

CHAIRMAN'S STATEMENT

OVERVIEW

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

PERFORMANCE

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

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

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

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

BUSINESS ACTIVITY

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





Mercedes-Benz S-Class
Singapore



Komatsu Heavy Equipment
Indonesia

ASTRA

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

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

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

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

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

GROUP'S OTHER MOTOR INTERESTS

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



Car Leasing
Indonesia

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

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

PEOPLE

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

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

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

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

OUTLOOK

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

Ben Keswick

Chairman
27th February 2014