trading and holding	**63**	63	**75**	**25**
Jardine Matheson Ltd	Bermuda/ Hong Kong	Group management	**100**	100	**100**	–
Jardine Motors Group Holdings Ltd	Bermuda/ Greater China and United Kingdom	Motor trading	**100**	100	**100***	–
Jardine Pacific Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Engineering & construction, transport services, restaurants, property and IT services	**100**	100	**100**	–
Jardine Strategic Holdings Ltd†	Bermuda/ Greater China and Southeast Asia	Holding	**84**	84	**84**	**16**
Mandarin Oriental International Ltd	Bermuda/ Worldwide	Hotel management & ownership	**65**	65	**77**	**23**
Matheson & Co., Ltd	England/ United Kingdom	Holding and management	**100**	100	**100**	–
PT Astra International Tbk	Indonesia/ Indonesia	Automotive, financial services, agribusiness, heavy equipment, mining, construction and energy, infrastructure and logistics, information technology and property	**32**	31	**50**	**50**

All subsidiaries are included in the consolidation.

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

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

†Jardine Strategic held 57% *(2016: 57%)* of the share capital of the Company.

Independent Auditors' Report

To the members of Jardine Matheson Holdings Limited

Report on the audit of the Financial Statements

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

- give a true and fair view of the state of the Group's affairs as at 31st December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

What we have audited
We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Balance Sheet as at 31st December 2017; the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Certain required disclosures have been presented in the Corporate Governance section on page 122 rather than in the Notes to the Financial Statements. These disclosures are cross-referenced from the financial statements and are identified as audited.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ('FRC's') Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach
Overview

Materiality
- Overall Group materiality: US$448 million, based on 5% of profit before tax.
- Specific Group materiality: US$206 million, based on 5% of underlying profit before tax.

Audit scope
- A full scope audit was performed on five entities – Jardine Cycle & Carriage Limited (which includes PT Astra International Tbk), Hongkong Land Holdings Limited, Dairy Farm International Holdings Limited, Jardine Motors Group Holdings Limited and Mandarin Oriental International Limited. These entities accounted for 94% of the Group's revenue and 98% of the Group's profit before tax.
- A full scope audit of a joint venture which accounted for 0.3% of the Group's profit before tax was also performed.

Key audit matters
- Valuation of investment properties.
- Impairment of goodwill in subsidiaries and investments in associates and joint ventures.
- Provisioning for consumer financing debtors.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Valuation of investment properties *Refer to note 3 (Critical Accounting Estimates and Judgements) and note 14 (Investment Properties) to the financial statements.* *The fair value of the Group's investment properties amounted to US$33,538 million at 31st December 2017, with a revaluation gain of US$4,706 million recognized as a non-trading item in the Consolidated Profit and Loss account for the year. The Group's property portfolio principally consists of commercial properties.* *The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market returns and the expected future rentals for that particular property.* *The valuations were carried out by third party valuers (the 'valuers'). In determining a property's valuation, the valuer makes assumptions, judgements and estimates in key areas. Valuations are principally derived using the income capitalization method. Judgements are made in respect of capitalization rates and market rents.* *We focused on the valuation of investment properties due to the significant judgements and estimates involved in determining the valuations.*	We assessed the valuers' qualifications and their expertise, considering whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised. Our work focused on the highest value properties in the portfolio, namely the buildings in the central business district of Hong Kong. We read the valuation reports for the Hong Kong properties covering the majority of the total investment property portfolio and considered the valuation approach used was appropriate for each property and suitable for use in determining the carrying value. We performed testing, on a sample basis, on the input data used in the valuation process to satisfy ourselves of the accuracy of the property information supplied to the valuers by management, for example agreeing of lease terms to tenancy agreements and other supporting documents. We understood and assessed the Group's controls over data used in the valuation of the investment property portfolio and management's review of the valuations. The audit team, including our valuation specialists, attended meetings with the valuers at which the valuations and the key assumptions therein were discussed. We compared the capitalization rates used by the valuers with an estimated range of expected yields, determined via reference to published benchmarks and market information. We evaluated year-on-year movements in capital value and rentals with reference to publicly available information and prevailing market rents. We evaluated whether assumptions were appropriate in light of the evidence provided by significant transactions which had taken place in local markets during the year. We concluded that the assumptions used in the valuations were supportable in light of available evidence.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of goodwill in subsidiaries and investments in associates and joint ventures *Refer to note 3 (Critical Accounting Estimates and Judgements), note 12 (Intangible Assets) and note 16 (Associates and Joint Ventures) to the financial statements.* *As at 31st December 2017, goodwill in subsidiaries totalled US$1,215 million and investments in associates and joint ventures totalled US$13,088 million.* *Management undertook impairment assessments, as required by accounting standards, noting certain cash generating units ('CGUs') that were underperforming or loss making.* *The determination of the recoverable amount of CGUs requires significant judgements by management, particularly management's view on key internal inputs and external market conditions which impact future cash flows, the discount rates and long term growth rates.*	We have reviewed and understood management's impairment assessment process, including the identification of indicators of impairment and appropriateness of the valuation models used. We assessed management's determination of CGUs. Where we identified a risk of impairment we performed the following procedures. With the support of our valuation specialists, we benchmarked and challenged key assumptions in management's valuation models used to determine recoverable amounts, including assumptions of projected profit of businesses, long term growth rates and discount rates appropriate for the CGUs under review, using our knowledge and experience. We tested the discounted cash flow models used by management in their assessments, re-performed the calculations to check their accuracy, compared historical budgeted performance to actual results and agreed the figures used to the detailed management approved budgets to assess the reasonableness of the cash flows used in the models. Our challenge focused particularly on the discount rates and long term growth rates used. We compared the discount rates used to the range of typical discount rates used in similar businesses, considering whether management had incorporated all relevant macro-economic and country-specific factors, as well as those specific to those CGUs, in determining their discount rates. For growth rates we compared each rate used to the range of growth rates used by similar businesses, considering whether management had considered macro-economic and country-specific factors specific to the relevant businesses. We also tested management's historical estimation accuracy by comparing previous projected growth rates to the actual growth achieved. Where differences were noted we understood management's rationale and the evidence, such as actual recent performance, to support management's estimates. We evaluated the sensitivity analysis performed by management and performed our independent sensitivity analysis on the key assumptions above and considered a range of alternative outcomes to determine the sensitivity of the valuation models to changes in assumptions. Based on the work performed, we found that the judgements made by management to determine the discount rates, long term growth rates and valuation models are reasonable.

Key audit matter	*How our audit addressed the key audit matter*
Provisioning for consumer financing debtors *Refer to note 1 (Principal Accounting Policies) and note 18 (Debtors) to the financial statements.* *As at 31st December 2017, consumer financing debtors of the Group amounted to US$4,354 million, held primarily in PT Astra Sedaya Finance ('ASF') and PT Federal International Finance ('FIF'), subsidiaries of the Group.* *Assessing the provision for impairment of consumer financing debtors requires management to make complex and subjective judgements over both the timing of recognition and estimation of any impairment required.* *Provisions for impairment are calculated on a collective basis for large homogeneous portfolios using models driven by a number of observable inputs and management assumptions. Assumptions and parameters used in the calculations are based on historical data and current customer credit data and include the delinquency status of the borrowers.*	We understood and tested the design and key controls over the credit reviews and approval processes that management has in place on the granting of loans. In addition, over consumer financing debtors' data and impairment calculations, we: • understood the identification of impairment events and how management identify all such events; • assessed the classification of loans that were impaired; and • tested the calculation of the impairment provisions on identified loans. We adopted a combination of tests of controls and tests of details for our audit of provisions for impairment of consumer financing debtors of ASF and FIF to obtain sufficient audit evidence. In addition to tests of controls, we understood management's basis for determining whether a loan is impaired and assessed the reasonableness of that basis through discussions with management, our understanding of the Group's lending portfolios and our broader industry knowledge. We assessed the models used and the assumptions applied by management, such as the basis on which the probability of default is calculated and estimated losses in the event of default, and how these compared with historical data adjusting for current market conditions and trends. We challenged whether historical experience was representative of current circumstances and of recent losses incurred in the portfolios. We re-performed the provision calculation independently and understood any significant differences identified. Based on our procedures, management's assumptions are supported by historical data and within a reasonable range based on actual loss rate data. We tested the completeness and accuracy of the consumer financing debtor's data from underlying systems that are used in the calculations and models to determine the impairment provisions. In considering the appropriateness of provisions, we assessed whether consumer financing debtors in higher risk segments had been appropriately considered and captured in the impairment provision by challenging management on their key areas of judgement, including the segmentation of the portfolio of consumer financing debtors, the period of historical loss data used and estimated market value for collateral held based on our understanding of the counterparties and current market conditions. Based on the evidence obtained, we found that the assumptions and the data used in calculating provisions for impairment were supportable based on available evidence.

How we tailored the audit scope
Jardine Matheson Holdings Limited is a holding company of a diversified group of businesses, many of which are separately listed.

We tailored the scope of our audit to ensure that we performed sufficient audit work to be able to give an opinion on the financial statements as a whole, taking into account the geographic locations and structure of the Group, the accounting processes and controls in place and the industries in which it operates.

The Group's accounting processes are structured around a finance function in each main business, which are responsible for their own accounting records and controls and which in turn report to a group finance function for that business. Each of the Group's listed subsidiaries have in addition to their own group finance functions, corporate governance structures and public reporting requirements. These businesses report financial information to the Group's finance function in Hong Kong to enable them to prepare consolidated financial statements.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by members of the Group engagement team or by component auditors from within the PwC Network operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. The Group engagement team was involved in the significant reporting entities in scope for Group reporting during the audit cycle through a combination of meetings, visits and conference calls. The lead Group audit partner and other senior team members undertook multiple visits to Hong Kong during the audit and were involved throughout the year in regular conference calls and other forms of communication to direct and oversee the audit throughout the year. The lead Group audit partner and other senior team members visited a number of countries, including Indonesia, China, Singapore, Malaysia and Thailand during the audit to review the work of component teams along with regular communication throughout the year.

For five entities – Jardine Cycle & Carriage Limited (which includes PT Astra International Tbk), Hongkong Land Holdings Limited, Dairy Farm International Holdings Limited, Jardine Motors Group Holdings Limited and Mandarin Oriental International Limited – a full scope audit of the complete financial information was performed. These entities accounted for 94% of the Group's revenue and 98% of the Group's profit before tax. A full scope audit of a joint venture which accounted for 0.3% of the Group's profit before tax was also performed. This, together with procedures performed on central functions and at the Group level (on the consolidation and other areas of significant judgement), gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	US$448 million.
How we determined it	5% of profit before tax.
Rationale for benchmark applied	Profit is the primary measure used by the shareholders in assessing the performance of the Group.

We set a specific materiality level of US$206 million for those items affecting underlying profit before tax. This is based upon 5% of the Group's largest subsidiary, Jardine Strategic Holdings Limited's underlying profit before tax. In arriving at this judgement we had regard to the fact that underlying profit is an important financial indicator of the Group.

Overall Group materiality and specific Group materiality equates to 5% of the Group's largest subsidiary, Jardine Strategic Holdings Limited's profit before tax and underlying profit before tax respectively.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of overall materiality allocated across components was US$3 million to US$383 million. The range of specific materiality allocated across components was US$3 million to US$113 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$10 million other than items relating to classification within the Consolidated Profit and Loss Account or Consolidated Balance Sheet which were only reported above US$115 million. We also reported misstatements below this amount that in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
In accordance with which ISAs (UK) we are required to report if the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue. We have nothing to report.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Responsibility Statement set out on page 120, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

John Baker
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London
8th March 2018

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

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

Five Year Summary

Profit and Loss*

	2017 US$m	2016 US$m	2015 US$m	2014 US$m	2013 US$m
Revenue	**39,456**	37,051	37,007	39,921	39,465
Profit attributable to shareholders	**3,785**	2,503	1,799	1,712	1,565
Underlying profit attributable to shareholders	**1,568**	1,386	1,360	1,531	1,499
Earnings per share (US$)	**10.06**	6.69	4.82	4.62	4.26
Underlying earnings per share (US$)	**4.17**	3.71	3.64	4.13	4.08
Dividends per share (US$)	**1.60**	1.50	1.45	1.45	1.40

Balance Sheet*

	2017 US$m	2016 US$m	2015 US$m	2014 US$m	2013 US$m
Total assets	**82,814**	71,523	66,581	66,032	63,387
Total liabilities	**(25,044)**	(21,786)	(21,081)	(21,547)	(20,942)
Total equity	**57,770**	49,737	45,500	44,485	42,445
Shareholders' funds	**25,669**	21,800	19,886	19,196	18,313
Net debt (excluding net debt of financial services companies)	**3,403**	2,087	2,972	2,483	2,601
Net asset value per share (US$)	**68.21**	58.15	53.30	51.60	49.64

Cash Flow

	2017 US$m	2016 US$m	2015 US$m	2014 US$m	2013 US$m
Cash flows from operating activities	**4,298**	3,967	4,089	3,285	4,133
Cash flows from investing activities	**(3,975)**	(2,063)	(3,200)	(2,234)	(2,305)
Net cash flow before financing	**323**	1,904	889	1,051	1,828
Cash flow per share from operating activities (US$)	**11.42**	10.60	10.96	8.87	11.24

*Figures prior to 2016 have been restated due to a change in accounting policy upon adoption of the amendments to IAS 16 and IAS 41 'Agriculture: Bearer Plants'.

Responsibility Statement

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

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

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

For and on behalf of the Board

Ben Keswick
John Witt
Directors

8th March 2018

Corporate Governance

Jardine Matheson Holdings Limited is incorporated in Bermuda. The majority of the Group's business interests are in Greater China and Southeast Asia. The Company's equity shares have a standard listing on the Main Market of the London Stock Exchange, and secondary listings in Bermuda and Singapore. The Company's share capital is 58%-owned by Jardine Strategic Holdings Limited ('Jardine Strategic'), a Bermuda incorporated 84%-owned subsidiary of the Company similarly listed in London, Bermuda and Singapore. The Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority of the United Kingdom (the 'FCA') require that this Report address all relevant information about the corporate governance practices applied beyond the requirements under Bermuda law.

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

The Management of the Group

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

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

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

Operational management is delegated to the appropriate level, and coordination with the Group's listed subsidiaries is undertaken by the board of the Group management company, Jardine Matheson Limited ('JML'). The JML board meets regularly in Hong Kong and is chaired by the Managing Director. It currently has five other members, whose names appear on page 128 of this Report, which include the Deputy Managing Director, the Group Finance Director, the Group Strategy Director and the Group General Counsel.

The Board

The Company currently has a Board of 15 Directors. Their names and brief biographies appear on page 27 of this Report. The Board composition and operation provide stability, allowing the Company to take a long-term view as it seeks to grow its business and pursue investment opportunities.

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

The Board is scheduled to hold four meetings in 2018 and ad hoc procedures are adopted to deal with urgent matters. In 2017 one meeting was held in Bermuda and three were held in Asia. The Board receives high quality, up to date information for each of its meetings. In addition, certain Directors who are not members of the board of JML and who are based outside Asia regularly visit Asia and Bermuda to discuss the Group's business, as well as to participate in four annual Group strategic reviews that precede the regular Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge and close oversight of the Group's affairs reinforces the process by which business is reviewed before consideration at Board meetings.

Directors' Appointment, Retirement, Remuneration and Service Contracts

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

Each new Director is appointed by the Board and, in accordance with the Company's Bye-laws, each new Director so appointed is subject to retirement at the first annual general meeting after appointment. Thereafter, Directors are subject to retirement by rotation under the Bye-laws whereby one-third of the Directors retire at the annual general meeting each year. These provisions apply to both executive and non-executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director.

Alex Newbigging was appointed as a Director of the Company with effect from 1st October 2017. At this year's Annual General Meeting to be held on 10th May 2018, Dr Richard Lee is to retire and will not seek re-election. It is proposed that Julian Hui will join the Board following the Annual General Meeting. In accordance with Bye-Law 84, Anthony Nightingale, Y.K. Pang and Percy Weatherall retire by rotation, and being eligible, offer themselves for re-election. In accordance with Bye-law 91, Alex Newbigging will also retire, and being eligible, offers himself for re-election. Y.K. Pang and Alex Newbigging each has a service contract with a subsidiary of the Company that has a notice period of six months. Anthony Nightingale and Percy Weatherall do not have service contracts with the Company or its subsidiaries.

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

Recommendations and decisions on remuneration and other benefits payable or made available to executive Directors result from consultations between the Chairman and the Managing Director as well as with other Directors as may be considered appropriate. Directors' fees which are payable to the Chairman and all other Directors (other than full-time salaried Directors) are decided upon by shareholders in general meeting as provided for by the Company's Bye-laws.

Certain Directors are discretionary objects under a trust created in 1947 (the '1947 Trust') which holds 35,915,991 ordinary shares in the Company representing 4.95% of the Company's issued share capital. Under the terms of the 1947 Trust, its income is to be distributed to senior executive officers and employees of the Company and its wholly-owned subsidiaries.

For the year ended 31st December 2017, the Directors received US$64.4 million *(2016: US$68.9 million)* in aggregate being distributions from the 1947 Trust of US$49.8 million *(2016: US$52.1 million)* and Directors' fees and employee benefits from the Group of US$14.6 million *(2016: US$16.8 million)*. Directors' fees and employee benefits included US$0.4 million *(2016: US$0.4 million)* in Directors' fees, US$11.5 million *(2016: US$13.4 million)* in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind, US$1.3 million *(2016: US$1.5 million)* in post-employment benefits and US$1.4 million *(2016: US$1.5 million)* in share-based payments. The information set out in this paragraph forms part of the audited financial statements.

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

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

Audit Committee

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

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

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

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

Risk Management and Internal Control

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

Executive management oversees the implementation of the systems of internal control within the Group's operating companies, the responsibility for which rests with each company's board and its own executive management. The effectiveness of these systems is monitored by the internal audit function, which is independent of the operating companies, and by a series of audit committees or risk management and compliance committees that operate in each major business unit across the Group. The internal audit function also monitors the approach taken by the business units to risk. The findings of the internal audit function and recommendations for any corrective action required are reported to the relevant audit committee and, if appropriate, to the Audit Committee of the Company.

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

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is set out in the Group's Code of Conduct, which is a set of guidelines to which every employee must adhere, and is reinforced and monitored by an annual compliance certification process.

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

The principal risks and uncertainties facing the Company are set out on page 126.

Directors' Responsibilities in respect of the Financial Statements

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

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are clearly set out in its Code of Conduct. The code requires that all Group companies comply with all laws of general application, all rules and regulations that are industry specific and proper standards of business conduct. The code prohibits the giving or receiving of illicit payments, and requires that all managers must be fully aware of their obligations under the code and establish procedures to ensure compliance at all levels within their organizations.

The code also encourages inclusion and diversity, and requires all employees to be treated fairly, impartially and with dignity and respect. As a multinational Group with a broad range of businesses operating primarily across East Asia and Southeast Asia, although with further interests elsewhere in the world, the Group believes in promoting equal opportunities in recruiting, developing and rewarding its people regardless of race, gender, nationality, religion, sexual orientation, disability, age or background. The scale and breadth of the Group's businesses necessitate that they seek the best people from the communities in which they operate most suited to their needs.

The Group has in place procedures by which employees can raise, in confidence, matters of serious concern in areas such as financial reporting or compliance.

Directors' Share Interests

The Directors of the Company in office on 8th March 2018 had interests (within the meaning of the EU Market Abuse Regulation ('MAR'), which applies to the Company as it is listed on the London Stock Exchange) as set out below in the ordinary share capital of the Company. These interests included those notified to the Company in respect of the Directors' closely associated persons (as that term is used under MAR).

Sir Henry Keswick	11,852,046
Ben Keswick	43,056,788[a] [b] [c]
Y.K. Pang	388,000
Mark Greenberg	82,478
David Hsu	69,613
Adam Keswick	36,894,744[a] [b]
Simon Keswick	2,797,633[a] [c]
Dr Richard Lee	120,777
Anthony Nightingale	1,186,780
Percy Weatherall	37,071,937[a] [b]

Notes:

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

(b) Includes 31,968,393 ordinary shares held by family trusts, the trustee of which is a closely associated person of Ben Keswick, Adam Keswick and Percy Weatherall.

(c) Includes 328,405 ordinary shares held by a family trust, the trustee of which is a closely associated person of Ben Keswick and Simon Keswick.

In addition, Ben Keswick, Y.K. Pang, Mark Greenberg, David Hsu, Adam Keswick, Alex Newbigging, Jeremy Parr, Lord Sassoon and John Witt held options in respect of 240,000, 107,000, 90,000, 63,334, 50,000, 90,000, 50,000, 125,000 and 190,000 ordinary shares, respectively, issued pursuant to the Company's share-based long-term incentive plans.

Substantial Shareholders

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

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic and its subsidiary undertakings which are directly and indirectly interested in 418,750,730 ordinary shares carrying 57.66% of the voting rights. Apart from this interest, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 8th March 2018.

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

Governance Principles

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

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

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

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

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

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

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

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

Related Party Transactions

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

Securities Purchase Arrangements

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

During the year Jardine Strategic purchased a total of 1,494,100 ordinary shares of the Company in the market for an aggregate total cost of US$95.3 million. The ordinary shares purchased represented some 0.21% of the Company's issued ordinary share capital. As the Company's interest in Jardine Strategic is over 50%, the share purchases by Jardine Strategic have been disclosed as if they were share repurchases, although the shares themselves are not required to be cancelled.

Takeover Code

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

Annual General Meeting

The 2018 Annual General Meeting will be held on 10th May 2018. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report. A corporate website is maintained containing a wide range of information of interest to investors at www.jardines.com.

Power to amend Bye-laws

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

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk is set out in more detail on page 123 of the Corporate Governance section of this Report. The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority of the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Managing Director's Review.

Economic Risk

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

Commercial Risk and Financial Risk

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

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

The Group's businesses operate in areas that are highly competitive and evolving rapidly, and failure to compete effectively in terms of price, tender terms, product specification, application of new technologies or levels of service can have an adverse effect on earnings or market share. Significant pressure from such competition may also lead to reduced margins. The quality and safety of the products and services provided by the Group's businesses are important and there is an associated risk if they are below standard, while any damage to brand equity or reputation might adversely impact the ability to achieve acceptable revenues and profit margins. The potential impact on a number of the Group's businesses of the disruption to IT systems or infrastructure, whether by cyber-crime or other reasons, may be significant.

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

Concessions, Franchises and Key Contracts

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

Regulatory and Political Risk

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

Terrorism, Pandemic and Natural Disasters

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

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

Shareholder Information

Financial Calendar

2017 full-year results announced	8th March 2018
Shares quoted ex-dividend on the Singapore Exchange	21st March 2018
Shares quoted ex-dividend on the London Stock Exchange	22nd March 2018
Share registers closed	26th to 30th March 2018
2017 final dividend scrip election period closes	27th April 2018
Annual General Meeting to be held	10th May 2018
2017 final dividend payable	16th May 2018
2018 half-year results to be announced	27th July 2018*
Shares quoted ex-dividend on the Singapore Exchange	15th August 2018*
Shares quoted ex-dividend on the London Stock Exchange	16th August 2018*
Share registers to be closed	20th to 24th August 2018*
2018 interim dividend scrip election period closes	21st September 2018*
2018 interim dividend payable	10th October 2018*

**Subject to change*

Dividends

The dividends will be available in cash with a scrip alternative. Shareholders will receive their cash dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2017 final dividend by notifying the United Kingdom transfer agent in writing by 27th April 2018. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 2nd May 2018. Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in sterling only. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States dollars unless they elect, through CDP, to receive Singapore dollars.

Registrars and Transfer Agent

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

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

Jersey Branch Registrar
Link Market Services (Jersey) Limited
12 Castle Street
St Helier, Jersey JE2 3RT
Channel Islands

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

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

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

Group Offices

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