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Directors' Report

The directors of Jardine Cycle & Carriage Limited present their report to the members together with the audited financial statements for the financial year ended 31 December 2007.

1. Directors

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

Anthony John Liddell Nightingale Chairman
 Boon Yoon Chiang # Deputy Chairman
 Benjamin William Keswick Group Managing Director, appointed 1 April 2007
 Chiew Sin Cheok Group Finance Director
 Datuk Azlan Zainol
 Chang See Hiang #
 Cheah Kim Teck
 Mark Spencer Greenberg #
 Hassan Abas #
 Lim Ho Kee #
 James Arthur Watkins #
 Alan Yeo Chee Yeow #

Audit Committee member

2. Directors' Interests

As at 31 December 2007 and 1 January 2007 or date of appointment, if later, the directors of the Company had interests set out below in the ordinary shares of the Company and related companies. These were direct interests except where otherwise indicated:

Name of director/Par value per share	The Company –	Jardine Matheson US\$0.25	Jardine Strategic US\$0.05	Dairy Farm US\$0.05 ^{5/9}	Astra International Rp500	Cycle & Carriage Bintang RM1
As at 31 December 2007						
Anthony Nightingale	–	1,007,389	16,934	24,375	600,000	15,000
		5,595 #		9,808 #	10,000 #	
Benjamin Keswick	–	1,978,037	–	–	–	–
		28,615,401 *				
		7,389,964 ^				
Cheah Kim Teck	19,681	–	–	–	–	–
James Watkins	–	105,516	–	–	–	–
As at 1 January 2007, or date of appointment, if later						
Anthony Nightingale	–	1,007,389	16,875	24,375	600,000	15,000
		5,462 #		9,808 #	10,000 #	
Benjamin Keswick	–	1,940,666	–	–	–	–
		28,131,216 *				
Boon Yoon Chiang	–	10,000	–	–	–	–
Cheah Kim Teck	11,001	–	–	–	–	–
James Watkins	–	103,013	–	–	–	–

Non-beneficial deemed interest.

* Deemed interest in shares held by a discretionary family trust in which Benjamin Keswick is a potential ultimate beneficiary.

^ Beneficial interests in shares held by various family trusts notified on behalf of Benjamin Keswick.

In addition:

- a. At 31 December 2007, Cheah Kim Teck did not hold any options (1.1.07: 100,000) in respect of ordinary shares in the Company issued pursuant to the CCL Executives' Share Option Scheme 2000.
- b. At 31 December 2007, Benjamin Keswick, Chiew Sin Cheok and Mark Greenberg held options in respect of 300,000 (1.4.07: 300,000), 20,000 (1.1.07: Nil) and 100,000 (1.1.07: 100,000) ordinary shares, respectively, in Jardine Matheson issued pursuant to that company's Senior Executive Share Incentive Schemes.
- c. At 31 December 2007 and 1 January 2007 or date of appointment, if later, Anthony Nightingale, Benjamin Keswick, Boon Yoon Chiang and Mark Greenberg had deemed interests in 35,915,991 ordinary shares in Jardine Matheson as discretionary objects under the 1947 Trust, the income of which is available for distribution to senior executive officers and employees of Jardine Matheson and its wholly-owned subsidiaries.

There were no changes in the abovementioned interests as regards to the Company between the end of the financial year and 21 January 2008.

No other person who was a director of the Company at the end of the financial year had an interest in any shares or debentures of the Company or its related companies either at the beginning or end of the financial year or on 21 January 2008.

At no time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, except for the CCL Executives' Share Option Scheme 2000. During the financial year, 100,000 options (2006: Nil) were exercised by a director.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as shown in Note 34 to the financial statements and in this report, and except that certain directors who are nominees of the substantial shareholders have employment relationships either with the substantial shareholders or their related companies and have received remuneration in those capacities.

3. Audit Committee

In relation to the financial statements of the Group and the Company for the financial year ended 31 December 2007, the Audit Committee reviewed the audit plans and scope of the audit examination of the internal and external auditors of the Company. The internal and external auditors' findings on the internal controls of the companies within the Group and management's response to these findings were also discussed with the internal and external auditors and management. The Audit Committee's activities included a review of the financial statements of the Group and the Company for the financial year ended 31 December 2007, and the reports of the external auditors thereon. The Audit Committee has had four meetings since the report of the previous financial year.

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

4. Share Options

During 2007, no options were granted by the Company pursuant to the CCL Executives' Share Option Scheme 2000 ("ESOS II").

The ESOS II became operative on 1 January 2000 and replaced the CCL Senior Executives' Share Option Scheme ("ESOS I") which expired on 31 December 1999. As at 31 December 2007, the outstanding options totalled 101,000, all of which have become vested. Options in respect of 20,000 shares relate to ESOS I while the remaining options pertaining to 81,000 shares relate to ESOS II. The total number of shares that can be issued pursuant to ESOS II shall not exceed 15% of the issued share capital of the Company.

Directors' Report

4. Share Options (continued)

During the financial year, 190,000 shares were issued pursuant to the exercise of these options. As at 31 December 2007, the following options to take up 101,000 unissued shares in the Company were outstanding:

Date of grant	No. of options			Exercise price S\$	Expiry Date
	At 1.1.2007	Exercised	At 31.12.2007		
5.4.1999	52,000	32,000	20,000	4.340	4.4.2009
1.3.2000	20,000	20,000	–	1.645	28.2.2010
28.2.2002	119,000	38,000	81,000	1.664	27.2.2012
26.2.2003	100,000	100,000	–	1.204	25.2.2013
	291,000	190,000	101,000		

The information on directors of the Company participating in the share option schemes is as follows:

Name of director	No. of options				
	Granted during the financial year ended 31.12.2007	Granted since the commencement of the schemes to 31.12.2007	Exercised since the commencement of the schemes to 31.12.2007	Lapsed since the commencement of the schemes to 31.12.2007	Outstanding as at 31.12.2007
Cheah Kim Teck	–	565,000	355,000	210,000	–

There were no participants who are controlling shareholders of the Company and their associates. A person who is a substantial shareholder of the Company is not eligible to participate in the share option schemes. The share option schemes do not provide for participation by parent group employees. The Company's ultimate holding company is Jardine Matheson Holdings Limited.

No employee received options granted pursuant to the schemes which, in aggregate, represented 5% or more of the total number of shares available under the share option schemes.

No options were granted pursuant to the share option schemes with an exercise price at a discount to the market.

5. Auditors

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

On behalf of the directors

Anthony Nightingale
Director

Hassan Abas
Director

Singapore
19 March 2008

Statement by Directors

In the opinion of the directors, the accompanying financial statements set out on pages 55 to 117 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007, the results of the business and the recognised income and expense of the Group and of the Company and the cash flows of the Group for the financial year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Anthony Nightingale
Director

Hassan Abas
Director

Singapore
19 March 2008

Independent Auditor's Report

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

We have audited the accompanying financial statements of Jardine Cycle & Carriage Limited (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 117, which comprise the balance sheets of the Company and of the Group as at 31 December 2007, the profit and loss account and the statement of recognised income and expense of the Company and the consolidated profit and loss account, consolidated statement of recognised income and expense and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and the International Financial Reporting Standards, for which approval from the Accounting and Corporate Regulatory Authority has been obtained. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion,

- (a) the balance sheet, profit and loss account and statement of recognised income and expense of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007, and the results, statement of recognised income and expense of the Company and of the Group and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers
Public Accountants and
Certified Public Accountants

Singapore
19 March 2008

Consolidated Profit and Loss Account

For the year ended 31 December

	Notes	2007 US\$m	Restated 2006 US\$m
Revenue	3	8,895.6	7,186.3
Cost of sales		(6,983.0)	(5,733.3)
Gross profit		1,912.6	1,453.0
Other operating income		178.2	174.3
Selling and distribution expenses		(486.2)	(568.0)
Administrative expenses		(509.9)	(435.1)
Other operating expenses		(34.1)	(16.2)
Operating profit	4	1,060.6	608.0
Financing charges		(79.9)	(94.1)
Financing income		35.6	40.5
Net financing charges	6	(44.3)	(53.6)
Share of associates' and joint ventures' results after tax	16	125.7	155.0
Profit before tax		1,142.0	709.4
Tax	7	(317.5)	(182.1)
Profit after tax		824.5	527.3
Profit attributable to:			
Shareholders of the Company		340.1	223.8
Minority interests		484.4	303.5
		824.5	527.3
		US¢	US¢
Earnings per share:			
– basic	9	98.47	66.02
– diluted	9	98.47	65.98

The notes on pages 63 to 117 form an integral part of the financial statements.

Consolidated Balance Sheet

As at 31 December

o	Notes	2007 US\$m	Restated 2006 US\$m
Non-current assets			
Intangible assets	10	460.4	457.7
Leasehold land use rights	11	403.7	429.9
Property, plant and equipment	12	1,313.2	1,274.4
Investment properties	13	28.0	33.0
Plantations	14	514.6	460.1
Interests in associates and joint ventures	16	1,342.9	1,372.3
Other investments	17	133.9	94.8
Non-current debtors	19	814.0	963.1
Deferred tax assets	27	60.1	57.6
Other non-current assets	18	64.3	76.5
		5,135.1	5,219.4
Current assets			
Stocks	20	642.9	613.2
Current debtors	21	1,817.3	1,695.5
Current tax assets		120.8	123.6
Current investments	17	20.8	2.3
Bank balances and other liquid funds			
– non-financial services companies		529.6	395.6
– financial services companies		166.7	172.8
	22	696.3	568.4
		3,298.1	3,003.0
Non-current assets classified as held for sale	23	3.1	2.2
		3,301.2	3,005.2
Total assets		8,436.3	8,224.6

Consolidated Balance Sheet

As at 31 December

	Notes	2007 US\$m	Restated 2006 US\$m
Non-current liabilities			
Provisions	25	17.8	15.5
Long-term borrowings			
– non-financial services companies		323.7	409.6
– financial services companies		615.5	722.7
	26	939.2	1,132.3
Deferred tax liabilities	27	306.4	299.6
Pension liabilities	29	42.3	41.8
Other non-current liabilities	28	58.6	53.3
		1,364.3	1,542.5
Current liabilities			
Provisions	25	29.7	26.3
Current borrowings			
– non-financial services companies		446.2	726.4
– financial services companies		806.1	953.9
	26	1,252.3	1,680.3
Current tax liabilities		136.3	36.3
Current creditors	24	1,095.8	884.0
		2,514.1	2,626.9
Total liabilities		3,878.4	4,169.4
Net assets		4,557.9	4,055.2
Equity			
Share capital	30	555.2	495.7
Fair value and other reserves	31	334.8	330.2
Revenue reserve	32	1,269.7	1,079.7
Shareholders' funds		2,159.7	1,905.6
Minority interests	33	2,398.2	2,149.6
Total equity		4,557.9	4,055.2

The notes on pages 63 to 117 form an integral part of the financial statements.

Consolidated Statement of Recognised Income and Expense

For the year ended 31 December

	2007 US\$m	2006 US\$m
Surplus on revaluation of land and buildings, net of tax	25.6	35.2
Fair value changes of hedging derivatives, net of tax	(1.3)	(1.4)
Fair value changes of available-for-sale investments, net of tax	(12.3)	17.4
Actuarial loss on defined benefit pension plans, net of tax	(0.9)	(10.8)
Reserve realised	0.7	–
Translation difference	(164.6)	296.2
Net gain/(loss) recognised directly in equity	(152.8)	336.6
Profit after tax	824.5	527.3
Total recognised income and expense for the year	671.7	863.9
Total recognised income and expense attributable to:		
Shareholders of the Company	274.6	374.1
Minority interests	397.1	489.8
	671.7	863.9

The notes on pages 63 to 117 form an integral part of the financial statements.

Profit and Loss Account

For the year ended 31 December

	Notes	2007 US\$m	2006 US\$m
Revenue	3	144.1	182.9
Other operating income		10.6	0.7
Administrative expenses		(11.7)	(9.8)
Other operating expenses		(4.6)	(6.6)
Operating profit	4	138.4	167.2
Financing charges		(5.9)	(9.9)
Financing income		0.2	–
Net financing charges	6	(5.7)	(9.9)
Profit before tax		132.7	157.3
Tax	7	(16.9)	(26.5)
Profit after tax		115.8	130.8

The notes on pages 63 to 117 form an integral part of the financial statements.

Balance Sheet

As at 31 December

	Notes	2007 US\$m	2006 US\$m
Non-current assets			
Property, plant and equipment	12	0.7	0.9
Interests in subsidiaries	15	1,276.3	1,202.0
Interests in associates and joint ventures	16	26.4	47.8
Other investments	17	6.5	–
		1,309.9	1,250.7
Current assets			
Current debtors	21	8.4	20.0
Bank balances and other liquid funds	22	6.9	29.1
		15.3	49.1
Total assets		1,325.2	1,299.8
Non-current liabilities			
Deferred tax liabilities	27	0.3	0.4
		0.3	0.4
Current liabilities			
Current borrowings	26	38.1	182.4
Current tax liabilities		0.8	0.8
Current creditors	24	74.6	70.1
		113.5	253.3
Total liabilities		113.8	253.7
Net assets		1,211.4	1,046.1
Equity			
Share capital	30	555.2	495.7
Share option reserve	31	0.3	0.3
Revenue reserve	32	655.9	550.1
		1,211.4	1,046.1

The notes on pages 63 to 117 form an integral part of the financial statements.

Statement of Recognised Income and Expense

For the year ended 31 December

	2007 US\$m	2006 US\$m
Translation difference – gain recognised directly in equity	70.0	75.9
Profit after tax	115.8	130.8
Total recognised income and expense for the year	185.8	206.7

The notes on pages 63 to 117 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December

	Notes	2007 US\$m	Restated 2006 US\$m
Cash flows from operating activities			
Cash generated from operations	38	1,491.6	1,591.7
Interest paid		(79.9)	(89.2)
Interest received		35.6	40.9
Other finance costs paid		(6.2)	(1.4)
Income taxes paid		(211.8)	(290.9)
		(262.3)	(340.6)
<i>Net cash flows from operating activities</i>		1,229.3	1,251.1
Cash flows from investing activities			
Sale of investment properties		6.3	–
Sale of leasehold land use rights		10.9	19.6
Sale of property, plant and equipment		41.4	46.9
Sale of subsidiaries, net of cash disposed	39	–	(28.6)
Sale of shares in associates and joint ventures		33.6	0.9
Sale of other investments		7.3	–
Purchase of intangible assets		(22.0)	(1.0)
Purchase of leasehold land use rights		(8.7)	(17.3)
Purchase of property, plant and equipment		(332.2)	(310.9)
Purchase of plantations		(41.1)	(21.5)
Purchase of subsidiaries, net of cash acquired	39	2.0	(6.8)
Purchase of shares in associates and joint ventures		–	(175.2)
Purchase of other investments		(61.2)	(75.2)
Capital repayment of other investments		8.1	23.0
Dividends received from associates and joint ventures (net)		39.3	143.9
<i>Net cash flows used in investing activities</i>		(316.3)	(402.2)
Cash flows from financing activities			
Proceeds from issue of shares		0.2	0.2
Drawdown of loans		2,193.8	2,407.4
Repayment of loans		(2,799.2)	(3,055.6)
Investment by minority interests		0.4	9.5
Dividends paid to minority interests		(148.9)	(174.1)
Dividends paid (net)		(20.7)	(12.7)
<i>Net cash flows used in financing activities</i>		(774.4)	(825.3)
Net change in cash and cash equivalents		138.6	23.6
Cash and cash equivalents at the beginning of the year		551.9	491.0
Effect of exchange rate changes		(18.4)	37.3
Cash and cash equivalents at the end of the year	39	672.1	551.9

The notes on pages 63 to 117 form an integral part of the financial statements.

Notes to the Financial Statements

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

1. General

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

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

On 19 March 2008, the Jardine Cycle & Carriage Limited Board of Directors authorised the financial statements for issue.

2. Significant Accounting Policies

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

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

There have been no changes to the accounting policies except for the adoption of the following amendment, new standard and interpretations to existing standards shown below:

Amendment to IAS 1	Presentation of Financial statements – Capital Disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC 8	Scope of IFRS 2 Share-based Payment
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

The adoption of this amendment, new standard and interpretations did not have a material impact on the results of the Group.

The following new standard, amendments and interpretations which are relevant to the Group's operations were published, but are effective for accounting periods beginning on or after 1 January 2008 or later periods:

IFRS 8	Operating Segments
IAS 1 (revised)	Presentation of Financial Statements
IAS 23 (revised)	Borrowing Costs
IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service Concession Agreements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The directors anticipate that the adoption of the new standard, amendments and other interpretations in future periods would have no material impact on the Group.

2.2 Consolidation

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

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

2.2 Consolidation (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition dates, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss account.

All inter-company balances, transactions and unrealised gains have been eliminated in full on consolidation. Unrealised losses from inter-company transactions are also eliminated unless cost cannot be recovered. Adjustments have been made where necessary to ensure consistency with the policies adopted by the Group.

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are entities in which the Group has contractual arrangements to jointly share control with one or more other parties. Associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting and are initially recorded at cost. The Group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Its share of post-acquisition profit and loss is recognised in the consolidated profit and loss account.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associate or joint venture.

Significant unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments have been made where necessary to ensure consistency with the policies adopted by the Group.

The results of subsidiaries, associates and joint ventures are included or excluded from the consolidated financial statements from the effective dates of acquisition or disposal, respectively.

Minority interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2.3 Property, Plant and Equipment

Freehold land is stated at valuation. Freehold buildings and the building component of owner-occupied leasehold properties are stated at valuation less accumulated depreciation and impairment losses. Independent valuations are performed every three years on an open market basis, and in the case of the building component on leasehold land, on the basis of depreciated replacement cost. Depreciated replacement cost is used as the most reliable basis of allocating open market value to the building component. In the intervening years, the directors review the carrying values and adjustment is made where there has been a material change. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Revaluation surpluses and deficits are dealt with in asset revaluation reserves, except for movements on individual properties below depreciated cost which are dealt with in the profit and loss account. Mining properties, which are contractual rights to mine and own coal reserves in specified concession areas, and other assets are stated at historical cost less accumulated depreciation and impairment losses.

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

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Cost of mining properties includes expenditure to restore and rehabilitate coal mining areas following the completion of production.

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

Building and leasehold improvements	3 ¹ / ₃ % – 33 ¹ / ₃ %
Plant and machinery	5% – 50%
Office furniture, fixtures and equipment	10% – 50%
Transportation equipment and motor vehicles	12.5% – 25%

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

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

The revaluation surplus on land and buildings is transferred directly to retained earnings on sale of the property.

2.4 Plantations

Plantations, which principally comprise oil palm plantations and exclude the related land, are measured at each balance sheet date at their fair values, representing the present value of expected net cash flows from the assets in their present location and condition determined internally, less estimated point of sale costs. Assumptions used by management in the valuation are confirmed by independent, professionally qualified valuers. Changes in fair values are recorded in the profit and loss account. Plantations are considered mature three to four years after planting and once they are generating average annual fresh fruit bunches of four to six tons per hectare.

2.5 Investment Properties

Investment properties are properties, including those held under operating leases, held for long-term rental yields. Investment properties are stated at fair value, determined annually by independent, professionally qualified valuers based on the open market value. Changes in fair values are recorded in the profit and loss account.

2.6 Intangible Assets

i. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition, and in respect of an increase in holding in a subsidiary, the excess of the cost of acquisition and the carrying amount of the proportion of the minority interests acquired. If the cost of acquisition is less than the fair value of the net assets acquired or the carrying amount of the proportion of the minority interests acquired, the difference is recognised directly in the profit and loss account. Goodwill on acquisition of associates and joint ventures is included in interests in associates and joint ventures while goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment loss.

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Each of those cash-generating units represents the Group's investment in each country of operation, the secondary reporting segment.

ii. Franchise rights

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

iii. Deferred acquisition costs

Commissions that are related to securing new insurance contracts and renewing existing insurance contracts with a term of more than one year are capitalised. All other costs are recognised as expenses when incurred. The deferred acquisition costs are subsequently amortised over the life of the contract.

2.6 Intangible Assets (continued)

iv. Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. These costs are amortised using the straight line method over their estimated useful lives of five years.

2.7 Leasehold Land Use Rights

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

2.8 Impairment of Non-financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life are not subject to amortisation, but are tested annually for impairment. In addition, goodwill is reviewed for impairment annually.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial Assets

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

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

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortised cost using the effective interest method, less impairment allowance. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "debtors" in the balance sheet.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are stated at fair values and are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Unrealised gains and losses arising from changes in the fair value of these investments are recognised in the fair value reserves. On disposal of investments or when an investment is determined to be impaired, the cumulative gains and losses previously recognised in the fair value reserves is taken to the profit and loss account.

iii. Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

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

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

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

account) is removed from the fair value reserve within equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity investments are not reversed through the profit and loss account, until the equity investments are disposed of. Impairment testing of debtors is described in Note 2.12.

2.10 Investments in Subsidiaries, Associates and Joint Ventures

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

2.11 Stocks

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

2.12 Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial, less allowance for impairment. Repossessed assets of financial services companies are measured at the lower of cost of the carrying amount of the debtors in default and fair value less costs to sell.

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

2.13 Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank and other liquid funds, net of bank overdrafts. In the balance sheet, restricted bank balances and deposits are included in other non-current assets and bank overdrafts are included under current borrowings.

2.14 Borrowings

Borrowings are initially stated at fair value, net of transaction costs incurred and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Borrowings are classified under non-current liabilities unless their maturities are within 12 months after the balance sheet date.

Borrowing costs that are not used in financing the acquisition or construction of qualifying assets, are recognised as an expense in the period in which they are incurred.

2.15 Provisions

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

i. Warranty and goodwill expenses

The Group recognises the estimated liability that falls due under the warranty terms offered on sale of new and used vehicles beyond that which is reimbursed by the manufacturer. The provision is calculated based on the past history of repairs.

ii. Guarantee servicing

The Group recognises the estimated liability for rendering after-sales service offered on sale of new vehicles. The provision is calculated based on the past history of servicing.

iii. Closure costs

The Group recognises a provision for closure costs when legal or constructive obligations arise on closure or disposal of businesses.

2.16 Creditors

Creditors are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

2.17 Employee Benefits

i. Pension obligations

The Group operates a number of defined benefit and defined contribution plans.

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

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

ii. Share-based compensation

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

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

iii. Employee leave entitlements

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

2.18 Foreign Currencies

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

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

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

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are, included in the fair value reserve in equity.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange prevailing at the balance sheet date.

For the purposes of presenting the financial statements of the Company in United States Dollars, assets and liabilities of the Company are translated at the rates of exchange prevailing at the balance sheet date, the results of the Company are translated at the average exchange rates for the financial year and share capital and reserves are translated at the exchange rates prevailing at the dates of the transactions. The resulting exchange differences are taken to the Company's foreign currency translation reserve.

The exchange rates used for translating assets and liabilities at the balance sheet date are US\$1 = S\$1.4437 (2006: US\$1 = S\$1.5350), US\$1 = RM3.3080 (2006: US\$1 = RM3.5310) and US\$1 = IDR9,419 (2006: US\$1 = IDR9,025).

The exchange rates used for translating the results for the year are US\$1 = 1.5023 (2006: US\$1 = S\$1.5832), US\$1 = RM 3.4268 (2006: US\$1 = RM3.6573) and US\$1 = IDR9,164 (2006: US\$1 = IDR9,147).

2.19 Revenue Recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

- i. Revenue from the sale of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.
- ii. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.
- iii. Revenue from consumer financing and financing leases is recognised over the term of the respective contracts based on a constant rate of return on the net investment
- iv. Dividend income is recognised when the right to receive payment is established.

2.20 Tax

Current tax is provided based on the tax payable on the income for the financial year that is chargeable to tax.

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Tax rates enacted or substantially enacted by the balance sheet date are used to determine deferred tax.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to business acquisitions, on the difference between the fair values of the net assets acquired and their tax bases.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2.21 Leases

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

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

2.21 Leases (continued)

ii. Operating leases – Group company is the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

iii. Operating leases – Group company is the lessor

Assets leased out under operating leases are included in investment properties and stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

2.22 Non-current Assets held for Sale

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

2.23 Insurance Contracts

Insurance contracts are those contracts that transfer significant insurance risk. Premiums are recognised as revenue (earned premiums) proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liabilities for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

2.24 Financial Guarantee Contracts

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

2.25 Non-trading Items

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

2.26 Derivative Financial Instruments

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

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

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

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in hedging reserves. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in the 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 the profit and loss account and classified as income or expense in the same period during which the hedged firm commitment or forecasted transaction affects the profit and loss account. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognised when the 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 the profit and loss account.

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

2.27 Segment Reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

2.28 Dividends

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

Scrip dividends are accounted for as a bonus issue. The amount of the ordinary shares issued as a result of election for scrip is capitalised out of other reserves.

2.29 Share Capital

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

2.30 Financial Risk Management

i. Financial risk factors

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

The Company co-ordinates, under the directions of the directors, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to mitigate the financial impact of fluctuations in interest rates and exchange rates and to minimise the Group's financial risks. The Group uses derivatives, principally interest rate swaps and caps, and forward foreign exchange contracts as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognised immediately in the consolidated 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 31 December 2007 are disclosed in Note 36.

a. Market risk

Foreign exchange risk

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

Group companies are required to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions, entities in the Group use forward foreign exchange contracts in a consistent manner to hedge firm and anticipated foreign exchange commitments. Foreign currency borrowings are required to be swapped into the entity's functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

2.30 Financial Risk Management (continued)

At 31 December 2007, the Group's Indonesian Rupiah functional entities had United States Dollar denominated net monetary liabilities of US\$204.2 million (2006: US\$340.7 million). At 31 December 2007, if the United States Dollar had strengthened/weakened by 10% against the Indonesian Rupiah with all other variables held constant, the Group's profit attributable to shareholders would have been US\$4.2 million (2006: US\$7.5 million) lower/higher, arising mainly from foreign exchange losses/gains taken to the profit and loss account on translation. The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and all other variables, in particular interest rates, had remained constant. 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 significant monetary balances held by Group companies at 31 December 2007 that are denominated in a non-functional currency. 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; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through the use of interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% - 60% of its net borrowings, exclusive of the financial services companies, in fixed rate instruments with an average tenor of two to three years. For this purpose the Group defines "net borrowings" as being total borrowings less interest-bearing cash. The financial services companies borrow predominately at a fixed rate. The interest rate profile of the Group's borrowings after taking into account the economic effects of derivative financial instruments is set out in Note 26.

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

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

At 31 December 2007, 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\$0.5 million (2006: US\$3.8 million) lower/higher and total equity would have been US\$1.2 million (2006: US\$1.3 million) lower/higher, as a result of an **increase/decrease in interest expense** on variable rate net debt and movements in the hedging reserves caused by 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. The 100 basis point increase or decrease represents management's assessment of a reasonable possible change in those interest rates, specifically the Indonesian rates, which have the most impact on the Group over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedged item. 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. 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.

Price risk

The Group is exposed to equity securities price risk because of quoted and unquoted equity investments which are available-for-sale and held by the Group at fair value. Gains and losses arising from changes in the fair value of these investments are dealt with in reserves. The performance of the Group's quoted and unquoted available-for-sale investments are monitored at least semi-annually, together with a regular assessment of their relevance to the Group's long term strategic plans. Details of the Group's available-for-sale investments are contained in Note 17.

Available-for-sale investments are unhedged. At 31 December 2007, if the price of quoted and unquoted available-for-sale equity investments had been 25% higher/lower with all other variables held constant, total equity would have been US\$17.0 million (2006: US\$9.6 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months. Given the relative size of the investments, sensitivities have not been calculated for each market.

In respect of the use of derivative instruments, the Group's policy is generally not to hedge commodity price risk, although limited hedging is undertaken for strategic reasons. In such cases the Group uses forward contracts to hedge the price risk. To mitigate or hedge the price risk, Group companies may enter into a forward contract to buy the commodity at a fixed price at a future date, or a forward to sell the commodity at a fixed price at a future date.

b. Credit risk

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

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. At 31 December 2007, deposits with banks and financial institutions amounted to US\$690.7 million (2006: US\$560.7 million) of which 28% (2006: 31%) were made to financial institutions with credit ratings of no less than A – (Fitch). Similarly, transactions involving derivative financial instruments are with banks with sound credit ratings. In Indonesia, 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. The Group normally obtains collateral in the form of motor vehicles and motorcycles from consumer financing debtors in Indonesia towards settlement of vehicle receivables that are in default. Customers give the right to the Group to sell the repossessed collateral or take any other action to settle the outstanding receivable.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group's exposures to credit risk arising from consumer finance and trade debtors, and derivative financial instruments with a positive fair value are set out in Note 21. The Group's exposure to credit risk arising from bank deposits is set out in Note 22.

c. Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines of evenly spread debt maturities from high quality lenders.

At 31 December 2007, total available committed and uncommitted borrowing facilities amounted to US\$3,529.4 million (2006: US\$3,947.2 million) of which US\$2,191.5 million (2006: US\$2,812.6 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totaled US\$1,176.4 million (2006: US\$1,009.4 million).

An ageing analysis of the Group's financial liabilities based on the remaining period at the balance sheet to the contractual maturity dates is included in Notes 26, 29 and 36.

ii. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while seeking to maximise benefits to shareholders and other stakeholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, 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. This is monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more leveraged than the Group's other businesses. Interest cover is calculated as underlying business performance divided by net financing charges.

2.30 Financial Risk Management (continued)

The gearing ratios at 31 December 2007 and 2006 were as follows:

	Group	
	2007	2006
Gearing ratio exclusive of financial services companies	5%	18%
Gearing ratio inclusive of financial services companies	33%	55%
Interest cover inclusive of financial services companies (times)	28	13

The decrease in gearing ratio as at 31 December 2007 and the increase in interest cover for the year then ended as compared to 2006 are primarily due to strong cash flows generated by Group companies and a reduction in joint financing with recourse.

iii. Fair value estimation

The fair value of quoted investments is based on quoted market prices. The quoted market price used for quoted investments held by the Group is the current bid price. Unquoted investments have been valued by reference to the market prices of the underlying investments or by reference to the current market value of similar investments or by reference to the discounted cash flows of the underlying net assets.

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.

The fair values of cross currency swaps, forward foreign exchange contracts and interest rate swaps and caps have been determined using rates quoted by the Group's bankers at the balance sheet date.

2.31 Critical Accounting Estimates and Judgements

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

i. Acquisition of subsidiaries, associates and joint ventures

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

ii. Property, plant and equipment

Freehold land and buildings, and the building component of owner-occupied leasehold properties are valued every three years by independent, professionally qualified valuers. In the intervening years, the Group reviews the carrying values and adjustment is made where there has been a material change. In arriving at the valuation of land and buildings, assumptions and economic estimates have to be made.

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

iii. Investment properties

The fair values of investment properties are determined annually by independent, professionally qualified valuers based on the open market values.

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

iv. Plantations

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

Management determines the assumptions to be used; the significant ones include the yield per hectare based on industry standards and historical experience, a ten-year moving average crude palm oil price as the basis for deriving the price of fresh fruit bunches and the appropriate capitalisation rates. These assumptions are confirmed by independent, professionally qualified valuers.

v. Impairment of assets

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

The results of the impairment review undertaken at 31 December 2007 on the Group's indefinite life franchise rights indicated that no impairment charge was necessary, except for a post-tax impairment charge of US\$75.0 million (2006: Nil) (Note 9, Note 16) which arose in the motorcycle distribution franchise right of an associate due to a reduction in its market share in the motorcycle market in Indonesia. If the forecast gross margin relating to the motorcycle distribution franchise right had been 1% lower than management's estimate, the Group would have recognised a further impairment charge of US\$54.2 million. If the estimated pre-tax discount rate applied in the discounted cash flows for the motorcycle distribution franchise right had been 1% higher, the Group would have recognised a further impairment charge of US\$40.4 million.

In determining when an investment is other-than-temporarily 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.

vi. Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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 utilised. The outcome of their actual utilisation may be different.

Provision for deferred tax is made on the revaluation of investment properties held under operating leases on the basis that their values would be recovered through use rather than through sale.

vii. Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

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

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rate of government 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 liability.

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

viii. 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.

Notes to the Financial Statements

3. Revenue

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Sale of goods	6,984.1	5,304.4	–	–
Rendering of services	1,247.2	1,177.4	0.9	0.9
Financial services	646.0	688.7	–	–
Rental income	1.5	1.9	–	–
Dividends	–	–	143.2	182.0
Others	16.8	13.9	–	–
	8,895.6	7,186.3	144.1	182.9

4. Operating Profit

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Operating profit is determined after charging:				
Depreciation on property, plant and equipment (Note 12)	269.2	222.3	0.2	0.2
Amortisation of:				
– leasehold land use rights (Note 11)	16.0	14.9	–	–
– intangible assets	2.4	–	–	–
Audit remuneration of:				
– auditors of the Company	0.5	0.7	0.4	0.6
– other auditors	3.9	3.2	1.2	1.0
Non-audit fees paid to auditors of the Company	0.1	0.1	–	–
Rental expenses – operating leases	17.7	14.4	0.5	0.4
Impairment of:				
– property, plant and equipment (Note 12)	0.2	0.1	–	–
– financing debtors (Note 19)	77.7	87.9	–	–
– trade debtors (Note 21)	–	31.5	–	–
– other debtors (Note 21)	–	0.4	2.3	5.8
– interests in subsidiaries	–	–	1.3	0.7
– other investments	–	–	0.8	–
Loss on disposal of repossessed assets	73.3	103.8	–	–
Revaluation deficit of property, plant and equipment	4.2	1.4	–	–
Fair value loss on financial derivative contracts	–	16.2	–	–
Provision for:				
– warranty and goodwill expenses (Note 25)	3.9	6.4	–	–
– guarantee servicing (Note 25)	0.5	0.8	–	–
– closure costs (Note 25)	3.7	0.3	–	–
– others (Note 25)	3.3	4.8	–	–
Operating expenses arising from investment properties	0.6	0.6	–	–
Stocks:				
– cost of stocks recognised as an expense (included in cost of sales)	5,581.5	4,819.9	–	–
– write-down of stocks	10.7	8.0	–	–
Loss on disposal of:				
– shares in associates	5.1	–	–	–
– shares in subsidiaries (Note 39)	1.5	–	–	–
Net exchange loss	21.9	–	0.1	–

4. Operating Profit (continued)

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Operating profit is determined after crediting:				
Rental income from:				
– investment properties	1.5	1.6	–	–
– other properties	0.8	0.9	–	–
Dividend income from other investments	4.9	5.1	–	–
Interest income from other investments	7.7	6.7	–	–
Profit on disposal of:				
– leasehold land use rights	7.2	13.0	–	–
– property, plant and equipment	11.6	11.5	–	–
– shares in associates	–	–	10.4	0.4
– shares in subsidiaries (Note 39)	–	11.3	–	–
Write-back in impairment of trade debtors	9.2	–	–	–
Reversal of write-down of stocks made in previous years	5.3	6.0	–	–
Net exchange gain	–	48.9	–	–
Fair value gain on:				
– plantations (Note 14)	35.0	22.2	–	–
– investment properties (Note 13)	1.6	5.8	–	–
– financial derivative contracts	12.0	–	–	–
Excess of net fair value of identifiable assets, liabilities and contingent liabilities acquired over cost of business combination	5.4	0.2	–	–

5. Employee Benefits

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Wages and salaries	491.1	430.7	4.3	4.5
Pension costs – defined contribution plans	15.5	5.8	0.1	0.1
Pension costs – defined benefit plans	9.2	12.4	–	–
Termination benefits	2.1	3.5	–	–
	517.9	452.4	4.4	4.6

6. Net Financing Charges

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Interest expense on:				
– bank borrowings	48.7	65.6	5.5	9.7
– other borrowings	24.7	27.3	–	–
	73.4	92.9	5.5	9.7
Fair value (gain)/loss on financial derivative contracts	0.3	(0.2)	0.2	(0.2)
Other finance costs	6.2	1.4	0.2	0.4
Interest income	(35.6)	(40.5)	(0.2)	–
	44.3	53.6	5.7	9.9

Notes to the Financial Statements

7. Tax

Tax expense attributable to profit is made up of:

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Current tax:				
– Singapore	8.3	7.9	6.3	5.9
– Foreign	305.9	173.6	10.7	20.6
	314.2	181.5	17.0	26.5
Deferred tax (Note 27)	4.9	0.6	(0.1)	–
	319.1	182.1	16.9	26.5
Adjustments in respect of prior years	(1.6)	–	–	–
	317.5	182.1	16.9	26.5

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

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Profit before tax	1,142.0	709.4	132.7	157.3
Less: Share of associates' and joint ventures' results after tax	(125.7)	(155.0)	–	–
	1,016.3	554.4	132.7	157.3

Tax calculated at domestic tax rates applicable to profits in

the respective countries	297.9	164.6	15.8	23.6
Income not subject to tax	(9.6)	(11.6)	(2.8)	(2.1)
Expenses not deductible for tax purposes	23.8	18.8	3.9	5.0
Utilisation of previously unrecognised:				
– tax losses	(4.1)	(2.7)	–	–
– temporary differences	(0.1)	–	–	–
Tax losses arising in the year not recognised	0.5	1.3	–	–
Temporary differences arising in the year not recognised	0.2	–	–	–
Recognition of assets during the year on previously unrecognised temporary differences	0.1	(0.1)	–	–
Withholding tax	10.1	10.7	–	–
Adjustments in respect of prior years	(1.6)	–	–	–
Change in tax rates	0.4	–	–	–
Others	(0.1)	1.1	–	–
	317.5	182.1	16.9	26.5

The effective applicable tax rate was 31% (2006: 33%).

8. Dividends (Net)

At the Annual General Meeting on 29 April 2008, a final dividend in respect of 2007 of US¢32.00 per share amounting to a dividend of approximately US\$111.8 million is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2008. The dividends paid in 2007 and 2006 were as follows:

	Group and Company	
	2007	2006
	US\$m	US\$m
Final dividend in respect of previous year of US¢17.00 per share, (2006: in respect of 2005 of US¢15.00) less income tax	48.2	40.6
Interim dividend in respect of current year of US¢11.00 per share, (2006: US¢3.00) less income tax	31.8	8.2
	80.0	48.8

Value of scrip dividends allotted and issued are shown as follows:

Final dividend in respect of previous financial year	35.7	30.6
Interim dividend in respect of current financial year	23.6	5.5
	59.3	36.1

9. Earnings Per Share

	Group	
	2007	2006
	US\$m	US\$m
Basic earnings per share		
Profit attributable to shareholders	340.1	223.8
Weighted average number of ordinary shares in issue (millions)	345.4	339.0
Basic earnings per share	US¢98.47	US¢66.02
Diluted earnings per share		
Profit attributable to shareholders	340.1	223.8
Weighted average number of ordinary shares in issue (millions)	345.4	339.0
Adjustment for assumed conversion of share options (millions)	- *	0.2
Weighted average number of ordinary shares for diluted earnings per share (millions)	345.4	339.2
Diluted earnings per share	US¢98.47	US¢65.98
Underlying earnings per share		
Underlying profit attributable to shareholders	374.0	205.2
Basic underlying earnings per share	US¢108.28	US¢60.53
Diluted underlying earnings per share	US¢108.28	US¢60.50

* Less than 0.1 million

Notes to the Financial Statements

9. Earnings Per Share (continued)

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

	Group	
	2007 US\$m	2006 US\$m
Profit attributable to shareholders	340.1	223.8
Less: Non-trading items (net of tax and minority interests)		
Impairment of motorcycle distribution franchise rights in an associate	(37.6)	–
Fair value changes of:		
– plantations	9.5	6.1
– investment properties	0.4	2.5
Net gain/(loss) on disposal of subsidiaries and associates	(5.8)	3.5
Restructuring of operations	(4.0)	–
Profit on disposal of surplus properties	0.2	6.5
Excess of net fair value of identifiable assets, liabilities and contingent liabilities acquired over cost of business combination	2.4	–
Others	1.0	–
	(33.9)	18.6
Underlying profit attributable to shareholders	374.0	205.2

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

	Group	
	2007 US\$m	2006 US\$m
Astra		
Motor vehicles	84.9	53.2
Motorcycles	65.0	56.5
Other automotive	24.3	12.9
Total automotive	174.2	122.6
Agribusiness	86.0	34.2
Financial services	78.6	39.5
Heavy equipment	43.6	30.6
Other non-automotive	6.5	3.4
Total non-automotive	214.7	107.7
Corporate costs and other	(32.6)	(28.4)
	356.3	201.9
Other motor interests		
Singapore	32.8	29.6
Malaysia	2.3	0.9
Indonesia (Tunas Ridean)	7.5	1.3
	42.6	31.8
Corporate costs and withholding tax		
Corporate costs	(14.8)	(17.8)
Withholding tax on dividends from Indonesia	(10.1)	(10.7)
	(24.9)	(28.5)
Underlying profit attributable to shareholders	374.0	205.2

10. Intangible Assets

	Goodwill US\$m	Franchise rights US\$m	Deferred acquisition costs US\$m	Computer software US\$m	Total US\$m
Group					
2007					
Balance at 1 January	222.5	234.2	–	1.0	457.7
Translation adjustments	(9.5)	(9.8)	(0.5)	(0.1)	(19.9)
Additions	3.0	–	20.4	1.6	25.0
Amortisation	–	–	(2.1)	(0.3)	(2.4)
Balance at 31 December	216.0	224.4	17.8	2.2	460.4
Cost	217.0	224.4	19.8	2.6	463.8
Amortisation and impairment	(1.0)	–	(2.0)	(0.4)	(3.4)
	216.0	224.4	17.8	2.2	460.4
2006					
Balance at 1 January	206.1	215.8	–	–	421.9
Translation adjustments	17.2	18.4	–	–	35.6
Additions	0.9	–	–	1.0	1.9
Disposals arising from sale of a subsidiary (Note 39)	(1.7)	–	–	–	(1.7)
Balance at 31 December	222.5	234.2	–	1.0	457.7
Cost	223.4	234.2	–	1.0	458.6
Impairment	(0.9)	–	–	–	(0.9)
	222.5	234.2	–	1.0	457.7

The analysis of goodwill by geographical segments is as follows:

	Group	
	2007 US\$m	2006 US\$m
Indonesia	216.0	222.5

Management has performed an impairment review of the carrying amounts of goodwill and franchise rights at 31 December 2007 and has concluded that no impairment has occurred.

The impairment review of goodwill was made by comparing the carrying amount of the cash-generating unit, to which the goodwill has been allocated, with the recoverable amount of the unit which was based on the fair value less costs to sell.

The carrying amounts of franchise rights comprise automotive of US\$81.1 million and heavy equipment of US\$143.3 million. The impairment review of franchise rights was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimates stated below:

Growth rates	3% – 4%
Pre-tax discount rates	23% – 25%

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

11. Leasehold Land Use Rights

	Group	
	2007 US\$m	2006 US\$m
Net book value at 1 January	429.9	399.4
Translation adjustments	(15.8)	33.8
Additions	8.7	17.3
Additions arising from acquisition of subsidiaries (Note 39)	1.6	6.2
Disposals	(3.6)	(6.6)
Disposals arising from disposal of subsidiaries (Note 39)	–	(5.2)
Transfer to investment properties (Note 13)	(0.8)	–
Amortisation (Note 4)	(16.0)	(14.9)
Classified as non-current assets held for sale	(0.3)	(0.1)
Net book value at 31 December	403.7	429.9
Cost	445.4	456.8
Amortisation	(41.7)	(26.9)
	403.7	429.9

Leasehold land use rights at 31 December 2007 with a net book value of US\$4.2 million (2006: US\$14.8 million) have been pledged as collateral for bank loans.

12. Property, Plant and Equipment

	Freehold land US\$m	Mining properties US\$m	Buildings and leasehold improvements US\$m	Plant & machinery US\$m	Office furniture, fixtures & equipment US\$m	Transportation equipment & motor vehicles US\$m	Total US\$m
Group							
2007							
Net book value at 1 January	10.2	–	469.8	542.1	70.0	182.3	1,274.4
Translation adjustments	0.8	(0.9)	(14.2)	(22.1)	(2.2)	(7.8)	(46.4)
Additions	–	48.4	40.2	161.4	29.5	77.0	356.5
Additions arising from acquisition							
of subsidiaries (Note 39)	–	–	0.7	1.6	0.5	–	2.8
Revaluation	–	–	25.6	–	–	–	25.6
Disposals	–	–	(3.0)	(11.9)	(2.2)	(12.5)	(29.6)
Depreciation charge (Note 4)	–	(13.1)	(38.5)	(142.8)	(30.9)	(43.9)	(269.2)
Impairment	(0.1)	–	(0.1)	–	–	–	(0.2)
Classified as non-current assets							
held for sale	(0.1)	–	(0.6)	–	–	–	(0.7)
Net book value at 31 December	10.8	34.4	479.9	528.3	64.7	195.1	1,313.2
Cost/valuation	10.8	47.1	584.1	773.3	117.5	245.7	1,778.5
Accumulated depreciation	–	(12.7)	(104.2)	(245.0)	(52.8)	(50.6)	(465.3)
	10.8	34.4	479.9	528.3	64.7	195.1	1,313.2
2006							
Net book value at 1 January	10.3	–	383.6	425.2	55.0	163.4	1,037.5
Translation adjustments	0.6	–	32.8	37.3	5.1	14.1	89.9
Additions	0.2	–	69.6	225.7	44.3	54.3	394.1
Additions arising from acquisition							
of subsidiaries (Note 39)	–	–	1.9	5.7	–	–	7.6
Revaluation	–	–	28.2	–	–	–	28.2
Disposals	(0.8)	–	(7.6)	(12.3)	(4.2)	(10.7)	(35.6)
Disposals arising from sale of							
subsidiaries (Note 39)	–	–	(8.0)	(14.8)	(1.1)	(0.8)	(24.7)
Depreciation charge (Note 4)	–	–	(30.5)	(124.7)	(29.1)	(38.0)	(222.3)
Impairment	(0.1)	–	–	–	–	–	(0.1)
Classified as non-current assets							
held for sale	–	–	(0.2)	–	–	–	(0.2)
Net book value at 31 December	10.2	–	469.8	542.1	70.0	182.3	1,274.4
Cost/valuation	10.2	–	541.0	678.9	106.1	211.3	1,547.5
Accumulated depreciation	–	–	(71.2)	(136.8)	(36.1)	(29.0)	(273.1)
	10.2	–	469.8	542.1	70.0	182.3	1,274.4

The Group's freehold land and buildings and leasehold buildings were last revalued in 2005 by independent, professionally qualified valuers. Valuations were made on the basis of open market value, and in the case of the leasehold buildings on the basis of depreciated replacement cost. In 2007, the carrying amounts were reviewed by management. The revaluation surplus (net of deferred tax) in 2007 amounted to US\$21.5 million (2006: Revaluation surplus of US\$20.8 million) of which the Group's share of US\$11.0 million (2006: US\$9.3 million) was credited to the asset revaluation reserve.

If all freehold land, freehold and leasehold buildings had been included in the financial statements at cost less depreciation, the net written down value of these properties would have been US\$345.4 million (2006: US\$316.5 million).

Notes to the Financial Statements

12. Property, Plant and Equipment (continued)

Fixed assets at 31 December 2007 with a net book value of US\$378.3 million (2006: US\$543.4 million) have been pledged as collateral for bank loans (Note 26).

The carrying amount of plant and machinery held under finance leases at 31 December 2007 amounted to US\$152.9 million (2006: US\$169.8 million).

	Leasehold improvements US\$m	Office furniture, fixtures & equipment US\$m	Motor vehicles US\$m	Total US\$m
Company				
2007				
Net book value at 1 January	–	0.1	0.8	0.9
Additions	–	–	0.3	0.3
Disposals	–	–	(0.3)	(0.3)
Depreciation charge (Note 4)	–	–	(0.2)	(0.2)
Net book value at 31 December	–	0.1	0.6	0.7
Cost	0.4	0.5	0.8	1.7
Accumulated depreciation	(0.4)	(0.4)	(0.2)	(1.0)
	–	0.1	0.6	0.7
2006				
Net book value at 1 January	–	0.1	0.8	0.9
Additions	–	–	0.5	0.5
Disposals	–	–	(0.3)	(0.3)
Depreciation charge (Note 4)	–	–	(0.2)	(0.2)
Net book value at 31 December	–	0.1	0.8	0.9
Cost	0.4	0.5	1.0	1.9
Accumulated depreciation	(0.4)	(0.4)	(0.2)	(1.0)
	–	0.1	0.8	0.9

13. Investment Properties

	Group	
	2007 US\$m	2006 US\$m
At valuation:		
Freehold land and buildings	–	4.3
Leasehold land and buildings	28.0	28.7
	28.0	33.0
Movements during the year are as follows:		
Balance at 1 January	33.0	51.1
Translation adjustments	(1.1)	3.5
Fair value changes (Note 4)	1.6	5.8
Disposals	(6.3)	(0.1)
Disposals arising from disposal of subsidiaries (Note 39)	–	(25.3)
Transfer from leasehold land use rights (Note 11)	0.8	–
Classified as non-current assets held for sale	–	(2.0)
Balance at 31 December	28.0	33.0

The valuations of the investment properties including undeveloped pieces of land were conducted by independent, professionally qualified valuers, based on the open market value.

14. Plantations

The Group's plantation assets are primarily for the production of palm oil, which after refining is sold as crude palm oil.

	Group	
	2007 US\$m	2006 US\$m
Movements during the year are as follows:		
Balance at 1 January	460.1	383.1
Translation adjustments	(21.4)	33.3
Additions	41.1	21.5
Additions arising from acquisition of subsidiaries (Note 39)	–	0.2
Disposals	(0.2)	(0.2)
Fair value gain (Note 4)	35.0	22.2
Balance at 31 December	514.6	460.1
Immature plantations	67.2	35.8
Mature plantations	447.4	424.3
	514.6	460.1

The plantations were valued internally at their fair values less point of sale costs using the discounted cash flow method. The major assumptions used in the valuation of the 179,489 (2006: 157,841) hectares of plantations are:

	2007	2006
Fresh fruit bunch price per ton	US\$81 to US\$93	US\$80 to US\$87
Fresh fruit bunch price inflation (for the first five years)	3%	3%
Annual cost inflation	8%	10%
Post-tax discount rates	15%	16%

During the year, the Group harvested 2.9 million tons (2006: 3.0 million tons) of produce from the plantations with a fair value at the point of harvest less point of sales costs of US\$406.7 million (2006: US\$246.1 million).

There are no plantations (2006: US\$54.1 million) as at 31 December 2007 that have been pledged as security for borrowings (Note 26).

15. Interests in Subsidiaries

	Group	
	2007 US\$m	2006 US\$m
At cost:		
– quoted equity securities (market value: 2007: US\$5,926.4 million; 2006: US\$3,563.8 million)	1,191.2	1,120.3
– unquoted equity securities	104.4	98.5
	1,295.6	1,218.8
Less: Impairment	(19.3)	(16.8)
	1,276.3	1,202.0

A list of principal subsidiaries is set out in Note 44.

Notes to the Financial Statements

16. Interests in Associates and Joint Ventures

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
At cost:				
– quoted equity securities (Group market value: 2007: US\$394.3 million; 2006: US\$373.2 million)	332.3	344.1	26.4	24.8
– unquoted equity securities	224.7	263.4	–	23.0
	557.0	607.5	26.4	47.8
Post-acquisition reserves	785.9	764.8	–	–
	1,342.9	1,372.3	26.4	47.8

The Group's investment in associates and joint ventures included the following goodwill in respect of acquisitions made from 1 January 2001:

	Group	
	2007 US\$m	2006 US\$m
Balance at 1 January	63.3	3.6
Translation adjustments	(2.4)	1.1
Additions	–	58.6
Disposals	(3.8)	–
Balance at 31 December	57.1	63.3

The share of results of associates and joint ventures amounting to US\$125.7 million (2006: US\$155.0 million) are shown after tax and minority interests, a post-tax impairment charge of US\$75.0 million arising from the motorcycle distribution franchise rights, and the excess of net fair value of the identifiable assets, liabilities and contingent liabilities of associates and joint ventures acquired over cost of business combination of US\$1.2 million in 2006.

The Group's share of the assets, liabilities and results of associates and joint ventures is summarised below:

	2007 US\$m	2006 US\$m
Non-current assets	1,251.1	1,547.7
Current assets	2,725.1	2,537.9
Current liabilities	(2,286.1)	(2,261.7)
Non-current liabilities	(401.5)	(512.3)
Attributable to minority interests	(2.8)	(2.6)
Share of attributable net assets	1,285.8	1,309.0
Revenue	3,588.1	3,064.5
Net profit after tax and minority interests	125.7	153.8
Capital commitments	85.3	30.4
Contingent liabilities	30.2	156.1

A list of the Group's principal associates and joint ventures is set out in Note 44.

17. Other Investments

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

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Available-for-sale				
– quoted investments	97.3	55.1	–	–
– unquoted investments	46.8	42.0	6.5	–
	144.1	97.1	6.5	–
Held-to-maturity – quoted investments	10.6	–	–	–
	154.7	97.1	6.5	–
Non-current	133.9	94.8	6.5	–
Current	20.8	2.3	–	–
	154.7	97.1	6.5	–
Analysis by geographical area of operation:				
Singapore	6.5	–	6.5	–
Indonesia	128.3	76.3	–	–
Malaysia	19.9	20.8	–	–
	154.7	97.1	6.5	–

Movements during the year for available-for-sale investments are as follows:

Balance at 1 January	97.1	39.1	–	–
Translation adjustments	(2.8)	3.3	0.3	–
Fair value changes	8.3	2.5	–	–
Additions	50.3	75.2	–	–
Disposals	(6.9)	–	–	–
Capital repayment	(8.1)	(23.0)	–	–
Reclassification	6.2	–	6.2	–
Balance at 31 December	144.1	97.1	6.5	–

Movements during the year for held-to-maturity investments are as follows:

Balance at 1 January	–	–	–	–
Translation adjustments	(0.3)	–	–	–
Additions	10.9	–	–	–
Balance at 31 December	10.6	–	–	–

The fair value of the held-to-maturity quoted investments is US\$10.4 million (2006: Nil).

The unquoted available-for-sale investments are measured at cost when their fair values cannot be reliably measured.

Included in the available-for-sale unquoted investments is a 49% shareholding in Mercedes-Benz Malaysia Sdn Bhd (“MBM”) (formerly known as DaimlerChrysler Malaysia Sdn Bhd) held through the Group's subsidiary, Cycle & Carriage Bintang Berhad (“CCB”). MBM is not considered an associate of the Group as the Group holds its interest through MBM's Class B shares which do not carry any voting rights nor any right to share in the equity interest in MBM. In addition, the shares do not contain any veto rights except for veto rights under the Malaysian Company law.

Notes to the Financial Statements

18. Other Non-current Assets

	Group	
	2007 US\$m	2006 US\$m
Restricted bank balances and deposits (Note 22)	6.1	5.6
Loan to a customer (Note 21)	–	25.6
Loan to employees	17.4	17.2
Cross currency swap contracts (Note 36)	6.4	–
Other non-current assets	34.4	28.1
	64.3	76.5

Restricted bank balances and deposits comprise margin deposits for letter of credit facilities obtained by certain subsidiaries and guarantee deposits to third parties.

19. Financing Debtors

	Group	
	2007 US\$m	2006 US\$m
Consumer financing debtors	1,659.6	1,959.0
Less: Allowance for impairment	(95.4)	(96.7)
	1,564.2	1,862.3
Financing leases		
– gross investment	206.8	88.5
– unearned finance income	(31.1)	(15.9)
– net investment	175.7	72.6
Less: Allowance for impairment	(3.8)	(1.3)
	171.9	71.3
	1,736.1	1,933.6
Non-current	814.0	963.1
Current (Note 21)	922.1	970.5
	1,736.1	1,933.6

	Gross investment		Net investment	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Due dates of investment in financing leases:				
Within one year	103.1	45.3	82.8	34.8
Between one and two years	73.3	30.9	64.5	26.3
Between two and five years	30.4	12.3	28.4	11.5
	206.8	88.5	175.7	72.6

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

The average loan period is 36 months for motor vehicles and 32 months for motorcycles. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment is made based on the estimated irrecoverable amount by reference to past default experience. Assets are repossessed if monthly instalments are overdue for 30 days for motor vehicles and 60 days for motorcycles. Management has considered the balances against which collective impairment provision is made as impaired.

The fair value of the financing debtors is US\$1,657.0 million (2006: US\$2,009.8 million). The fair value of the non-current financing debtors are determined based on cash flows discounted using rates of 14% to 34% (2006: 20% to 32%) per annum.

Financing debtors are due within five years (2006: Five years) from the balance sheet date and the interest rates range from 15% to 26% per annum (2006: 20% to 33% per annum).

Financing debtors amounting to US\$716.1 million at 31 December 2007 (2006: US\$455.5 million) have been pledged as security for borrowings (Note 26).

At 31 December 2007, financing debtors of the Group of US\$99.2 million (2006: US\$98.0 million) were impaired. The amount of the allowance was US\$99.2 million (2006: US\$98.0 million). The ageing analysis of these debtors are as follows:

	2007 US\$m	2006 US\$m
Below 30 days	97.1	96.8
Between 31 and 60 days	0.7	0.4
Between 61 and 90 days	0.6	0.3
Over 90 days	0.8	0.5
	99.2	98.0

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

	2007 US\$m	2006 US\$m
Balance at 1 January	98.0	106.4
Translation adjustments	(3.8)	8.8
Allowance made during the year (Note 4)	77.7	87.9
Utilised during the year	(72.7)	(105.1)
Balance at 31 December	99.2	98.0

20. Stocks

	Group	
	2007 US\$m	2006 US\$m
Finished goods	508.5	508.4
Work in progress	12.5	11.7
Raw materials	41.3	23.3
Spare parts	38.1	31.8
Others	42.5	38.0
	642.9	613.2

Stocks amounting to US\$6.0 million at 31 December 2007 (2006: US\$9.5 million) have been pledged as collateral for bank borrowings and loans (Note 26).

Notes to the Financial Statements

21. Debtors

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Financing debtors (Note 19)	922.1	970.5	–	–
Trade debtors				
Amounts owing by third parties	639.6	533.4	–	–
Less: Allowance for impairment	(31.9)	(62.8)	–	–
	607.7	470.6	–	–
Amounts owing by associates and joint ventures	34.0	27.8	–	–
	641.7	498.4	–	–
Other debtors				
Reinsurers' share of estimated losses (Note 37)	20.6	16.2	–	–
Repossessed assets	21.0	43.2	–	–
Sundry debtors	43.7	20.7	–	–
Less: Allowance for impairment	(0.8)	(1.1)	–	–
	42.9	19.6	–	–
Loan to employees	5.7	6.8	0.1	0.1
Deposits	25.7	11.0	0.1	0.1
Prepayments	122.4	105.1	0.1	0.1
Interest receivable	1.8	1.6	–	–
Cross currency swap contracts (Note 36)	0.8	–	–	–
Forward foreign exchange contracts (Note 36)	1.2	–	–	–
Interest rate swap contracts (Note 36)	–	0.1	–	0.1
Interest rate cap contracts (Note 36)	–	0.1	–	0.1
Loan to a customer	–	7.3	–	–
Amounts owing by associates and joint ventures	11.4	15.6	–	9.5
Amounts owing by subsidiaries	–	–	30.4	28.7
Less: Allowance for impairment	–	–	(22.3)	(18.7)
	–	–	8.1	10.0
	253.5	226.6	8.4	20.0
	1,817.3	1,695.5	8.4	20.0

Analysis by geographical area of operation:

Indonesia	1,732.1	1,620.1	–	–
Singapore	52.7	45.8	8.4	20.0
Malaysia	32.5	29.6	–	–
	1,817.3	1,695.5	8.4	20.0

The average credit period on sale of goods and services varies among Group businesses, but is not more than 60 days. Before accepting any new customer, the Group assesses the potential customer's credit quality and sets credit limits by customer using internal credit scoring systems. These limits and scoring are reviewed periodically. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are considered indicators that the debtor is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience. The risk of debtors that are neither past due nor impaired as at 31 December 2007 becoming impaired is low as most of the balances have been settled subsequent to the year end.

At 31 December 2007, trade and other debtors of the Group and Company of US\$32.7 million (2006: US\$63.9 million) and US\$22.3 million (2006: US\$18.7 million), respectively, were impaired. The amount of the allowances for Group and Company was US\$32.7 million (2006: US\$63.9 million) and US\$22.3 million (2006: US\$18.7 million), respectively. The ageing analysis of these debtors is as follows:

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Below 30 days	0.3	4.6	-	-
Between 31 and 60 days	0.1	4.8	-	-
Between 61 and 90 days	0.3	0.1	-	-
Over 90 days	32.0	54.4	22.3	18.7
	32.7	63.9	22.3	18.7

At 31 December 2007, trade and other debtors of the Group of US\$227.1 million (2006: US\$127.6 million) were past due, but not impaired. The ageing analysis of these debtors is as follows:

	Group	
	2007 US\$m	2006 US\$m
Below 30 days	149.1	77.0
Between 31 and 60 days	42.4	29.4
Between 61 and 90 days	15.5	7.8
Over 90 days	20.1	13.4
	227.1	127.6

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

	Group	
	2007 US\$m	2006 US\$m
Balance at 1 January	62.8	30.1
Translation adjustments	(1.3)	2.9
Disposal arising from disposal of subsidiaries	-	(0.7)
Allowance/(write-back) during the year (Note 4)	(9.2)	31.5
Utilised during the year	(20.4)	(1.0)
Balance at 31 December	31.9	62.8

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

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Balance at 1 January	1.1	3.9	18.7	11.7
Translation adjustments	-	0.3	1.3	1.2
Disposal arising from disposal of subsidiaries	-	(1.4)	-	-
Allowance made during the year (Note 4)	-	0.4	2.3	5.8
Utilised during the year	(0.3)	(0.4)	-	-
Transfer to other non-current assets	-	(1.7)	-	-
Balance at 31 December	0.8	1.1	22.3	18.7

Notes to the Financial Statements

21. Debtors (continued)

Trade debtors of the Group amounting to US\$5.5 million at 31 December 2007 (2006: US\$9.1 million) have been pledged as collateral for bank borrowings and loans (Note 26).

The loan to a customer was unsecured, repayable on a quarterly basis from 1 March 2006 to 1 December 2009, borne interest at a predetermined amount until 1 December 2005 and at SIBOR plus 8.5% per annum thereafter. The loan was fully repaid in 2007.

The advances to subsidiaries, associates and joint ventures are interest free.

22. Bank Balances and Other Liquid Funds

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Bank and cash balances	283.7	270.1	6.9	12.8
Deposits with banks and financial institutions	418.7	303.9	–	16.3
	702.4	574.0	6.9	29.1
Less: Restricted bank balances and deposits (Note 18)	(6.1)	(5.6)	–	–
	696.3	568.4	6.9	29.1
Analysis by geographical area of operation:				
Indonesia	671.2	534.1	–	–
Singapore	21.4	32.2	6.9	29.1
Malaysia	9.8	7.7	–	–
	702.4	574.0	6.9	29.1

The weighted average effective interest rate on interest bearing deposits at 31 December 2007 was 5.3% per annum (2006: 8.4% per annum).

23. Non-current Assets Held for Sale

At 31 December 2007, the non-current assets held for sale of US\$3.1 million consisted of leasehold land use rights of US\$0.3 million, property, plant and equipment of US\$0.7 million and an investment property of US\$2.1 million held by the Company's subsidiary, Cycle & Carriage Bintang Berhad.

At 31 December 2006, the non-current assets held for sale of US\$2.2 million consisted of an investment property of US\$2.0 million and property, plant and equipment of US\$0.2 million held by the Company's subsidiary, Cycle & Carriage Bintang Berhad.

24. Creditors

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Trade creditors				
Amounts owing to third parties	392.1	312.5	-	-
Amounts owing to associates	130.6	122.1	-	-
	522.7	434.6	-	-
Other creditors				
Insurance contracts – gross estimated losses and unearned premiums (Note 37)	122.7	107.9	-	-
Sundry creditors	140.8	169.2	3.3	3.1
Accrued operating expenses	286.1	124.8	5.0	3.2
Factoring payables	1.9	12.1	-	-
Interest payable	16.6	20.8	0.3	1.9
Cross currency swap contracts (Note 36)	1.9	9.3	-	-
Forward foreign exchange contracts (Note 36)	0.8	2.3	-	-
Interest rate swap contracts (Note 36)	0.2	-	0.2	-
Amounts owing to associates and joint ventures	2.1	2.8	-	-
Amounts owing to subsidiaries	-	-	65.8	61.9
Amounts owing to related companies of ultimate holding company	-	0.2	-	-
	573.1	449.4	74.6	70.1
	1,095.8	884.0	74.6	70.1
Analysis by geographical area of operation:				
Indonesia	986.6	780.1	-	-
Singapore	96.4	93.2	74.6	70.1
Malaysia	12.8	10.7	-	-
	1,095.8	884.0	74.6	70.1

The factoring payables relate to consumer financing debtors of an equivalent amount which were sold with recourse and continue to be recognised as debtors. The maturity of these liabilities corresponds with the related consumer financing debtors and is not more than five years (2006: five years).

The advances from subsidiaries, associates, joint ventures and related companies are unsecured, have no fixed terms of repayment and are interest free.

Notes to the Financial Statements

25. Provisions

	Warranty and goodwill expenses US\$m	Guarantee servicing US\$m	Closure costs US\$m	Others US\$m	Total US\$m
Group					
2007					
Balance at 1 January	21.3	0.6	2.5	17.4	41.8
Translation adjustments	1.3	–	0.2	(0.8)	0.7
Additions arising from acquisition of a subsidiary (Note 39)	–	–	–	0.1	0.1
Provision made during the year (Note 4)	3.9	0.5	3.7	3.3	11.4
Utilised during the year	(5.6)	(0.7)	–	(0.2)	(6.5)
Balance at 31 December	20.9	0.4	6.4	19.8	47.5
Non-current	–	–	–	17.8	17.8
Current	20.9	0.4	6.4	2.0	29.7
	20.9	0.4	6.4	19.8	47.5
2006					
Balance at 1 January	19.0	0.6	18.4	11.5	49.5
Translation adjustments	1.6	–	1.0	1.1	3.7
Additions arising from acquisition of a subsidiary (Note 39)	–	–	–	0.1	0.1
Provision made during the year (Note 4)	6.4	0.8	0.3	4.8	12.3
Utilised during the year	(5.7)	(0.8)	(17.2)	(0.1)	(23.8)
Balance at 31 December	21.3	0.6	2.5	17.4	41.8
Non-current	–	–	–	15.5	15.5
Current	21.3	0.6	2.5	1.9	26.3
	21.3	0.6	2.5	17.4	41.8

26. Borrowings

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Current borrowings				
Bank loans	326.8	637.4	38.1	182.4
Bank overdrafts	30.3	22.1	-	-
Current portion of long-term borrowings:				
- Bank loans	497.7	670.5	-	-
- Astra Sedaya Finance III Bonds	-	4.9	-	-
- Astra Sedaya Finance IV Bonds	4.1	20.1	-	-
- Astra Sedaya Finance V Bonds	16.7	45.8	-	-
- Astra Sedaya Finance VI Bonds	23.6	40.5	-	-
- Astra Sedaya Finance VII Bonds	20.1	14.9	-	-
- Astra Sedaya Finance VIII Bonds	28.0	-	-	-
- Federal International Finance II Bonds	-	8.5	-	-
- Federal International Finance III Bonds	-	22.4	-	-
- Federal International Finance IV Bonds	-	18.9	-	-
- Federal International Finance V Bonds	31.7	25.6	-	-
- Federal International Finance VI Bonds	9.9	19.8	-	-
- Federal International Finance VII Bonds	29.1	-	-	-
- Serasi Autoraya I Bonds	10.5	5.0	-	-
- Astra Graphia I Bonds	12.6	-	-	-
- Finance lease liabilities	64.8	53.8	-	-
- Others	146.4	70.1	-	-
Current borrowings	1,252.3	1,680.3	38.1	182.4
Long-term borrowings				
Bank loans	561.5	656.0	-	-
Astra Sedaya Finance IV Bonds	-	4.2	-	-
Astra Sedaya Finance V Bonds	-	17.5	-	-
Astra Sedaya Finance VI Bonds	12.5	37.6	-	-
Astra Sedaya Finance VII Bonds	19.6	41.9	-	-
Astra Sedaya Finance VIII Bonds	69.2	-	-	-
Federal International Finance V Bonds	-	32.6	-	-
Federal International Finance VI Bonds	30.6	42.8	-	-
Federal International Finance VII Bonds	71.0	-	-	-
Serasi Autoraya I Bonds	-	12.5	-	-
Astra Graphia I Bonds	-	13.4	-	-
Finance lease liabilities	37.6	77.4	-	-
Others	137.2	196.4	-	-
Long-term borrowings	939.2	1,132.3	-	-
Total borrowings	2,191.5	2,812.6	38.1	182.4
Secured	1,449.0	1,145.6	-	-
Unsecured	742.5	1,667.0	38.1	182.4
	2,191.5	2,812.6	38.1	182.4

Notes to the Financial Statements

26. Borrowings (continued)

The remaining contractual maturities of the borrowings, including the contractual interest payables, are as follows:

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Within one year	1,441.5	1,953.6	39.2	189.6
Between one and two years	400.1	854.3	–	–
Between two and five years	669.7	664.9	–	–
Beyond five years	146.4	23.9	–	–
	2,657.7	3,496.7	39.2	189.6

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

	Group	
	2007 US\$m	2006 US\$m
Finance lease liabilities – minimum lease payments:		
– within one year	71.0	62.9
– between one and five years	39.8	83.9
	110.8	146.8
Future finance charges on finance leases	(8.4)	(15.6)
Present value of finance lease liabilities	102.4	131.2

The present value of finance lease liabilities is as follows:

	Group	
	2007 US\$m	2006 US\$m
– within one year	64.8	53.8
– between one and five years	37.6	77.4
	102.4	131.2

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

Currency	Weighted average interest rates %	Fixed rate borrowings		Floating rate borrowings	Total US\$m
		Weighted average period outstanding months	US\$m	US\$m	
2007					
Singapore Dollar	3.37	7	48.5	18.0	66.5
Malaysian Ringgit	4.03	26	15.1	2.7	17.8
United States Dollar	6.77	42	87.1	365.2	452.3
Japanese Yen	2.24	40	11.2	26.3	37.5
Indonesian Rupiah	11.86	16	1,210.1	407.3	1,617.4
			1,372.0	819.5	2,191.5
2006					
Singapore Dollar	3.86	13	120.5	81.4	201.9
Malaysian Ringgit	4.50	–	–	39.6	39.6
United States Dollar	7.92	43	12.4	606.6	619.0
Japanese Yen	1.91	–	–	20.0	20.0
Indonesian Rupiah	11.93	13	1,413.9	518.2	1,932.1
			1,546.8	1,265.8	2,812.6

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

	Group	
	2007 US\$m	2006 US\$m
Bank loans	566.7	698.8
Bonds and others	381.6	475.6
	948.3	1,174.4

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 1.45% to 10.00% (2006: 7.36% to 11.75%) per annum.

At 31 December 2007, bank loans and bonds amounting to US\$1,449.0 million (2006: US\$1,145.6 million) have been collateralised by debtors, stocks, financing debtors, property, plant and equipment and leasehold land use rights.

	Interest rates	Nominal values	
	%	US\$m	Rp billion
Astra Sedaya Finance ("ASF") Bonds			
ASF IV	12.88	4.0	38
ASF V	11.25	21.2	200
ASF VI	10.38 – 11.00	39.3	370
ASF VII	13.63 – 14.20	45.1	425
ASF VIII	9.00 – 10.35	106.2	1,000
		215.8	2,033

The ASF Bonds were issued by a partly-owned subsidiary of Astra and are collateralised by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total principal of the bonds. ASF IV and V Bonds will mature in 2008, ASF VI Bonds will mature from 2008 to 2010 and ASF VII Bonds will mature from 2008 to 2009. ASF VIII Bonds will mature from 2008 to 2011.

	Interest rates	Nominal values	
	%	US\$m	Rp billion
Federal International Finance ("FIF") Bonds			
FIF V	10.75	31.8	300
FIF VI	14.50 – 14.75	42.5	400
FIF VII	9.75 – 10.75	106.2	1,000
		180.5	1,700

The FIF Bonds were issued by a wholly-owned subsidiary of Astra and are collateralised by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total principal of the bonds. The FIF V Bonds will mature in 2008, FIF VI Bonds will mature from 2008 to 2009 and FIF VII Bonds will mature from 2008 to 2011.

The Serasi Autoraya I Bonds with nominal value of Rp124 billion (US\$13.1 million) which bear interest at 13.88% per annum were issued by a partly-owned subsidiary of Astra and are collateralised by fiduciary guarantee over transport equipment of the subsidiary. The bonds will mature in 2008.

The Astra Graphia I Bonds with nominal value of Rp150 billion (US\$15.9 million) which bear interest at 13.38% per annum were issued by a partly-owned subsidiary of Astra and are collateralised by specific collateral equal to 75% of the nominal value in the form of land use rights, building and trade debtors of the subsidiary. The bonds will mature in 2008.

27. Deferred Tax

The movement on the deferred tax account is as follows:

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Balance at 1 January	(242.0)	(218.9)	(0.4)	(0.4)
Translation adjustments	10.5	(18.5)	-	-
Credited/(charged) to the profit and loss account (Note 7)	(4.9)	(0.6)	0.1	-
Charged to reserves	(9.9)	(4.5)	-	-
Additions arising from acquisition of subsidiaries (Note 39)	-	(1.0)	-	-
Disposals arising from disposal of subsidiaries (Note 39)	-	1.5	-	-
Balance at 31 December	(246.3)	(242.0)	(0.3)	(0.4)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group did not recognise deferred income tax assets of US\$2.8 million (2006: US\$8.8 million) in respect of tax losses of US\$9.9 million in 2007 (2006: US\$28.3 million) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. These tax losses have expiry dates as follows:

	Group	
	2007 US\$m	2006 US\$m
No expiry date	6.9	6.1
Expiring in one year	0.2	0.5
Expiring in two years	0.2	0.8
Expiring in three years	1.2	17.9
Expiring in four years	0.8	1.2
Expiring in five years	0.6	1.8
	9.9	28.3

The movement in the Group's deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group

Deferred tax liabilities

	Accelerated tax depreciation US\$m	Asset revaluation US\$m	Others US\$m	Total US\$m
2007				
Balance at 1 January	(0.9)	(321.3)	14.4	(307.8)
Translation adjustments	0.1	13.3	(0.6)	12.8
Credited/(charged) to the profit and loss account	4.9	(6.8)	(12.6)	(14.5)
Charged to reserves	–	(10.0)	–	(10.0)
Additions arising from acquisition of subsidiaries	(0.2)	0.2	–	–
Reclassifications	(10.6)	9.3	6.2	4.9
Balance at 31 December	(6.7)	(315.3)	7.4	(314.6)

2006

Balance at 1 January	(10.1)	(268.2)	(12.7)	(291.0)
Translation adjustments	(0.7)	(23.1)	(0.7)	(24.5)
Credited/(charged) to the profit and loss account	5.4	(6.7)	(2.5)	(3.8)
Charged to reserves	–	(4.5)	–	(4.5)
Additions arising from acquisition of subsidiaries	0.2	(1.2)	–	(1.0)
Disposals arising from disposal of subsidiaries	(1.0)	2.5	–	1.5
Reclassifications	5.3	(20.1)	30.3	15.5
Balance at 31 December	(0.9)	(321.3)	14.4	(307.8)

Deferred tax assets

	Provisions US\$m	Tax losses US\$m	Others US\$m	Total US\$m
2007				
Balance at 1 January	66.5	2.9	(3.6)	65.8
Translation adjustments	(1.9)	–	(0.3)	(2.2)
Credited/(charged) to the profit and loss account	(9.8)	(1.6)	21.0	9.6
Reclassifications	–	–	(4.9)	(4.9)
Balance at 31 December	54.8	1.3	12.2	68.3

2006

Balance at 1 January	51.6	3.9	16.6	72.1
Translation adjustments	4.5	0.4	1.1	6.0
Credited/(charged) to the profit and loss account	14.4	(1.4)	(9.8)	3.2
Reclassifications	(4.0)	–	(11.5)	(15.5)
Balance at 31 December	66.5	2.9	(3.6)	65.8

27. Deferred Tax (continued)

Company

Deferred tax liabilities

	Unremitted interest income	
	2007 US\$m	2006 US\$m
Balance at 1 January	(0.4)	(0.4)
Credited to profit and loss account (Note 7)	0.1	–
Balance at 31 December	(0.3)	(0.4)

Deferred tax assets

No deferred tax assets were recognised at the Company level.

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

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Deferred tax assets	60.1	57.6	–	–
Deferred tax liabilities	(306.4)	(299.6)	(0.3)	(0.4)
Balance at 31 December	(246.3)	(242.0)	(0.3)	(0.4)

Deferred tax liabilities of US\$106.4 million (2006: US\$83.2 million) have not been recognised for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings totalled US\$1,063.6 million at 31 December 2007 (2006: US\$832.2 million).

28. Other Non-current Liabilities

	Group	
	2007 US\$m	2006 US\$m
Insurance contracts – gross estimated losses and unearned premiums (Note 37)	52.1	39.7
Sundry creditors	4.0	5.0
Cross currency swap contracts (Note 36)	0.7	4.1
Forward foreign exchange contracts (Note 36)	–	1.2
Interest rate swap contracts (Note 36)	1.2	–
Factoring payables	0.6	3.3
	58.6	53.3

The remaining contractual maturities, excluding derivative financial instruments, are as follows:

Between one and two years	49.7	24.6
Between two and three years	4.9	19.6
Between three and four years	0.1	2.1
Between four and five years	–	0.1
Beyond five years	2.0	1.6
	56.7	48.0

29. Pension Liabilities

The Group has defined benefit pension plans covering its employees in Indonesia and are either funded or unfunded. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. The pension liabilities are calculated annually by an independent actuary using the projected unit credit method.

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

	Group	
	2007 Weighted Average %	2006 Weighted Average %
Discount rate applied to pension obligations	10	11
Expected return on plan assets	9	10
Future salary increases	8	9

The expected return on plan assets is determined on the basis of long-term average returns on global equities of 9% per annum and global funds of 9% per annum, and the long-term benchmark allocation of assets between equities and bonds in each plan.

The amounts recognised in the balance sheet are as follows:

	Group	
	2007 US\$m	2006 US\$m
Fair value of plan assets	63.6	47.0
Present value of funded obligations	(68.7)	(60.1)
	(5.1)	(13.1)
Present value of unfunded obligations	(55.2)	(48.5)
Unrecognised past service cost	18.0	19.8
Net pension liabilities	(42.3)	(41.8)

Movements in the fair value of plan assets are as follows:

	Group	
	2007 US\$m	2006 US\$m
Balance at 1 January	47.0	36.0
Additions arising from acquisition of subsidiaries	0.6	0.1
Disposal arising from disposal of subsidiaries	-	(0.2)
Translation adjustments	(2.5)	3.2
Expected return on plan assets	4.3	3.8
Actuarial gains	6.5	1.1
Contributions from employers	11.3	5.3
Contributions from members	1.0	1.1
Benefits paid	(5.0)	(2.9)
Settlement	-	(0.7)
Transfer from other plans	0.4	0.2
Balance at 31 December	63.6	47.0

Notes to the Financial Statements

29. Pension Liabilities (continued)

Movements in the present value of obligations are as follows:

	Group	
	2007 US\$m	2006 US\$m
Balance at 1 January	(108.6)	(77.4)
Additions arising from acquisition of subsidiaries	(1.5)	(1.2)
Disposal arising from disposal of subsidiaries	–	0.6
Exchange differences	5.1	(6.9)
Current service cost	(7.9)	(6.5)
Interest cost	(10.9)	(9.0)
Gain/(loss) on curtailment and settlement	0.1	0.8
Contributions from members	(1.0)	(1.1)
Actuarial gains/(loss)	(5.0)	(12.2)
Benefits paid	6.6	4.4
Curtailment and settlement	–	0.7
Transfer from other plans	(0.8)	(0.8)
Balance at 31 December	(123.9)	(108.6)

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

Equity instruments	26.9	16.9
Debt instruments	29.3	19.3
Other assets	7.4	10.8
	63.6	47.0

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

Current service cost	7.9	6.5
Interest cost	10.9	9.0
Expected return on plan assets	(4.3)	(3.8)
Gain/(loss) on curtailment and settlement	(0.1)	(0.8)
Past service cost	1.1	1.5
	15.5	12.4
Actual surplus/(deficit) on plan assets in the year	10.8	(4.9)

The history of experience adjustments is as follows:

	Group		
	2007 US\$m	2006 US\$m	2005 US\$m
Fair value of plan assets	63.6	47.0	36.0
Present value of obligations	(123.9)	(108.6)	(77.4)
Deficit	(60.3)	(61.6)	(41.4)
Experience adjustments on plan obligations	4.4	2.1	–
Percentage of plan obligations (%)	4%	2%	–

The estimated amount of contributions expected to be paid to the plans in 2008 is US\$21.5 million.

30. Share Capital of the Company

	2007 US\$m	2006 US\$m
Issued and fully paid:		
Opening balance – 342,611,386 (2006: 336,604,580) ordinary shares	495.7	185.4
Transfer from share premium	–	274.0
Issue of 6,459,120 (2006: 5,831,806) ordinary shares under the Scrip Dividend Scheme	59.3	36.1
Issue of 190,000 (2006: 175,000) ordinary shares under the CCL Executives' Shares Option Schemes	0.2	0.2
Closing balance – 349,260,506 (2006: 342,611,386) ordinary shares	555.2	495.7

The Company did not hold any treasury shares as at 31 December 2007 (31 December 2006: Nil).

Pursuant to the abolition of the concepts of authorised share capital and the par or nominal value of share capital in the Companies (Amendment) Act 2005 which took effect on 30 January 2006, the amount in share premium has become part of the Company's share capital.

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

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

	2007		2006	
	Average exercise price in S\$ per share	No. of Options	Average exercise price in S\$ per share	No. of Options
At 1 January	1.983	291,000	3.089	466,000
Exercised during the year	1.871	(190,000)	1.529	(175,000)
At 31 December	2.194	101,000	1.983	291,000
Exercisable at 31 December		101,000		291,000

The weighted average market price at the time of exercise was S\$14.68 (2006: S\$11.43) per share.

At the end of the financial year, the following options granted under the CCL Executives' Share Option Schemes were outstanding:

Adjusted Exercise Price	Expiry Date	No. of Options	
		2007	2006
S\$4.340	4.4.2009	20,000	52,000
S\$1.645	28.2.2010	–	20,000
S\$1.664	27.2.2012	81,000	119,000
S\$1.204	25.2.2013	–	100,000
		101,000	291,000

The fair values of share options granted at the date of grant were estimated using the Trinomial valuation model taking into account the share price at grant date, the exercise price, the risk-free interest rate, the expected dividend yield, volatility and life of the option.

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31. Fair Value and Other Reserves

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Composition:				
Fair value reserve	2.5	9.5	–	–
Asset revaluation reserve	329.6	317.9	–	–
Hedging reserve	(0.9)	(0.8)	–	–
Share option reserve	0.3	0.3	0.3	0.3
Other reserve	3.3	3.3	–	–
	334.8	330.2	0.3	0.3
Movements:				
Fair value reserve				
Balance at 1 January	9.5	1.2	–	–
Fair value loss of available-for-sale investments, net of tax	(7.5)	8.3	–	–
Reserve realised	0.5	–	–	–
Balance at 31 December	2.5	9.5	–	–
Asset revaluation reserve				
Balance at 1 January	317.9	302.0	–	–
Surplus on revaluation of land and buildings, net of tax	12.8	16.0	–	–
Reserve realised on disposal of land & buildings (Note 32)	(1.1)	(0.1)	–	–
Balance at 31 December	329.6	317.9	–	–
Hedging reserve				
Balance at 1 January	(0.8)	–	–	–
Fair value changes of derivatives	(0.6)	(0.8)	–	–
Reserve realised	0.5	–	–	–
Balance at 31 December	(0.9)	(0.8)	–	–
Share option reserve				
Balance at 1 January	0.3	0.3	0.3	0.3
Balance at 31 December	0.3	0.3	0.3	0.3
Other reserve				
Balance at 1 January	3.3	3.8	–	–
Reserve realised on disposal of subsidiary	–	(0.5)	–	–
Balance at 31 December	3.3	3.3	–	–

32. Revenue Reserve

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Composition:				
Translation reserve	(3.2)	66.9	223.2	153.2
Retained earnings	1,272.9	1,012.8	432.7	396.9
	1,269.7	1,079.7	655.9	550.1
Movements:				
Translation reserve				
Balance at 1 January	66.9	(63.4)	153.2	77.3
Translation difference	(76.6)	131.6	70.0	75.9
Reserve realised on disposal of subsidiaries and associates	6.5	(1.3)	-	-
Balance at 31 December	(3.2)	66.9	223.2	153.2
Retained earnings				
Balance at 1 January	1,012.8	840.7	396.9	314.9
Asset revaluation reserve realised on disposal of land and buildings (Note 31)	1.1	0.1	-	-
Capital reserve realised on disposal of subsidiary	-	0.5	-	-
Actuarial loss on defined benefit pension plans, net of tax	(0.5)	(4.6)	-	-
Gain on dilution of interests in investments	-	1.1	-	-
Reserves realised	(1.0)	-	-	-
Reserves realised on disposal of subsidiaries	0.4	-	-	-
Profit attributable to shareholders	340.1	223.8	115.8	130.8
Dividends (net)	(80.0)	(48.8)	(80.0)	(48.8)
Balance at 31 December	1,272.9	1,012.8	432.7	396.9

33. Minority Interests

	Group	
	2007 US\$m	2006 US\$m
Balance at 1 January	2,149.6	1,987.2
Revaluation surplus of land and buildings, net of tax	12.8	19.2
Fair value changes of available-for-sale investments, net of tax	(4.8)	9.1
Fair value changes of hedging derivatives	(0.7)	(0.6)
Actuarial loss on defined benefit pension plans, net of tax	(0.4)	(6.2)
Loss on dilution of interests in investments	-	(1.1)
Translation difference	(94.5)	165.9
Net gain/(loss) recognised directly in equity	(87.6)	186.3
Reserves realised	0.3	-
Profit of the year	484.4	303.5
Total recognised gain for the year	397.1	489.8
Dividends (net)	(148.9)	(174.1)
Issue of shares	0.4	9.5
Disposal of subsidiaries	-	(162.8)
Balance at 31 December	2,398.2	2,149.6

Notes to the Financial Statements

34. Related Party Transactions

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

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
a. With associates and joint ventures:				
Purchase of goods and services	(3,087.9)	(2,313.8)	-	-
Sale of goods and services	327.9	330.5	-	-
Commission and incentives earned	22.0	1.4	-	-
Bank deposits and balances	125.4	137.6	-	-
Dividend income (gross)	-	-	8.4	9.0
Interest received	11.0	6.0	-	-
Management fee income	0.6	0.9	-	-
b. With related companies and associates of ultimate holding company:				
Sale of 40% shareholding in Ampang Investments	12.1	-	12.1	-
Purchase of goods and services	(0.5)	(2.9)	-	-
Management fees paid	(2.1)	(1.3)	(6.7)	(1.0)
Management fees earned	0.2	0.2	0.1	0.1
Secondment costs	(2.0)	(2.2)	(2.0)	(2.1)
Sale of goods and services	-	0.4	-	-
Insurance premium paid	(1.2)	(1.0)	(0.3)	(0.3)
c. With directors:				
Sale of goods and services	0.2	0.3	-	-
Purchase of goods	(0.1)	(0.3)	-	-
d. Remuneration of directors of the Company and key management personnel of the Group:				
Salaries and other short-term employee benefits	(4.4)	(3.9)	(2.7)	(2.5)

35. Commitments

a. Capital commitments

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

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Approved and contracted	45.4	39.0	–	–
Approved, but not contracted	5.2	22.8	–	–
	50.6	61.8	–	–

b. Operating lease commitments

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

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

	Group		Company	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Lease rentals payable:				
– within one year	6.7	4.5	0.3	0.1
– between one and five years	14.1	7.3	–	0.1
– beyond five years	14.8	–	–	–
	35.6	11.8	0.3	0.2
Lease rentals receivable:				
– within one year	60.6	4.4	–	–
– between one and five years	58.7	32.6	–	–
– beyond five years	1.5	–	–	–
	120.8	37.0	–	–

36. Derivative Financial Instruments

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

	Group		Company	
	Assets US\$m	Liabilities US\$m	Assets US\$m	Liabilities US\$m
2007				
Cross currency swap contracts	7.2	2.6	–	–
Forward foreign exchange contracts	1.2	0.8	–	–
Interest rate swap contracts	–	1.4	–	0.2
	8.4	4.8	–	0.2
2006				
Cross currency swap contracts	–	13.4	–	–
Forward foreign exchange contracts	–	3.5	–	–
Interest rate swap contracts	0.1	–	0.1	–
Interest rate cap contracts	0.1	–	0.1	–
	0.2	16.9	0.2	–

36. Derivative Financial Instruments (continued)

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

	Within one year US\$m	Between one and two years US\$m	Between two and five years US\$m
Group			
2007			
Net settled			
– Interest rate swap contracts	0.6	0.1	–
Gross settled			
– Forward foreign exchange contracts	90.0	–	–
– Cross currency swap contracts	50.0	109.5	233.5
	140.6	109.6	233.5
Group			
2006			
Gross settled			
– Forward foreign exchange contracts	116.9	1.0	–
– Cross currency swap contracts	18.0	55.8	113.3
	134.9	56.8	113.3
Company			
2007			
Net settled – Interest rate swap contracts	0.2	–	–

a. Cross currency swap contracts

The contract amounts of the outstanding cross currency swap contracts at 31 December 2007 were US\$333.0 million (2006: US\$134.9 million).

b. Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31 December 2007 were US\$90.0 million (2006: US\$117.9 million).

c. Interest rate swap contracts

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2007 for the Group and Company were US\$227.2 million and US\$27.7 million, respectively (2006: US\$35.8 million and US\$26.1 million, respectively). At 31 December 2007, the fixed interest rates range from 3.3% to 11.45% per annum (2006: 3.3% per annum).

d. Interest rate cap contracts

The notional principal amounts of the outstanding interest rate cap contracts at 31 December 2007 for the Group and Company were US\$41.6 million (2006: US\$84.7 million). At 31 December 2007, the contractual rate was 3.5% per annum (2006: 3.3% to 3.5% per annum).

37. Insurance Contracts

	Group	
	2007 US\$m	2006 US\$m
Gross estimated losses and claims payable	41.5	35.8
Unearned premiums	133.3	111.8
	174.8	147.6
Less: Reinsurers' share of estimated losses (Note 21)	(20.6)	(16.2)
Total insurance liabilities	154.2	131.4

The gross estimated losses and unearned premiums are analysed as follows:

Non-current (Note 28)	52.1	39.7
Current (Note 24)	122.7	107.9
	174.8	147.6

The amount and timing of claim payments are typically resolved within one year.

Movements in insurance liabilities and reinsurance assets

a. Claims and loss adjustment expenses

	2007 US\$m	2006 US\$m
Balance at 1 January	19.6	17.1
Cash paid for claims settled in the period	(49.4)	(48.6)
Increase in liabilities		
– arising from current period claims	26.3	26.1
– arising from prior period claims	25.3	22.9
Translation adjustments	(0.9)	2.1
Total at 31 December	20.9	19.6
Notified claims	19.2	18.0
Incurred, but not reported	1.7	1.6
Total at 31 December	20.9	19.6

b. Unearned premium provision

	2007 US\$m	2006 US\$m
At 1 January	111.8	104.2
Increase/(decrease)	26.9	(1.2)
Translation adjustments	(5.4)	8.8
Total at 31 December	133.3	111.8

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

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

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

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

38. Cash Flows from Operating Activities

	Group	
	2007 US\$m	2006 US\$m
Profit before tax	1,142.0	709.4
Adjustments for:		
Financing income	(35.6)	(40.5)
Financing charges	79.9	94.1
Share of associates' and joint ventures' results	(125.7)	(155.0)
Depreciation of property, plant and equipment	269.2	222.3
Amortisation of leasehold land use rights and intangible assets	18.4	14.9
(Profit)/loss on disposal of:		
– leasehold land use rights	(7.2)	(13.0)
– property, plant and equipment	(11.6)	(11.5)
– plantations	0.2	0.2
– repossessed assets	73.3	103.8
– subsidiaries	1.5	(11.3)
– associates and joint ventures	5.1	–
– other investments	(0.3)	–
Fair value changes of:		
– investment properties	(1.7)	(5.8)
– plantations	(35.0)	(22.2)
Write-down of stocks	5.4	2.0
Impairment of:		
– property, plant and equipment	0.2	–
– debtors	68.5	119.8
Revaluation deficit on property, plant and equipment	4.2	1.4
Changes in provisions	10.6	11.6
Foreign exchange (gain)/loss	29.8	(41.1)
Excess of net fair value of identifiable assets, liabilities and contingent liabilities acquired over cost of business combination	(5.4)	(0.2)
	343.8	269.5
Operating profit before working capital changes	1,485.8	978.9
Changes in working capital		
Stocks	(42.3)	111.8
Financing debtors	42.2	616.7
Debtors	(227.6)	(69.2)
Creditors	250.4	(68.5)
Pensions	3.0	5.6
Financial derivatives	(19.9)	16.4
	5.8	612.8
Cash flows from operating activities	1,491.6	1,591.7

39. Notes to Consolidated Statement of Cash Flows

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

	Group	
	2007 US\$m	2006 US\$m
Bank balances and other liquid funds (Note 22)	696.3	568.4
Restricted cash (Note 18)	6.1	5.6
Bank overdrafts (Note 26)	(30.3)	(22.1)
	672.1	551.9

a. Acquisition of subsidiaries

In 2007, Astra acquired new subsidiaries and increased its interests in existing subsidiaries for US\$0.1 million (2006: US\$7.1 million).

The new subsidiaries acquired in 2007 contributed revenue of US\$35.2 million and operating profit of US\$1.6 million to the Group. If the acquisition had occurred on 1 January 2007, Group revenue would have been increased by US\$20.6 million and operating profit would have been increased by US\$2.3 million.

	Group	
	2007 US\$m	2006 US\$m
Fair values of identifiable assets and liabilities		
Leasehold land use rights (Note 11)	1.6	6.2
Property, plant and equipment (Note 12)	2.8	7.6
Plantations (Note 14)	-	0.2
Other non-current assets	0.2	0.2
Stocks	2.5	8.3
Debtors	1.6	3.0
Bank balances and other liquid funds	2.1	0.3
Pension liabilities	(1.0)	(0.8)
Deferred tax liabilities (Note 27)	-	(1.0)
Other non-current liabilities	(0.5)	-
Non-current provisions (Note 25)	(0.1)	(0.1)
Borrowings	-	(6.5)
Current tax liabilities	0.1	(0.1)
Creditors	(3.3)	(2.8)
Minority interests	0.1	(1.0)
Net assets acquired	6.1	13.5
Goodwill	3.0	0.9
Excess of net fair value of identifiable assets, liabilities and contingent liabilities acquired over cost of business combination	(5.4)	(0.2)
Transfer from associates	(3.6)	(7.1)
Cash consideration paid	0.1	7.1
Cash and cash equivalents acquired	(2.1)	(0.3)
Net cash flow from acquisition	(2.0)	6.8

39. Notes to Consolidated Statement of Cash Flows (continued)

b. Disposal of subsidiaries

In 2007, the Company's wholly-owned subsidiary, CCL Indo-China Investments disposed of its entire interest in Automobile Holding (Thailand) Ltd.

In 2006, the Company disposed of its entire 65.6% interest in MCL Land Limited by way of a distribution of dividend in specie and reduced its interests in its Thai subsidiaries, and Astra reduced its interests in its existing subsidiaries for US\$14.3 million.

	Group	
	2007 US\$m	2006 US\$m
Book values of identifiable assets and liabilities		
Leasehold land use rights (Note 11)	-	(5.2)
Property, plant and equipment (Note 12)	-	(24.7)
Investment properties (Note 13)	-	(25.3)
Interests in associates and joint ventures	-	(35.8)
Intangible assets (Note 10)	-	(1.7)
Other non-current assets	-	(0.5)
Development properties for sale	-	(437.4)
Stocks	-	(13.0)
Debtors	-	(92.9)
Bank balances and other liquid funds	-	(42.9)
Non-current liabilities	-	2.3
Current borrowings	-	4.9
Deferred tax liabilities (Note 27)	-	1.5
Current tax liabilities	-	7.7
Creditors	-	394.1
Long-term borrowings	-	73.4
Minority interests	-	163.8
Net assets disposed of	-	(31.7)
Currency translation difference	(1.5)	1.2
Provisions utilised	-	13.8
Amount reclassified to associates	-	13.7
Loss/(profit) on disposal of subsidiaries	1.5	(11.3)
Cash proceeds from disposal	-	(14.3)
Cash and cash equivalents disposed	-	42.9
Net cash flow from disposal	-	28.6

40. Segment Information

a. Primary reporting format – business segments

The segment results for the years ended 31 December 2007 and 2006 are as follows:

	Revenue		Segment Results	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Astra:				
– Automotive	4,181.4	3,308.1	234.7	127.9
– Financial services	797.6	805.3	173.5	88.4
– Heavy equipment	1,982.3	1,500.0	259.6	176.8
– Agribusiness	650.5	410.8	352.3	155.0
– Others	80.6	69.8	11.3	11.9
– Elimination	(35.6)	(26.6)	0.9	1.1
	7,656.8	6,067.4	1,032.3	561.1
Motor	1,238.8	1,118.9	43.2	51.9
Others	–	–	(14.9)	(5.0)
	8,895.6	7,186.3	1,060.6	608.0
Financing charges			(44.3)	(53.6)
Share of associates' and joint ventures' results:				
– Astra			116.0	151.1
– Motor			9.2	3.2
– Others			0.5	0.7
			125.7	155.0
Profit before tax			1,142.0	709.4
Tax			(317.5)	(182.1)
Profit after tax			824.5	527.3

The segment assets and liabilities as at 31 December 2007 and 2006 and capital expenditure for the years then ended are as follows:

	Segment Assets		Segment Liabilities		Capital Expenditure	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Astra:						
– Automotive	1,464.1	1,439.8	387.4	341.2	110.0	123.7
– Financial services	2,070.6	2,263.1	1,731.9	1,971.9	31.7	19.1
– Heavy equipment	1,379.4	1,263.8	338.7	203.8	195.2	221.5
– Agribusiness	897.3	780.0	69.3	40.3	85.7	62.7
– Others	77.5	72.1	22.0	19.9	8.5	7.5
– Elimination	(20.3)	(8.3)	(20.0)	(7.7)	–	–
	5,868.6	5,810.5	2,529.3	2,569.4	431.1	434.5
Motor	352.3	348.2	125.7	117.7	4.4	13.8
Others	1.1	15.2	10.9	10.2	0.3	0.6
	6,222.0	6,173.9	2,665.9	2,697.3	435.8	448.9
Investments in associates and joint ventures:						
– Astra	1,305.0	1,305.0	–	–	–	–
– Motor	37.9	61.5	–	–	–	–
– Others	–	5.8	–	–	–	–
	1,342.9	1,372.3	–	–	–	–
Unallocated assets/liabilities	871.4	678.4	1,212.5	1,472.1	–	–
	8,436.3	8,224.6	3,878.4	4,169.4	435.8	448.9

40. Segment Information (continued)

Other segment items are as follows:

	Depreciation and amortisation		Impairment of debtors	
	2007 US\$m	2006 US\$m	2007 US\$m	2006 US\$m
Astra:				
– Automotive	89.1	79.0	0.6	1.3
– Financial services	13.3	10.8	77.7	88.1
– Heavy equipment	149.3	115.8	(10.2)	30.5
– Agribusiness	19.2	16.1	(0.1)	–
– Others	8.0	7.8	0.2	–
– Elimination	–	–	–	0.2
	278.9	229.5	68.2	120.1
Motor	8.5	7.5	0.3	(0.3)
Others	0.2	0.2	–	–
	287.6	237.2	68.5	119.8

The Group is organised into two main business segments; namely Astra and Motor while the Others segment consists of investment holding activities. Astra is further organised into four main business segments, namely Automotive, Financial Services, Heavy Equipment and Agribusiness while its Others segment consists mainly of information technology and infrastructure business.

Inter-segment revenue is not significant. Unallocated assets and liabilities comprise other investments, tax assets and liabilities, cash and cash equivalents and borrowings. Capital expenditure comprises additions to property, plant and equipment, intangible assets, investment properties and plantations, including those arising from acquisitions of subsidiaries.

On 25 January 2006, the Group exited the property segment following the distribution of its 65.6% interest in MCL Land Limited to its shareholders by way of a dividend in specie.

b. Secondary reporting format – geographical segments

The Group's two business segments operate in three main geographical areas:

Singapore is the home country of the Company. The areas of operation are motor vehicle distribution, retail and provision of after-sales services and other investment holding activities.

Indonesia – the areas of operation are mainly the assembly, distribution and retailing of motor vehicles and motorcycles, financial services, heavy equipment and agribusiness and others consisting of information technology and infrastructure.

Malaysia – the areas of operation are mainly motor vehicle distribution, retail and provision of after-sales services.

Revenue is based on the country in which the customer is located. It would not be materially different if it is based on the country in which the order is received. Total assets and capital expenditure are shown by the geographical area in which the assets are located.

	Revenue US\$m	Total assets US\$m	Capital expenditure US\$m
2007			
Singapore	1,046.6	289.0	2.2
Indonesia	7,656.8	8,018.4	431.1
Malaysia	192.2	128.7	2.5
Others	–	0.2	–
	8,895.6	8,436.3	435.8
2006			
Singapore	941.7	317.1	10.7
Indonesia	6,067.4	7,758.2	434.5
Malaysia	175.2	149.1	3.7
Others	2.0	0.2	–
	7,186.3	8,224.6	448.9

41. Immediate and Ultimate Holding Companies

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

42. Comparative Information

The following comparative figures of the Group consolidated balance sheet and profit and loss account have been reclassified to conform with current year's presentation:

	Before reclassification US\$m	Reclassification US\$m	After reclassification US\$m
Other investments	99.8	(5.0)	94.8
Other non-current assets	71.5	5.0	76.5
Current debtors	1,694.8	0.7	1,695.5
Current investments	3.0	(0.7)	2.3
Current creditors	935.1	(51.1)	884.0
Current borrowings	1,629.2	51.1	1,680.3
Non-current borrowings	1,047.7	84.6	1,132.3
Non-current liabilities	137.9	(84.6)	53.3
Other operating income	168.1	6.2	174.3
Selling and distribution expenses	(464.2)	(103.8)	(568.0)
Other operating expenses	(120.0)	103.8	(16.2)
Financing income	38.8	1.7	40.5
Tax	(174.2)	(7.9)	(182.1)

43. Subsequent Event

On 11 February 2008, PT United Tractors Tbk, a 58.4%-held subsidiary of PT Astra International Tbk, acquired a 70% interest in PT Tuah Turangga Agung ("TTA") for US\$115.6 million. TTA through a subsidiary holds coal mining rights in Central Kalimantan.

Notes to the Financial Statements

44. Principal Subsidiaries, Associates and Joint Ventures

The details of principal subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2007 %	2006 %
Singapore				
• Cycle & Carriage Industries Pte Limited	Retailing of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Automotive Pte Limited	Distribution and retailing of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Kia Pte Ltd	Distribution and retailing of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage France Pte Ltd	Distribution and retailing of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Diplomat Parts Pte Ltd	Investment holding and sale of vehicle parts	Singapore	100.0	100.0
• Republic Auto Pte Ltd	Retailing of vehicles	Singapore	70.0	70.0
• Cycle & Carriage (Australia) Pte Ltd	Investment holding	Singapore	100.0	100.0
• CCL Indo-China Investments Pte Ltd	Investment holding	Singapore	100.0	100.0
Malaysia				
^ Cycle & Carriage Bintang Berhad (Quoted on Bursa Malaysia)	Distribution, retailing of vehicles and provision of after-sales services	Malaysia	59.1	59.1
Indonesia				
^ PT Astra International Tbk (Quoted on the Indonesia Stock Exchange)	Investment holding and retailing of vehicles and motorcycles	Indonesia	50.1	50.1
^ PT United Tractors Tbk (Quoted on the Indonesia Stock Exchange)	Distribution and rental of heavy equipment	Indonesia	29.3	29.3
^ PT Pamapersada Nusantara	Mining and mining contractor	Indonesia	29.3	29.3
^ PT Astra Otoparts Tbk (Quoted on the Indonesia Stock Exchange)	Manufacturer and trader of automotive components	Indonesia	43.5	43.5

The details of principal subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2007 %	2006 %
Indonesia (continued)				
^ PT Astra Agro Lestari Tbk (Quoted on the Indonesia Stock Exchange)	Development of palm oil plantations, manufacturing and trading of palm oil products	Indonesia	39.9	39.9
^ PT Federal International Finance	Consumer financing activities	Indonesia	50.1	50.1
^ PT Astra Graphia Tbk (Quoted on the Indonesia Stock Exchange)	Sole agent and distributor of Fuji Xerox copier and consumer goods	Indonesia	38.5	38.5

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

Indonesia				
^ PT Astra Honda Motor	Manufacturer, assembler, distributor of Honda motorcycles and provision of after-sales service	Indonesia	25.1	25.1
^ PT Toyota Astra Motor	Distributor, sole agent, importer of completely-built-up Toyota vehicles and provision of after-sales service	Indonesia	25.6	25.6
+ PT Bank Permata Tbk (Quoted on the Indonesia Stock Exchange)	Commercial and foreign exchange bank	Indonesia	22.3	22.3
^ PT Tunas Ridean Tbk (Quoted on the Indonesia Stock Exchange)	Distribution and retailing of vehicles and motorcycles, provision of operating lease and consumer financing services	Indonesia	37.4	37.4

• Audited by PricewaterhouseCoopers, Singapore.

^ Audited by Haryanto Sahari & Rekan in Indonesia and PricewaterhouseCoopers, Malaysia, members of the worldwide PricewaterhouseCoopers organisation.

+ Audited by Siddharta Siddharta & Widjaja in Indonesia, a member of the worldwide KPMG organisation.

Three-Year Summary

	2005 US\$m	2006 US\$m	2007 US\$m	2005 S\$m	2006 S\$m	2007 S\$m
Profit and Loss Account						
Revenue	3,797.7	7,186.3	8,895.6	6,328.5	11,377.2	13,363.9
Underlying profit attributable to shareholders	298.6	205.2	374.0	497.6	324.9	561.9
Non-trading items	(16.9)	18.6	(33.9)	(28.2)	29.4	(50.9)
Profit attributable to shareholders	281.7	223.8	340.1	469.4	354.3	511.0
Earnings per share (US¢/S¢)	84.06	66.02	98.47	140.08	104.51	147.94
Underlying earnings per share (US¢/S¢)	89.11	60.53	108.28	148.49	95.84	162.68
Gross dividend per share (US¢/S¢)	18	20	43	29	31	63

Balance Sheet

Intangible assets	421.9	457.7	460.4	702.4	702.6	664.6
Leasehold land use rights	399.4	429.9	403.7	665.0	659.9	582.8
Property, plant and equipment	1,037.5	1,274.4	1,313.2	1,727.4	1,956.3	1,895.7
Investment properties	51.1	33.0	28.0	85.0	50.6	40.4
Plantations	383.1	460.1	514.6	637.9	706.3	743.0
Interests in associates and joint ventures	1,093.7	1,372.3	1,342.9	1,820.9	2,106.6	1,938.7
Non-current debtors	1,218.0	963.1	814.0	2,028.0	1,478.4	1,175.1
Other non-current assets	158.4	223.3	252.2	264.0	342.8	364.2
Net current assets	1,940.0	1,490.2	1,343.1	3,230.3	2,287.4	1,938.8
Net debt due within one year	(1,249.9)	(1,111.9)	(556.0)	(2,081.0)	(1,706.7)	(802.6)
Net debt due after one year	(1,474.4)	(1,126.7)	(933.1)	(2,455.0)	(1,729.6)	(1,347.1)
Other non-current liabilities	(447.6)	(410.2)	(425.1)	(745.4)	(629.7)	(613.7)
Net operating assets	3,531.2	4,055.2	4,557.9	5,879.5	6,224.9	6,579.9
Shareholders' funds	1,544.0	1,905.6	2,159.7	2,570.8	2,925.2	3,117.8
Minority interests	1,987.2	2,149.6	2,398.2	3,308.7	3,299.7	3,462.1
Total equity	3,531.2	4,055.2	4,557.9	5,879.5	6,224.9	6,579.9
Net asset value per share (US\$/S\$)	4.59	5.56	6.18	7.64	8.54	8.93
Net tangible asset per share (US\$/S\$)	3.25	4.05	4.87	5.41	6.22	7.04

Statement of Cash Flows

Net cash flows from/(used in) operating activities	(119.1)	1,251.1	1,229.3	(198.2)	1,980.7	1,846.8
Net cash flows from/(used in) investing activities	208.1	(402.2)	(316.3)	346.5	(636.8)	(475.2)
Net cash flows before financing activities	89.0	848.9	913.0	148.3	1,343.9	1,371.6
Net cash flows per share from operating activities (US\$/S\$)	(0.4)	3.7	3.5	(0.6)	5.8	5.3

Key Ratios

Gearing including financial services companies	77%	55%	33%	77%	55%	33%
Gearing excluding financial services companies	21%	18%	5%	21%	18%	5%
Net interest cover (times)	35	13	28	35	13	28
Dividend cover (times)	6.1	3.6	2.6	6.1	3.6	2.6
Gross dividend payout	20%	33%	40%	20%	32%	39%
Return on shareholders' funds	21.2%	11.9%	18.4%	21.4%	11.8%	18.6%
Return on total equity	17.4%	13.0%	20.4%	17.5%	12.9%	20.6%

Notes :

- The exchange rate of US\$1=S\$1.4437 (2006: US\$1=S\$1.5351, 2005: US\$1=S\$1.6650) was used for translating assets and liabilities at the balance sheet date and US\$1=S\$1.5023 (2006: US\$1=S\$1.5832, 2005: US\$1=S\$1.6664) was used for translating the results for the year.
- Gross dividend per share excludes dividend paid in specie.
- Net tangible assets as at 31.12.07 were US\$1,702.4 million (2006: US\$1,387.8 million, 2005: US\$1,093.4 million), and were computed after deducting intangibles from shareholders' funds.
- Gearing is computed based on net borrowings divided by total equity.
- Net interest cover is computed based on underlying profit before net financing charges and tax, divided by net financing charges.
- Dividend cover is computed based on underlying profit attributable to shareholders divided by net interim dividend declared and final dividend proposed for the financial year.
- Gross dividend payout is computed based on gross dividend per share divided by underlying earnings per share.
- Return on shareholders' funds is computed based on underlying profit attributable to shareholders, divided by average shareholders' funds.
- Return on total equity is computed based on underlying profit after tax, divided by average total equity.

Group Properties

Investment Properties

Address	Title	Land area sq ft	Description
Indonesia Apartment Casablanca, Jl. Casablanca Kav-12 Jakarta	Leasehold (31 years wef 1994)	52,108	Casablanca – residential property comprising 125 apartments with a total net floor area of 156,202 sq ft for rent
Kawasan Industri MM2100, Desa Gardamekar, Kec. Bekasi – Jawa Barat	Leasehold (30 years wef 1992)	193,746	Office and warehouse with a total net floor area of 62,198 sq ft for rent
Jl. Pegangsaan Dua Rt.001/03, Kel. Pegangsaan Dua, Kec. Koja – Jakarta Utara	Leasehold (36 years wef 1990)	390,075	Vacant land with building with a total net floor area of 189,376 sq ft for rent
Kawasan Cikarang, Kel Pasir Sari, Lemah Abang, Kec. Bekasi – Jawa Barat	Leasehold (39 years wef 1987)	430,546	Vacant land

Share Capital

Issued and fully paid-up capital: S\$973,491,259.02 comprising 349,261,506 shares

Class of shares: Ordinary shares, each with equal voting rights

Twenty Largest Shareholders

Name of shareholder	No. of shares	%
DBS Trustee Limited	225,534,482	64.57
DBS Nominees Pte Ltd	56,945,834	16.30
Citibank Nominees Singapore Pte Ltd	12,284,631	3.52
DBSN Services Pte Ltd	10,811,034	3.10
HSBC (Singapore) Nominees Pte Ltd	6,727,172	1.93
United Overseas Bank Nominees Pte Ltd	4,404,749	1.26
Raffles Nominees Pte Ltd	3,281,257	0.94
Morgan Stanley Asia (Singapore) Pte Ltd	2,612,034	0.75
Chua Boon Yew	2,344,700	0.67
Merrill Lynch (Singapore) Pte Ltd	1,876,261	0.54
Fong Lai Wah	1,725,536	0.49
Kota Trading Company Sendirian Berhad	1,147,394	0.33
Chua Swee Eng	660,537	0.19
Pontiac Pte Ltd	544,881	0.16
DBS Vickers Securities (Singapore) Pte Ltd	480,865	0.14
Chua Swee Sim	465,668	0.13
Song Mei Cheah Angela	461,000	0.13
DB Nominees (Singapore) Pte Ltd	444,141	0.13
Kew Estate Limited	441,000	0.12
Great Eastern Life Assurance (Malaysia) Berhad – Par 1	411,607	0.12
	333,604,783	95.52

As at 13 March 2008, approximately 28.5% of the Company's ordinary shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

Substantial Shareholders

Name of shareholder	No. of shares	%
Jardine Strategic Holdings Limited*	225,534,482	64.57
Employees Provident Fund Board	24,200,000	6.93

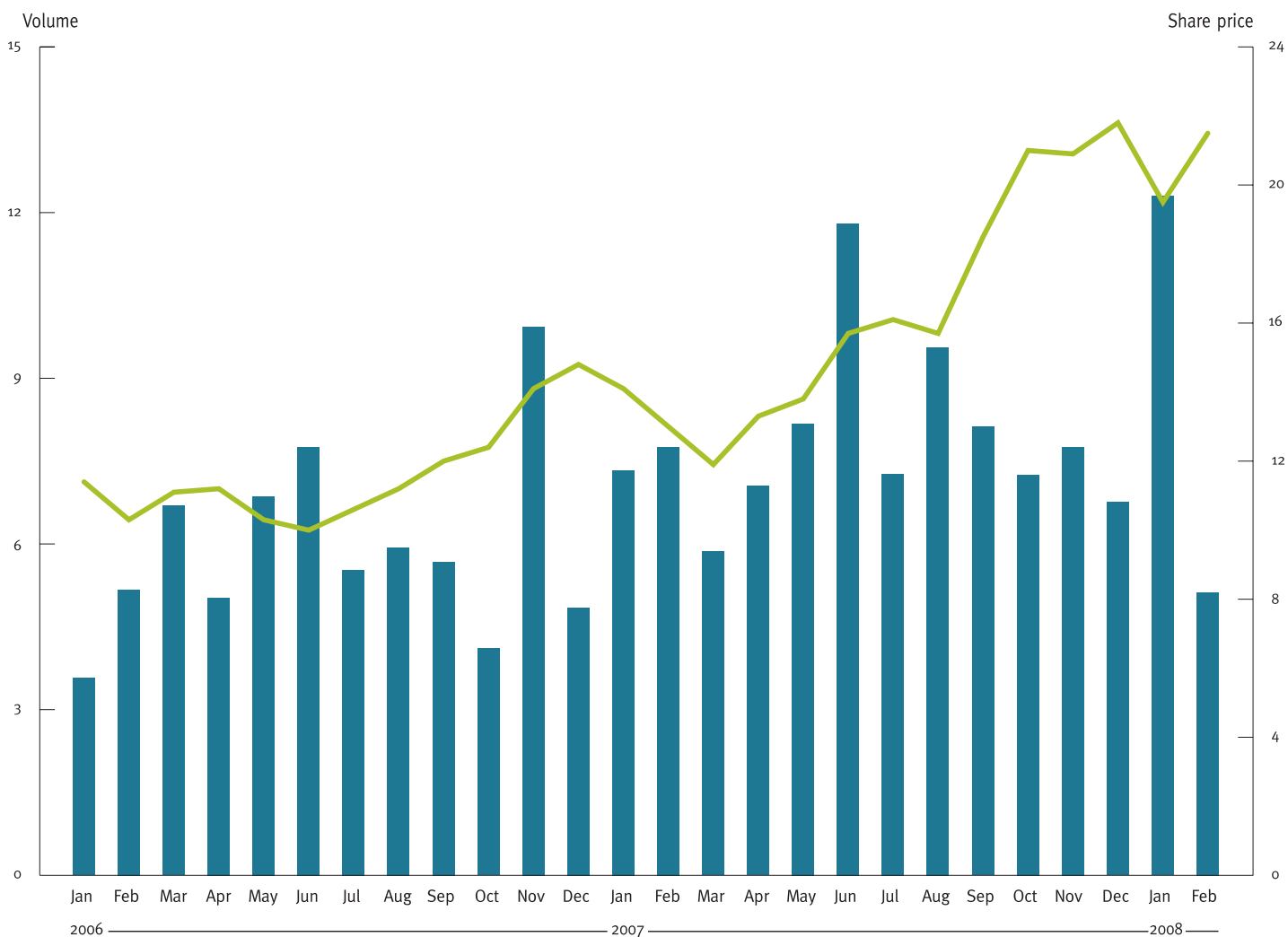
Note:

* Jardine Strategic Holdings Limited ("JSHL") is interested in 225,534,482 shares through its wholly-owned subsidiary, JSH Asian Holdings Ltd ("JAHL"). JAHL is in turn interested in the said shares through its wholly-owned subsidiary, Jardine Strategic Singapore Pte Ltd. By virtue of Jardine Matheson Holdings Limited's ("JM") interests in JSHL through its wholly-owned subsidiary, JM Investments Limited ("JMHI"), JM and JMHI are also deemed to be interested in the said shares.

Analysis of Shareholdings by Range of Balance

Size of holdings	No. of shareholders	%	No. of shares	%
1 – 999	1,154	36.11	256,149	0.07
1,000 – 10,000	1,739	54.41	5,077,005	1.45
10,001 – 1,000,000	291	9.10	14,233,268	4.08
1,000,001 and above	12	0.38	329,695,084	94.40
	3,196	100.00	349,261,506	100.00

Share Price and Volume



Volume transacted in millions of shares

Share price in Singapore dollars

	2007	2006
Underlying earnings per share (US¢)	108.28	60.53
Earnings per share (US¢)	98.47	66.02
Gross dividend per share (US¢)	43.00	20.00
Net asset value per share (US\$)	6.18	5.56

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting of the Company will be held at Ballroom 1, Lobby Level, Mandarin Oriental, Singapore, 5 Raffles Avenue, Singapore 039797 on Tuesday, 29 April 2008 at 12.00 p.m. for the following purposes:

As Ordinary Business:

1. To receive and adopt the Audited Accounts for the year ended 31 December 2007 together with the reports of the Directors and the Auditors thereon.
2. To approve the payment of a final one-tier tax exempt dividend of US\$0.32 per share for the year ended 31 December 2007 as recommended by the Directors.
3. To approve payment of Directors' fees of up to S\$495,500 for the year ending 31 December 2008. (2007: S\$576,000)
4. To re-elect the following Directors retiring pursuant to Article 94 of the Articles of Association of the Company:
 - a. Mr. Anthony Nightingale;
 - b. Mr. Hassan Abas;
 - c. Mr. Chang See Hiang; and
 - d. Mr. Lim Ho Kee.
5. To authorise Mr. Boon Yoon Chiang to continue to act as a Director of the Company from the date of this Annual General Meeting until the next Annual General Meeting, pursuant to Section 153(6) of the Companies Act, Cap. 50.
6. To re-appoint PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration.
7. To transact any other routine business which may arise.

As Special Business:

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

Share Issue Mandate

8A. "That authority be and is hereby given to the Directors of the Company to:

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

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

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

provided that:

1. the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
2. (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

Notice of Annual General Meeting

- a. new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - b. any subsequent bonus issue, consolidation or subdivision of shares;
3. in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association for the time being of the Company; and
 4. (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

Renewal of the Share Purchase Mandate

8B. “That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the “**Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - i. market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
 - ii. off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
 - i. the date on which the next Annual General Meeting of the Company is held; or
 - ii. the date by which the next Annual General Meeting of the Company is required by law to be held;
- (c) in this Resolution:

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

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

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

where:

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

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

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

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

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

Renewal of General Mandate for Interested Person Transactions

8C. “That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix B of the Company’s letter to shareholders dated 10 April 2008 (the “**Letter**”), with any party who is of the classes of Interested Persons described in Appendix B of the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions (the “**General Mandate**”);
- (b) the General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the General Mandate and/or this Resolution.”

Authority to Directors to Issue Shares Pursuant to Jardine Cycle & Carriage Limited Scrip Dividend Scheme

- 8D. “That approval be and is hereby given to the Directors to issue such number of shares in the capital of the Company as may be required to be issued pursuant to the Jardine Cycle & Carriage Limited Scrip Dividend Scheme.”

By Order of the Board

Ho Yeng Tat
Group Company Secretary

Singapore
10 April 2008

Notes:

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

An instrument appointing a proxy must be deposited at the Company’s office at 4th Floor, 239 Alexandra Road, Singapore 159930, not less than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof.

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

Mr. Hassan Abas will continue as the chairman of the Company’s Audit Committee upon his re-election as Director of the Company, and Mr. Chang See Hiang, Mr. Lim Ho Kee and Mr. Boon Yoon Chiang will continue as members of the Company’s Audit Committee upon their re-election as Directors of the Company. All of them except Mr. Boon Yoon Chiang are independent directors.

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

- a. Item 3 is to seek approval for the payment of Directors’ fees (including benefits-in-kind) on a current year basis, calculated taking into account the number of scheduled Board and committee meetings for 2008 and assuming that all non-executive Directors will hold office for the full year. In the event the Directors’ fees proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at next year’s AGM for additional fees to meet the shortfall.
- b. Key information on the Directors to be re-elected are set out in pages 36 and 37 of the Annual Report 2007.

Notice of Annual General Meeting

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

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

- a. Ordinary Resolution No. 8A is to allow the Directors, effective until the next Annual General Meeting, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.
- b. Ordinary Resolution No. 8B is to renew effective until the next Annual General Meeting, the Share Purchase Mandate for the Company to make purchases or acquisitions of its issued ordinary shares. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company, of 10% of its issued ordinary shares as at 13 March 2008, at a purchase price equivalent to the Maximum Price per share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited accounts of the Group and the Company for the financial year ended 31 December 2007, and certain other assumptions, are set out in the Company’s letter to shareholders dated 10 April 2008 accompanying the Annual Report 2007.
- c. Ordinary Resolution No. 8C is to renew effective up to the next Annual General Meeting, the General Mandate for Interested Person Transactions to enable the Company, its subsidiaries and associated companies that are considered “entities at risk” to enter in the ordinary course of business into certain types of transactions with specified classes of the Company’s interested persons. Particulars of the General Mandate, and the Audit Committee’s confirmation in support of the renewal of the General Mandate, are set out in the Company’s letter to shareholders dated 10 April 2008 accompanying the Annual Report 2007.
- d. Ordinary Resolution No. 8D is to allow the Directors to issue shares in the Company pursuant to its Scrip Dividend Scheme, which was adopted by shareholders on 3 May 2001.

Proxy Form

The Group Company Secretary
Jardine Cycle & Carriage Limited
4th Floor, 239 Alexandra Road
Singapore 159930

IMPORTANT:

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

I/We _____

of _____

being a member/members of the abovenamed Company hereby appoint the following person(s):

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies, or if no proxy is named, the Chairman of the Meeting, to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the 39th Annual General Meeting of the Company to be held at Ballroom 1, Lobby Level, Mandarin Oriental, Singapore, 5 Raffles Avenue, Singapore 039797 on Tuesday, 29 April 2008 at 12.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

Ordinary Business	For	Against
1. Adoption of Directors' and Auditors' Reports and Accounts		
2. Declaration of Final Dividend		
3. Approval of Directors' Fees for the year ending 31 December 2008		
4. Re-election of Directors retiring pursuant to Article 94		
a. Mr. Anthony Nightingale		
b. Mr. Hassan Abas		
c. Mr. Chang See Hiang		
d. Mr. Lim Ho Kee		
5. Authorisation for Mr. Boon Yoon Chiang to continue as Director pursuant to section 153(6) of the Companies Act		
6. Re-appointment of Auditors		
7. Any other routine business		

Please cut proxy form here

Proxy Form

Special Business	For	Against
8. A. Approval of Share Issue Mandate		
B. Renewal of Share Purchase Mandate		
C. Renewal of General Mandate for Interested Person Transactions		
D. Authorising Directors to issue shares pursuant to the Jardine Cycle & Carriage Limited Scrip Dividend Scheme		

Dated this _____ day of _____ 2008.

Total number of shares held

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

Important: Please Read Notes Below

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him and such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the Company's office at 4th Floor, 239 Alexandra Road, Singapore 159930, not less than 48 hours before the time appointed for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its officer or attorney duly authorised.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Chapter 50 of Singapore.

General

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