JARDINE STRATEGIC HOLDINGS LIMITED

PRELIMINARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2014

Consolidated Profit and Loss Account

for the year ended 31st December 2014

	Note	2014 Underlying business performance US$m	2014 Non-trading items US$m	2014 Total US$m	2013 Underlying business performance US$m	2013 Non-trading items US$m	2013 Total US$m
Revenue	5	**32,236**	**-**	**32,236**	32,666	-	32,666
Net operating costs	6	**(28,863)**	**(16)**	**(28,879)**	(29,239)	(31)	(29,270)
Change in fair value of investment properties		**-**	**51**	**51**	-	(62)	(62)
Operating profit		**3,373**	**35**	**3,408**	3,427	(93)	3,334
Net financing charges	7						
- financing charges		**(260)**	**-**	**(260)**	(242)	-	(242)
- financing income		**165**	**-**	**165**	139	-	139
		(95)	**-**	**(95)**	(103)	-	(103)
Share of results of Jardine Matheson	8	**210**	**(5)**	**205**	173	(5)	168
Share of results of associates and joint ventures	9						
- before change in fair value of investment properties		**743**	**37**	**780**	934	(23)	911
- change in fair value of investment properties		**-**	**394**	**394**	-	352	352
		743	**431**	**1,174**	934	329	1,263
Profit before tax		**4,231**	**461**	**4,692**	4,431	231	4,662
Tax	10	**(787)**	**-**	**(787)**	(805)	(7)	(812)
Profit after tax		**3,444**	**461**	**3,905**	3,626	224	3,850
Attributable to:							
Shareholders of the Company	11 & 12	**1,613**	**219**	**1,832**	1,616	84	1,700
Non-controlling interests		**1,831**	**242**	**2,073**	2,010	140	2,150
		3,444	**461**	**3,905**	3,626	224	3,850

	Note	2014 Underlying business performance US$		2014 Total US$	2013 Underlying business performance US$		2013 Total US$
Earnings per share	11						
- basic		**2.66**		**3.02**	2.65		2.79
- diluted		**2.66**		**3.02**	2.65		2.79

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2014

	Note	**2014** US$m	2013 US$m
Profit for the year		**3,905**	3,850
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*22*	**(27)**	41
Net revaluation surplus before transfer to investment properties			
- intangible assets	*13*	**20**	2
- tangible assets	*14*	**-**	1
Tax on items that will not be reclassified		**4**	(9)
		(3)	35
Share of other comprehensive (expense)/income of Jardine Matheson		**(39)**	27
Share of other comprehensive income of associates and joint ventures		**3**	1
		(39)	63
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
- net loss arising during the year		**(392)**	(1,794)
- transfer to profit and loss		**7**	(1)
		(385)	(1,795)
Revaluation of other investments			
- net loss arising during the year	*19*	**(79)**	(28)
- transfer to profit and loss		**(19)**	(11)
		(98)	(39)
Impairment of other investments transfer to profit and loss		**-**	55
Cash flow hedges			
- net loss arising during the year		**(107)**	(40)
- transfer to profit and loss		**102**	77
		(5)	37
Tax relating to items that may be reclassified		**3**	(8)
Share of other comprehensive (expense)/income of Jardine Matheson		**(41)**	6
Share of other comprehensive expense of associates and joint ventures		**(199)**	(641)
		(725)	(2,385)
Other comprehensive expense for the year, net of tax		**(764)**	(2,322)
Total comprehensive income for the year		**3,141**	1,528
Attributable to:			
Shareholders of the Company		**1,362**	973
Non-controlling interests		**1,779**	555
		3,141	1,528

Consolidated Balance Sheet

at 31st December 2014

	Note	**2014** US$m	2013 US$m
Assets			
Intangible assets	*13*	**2,435**	2,088
Tangible assets	*14*	**6,245**	6,426
Investment properties	*15*	**23,901**	23,688
Plantations	*16*	**908**	856
Investment in Jardine Matheson	*17*	**1,979**	1,734
Associates and joint ventures	*18*	**7,990**	7,749
Other investments	*19*	**1,319**	1,096
Non-current debtors	*20*	**3,521**	2,792
Deferred tax assets	*21*	**265**	226
Pension assets	*22*	**12**	30
Non-current assets		**48,575**	46,685
Properties for sale	*23*	**2,953**	2,670
Stocks and work in progress	*24*	**2,556**	2,330
Current debtors	*20*	**5,476**	5,269
Current investments	*19*	**18**	17
Current tax assets		**130**	129
Bank balances and other liquid funds	*25*		
- non-financial services companies		**4,692**	4,617
- financial services companies		**382**	284
		5,074	4,901
		16,207	15,316
Non-current assets classified as held for sale		**1**	7
Current assets		**16,208**	15,323
Total assets		**64,783**	62,008

Approved by the Board of Directors

Ben Keswick
Adam Keswick
Directors

11th March 2015

	Note	**2014** US$m	2013 US$m
Equity			
Share capital	*26*	**56**	56
Share premium and capital reserves	*27*	**1,381**	1,370
Revenue and other reserves		**23,607**	22,440
Own shares held	*29*	**(1,851)**	(1,838)
Shareholders' funds		**23,193**	22,028
Non-controlling interests	*30*	**21,845**	20,862
Total equity		**45,038**	42,890
Liabilities			
Long-term borrowings	*31*		
- non-financial services companies		**5,084**	4,552
- financial services companies		**2,176**	1,674
		7,260	6,226
Deferred tax liabilities	*21*	**669**	707
Pension liabilities	*22*	**248**	213
Non-current creditors	*32*	**359**	384
Non-current provisions	*33*	**123**	116
Non-current liabilities		**8,659**	7,646
Current creditors	*32*	**7,080**	6,742
Current borrowings	*31*		
- non-financial services companies		**1,780**	2,385
- financial services companies		**1,892**	2,079
		3,672	4,464
Current tax liabilities		**272**	210
Current provisions	*33*	**62**	56
Current liabilities		**11,086**	11,472
Total liabilities		**19,745**	19,118
Total equity and liabilities		**64,783**	62,008

Consolidated Statement of Changes in Equity

for the year ended 31st December 2014

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Contributed surplus US$m	Asset revaluation reserves US$m	Hedging reserves US$m	Exchange reserves US$m	Own shares held US$m	Attributable to shareholders of the Company US$m	Attributable to non-controlling interests US$m	Total equity US$m
2014												
At 1st January	56	1,199	171	22,665	304	214	1	(744)	(1,838)	22,028	20,862	**42,890**
Total comprehensive income	-	-	-	1,677	-	8	(9)	(314)	-	1,362	1,779	**3,141**
Dividends paid by the Company	-	-	-	(157)	-	-	-	-	-	(157)	-	**(157)**
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(896)	**(896)**
Unclaimed dividends forfeited	-	-	-	-	-	-	-	-	-	-	1	**1**
Employee share option schemes	-	-	14	-	-	-	-	-	-	14	1	**15**
Scrip issued in lieu of dividends	-	-	-	10	-	-	-	-	-	10	-	**10**
Increase in own shares held	-	-	-	-	-	-	-	-	(13)	(13)	-	**(13)**
Subsidiaries acquired	-	-	-	-	-	-	-	-	-	-	1	**1**
Change in interests in subsidiaries	-	-	-	(40)	-	-	-	-	-	(40)	97	**57**
Change in interests in associates and joint ventures	-	-	-	(11)	-	-	-	-	-	(11)	-	**(11)**
Transfer	-	-	(3)	3	-	-	-	-	-	-	-	**-**
At 31st December	**56**	**1,199**	**182**	**24,147**	**304**	**222**	**(8)**	**(1,058)**	**(1,851)**	**23,193**	**21,845**	**45,038**
2013												
At 1st January	56	1,199	167	21,047	304	213	(23)	105	(1,727)	21,341	21,036	42,377
Total comprehensive income	-	-	-	1,797	-	1	24	(849)	-	973	555	1,528
Dividends paid by the Company	-	-	-	(150)	-	-	-	-	-	(150)	-	(150)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(951)	(951)
Employee share option schemes	-	-	14	-	-	-	-	-	-	14	3	17
Scrip issued in lieu of dividends	-	-	-	6	-	-	-	-	-	6	-	6
Increase in own shares held	-	-	-	-	-	-	-	-	(111)	(111)	-	(111)
Subsidiaries acquired	-	-	-	-	-	-	-	-	-	-	52	52
Subsidiaries disposed of	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	75	75
Change in interests in subsidiaries	-	-	-	(44)	-	-	-	-	-	(44)	93	49
Change in interests in associates and joint ventures	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Transfer	-	-	(10)	10	-	-	-	-	-	-	-	-
At 31st December	56	1,199	171	22,665	304	214	1	(744)	(1,838)	22,028	20,862	42,890

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$1,832 million *(2013: US$1,700 million)* and net fair value loss on other investments of US$98 million *(2013: net fair value gain on other investments (net of impairment and transfer to profit and loss) of US$51 million).* Cumulative net fair value gain on other investments amounted to US$213 million *(2013: US$311 million).*

Contributed surplus represents the excess in value of shares acquired in consideration for the issue of the Company's shares, over the nominal value of those shares issued. Under the Bye-Laws of the Company, the contributed surplus is distributable.

Consolidated Cash Flow Statement

for the year ended 31st December 2014

	Note	**2014** US$m	2013 US$m
Operating activities			
Operating profit		**3,408**	3,334
Change in fair value of investment properties		**(51)**	62
Depreciation and amortization	*34(a)*	**948**	992
Other non-cash items	*34(b)*	**401**	298
Increase in working capital	*34(c)*	**(1,209)**	(358)
Interest received		**172**	133
Interest and other financing charges paid		**(284)**	(253)
Tax paid		**(791)**	(933)
		2,594	3,275
Dividends from associates and joint ventures		**568**	533
Cash flows from operating activities		**3,162**	3,808
Investing activities			
Purchase of subsidiaries	*34(d)*	**(50)**	(74)
Purchase of associates and joint ventures	*34(e)*	**(388)**	(488)
Purchase of shares and convertible bonds in Zhongsheng		**(732)**	-
Purchase of other investments	*34(f)*	**(184)**	(106)
Purchase of intangible assets		**(274)**	(294)
Purchase of tangible assets		**(1,008)**	(1,397)
Additions to investment properties		**(232)**	(223)
Additions to plantations		**(82)**	(65)
Advance to associates, joint ventures and others		**(15)**	(6)
Advance and repayment from associates, joint ventures and others	*34(g)*	**479**	219
Sale of subsidiaries	*34(h)*	**1**	14
Sale of associates and joint ventures		**15**	-
Sale of other investments	*34(i)*	**217**	109
Sale of intangible assets		**1**	8
Sale of tangible assets		**63**	72
Sale of investment properties		**-**	1
Cash flows from investing activities		**(2,189)**	(2,230)
Financing activities			
Capital contribution from non-controlling interests		**-**	75
Advance from non-controlling interests		**-**	1
Change in interests in subsidiaries	*34(j)*	**57**	73
Drawdown of borrowings		**9,918**	8,492
Repayment of borrowings		**(9,612)**	(7,798)
Dividends paid by the Company		**(282)**	(268)
Dividends paid to non-controlling interests		**(896)**	(951)
Cash flows from financing activities		**(815)**	(376)
Net increase in cash and cash equivalents		**158**	1,202
Cash and cash equivalents at 1st January		**4,895**	3,918
Effect of exchange rate changes		**(3)**	(225)
Cash and cash equivalents at 31st December	*34(k)*	**5,050**	4,895

Notes to the Financial Statements

1 Principal Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies below.

Amendments and interpretation effective in 2014 which are relevant to the Group's operations:

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The adoption of these amendments and interpretation does not have a material impact on the Group's accounting policies and disclosures.

Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' are made to the application guidance in IAS 32 and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of offset' and 'simultaneous realization and settlement'.

Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' set out the changes to the disclosures when recoverable amount is determined based on fair value less costs of disposal. The key amendments are (a) to remove the requirement to disclose recoverable amount when a cash generating unit ('CGU') contains goodwill or indefinite lived intangible assets but there has been no impairment, (b) to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed, and (c) to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed.

Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

IFRIC 21 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The following standards and amendments which are effective after 2014, are relevant to the Group's operations and yet to be adopted

		Effective for accounting periods beginning on or after
IFRS 9	Financial Instruments	1st January 2018
IFRS 15	Revenue from Contracts with Customers	1st January 2017
Amendments to IAS 1	Presentation of Financial Statements	1st January 2016
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1st January 2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	1st January 2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1st January 2016
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1st July 2014
Annual Improvements to IFRSs	2010 – 2012 Cycle	1st July 2014
	2011 – 2013 Cycle	1st July 2014
	2012 – 2014 Cycle	1st January 2016

The Group is currently assessing the impact of these new standards and amendments. The Group will adopt these new standards and amendments from their respective effective dates.

A complete set of IFRS 9 'Financial Instruments' has been published which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. This complete version includes new guidance on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the incurred loss impairment model used today. A substantially-reformed approach to hedging accounting is also introduced.

There are three categories for financial assets under IFRS 9: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The measurement principles of each category are similar to the current requirements under IAS 39. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis.

IFRS 9 introduces a new expected-loss impairment model which replaces the 'incurred loss' model in IAS 39. A loss event will no longer need to occur before an impairment allowance is recognized. In practice, the new rules mean that entities will have to record a day one loss equal to the 12-month expected credit loss on initial recognition of financial assets that are not credit impaired (or lifetime expected credit loss for trade receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there has been a significant increase in credit risk, impairment is measured using lifetime expected credit loss rather than 12-month expected credit loss. The model also applies to certain loan commitments and financial guarantees, and includes operational simplifications for lease and trade receivables.

IFRS 9 introduces a substantially-reformed model for hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect in their financial statements how they manage risks associated with financial instruments. Additional disclosures about risk management activity and the effect of hedge accounting on the financial statements are required.

IFRS 15 ‘Revenue from Contracts with Customers’ is a new standard which contains a single model that applies to contracts with customers and two approaches to recognizing revenue, that is at a point in time or over time. lFRS 15 replaces IAS 11 ‘Construction Contracts’, IAS 18 ‘Revenue’, IFRIC 13 ‘Customer Loyalty Programmes’, IFRIC 15 ‘Agreements for the Construction of Real Estate’, IFRIC 18 ‘Transfers of Assets from Customers’ and SIC-31 ‘Revenue - Barter Transactions Involving Advertising Services’.

The core principle of IFRS 15 is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in new disclosure requirements on revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Amendments to IAS 1 ‘Presentation of Financial Statements’ are part of the International Accounting Standards Board’s initiatives to improve the effectiveness of disclosure in financial reporting. Amendments to IAS 1 clarify that companies shall apply professional judgments in determining what information to disclose and how to structure it in the financial statements. The amendments include narrow-focus improvements in the guidance on materiality, disaggregation and subtotals, note structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments.

Amendments to IFRS 10 ‘Consolidated Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures’ clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’. Full gain or loss will be recognized by the investor where the non-monetary assets constitute a ‘business’. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor to the extent of the other investors’ interests.

Amendments to IFRS 11 ‘Joint Arrangements’ introduce new guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. Acquirers of such interests shall apply all of the principles on business combinations accounting in IFRS 3 ‘Business Combinations’, and other IFRSs, that do not conflict with the guidance in IFRS 11 and disclose the information that is required in those IFRSs in relation to business combinations.

Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 38 ‘Intangible Assets’ clarify that the use of revenue-based methods to calculate the depreciation or amortization of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments to IAS 38 further clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption however, can be rebutted in certain limited circumstances.

Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 41 ‘Agriculture’ provide definition to a bearer plant and require bearer plants to be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Amendments to IAS 19 ‘Employee Benefits’ regarding defined benefit plans apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Annual Improvements to IFRSs 2010 – 2012 Cycle, 2011 – 2013 Cycle and 2012 – 2014 Cycle comprise a number of non-urgent but necessary amendments. None of these amendments is likely to have a significant impact on the consolidated financial statements of the Group.

The principal operating subsidiaries, associates and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is United States dollars. The consolidated financial statements are presented in United States dollars.

The Group’s reportable segments are set out in note 4 and are described on page [ ] and pages [ ] to [ ].

Basis of consolidation

(i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group’s interests in associates and joint ventures and its investment in Jardine Matheson.

(ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition include the fair value at the acquisition date of any contingent consideration. The Group recognizes the non-controlling interest’s proportionate share of the recognized identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognized the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognized in profit and loss.

All material intercompany transactions, balances and unrealized surpluses and deficits on transactions between Group companies have been eliminated.

(iii) An associate is an entity, not being a subsidiary or joint venture, over which the Group exercises significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates and joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognized in the consolidated financial statements only to the extent of unrelated investor's interests in the associates and joint ventures.

(iv) The Company has a 56% interest in its ultimate holding company, Jardine Matheson Holdings Ltd. The results of Jardine Matheson are included on the equity basis of accounting. The cost of and related income arising from shares held in the Company by Jardine Matheson are eliminated from shareholders' funds and profit, respectively.

(v) Non-controlling interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.

(vi) The results of subsidiaries, associates and joint ventures, and Jardine Matheson are included or excluded from their effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures, and Jardine Matheson are included to the extent of dividends received when the right to receive such dividend is established.

Foreign currencies

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

Assets and liabilities of subsidiaries, 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, which approximate the exchange rates at the dates of the transactions.

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognized in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognized in profit and loss. Exchange differences on available-for-sale investments are recognized in other comprehensive income as part of the gains and losses arising from changes in their fair value. Exchange differences relating to changes in the amortized cost of monetary securities classified as available-for-sale and all other exchange differences are recognized in profit and loss.

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 of non-financial assets

Assets that have indefinite useful lives are not subject to amortization and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognized 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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Intangible assets

(i) Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognized directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

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

(ii) Franchise rights, which are rights under franchise agreements, are separately identified intangible assets acquired as part of a business combination. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal by the Group would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The useful lives are reviewed at each balance sheet date. Franchise rights are carried at cost less accumulated impairment loss.

(iii) Leasehold land represents payments to third parties to acquire short-term interests in property. These payments are stated at cost and are amortized over the useful life of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

(iv) Concession rights are operating rights for toll roads under service concession arrangements. The cost of the construction services provided under the arrangements is amortized over the period of the concession.

(v) Other intangible assets are stated at cost less accumulated amortization. Amortization 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 cost less any accumulated depreciation and impairment. Long-term interests in leasehold land are classified as finance leases and grouped under tangible assets if substantially all risks and rewards relating to the land have been transferred to the Group, and are amortized over the useful life of the lease. Grants related to tangible assets are deducted in arriving at the carrying amount of the assets. Mining properties, which are contractual rights to mine and own coal reserves in specified concession areas, and other tangible fixed assets are stated at cost less amounts provided for depreciation. Cost of mining properties includes expenditure to restore and rehabilitate coal mining areas following the completion of production.

Depreciation of tangible fixed assets other than mining properties is calculated on the straight line basis to allocate 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 estimated useful lives are as follows:

Buildings	21 – 150 years
Surface, finishes and services of hotel properties	20 – 30 years
Leasehold improvements	period of the lease
Leasehold land	period of the lease
Plant and machinery	2 – 20 years
Furniture, equipment and motor vehicles	2 – 25 years

No depreciation is provided on freehold land as it is deemed to have an indefinite life. Mining properties are depreciated using the unit of production method.

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 recognized by reference to their carrying amount.

Investment properties

Properties including those under operating leases which are held for long-term rental yields or capital gains are classified and accounted for as investment properties, but the business model does not necessarily envisage that the properties will be held for their entire useful life. Investment properties are carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. The market value of commercial properties are calculated on the discounted net rental income allowing for reversionary potential. The market value of residential properties are arrived at by reference to market evidence of transaction prices for similar properties. Changes in fair value are recognized in profit and loss.

Plantations

Plantations, which principally comprise oil palm plantations and exclude the related land, are measured at each balance sheet date at their fair values, representing the present value of expected net cash flows from the assets in their present location and condition determined internally, less estimated point of sale costs, based on a discounted cash flow method using unobservable inputs. Changes in fair values are recorded in the profit and loss account. The plantations which have a life of approximately 25 years are considered mature three to four years after planting and once they are generating fresh fruit bunches which average four to six tonnes per hectare per year.

Investments

(i) Investments are classified by management as available for sale or held to maturity on initial recognition. Available-for-sale investments are shown at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in equity. On the disposal of an investment or when an investment is determined to be impaired, the cumulative gain or loss previously deferred in equity is recognized in profit and loss. Held-to-maturity investments are shown at amortized cost. Investments are classified under non-current assets unless they are expected to be realized within 12 months after the balance sheet date.

(ii) At each balance sheet date, the Group assesses whether there is objective evidence that an investment is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired and are recognized in profit and loss.

(iii) All purchases and sales of investments are recognized on the trade date, which is the date that the Group commits to purchase or sell the investment.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Amount due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(ii) Plant and machinery under finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

(iii) Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss 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 recognized as an expense in the year in which termination takes place.

Properties for sale

Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realizable value. The cost of properties for sale comprises land costs, and construction and other development costs.

Stocks and work in progress

Stocks, which principally comprise goods held for resale, are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, labour and an appropriate proportion of overheads.

Debtors

Consumer financing debtors and financing lease receivables are measured at amortized cost using the effective interest method. The gross amount due from customers for contract work is stated 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. Repossessed assets of finance companies are measured at the lower of the carrying amount of the debtors in default and fair value less costs to sell. All other debtors, excluding derivative financial instruments, are measured at amortized cost except where the effect of discounting would be immaterial. Provision for impairment is established when there is objective evidence that the outstanding amounts will not be collected. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the debtor is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

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.

Liquid investments, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, are included in bank balances and other liquid funds and are stated at market value. Increases or decreases in market value are recognized in profit and loss.

Provisions

Provisions are recognized 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 recognized at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective interest method.

On the issue of bonds which are convertible into a fixed number of ordinary shares of the issuing entity, 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 amortized cost basis until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option which is recognized and included in shareholders' funds. On the issue of convertible bonds which are not convertible into the issuing entity's own shares or which are not convertible into a fixed number of ordinary shares of the issuing entity, the fair value of the conversion option component is determined and included in current liabilities, and the residual amount is allocated to the carrying amount of the bond. Any conversion option component included in current liabilities is shown at fair value with changes in fair value recognized in profit and loss.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income or direct in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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 value of the net assets acquired and their tax base. Deferred tax is provided on temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Employee benefits

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 profit and loss 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 arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the year in which they occur.

Past service costs are recognized immediately in profit and loss.

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

Share-based compensation

The Group operates a number of equity settled employee share option schemes. The fair value of the employee services received in exchange for the grant of the options in respect of options granted after 7th November 2002 is recognized 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 as determined on the grant date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates, if any, is recognized in profit and loss.

Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Once classified as held for sale, the assets are no longer amortized or depreciated.

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognized 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 recognized in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit and loss over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognized in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion is recognized immediately in profit and loss. 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 profit and loss in the same periods during which the hedged firm commitment or forecasted transaction affects profit and loss. 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 recognized when the committed or forecasted transaction ultimately is recognized in profit and loss. 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 profit and loss.

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 recognized immediately in profit and loss.

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 recognized in other comprehensive income and accumulated in exchange reserves; the gain or loss relating to the ineffective portion is recognized immediately in profit and loss.

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk.

Premiums on insurance contracts are recognized as revenue proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Claims and loss adjustment expenses are charged to profit and loss as incurred based on the estimated liabilities for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Non-trading items

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

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 Jardine Matheson. 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 Jardine Matheson, subsidiaries, associates or joint ventures.

Dividends

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

The nominal amount of the ordinary shares issued as a result of election for scrip is capitalized out of the share premium account or other reserves, as appropriate.

Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Revenue from the sale of goods, including properties for sale, is recognized on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers.

(ii) Receipts under operating leases are accounted for on an accrual basis over the lease terms.

(iii) Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

(iv) Revenue from consumer financing and financing leases is recognized over the term of the respective contracts based on a constant rate of return on the net investment.

(v) Interest income is recognized on a time proportion basis taking into account the principal amounts outstanding and the interest rates applicable.

(vi) Dividend income is recognized when the right to receive payment is established.

Pre-operating costs

Pre-operating costs are expensed as they are incurred.

2 Financial Risk Management

Financial risk factors

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

The Group's treasury function co-ordinates, under the directions of the board of Jardine Matheson Limited, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimize the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, caps and collars, cross-currency swaps, forward foreign exchange contracts and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. 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 recognized immediately in the profit and loss account. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 31st December 2014 are disclosed in note 35.

(i) Market risk

Foreign exchange risk

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

Entities in the Group use cross-currency swaps, forward foreign exchange contracts and foreign currency options in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage their foreign exchange risk arising from future commercial transactions. The Group does not usually hedge its net investments in foreign operations except in circumstances where there is a material exposure arising from a currency that is anticipated to be volatile and the hedging is cost effective. Group entities are required to manage their foreign exchange risk against their functional currency. Foreign currency borrowings are swapped into the entity's functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2014 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary assets of US$176 million *(2013: net monetary liabilities of US$159 million).* At 31st December 2014, if the United States dollar had strengthened/weakened by 10% against the Indonesian rupiah with all other variables unchanged, the

Group's profit after tax would have been US$13 million higher/lower *(2013: US$12 million lower/higher),* arising from foreign exchange gains/losses taken on translation. The impact on amounts attributable to the shareholders of the Company would be US$2 million higher/lower *(2013: US$3 million lower/higher).* This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 31st December 2014 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Since the Group manages the interdependencies between foreign exchange risk and interest rate risk of foreign currency borrowings using cross-currency swaps, the sensitivity analysis on financial impacts arising from cross-currency swaps is included in the sensitivity assessment on interest rates under the interest rate risk section.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments. At 31st December 2014 the Group's interest rate hedge exclusive of the financial services companies was 48% *(2013: 46%)*, with an average tenor of eight years *(2013: eight years)*. The financial services companies borrow predominately at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in note 31.

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

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

At 31st December 2014, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$29 million *(2013: US$30 million)* higher/lower, and hedging reserves would have been US$111 million *(2013: US$84 million)* higher/lower as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant sensitivity resulting from interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong and Indonesian rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in the fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

Price risk

The Group is exposed to securities price risk because of listed and unlisted investments which are available for sale and held by the Group at fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are recognized in other comprehensive income. The performance of the Group's listed and unlisted available-for-sale investments are monitored regularly, together with an assessment of their relevance to the Group's long term strategic plans. Details of the Group's available-for-sale investments are contained in note 19.

Available-for-sale investments are unhedged. At 31st December 2014, if the price of listed and unlisted available-for-sale investments had been 25% higher/lower with all other variables held constant, total equity would have been US$334 million *(2013: US$278 million)* higher/lower unless impaired. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

The Group is exposed to financial risks arising from changes in commodity prices, primarily crude palm oil, coal, steel rebar and copper. The Group considers the outlook for crude palm oil, coal, steel rebar and copper prices regularly in considering the need for active financial risk management. The Group's policy is generally not to hedge commodity price risk, although limited hedging may be undertaken for strategic reasons. In such cases the Group uses forward contracts to hedge the price risk. To mitigate or hedge the price risk, Group entities may enter into a forward contract to buy the commodity at a fixed price at a future date, or a forward contract to sell the commodity at a fixed price at a future date.

(ii) Credit risk

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

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilization of credit limits is regularly monitored. At 31st December 2014, over 65% *(2013: 66%)* of deposits and balances with banks and financial institutions were made to institutions with credit ratings of no less than A- (Fitch). Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

In respect of credit exposures to customers, the Group has policies in place to ensure that sales on credit without collateral are made principally to corporate companies with an appropriate credit history and credit insurance is purchased for businesses where it is economically effective. The Group normally obtains collateral over vehicles from consumer financing debtors towards settlement of vehicle receivables. Customers give the right to the Group to sell the repossessed collateral or take any other action to settle the outstanding receivable. Sales to other customers are made in cash or by major credit cards.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

(iii) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. In addition long-term cash flows are projected to assist with the Group's long-term debt financing plans.

At 31st December 2014, total available borrowing facilities amounted to US$18.8 billion *(2013: US$18.5 billion*) of which US$10.9 billion *(2013: US$10.7 billion)* was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US$5.7 billion *(2013: US$6.1 billion*) and US$2.2 billion (*2013: US$1.7 billion*), respectively.

The following table analyses the Group's non-derivative financial liabilities, net-settled derivative financial liabilities and gross-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
At 31st December 2014							
Borrowings	4,061	2,246	1,516	603	949	3,320	**12,695**
Creditors	5,458	162	66	27	19	98	**5,830**
Net settled derivative financial instruments	3	1	1	-	-	-	**5**
Gross settled derivative financial instruments							
- inflow	1,949	833	488	100	151	1,858	**5,379**
- outflow	1,953	823	476	86	141	1,815	**5,294**
Estimated losses on insurance contracts	136	-	-	-	-	-	**136**
At 31st December 2013							
Borrowings	4,817	2,045	1,347	791	371	2,983	12,354
Creditors	5,280	86	51	31	27	88	5,563
Net settled derivative financial instruments	7	2	1	-	-	-	10
Gross settled derivative financial instruments							
- inflow	1,840	438	171	53	53	1,499	4,054
- outflow	1,695	366	149	44	44	1,475	3,773
Estimated losses on insurance contracts	104	-	-	-	-	-	104

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximize benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances and other liquid funds. Interest cover is calculated as underlying operating profit and share of results of associates and joint ventures divided by net financing charges. The ratios are monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more highly leveraged than the Group's other businesses. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2014 and 2013 are as follows:

	2014	2013
Gearing ratio exclusive of financial services companies (%)	**5**	5
Gearing ratio inclusive of financial services companies (%)	**13**	13
Interest cover exclusive of financial services companies (times)	**32**	34
Interest cover inclusive of financial services companies (times)	**45**	44

Fair value estimation

(i) Financial instruments that are measured at fair value

For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')

The fair value of listed securities, which are classified as available-for-sale, is based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')

The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and caps, cross-currency swaps, forward foreign exchange contracts and credit default swaps are calculated by reference to market interest rates and foreign exchange rates.

The fair value of unlisted investments, which are classified as available-for-sale and mainly include club and school debentures, are determined using prices quoted by brokers at the balance sheet date.

(c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')

The fair value of other unlisted securities, which are classified as available-for-sale, is determined using valuation techniques by reference to observable current market transactions (including price-to earnings and price-to book ratios of listed securities of entities engaged in similar industries) or the market prices of the underlying investments with certain degree of entity specific estimates. The fair value of convertible component of convertible bonds held is made reference to the quoted price of the underlying shares and estimation on volatility.

There were no changes in valuation techniques during the year.

The table below analyses financial instruments carried at fair value, by the levels in the fair value measurement hierarchy.

	Quoted prices in active markets US$m	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2014				
Assets				
Available-for-sale financial assets				
- listed securities	1,140	-	-	**1,140**
- unlisted investments	-	8	189	**197**
	1,140	8	189	**1,337**
Derivative designated at fair value				
- through other comprehensive income	-	183	-	**183**
- through profit and loss	-	20	-	**20**
	1,140	**211**	**189**	**1,540**
Liabilities				
Contingent consideration payable	-	-	(66)	**(66)**
Derivative designated at fair value				
- through other comprehensive income	-	(32)	-	**(32)**
- through profit and loss	-	(10)	-	**(10)**
	-	**(42)**	**(66)**	**(108)**
2013				
Assets				
Available-for-sale financial assets				
- listed securities	943	-	-	943
- unlisted investments	-	9	161	170
	943	9	161	1,113
Derivative designated at fair value				
- through other comprehensive income	-	285	-	285
- through profit and loss	-	9	-	9
	943	303	161	1,407
Liabilities				
Contingent consideration payable	-	-	(65)	(65)
Derivative designated at fair value				
- through other comprehensive income	-	(24)	-	(24)
- through profit and loss	-	(34)	-	(34)
	-	(58)	(65)	(123)

There were no transfers among the three categories during the year ended 31st December 2014.

Movements of financial instruments which are valued based on unobservable inputs during the year ended 31st December are as follows:

	2014		2013	
	Available-for-sale financial assets US$m	Contingent consideration payable US$m	Available-for-sale financial assets US$m	Contingent consideration payable US$m
At 1st January	**161**	**65**	134	66
Exchange differences	**(2)**	**-**	(5)	-
Additions	**2**	**-**	6	-
Capital repayment	**-**	**-**	(2)	-
Payment of contingent consideration	**-**	**(1)**	-	(1)
Net change in fair value during the year				
- included in other comprehensive income	**28**	**-**	28	-
- included in profit and loss	**-**	**2**	-	-
At 31st December	**189**	**66**	161	65

The contingent consideration payable mainly arose from Astra's acquisition of a 60% interest in PT Duta Nurcahya in 2012 and represents the fair value of service fee payable for mining services to be provided by the vendor.

	Loans and receivables US$m	Derivatives used for hedging US$m	Available-for-sale US$m	Other financial instruments at amortized cost US$m	Other financial instruments fair value through profit and loss US$m	Total carrying amount US$m	Fair value US$m
2014							
Assets							
Other investments	-	-	1,337	-	-	**1,337**	**1,337**
Debtors	7,800	203	-	-	13	**8,016**	**7,946**
Bank balances and other liquid funds	5,074	-	-	-	-	**5,074**	**5,074**
	12,874	**203**	**1,337**	**-**	**13**	**14,427**	**14,357**
Liabilities							
Borrowings (excluding finance lease liabilities)				(10,848)	-	**(10,848)**	**(10,919)**
Finance lease liabilities	-	-	-	(84)	-	**(84)**	**(84)**
Trade and other payables excluding non-financial liabilities	-	(42)	-	(5,764)	(66)	**(5,872)**	**(5,872)**
	-	**(42)**	**-**	**(16,696)**	**(66)**	**(16,804)**	**(16,875)**
2013							
Assets							
Other investments	-	-	1,113	-	-	1,113	1,113
Debtors	6,952	294	-	-	14	7,260	6,855
Bank balances and other liquid funds	4,901	-	-	-	-	4,901	4,901
	11,853	294	1,113	-	14	13,274	12,869
Liabilities							
Borrowings (excluding finance lease liabilities)	-	-	-	(10,567)	-	(10,567)	(10,480)
Finance lease liabilities	-	-	-	(123)	-	(123)	(123)
Trade and other payables excluding non-financial liabilities	-	(58)	-	(5,498)	(65)	(5,621)	(5,621)
	-	(58)	-	(16,188)	(65)	(16,311)	(16,224)

3 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.

Acquisition of subsidiaries, associates and joint ventures

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

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence, requiring classification as an associate.

Tangible fixed assets and depreciation

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 those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

Investment properties

The fair values of investment properties, which are principally held by Hongkong Land, are determined by independent valuers on an open market for existing-use basis calculated on the discounted net income allowing for reversionary potential. For investment properties in Hong Kong and Singapore, capitalization rates in the range of 3.50% to 4.45% for office *(2013: 3.50% to 4.45%)* and 4.50% to 5.50% for retail *(2013: 4.50% to 5.50%)* are used by Hongkong Land in the fair value determination.

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

Plantations

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

Management applies judgement in determining the assumptions to be used; the significant ones include a historical average crude palm oil price as the basis for deriving the price of fresh fruit bunches, maintenance costs, inflation, the yield per hectare based on industry standards and historical experience and the discount rate.

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 the higher of its fair value less costs to sell and its value in use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the amount of estimated coal reserves, the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

The results of the impairment reviews undertaken at 31st December 2014 on the Group's indefinite life franchise rights indicated that no impairment charge was necessary. If there is a significant increase in the discount rate and/or a significant adverse change in the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to profit and loss in the future.

In determining when an available-for-sale equity investment is impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

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.

Provision for deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which the management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both. There is a rebuttable presumption in International Financial Reporting Standards that investment properties measured at fair value are recovered through sale. Thus, deferred tax on revaluation of investment properties held by the Group are calculated at the capital gains tax rate.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilized. The outcome of their actual utilization may be different.

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 discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

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 obligation.

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

Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group’s accounting policies.

4 Segmental Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company for the purpose of resource allocation and performance assessment. The Group has six operating segments as more fully described on page [ ]. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's underlying profit, net debt and total equity by reportable segment.

	Jardine Matheson US$m	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Jardine Cycle & Carriage US$m	Astra US$m	Corporate and other interests US$m	Intersegment transactions US$m	Underlying businesses performance US$m	Non-trading items US$m	Group US$m
2014											
Revenue *(refer note 5)*	-	1,876	11,008	680	1,680	16,995	-	(3)	32,236	-	**32,236**
Net operating costs	-	(809)	(10,484)	(559)	(1,629)	(15,259)	(126)	3	(28,863)	(16)	**(28,879)**
Change in fair value of investment properties	-	-	-	-	-	-	-	-	-	51	**51**
Operating profit	-	1,067	524	121	51	1,736	(126)	-	3,373	35	**3,408**
Net financing charges											
- financing charges	-	(114)	(9)	(20)	-	(116)	(1)	-	(260)	-	**(260)**
- financing income	-	45	7	3	-	102	8	-	165	-	**165**
	-	(69)	(2)	(17)	-	(14)	7	-	(95)	-	**(95)**
Share of results of Jardine Matheson	210	-	-	-	-	-	-	-	210	(5)	**205**
Share of results of associates and joint ventures											
- before change in fair value of investment properties	-	123	69	12	47	490	2	-	743	37	**780**
- change in fair value of investment properties	-	-	-	-	-	-	-	-	-	394	**394**
	-	123	69	12	47	490	2	-	743	431	**1,174**
Profit before tax	210	1,121	591	116	98	2,212	(117)	-	4,231	461	**4,692**
Tax	-	(188)	(93)	(19)	(11)	(476)	-	-	(787)	-	**(787)**
Profit after tax	210	933	498	97	87	1,736	(117)	-	3,444	461	**3,905**
Non-controlling interests	-	(468)	(110)	(26)	(27)	(1,203)	3	-	(1,831)	(242)	**(2,073)**
Profit attributable to shareholders	**210**	**465**	**388**	**71**	**60**	**533**	**(114)**	**-**	**1,613**	**219**	**1,832**
Net (debt)/cash (excluding net debt of financial services companies)*	**-**	**(2,657)**	**475**	**(403)**	**60**	**(266)**	**619**	**-**			**(2,172)**
Total equity	**1,984**	**27,598**	**1,723**	**1,043**	**383**	**10,474**	**1,895**	**(62)**			**45,038**
2013											
Revenue *(refer note 5)*	-	1,857	10,357	669	1,348	18,440	-	(5)	32,666	-	32,666
Net operating costs	-	(940)	(9,835)	(557)	(1,306)	(16,467)	(139)	5	(29,239)	(31)	(29,270)
Change in fair value of investment properties	-	-	-	-	-	-	-	-	-	(62)	(62)
Operating profit	-	917	522	112	42	1,973	(139)	-	3,427	(93)	3,334
Net financing charges											
- financing charges	-	(106)	(11)	(17)	(1)	(105)	(2)	-	(242)	-	(242)
- financing income	-	42	8	2	-	78	9	-	139	-	139
	-	(64)	(3)	(15)	(1)	(27)	7	-	(103)	-	(103)
Share of results of Jardine Matheson	173	-	-	-	-	-	-	-	173	(5)	168
Share of results of associates and joint ventures											
- before change in fair value of investment properties	-	235	69	17	27	586	-	-	934	(23)	911
- change in fair value of investment properties	-	-	-	-	-	-	-	-	-	352	352
	-	235	69	17	27	586	-	-	934	329	1,263
Profit before tax	173	1,088	588	114	68	2,532	(132)	-	4,431	231	4,662
Tax	-	(149)	(102)	(20)	(7)	(530)	3	-	(805)	(7)	(812)
Profit after tax	173	939	486	94	61	2,002	(129)	-	3,626	224	3,850
Non-controlling interests	-	(472)	(113)	(25)	(18)	(1,385)	3	-	(2,010)	(140)	(2,150)
Profit attributable to shareholders	173	467	373	69	43	617	(126)	-	1,616	84	1,700
Net (debt)/cash (excluding net debt of financial services companies)*	-	(3,025)	638	(479)	17	(303)	831	1			(2,320)
Total equity	1,739	26,899	1,585	1,076	357	9,568	1,728	(62)			42,890

* Net (debt)/cash is total borrowings less bank balances and other liquid funds. Net debt of financial services companies amounted to US$3,686 million at 31st December 2014 *(2013: US$3,469 million)* and relates to Astra.

4 Segmental Information *(continued)*

Set out below are analyses of the Group's underlying profit attributable to shareholders and non-current assets, by geographical areas:

	2014 US$m	2013 US$m
Underlying profit attributable to shareholders:		
Greater China	**784**	704
Southeast Asia	**835**	954
United Kingdom	**47**	36
Rest of the world	**61**	48
	1,727	1,742
Corporate and other interests	**(114)**	(126)
	1,613	1,616
Non-current assets*:		
Greater China	**27,457**	26,845
Southeast Asia	**14,364**	13,980
United Kingdom	**803**	733
Rest of the world	**834**	983
	43,458	42,541

* Excluding financial instruments, deferred tax assets and pension assets.

5 Revenue

	Gross revenue		Revenue	
	2014	2013	**2014**	2013
	US$m	US$m	US$m	US$m
By business:				
Jardine Matheson	**13,066**	11,379	**-**	-
Hongkong Land	**3,125**	3,643	**1,876**	1,857
Dairy Farm	**13,103**	12,432	**11,008**	10,357
Mandarin Oriental	**1,044**	1,035	**680**	669
Jardine Cycle & Carriage	**3,633**	3,019	**1,680**	1,348
Astra	**29,461**	30,646	**16,995**	18,440
Intersegment transactions	**(650)**	(774)	**(3)**	(5)
	62,782	61,380	**32,236**	32,666
By product and service:				
Agribusiness	**2,232**	1,200	**1,372**	1,200
Engineering and construction	**4,976**	4,625	**1,246**	1,480
Mining	**3,224**	3,341	**3,224**	3,341
Financial services	**4,812**	4,358	**1,330**	1,374
Logistics and IT services	**2,715**	2,707	**682**	698
Motor vehicles	**26,701**	27,352	**10,681**	11,576
Property and hotels	**4,393**	4,896	**2,693**	2,640
Restaurants	**2,373**	2,020	**-**	-
Retail	**11,356**	10,881	**11,008**	10,357
	62,782	61,380	**32,236**	32,666
By geographical location of customers:				
Greater China	**17,376**	15,243	**7,603**	6,931
Southeast Asia	**40,745**	42,083	**24,249**	25,370
United Kingdom	**3,573**	3,106	**91**	90
Rest of the world	**1,088**	948	**293**	275
	62,782	61,380	**32,236**	32,666

Gross revenue comprises revenue together with 100% of revenue from Jardine Matheson, associates and joint ventures.

6 Net Operating Costs

	2014 US$m	2013 US$m
Cost of sales	**(24,060)**	(24,814)
Other operating income	**539**	512
Selling and distribution costs	**(3,384)**	(3,214)
Administration expenses	**(1,651)**	(1,580)
Other operating expenses	**(323)**	(174)
	(28,879)	(29,270)
The following credits/(charges) are included in net operating costs:		
Cost of stocks recognized as expense	**(21,090)**	(21,616)
Cost of properties for sale recognized as expense	**(616)**	(719)
Amortization of intangible assets	**(107)**	(92)
Depreciation of tangible assets	**(841)**	(900)
Impairment of tangible assets	**(231)**	-
Impairment of other investments	**-**	(55)
Write down of stocks and work in progress	**(45)**	(49)
Reversal of write down of stocks and work in progress	**20**	11
Reversal of write down of properties for sale	**56**	12
Impairment of debtors	**(129)**	(114)
Operating expenses arising from investment properties	**(159)**	(151)
Employee benefit expense		
- salaries and benefits in kind	**(2,522)**	(2,453)
- share options granted	**(5)**	(6)
- defined benefit pension plans *(refer note 22)*	**(64)**	(59)
- defined contribution pension plans	**(66)**	(59)
	(2,657)	(2,577)
Net foreign exchange losses	**(9)**	(17)
Operating lease expenses		
- minimum lease payments	**(947)**	(883)
- contingent rents	**(24)**	(22)
- subleases	**53**	54
	(918)	(851)
Auditors' remuneration		
- audit	**(13)**	(13)
- non-audit services	**(4)**	(4)
	(17)	(17)
Dividend and interest income from available-for-sale investments	**50**	52
Rental income from properties	**31**	30
Net operating costs included the following gains/(losses) from non-trading items:		
Decrease in fair value of plantations	**(34)**	(15)
Asset impairment	**10**	(55)
Sale and closure of businesses	**6**	10
Sale of other investments	**16**	-
Sale of property interests	**12**	29
Fair value loss on convertible component of Zhongsheng bonds	**(17)**	-
Expenses relating to transfer of listing segment of group companies' shares	**(4)**	-
Other	**(5)**	-
	(16)	(31)

7 Net Financing Charges

	2014 US$m	2013 US$m
Interest expense		
- bank loans and advances	**(104)**	(120)
- other	**(130)**	(114)
	(234)	(234)
Fair value gains/(losses) on fair value hedges	**28**	(73)
Fair value adjustment on hedged items attributable to the hedged risk	**(28)**	73
	-	-
	(234)	(234)
Interest capitalized	**41**	27
Commitment and other fees	**(67)**	(35)
Financing charges	**(260)**	(242)
Financing income	**165**	139
	(95)	(103)

8 Share of Results of Jardine Matheson

	2014 US$m	2013 US$m
By business:		
Jardine Pacific	**77**	63
Jardine Motors	**53**	31
Jardine Lloyd Thompson	**40**	37
Corporate and other interests	**35**	37
	205	168
Share of results of Jardine Matheson included the following gains/(losses) from non-trading items:		
Increase in fair value of investment properties	**4**	1
Asset impairment	**(1)**	-
Sale and closure of businesses	**1**	-
Restructuring of businesses	**(8)**	(6)
Expenses relating to transfer of listing segment of group companies' shares	**(1)**	-
	(5)	(5)

Results are shown after tax and non-controlling interests in Jardine Matheson.

9 Share of Results of Associates and Joint Ventures

	2014 US$m	2013 US$m
By business:		
Hongkong Land	**516**	586
Dairy Farm	**69**	66
Mandarin Oriental	**12**	21
Jardine Cycle & Carriage	**47**	27
Astra	**530**	563
	1,174	1,263
Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:		
Increase in fair value of investment properties	**394**	352
Asset impairment	**-**	(21)
Restructuring of businesses	**-**	(2)
Negative goodwill on acquisition of business	**37**	-
	431	329

Results are shown after tax and non-controlling interests in the associates and joint ventures.

10 Tax

	2014 US$m	2013 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(851)**	(869)
Deferred tax	**64**	57
	(787)	(812)
Greater China	**(262)**	(189)
Southeast Asia	**(520)**	(614)
United Kingdom	**(2)**	(3)
Rest of the world	**(3)**	(6)
	(787)	(812)
Reconciliation between tax expense and tax at the applicable tax rate* :		
Tax at applicable tax rate	**(691)**	(663)
Income not subject to tax		
- change in fair value of investment properties	**18**	25
- other items	**52**	37
Expenses not deductible for tax purposes		
- change in fair value of investment properties	**(15)**	(41)
- other items	**(54)**	(99)
Tax losses and temporary differences not recognized	**(25)**	(25)
Utilization of previously unrecognized tax losses and temporary differences	**4**	5
Recognition of previously unrecognized tax losses and temporary differences	**-**	3
Deferred tax assets written off	**(1)**	(2)
Over/(under) provision in prior years	**5**	(3)
Withholding tax	**(57)**	(49)
Other	**(23)**	-
	(787)	(812)
Tax relating to components of other comprehensive income or expense is analyzed as follows:		
Remeasurements of defined benefit plans	**4**	(9)
Cash flow hedges	**3**	(8)
	7	(17)

Share of tax charge of Jardine Matheson of US$29 million and credit of US$9 million *(2013: US$17 million and* charge of *US$7 million)* are included in share of results of Jardine Matheson and share of other comprehensive income of Jardine Matheson, respectively.

Share of tax charge of associates and joint ventures of US$271 million and credit of US$2 million *(2013: US$326 million and charge of US$1 million)* are included in share of results of associates and joint ventures and share of other comprehensive income of associates and joint ventures, respectively.

* The applicable tax rate for the year was 20.9% *(2013: 20.6%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The increase in applicable tax rate was mainly caused by a change in the geographic mix of the Group's profits.

11 Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$1,832 million *(2013: US$1,700 million)* and on the weighted average number of 606 million *(2013: 610 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$1,831 million *(2013: US$1,699 million),* which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of Jardine Matheson, subsidiaries, associates or joint ventures, and on the weighted average number of 606 million *(2013: 610 million)* shares in issue during the year.

The weighted average number of shares is arrived at as follows:

	Ordinary shares in millions	
	2014	2013
Weighted average number of shares in issue	**1,121**	1,120
Company's share of shares held by Jardine Matheson	**(515)**	(510)
Weighted average number of shares for earnings per share calculation	**606**	610

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

	2014			2013		
	US$m	Basic earnings per share US$	Diluted earnings per share US$	US$m	Basic earnings per share US$	Diluted earnings per share US$
Profit attributable to shareholders	**1,832**	**3.02**	**3.02**	1,700	2.79	2.79
Non-trading items *(refer note 12)*	**(219)**			(84)		
Underlying profit attributable to shareholders	**1,613**	**2.66**	**2.66**	1,616	2.65	2.65

12 Non-trading Items

	2014 US$m	2013 US$m
By business:		
Jardine Matheson	**(5)**	(5)
Hongkong Land	**199**	127
Dairy Farm	**7**	16
Mandarin Oriental	**-**	2
Jardine Cycle & Carriage	**(1)**	-
Astra	**21**	(1)
Corporate and other interests	**(2)**	(55)
	219	84

An analysis of non-trading items after interest, tax and non-controlling interests is set out below:

	2014 US$m	2013 US$m
Increase in fair value of investment properties		
- Hongkong Land	**195**	127
- other	**17**	8
	212	135
Decrease in fair value of plantations	**(7)**	(3)
Asset impairment	**4**	(61)
Sale and closure of businesses	**3**	3
Sale of other investments	**16**	-
Sale of property interests	**9**	18
Restructuring of businesses	**(8)**	(8)
Fair value loss on convertible component of Zhongsheng bonds	**(17)**	-
Expenses relating to transfer of listing segment of group companies' shares	**(4)**	-
Negative goodwill on acquisition of business	**14**	-
Other	**(3)**	-
	219	84

13 Intangible Assets

	Goodwill US$m	Franchise rights US$m	Leasehold land US$m	Concession rights US$m	Other US$m	Total US$m
2014						
Cost	794	175	754	357	272	**2,352**
Amortization and impairment	(3)	-	(137)	(17)	(107)	**(264)**
Net book value at 1st January	791	175	617	340	165	**2,088**
Exchange differences	(23)	(4)	(18)	(11)	(5)	**(61)**
New subsidiaries	126	-	2	-	10	**138**
Additions	-	1	187	85	124	**397**
Revaluation surplus before transfer to investment properties	-	-	20	-	-	**20**
Transfer to investment properties and properties for sale	-	-	(40)	-	-	**(40)**
Amortization	-	-	(33)	(6)	(68)	**(107)**
Net book value at 31st December	**894**	**172**	**735**	**408**	**226**	**2,435**
Cost	897	172	898	431	357	**2,755**
Amortization and impairment	(3)	-	(163)	(23)	(131)	**(320)**
	894	**172**	**735**	**408**	**226**	**2,435**
2013						
Cost	891	220	781	384	249	2,525
Amortization and impairment	(4)	-	(138)	(17)	(97)	(256)
Net book value at 1st January	887	220	643	367	152	2,269
Exchange differences	(109)	(45)	(142)	(83)	(25)	(404)
New subsidiaries	13	-	42	-	17	72
Additions	-	-	106	61	78	245
Disposals	-	-	(7)	-	(1)	(8)
Revaluation surplus before transfer to investment properties	-	-	2	-	-	2
Transfer from investment properties	-	-	4	-	-	4
Amortization	-	-	(31)	(5)	(56)	(92)
Net book value at 31st December	791	175	617	340	165	2,088
Cost	794	175	754	357	272	2,352
Amortization and impairment	(3)	-	(137)	(17)	(107)	(264)
	791	175	617	340	165	2,088

	2014 US$m	2013 US$m
Goodwill allocation by business:		
Dairy Farm	**583**	474
Mandarin Oriental	**24**	24
Astra	**287**	293
	894	791

13 Intangible Assets *(continued)*

Goodwill relating to Dairy Farm is allocated to groups of cash-generating units identified by banners or group of stores acquired in each geographical segment. Cash flow projections for impairment reviews are based on budgets prepared on the basis of assumptions reflective of the prevailing market conditions, and are discounted appropriately. Key assumptions used for value-in-use calculations include budgeted gross margins of between 23% and 30% and growth rates of up to 8% to extrapolate cash flows, which vary across the group's business segments and geographical locations, over a five-year period and thereafter, and are based on management expectations for the market development; and pre-tax discount rates of between 7% and 18% applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of these reviews, management concluded that no impairment has occurred.

Goodwill relating to Astra represents goodwill arising from acquisition of shares in Astra which is regarded as an operating segment. Accordingly, for the purpose of impairment review, the carrying value of Astra is compared with the recoverable amount measured by reference to the quoted market price of the shares held. On the basis of this review and the continued expected level of profitability, management concluded that no impairment has occurred.

Franchise rights are rights under franchise agreements with automobile and heavy equipment manufacturers. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and the contracting parties. The carrying amounts of franchise rights, which included automotive of US$61 million and heavy equipment of US$109 million, are not amortized as such rights will contribute cash flows for an indefinite period. Management has performed an impairment review of the carrying amounts of franchise rights at 31st December 2014 and has concluded that no impairment has occurred. The impairment review was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using growth rates of between 3% and 4%. Pre-tax discount rates of between 23% and 26%, reflecting business specific risks, are applied to the cash flow projections.

Other intangible assets comprise trademarks, computer software, hotel development costs, deferred acquisition costs for insurance contracts and customer contracts.

At 31st December 2014, the carrying amount of leasehold land pledged as security for borrowings amounted to US$9 million *(2013: US$10 million) (refer note 31).*

The amortization charges are all recognized in arriving at operating profit and are included in cost of sales, selling and distribution costs and administration expenses.

The remaining amortization periods for intangible assets are as follows:

Leasehold land	up to 85 years
Concession rights	30 - 33 years
Computer software	up to 7 years
Other	up to 40 years

14 Tangible Assets

	Freehold properties US$m	Leasehold properties US$m	Leasehold improve-ments US$m	Mining properties US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2014							
Cost	935	2,162	888	1,087	3,391	1,978	**10,441**
Depreciation and impairment	(75)	(440)	(502)	(100)	(1,867)	(1,031)	**(4,015)**
Net book value at 1st January	860	1,722	386	987	1,524	947	**6,426**
Exchange differences	(68)	(49)	(17)	1	(34)	(30)	**(197)**
New subsidiaries	-	29	21	-	1	31	**82**
Additions	17	272	100	-	359	332	**1,080**
Disposals	(3)	(1)	(2)	-	(7)	(13)	**(26)**
Transfer to stock and work in progress	-	-	-	-	(3)	(44)	**(47)**
Depreciation charge	(10)	(81)	(78)	(21)	(393)	(258)	**(841)**
Impairment charge	-	-	-	(231)	-	-	**(231)**
Reclassified to non-current assets held for sale	(1)	-	-	-	-	-	**(1)**
Net book value at 31st December	**795**	**1,892**	**410**	**736**	**1,447**	**965**	**6,245**
Cost	878	2,395	930	1,076	3,492	2,078	**10,849**
Depreciation and impairment	(83)	(503)	(520)	(340)	(2,045)	(1,113)	**(4,604)**
	795	**1,892**	**410**	**736**	**1,447**	**965**	**6,245**
2013							
Cost	549	2,177	833	1,191	3,593	2,117	10,460
Depreciation and impairment	(63)	(423)	(475)	(92)	(1,813)	(1,012)	(3,878)
Net book value at 1st January	486	1,754	358	1,099	1,780	1,105	6,582
Exchange differences	32	(238)	(14)	(104)	(317)	(194)	(835)
New subsidiaries	-	35	-	-	33	2	70
Additions	352	274	122	17	485	373	1,623
Disposals	-	(23)	(3)	-	(5)	(13)	(44)
Revaluation surplus before transfer to investment properties	-	1	-	-	-	-	1
Transfer to investment properties, and stock and work in progress	-	(2)	-	-	(3)	(63)	(68)
Depreciation charge	(10)	(76)	(78)	(25)	(448)	(263)	(900)
Impairment charge	-	-	1	-	(1)	-	-
Reclassified to non-current assets held for sale	-	(3)	-	-	-	-	(3)
Net book value at 31st December	860	1,722	386	987	1,524	947	6,426
Cost	935	2,162	888	1,087	3,391	1,978	10,441
Depreciation and impairment	(75)	(440)	(502)	(100)	(1,867)	(1,031)	(4,015)
	860	1,722	386	987	1,524	947	6,426

In 2014, as a result of the decline in coal prices as well as the subdued outlook, management has performed an impairment review of the carrying amount of the mining properties, and concluded that an impairment has occurred. An impairment charge of US$231 million had been included in profit and loss in the line ‘Other operating expenses’.

14 Tangible Assets *(continued)*

The impairment review was performed by comparing the carrying amount of the cash-generating units of the mining properties with the recoverable amount. The cash-generating units are determined based on the location of the mining properties and the extent that they share infrastructure. The recoverable amount of US$696 million, net of deferred tax, is determined based on fair value less costs of disposal, using a discounted cash flow method with unobservable inputs. Major assumptions used in the valuation are coal price per tonne of US$65 to US$90 and post-tax discount rate of 12.5%.

The periods used in the cash flow forecast are based on the depletion of reserves or the expiration of the concession period, whichever is earlier. Cash flows beyond five years are extrapolated using an estimated growth rate of 2.2%. The growth rate does not exceed the long-term average growth rate for the business in which the cash-generating units operate.

Freehold properties include a hotel property of US$96 million *(2013: US$99 million),* which is stated net of a grant of US$24 million *(2013: US$25 million).*

Net book value of leasehold properties, plant and machinery and motor vehicles acquired under finance leases amounted to US$278 million, US$64 million and US$3 million (*2013: US$280 million, US$92 million and nil*), respectively.

Rental income from properties and other tangible assets amounted to US$352 million *(2013: US$347 million)* including contingent rents of US$3 million *(2013: US$3 million).*

Future minimum rental payments receivable under non-cancellable leases are as follows:

	2014 US$m	2013 US$m
Within one year	**156**	146
Between one and two years	**91**	80
Between two and five years	**76**	88
Beyond five years	**15**	22
	338	336

At 31st December 2014, the carrying amount of tangible assets pledged as security for borrowings amounted to US$620 million *(2013: US$782 million) (refer note 31).*

15 Investment Properties

	Completed commercial properties US$m	Under development commercial properties US$m	Completed residential properties US$m	Total US$m
2014				
At 1st January	22,868	682	138	23,688
Exchange differences	(37)	(17)	-	(54)
Additions	25	157	2	184
Transfer from intangible assets	32	-	-	32
Net increase in fair value	34	12	5	51
At 31st December	22,922	834	145	23,901
Freehold properties				73
Leasehold properties				23,828
				23,901
2013				
At 1st January	22,753	666	142	23,561
Exchange differences	(46)	9	(1)	(38)
Additions	49	192	-	241
Disposals	(12)	-	-	(12)
Transfer to completed commercial properties	172	(172)	-	-
Transfer from/(to) intangible assets and tangible assets	5	(7)	-	(2)
Net decrease in fair value	(53)	(6)	(3)	(62)
At 31st December	22,868	682	138	23,688
Freehold properties				54
Leasehold properties				23,634
				23,688

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2014 and 2013, which were principally held by Hongkong Land, have been determined on the basis of valuations carried out by independent valuers who hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. Hongkong Land employed Jones Lang LaSalle to value its commercial investment properties in Hong Kong, China, Singapore, Vietnam and Cambodia which are either freehold or held under leases with unexpired lease terms of more than 20 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The valuations are comprehensively reviewed by Hongkong Land.

Fair value measurements of residential properties using no significant non-observable inputs

Fair values of completed residential properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

15 Investment Properties *(continued)*

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties in Hong Kong and Singapore are generally derived using the income capitalization method. This valuation method is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

Fair values of completed commercial properties in Vietnam and Cambodia are generally derived using the discounted cash flow method. The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

Fair values of under development commercial properties are generally derived using the residual method. This valuation method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation.

The Group's policy is to recognize transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer.

Information about fair value measurements of Hongkong Land's investment properties using significant unobservable inputs:

				Range of significant unobservable inputs	
Commercial Property		Fair value at 31st December 2014 US$m	Valuation method	Prevailing market rent per month US$	Capitalization/ discount rates %
Completed	Hong Kong	22,159	Income capitalization	4.4 to 38.9 per square foot	3.65 to 5.50
	Singapore	586	Income capitalization	5.8 to 9.6 per square foot	3.50 to 5.50
	Vietnam and Cambodia	53	Discounted cash flow	21.0 to 26.0 per square metre	15.00 to 16.00
	Total	22,798			
Under development	Mainland China	714	Residual	158.5 per square metre	5.25
	Cambodia	41	Residual	35.0 to 86.0 per square metre	16.00
	Total	755			

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalization and discount rates are estimated by independent valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

15 Investment Properties *(continued)*

Rental income from investment properties amounted to US$845 million *(2013: US$814 million)* including contingent rents of US$14 million *(2013: US$15 million).*

Future minimum rental payments receivable under non-cancellable leases are as follows:

	2014 US$m	2013 US$m
Within one year	**719**	711
Between one and two years	**519**	467
Between two and five years	**469**	429
Beyond five years	**97**	64
	1,804	1,671

Generally the Group's operating leases in respect of investment properties are for terms of three or more years.

The Group's investment properties had not been pledged as security for borrowings at 31st December 2013 and 2014.

16 Plantations

The Group's plantation assets are primarily for the production of palm oil.

	2014 US$m	2013 US$m
Movements during the year:		
At 1st January	**856**	1,026
Exchange differences	**(20)**	(219)
New subsidiaries	**27**	-
Additions	**86**	69
Disposals	**(7)**	(5)
Net decrease in fair value	**(34)**	(15)
At 31st December	**908**	856
Immature plantations	**166**	105
Mature plantations	**742**	751
	908	856
	Hectares	Hectares
Planted area:		
Immature plantations	**35,904**	33,147
Mature plantations	**192,795**	187,382
	228,699	220,529

The plantations were valued internally at their fair values less point of sale costs, based on a discounted cash flow method using unobservable inputs. The major unobservable inputs used in the valuation are:

	2014	2013
Crude palm oil price per tonne (US$)	**941**	909
Effective annual price inflation (for the first five years) (%)	**7** *	9 *
Effective annual cost inflation (for the first five years) (%)	**7** *	7 *
Post-tax discount rates (%)	**14**	14

The higher the crude palm oil price per tonne and the higher the effective annual price inflation, the higher the fair value. The higher the effective annual cost inflation and the higher the post-tax discount rates, the lower the fair value.

Changes in unrealized loss for the year for plantations held at the end of the year amounted to US$34 million *(2013: US$15 million)* and have been included in profit and loss in the line 'Other operating expenses'.

During the year, the Group harvested 4.1 million *(2013: 3.7 million)* tonnes of produce from the plantations with a fair value at the point of harvest less point of sale costs of US$626 million *(2013: US$482 million).*

The Group's plantations had not been pledged as security for borrowings at 31st December 2014 and 2013.

* 0% inflation thereafter.

17 Investment in Jardine Matheson

	2014 US$m	2013 US$m
Share of attributable net assets including own shares held	**2,821**	2,734
Own shares held *(refer note 29)*	**(1,851)**	(1,838)
Share of attributable net assets	**970**	896
Goodwill on acquisition	**1,009**	838
	1,979	1,734
Fair value	**23,555**	19,762
Movements during the year:		
At 1st January	**1,734**	1,511
Share of results after tax and non-controlling interests	**205**	168
Share of other comprehensive expense after tax and non-controlling interests	**(80)**	33
Share of dividends of the Company *(refer note 28)*	**134**	124
Dividends received	**(535)**	(508)
Share of employee share options granted	**10**	10
Change in attributable interests	**528**	508
Change in own shares held	**(13)**	(111)
Other	**(4)**	(1)
At 31st December	**1,979**	1,734

18 Associates and Joint Ventures

	2014 US$m	2013 US$m
Listed associate - OHTL	**19**	20
Unlisted associates	**931**	861
Share of attributable net assets	**950**	881
Goodwill on acquisition	**20**	22
	970	903
Listed joint ventures		
- Bank Permata	**651**	556
- PT Tunas Ridean	**76**	71
	727	627
Unlisted joint ventures	**6,159**	6,093
Share of attributable net assets	**6,886**	6,720
Goodwill on acquisition	**134**	126
	7,020	6,846
	7,990	7,749
By business:		
Hongkong Land	**4,884**	4,914
Dairy Farm	**390**	371
Mandarin Oriental	**102**	113
Jardine Cycle & Carriage	**203**	168
Astra	**2,394**	2,166
Corporate and other interests	**17**	17
	7,990	7,749

	Associates		Joint ventures	
	2014 US$m	2013 US$m	**2014** US$m	2013 US$m
Movements of associates and joint ventures during the year:				
At 1st January	**903**	868	**6,846**	6,393
Share of results after tax and non-controlling interests	**237**	233	**937**	1,030
Negative goodwill on acquisition of business	**-**	-	**(37)**	-
Share of other comprehensive income after tax and non-controlling interests	**(19)**	(104)	**(177)**	(536)
Dividends received	**(149)**	(102)	**(419)**	(431)
Acquisitions, increases in attributable interests and advances	**1**	16	**440**	494
Disposals, decreases in attributable interests and repayment of advances	**(3)**	(8)	**(475)**	(104)
Reclassification of associates and joint ventures as subsidiaries	**-**	-	**(95)**	-
At 31st December	**970**	903	**7,020**	6,846
Fair value of listed associates/joint ventures	**82**	77	**760**	599

18 Associates and Joint Ventures *(continued)*

(a) Investment in associates

The Group has interests in a number of associates. In the opinion of the management, its 32% ownership interest in PT Astra Daihatsu Motor is material to the Group. The associate has share capital consisting solely of ordinary shares, which are held directly by the Group.

The country of incorporation and principal place of business of PT Astra Daihatsu Motor are in Indonesia.

Summarized financial information for PT Astra Daihatsu Motor

Summarized balance sheet at 31st December

	2014 US$m	2013 US$m
Non-current assets	**630**	610
Current assets		
Cash and cash equivalents	**479**	474
Other current assets	**335**	407
Total current assets	**814**	881
Other non-current liabilities*	**(42)**	(41)
Current liabilities		
Financial liabilities*	**-**	(1)
Other current liabilities*	**(432)**	(525)
Total current liabilities	**(432)**	(526)
Net assets	**970**	924

* Financial liabilities exclude trade and other payables and provisions, which are presented under other current and non-current liabilities.

18 Associates and Joint Ventures *(continued)*

Summarized statement of comprehensive income for the year ended 31st December

	2014 US$m	2013 US$m
Revenue	**4,012**	4,560
Depreciation and amortization	**(99)**	(110)
Interest income	**47**	33
Profit from underlying business performance	**380**	459
Income tax expense	**(89)**	(120)
Profit after tax from underlying business performance	**291**	339
Other comprehensive income	**(21)**	(219)
Total comprehensive income	**270**	120
Dividends received from associate	**71**	32

The information above reflects the amounts presented in the financial statement of the associate adjusted for differences in accounting policies between the Group and the associate, and fair value of the associate at the time of acquisition.

Reconciliation of the summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in PT Astra Daihatsu Motor for the year ended 31st December:

	2014 US$m	2013 US$m
Net assets	**970**	924
Interest in associate (%)	*32*	*32*
Group's share of net assets in associate	**309**	295
Carrying value	**309**	295

18 Associates and Joint Ventures *(continued)*

The Group has interests in a number of individually immaterial associates. The following table analyses, in aggregate, the share of profit and other comprehensive income and carrying amount of these associates.

	2014 US$m	2013 US$m
Share of profit	**144**	125
Share of other comprehensive income	**(12)**	(34)
Share of total comprehensive income	**132**	91
Carrying amount of interests in these associates	**661**	608

Contingent liabilities relating to the Group's interest in associates

	2014 US$m	2013 US$m
Financial guarantee in respect of facilities made available to an associate	**22**	21

(b) Investment in joint ventures

The material joint ventures of the Group are listed below. These joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in material joint ventures in 2014 and 2013:

	Nature of business	Country of incorporation and principal place of business	% of ownership interest **2014**	% of ownership interest 2013
Hongkong Land				
- Properties Sub F, Ltd	Property investment	Macau	**49**	49
- BFC Development LLP	Property investment	Singapore	**33**	33
- Central Boulevard Development Pte Ltd	Property investment	Singapore	**33**	33
- One Raffles Quay Pte Ltd	Property investment	Singapore	**33**	33
Astra				
- PT Astra Honda Motor	Automotive	Indonesia	**50**	50
- PT Bank Permata Tbk	Commercial and foreign exchange bank	Indonesia	**45**	45

As at 31st December 2014, the fair value of the Group's interest in PT Bank Permata Tbk, which is listed on the Indonesian Stock Exchange, was US$641 million *(2013: US$492 million)* and the carrying amount of the Group's interest was US$690 million *(2013: US$596 million).* All other joint ventures in the above table are unlisted.

18 Associates and Joint Ventures *(continued)*

Summarized financial information for material joint ventures

Set out below are the summarized financial information for the Group's material joint ventures.

Summarized balance sheet at 31st December

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2014							
Non-current assets	1,575	3,581	2,676	2,726	1,384	5,453	**17,395**
Current assets							
Cash and cash equivalents	38	28	55	11	303	1,476	**1,911**
Other current assets	59	12	70	2	444	8,059	**8,646**
Total current assets	97	40	125	13	747	9,535	**10,557**
Non-current liabilities							
Financial liabilities*	(54)	(1,291)	(1,214)	(787)	-	(678)	**(4,024)**
Other non-current liabilities*	(158)	-	(14)	(196)	(247)	(96)	**(711)**
Total non-current liabilities	(212)	(1,291)	(1,228)	(983)	(247)	(774)	**(4,735)**
Current liabilities							
Financial liabilities*	(1)	(3)	(6)	(11)	-	(58)	**(79)**
Other current liabilities*	(48)	(96)	(70)	(36)	(655)	(12,696)	**(13,601)**
Total current liabilities	(49)	(99)	(76)	(47)	(655)	(12,754)	**(13,680)**
Net assets	**1,411**	**2,231**	**1,497**	**1,709**	**1,229**	**1,460**	**9,537**
2013							
Non-current assets	1,170	3,595	2,467	2,758	1,199	4,932	16,121
Current assets							
Cash and cash equivalents	29	12	117	18	376	1,692	2,244
Other current assets	111	14	142	1	396	7,071	7,735
Total current assets	140	26	259	19	772	8,763	9,979
Non-current liabilities							
Financial liabilities*	(91)	(1,331)	(1,275)	(823)	-	(687)	(4,207)
Other non-current liabilities*	(109)	-	(15)	(196)	(247)	(86)	(653)
Total non-current liabilities	(200)	(1,331)	(1,290)	(1,019)	(247)	(773)	(4,860)
Current liabilities							
Financial liabilities*	(3)	(1)	(8)	(6)	-	(26)	(44)
Other current liabilities*	(49)	(87)	(168)	(42)	(588)	(11,650)	(12,584)
Total current liabilities	(52)	(88)	(176)	(48)	(588)	(11,676)	(12,628)
Net assets	1,058	2,202	1,260	1,710	1,136	1,246	8,612

* Financial liabilities exclude trade and other payables and provisions, which are presented under other current and non-current liabilities.

18 Associates and Joint Ventures *(continued)*

Summarized statement of comprehensive income for the year ended 31st December

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2014							
Revenue	140	164	124	128	4,973	1,426	**6,955**
Depreciation and amortization	(7)	-	-	-	(89)	(20)	**(116)**
Interest income	-	-	-	-	36	-	**36**
Interest expense	(3)	(47)	(21)	(22)	-	-	**(93)**
Profit from underlying business performance	85	83	70	72	540	172	**1,022**
Income tax expense	(10)	(13)	(11)	(12)	(131)	(39)	**(216)**
Profit after tax from underlying business performance	75	70	59	60	409	133	**806**
Profit after tax from non-trading items	362	136	356	75	-	-	**929**
Profit after tax	437	206	415	135	409	133	**1,735**
Other comprehensive expense	-	(92)	(55)	(68)	(29)	(29)	**(273)**
Total comprehensive income	**437**	**114**	**360**	**67**	**380**	**104**	**1,462**
Dividends received from joint ventures	**41**	**29**	**41**	**22**	**143**	**7**	**283**
2013							
Revenue	152	165	852	126	4,947	1,249	7,491
Depreciation and amortization	(9)	-	-	-	(90)	(18)	(117)
Interest income	-	-	-	-	28	-	28
Interest expense	(4)	(48)	(25)	(23)	-	-	(100)
Profit from underlying business performance	95	77	391	72	601	216	1,452
Income tax (expense)/credit	(12)	9	(66)	(12)	(145)	(54)	(280)
Profit after tax from underlying business performance	83	86	325	60	456	162	1,172
Profit after tax from non-trading items	155	206	129	149	-	-	639
Profit after tax	238	292	454	209	456	162	1,811
Other comprehensive expense	-	(70)	(35)	(52)	(282)	(291)	(730)
Total comprehensive income/ (expense)	238	222	419	157	174	(129)	1,081
Dividends received from joint ventures	-	30	62	24	152	-	268

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures, and fair value of the joint ventures at the time of acquisition.

18 Associates and Joint Ventures *(continued)*

Reconciliation of the summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of the Group's interests in its material joint ventures for the year ended 31st December

	Properties Sub F, Ltd US$m	BFC Development LLP US$m	Central Boulevard Development Pte Ltd US$m	One Raffles Quay Pte Ltd US$m	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2014							
Net assets	1,411	2,231	1,497	1,709	1,229	1,460	**9,537**
Shareholders' loans	55	1,291	-	102	-	-	**1,448**
Adjusted net assets	1,466	3,522	1,497	1,811	1,229	1,460	**10,985**
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	*45*	
Group's share of net assets in joint ventures	718	1,174	499	604	615	650	**4,260**
Goodwill	-	-	-	-	-	40	**40**
Carrying value	**718**	**1,174**	**499**	**604**	**615**	**690**	**4,300**
2013							
Net assets	1,058	2,202	1,260	1,710	1,136	1,246	8,612
Shareholders' loans	93	1,332	1,276	107	-	-	2,808
Adjusted net assets	1,151	3,534	2,536	1,817	1,136	1,246	11,420
Interest in joint ventures (%)	*49*	*33*	*33*	*33*	*50*	*45*	
Group's share of net assets in joint ventures	564	1,178	845	605	568	556	4,316
Goodwill	-	-	-	-	-	40	40
Carrying value	564	1,178	845	605	568	596	4,356

The Group has interests in a number of individually immaterial joint ventures. The following table analyses, in aggregate, the share of profit and other comprehensive income and carrying amount of these joint ventures.

	2014 US$m	2013 US$m
Share of profit	**207**	295
Share of other comprehensive income	**(75)**	(189)
Share of total comprehensive income	**132**	106
Carrying amount of interests in these joint ventures	**2,720**	2,490

Commitments and contingent liabilities in respect of joint ventures

The Group has the following commitments relating to its joint ventures as at 31st December:

	2014 US$m	2013 US$m
Commitment to provide funding if called	**188**	387

There were no contingent liabilities to the Group's interest in the joint ventures at 31st December 2014 and 2013.

19 Other Investments

	2014 US$m	2013 US$m
Available-for-sale financial assets		
Listed securities		
- Asia Commercial Bank	**49**	51
- Paris Orléans	**91**	104
- Schindler Holdings	**183**	188
- Tata Power	**-**	103
- The Bank of N.T. Butterfield & Son	**47**	35
- Zhongsheng	**215**	-
- other	**555**	462
	1,140	943
Unlisted securities	**197**	170
	1,337	1,113
Non-current	**1,319**	1,096
Current	**18**	17
	1,337	1,113
Analysis by geographical area of operation:		
Greater China	**280**	70
Southeast Asia	**728**	710
Rest of the world	**329**	333
	1,337	1,113
Movements during the year:		
At 1st January	**1,113**	1,221
Exchange differences	**(16)**	(89)
Additions	**521**	126
Disposals and capital repayments	**(200)**	(115)
Unwinding of discount	**(2)**	(2)
Net revaluation deficit	**(79)**	(28)
At 31st December	**1,337**	1,113

In 2014, a wholly-owned subsidiary purchased new shares in Zhongsheng Group Holdings Limited ('Zhongsheng') which represents an initial 11% equity interest. Together with the convertible bonds held (*refer note 20*), this investment would enable the wholly-owned subsidiary to increase its interest to 20% upon fully exercising the bonds.

Movements of available-for-sale financial assets which were valued based on unobservable inputs during the year are disclosed in note 2. There was no sale of these assets in 2014 and 2013.

No held-to-maturity financial assets were held at 31st December 2014 and 2013.

20 Debtors

	2014 US$m	2013 US$m
Consumer financing debtors		
- gross	**4,401**	3,915
- provision for impairment	**(202)**	(183)
	4,199	3,732
Financing lease receivables		
- gross investment	**805**	889
- unearned finance income	**(95)**	(102)
- net investment	**710**	787
- provision for impairment	**(29)**	(33)
	681	754
Financing debtors	**4,880**	4,486
Trade debtors		
- third parties	**1,953**	1,804
- associates and joint ventures	**78**	76
	2,031	1,880
- provision for impairment	**(40)**	(24)
	1,991	1,856
Other debtors		
- third parties	**1,893**	1,380
- Jardine Matheson	**128**	241
- associates and joint ventures	**115**	109
	2,136	1,730
- provision for impairment	**(10)**	(11)
	2,126	1,719
	8,997	8,061
Non-current	**3,521**	2,792
Current	**5,476**	5,269
	8,997	8,061
Analysis by geographical area of operation:		
Greater China	**784**	366
Southeast Asia	**8,016**	7,401
United Kingdom	**9**	10
Rest of the world	**188**	284
	8,997	8,061
Fair value:		
Consumer financing debtors	**4,136**	3,368
Financing lease receivables	**687**	713
Financing debtors	**4,823**	4,081
Trade debtors	**1,991**	1,856
Other debtors*	**1,132**	918
	7,946	6,855

* Excluding prepayments, rental and other deposits, and other non-financial debtors.

20 Debtors *(continued)*

Trade and other debtors excluding derivative financial instruments are stated at amortized cost. The fair value of these debtors other than convertible bonds in Zhongsheng and short-term debtors is estimated using the expected future receipts discounted at market rates ranging from 6% to 16% *(2013: 6% to 15%)* per annum. The fair value of convertible bonds in Zhongsheng is estimated by reference to market interest rate and the quoted price of the underlying shares. The fair value of short-term debtors approximates their carrying amounts. Derivative financial instruments are stated at fair value.

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

The loan period ranges from 6 to 60 months for motor vehicles and motorcycles. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment is made based on the estimated irrecovable amount by reference to past default experience. The Group has the right to repossess the assets whenever its customers default on their installment obligations. It usually exercises its right if monthly installments are overdue for 30 days for motor vehicles and 60 days for motorcycles. Management has considered the balances against which collective impairment provision is made as impaired.

The maturity analysis of consumer financing debtors at 31st December is as follows:

	2014 US$m	2013 US$m
Including related finance income		
Within one year	**2,917**	2,654
Between one and two years	**1,650**	1,387
Between two and five years	**1,051**	853
	5,618	4,894
Excluding related finance income		
Within one year	**2,152**	2,027
Between one and two years	**1,315**	1,122
Between two and five years	**934**	766
	4,401	3,915

Financing lease receivables
An analysis of financing lease receivables is set out below:

	2014 US$m	2013 US$m
Lease receivables	**805**	889
Guaranteed residual value	**262**	300
Security deposits	**(262)**	(300)
Gross investment	**805**	889
Unearned lease income	**(95)**	(102)
Net investment	**710**	787

20 Debtors *(continued)*

The maturity analyses of financing lease receivables at 31st December are as follows:

	2014 Gross investment US$m	**2014** Net investment US$m	2013 Gross investment US$m	2013 Net investment US$m
Within one year	**458**	**395**	514	444
Between one and two years	**246**	**221**	273	247
Between two and five years	**100**	**93**	102	96
Beyond five years	**1**	**1**	-	-
	805	**710**	889	787

The fair value of the financing debtors is US$4,823 million *(2013: US$4,081 million).* The fair value of financing debtors is determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 9% to 33% per annum *(2013: 9% to 32% per annum).* The higher the rates, the lower the fair value.

Financing debtors are due within five years (2013: five years) from the balance sheet date and the interest rates range from 6% to 33% per annum *(2013: 12% to 32% per annum).*

Trade and other debtors

The average credit period on sale of goods and services varies among Group businesses and is generally not more than 60 days. Before accepting any new customer, the individual Group business assesses the potential customer's credit quality and sets credit limits by customer using internal credit scoring systems. These limits and scoring are reviewed periodically.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment of trade and other debtors is made based on the estimated irrecoverable amount.

At 31st December 2014, consumer financing debtors of US$42 million *(2013: US$31 million),* financing lease receivables of US$56 million *(2013: US$133 million),* trade debtors of US$70 million *(2013: US$103 million)* and other debtors of US$10 million *(2013: US$13 million)* were impaired. The impaired consumer financing debtors and financing lease receivables were covered by provisions for impairment of these debtors which are assessed collectively. The amounts of the provisions for trade debtors and other debtors were US$40 million *(2013: US$24 million)* and US$10 million *(2013: US$11 million),* respectively. It was assessed that a portion of the debtors is expected to be recovered.

At 31st December 2014, consumer financing debtors of US$379 million *(2013: US$315 million),* financing lease receivable of US$148 *million (2013: US$182 million),* trade debtors of US$695 million *(2013: US$547 million)* and other debtors of US$24 million *(2013: US$87 million),* respectively, were past due but not impaired. The ageing analysis of these debtors is as follows:

	Consumer financing debtors **2014** US$m	Consumer financing debtors 2013 US$m	Financing lease receivables **2014** US$m	Financing lease receivables 2013 US$m	Trade debtors **2014** US$m	Trade debtors 2013 US$m	Other debtors **2014** US$m	Other debtors 2013 US$m
Below 30 days	**307**	265	**123**	174	**380**	340	**11**	9
Between 31 and 60 days	**61**	44	**17**	8	**125**	124	**4**	2
Between 61 and 90 days	**11**	6	**3**	-	**68**	58	**1**	2
Over 90 days	**-**	-	**5**	-	**122**	25	**8**	74
	379	315	**148**	182	**695**	547	**24**	87

20 Debtors *(continued)*

The risk of trade and other debtors that are neither past due nor impaired at 31st December 2014 becoming impaired is low as they have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Other debtors

Other debtors are further analyzed as follows:

	2014 US$m	2013 US$m
Convertible bonds in Zhongsheng	**385**	-
Derivative financial instruments	**203**	294
Restricted bank balances and deposits	**50**	7
Loans to employees	**38**	33
Amount due from Jardine Matheson	**128**	241
Other amounts due from associates and joint ventures	**115**	109
Repossessed assets of finance companies	**19**	14
Other receivables	**207**	220
Financial assets	**1,145**	918
Prepayments	**633**	495
Reinsurers' share of estimated losses on insurance contracts	**66**	44
Rental and other deposits	**186**	154
Other	**96**	108
	2,126	1,719

The convertible bonds in Zhongsheng with a nominal value of HK$3,092 million are held by a wholly-owned subsidiary carry interest at 2.85% per annum and are unsecured. The bonds are convertible, at the option of the holders, into ordinary shares of Zhongsheng at a conversion price of of HK$12.96 per share on or after the date falling 180 days after the issue date of 25th April 2014 up to the close of business on the date falling 10 days prior to the maturity. The bonds will mature on 25th April 2017.

Amount due from Jardine Matheson comprises a loan of US$128 million which was drawn down under a facility granted by a subsidiary of the Company to a wholly-owned subsidiary of Jardine Matheson. The loan bears inter at LIBOR plus 1.0% p.a. and is repayable on demand.

Movements in the provisions for impairment are as follows:

	Consumer financing debtors		Financing lease receivables		Trade debtors		Other debtors	
	2014 US$m	2013 US$m	**2014** US$m	2013 US$m	**2014** US$m	2013 US$m	**2014** US$m	2013 US$m
At 1st January	**(183)**	(218)	**(33)**	(37)	**(23)**	(20)	**(11)**	(10)
Exchange differences	**5**	47	**(1)**	7	**1**	4	**-**	-
Additional provisions	**(102)**	(97)	**(4)**	(5)	**(29)**	(11)	**(2)**	(2)
Unused amounts reversed	**-**	-	**-**	-	**6**	1	**2**	-
Amounts written off	**78**	85	**9**	2	**5**	3	**1**	1
At 31st December	**(202)**	(183)	**(29)**	(33)	**(40)**	(23)	**(10)**	(11)

At 31st December 2014, the carrying amount of consumer financing debtors, financing lease receivables, trade debtors and other debtors pledged as security for borrowings amounted to US$2,257 million, US$187 million, US$1 million and US$6 million *(2013: US$1,951 million, US$221 million, US$1 million and US$6 million),* respectively *(refer note 31).*

21 Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/ losses US$m	Losses US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2014						
At 1st January	(157)	(517)	13	63	117	**(481)**
Exchange differences	2	3	-	(2)	(2)	**1**
New subsidiaries	-	-	-	1	4	**5**
Credited/(charged) to profit and loss	3	79	5	9	(32)	**64**
Credited to other comprehensive income	-	3	-	4	-	**7**
At 31st December	**(152)**	**(432)**	**18**	**75**	**87**	**(404)**
Deferred tax assets	96	(40)	7	63	139	**265**
Deferred tax liabilities	(248)	(392)	11	12	(52)	**(669)**
	(152)	**(432)**	**18**	**75**	**87**	**(404)**
2013						
At 1st January	(174)	(586)	17	81	110	(552)
Exchange differences	1	85	(3)	(17)	(31)	35
New subsidiaries	-	(7)	3	-	-	(4)
Credited/(charged) to profit and loss	16	(1)	(4)	8	38	57
Charged to other comprehensive income	-	(8)	-	(9)	-	(17)
At 31st December	(157)	(517)	13	63	117	(481)
Deferred tax assets	79	(45)	6	54	132	226
Deferred tax liabilities	(236)	(472)	7	9	(15)	(707)
	(157)	(517)	13	63	117	(481)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

Deferred tax assets of US$102 million *(2013: US$97 million)* arising from unused tax losses of US$417 million *(2013: US$406 million)* have not been recognized in the financial statements. Included in the unused tax losses, US$160 million have no expiry date and the balance will expire at various dates up to and including 2022.

Deferred tax liabilities of US$436 million *(2013: US$386 million)* arising on temporary differences associated with investments in subsidiaries of US$4,360 million *(2013: US$3,863 million)* have not been recognized as there is no current intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

22 Pension Plans

The Group operates defined benefit pension plans in the main territories in which it operates, with the major plans in Hong Kong. Most of the pension plans are final salary defined benefits, calculated based on a members' length of service and their salaries in the final years leading up to retirement. In Hong Kong, the pension benefits are usually paid in one lump sum. With the exception of certain plans in Hong Kong, all the defined benefit plans are closed to new members. In addition, although all plans are impacted by the discount rate, liabilities in Hong Kong are driven by salary growth.

The Group's defined benefit plans are either funded or unfunded, with the assets of the funded plans held independently of the Group's assets in separate trustee administered funds. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the company and the boards of trustees. The Group's major plans are valued by independent actuaries annually using the projected unit credit method.

The amounts recognized in the consolidated balance sheet are as follows:

	2014 US$m	2013 US$m
Fair value of plan assets	**375**	372
Present value of funded obligations	**(381)**	(360)
	(6)	12
Present value of unfunded obligations	**(230)**	(195)
Net pension liabilities	**(236)**	(183)
Analysis of net pension liabilities:		
Pension assets	**12**	30
Pension liabilities	**(248)**	(213)
	(236)	(183)

22 Pension Plans *(continued)*

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US$m	Present value of obligation US$m	Total US$m
2014			
At 1st January	372	(555)	**(183)**
Current service cost	-	(44)	**(44)**
Interest income/(expense)	19	(33)	**(14)**
Past service cost and gains on settlements	-	(5)	**(5)**
Administration expenses	(1)	-	**(1)**
	18	(82)	**(64)**
	390	(637)	**(247)**
Exchange differences	(3)	8	**5**
New subsidiaries	-	(3)	**(3)**
Remeasurements			
- return on plan assets, excluding amounts included in interest income	(2)	-	**(2)**
- change in financial assumptions	-	-	**-**
- experience losses	-	(25)	**(25)**
	(2)	(25)	**(27)**
Contributions from employers	23	-	**23**
Contributions from plan participants	2	(2)	**-**
Benefit payments	(33)	45	**12**
Curtailment and settlement	(2)	3	**1**
At 31st December	**375**	**(611)**	**(236)**
2013			
At 1st January	393	(636)	(243)
Current service cost	-	(53)	(53)
Interest income/(expense)	16	(29)	(13)
Past service cost and gains on settlements	-	8	8
Administration expenses	(1)	-	(1)
	15	(74)	(59)
	408	(710)	(302)
Exchange differences	(26)	80	54
New subsidiaries	-	(5)	(5)
Remeasurements			
- return on plan assets, excluding amounts included in interest income	9	-	9
- change in financial assumptions	-	74	74
- experience losses	-	(42)	(42)
	9	32	41
Contributions from employers	20	-	20
Contributions from plan participants	2	(2)	-
Benefit payments	(39)	48	9
Transfer from other plans	(2)	2	-
At 31st December	372	(555)	(183)

22 Pension Plans *(continued)*

The weighted average duration of the defined benefit obligation at 31st December 2014 is 11 years *(2013: 12 years).*

Expected maturity analysis of undiscounted pension benefits at 31st December is as follows:

	2014 US$m	2013 US$m
Less than a year	**61**	51
Between one and two years	**48**	54
Between two and five years	**174**	155
Beyond five years	**5,373**	4,142
	5,656	4,402

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

	Hong Kong		Others	
	2014 %	2013 %	**2014** %	2013 %
Discount rate	**3.4**	4.4	**8.3**	7.4
Salary growth rate	**5.0**	5.0	**7.7**	7.1

As participants of the plans relating to Hong Kong usually take lump sum amounts upon retirement, mortality rate is not a principal assumption for these plans.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption US$m	Decrease in assumption US$m
Discount rate	1%	**(55)**	**67**
Salary growth rate	1%	**61**	**(51)**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the balance sheet.

22 Pension Plans *(continued)*

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

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2014					
Quoted investments					
Equity instruments	68	-	-	-	**68**
Debt instruments					
- government	35	-	-	-	**35**
- corporate bonds					
- investment grade	20	-	-	-	**20**
	55	-	-	-	**55**
Investment funds	4	27	61	12	**104**
	127	27	61	12	**227**
Unquoted investments					
Debt instruments					
- government	7	18	8	2	**35**
- corporate bonds					
- investment grade	1	3	4	-	**8**
- non-investment grade	-	6	9	-	**15**
	1	9	13	-	**23**
	8	27	21	2	**58**
Investment funds	1	-	-	70	**71**
	9	27	21	72	**129**
Total investments	136	54	82	84	**356**
Cash and cash equivalents					**18**
Benefits payable and other					**1**
					375

22 Pension Plans *(continued)*

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2013					
Quoted investments					
Equity instruments	85	-	-	-	85
Debt instruments					
- government	38	-	-	-	38
- corporate bonds					
- investment grade	21	-	-	-	21
	59	-	-	-	59
Investment funds	3	33	65	4	105
	147	33	65	4	249
Unquoted investments					
Debt instruments					
- government	5	17	6	3	31
- corporate bonds					
- investment grade	1	6	12	-	19
- non-investment grade	-	-	2	-	2
	1	6	14	-	21
	6	23	20	3	52
Investment funds	-	-	-	65	65
	6	23	20	68	117
Total investments	153	56	85	72	366
Cash and cash equivalents					10
Benefits payable and other					(4)
					372

The defined benefit plans in Hong Kong have 3 strategic asset allocations for its open and closed plans. The open plans have an equity/debt allocation of 70/30 whilst the closed plans have either a 60/40 or 55/45 split.

The strategic asset allocation is derived from the asset-liability modeling ('ALM') review, done triennially to ensure the plans can meet future funding and solvency requirements. The last ALM review was completed in 2012, with the revised strategic asset allocations adopted in 2013 and 2014. The next ALM review is scheduled for 2015.

22 Pension Plans (continued)

As at 31st December 2014, the Hong Kong plans had assets of US$268 million (2013:US$271 million). These assets were invested 18% in Asia Pacific, 20% in Europe and 31% in North America *(2013: 22%, 20% and 32%, respectively).* With Asia Pacific, 78% was invested in Hong Kong equities. In 2014, 52% and 48% of the investments were in quoted and unquoted instruments respectively. In 2013, the split was 57% and 43%. The high percentage of quoted instruments provides liquidity to fund drawdowns and benefit payments. Within the quoted equity allocation, the plan is well diversified in terms of sectors, with the top three being financials, industrials and consumer goods with a combined fair value of US$26 million. In 2013 the top three sectors were financials, properties and technology with a combined fair value of US$28 million.

Through its defined benefit pension plans, the Group is expected to be exposed to a number of risks such as asset volatility, changes in bond yields, inflation risk, and life expectancy, the most significant of which are detailed below:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Group's defined benefit plans hold a percentage of equities, which are expected to outperform corporate bonds in the long-term, whilst generating volatility and risk in the short-term.

In Hong Kong, where the Group has open and closed plans, the assets and liabilities mix are distinct to reduce the level of investment risk to each plan. The open and closed plans reduced their equity exposure and increased investments in government and corporate bonds in the fourth quarter of 2014. The open plans retained a higher exposure to equities to generate higher returns to meet pension obligations. Management believes that the long-term nature of the plan liabilities and the strength of the Group supports a level of equity investment as part of the Group's long term strategy to manage the plans efficiently.

Changes in bond yields
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk
The majority of the Group's plan assets are unaffected by inflation.

Life expectancy
The Hong Kong plans provide for a lump-sum benefit payment at retirement.

The Group ensures that the investment positions are managed within an ALM framework that is developed to achieve long-term returns that are in line with the obligations under the pension schemes. Within the ALM framework, the Group's objective is to match assets to the pension obligations by investing in a well-diversified portfolio that generates sufficient risk-adjusted returns that match the benefit payments. The Group also actively monitors the duration and the expected yield of the investments to ensure it matches the expected cash outflows arising from the pension obligations.

Investments across the plans are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

22 Pension Plans *(continued)*

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2014 were US$23 million and the estimated amount of contributions expected to be paid to all its plans in 2015 is US$27 million.

23 Properties for Sale

	2014 US$m	2013 US$m
Properties in the course of development	**2,724**	2,570
Completed properties	**229**	100
	2,953	2,670

As at 31st December 2014, properties in the course of development amounting to US$2,164 million *(2013: US$1,890 million)* were not scheduled for completion within the next twelve months.

At 31st December 2014, the carrying amount of properties for sale pledged as security for borrowings amounted to US$732 million *(2013: US$711 million) (refer note 31).*

24 Stocks and Work in Progress

	2014 US$m	2013 US$m
Finished goods	**2,269**	2,073
Work in progress	**46**	40
Raw materials	**52**	58
Spare parts	**82**	71
Other	**107**	88
	2,556	2,330

At 31st December 2014, the carrying amount of stocks and work in progress pledged as security for borrowings amounted to US$2 million *(2013: US$2 million) (refer note 31).*

25 Bank Balances and Other Liquid Funds

	2014 US$m	2013 US$m
Deposits with banks and financial institutions	**3,489**	3,849
Bank balances	**1,475**	961
Cash balances	**110**	91
	5,074	4,901
Analysis by currency:		
Chinese renminbi	**356**	447
Euro	**36**	47
Hong Kong dollar	**267**	273
Indonesian rupiah	**1,048**	1,207
Japanese yen	**19**	19
Malaysian ringgit	**46**	66
New Taiwan dollar	**35**	27
Singapore dollar	**376**	347
United Kingdom sterling	**18**	13
United States dollar	**2,823**	2,436
other	**50**	19
	5,074	4,901

The weighted average interest rate on deposits with banks and financial institutions is 2.1% *(2013: 3.0%)* per annum.

26 Share Capital

	2014 US$m	2013 US$m
Authorized:		
1,500,000,000 shares of US¢5 each	**75**	75
1,000,000 shares of US$800 each	**800**	800
	875	875

	Ordinary shares in millions 2014	2013	2014 US$m	2013 US$m
Issued and fully-paid shares of US¢5 each:				
At 1st January and 31st December	**1,120**	1,120	**56**	56

27 Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2014			
At 1st January	1,199	171	**1,370**
Value of employee services under share option schemes	-	14	**14**
Transfer	-	(3)	**(3)**
At 31st December	**1,199**	**182**	**1,381**
2013			
At 1st January	1,199	167	1,366
Value of employee services under share option schemes	-	14	14
Transfer	-	(10)	(10)
At 31st December	1,199	171	1,370

Capital reserves include US$104 million *(2013: US$104 million)* representing the share capital and share premium of Jardine Securities Limited, the holding company of the Group prior to the reorganization in 1987 when Jardine Strategic Holdings Limited became the new holding company and are non-distributable. The balance represents the value of employee services under the Group's employee share option schemes.

28 Dividends

	2014 US$m	2013 US$m
Final dividend in respect of 2013 of US¢18.00 *(2012: US¢17.00)* per share	**202**	190
Interim dividend in respect of 2014 of US¢8.00 *(2013: US¢7.50)* per share	**89**	84
	291	274
Company's share of dividends paid on the shares held by Jardine Matheson	**(134)**	(124)
	157	150
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	**7**	4
Interim dividend in respect of current year	**3**	2
	10	6

A final dividend in respect of 2014 of US¢19.00 *(2013: US¢18.00)* per share amounting to a total of US$213 million *(2013: US$202 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by Jardine Matheson of US$98 million *(2013: US$92 million)* will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2015.

29 Own Shares Held

Own shares held of US$1,851 million *(2013: US$1,838 million)* represent the Company's share of the cost of 924 million *(2013: 924 million)* ordinary shares in the Company held by Jardine Matheson and are deducted in arriving at shareholders' funds.

30 Non-controlling Interests

	2014 US$m	2013 US$m
By business:		
Hongkong Land	**13,817**	13,462
Dairy Farm	**414**	383
Mandarin Oriental	**268**	277
Jardine Cycle & Carriage	**133**	135
Astra	**7,209**	6,602
Others	**4**	3
	21,845	20,862

Summarized financial information on subsidiaries with material non-controlling interests

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarized balance sheet at 31st December

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m
2014				
Current				
Assets	4,890	1,930	426	7,805
Liabilities	(1,832)	(2,565)	(371)	(5,895)
Total current net assets/(liabilities)	3,058	(635)	55	1,910
Non-current				
Assets	28,742	2,386	1,482	11,957
Liabilities	(4,202)	(228)	(576)	(3,579)
Total non-current net assets	24,540	2,158	906	8,378
Non-controlling interests	(50)	(94)	(5)	(2,138)
Net assets	**27,548**	**1,429**	**956**	**8,150**
2013				
Current				
Assets	4,367	1,931	397	7,241
Liabilities	(2,192)	(2,426)	(715)	(5,827)
Total current net assets/(liabilities)	2,175	(495)	(318)	1,414
Non-current				
Assets	28,629	2,032	1,621	11,162
Liabilities	(3,905)	(160)	(308)	(3,198)
Total non-current net assets	24,724	1,872	1,313	7,964
Non-controlling interests	(42)	(96)	(6)	(1,943)
Net assets	26,857	1,281	989	7,435

30 Non-controlling Interests *(continued)*

Summarized profit and loss for the year ended 31st December

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m
2014				
Profit after tax from underlying business performance	933	498	97	1,773
Profit after tax from non-trading items	409	10	-	53
Profit after tax	1,342	508	97	1,826
Other comprehensive expense	(216)	(53)	(63)	(228)
Total comprehensive income	**1,126**	**455**	**34**	**1,598**
Total comprehensive income/(expense) allocated to non-controlling interests	**13**	**(2)**	**(1)**	**223**
Dividends paid to non-controlling interests	**(5)**	**-**	**-**	**(123)**
2013				
Profit after tax from underlying business performance	939	487	94	2,039
Profit after tax from non-trading items	261	26	3	39
Profit after tax	1,200	513	97	2,078
Other comprehensive (expense)/income	(78)	(123)	11	(2,065)
Total comprehensive income	1,122	390	108	13
Total comprehensive income/(expense) allocated to non-controlling interests	13	(7)	-	(141)
Dividends paid to non-controlling interests	(7)	-	-	(129)

30 Non-controlling Interests *(continued)*

Summarized cash flows at 31st December

	Hongkong Land US$m	Dairy Farm US$m	Mandarin Oriental US$m	Astra US$m
2014				
Cash flows from operating activities				
Cash generated from operations	1,091	534	121	1,741
Interest received	51	7	2	102
Interest paid	(132)	(8)	(24)	(115)
Tax paid	(134)	(94)	(21)	(494)
Other operating cash flows	(177)	237	82	304
Cash flows from operating activities	699	676	160	1,538
Cash flows from investing activiites	88	(432)	(46)	(1,182)
Cash flows from financing activities	(516)	(293)	(99)	(242)
Net increase/(decrease) in cash and cash equivalents	271	(49)	15	114
Cash and cash equivalents at 1st January	1,402	711	316	1,522
Effect of exchange rate changes	(15)	(5)	(7)	30
Cash and cash equivalents at 31st December	**1,658**	**657**	**324**	**1,666**
2013				
Cash flows from operating activities				
Cash generated from operations	835	551	112	2,033
Interest received	40	7	2	76
Interest paid	(117)	(11)	(18)	(106)
Tax paid	(139)	(95)	(19)	(628)
Other operating cash flows	289	231	80	900
Cash flows from operating activities	908	683	157	2,275
Cash flows from investing activiites	(378)	(285)	(422)	(1,144)
Cash flows from financing activities	(117)	(316)	132	(536)
Net increase/(decrease) in cash and cash equivalents	413	82	(133)	595
Cash and cash equivalents at 1st January	981	665	453	1,118
Effect of exchange rate changes	8	(36)	(4)	(191)
Cash and cash equivalents at 31st December	1,402	711	316	1,522

The information above is the amount before inter-company eliminations.

31 Borrowings

	2014 Carrying amount US$m	2014 Fair value US$m	2013 Carrying amount US$m	2013 Fair value US$m
Current				
- bank overdrafts	**24**	**24**	6	6
- other bank advances	**958**	**958**	1,164	1,164
- other advances	**4**	**4**	8	8
	986	**986**	1,178	1,178
Current portion of long-term borrowings				
- bank loans	**1,659**	**1,659**	1,944	1,944
- bonds and notes	**967**	**967**	1,261	1,261
- finance lease liabilities	**36**	**36**	43	43
- other loans	**24**	**24**	38	38
	2,686	**2,686**	3,286	3,286
	3,672	**3,672**	4,464	4,464
Long-term borrowings				
- bank loans	**3,292**	**3,300**	2,311	2,312
- bonds and notes	**3,914**	**3,977**	3,810	3,723
- finance lease liabilities	**48**	**48**	80	80
- other loans	**6**	**6**	25	24
	7,260	**7,331**	6,226	6,139
	10,932	**11,003**	10,690	10,603

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.2% to 11.5% *(2013: 0.5% to 11.8%)* per annum. This is in line with the definition of 'observable current market transactions' under the fair value measurement hierarchy. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

	2014 US$m	2013 US$m
Secured	**4,911**	4,460
Unsecured	**6,021**	6,230
	10,932	10,690

Secured borrowings at 31st December 2014 included Hongkong Land's bank borrowings of US$212 million *(2013: US$230 million)* which were secured against its properties for sale, Mandarin Oriental's bank borrowings of US$517 million *(2013: US$555 million)* which were secured against its tangible assets, and Astra's bonds and notes of US$1,624 million *(2013: US$1,753 million)* which were secured against its various assets as described below and bank borrowings of US$2,558 million *(2013: US$1,922 million)* which were secured against its various assets.

31 Borrowings *(continued)*

	Fixed rate borrowings				
By currency:	Weighted average interest rates %	Weighted average period outstanding Years	US$m	Floating rate borrowings US$m	Total US$m
2014					
Euro	1.6	2.4	4	182	**186**
Hong Kong dollar	3.4	10.2	2,116	1,398	**3,514**
Indonesian rupiah	9.1	1.5	4,218	712	**4,930**
Japanese yen	1.0	-	-	21	**21**
Malaysian ringgit	4.2	-	-	54	**54**
New Taiwan dollar	2.0	-	-	10	**10**
Philippine peso	3.5	0.8	78	17	**95**
Singapore dollar	2.2	2.5	475	767	**1,242**
Swiss franc	1.8	17.0	2	12	**14**
United Kingdom sterling	1.6	-	-	132	**132**
United States dollar	2.3	1.4	259	474	**733**
Other	1.9	-	-	1	**1**
			7,152	**3,780**	**10,932**
2013					
Euro	1.8	3.4	6	207	213
Hong Kong dollar	3.0	10.1	2,013	1,556	3,569
Indonesian rupiah	7.6	1.3	3,632	885	4,517
Japanese yen	1.2	-	-	29	29
Malaysian ringgit	4.2	0.1	-	106	106
New Taiwan dollar	1.7	-	-	9	9
Singapore dollar	2.2	3.4	508	775	1,283
Swiss franc	1.2	18.0	2	54	56
United Kingdom sterling	2.7	0.5	33	99	132
United States dollar	2.5	1.6	351	422	773
Other	1.9	-	-	3	3
			6,545	4,145	10,690

The weighted average interest rates and period of fixed rate borrowings are stated after taking into account hedging transactions.

31 Borrowings *(continued)*

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions are as follows:

	2014 US$m	2013 US$m
Within one year	**6,228**	6,389
Between one and two years	**1,320**	1,453
Between two and three years	**1,061**	669
Between three and four years	**69**	242
Between four and five years	**168**	1
Beyond five years	**2,086**	1,936
	10,932	10,690

The finance lease liabilities are as follows:

	Minimum lease payments		Present value of finance lease liabilities	
	2014 US$m	2013 US$m	**2014** US$m	2013 US$m
Within one year	**38**	46	**36**	43
Between one and five years	**50**	83	**48**	80
	88	129	**84**	123
Future finance charges on finance leases	**(4)**	(6)		
Present value of finance lease liabilities	**84**	123		
Current			**36**	43
Non-current			**48**	80
			84	123

31 Borrowings *(continued)*

Details of the bonds and notes outstanding at 31st December 2014 are as follows:

	Maturity	Interest rates %	Nominal values	**2014** Current US$m	**2014** Non-current US$m	2013 Current US$m	2013 Non-current US$m
Hongkong Land							
5.50% 10-year notes	2014	5.50	US$500 million	**-**	**-**	507	-
3.65% 10-year notes	2015	3.65	S$375 million	**285**	**-**	-	297
3.86% 8-year notes	2017	3.86	S$50 million	**-**	**39**	-	42
4.135% 10-year notes	2019	4.135	HK$200 million	**-**	**25**	-	25
4.1875% 10-year notes	2019	4.1875	HK$300 million	**-**	**39**	-	39
4.25% 10-year notes	2019	4.25	HK$300 million	**-**	**39**	-	39
4.22% 10-year notes	2020	4.22	HK$500 million	**-**	**69**	-	68
4.24% 10-year notes	2020	4.24	HK$500 million	**-**	**64**	-	64
3.43% 10-year notes	2020	3.43	S$150 million	**-**	**113**	-	118
3.95% 10-year notes	2020	3.95	HK$500 million	**-**	**64**	-	64
4.28% 12-year notes	2021	4.28	HK$500 million	**-**	**69**	-	67
3.86% 10-year notes	2022	3.86	HK$410 million	**-**	**52**	-	52
4.50% 10-year notes	2022	4.50	US$500 million	**-**	**484**	-	462
3.00% 10-year notes	2022	3.00	HK$305 million	**-**	**39**	-	39
2.90% 10-year notes	2022	2.90	HK$200 million	**-**	**26**	-	26
3.95% 10-year notes	2023	3.95	HK$1,100 million	**-**	**141**	-	141
3.95% 10-year notes	2023	3.95	HK$300 million	**-**	**39**	-	39
4.625% 10-year notes	2024	4.625	US$400 million	**-**	**409**	-	-
4.10% 15-year notes	2025	4.10	HK$300 million	**-**	**38**	-	38
4.50% 15-year notes	2025	4.50	US$600 million	**-**	**616**	-	617
3.75% 15-year notes	2026	3.75	HK$302 million	**-**	**39**	-	39
4.00% 15-year notes	2027	4.00	HK$785 million	**-**	**99**	-	99
4.04% 15-year notes	2027	4.04	HK$473 million	**-**	**61**	-	61
3.95% 15-year notes	2027	3.95	HK$200 million	**-**	**26**	-	26
3.15% 15-year notes	2028	3.15	HK$300 million	**-**	**38**	-	38
4.22% 15-year notes	2028	4.22	HK$325 million	**-**	**42**	-	42
4.40% 15-year notes	2029	4.40	HK$400 million	**-**	**51**	-	-
4.11% 20-year notes	2030	4.11	HK$800 million	**-**	**103**	-	103
4.125% 20-year notes	2031	4.125	HK$200 million	**-**	**25**	-	25
4.00% 20-year partly paid notes	2032	4.00	HK$240 million	**-**	**30**	-	20
5.25% 30-year notes	2040	5.25	HK$250 million	**-**	**32**	-	32
Astra Sedaya Finance							
XI bonds	2014	10.9	Rp270 billion	**-**	**-**	22	-
XII bonds	2015	10.0	Rp580 billion	**46**	**-**	61	47
Berkelanjutan I Tahap I bonds	2017	8.0 - 8.6	Rp4,250 billion	**155**	**181**	-	343
Berkelanjutan I Tahap II bonds	2014	7.5	Rp941 billion	**-**	**-**	77	-
Berkelanjutan I Tahap III bonds	2016	7.75	Rp1,120 billion	**-**	**90**	29	92
Berkelanjutan II Tahap I bonds	2016	7.25 - 7.75	Rp1,050 billion	**8**	**69**	53	78
Berkelanjutan II Tahap II bonds	2017	9.5 - 9.75	Rp1,255 billion	**-**	**98**	44	100
Berkelanjutan II Tahap III bonds	2018	9.6 - 10.6	Rp1,950 billion	**91**	**62**	-	-
Berkelanjutan II Tahap IV bonds	2017	9.6 - 10.5	Rp2,500 billion	**79**	**115**	-	-
Singapore Dollars Guaranteed bonds	2017	2.12	Rp942 billion	**-**	**74**	-	-

31 Borrowings *(continued)*

Details of the bonds and notes outstanding at 31st December 2014 are as follows *(continued)* :

	Maturity	Interest rates %	Nominal values	**2014** Current US$m	**2014** Non-current US$m	2013 Current US$m	2013 Non-current US$m
Federal International Finance							
X bonds	2014	10.55	Rp500 billion	**-**	**-**	41	-
XI bonds	2014	9.6	Rp1,869 billion	**-**	**-**	153	-
Berkelanjutan I Tahap I bonds	2015	7.65	Rp1,635 billion	**131**	**-**	109	134
Berkelanjutan I Tahap II bonds	2016	7.75	Rp1,690 billion	**-**	**136**	58	138
Berkelanjutan I Tahap III bonds	2017	9.6 - 10.5	Rp1,550 billion	**58**	**60**	-	-
Shogun bonds	2014	7.9 - 9.25	US$20 million	**-**	**-**	20	-
SAN Finance							
I bonds	2014	9.3	Rp294 billion	**-**	**-**	24	-
II bonds	2015	8.4	Rp807 billion	**65**	**-**	11	66
Berkelanjutan I Tahap I bonds	2016	9.75	Rp391 billion	**-**	**29**	9	28
Berkelanjutan I Tahap II bonds	2017	10.5	Rp1,000 billion	**-**	**77**	-	-
Surya Artha Nusantara Finance							
II notes	2014	8.35	Rp200 billion	**-**	**-**	16	-
Serasi Auto Raya							
II bonds	2015	10.2	Rp470 billion	**38**	**-**	-	38
III bonds	2016	8.3 - 8.75	Rp289 billion	**11**	**12**	27	24
				967	**3,914**	1,261	3,810

The Astra Sedaya Finance bonds were issued by a partly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total outstanding principal of the bonds.

The Federal International Finance bonds were issued by a wholly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over financing debtors of the subsidiary amounting to 60% of the total outstanding principal of the bonds.

The SAN Finance bonds were issued by a partly-owned subsidiary of Astra and are collateralized by fiduciary guarantee over net investment in finance leases of the subsidiary amounting to 60% of the total outstanding principal of the bonds.

The Serasi Auto Raya bonds were unsecured and issued by a wholly-owned subsidiary of Astra.

32 Creditors

	2014 US$m	2013 US$m
Trade creditors		
- third parties	**3,367**	3,216
- associates and joint ventures	**228**	224
	3,595	3,440
Accruals	**1,372**	1,360
Amounts due to Jardine Matheson	**33**	32
Other amounts due to associates and joint ventures	**49**	68
Rental and other refundable deposits	**343**	263
Derivative financial instruments	**42**	58
Contingent consideration payable	**66**	65
Other creditors	**372**	335
Financial liabilities	**5,872**	5,621
Gross estimated losses on insurance contracts	**136**	104
Proceeds from properties for sale received in advance	**697**	678
Rental income received in advance	**25**	26
Other income received in advance	**181**	167
Deferred warranty income	**1**	3
Unearned premiums on insurance contracts	**342**	328
Other	**185**	199
	7,439	7,126
Non-current	**359**	384
Current	**7,080**	6,742
	7,439	7,126
Analysis by geographical area of operation:		
Greater China	**2,256**	2,300
Southeast Asia	**5,012**	4,673
United Kingdom	**14**	14
Rest of the world	**157**	139
	7,439	7,126

Derivative financial instruments are stated at fair value. Other creditors are stated at amortized cost. The fair values of these creditors approximate their carrying amounts.

33 Provisions

	Motor vehicle warranties US$m	Closure cost provisions US$m	Obligations under onerous leases US$m	Reinstate-ment and restoration costs US$m	Statutory employee entitlements US$m	Others US$m	Total US$m
2014							
At 1st January	32	5	9	33	88	5	**172**
Exchange differences	(2)	-	(1)	(1)	(2)	-	**(6)**
Additional provisions	10	2	3	2	8	5	**30**
Unused amounts reversed	-	(2)	-	(1)	-	-	**(3)**
Utilized	(4)	(2)	-	(1)	(1)	-	**(8)**
At 31st December	**36**	**3**	**11**	**32**	**93**	**10**	**185**
Non-current	-	-	9	30	74	10	**123**
Current	36	3	2	2	19	-	**62**
	36	**3**	**11**	**32**	**93**	**10**	**185**
2013							
At 1st January	29	2	-	32	102	2	167
Exchange differences	(1)	-	-	(3)	(22)	(1)	(27)
Additional provisions	7	5	9	6	8	4	39
Utilized	(3)	(2)	-	(2)	-	-	(7)
At 31st December	32	5	9	33	88	5	172
Non-current	-	-	5	30	76	5	116
Current	32	5	4	3	12	-	56
	32	5	9	33	88	5	172

Motor vehicle warranties are estimated liabilities that fall due under the warranty terms offered on sale of new and used vehicles beyond that which is reimbursed by the manufacturers.

Closure cost provisions are established when legal or constructive obligations arise on closure or disposal of businesses.

Provisions are made for obligations under onerous operating leases when the properties are not used by the Group and the net costs of exiting from the leases exceed the economic benefits expected to be received.

Other provisions principally comprise provisions in respect of indemnities on disposal of businesses and legal claims.

34 Notes to Consolidated Cash Flow Statement

(a) Depreciation and amortization	**2014** US$m	2013 US$m
By business:		
Hongkong Land	**2**	2
Dairy Farm	**203**	197
Mandarin Oriental	**65**	60
Jardine Cycle & Carriage	**11**	10
Astra	**667**	723
	948	992

(b) Other non-cash items	**2014** US$m	2013 US$m
By nature:		
Profit on sale of subsidiaries	**-**	(10)
Profit on sale of associates and joint ventures	**(4)**	-
Profit on sale of other investments	**(36)**	(11)
Profit on sale of tangible assets	**(27)**	(33)
Loss on sale of repossessed assets	**52**	56
Loss on sale of plantations and related assets	**4**	1
Decrease in fair value of plantations	**34**	15
Impairment of tangible assets	**231**	-
Impairment of other investment	**-**	55
Impairment of debtors	**129**	114
Write down of stocks and work in progress	**45**	49
Reversal of write down of stocks and work in progress	**(20)**	(11)
Reversal of write down of properties for sale	**(56)**	(12)
Change in provisions	**13**	12
Net foreign exchange losses	**27**	67
Options granted under employee share option schemes	**5**	6
Others	**4**	-
	401	298
By business:		
Hongkong Land	**(65)**	(12)
Dairy Farm	**4**	-
Mandarin Oriental	**2**	(3)
Jardine Cycle & Carriage	**14**	14
Astra	**462**	244
Corporate and other interests	**(16)**	55
	401	298

34 Notes to Consolidated Cash Flow Statement *(continued)*

(c) Increase in working capital	**2014** US$m	2013 US$m
Increase in properties for sale	**(340)**	(160)
Increase in stocks and work in progress	**(381)**	(121)
Increase in debtors	**(898)**	(906)
Increase in creditors	**382**	799
Increase in pension obligations	**28**	30
	(1,209)	(358)

(d) Purchase of subsidiaries	**2014** Fair value US$m	2013 Fair value US$m
Intangible assets	**12**	59
Tangible assets	**82**	70
Plantations	**27**	-
Associates and joint ventures	**-**	9
Non-current debtors	**38**	1
Deferred tax assets	**5**	-
Current assets	**74**	76
Deferred tax liabilities	**-**	(4)
Pension liabilities	**(3)**	(5)
Current liabilities	**(125)**	(59)
Non-current borrowings	**(80)**	-
Non-controlling interests	**(1)**	-
Fair value of identifiable net assets acquired	**29**	147
Adjustment for non-controlling interests	**-**	(52)
Goodwill	**126**	13
Total consideration	**155**	108
Payment for contingent consideration	**1**	1
Carrying value of associates and joint ventures	**(95)**	-
Cash and cash equivalents of subsidiaries acquired	**(11)**	(35)
Net cash outflow	**50**	74

For the subsidiaries acquired during 2014, the fair value of the identifiable assets and liabilities at the acquisition date is provisional and will be finalized within one year after the acquisition dates.

The fair value of the identifiable assets and liabilities at the acquisition dates of certain subsidiaries acquired during 2013 as included in the comparative figures was provisional. The fair value was finalized in 2014. As the difference between the provisional and the finalized fair value was not material, the comparative figures have not been adjusted.

Net cash outflow for purchase of subsidiaries in 2014 included US$23 million for Dairy Farm's increased interest from 50% to 66% in Rustan Supercenters, Inc. ('Rustan'), which operates a supermarket and hypermarket chain in the Philippines, in August 2014, and US$26 million for Astra's acquisition of a 100% interest in PT Palma Plantasindo, an oil palm plantation company, in July 2014.

34 Notes to Consolidated Cash Flow Statement *(continued)*

(d) Purchase of subsidiaries *(continued)*

The goodwill arising from the acquisition of Rustan amounted to US$125 million was attributable to its leading market position and retail network in the Philippines.

Net cash outflow in 2013 included US$42 million and US$31 million for Astra's acquisition of a 100% interest in PT Pelabuhan Penajam Banua Taka, a port business in Indonesia, in January 2013, and a 51% interest in PT Pakoakuina, a producer of wheel rims for both motor cars and motorcycles, in April 2013, respectively.

None of the goodwill is expected to be deductible for tax purposes.

Revenue and loss after tax since acquisition in respect of subsidiaries acquired during the year amounted to US$178 million and US$9 million, respectively. Had the acquisitions occurred on 1st January 2014, consolidated revenue and consolidated profit after tax for the year ended 31st December 2014 would have been US$32,518 million and US$3,899 million, respectively.

(e) Purchase of associates and joint ventures in 2014 included US$36 million and US$150 million for Hongkong Land's investments in the Philippines and mainland China, respectively, US$92 million for Dairy Farm's acquisition of a 49% interest in Rose Pharmacy, Inc., which operates health and beauty business in the Philippines, and US$56 million and US$41 million for Astra's subscription to PT Bank Permata's rights issue and capital injections into certain associates and joint ventures in Indonesia, respectively.

Purchase in 2013 included US$394 million for Hongkong Land's investments in new joint ventures mainly in China and Indonesia, and US$65 million for Astra's capital injections into certain associates and joint ventures in Indonesia.

(f) Purchase of other investments in 2014 and 2013 mainly included acquisition of securities by Astra.

(g) Advance and repayment from associates, joint ventures and others in 2014 and 2013 mainly included advance and repayment from Hongkong Land's property joint ventures.

(h) Sale of subsidiaries in 2013 included US$9 million from Astra's disposal of its 100% interest in PT Suryaraya Prawira.

(i) Sale of other investments in 2014 comprised US$119 million for the Company's sale of Tata Power and US$98 million for Astra's sale of securities. Sale in 2013 comprised Astra's sale of securities.

34 Notes to Consolidated Cash Flow Statement *(continued)*

(j) Change in interests in subsidiaries	**2014** US$m	2013 US$m
Increase in attributable interests		
- Jardine Cycle & Carriage	**(120)**	(136)
- other	**(8)**	(51)
Decrease in attributable interests	**185**	260
	57	73

Increase in attributable interests in other subsidiaries in 2014 included US$5 million for Astra's acquisition of an additional 5% interest in PT Marga Harjaya Infrastruktur, increasing its controlling interest to 100%.

Increase in 2013 included US$51 million for Astra's acquisition of an additional 15% interest in PT Asmin Bara Bronang, increasing its controlling interest to 75%.

Decrease in attributable interests in 2014 comprised Astra's sale of a 25% interest in PT Astra Sedaya Finance to PT Bank Permata, reducing its controlling interest to 75%.

Decrease in 2013 comprised Astra's reduction in its interest in PT Astra Otoparts from 96% to 80%.

(k) Analysis of balances of cash and cash equivalents	**2014** US$m	2013 US$m
Bank balances and other liquid funds *(refer note 25)*	**5,074**	4,901
Bank overdrafts *(refer note 31)*	**(24)**	(6)
	5,050	4,895

35 Derivative Financial Instruments

The fair values of derivative financial instruments at 31st December are as follows:

	2014 Positive fair value US$m	**2014** Negative fair value US$m	2013 Positive fair value US$m	2013 Negative fair value US$m
Designated as cash flow hedges				
- forward foreign exchange contracts	**2**	**17**	2	-
- interest rate swaps and caps	**-**	**3**	-	10
- cross currency swaps	**181**	**12**	283	13
	183	**32**	285	23
Designated as fair value hedges				
- interest rate swaps	**6**	**-**	5	-
- cross currency swaps	**14**	**10**	4	35
	20	**10**	9	35

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2014 were US$525 million *(2013: US$140 million).*

Interest rate swaps and caps

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2014 were US$560 million *(2013: US$862 million).*

At 31st December 2014, the fixed interest rates relating to interest rate swaps and caps vary from 0.6% to 3.5% *(2013: 0.6% to 7.0%)* per annum.

The fair values of interest rate swaps are based on the estimated cash flows discounted at market rates ranging from 0.2% to 2.0% *(2013: 0.2% to 2.6%)* per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts at 31st December 2014 totalled US$4,026 million *(2013: US$3,167 million).*

36 Commitments

	2014 US$m	2013 US$m
Capital commitments:		
Authorized not contracted		
- other	**1,063**	1,284
	1,063	1,284
Contracted not provided		
- joint ventures	**188**	387
- other	**768**	394
	956	781
	2,019	2,065

In addition, Dairy Farm entered into an agreement in August 2014 to acquire, by way of subscription of new shares, 19.99% of the enlarged share capital of Yonghui Superstores Co., Ltd ('Yonghui') for a consideration of RMB5.7 billion (approximately US$925 million). Listed on the Shanghai Stock Exchange, Yonghui is a hypermarket and supermarket operator in mainland China. The investment requires certain regulatory approvals in mainland China. The regulatory approval process is expected to complete in the first half of 2015.

	2014 US$m	2013 US$m
Operating lease commitments:		
Total commitments under operating leases		
- due within one year	**746**	698
- due between one and two years	**511**	491
- due between two and three years	**309**	281
- due between three and four years	**175**	151
- due between four and five years	**112**	105
- due beyond five years	**484**	523
	2,337	2,249

Total future sublease payments receivable relating to the above operating leases amounted to US$47 million *(2013: US$49 million).*

In addition, the Group has operating lease commitments with rentals determined in relation to sales. It is not possible to quantify accurately future rentals payable under such leases.

37 Contingent Liabilities

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.

38 Related Party Transactions

The ultimate holding company of the Group is Jardine Matheson Holdings Limited ('Jardine Matheson'), a company incorporated in Bermuda. As at 31st December 2014, the Company held a 56% *(2013: 56%)* interest in Jardine Matheson.

In accordance with the Bye-Laws of the Company, Jardine Matheson Limited, a wholly-owned subsidiary of Jardine Matheson, has been appointed General Manager of the Company under a General Manager Agreement. With effect from 1st January 2008, Jardine Matheson Limited has sub-delegated certain of its responsibilities under the agreement to a fellow subsidiary. Total fees payable for services provided to the Company in 2014 amounted to US$134 million *(2013: US$132 million).*

In the normal course of business the Group undertakes a variety of transactions with Jardine Matheson, and with certain of its associates and joint ventures. The more significant of such transactions are described below.

The Group purchases motor vehicles and spare parts from its associates and joint ventures in Indonesia including PT Toyota-Astra Motor, PT Astra Honda Motor and PT Astra Daihatsu Motor. Total cost of motor vehicles and spare parts purchased in 2014 amounted to US$7,059 million *(2013: US$8,019 million).* The Group also sells motor vehicles and spare parts to its associates and joint ventures in Indonesia including PT Astra Honda Motor, PT Astra Daihatsu Motor and PT Tunas Ridean. Total revenue from sale of motor vehicles and spare parts in 2014 amounted to US$1,071 million *(2013: US$1,174 million).*

The Group and Jardine Matheson use Jardine Lloyd Thompson to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid in 2014 to Jardine Lloyd Thompson were US$5 million *(2013: US$5 million).*

The Group manages five associate hotels *(2013: five associate hotels).* Management fees received by the Group in 2014 from these managed hotels amounted to US$14 million *(2013: US$15 million).*

PT Bank Permata provides banking services to the Group. The Group's deposits with PT Bank Permata at 31st December 2014 amounted to US$411 million *(2013: US$652 million).*

Amounts of outstanding balances with Jardine Matheson, and associates and joint ventures are included in debtors and creditors, as appropriate *(refer notes 20 and 32).* The Group has also committed to provide loan facilities to Jardine Matheson. Undrawn facilities at 31st December 2014 amounted to US$272 million *(2013: US$160 million)* .

Details of Directors' remuneration (being the key management personnel compensation) are shown on page [ ] under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

39 Summarized Balance Sheet of the Company

Included below is certain summarized balance sheet information of the Company disclosed in accordance with Bermuda law.

	2014 US$m	2013 US$m
Subsidiaries	**4,696**	4,621
Investment in Jardine Matheson	**2,638**	2,275
Total assets	**7,334**	6,896
Share capital *(refer note 26)*	**56**	56
Share premium *(refer note 27)*	**1,199**	1,199
Revenue and other reserves	**6,041**	5,606
Shareholders' funds	**7,296**	6,861
Current liabilities	**38**	35
Total equity and liabilities	**7,334**	6,896

Subsidiaries and investment in Jardine Matheson are shown at cost less amounts provided.

40 Jardine Strategic Corporate Cash Flow

	2014 US$m	2013 US$m
Dividends receivable		
Subsidiaries	**787**	811
Jardine Matheson	**535**	508
Joint ventures	**-**	2
Other holdings	**21**	11
	1,343	1,332
Less taken in scrip	**(535)**	(508)
	808	824
Other operating cash flows	**(19)**	(184)
Cash flows from operating activities	**789**	640
Investing activities		
Purchase of other investment	**(732)**	(5)
Sale of other investment	**119**	-
Cash flows from investing activities	**(613)**	(5)
Financing activities		
Purchase of additional interests in subsidiaries	**(120)**	(136)
Dividends paid by the Company	**(282)**	(268)
Cash flows from financing activities	**(402)**	(404)
Net (decrease)/increase in cash	**(226)**	231
Cash at 1st January	**848**	617
Cash at 31st December	**622**	848
Represented by:		
Bank balances and other liquid funds	**622**	848
	622	848

Corporate cash flow comprises the cash flows of the Company and of its investment holding and financing subsidiaries.

41 Post Balance Sheet Event

Mandarin Oriental announced its intention to raise US$300 million by way of a rights issue in April 2015. The proceeds of the rights issue will be used to pay down debt, thereby providing the company with the capacity to finance renovation of its London hotel and place it in a position to make further investments in line with its development strategy. The Company has committed to take up its entitlement and fully underwrite the offer.

42 Ultimate Holding Company and Principal Subsidiaries

The ultimate holding company and principal subsidiaries of the Group at 31st December 2014 are set out below:

	Country of incorporation/ principal place of business	Nature of business	Attributable interests 2014 %	Attributable interests 2013 %	Proportion of ordinary shares and voting powers at 31st December 2014 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2014 held by non- controlling interests %
Dairy Farm International Holdings Ltd*	Bermuda/ Greater China and Southeast Asia	Supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants	**78**	78	**78**	**22**
Hongkong Land Holdings Ltd*	Bermuda/ Greater China and Southeast Asia	Property development & investment, leasing & management	**50**	50	**50**	**50**
Jardine Cycle & Carriage Ltd*	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk and motor trading	**74**	73	**74**	**26**
Jardine Matheson Holdings Ltd†	Bermuda/ Greater China, United Kingdom and Southeast Asia	Engineering & construction, transport services, restaurants, property, IT services, motor trading and insurance broking	**56**	56	**56**	**N/A**
Mandarin Oriental International Ltd*	Bermuda/ Worldwide	Hotel management & ownership	**73**	74	**73**	**27**
PT Astra International Tbk*	Indonesia/ Indonesia	Automotive, financial services, agribusiness, heavy equipment and mining, infrastructure and logistics, and information technology	**37**	37	**50**	**50**

All subsidiaries are included in the consolidation.

Attributable interests represent the proportional holdings of the Company, held directly or through its subsidiaries, in the issued share capitals of the respective companies, after the deduction of any shares held by the trustees of the employee share option schemes of any such company and any shares in any such company owned by its wholly-owned subsidiaries.

* Subsidiaries

† Ultimate holding company *(refer note 38).* Jardine Matheson held 82% *(2013: 83%)* of the share capital of the Company.