



Kia Magentis, Singapore

## Financial Review

### Results

The Group's revenue increased by 89% to US\$7,186 million in 2006, reflecting a full year's revenue contribution from Astra compared with five months in 2005.

Underlying profit attributable to shareholders declined by 29% to US\$211 million as the poor market conditions in Indonesia led to a significant reduction in Astra's profit, particularly in the automotive sector although the effect of the decline on the Group's results was partly mitigated by the strengthening of the Rupiah against the US Dollar. The 2005 results included a 13<sup>th</sup> month's contribution from Astra, required to align its accounting period to that of the Group and a US\$19 million contribution from the Group's 65.6% stake in MCL Land, which was distributed in specie in January 2006.

Underlying contribution from Astra declined by 24% to US\$208 million. Excluding the 13<sup>th</sup> month's contribution, the decline would have been 18%. Underlying contribution from the Group's other motor operations increased by 10% to US\$32 million as the strong performance from the Singapore motor operations was offset by the declines in Cycle & Carriage Bintang in Malaysia and

Tunas Ridean in Indonesia.

Profit attributable to shareholders was US\$224 million after accounting for non-trading gains of US\$13 million from asset sales by Cycle & Carriage Bintang, gains on the liquidation of the Australian operations and revaluation gains on investment properties in Indonesia, compared with non-trading losses of US\$15 million in 2005.

Net financing charges increased by US\$39 million to US\$55 million due to the inclusion of a full year's net interest expenses in respect of Astra.

The underlying effective tax rate of the Group decreased slightly to 32% from 33% in 2005.

### Dividends

The Board has recommended a final dividend of US\$17.00 per share less tax which, together with the interim dividend, but excluding the dividend in specie of MCL Land, will give a total dividend for the year of US\$20.00 per share less tax, an 11% increase over the previous year. The final dividend is payable in cash with a scrip alternative. As a result, the gross dividend payout for the year has increased from 21% to 30%.



Mercedes-Benz R-Class, Singapore

**Cash Flow**

Cash inflow from operating activities at US\$1,595 million was US\$1,584 million higher than the previous year due to a full year's consolidation of Astra, and the decrease in working capital requirement, mainly in Astra's financing debtors and the absence of development properties for sale following the distribution in specie of MCL Land.

Cash outflow from investing activities was US\$486 million compared with a cash inflow of US\$208 million in 2005, which included net cash of US\$320 million acquired when Astra became a subsidiary. Major expenditure during the year included the purchase of plant and equipment by Astra's heavy equipment business and the purchase of additional shares in Bank Permata.

Cash outflow from financing activities was US\$750 million compared with the cash inflow of US\$224 million in 2005, due mainly to the net repayment of loans of US\$467 million by Astra and US\$88 million by the Company.

**Balance Sheet**

Total assets, excluding bank balances and other liquid funds, decreased marginally to US\$7,656 million. Total liabilities

excluding borrowings decreased by 18% to US\$1,493 million due to the distribution of MCL Land shares in specie.

Shareholders' funds increased by US\$362 million to US\$1,906 million due mainly to the net profit for the year of US\$224 million, a translation gain of US\$132 million, proceeds of US\$36 million from the issue of shares under the Scrip Dividend Scheme, fair value changes of US\$8 million on available-for-sale investments and a revaluation surplus of US\$16 million on land and buildings. These were partially offset by dividend payments of US\$49 million.

At year end, the Group had undrawn committed facilities of around US\$1 billion. In addition, the Group had available bank balances and other liquid funds of US\$568 million. Jardine Cycle & Carriage's consolidated net debt excluding those relating to Astra's financial services operations was US\$600 million, US\$9 million lower than the previous year-end. Net debt to total equity was 15% compared to 17% at the end of the previous year. Net debt of the Company declined by US\$101 million to US\$153 million due to the repayment of loans funded by dividends received.

**Accounting Policies**

There have been no changes to the accounting policies except for the adoption of the following amendments and interpretation to existing standards shown below:

IAS 19 (amended 2005)	Employee Benefits
IAS 39 (amended 2005)	Cash Flow Hedge
	Accounting of Forecast
	Intragroup Transactions
IAS 39 (amended 2005)	The Fair Value Option
IAS 39 and IFRS 4	Financial Guarantee
(amended 2005)	Contracts
IFRIC 4	Determining whether an
	Arrangement contains a
	Lease

The adoption of these amendments and interpretation did not have a material impact on the results of the Group.

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