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Sent electronically through the IASB Website (www.iasb.org)

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International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sirs,

IASB Exposure Draft
"Defined Benefit Plans: Proposed amendments to IAS 19"

We welcome the opportunity to respond to the Exposure Draft issued by IASB.

We are supportive of some of the changes the Board is proposing. There are however a number of points on which we would urge the Board to consider making changes to the present draft of the Exposure Draft.

Recognition

We support the removal of the option to use the corridor method and the immediate recognition of all changes in the present value of the defined benefit obligation and in the fair value of plan assets when they incur. We also agree with the immediate recognition of unvested past service cost when the related plan amendment occurs.

We believe this provides more useful information to the users of financial statements in understanding the results and financial position of a company in the reporting period. It can also improve comparability of financial information across companies which operate defined benefit plans.

Net interest approach on net defined benefit liability (asset)

We do not believe that the expected rate of return on plan assets should be determined by reference to prevailing bond rates in the market.

- Plan assets can comprise equity, debt and a variety of other alternative investments. The rate applied to plan assets should reflect the reasonably expected earnings or yield from these investments.

- The return on prevailing bond rates reflects just one element of the returns that the portfolio might be expected to achieve. As such it would seem a rather arbitrary rate to select.

- The Board requires the application of management judgements and estimation in other parts of IAS 19 (such as the actuarial assumptions) and in other existing and proposed standards. It is equally appropriate that management judgement should play a role in determining the expected rate of return on plan assets.

Measuring estimated returns on plan assets by reference to a bond rate disadvantages those companies who seek an acceptable and appropriate level of investment risk by choosing an asset allocation strategy that seeks to outperform high quality bond returns in the long-run. Whilst we accept that one of the consequences of such an approach is the removal of an incentive to take investment risk to improve returns, if this is the "intended" consequence of such a change, and if there is no other theoretical rationale to support recording an estimate at an artificially mandated rate of return, then the IASB is encouraging behaviour which may be detrimental to the interests of the plan, sponsoring employer and member. We do not believe this is the role of the IASB, who should instead be focused on ensuring the faithful presentation of relevant information about a company's financial position, performance and cash flows. In the absence of any logical justification for estimating returns at an artificially mandated rate, this proposal should be removed.

Related to this point - but not directly addressed in the ED - is one of the most fundamental aspects of defined benefit pension accounting, the discount rate used to measure the liability (which will be taken as also being the rate used to estimate plan asset returns under the current ED). There is still no useful guidance that would narrow what is still a remarkably broad range of discount rates, depending on the respective interpretations of management and various audit and actuarial firms. This disadvantages many companies in our part of the world where the main audit firms have concluded that there does not exist sufficiently deep local bond markets. Companies in the UK, US, Japan and parts of the Eurozone will often record a materially lower pension liability compared to companies in much of Asia for reasons that are impossible to explain to most users of the financial statements. This requires urgent addressing, particularly in light of the proposal in the ED to measure plan assets at the same rate which, if implemented, would further exacerbate the problem.

Disaggregation and presentation of defined benefit cost

We believe that the elimination of presentation options on long term employee benefit cost in a period which are currently allowed by IAS 19 can improve the comparability among companies with similar obligations.

We agree that the remeasurement costs should not be presented in the profit and loss account but in other comprehensive income.

We have concerns with presenting the net interest on a defined benefit plan as part of the finance costs in the profit and loss account and we do not believe the disaggregation of the presentation of service costs and net interest will provide better decision-useful information to the user of the financial statements.

In fact, the proposed presentation may distort the users' understanding of the financial performance of a company. For example, the proposed change in presentation will affect certain performance indicators such as interest cover. Interest cover after taking into account the net interest expense/income on net pension plan (which bears no direct relationship with a company's financing structure) distorts the assessment of a company's ability to pay interest on outstanding debts.

We also believe that the use of the term "interest' in this context is potentially misleading and if the IASB is intent on the disaggregation approach proposed, a term such as 'notional financing charge' rather than interest should be used.

We consider that the current requirement under IAS 19 to adopt a separate charge for the defined benefit obligation and an expected return on plan assets is more appropriate, and these amounts should continue to be reported together with the service cost as part of staff costs in the profit and loss account.

Disclosures of defined benefit plans

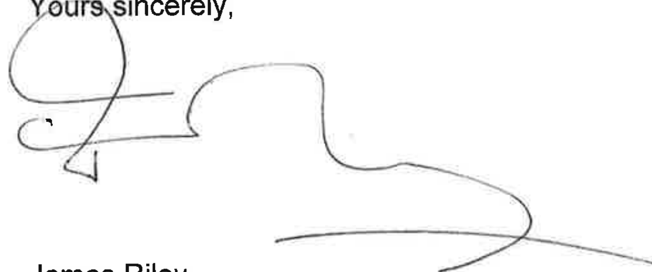
We agree with IASB's view on improving the disclosure of information on risks arising from an entity's participation in defined benefit plans.

However, we believe that in many companies the proposed additional volume of information to be disclosed and its complexity will be excessive. We would suggest that some form of materiality criteria should be introduced to ensure that the extensive disclosure proposed only be required where the information is material in the context of the company. Emphasis should also be placed on providing information that is likely to help the understanding of the reader.

We urge the Board to review again the appropriate level of the disclosure requirements and consider changing some of the current proposed disclosure to non-mandatory subject to their materiality for the entity.

If you have any questions on the content of this letter, please do not hesitate to contact me.

Yours sincerely,



James Riley
Group Finance Director

c.c. Hong Kong Institute of Certified Public Accountants

About the Jardine Matheson Group

Founded as a trading company in China in 1832, Jardine Matheson is today a diversified business group focused principally on Asia. Its interests include Jardine Pacific, Jardine Motors, Jardine Lloyd Thompson, Hongkong Land, Dairy Farm, Mandarin Oriental, Jardine Cycle & Carriage and Astra. These companies are leaders in the fields of engineering and construction, transport services, insurance broking, property investment and development, retailing, restaurants, luxury hotels, motor vehicles and related activities, financial services, heavy equipment, mining and agribusiness. The Group had a revenue (including the revenue of associates and joint ventures) of US$36 billion in 2009 and employs over 270,000 people.

Jardine Matheson Holdings Limited is incorporated in Bermuda and has a primary share listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore.

Jardine Matheson is one of the pioneers in adopting International Financial Reporting Standards, having first prepared its financial statements in accordance with IFRS in 1990.