THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your Ordinary Shares in Jardine Lloyd Thompson Group plc you should immediately forward this document and the accompanying form of proxy to the purchaser or to the stockbroker, bank, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Jardine Lloyd Thompson Group plc

(incorporated in England and Wales under the Companies Acts 1948 to 1981 with the registered number 1679424)

Notice of Annual General Meeting and special business to be transacted

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This document should be read in conjunction with the Annual Report and Accounts of the Company for the year ended 31st December, 2005.

Notice of the Annual General Meeting of the Company to be held at 12.00 noon on Thursday, 27th April, 2006 at 6 Crutched Friars, London EC3N 2PH is set out at the end of this document.

CONTENTS

DEFINITIONS

The following definitions apply throughout this document and the accompanying form of proxy unless the context otherwise requires.

"Act"	the Companies Act 1985 (as amended)
"Annual General Meeting"	the annual general meeting of the Company convened to be held at 12.00 noon on Thursday, 27th April, 2006, notice of which is set out on pages 43 to 46 of this document
"Annual Report and Accounts"	the audited consolidated accounts of the Group and the reports of the Directors and Auditors for the year ended 31st December, 2005
"Articles of Association"	the present articles of association of the Company
"Auditors"	PricewaterhouseCoopers LLP
"Code"	The City Code on Takeovers and Mergers
"Company"	Jardine Lloyd Thompson Group plc
"Directors" or "Board"	the directors of the Company
"FSA"	The Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000
"Group"	the Company and its subsidiaries
"HSBC"	HSBC Bank plc
"Independent Directors"	the Directors, other than C G R Leach and S L Keswick, being those Directors associated with the Jardine Matheson Group
"Independent Shareholders"	the shareholders of the Company, excluding any of the Jardine Matheson Group and any person acting in concert with Jardine Matheson
"Jardine Matheson"	Jardine Matheson Holdings Limited
"Jardine Matheson Directors"	the directors of Jardine Matheson Holdings Limited
"Jardine Matheson Group"	Jardine Matheson and its subsidiaries
"Jardine Matheson Shares"	ordinary shares of US¢25 each in the capital of Jardine Matheson
"Listing Rules"	the listing rules of the FSA
"London Stock Exchange"	London Stock Exchange plc
"2005 Final Dividend"	the final dividend of 12p (net) per Ordinary Share proposed to be paid in respect of the year ended 31st December, 2005
"Ordinary Shares" or "Jardine Lloyd Thompson Ordinary Shares"	ordinary shares of 5p each in the capital of the Company
"Panel"	The Panel on Takeovers and Mergers
"Record Date"	the close of business on 31st March 2006
"Remuneration Report"	The Remuneration Report for the year ended 31st December 2005, as set out on pages 32 to 41 of the Annual Report and Accounts
"Rule 9 Dispensation"	the procedure stipulated by the Code, whereby a waiver granted by the Panel from the requirement under Rule 9 of the Code to make a mandatory cash offer for a company can be acted upon by the parties concerned, provided that the waiver has previously been approved by a vote of Independent Shareholders of the Company on a poll in general meeting
"Rule 9 Dispensation Proposal"	the proposal referred to in this document relating to the approval of the waiver granted by the Panel from the potential requirement for Jardine Matheson or its subsidiaries to make a mandatory offer for the Company under Rule 9 of the Code

JARDINE LLOYD THOMPSON
Group plc

6 Crutched Friars
London EC3N 2PH
21st March 2006

To the holders of Jardine Lloyd Thompson Ordinary Shares and, for information only, to holders of options under the Jardine Lloyd Thompson share option schemes.

Dear Shareholder

1. Annual General Meeting

Notice of the Annual General Meeting of the Company to be held at 6 Crutched Friars, London EC3N 2PH on Thursday, 27th April, 2006 commencing at 12 noon is set out on pages 43 to 46 of this document. At the Annual General Meeting the following resolutions will be proposed:

– **Ordinary Business: Resolutions 1-9**

Resolutions

(a) Resolution 1, an ordinary resolution to receive the Annual Report and Accounts.

(b) Resolution 2, an ordinary resolution to approve the final dividend of 12p net per Ordinary Share.

(c) Resolution 3, an ordinary resolution to re-elect as a director Mr C G R Leach who is aged 71 and retires in accordance with the Articles of Association.[1]

(d) Resolution 4, an ordinary resolution to re-elect as a director Mr A D J B Collins who retires in accordance with the Articles of Association.

(e) Resolution 5, an ordinary resolution to re-elect as a director Mr C A Keljik who retires in accordance with the Articles of Association.

(f) Resolution 6, an ordinary resolution to re-elect as a director Mr N R MacAndrew who retires in accordance with the Articles of Association.

(g) Resolution 7, an ordinary resolution to re-elect as a director Mrs V Y A C Wade who retires in accordance with the Articles of Association.

(h) Resolution 8, an ordinary resolution to approve the Remuneration Report.

(i) Resolution 9, an ordinary resolution to reappoint PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, as auditors to the Company until the conclusion of the next general meeting at which accounts are laid before shareholders and to authorise the directors to determine the remuneration of the auditors.

[1]In accordance with s293 and 379 of the Act, special notice has been given by a member of the intention to propose Resolution 3 as an ordinary resolution at the next Annual General Meeting of the Company.

Registered Office: 6 Crutched Friars, London EC3N 2PH. Registered in England No. 1679424. VAT No. 244 2321 96

- **Special Business: Resolutions 10-13**

  (j) Resolution 10, a special resolution seeking general authority for the Company to purchase up to 21,232,007 Ordinary Shares in the market.

  (k) Resolution 11, an ordinary resolution to approve the waiver by the Panel of any obligation under Rule 9 of the Code to make a takeover bid for the Company, which might otherwise be incurred by members of the Jardine Matheson Group, both individually or collectively, following any increase in their aggregate voting rights as a result of the implementation of the buy-back authority referred to in Resolution 10 above.

  (l) Resolution 12, an ordinary resolution to renew the authority of the directors to allot securities up to the available unissued capital.

  (m) Resolution 13, a special resolution to disapply statutory pre-emption rights in relation to the allotment of securities.

The proposed authority in Resolution 10 and the conditions which attach to it are within the guidelines laid down by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds and by the FSA. The terms of Resolution 11 are in accordance with the requirements of the Code and the requirements of the Panel.

Those members of the Jardine Matheson Group who are holders of Ordinary Shares are interested in the outcome of Resolution 11 and, accordingly, have undertaken not to vote on this resolution. The voting on this resolution will be decided by means of a poll.

An explanation of the special business to be considered at the Annual General Meeting is set out in the following paragraphs.

Further information and biographical details on the Directors are contained in the Annual Report and Accounts for 2005 which accompanies this circular.

2. Share Buy-Back Authority

In common with a number of other listed companies, the Directors have in recent years included a resolution in the notice of the annual general meeting of the Company to give limited authority to make market purchases of Ordinary Shares. The Directors consider that it would be in the interests of all shareholders for the Company to be able to continue to have the right to purchase its own shares in the market, although the Company has not in the past made use of this power.

Accordingly, in conjunction with the Rule 9 Dispensation Proposal described in paragraph 3 below, the Board is seeking authority for the Company to have the ability to purchase up to approximately 10 per cent. of the ordinary share capital of the Company now in issue, amounting to 21,232,007 Ordinary Shares. If the Directors exercise this authority, the maximum price payable by the Company on any repurchase of Ordinary Shares will be not more than 105 per cent, exclusive of all expenses, of the average middle market price of an Ordinary Share for the five business days immediately preceding such purchase. The minimum price payable by the Company will be 5p per share (the nominal value of each share) exclusive of all expenses.

The Directors will only exercise the power to make market purchases of the Company's Ordinary Shares if they believe that it is in the best interests of the shareholders and will result in an improvement in earnings per share. In exercising this authority, the Directors will neither be encouraging nor recommending shareholders to buy or sell shares in the Company nor in any way suggesting that it is an appropriate time to deal in such shares.

Pursuant to the Act, the Company now has the choice of cancelling shares which have been repurchased or holding them as treasury shares (or a combination of both). Treasury shares are essentially shares which have been repurchased by the Company and which it is allowed to hold pending either reselling them for cash, cancelling them or, if authorised, using them for the purposes of its employee share plans. The Directors believe that it is desirable for the Company to have this choice. Holding the repurchased shares as treasury shares would give the Company the ability to re-issue them quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

3. Rule 9 Dispensation Proposal

JMH Investments Limited, a member of the Jardine Matheson Group, beneficially holds 64,514,916 Ordinary Shares, representing approximately 30.39 per cent. of the issued share capital. Further details of these interests are set out in paragraph 4 of Appendix 1 to this document.

Under Rule 9 of the Code, any person who acquires shares which, when taken together with shares already held by him or held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company, or who holds more than 30 per cent. but not more than 50 per cent. of the voting rights of a company and acquires any additional shares carrying voting rights of that company, is normally required under Rule 9 of the Code to make a general offer to all shareholders of that company. Rule 37 of the Code extends this principle so that an obligation to make such a mandatory offer can arise if the interests of a person or group of persons acting in concert increase above the percentage levels mentioned above as a result of a share repurchase, even where there is no direct acquisition of further shares by the relevant person(s). In the case of the Company, if any Ordinary Shares were to be repurchased, Rule 37 would require Jardine Matheson to make a mandatory offer for the shares not already owned by the Jardine Matheson Group because of the fact that certain Directors of the Company are representatives of Jardine Matheson.

In order to avoid triggering this mandatory offer obligation by virtue of the application of Rule 37 of the Code, a Rule 9 Dispensation in respect of the Ordinary Shares held by the Jardine Matheson Group is required as a condition to the implementation of any repurchase of Ordinary Shares by the Company. This is because any increase in the aggregate percentage shareholding of the Jardine Matheson Group, whether as a result of the purchase of shares by any member of it or as a result of the implementation of the share buy-back authority or otherwise, would, prima facie, have the effect of triggering the requirement for a mandatory cash offer under Rule 9 of the Code.

The Panel has agreed to waive the requirement for the Jardine Matheson Group to make a general offer to all shareholders in circumstances where, following purchases of Ordinary Shares by the Company in the market, the aggregate percentage holding of the members of the Jardine Matheson Group increases, provided that this has previously been approved by a vote of Independent Shareholders of the Company on a poll in general meeting. Resolution 11 to be proposed at the Annual General Meeting seeks this approval. This Resolution is in the same form as that which was approved at the Company's Annual General Meeting in 2005 and prior years. An offer under Rule 9 must be in cash and at the highest price paid by the person or group of persons acting in concert in the preceding 12 months.

If the Company were to repurchase and cancel the full amount of Ordinary Shares for which it is now seeking authority, namely, 21,232,007 Ordinary Shares, then, assuming no further change in the issued share capital of the Company and no change in the number of Ordinary Shares held by the Jardine Matheson Group, the voting rights attributable to the Ordinary Shares held by the members of the **Jardine Matheson Group would increase from approximately 30.39 per cent. to 33.76 per cent of the voting share capital and accordingly any further increase in that shareholding as a result of purchases of Ordinary Shares by the Jardine Matheson Group will be subject to the provisions of Rule 9.**

Your attention is drawn to the further information set out in Appendix I to this document, including details of the interests of members of the Jardine Matheson Group which are contained in paragraph 4 of Appendix I. Financial information relating to Jardine Matheson is contained in Appendix II.

4. Renewal of the Board's authority to allot shares and disapplication of pre-emption rights

Shareholders are being asked, pursuant to the provisions of section 80 of the Act, to renew the authority for the allotment of shares which was conferred on the Board at the Annual General Meeting held in 2005. If Resolution 12 is passed, the new authority would permit the allotment of relevant securities with an aggregate nominal value of up to £1,883,996 representing 37,679,920 Ordinary Shares of 5 pence each and representing 17.75 per cent. of the total ordinary share capital of the Company in issue as at 20th March, 2006. This authority shall expire on the date of the Annual General Meeting in 2007 or on 26th July, 2007, whichever is the earlier. Save for the allotment of Ordinary Shares under the Company's share option schemes, or as may arise with the acquisition of minority interests, the Directors have no present intention to exercise this authority.

Shareholders are being asked, pursuant to section 89 of the Act, to grant authority for a further year for disapplication (under the provisions of section 95 of the Act) of the pre-emption provisions contained in this Act. Accordingly, Resolution 13 proposes an authority, until the earlier of the date of the Annual General Meeting in 2007 or on 26th July, 2007, to issue Ordinary Shares for cash consideration either by way of a rights issue or to persons other than existing shareholders, in the latter case limited to a total of some 10,616,003 Ordinary Shares, representing approximately 5 per cent. of the Company's issued ordinary share capital at 20th March, 2006.

5. Action to Be Taken

A form of proxy for use in connection with the Annual General Meeting is enclosed. Whether or not you intend to be present at the Annual General Meeting, you are asked to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event so that it is received not later than 48 hours before the time of the Annual General Meeting. The completion and return of a form of proxy will not preclude you from attending the Annual General Meeting and voting in person if you so wish.

If you are a CREST member you can vote via the CREST system and further information is given on page 45.

6. Further Information

Your attention is drawn to the Annual Report and Accounts which are enclosed with this document, and to the Appendices to this document which include information required by the Code and/or the FSA.

7. Recommendations and Independent Advice

The Directors consider the resolutions to be put to you at the Annual General Meeting (other than Resolution 11 which, because of its nature, has been considered only by the Independent Directors, as referred to below) to be in the best interests of shareholders as a whole and unanimously recommend you to vote in favour of such resolutions at the Annual General Meeting.

The Independent Directors, who have been so advised by HSBC, consider the waiver of the obligation to make a mandatory offer for the Company which would otherwise fall on members of the Jardine Matheson Group under Rule 9 of the Code as a result of the implementation of the share buy-back authority to be fair and reasonable. Furthermore the Independent Directors believe that this is in the best interests of the shareholders as a whole.

Accordingly, the Independent Directors recommend you to vote in favour of Resolution 11 as they intend to do in respect of their own voting shareholdings totalling 608,140 Ordinary Shares, representing approximately 0.29 per cent. of the voting share capital of the Company. In providing its advice HSBC has taken into account, inter alia, the commercial assessments of the Independent Directors.

The members of the Jardine Matheson Group, who are holders of Ordinary Shares, are interested in the outcome of Resolution 11 and accordingly have undertaken not to vote on this resolution.

Yours faithfully

Ken Carter
Chairman

APPENDIX I

Information Required by the Code

1. Responsibility

(a) The Directors of the Company, whose names are set out below, accept responsibility for the information set out in this document, other than information relating to the Jardine Matheson Group, the Jardine Matheson Directors, members of their immediate families and related trusts, and for any information in the Annual Report and Accounts referred to in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information in this document for which they take responsibility and that in the Annual Report and Accounts is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Jardine Matheson Directors, whose names are set out below, accept responsibility for the information set out in this document relating to the Jardine Matheson Group, the Jardine Matheson Directors, members of their immediate families and related trusts. To the best of the knowledge and belief of the Jardine Matheson Directors (who have taken all reasonable care to ensure that such is the case), the information in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

The Directors of the Company are:

K A Carter (*Chairman*)
C G R Leach (*Joint Deputy Chairman, Non-Executive*)
G M T Howe *(Joint Deputy Chairman, Non-Executive)*
D J Burke *(appointed 01.01.2005) (Chief Executive)*
A D J B Collins
J P Hastings-Bass
C A Keljik, OBE *(appointed 01.11.2005) (Non-Executive)*
S L Keswick (*Non-Executive*)
N R MacAndrew *(appointed 01.07.2005) (Non-Executive)*
R A Scott, CBE *(Non-Executive)*
G W Stuart-Clarke (*Finance Director*)
V Y A C Wade

Further information relating to the Directors is included on pages 22 and 23 of the Annual Report and Accounts. The Directors' business address is at 6 Crutched Friars, London EC3N 2PH.

(b) The Jardine Matheson Directors are:-

H N L Keswick (*Chairman*)
E P K Weatherall (*Managing Director*)
J Hui
S L Keswick
R C Kwok
C G R Leach
Dr R Lee
A J L Nightingale

3. Continuation of Business

The Directors intend to continue to conduct the business of the Company and its subsidiaries generally in the same manner as it is currently conducted. Both the Company and Jardine Matheson intend that the Company continues to carry on its business on an arm's length basis from the Jardine Matheson Group.

4. Interests and Dealings

(a) Ordinary Shares

(i) At 20th March, 2006 (being the latest practicable date prior to the posting of this document), the interests of the Jardine Matheson Group in Ordinary Shares were as set out below:

Member	*Number of Ordinary Shares*	*Existing percentage of issued share capital*	*Maximum percentage of issued share capital (note)*
JMH Investments Limited	64,514,916	30.39	33.76
Total Jardine Matheson Group	64,514,916	30.39	33.76

Note: Assuming buy back authority exercised in full.

JMH Investments Limited (''JMH'') is a wholly owned subsidiary of Jardine Matheson Holdings Limited. In July and August 2005 JMH purchased a total of 750,000 ordinary shares, which are included in the above figures.

(ii) At 20th March, 2006 (being the latest practicable date prior to the posting of this document), the interests (all of which were beneficial other than as indicated below) of the Directors in Ordinary Shares which have been notified to the Company pursuant to Section 324 or 328 of the Act, or which are required to be entered in the register maintained under Section 325 of the Act or are interests of a person connected with any Director (within the meaning of Section 346 of the Act) which would, if the connected person were a Director, be required to be disclosed as set out above and the existence of which is known or could with reasonable diligence be ascertained by the relevant Director, are set out below:

	Total Interest
D J Burke	26,578
K A Carter	379,382*
A D J B Collins	9,567
J P Hastings-Bass	107,044
G M T Howe	5,000
S L Keswick	2,249
C G R Leach	22,500
R A Scott	4,000
G W Stuart-Clarke	75,076
V Y A C Wade	1,493
	632,889

* Shareholding includes 20,000 non-beneficial interest.

In addition, executive directors are deemed to be interested in share schemes operated by the Group under employee benefit trusts, which operate on a discretionary basis.

At 20th March, 2006 (being the latest practicable date prior to the posting of this document), Ordinary Shares held under Employee Benefit Trusts were as follows:

	Ordinary Shares
Total held by trustees	6,336,435
shares allocated	9,268,124

By virtue of the Companies Act 1985, each executive director of the Company, being a member of a class of potential beneficiaries of the above trusts, is deemed to have an interest in all the Ordinary Shares held by the trustees of the above schemes.

At 20th March, 2006 (being the latest practicable date prior to the posting of this document), the holdings by Directors of options over Ordinary Shares in the Company, were as shown below:

	At 20th March 2006	*Exercise price*	*Date from which exercisable*	*Expiry date*	*Note*
D J Burke	125,000	nil	01.03.07	20.09.14	(b)
	138,000	nil	31.03.08	30.03.15	(b)
	2,020	£4.565	01.11.06	30.04.07	(c)
K A Carter	236,000	nil	31.03.08	30.03.15	(b)
A D J B Collins	75,000	nil	20.11.06	19.11.13	(a)
	100,000	nil	01.03.07	23.09.14	(b)
	138,000	nil	31.03.08	30.03.15	(b)
J P Hastings-Bass	50,000	nil	01.03.02	09.09.06	(a)
	50,000	nil	23.03.04	22.03.08	(a)
	25,000	nil	21.03.05	20.03.09	(a)
	1,805	£4.565	01.11.08	30.04.09	(c)
	60,000	nil	20.11.06	19.11.13	(a)
	66,000	nil	31.03.08	30.03.15	(b)
G W Stuart-Clarke	3,472	£4.565	01.11.08	30.04.09	(c)
	60,000	nil	20.11.06	19.11.13	(a)
	75,000	nil	01.03.07	20.09.14	(b)
	72,000	nil	31.03.08	30.03.15	(b)
V Y A C Wade	60,000	nil	20.11.06	19.11.13	(a)
	75,000	nil	01.03.07	20.09.14	(b)
	72,000	nil	31.03.08	30.03.15	(b)

(a) These options are held under the Jardine Lloyd Thompson Group Restricted Share Scheme operated in conjunction with an Employee Share Ownership Plan Trust. Awards are generally exercisable between 36 months and 120 months after the date of award. Performance criteria attach to certain awards.

(b) These options are held under the Jardine Lloyd Thompson Group Long Term Incentive Plan 2004 operated in conjunction with an Employee Share Ownership Plan Trust. Awards are generally exercisable between 36 months and 120 months after the date of award. Performance criteria attach to these awards.

(c) Options held under the Jardine Lloyd Thompson Group Sharesave Scheme 1997 (which is a three or five year savings related share option scheme).

(iii) At 20th March, 2006 (being the latest practicable date prior to the posting of this document), the interests of the Jardine Matheson Directors in Ordinary Shares are set out below:

Director	*Number of Ordinary Shares*	*Percentage of voting share capital*
S L Keswick	2,249	0.0011
C G R Leach	22,500	0.0106

(iv) The following dealings in Ordinary Shares by Directors have taken place in the 12 months ended on 20th March, 2006 (being the latest practicable date prior to the posting of this document):

Name	*Date of Transactions*	*Transactions*	*No of Shares*	*Price £*
D J Burke	31.03.05	Award of Option under LTIP 2004	138,000	Nil
	26.05.05	Purchase of shares	25,000	3.4475
K A Carter	31.03.05	Award of Option under LTIP 2004	236,000	Nil
A D J B Collins	21.03.05	Lapse of 50% of option awarded under Restricted Share Scheme as criteria not satisfied	50,000	Nil
	22.03.05	Exercise of option under Restricted Share Scheme	50,000	Nil
	22.03.05	Sale of shares	50,000	
	31.03.05	Award of Option under		3.965
		LTIP 2004	138,000	Nil
J P Hastings-Bass	21.03.05	Lapse of 50% of option awarded under Restricted Share Scheme as criteria not satisfied	25,000	Nil
	31.03.05	Award of Option under LTIP 2004	66,000	Nil
	02.08.05	Exercise of option awarded under Sharesave Scheme	3,857	2.10
G W Stuart-Clarke	21.03.05	Lapse of 50% of option awarded under Restricted Share Scheme as criteria not satisfied	17,500	Nil
	22.03.05	Exercise of awards made under Restricted Share Scheme	117,500	Nil
	22.03.05	Sale of Shares	117,500	3.965
	31.03.05	Award of option under LTIP 2004	72,000	Nil
V Y A C Wade	21.03.05	Lapse of 50% of option awarded under Restricted Share Scheme as criteria not satisfied	12,500	Nil
	22.03.05	Exercise of option under Restricted Share Scheme	12,500	Nil
	22.03.05	Sale of shares	12,500	3.965
	31.03.05	Award of Option under LTIP 2004	72,000	Nil

In addition to the above, between 15th March, 2005 and 20th March, 2006, the trustees of the Jardine Lloyd Thompson Group plc All Employee Share Plan have acquired 399 Ordinary Shares each on behalf of D J Burke, A D J B Collins, J P Hastings-Bass and G W Stuart-Clarke.

(b) Jardine Matheson Shares

(i) At 20th March, 2006 (being the latest practicable date prior to the posting of this document), the Directors had the following interests (all of which were beneficial other than as indicated below) in Jardine Matheson Shares:

Director	*Number of Jardine Matheson Shares*	*Percentage of voting share capital*
S L Keswick	9,364,339	1.5416
	2,722,552*	0.4482
C G R Leach	932,814	0.1536

*non-beneficial

Messrs S L Keswick and C G R Leach also had deemed interests in 35,915,991 Jardine Matheson Shares as discretionary objects under a trust, the income of which is available for distribution to senior executive officers and employees of Jardine Matheson and its wholly-owned subsidiaries.

(ii) The following dealings in Jardine Matheson Shares by the Directors have taken place in the 12 months ended on 20th March, 2006 (being the latest practicable date prior to the posting of this document):

Name	*Date of Transactions*	*Transactions*	*Number of Jardine Mathson Shares*	*Price US$*
S L Keswick	11.05.05	Scrip dividend	106,858	17.66
	13.05.05	Cessation of interest in shares following the transfer of the shares out of a family trust by way of gift	10,000	N/A
	28.06.05	Cessation of deemed beneficial interest in shares resulting from the transfer of the shares as a gift from a family trust to the Director's adult child	19,544	N/A
	12.10.05	Scrip dividend	37,203	16.48
C G R Leach	11.05.05	Scrip dividend	16,254	17.66
	12.10.05	Scrip dividend	5,262	16.48

(c) General

(i) Save as disclosed in this paragraph 4(a)(i) and 4 (a)(iii), neither Jardine Matheson, its subsidiaries nor any of the Jardine Matheson Directors, nor any member of their immediate families or connected persons, nor any person acting in concert with Jardine Matheson owns or controls or (in the case of the Jardine Matheson Directors and their immediate families or connected persons) is interested, directly or indirectly in, or has borrowed or lent (save for any borrowed securities which have either been on-lent or sold), has rights to subscribe to, or has any short position in, any relevant securities as defined in paragraph (d) (iv) below, nor has any such person dealt for value therein during the 12 months prior to the latest practicable date prior to the posting of this document.

(ii) Save as disclosed in this paragraph 4(a)(ii) and 4(a)(iv), neither any of the Directors nor any member of their immediate families or related trusts (so far as the Directors are aware having made due enquiry) is interested, directly or indirectly, has rights to subscribe to, or has any short position in relevant securities, nor has any such person dealt therein for value during the 12 months prior to the latest practicable date prior to the posting of this document.

(iii) Save as disclosed in this paragraph 4(b)(i) and 4(b)(ii), neither the Company nor any of the Directors nor any member of their immediate families or related trusts, owns or controls or (in the case of the Directors and their families or related trusts) is interested, directly or indirectly in, or has any short position in, Jardine Matheson Shares or any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any of the foregoing, or has dealt for value in any such securities in the 12 months prior to the latest practicable date prior to the posting of this document.

(iv) Neither the Company, the Directors, nor any person acting in concert with the Directors has borrowed or lent any relevant securities (save for any borrowed securities which have either been on-lent or sold).

(v) No connected adviser to the Company or to any associate of the Company or to any company which is an associate of the Company or to any concert party of the Company (other than an exempt principal trader or an exempt fund manager) nor any person controlling, controlled by or under the same control as any such connected adviser, nor any associates of the Company (as defined in paragraph (d) (ii) (a) below), nor any pension fund of the Company or any of its associates, nor any employee benefit trust of the Company or any of its associates, owns, controls, or is interested, directly or indirectly, in, or has rights to subscribe to, or has any short position in, any relevant securities.

(vi) Neither Jardine Matheson nor any person acting in concert with Jardine Matheson has any arrangement, agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing.

(d) For the purposes of this paragraph:

(i) references to an ''associate'' of a company include the company's parent, its subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies (for this purpose ownership or control of 20% or more of the equity share capital of a company is regarded as a test of associated company status).

(ii) References to a person having an ''interest'' in relevant securities includes where a person:

(a) owns securities;

(b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or has general control of them;

(c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

(d) is party to any derivative whose value is determined by reference to the prices of securities and which results, or may result, in his having a long position in them;

(iii) references to ''relevant securities'' means Ordinary Shares and any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any of the foregoing; and

(iv) derivatives include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities derivatives.

5. Options to Subscribe for Ordinary Shares

At 20th March, 2006 (being the latest practicable date prior to the publication of this document), options were outstanding over 9,943,633 Ordinary Shares, representing 4.7% per cent. of the issued share capital at that date and 5.2% per cent. of the issued share capital if the full authority to purchase Ordinary Shares (existing and being sought) is used. There are no outstanding warrants to subscribe for Ordinary Shares.

6. Directors' Service Contracts

All the Directors' service contracts can be terminated by the Company giving notice not exceeding one year.

7. Middle Market Quotations

The middle market quotations for Ordinary Shares on the first business day of each of the six months preceding the date of this document and on 20th March, 2006 being the latest practicable date prior to the posting of this document, as derived from the London Stock Exchange Daily Official List, were:

2005	*pence*
3rd October	431.0
1st November	467.75
1st December	481.25
2006	
4th January	514.0
1st February	455.0
1st March	476.5
20th March	365.0

8. Jardine Matheson's Business and Financial and Trading Prospects

Details of Jardine Matheson's business and financial and trading prospects are set out in Appendix II on pages 16 to 42.

9. Material contracts

Save as set out below, there have been no contracts entered into by the Group which are or may be material, other than those entered into in the ordinary course of business, in the two years immediately preceding the publication of this document.

(a) Effective 1st January 2004, Jardine Lloyd Thompson Pty Ltd acquired the business portfolio and related assets of RMI Australia, a Brisbane based insurance broker. Consideration of AUS$2,972,094 was paid on 31st January 2004 and AUS$985,318 was paid on 3rd February 2005 being an aggregate price of AUS$3,957,412.

(b) Effective 14th February 2004, JLT USA Inc. acquired the entire share capital of Heath Lambert Aviation VA, Inc (''HLAV''), a Virginia based aviation insurance broking corporation for a total consideration of US$3.665 million, being an initial cash consideration of US$1.875 million, and a second payment of US$1.79 million in May 2004.

(c) On 28th July 2004 the Group entered into agreements with Heath Lambert Holdings Limited (''HLH'') to acquire its majority shareholdings in its insurance and reinsurance businesses in Colombia and Peru.

On the same date the Group entered into put and call options with the active minority shareholders of the HLH businesses in Colombia and Peru for the possible acquisition of up to 80% of their shareholdings over a period from 2006 to 2010 (or 2013 in respect of certain shares that were acquired within 6 months of July 2004). The total consideration, to be satisfied by cash or in Group shares, for these interests has been capped at US$96 million (when combined with performance related payments based on the levels of turnover and profit achieved over a three year period). The relevant minority shareholdings were in Heath Lambert de Colombia Corredores Colombianos de Reaseguros SA (13.84%); Heath Lambert Corredores de Seguros S.A. & Heath Lambert Beneficios Integrales Oportunos S.A. (32%); Heath Lambert Peru Corredores de Reaseguros S.A. (40%) and Mariategui Heath Lambert Corredores de Seguros SA (49%)

The final 20% of the minority shareholdings may also be ultimately acquired upon retirement of the relevant shareholder or in certain other circumstances.

(d) Effective 5th August 2004, Profund Solutions Limited, a newly formed subsidiary of Jardine Lloyd Thompson UK Holdings Limited, acquired the business portfolio and related assets of Profund Systems Limited for a cash consideration of £8,065,000.

(e) On 23rd September 2004, JLT USA Inc acquired the entire issued share capital of Worldlink Insurance Services Inc (''Worldlink''), a provider of insurance broking services to the wind energy sector, for an initial cash consideration of approximately US$5 million. Further deferred cash consideration of up to a maximum of US$5 million may be paid in the period up to 1st September 2007 dependent on performance of Worldlink.

(f) On 15th April 2005 the Group acquired 100% of the share capital of Risk Solutions Limited, an Auckland based insurance broker for a maximum consideration of £1,822,000. An initial cash consideration of £531,000 was paid in 2005 with the balance being due in 2006 to 2008 dependent on the results of the vendor company.

10. General

(a) No agreement, arrangement or understanding (including any compensation arrangement) exists between any members of the Jardine Matheson Group or any person acting in concert with them and any of the Directors, recent directors, shareholders or recent shareholders of the Company, which has any connection with or is dependent upon the proposals set out in this document.

(b) HSBC has given and not withdrawn its consent to the inclusion of its name and references to it in this document in the form and context in which they appear.

(c) The Directors are not aware of any material change in the financial or trading position of the Company since 31st December, 2005.

(d) If the resolution relating to the share buy-back authority is approved at the Annual General Meeting, any shares acquired will be treated as cancelled, the issued share capital of the Company will be reduced by the nominal amount of those shares but the authorised share capital of the Company will not be reduced. No agreement, arrangement or understanding exists whereby any of the securities acquired in pursuance of the Rule 9 Dispensation Proposal will be transferred to any other persons.

(e) Financial information on the Company required to be included under the Code is included in the Annual Report and Accounts.

(f) The Rule 9 Dispensation Proposal relates to Jardine Matheson and its subsidiaries. The registered office of Jardine Matheson is at Jardine House, 33-35 Reid Street, Hamilton, Bermuda.

(g) Jardine Matheson has no financing arrangements which are dependent on the business of the Company.

11. Documents available for inspection

Copies of the following documents are available for inspection at the Company's registered office, 6 Crutched Friars, London EC3N 2PH and at the offices of Linklaters, One Silk Street, London EC2Y 8HQ during normal business hours on any weekday, (Saturdays excepted) up to and including 27th April, 2006 and at the Annual General Meeting:

(a) the Memorandum of Association and Articles of Association of the Company;

(b) the Memorandum and Bye-laws of Jardine Matheson;

(c) the audited consolidated accounts of the Company for the two financial years ended 31st December, 2005;

(d) the audited consolidated accounts of Jardine Matheson for the two financial years ended 31st December 2004 and interim results to 30th June 2005;

(e) the material contracts summarised in paragraph 9 above;

(f) the consent referred to in paragraph 10(b) above; and

(g) the Directors service contracts.

APPENDIX II

FINANCIAL INFORMATION ON JARDINE MATHESON HOLDINGS LIMITED

Set out below is financial information on Jardine Matheson Holdings Limited for the three years ended 31st December, 2004. The financial information has been prepared in accordance with International Financial Reporting Standards (''IFRS'') and has been extracted, without material adjustment, from the audited consolidated financial statements of Jardine Matheson Holdings Limited.

On pages 30 to 42 are set out the unaudited interim condensed financial statements to 30th June 2005 as published by Jardine Matheson Holdings Limited.

In the context of Appendix II, the term ''Company'' shall mean Jardine Matheson Holdings Limited and the term ''Group'' shall mean Jardine Matheson Group.

It should be noted that the 2002 balances are not comparable as they have not been restated but have been set out as reported in 2003. Details of the 2003 restatement can be found in the Accounting Policy note.

Consolidated Profit and Loss Accounts
For the three years ended 31st December 2004

	2004	*Restated* *2003*	*2002*
	US$m	*US$m*	*US$m*
Revenue	**8,970**	8,390	7,398
Net operating costs	**(8,486)**	(8,096)	(6,879)
Operating profit	**484**	294	519
Financing charges	**(138)**	(129)	(136)
Share of results of associates and joint ventures excluding change in fair value of investment properties	**526**	401	274
Increase/(decrease) in fair value of investment properties	**611**	(315)	(350)
Share of results of associates and joint ventures	**1,137**	86	(76)
Profit before tax	**1,483**	251	307
Tax	**(100)**	(62)	(34)
Profit for the year	**1,383**	189	273
Attributable to:			
Shareholders of the Company	**947**	85	110
Minority interests	**436**	104	163
	1,383	189	273
	US¢	*US¢*	*US¢*
Earnings per share			
– basic	**269.45**	23.19	29.40
– diluted	**266.62**	22.70	28.78

Consolidated Statement of Recognised Income and Expense for the two years ended 31st December 2004

	2004 ***US$m***	*Restated* *2003* *US$m*
Surpluses/(deficits) on revaluation of properties	**62**	(12)
Gains on revaluation of other investments	**63**	171
Actuarial gains on defined benefit pension plans	**34**	107
Net exchange translation differences	**(24)**	88
(Losses)/gains on cash flow hedges	**(8)**	9
Tax on items taken directly to equity	**(28)**	(14)
Net income recognised directly in equity	**99**	349
Transfer to profit and loss on disposal and impairment of other investments	**124**	(4)
Transfer to profit and loss on disposal of subsidiary undertakings, associated and joint ventures	**36**	13
Transfer to profit and loss on cash flow hedges	**5**	6
Profit for the year	**1,383**	189
Total recognised income and expense for the year	**1,647**	553
Attributable to:		
Shareholders of the Company	**1,178**	374
Minority interests	**469**	179
	1,647	553

Consolidated Balance Sheet at 31st December 2002, 2003 and 2004

	2004	*Restated*	
	2004	*2003*	*2002*
	US$m	*US$m*	*US$m*
Net operating assets			
Intangible assets	**377**	151	54
Tangible assets	**1,423**	1,521	1,375
Investment properties	**153**	359	411
Leasehold land payments	**476**	484	467
Associates and joint ventures	**4,059**	2,744	2,752
Other investments	**688**	696	509
Deferred tax assets	**58**	61	31
Pension assets	**136**	94	89
Other non-current assets	**1**	16	13
Non-current assets	**7,371**	6,126	5,701
Properties for sale	**286**	424	285
Stocks and work in progress	**800**	832	894
Debtors and prepayments	**656**	603	784
Current tax assets	**18**	11	12
Bank balances and other liquid funds	**1,300**	955	1,273
	3,060	2,825	3,248
Non-current assets classified as held for sale	**149**	–	–
Current assets	**3,209**	2,825	3,248
Creditors and accruals	**(1,807)**	(1,809)	(1,721)
Current borrowings	**(507)**	(362)	(580)
Current tax liabilities	**(79)**	(57)	(52)
Current provisions	**(68)**	(65)	(45)
	(2,461)	(2,293)	(2,398)
Liabilities directly associated with non-current assets classified as held for sale	**(1)**	–	–
Current liabilities	**(2,462)**	(2,293)	(2,398)
Net current assets	**747**	532	850
Long-term borrowings	**(2,382)**	(2,408)	(2,282)
Deferred tax liabilities	**(159)**	(158)	(145)
Pension liabilities	**(153)**	(136)	(13)
Non-current provisions	**(6)**	(12)	(24)
Other non-current liabilities	**(33)**	(27)	(31)
	5,385	3,917	4,056
Total equity			
Share capital	**148**	151	153
Share premium and capital reserves	**4**	3	–
Revenue and other reserves	**4,164**	3,056	3,110
Own shares held	**(677)**	(670)	(670)
Shareholders' funds	**3,639**	2,540	2,593
Minority interests	**1,746**	1,377	1,463
	5,385	3,917	4,056

Consolidated Cash Flow Statement for the three years ended 31st December 2004

	2004	*Restated*	
	US$m	*2003* *US$m*	*2002* *US$m*
Operating activities			
Operating profit	**484**	294	519
Interest income	**(14)**	(16)	(19)
Depreciation and amortisation	**161**	172	172
Other non-cash items	**(9)**	29	(257)
Decrease in working capital	**27**	158	135
Interest received	**16**	15	18
Interest and other financing charges paid	**(111)**	(132)	(126)
Tax paid	**(65)**	(59)	(57)
	489	461	385
Dividends from associates and joint ventures	**241**	214	209
Cash flows from operating activities	**730**	675	594
Investing activities			
Purchase of subsidiary undertakings	**(169)**	(338)	(343)
Purchase of associates and joint ventures	**(388)**	(176)	(68)
Repayments of amounts due to associates and joint ventures	**–**	(78)	–
Purchase of other investments	**(20)**	(28)	(14)
Purchase of tangible assets	**(194)**	(219)	(240)
Purchase of investment properties	**(1)**	–	(1)
Purchase of leasehold land	**(10)**	–	(1)
Sale of subsidiary undertakings	**210**	100	384
Sale of associates and joint ventures	**49**	51	5
Sale of other investments	**66**	56	174
Sale of tangible assets	**36**	64	29
Sale of investment properties	**183**	25	9
Sale of leasehold land	**79**	2	2
Cash flows from investing activities	**(159)**	(541)	(64)
Financing activities			
Issue of shares	**15**	9	2
Repurchase of shares	**(204)**	(119)	(21)
Capital contribution from minority shareholders	**7**	70	8
Grants received	**–**	4	29
Drawdown of borrowings	**5,636**	6,408	6,488
Repayment of borrowings	**(5,578)**	(6,567)	(6,608)
Dividends paid by the Company	**(68)**	(69)	(59)
Dividends paid to minority shareholders	**(64)**	(173)	(41)
Cash flows from financing activities	**(256)**	(437)	(202)
Effect of exchange rate changes	**8**	(2)	8
Net increase/(decrease) in cash and cash equivalents	**323**	(305)	336
Cash and cash equivalents at 1st January	**940**	1,245	909
Cash and cash equivalents at 31st December	**1,263**	940	1,245

Principal Accounting Policies

Basis of Preparation

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

In 2004, the Group early adopted the following IFRS which are relevant to its operations:

IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IAS 19 (amended 2004)	Employee Benefits
IAS 36 (revised 2004)	Impairment of Assets
IAS 38 (revised 2004)	Intangible Assets
IAS 39 (amended 2004)	Financial Instruments: Recognition and Measurement

The early adoption of IFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31st December 2003, the provision of share options to employees did not result in a charge in the consolidated profit and loss account. The Group applies IFRS 2 to share options granted after 7th November 2002 and not vested as of 1st January 2004, and charges the cost of share options to the consolidated profit and loss account. The comparative figures for 2003 have been restated to reflect the change in policy.

The early adoption of IFRS 3, IAS 36 (revised 2004) and IAS 38 (revised 2004) resulted in a change in the accounting policy for goodwill. Until 31st December 2003, goodwill was amortised on a straight line basis over a period ranging from 5 to 20 years, and assessed for an indication of impairment at each balance sheet date. In accordance with the provisions of IFRS 3, the Group ceased amortisation of goodwill from 1st January 2004. Accumulated amortisation as at 31st December 2003 has been eliminated with a corresponding decrease in the cost of goodwill. The carrying amount of negative goodwill as at 31st December 2003 has been derecognised with a corresponding adjustment to the opening balance of equity. From the year ending 31st December 2004 onwards, goodwill is tested annually for impairment, and when there are indications of impairment.

The early adoption of IFRS 5 has resulted in a change in the accounting policy for non-current assets (or disposal groups) held for sale. The non-current assets (or disposal groups) held for sale were previously neither classified nor presented as current assets or liabilities. The application of IFRS 5 does not impact on the prior-period financial statements.

The Group has changed its accounting policy for defined benefit pension plans to recognise actuarial gains and losses in full in the year in which they occur, outside profit or loss, in the consolidated statement of recognised income and expense as permitted by IAS 19 (amended 2004). Previously, actuarial gains and losses, to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets, were recognised in the consolidated profit and loss account over the average remaining service lives of employees. The comparative figures for 2003 have been restated to reflect the change in policy.

Following a clarification by the International Financial Reporting Interpretations Committee on the recognition of revenue on pre-completion contracts for the sale of residential development properties, the Group has changed its accounting policy for properties for sale to recognise profit on the sale of properties under development only upon delivery of the completed properties. Previously, the Group had recognised profit by reference to the percentage of completion. The comparative figures for 2003 have been restated to reflect the change in policy.

There are no changes in accounting policy that affect profit or shareholders' funds resulting from the adoption of IFRS 4 and IAS 39 (amended 2004) as the Group was already following the recognition and measurement principles in those standards.

	2004 US$m	2003 US$m
The adoption of IFRS 2 resulted in:		
Decrease in profit attributable to shareholders	**(2)**	(1)
Decrease in basic earnings per share (US¢)	**(0.51)**	(0.16)
Decrease in diluted earnings per share (US¢)	**(0.51)**	(0.16)
The adoption of IFRS 3 resulted in:		
Increase in total equity at 1st January	**249**	–
The change in accounting policy for defined benefit pension plans resulted in:		
Increase in profit for the year	**9**	14
Increase in profit attributable to shareholders	**9**	13
Decrease in total equity at 1st January	**(139)**	(237)
Increase in basic earnings per share (US¢)	**2.60**	3.59
Increase in diluted earnings per share (US¢)	**2.58**	3.57
The change in accounting policy for properties for sale resulted in:		
Increase/(decrease) in revenue	**201**	(63)
Increase/(decrease) in profit for the year	**37**	(15)
Increase/(decrease) in profit attributable to shareholders	**11**	(4)
Decrease in total equity at 1st January	**(39)**	(23)
Increase/(decrease) in basic earnings per share (US¢)	**3.21**	(1.10)
Increase/(decrease) in diluted earnings per share (US¢)	**3.18**	(1.09)

The consolidated financial statements are presented in United States Dollars, which is the functional currency of the Company.

Basis of Consolidation

(a) The consolidated financial statements include the financial statements of the Company, its subsidiary undertakings and, on the basis set out in (b) below, its associates and joint ventures. Subsidiary undertakings are entities over which the Group has the power to govern the financial and operating policies. The results of subsidiary undertakings, associates and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

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

(b) Associates are entities, not being subsidiary undertakings or joint ventures, over which the Group exercises significant influence. Joint ventures are entities which the Group jointly controls with one or more other venturers. Associates and joint ventures are included on the equity basis of accounting.

(c) Minority interests represent the proportion of the results and net assets of subsidiary undertakings and their associates and joint ventures not attributable to the Group.

(d) The results of entities other than subsidiary undertakings, associates and joint ventures are included only to the extent of dividends received.

Foreign Currencies

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

Assets and liabilities of subsidiary undertakings, associates and joint ventures, together with all other monetary assets and liabilities expressed in foreign currencies, are translated into United States Dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into United States Dollars at the average rates of exchange ruling during the year.

Exchange differences arising from the retranslation of the net investment in foreign subsidiary undertakings, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are taken directly to exchange reserves. On the disposal of these investments, such exchange differences are recognised in the consolidated profit and loss account as part of the profit or loss on disposal. All other exchange differences are dealt with in the consolidated profit and loss account.

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

Impairment

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Intangible Assets

(a) Goodwill represents the excess of the cost of an acquisition and the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking, associate or joint venture at the effective date of acquisition, and, in respect of an increase in holding in a subsidiary undertaking, 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 consolidated profit and loss account. Goodwill on acquisitions of subsidiary undertakings is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

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

(b) Intangible assets other than goodwill are stated at cost less accumulated amortisation. Amortisation is calculated on the straight line basis to allocate the cost of intangible assets over their estimated useful lives.

Tangible Fixed Assets and Depreciation

Freehold land and buildings, and the building component of owner-occupied leasehold properties are stated at valuation. Independent valuations are performed every three years on an open market basis and, in the case of the building component of leasehold properties, on the basis of depreciated replacement cost. Depreciated replacement cost is used where open market value cannot be reliably allocated 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. Revaluation surpluses and deficits are dealt with in property revaluation reserves except for movements on individual properties below depreciated cost which are dealt with in the consolidated profit and loss account. Grants related to tangible fixed assets are deducted in arriving at the carrying amount of the assets. Other tangible fixed assets are stated at cost less amounts provided for depreciation.

Depreciation is calculated on the straight line basis at annual rates estimated to write down the cost or valuation of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The principal rates in use are as follows:

Buildings	up to $4^4/_5$%
Surface, finishes and services of hotel properties	$3^1/_3$ – 25%
Leasehold improvements	over period of the lease
Plant and machinery	5 - $33^1/_3$%
Furniture, equipment and motor vehicles	$6^2/_3$ - $33^1/_3$%

No depreciation is provided on freehold land as it is deemed to have an indefinite life.

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

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

Investment Properties

Investment properties are properties held for long-term rental yields. Investment properties are carried at fair value, representing open market value determined annually by independent qualified valuers. Changes in fair values are recorded in the consolidated profit and loss account.

Biological Assets

Biological assets included in plantations owned by an associate are measured at each balance sheet date at their fair values, representing the present value of expected net cash flows from the biological assets in their present location and condition determined annually by independent qualified valuers, less estimated point of sale costs. Changes in fair values are recorded in the consolidated profit and loss account.

Investments

(a) Other non-current investments which are available for sale are shown at fair value. Gains and losses arising from changes in the fair value of non-current investments are dealt with in reserves. On the disposal of a non-current investment or when an investment is determined to be impaired, the cumulative gain or loss previously recognised in reserves is included in the consolidated profit and loss account.

(b) Liquid investments which are readily convertible to known amounts of cash are included in bank balances and other liquid funds and are stated at market value. Increases or decreases in market value are dealt with in the consolidated profit and loss account.

(c) 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.

Operating Leases

(a) Leasehold land payments are up-front payments to acquire long-term interests in owner-occupied property. These payments are stated at cost and are amortised over the period of the lease.

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

Properties for Sale

Properties under development are stated at cost less provision for foreseeable losses. Completed properties are stated at the lower of cost and net realisable value.

Stocks and Work in Progress

Stocks, which principally comprise goods held for resale, are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method. Contract work in progress is valued at cost plus an appropriate proportion of profit, established by reference to the percentage of completion, and after deducting progress payments and provisions for foreseeable losses.

Debtors

Trade debtors are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

Cash and Cash Equivalents

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

Provisions

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

Borrowings and Borrowing Costs

Borrowings are initially stated at the amount of the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method.

On issue of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is included in long-term borrowings on the amortised cost basis until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders' funds or non-current liabilities, as appropriate. Any conversion option component included in non-current liabilities is shown at fair value.

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

Deferred Tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. Provision for withholding tax which could arise on the remittance of retained earnings relating to subsidiary undertakings is only made where there is a current intention to remit such earnings. Deferred tax assets relating to carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Employee Benefits

(a) Pension obligations

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

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to the consolidated 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 high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value. Actuarial gains and losses are recognised in full in the year in which they occur, outside profit or loss, in the consolidated statement of recognised income and expense.

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

(b) Share-based compensation

The Company and its subsidiary undertakings and associates operate a number of employee share option schemes. 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 subsidiary undertakings and associates 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 granted. 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 consolidated profit and loss account.

Derivative Financial Instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the consolidated 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.

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. Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in hedging reserves are transferred from hedging reserves and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in hedging reserves are transferred to the consolidated profit and loss account and classified as income or expense in the same periods during which the hedged firm commitment or forecasted transaction affects the consolidated 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 consolidated 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 ultimately is recognised in the consolidated profit and loss account. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to the consolidated profit and loss account.

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

Earnings per Share

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

Dividends

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

Scrip dividends are accounted for as a bonus issue. The nominal amount of the ordinary shares issued as a result of election for scrip is capitalised out of the share premium account or other reserves, as appropriate.

Revenue

Revenue consists of the gross inflow, excluding sales taxes, of economic benefits associated with a transaction. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to customers, and revenue from the rendering of services is recognised when services are performed, provided that the amount can be measured reliably.

Pre-operating Costs

Pre-operating costs are expensed as they are incurred.

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.

(a) Tangible fixed assets and depreciation

Freehold land and buildings, and the building component of owner-occupied leasehold properties are valued every three years by independent 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 tangible fixed assets. Management will revise the depreciation charge where useful lives are different to previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing-use basis calculated on the net income allowing for reversionary potential.

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.

(c) Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

The guidance of IAS 39 (amended 2004) is followed in determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. 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.

(d) Income taxes

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

(e) 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 plans assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The expected return on plan assets assumption 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 rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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

Exceptional items

Included within net operating costs are the following exceptional items:

	2004	*2003*	*2002*
	US$m	*US$m*	*US$m*
Net gain on disposal of Franklin's assets in Dairy Farm	–	–	5
Net profit on disposal of Woolworths in Dairy Farm	–	–	231
	–	–	236

Revenue and Other Reserves

	Revenue reserves US$m	*Property revaluation reserves US$m*	*Hedging reserves US$m*	*Exchange reserves US$m*	*Total US$m*
2004					
At 1st January					
– as previously reported	3,188	85	(10)	(64)	3,199
– effect of adopting IFRS 2	(1)	–	–	–	(1)
– change in accounting policy for defined benefit pension plans	(124)	–	–	(18)	(142)
– change in accounting policy for properties for sale	(10)	–	–	(1)	(11)
– adjustment in an associate*	10	–	–	1	11
– as restated	3,063	85	(10)	(82)	3,056
Effect of adopting IFRS 3	208	–	–	–	208
	3,271	85	(10)	(82)	3,264
Revaluation of properties					
– net revaluation surplus	–	33	–	–	33
– deferred tax	–	(12)	–	–	(12)
Revaluation of other investments					
– fair value gain	55	–	–	–	55
– transfer to profit and loss on disposals and impairment	121	–	–	–	121
Defined benefit pension plans					
– actuarial gain	27	–	–	–	27
– deferred tax	(5)	–	–	–	(5)
Net exchange translation differences					
– amount arising in year	–	–	–	(7)	(7)
– transfer to profit and loss on disposals	–	–	–	21	21
Cash flow hedges					
– fair value loss	–	–	(7)	–	(7)
– transfer to profit and loss	–	–	5	–	5
Profit attributable to shareholders	947	–	–	–	947
Dividends	(120)	–	–	–	(120)
Scrip issued in lieu of dividends	30	–	–	–	30
Repurchase of shares	(186)	–	–	–	(186)
Change in attributable interests	(2)	–	–	–	(2)
Transfer	24	(26)	–	2	–
At 31st December	**4,162**	**80**	**(12)**	**(66)**	4,164
of which:					
Company	514	–	–	–	514
Associates and joint ventures	1,002	32	(5)	(25)	1,004

*Reversal of the negative carrying amount in respect of Jardine Lloyd Thompson's investment in a French associate which is not permitted under International Financial Accounting Standards. The negative carrying amount arose from the receipt of a distribution from the French associate following its restructuring in 2003.

Revenue and Other Reserves (continued)

	Revenue reserves US$m	*Property revaluation reserves US$m*	*Hedging reserves US$m*	*Exchange reserves US$m*	*Total US$m*
2003					
At 1st January					
– as previously reported	3,167	100	(24)	(133)	3,110
– changes in accounting policies for defined benefit pension plans	(219)	–	–	(3)	(222)
– changes in accounting policy for properties for sale	(6)	–	–	–	(6)
– as restated	2,942	100	(24)	(136)	2,882
Revaluation of properties					
– net revaluation deficit	–	(10)	–	–	(10)
– deferred tax	–	(1)	–	–	(1)
Revaluation of other investments					
– fair value gain	155	–	–	-	155
– transfer to profit and loss on disposals	(4)	–	–	-	(4)
Defined benefit pension plans					
– actuarial gain	88	–	–	-	88
– deferred tax	(7)	–	–	–	(7)
Net exchange translation differences					
– amount arising in year	–	–	–	45	45
– transfer to profit and loss on disposal	–	–	–	9	9
Cash flow hedges					
– fair value gain	–	–	7	–	7
– transfer to profit and loss	–	–	6	–	6
Profit attributable to shareholders	85	–	–	–	85
Dividends	(110)	–	–	–	(110)
Scrip issued in lieu of dividends	22	–	–	–	22
Capitalisation arising on scrip issued in lieu of dividends	(1)	–	–	–	(1)
Repurchase of shares	(109)	–	–	–	(109)
Change in attributable interests	(1)	–	–	–	(1)
Transfer	3	(4)	1	–	–
At 31st December	3,063	85	(10)	(82)	3,056
of which:					
Company	142	–	–	–	142
Associates and joint ventures	301	27	(5)	(8)	315

JARDINE MATHESON HOLDINGS LIMITED
INTERIM STATEMENT
TO 30TH JUNE, 2005

Consolidated Profit and Loss Account

	Note	*(unaudited) Six months ended 30th June* **2005** ***US$m***	*Restated 2004 US$m*	*Year ended 31st December 2004 US$m*
Revenue	2	**4,608**	4,423	8,970
Cost of sales		**(3,555)**	(3,423)	(6,871)
Gross profit		**1,053**	1,000	2,099
Other operating income		**148**	86	330
Selling and distribution costs		**(682)**	(645)	(1,305)
Administration expenses		**(227)**	(219)	(442)
Other operating expenses		**(11)**	(29)	(198)
Operating profit	3	**281**	193	484
Financing charges		**(53)**	(53)	(138)
Share of results of associates and joint ventures excluding change in fair value of investment properties		**276**	240	526
Increase in fair value of investment properties		**471**	287	611
Share of results of associates and joint ventures	4	**747**	527	1,137
Profit before tax		**975**	667	1,483
Tax	5	**(56)**	(38)	(100)
Profit for the period		**919**	629	1,383
Attributable to:				
Shareholders of the Company		**672**	450	947
Minority interests		**247**	179	436
		919	629	1,383
Earnings per share	6	**US¢**	*US¢*	*US¢*
– basic		**194.50**	126.71	269.45
– diluted		**192.90**	125.53	266.62

Consolidated Balance Sheet

	Note	*(unaudited) At 30th June* **2005** ***US$m***	*Restated 2004 US$m*	*At 31st December 2004 US$m*
Net operating assets				
Intangible assets		**411**	318	377
Tangible assets		**1,428**	1,433	1,423
Investment properties		**157**	158	153
Leasehold land payments		**474**	470	476
Associates and joint ventures		**4,653**	3,302	4,059
Other investments		**627**	705	688
Deferred tax assets		**57**	60	58
Pension assets		**135**	95	136
Other non-current assets		**6**	1	1
Non-current assets		**7,948**	6,542	7,371
Properties for sale		**391**	422	286
Stocks and work in progress		**812**	696	800
Debtors and prepayments		**672**	562	656
Current tax assets		**14**	12	18
Bank balances and other liquid funds		**1,542**	847	1,300
		3,431	2,539	3,060
Non-current assets classified as held for sale	7	**149**	210	149
Current assets		**3,580**	2,749	3,209
Creditors and accruals		**(1,850)**	(1,743)	(1,807)
Current borrowings		**(522)**	(372)	(507)
Current tax liabilities		**(74)**	(55)	(79)
Current provisions		**(48)**	(56)	(68)
		(2,494)	(2,226)	(2,461)
Liabilities directly associated with non-current assets classified as held for sale	7	**(1)**	(32)	(1)
Current liabilities		**(2,495)**	(2,258)	(2,462)
Net current assets		**1,085**	491	747
Long-term borrowings		**(2,667)**	(2,166)	(2,382)
Deferred tax liabilities		**(182)**	(147)	(159)
Pension liabilities		**(138)**	(135)	(153)
Non-current provisions		**(5)**	(7)	(6)
Other non-current liabilities		**(19)**	(21)	(33)
		6,022	4,557	5,385
Total equity				
Share capital		**150**	150	148
Share premium and capital reserves		**11**	4	4
Revenue and other reserves		**4,781**	3,561	4,164
Own shares held		**(756)**	(675)	(677)
Shareholders' funds		**4,186**	3,040	3,639
Minority interests		**1,836**	1,517	1,746
		6,022	4,557	5,385

Consolidated Statement of Recognised Income and Expense

	(unaudited) Six months ended 30th June		*Year ended 31st December*
		Restated	
	2005	*2004*	*2004*
	US$m	*US$m*	*US$m*
Surpluses on revaluation of intangible assets	**2**	–	–
Surpluses on revaluation of properties	**2**	2	62
(Losses)/gains on revaluation of other investments	**(27)**	32	63
Actuarial gains on defined benefit pension plans	**–**	–	34
Net exchange translation differences	**(100)**	(88)	(24)
Gains/(losses) on cash flow hedges	**19**	7	(8)
Tax on items taken directly to equity	**(1)**	–	(28)
Net (expense)/income recognised directly in equity	**(105)**	(47)	99
Transfer to profit and loss on disposal and impairment of other investments	**(20)**	14	124
Transfer to profit and loss on disposal of subsidiary undertakings, associates and joint ventures	**(1)**	(2)36	
Transfer to profit and loss in respect of cash flow hedges	**3**	3	5
Profit for the period	**919**	629	1,383
Total recognised income and expense for the period	**796**	597	1,647
Attributable to:			
Shareholders of the Company	**597**	457	1,178
Minority interests	**199**	140	469
	796	597	1,647

Consolidated Cash Flow Statement

	Note	*(unaudited) Six months ended 30th June* **2005** ***US$m***	*Restated 2004 US$m*	*Year ended 31st December 2004 US$m*
Operating activities				
Operating profit		**281**	193	484
Interest income		**(18)**	(5)	(14)
Depreciation and amortisation		**83**	78	161
Other non-cash items		**(76)**	(18)	(9)
(Increase)/decrease in working capital		**(111)**	21	27
Interest received		**21**	6	16
Interest and other financing charges paid		**(67)**	(53)	(111)
Tax paid		**(37)**	(33)	(65)
		76	189	489
Dividends from associates and joint ventures		**110**	95	241
Cash flows from operating activities		**186**	284	730
Investing activities				
Purchase of subsidiary undertakings	10(a)	**(25)**	(71)	(169)
Purchase of associates and joint ventures	10(b)	**(134)**	(131)	(388)
Purchase of other investments		**(16)**	(15)	(20)
Purchase of tangible assets		**(90)**	(98)	(194)
Purchase of investment properties		**(8)**	–	(1)
Purchase of leasehold land		**(1)**	–	(10)
Sale of subsidiary undertakings	10(c)	**(6)**	111	210
Sale of associates and joint ventures	10(d)	**112**	43	49
Sale of other investments	10(e)	**37**	56	66
Sale of tangible assets		**8**	21	36
Sale of investment properties		**45**	74	183
Sale of leasehold land		**–**	13	79
Cash flows from investing activities		**(78)**	3	(159)
Financing activities				
Issue of shares		**7**	12	15
Repurchase of shares		**–**	(101)	(204)
Capital contribution from minority shareholders		**4**	4	7
Drawdown of borrowings		**4,801**	2,486	5,636
Repayment of borrowings		**(4,435)**	(2,708)	(5,578)
Dividends paid by the Company		**(59)**	(52)	(68)
Dividends paid to minority shareholders		**(152)**	(37)	(64)
Cash flows from financing activities		**166**	(396)	(256)
Effect of exchange rate changes		**(4)**	(6)	8
Net increase/(decrease) in cash and cash equivalents		**270**	(115)	323
Cash and cash equivalents at beginning of period		**1,263**	940	940
Cash and cash equivalents at end of period		**1,533**	825	1,263

Notes

1. Accounting Policies and Basis of Preparation

The unaudited interim condensed financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

There have been no changes to the accounting policies described in the 2004 annual financial statements. In 2005, the Group early adopted two amendments to IAS 39, Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions, and The Fair Value Option, neither of which has had a significant impact on the Group's financial statements. The comparative figures for the six months ended 30th June 2004 have been restated to reflect changes in accounting policies for defined benefit pension plans and recognition of revenue in pre–completion contracts for the sale of residential properties, which were adopted in the preparation of the 2004 annual financial statements, and reversal of the negative carrying amount in respect of Jardine Lloyd Thompson's investment in a French associate as described in note 11 to the 2004 annual financial statements.

2. Revenue

	Six months ended 30th June	
	2005	*2004*
	US$m	*US$m*
By business:		
Jardine Pacific	**471**	526
Jardine Motors Group	**1,118**	1,091
Dairy Farm	**2,282**	1,919
Mandarin Oriental	**193**	151
Jardine Cycle & Carriage	**543**	735
Other activities	**1**	1
	4,608	4,423

3. Operating Profit

	Six months ended 30th June	
	2005	*2004*
	US$m	*US$m*
By business:		
Jardine Pacific	**20**	20
Jardine Motors Group	**39**	16
Dairy Farm	**97**	97
Mandarin Oriental	**82**	18
Jardine Cycle & Carriage	**21**	30
	259	181
Corporate and other interests	**22**	12
	281	193

4. Share of Results of Associates and Joint Ventures

	Six months ended 30th June	
	2005	*2004*
	US$m	*US$m*
By business:		
Jardine Pacific	**26**	34
Jardine Motors Group	**4**	9
Jardine Lloyd Thompson	**37**	24
Hongkong Land	**46**	44
Dairy Farm	**8**	5
Mandarin Oriental	**2**	1
Jardine Cycle & Carriage	**153**	123
	276	240
Increase in fair value of investment properties	**471**	287
	747	527

Results are shown after tax and minority interests.

5. Tax

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates and includes United Kingdom tax of US$4 million *(2004: US$2 million)*.

6. Earnings per share

Basic earnings per share are calculated on profit attributable to shareholders of US$672 million *(2004: US$450 million)* and on the weighted average number of 346 million *(2004: 355 million)* shares in issue during the period. The weighted average number excludes the Company's share of the shares held by subsidiary undertakings and the shares held by the Trustee under the Senior Executive Share Incentive Schemes.

Diluted earnings per share are calculated on profit attributable to shareholders of US$671 million *(2004: US$449 million),* which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of subsidiary undertakings, associates or joint ventures, and on the weighted average number of 348 million *(2004: 358 million)* shares after adjusting for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the period.

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

	Six months ended 30th June					
		2005			*2004*	
	US$m	***Basic earnings per share US¢***	***Diluted earnings per share US¢***	*US$m*	*Basic earings per share US¢*	*Diluted earnings per share US¢*
Underlying profit	**232**	**67.21**	**66.58**	197	55.48	54.89
Value added tax recovery in Jardine Motors Group	**3**			–		
	235	**67.96**	**67.33**	197	55.48	54.89
Increase in fair value of investment properties	**375**			227		
Other adjustments	**62**			26		
	437			253		
Profit attributable to shareholders	**672**	**194.50**	**192.90**	450	126.71	125.53

A fuller analysis of the adjustments made to the profit attributable to shareholders in arriving at the underlying profit is set out below:

	Six months ended 30th June	
	2005 US$m	*2004 US$m*
Increase in fair value of investment properties in Hongkong Land	**375**	227
Sale and closure of businesses		
– Kahala Mandarin Oriental	**21**	–
– New Zealand motor operations	**–**	10
– other	**7**	7
	28	17
Dilution of interest in Jardine Lloyd Thompson	**17**	–
Fair value gain on conversion option component of 4.75% Guaranteed Bonds due 2007	**1**	–
Sale of leasehold properties	**–**	4
Sale of investments	**16**	5
	437	253

7. Non-current Assets Classified as Held for Sale

The major classes of assets and liabilities classified as held for sale are set out below:

	At 30th June		*At 31st December*
	2005	*2004*	*2004*
	US$m	*US$m*	*US$m*
Tangible assets	**112**	48	108
Investment properties	**–**	123	41
Leasehold land payments	**–**	7	–
Associates and joint ventures	**37**	–	–
Stocks and work in progress	**–**	21	–
Debtors and prepayments	**–**	9	–
Bank balances and other liquid funds	**–**	2	–
Total assets	**149**	210	149
Creditors and accruals	**–**	(21)	(1)
Current borrowings	**–**	(4)	–
Deferred tax liabilities	**(1)**	(5)	–
Pension liabilities	**–**	(2)	–
Total liabilities	**(1)**	(32)	(1)

Tangible assets held for sale at 30th June 2005 included Dairy Farm's property portfolio in Malaysia and certain properties in Indonesia of US$110 million, the sale of which is expected to be completed in the second half of the year at an amount not materially different from the carrying value. Associates and joint ventures comprised Jardine Pacific's interest in Pacific Finance in respect of which a sale and purchase agreement was entered into in June 2005, with completion subject to the necessary regulatory approvals.

8. Shareholders' Funds

	Six months ended 30th June	
	2005	*2004*
	US$m	*US$m*
At 1st January		
– as previously reported	**3,639**	2,888
– changes in accounting policies	**–**	(142)
– as restated	**3,639**	2,746
Recognised income and expense attributable to shareholders	**597**	457
Dividends *(refer note 9)*	**(108)**	(90)
Employee share option schemes		
– value of employee services	**2**	1
– exercise of share options	**7**	12
Scrip issued in lieu of dividends	**128**	22
Repurchase of shares	**–**	(101)
Change in attributable interests	**–**	(2)
Increase in own shares held	**(79)**	(5)
At 30th June	**4,186**	3,040

Changes in accounting policies related to recognition of net actuarial losses on defined benefit pension plans of US$142 million and adjustment of revenue recognized on pre–completion contracts for sale of residential properties of US$11 million, offset by reversal of the negative carrying amount in respect of Jardine Lloyd Thompson's investment in a French associate of US$11 million *(refer note 1)*.

9. Dividends

	Six months ended 30th June	
	2005	*2004*
	US$m	*US$m*
Final dividend in respect of 2004 of US¢31.50 *(2003: US¢25.20)* per share	**187**	152
Less Company's share of dividends paid on the shares held by subsidiary undertakings	**(79)**	(62)
	108	90

An interim dividend in respect of 2005 of US¢9.35 *(2004: US¢8.50)* per share amounting to a total of US$56 million *(2004: US$51 million)* is declared by the Board. The net amount after deducting the Company's share of the dividends payable on the shares held by subsidiary undertakings of US$24 million *(2004: US$21 million)* will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2005.

10. Notes to Consolidated Cash Flow Statement

	Six months ended 30th June **2005** **US$m**	*2004* *US$m*
(a) Purchase of subsidiary undertakings		
Intangible assets	**8**	–
Tangible assets	**71**	4
Current assets	**84**	5
Current liabilities	**(70)**	(2)
Long–term borrowings	**(9)**	–
Deferred tax liabilities	**(15)**	–
Other non–current liabilities	**(9)**	–
Fair value at acquisition	**60**	7
Adjustment for minority interests	**(25)**	–
Adjustment for carrying value of an associate	**(26)**	–
Share of fair value at acquisition	**9**	7
Goodwill attributable to subsidiary undertakings	**10**	4
Total consideration	**19**	11
Cash and cash equivalents of subsidiary undertakings acquired	**1**	–
Net cash outflow	**20**	11
Purchase of shares in Jardine Strategic	**–**	25
Purchase of shares in Dairy Farm	**–**	21
Purchase of shares in Jardine Cycle & Carriage	**5**	14
	25	71

Net cash outflow in 2005 of US$20 million included US$13 million for Dairy Farm's acquisition of an additional 20.4% interest in PT Hero Supermarket.

(b) Purchase of associates and joint ventures for the six months ended 30th June 2005 included Jardine Strategic's increased interest in Hongkong Land of US$9 million *(2004: US$5 million)* and Jardine Cycle & Carriage's increased interest in Astra of US$124 million *(2004: US$124 million)*.

		Six months ended 30th June	
		2005	*2004*
		US$m	*US$m*
(c)	Sale of subsidiary undertakings		
	Tangible assets	**–**	33
	Leasehold land payments	**–**	1
	Deferred tax assets	**–**	1
	Current assets	**1**	109
	Current liabilities	**(1)**	(50)
	Long-term borrowings	**–**	(2)
	Deferred tax liabilities	**–**	(6)
	Net assets disposed of	**–**	86
	Cumulative exchange translation differences	**–**	(2)
	Profit on disposal	**–**	31
	Sale proceeds	**–**	115
	Adjustment for deferred consideration	**1**	4
	Tax paid on disposals in prior periods	**(7)**	(7)
	Cash and cash equivalents of subsidiary undertakings disposed of	**–**	(1)
	Net cash (outflow)/inflow	**(6)**	111

Net cash inflow in 2004 of US$111 million included US$49 million from Jardine Pacific's sale of its Caterpillar dealerships in Hawaii and Taiwan, US$20 million from Dairy Farm's sale of its interest in Hong Kong Ice & Cold Storage and US$45 million from Jardine Cycle & Carriage's sale of its New Zealand motor operations.

(d) Sale of associates and joint ventures for the six months ended 30th June 2005 included US$87 million from Mandarin Oriental's sale of its interest in Kahala Mandarin Oriental. Sale of associates and joint ventures for the six months ended 30th June 2004 included US$30 million from Jardine Motors Group's sale of its interest in Polar Motor Group.

(e) Sale of other investments for the six months ended 30th June 2005 included US$36 million from Jardine Strategic's sale of its interest in EON Capital. Sale of other investments for the six months ended 30th June 2004 included US$20 million from Jardine Strategic's sale of its interest in Hap Seng Consolidated.

11. Capital Commitments and Contingent Liabilities

	At 30th June		At 31st December
	2005	*2004*	*2004*
	US$m	*US$m*	*US$m*
Capital commitments	**232**	78	197
Contingent liabilities			
Guarantees in respect of facilities made available to associates and joint ventures	**78**	78	79

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

12. Post Balance Sheet Event

In June 2005, Jardine Strategic announced that it had agreed to purchase a 20% interest in Rothschilds Continuation Holdings AG for US$185 million. Completion of the transaction is subject to the receipt of necessary regulatory consents.

Analysis of Profit Contribution

	(unaudited) Six months ended 30th June **2005** ***US$m***	*Restated 2004 US$m*	*Year ended 31st December 2004 US$m*
Group contribution			
Jardine Pacific	**38**	49	94
Jardine Motors Group	**26**	28	36
Jardine Lloyd Thompson	**19**	25	37
Hongkong Land	**36**	34	66
Dairy Farm	**48**	38	101
Mandarin Oriental	**11**	3	10
Jardine Cycle & Carriage	**74**	52	130
Profit from core businesses	**252**	229	474
Corporate and other interests	**(20)**	(32)	(80)
Underlying profit	**232**	197	394
Value added tax recovery in Jardine Motors Group	**3**	–	46
	235	197	440
Increase in fair value of investment properties	**375**	227	503
Other adjustments	**62**	26	4
Profit attributable to shareholders	**672**	450	947
Analysis of Jardine Pacific's contribution			
East Point	**2**	2	3
Gammon	**(5)**	2	(8)
HACTL	**14**	13	29
Jardine Aviation Services	**4**	4	8
Jardine Engineering Corporation	**4**	3	11
Jardine OneSolution	**3**	3	8
Jardine Property Investment	**1**	1	3
Jardine Restaurants	**6**	11	20
Jardine Schindler	**8**	6	11
Jardine Shipping Services	**4**	4	9
Pacific Finance	**2**	3	4
Other interests	**1**	2	5
	44	54	103
Corporate	**(6)**	(5)	(9)
	38	49	94
Analysis of Jardine Motors Group's contribution			
Hong Kong and Mainland China	**15**	13	23
United Kingdom	**12**	12	15
Corporate	**(1)**	(1)	(2)
	26	24	36
Discontinued businesses	**–**	4	4
	26	28	40
Leasehold land payments written off	**–**	–	(4)
	26	28	36

Jardine Lloyd Thompson Group plc

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Jardine Lloyd Thompson Group plc will be held at 6 Crutched Friars, London EC3N 2PH on Thursday, 27th April, 2006 at 12 noon for the purpose of considering and, if thought fit, passing the following Resolutions of which Resolutions 1 to 9, 11 and 12, will be proposed as Ordinary Resolutions and Resolutions 10 and 13 as Special Resolutions:

Ordinary Business

Ordinary Resolutions

1. To receive the audited consolidated accounts of the Group and the reports of the Directors and Auditors for the year ended 31st December, 2005.

2. To approve the final dividend of 12p net per Ordinary Share.

3. To re-elect as a director Mr C G R Leach who is aged 71 and retires in accordance with the Company's Articles of Association.[1]

4. To re-elect as a director Mr A D J B Collins who retires in accordance with the Company's Articles of Association.

5. To re-elect as a director Mr C A Keljik who retires in accordance with the Company's Articles of Association.

6. To re-elect as a director Mr N R MacAndrew who retires in accordance with the Company's Articles of Association.

7. To re-elect as a director Mrs V Y A C Wade who retires in accordance with the Company's Articles of Association.

8. To approve the Remuneration Report for the year ended 31st December, 2005.

9. To re-appoint PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, as auditors to the Company until the conclusion of the next General Meeting at which accounts are laid before the Shareholders and to authorise the Directors to determine the remuneration of the auditors.

Special Business

Special Resolution

10. THAT, subject to the passing of Resolution 11 contained in the notice of the meeting at which this resolution is to be proposed, the Company be generally and unconditionally authorised for the purpose of Section 166 of the Companies Act 1985 to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of Ordinary Shares of 5p each in the capital of the Company provided that:

10.1 the maximum number of Ordinary Shares hereby authorised to be purchased is 21,232,007 representing approximately 10 per cent. of the issued share capital of the Company as at 20th March, 2006;

10.2 the minimum price which may be paid for an Ordinary Share is 5p, exclusive of all expenses;

10.3 the maximum price which may be paid for an Ordinary Share is an amount, exclusive of all expenses, equal to 105 per cent. of the average of the middle market quotations of the Ordinary Shares as derived from the Daily Official List of the London Stock Exchange for each of the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;

10.4 the authority hereby conferred shall expire on 26th July, 2007 or at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution, whichever is the earlier, unless such authority is renewed, varied or revoked prior to such time; and

1 In accordance with S293 and 379 of the Act, special notice has been given by a member of the intention to propose Resolution 3 as an ordinary resolution at the next Annual General Meeting of the Company.

10.5 the Company may validly make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of Ordinary Shares in pursuance of any such contract.

Ordinary Resolutions

11. THAT the waiver of the Panel on Takeovers and Mergers of any obligation which might otherwise fall on Jardine Matheson Holdings Limited or any of its subsidiaries, collectively or individually, to make a general offer pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of any increase in their aggregate percentage shareholding from approximately 30.39 per cent. to a maximum of 33.76 per cent. following the purchase by the Company of up to a maximum of 21,232,007 Ordinary Shares in the Company in the market, pursuant to the authority granted by Resolution 10 set out in the notice convening this meeting, be approved.

12. THAT:

12.1 the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 (the ''Act'') to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £1,883,996;

12.2 such authority shall expire on the date of the Annual General Meeting in 2007 or on 26th July, 2007, whichever is the earlier, and shall be in substitution for all previous authorities pursuant to Section 80 of the Act, which are hereby revoked, without prejudice to any allotment of securities pursuant thereto;

12.3 by such authority the Directors may make offers or agreements which would or might require securities to be allotted after the expiry of such period; and

12.4 for the purposes of this Resolution words and expressions defined in or for the purposes of the said Section shall bear the same meanings herein.

Special Resolution

13. THAT:

13.1 the Directors be empowered to allot equity securities wholly for cash:

(i) in connection with a rights issue; and

(ii) otherwise than in connection with a rights issue, up to an aggregate nominal amount of £530,800.;

as if Section 89(1) of the Act did not apply to any such allotment;

13.2 by such power the Directors may make offers or agreements which would or might require securities to be allotted after the expiry of such period;

13.3 for the purposes of this Resolution:

(i) ''rights issue'' means an offer of equity securities open for acceptance for a period fixed by the Directors to (a) holders on the register on a record date fixed by the Directors of Ordinary Shares in proportion to their respective holdings (for which purpose holdings in certificated and uncertificated form may be treated as separate holdings) and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory;

(ii) references (except in paragraph 13.4 below) to an allotment of equity securities shall include a sale of treasury shares;

(iii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights; and

(iv) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings herein; and

13.4 the power in paragraph 13.1 above, insofar as it relates to the allotment of equity securities rather than the sale of treasury shares, is granted pursuant to the resolution conferring authority under Section 80 of the Act passed on the date hereof.

By order of the Board,

D J Hickman
Secretary

21st March, 2006

Registered office:
6 Crutched Friars
London
EC3N 2PH

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy (or proxies) to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

2. A form of proxy is enclosed. The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting at the meeting in person.

3. To be effective the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the offices of the Company's Registrars not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in paragraph 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Copies of all contracts of service under which Directors of the Company are employed by the Company or any of its subsidiaries are available for inspection at the Company's registered office and at the offices of Linklaters, One Silk Street, London EC2Y 8HQ during business hours on any weekday (Saturdays and public holidays excluded) and will also be available for inspection at the place of the meeting from 15 minutes before it is held until its conclusion.

6. A copy of the register of interests of the Directors of the Company will be available for inspection at the place of the meeting from 15 minutes before it is held until its conclusion.

7. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those Shareholders entered on the Company's register of members at 12 noon on 25th April, 2006 or, if the meeting is adjourned, on the Company's register of members 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Company's register of members after 12 noon on 25th April, 2006 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

8. Voting on Resolution 11 will be by means of a poll of the shareholders, apart from members of the Jardine Matheson Group (as defined in this circular), who are seeking to rely on the waiver.

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