



Honda motorcycle assembly plant
Indonesia



Honda Supra X 125R
Indonesia

CHAIRMAN'S STATEMENT

Overview

The Group's businesses performed well in the first nine months of 2008 but were affected in the final quarter by a steep decline in commodity prices, the weakening of the Rupiah, and a tightening of consumer credit as a result of the global economic downturn. Overall, a satisfactory result was achieved for the year.

Performance

The Group recorded revenue of US\$11.2 billion for the year ended 31 December 2008, an increase of 25%. Underlying profit rose by 28% to US\$477 million, and underlying earnings per share rose by 25% to US\$135.38. Profit attributable to shareholders at US\$448 million was 32% higher than in 2007, after accounting for a net non-trading loss of US\$29 million.

Astra's contribution to the underlying profit was up 29% at US\$460 million, with its non-automotive activities performing particularly well for most of the year. The Group's share of underlying profit from its other motor interests increased by 4% to US\$44 million. Corporate costs and withholding tax on dividends from Indonesia amounted to US\$27 million.

The Board is recommending a final tax exempt dividend of US\$36.00 per share. This will give a total dividend for 2008 of US\$50.00 per share, compared to US\$43.00 per share in 2007.

Business Activity

Astra's automotive and financial services businesses produced

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an excellent contribution to Group profit as they benefited for most of the year from strong consumer demand and a buoyant economy in Indonesia. In the final quarter, however, the economic downturn and tightening consumer credit led to weaker market conditions.

Astra's heavy equipment subsidiary, United Tractors, has continued to seek coal mining investment opportunities following its return to coal mine ownership in early 2007. In 2008, it acquired Tuah Turangga Agung, which owns a coal mine concession in Central Kalimantan. The company also completed a US\$390 million rights issue to raise funds for debt refinancing, working capital and capital expenditure.

The performance of Astra Agro Lestari was enhanced by the high crude palm oil prices that existed for most of the year, making it one of Astra's largest profit contributors in 2008. Prices have, however, come down from their peak significantly in recent months. The company has made good progress in increasing its planted area and improving the yield of its existing plantations.

The Group's motor operations in Singapore performed well during the year, supported by an improvement in Mercedes-Benz sales despite a contraction in the overall motor market.

Cycle & Carriage Bintang in Malaysia completed the restructuring of its business operations and is now focused solely on Mercedes-Benz. Loss-making franchises and surplus properties were sold

and the balance sheet strengthened, allowing a special dividend of US\$30 million to be paid during the year.

The Group has expanded its motor interests into Vietnam with a US\$77 million acquisition of a 20.5% stake in Truong Hai Auto Corporation, a motor group with interests in the manufacture, sale and maintenance of commercial vehicles and passenger cars.

People

On behalf of the Directors, I wish to thank our 125,000 staff employed across the Group for their hard work, dedication and commitment to excellence, without which the Group could not have delivered this set of fine results. Thanks are also due to our customers, shareholders and business partners for their continued support.

Outlook

2009 is expected to be a difficult year as the global economic disruption has led to tight liquidity and poor consumer sentiment. Nevertheless, we are confident that the Group's healthy balance sheet and strong underlying businesses will enable Jardine Cycle & Carriage to meet the challenges ahead.

Anthony Nightingale
Chairman
27 February 2009