

Jardine Pacific Gammon Construction Hactl Jardine Aviation Services Group Jardine Engineering Con
Jardine Restaurant Group JOS Jardine Schindler Jardine Matheson Jardine Motors Zung Fu Jardine
Jardine Thompson Jardine Strategic Zhongsheng Group Hongkong Land MCL Land One Raffles Quay
Jardine Land Wangfu Central Real Estate Development Dairy Farm Cold Storage Hero Supermarket
Maxim's Caterers Mandarin Oriental Jardine Cycle & Carriage Cycle and Carriage Bintang Tunas Rida
ACO Astra International Astra Otoparts Astra Honda Motor Toyota Astra Motor Astra Daihatsu Mo
Astra Aviva Life Astra Sedaya Finance Federal International Finance Bank Permata Asuransi Astra Bu
United Tractors Pamapersada Nusantara Astra Agro Lestari Marga Mandalasakti TRAC Astra Graphia



Jardines

Jardine Matheson
Annual Report 2014

Founded as a trading company in China in 1832, Jardine Matheson is today a diversified business group focused principally on Asia. Its businesses comprise a combination of cash generating activities and long-term property assets.

The Group's interests include Jardine Pacific, Jardine Motors, Jardine Lloyd Thompson, Hongkong Land, Dairy Farm, Mandarin Oriental, Jardine Cycle & Carriage and Astra International. These companies are leaders in the fields of engineering and construction, transport services, insurance broking, property investment and development, retailing, restaurants, luxury hotels, motor vehicles and related activities, financial services, heavy equipment, mining and agribusiness.

Jardine Matheson Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange as its primary listing, with secondary listings in Bermuda and Singapore. Jardine Matheson Limited operates from Hong Kong and provides management services to Group companies.

Jardine Matheson Holdings Limited

Jardine House
Hamilton
Bermuda

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Highlights

- Underlying profit* up 2%
- Full-year dividend up 4%
- Good performances from most of the Group's businesses
- Astra's contribution reduced by weaker rupiah
- New strategic investments in mainland China

Results

	2014 US\$m	2013 US\$m	Change %
Revenue together with revenue of associates and joint ventures [#]	62,782	61,380	2
Underlying profit before tax*	4,451	4,600	(3)
Underlying profit attributable to shareholders*	1,534	1,502	2
Profit attributable to shareholders	1,710	1,566	9
Shareholders' funds	19,267	18,386	5
	US\$	US\$	%
Underlying earnings per share*	4.14	4.09	1
Earnings per share	4.62	4.26	8
Dividends per share	1.45	1.40	4
Net asset value per share	51.79	49.84	4

Analysis of Underlying Profit

By Business	2014		2013	
	US\$m	%	US\$m	%
Jardine Pacific	131	8	110	7
Jardine Motors	97	6	59	4
Jardine Lloyd Thompson	85	5	76	5
Hongkong Land	384	25	385	25
Dairy Farm	320	21	307	20
Mandarin Oriental	59	4	56	4
Jardine Cycle & Carriage	50	3	35	2
Astra	439	28	508	33
	1,565	100	1,536	100
Corporate and other interests	(31)		(34)	
Underlying profit	1,534		1,502	

By Geographical Area	2014		2013	
	US\$m	%	US\$m	%
Greater China	743	48	648	42
Southeast Asia	706	45	803	52
United Kingdom	80	5	60	4
Rest of the world	36	2	25	2
	1,565	100	1,536	100
Corporate and other interests	(31)		(34)	
Underlying profit	1,534		1,502	



Underlying Earnings per Share (US\$)



Net Asset Value per Share (US\$)

*The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 1 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

[#]Includes 100% of revenue from associates and joint ventures.

Our market-leading businesses are actively pursuing opportunities for growth.

Overview

Most of the Group's businesses produced good performances in 2014 despite more challenging trading conditions. There were improved underlying earnings in Jardine Pacific, Jardine Motors, JLT, Dairy Farm and Mandarin Oriental. Hongkong Land did well to maintain its profitability after a record year in 2013 despite lower earnings from residential developments. Astra's underlying earnings were modestly lower in its reporting currency, but a weaker rupiah reduced materially its contribution in US dollars.

Performance

The Group's revenue for 2014, including 100% of revenue from associates and joint ventures, was US\$62.8 billion, compared with US\$61.4 billion in 2013. The Company's underlying profit before tax for the year was US\$4,451 million, a decrease of 3%. The underlying profit attributable to shareholders was up 2% at US\$1,534 million, while underlying earnings per share were 1% higher at US\$4.14.

The profit attributable to shareholders for the year was US\$1,710 million, with the main non-trading item being an increase in the value of Hongkong Land's investment property portfolio. This compares with US\$1,566 million in 2013, which also benefited from a small increase in property valuations. Shareholders' funds were 5% higher at US\$19.3 billion.

The Group's continued profit generation, cash flows and retained earnings have enabled high levels of capital expenditure to be combined with low levels of debt. Total capital investment across the Group, including 100% of

associates and joint ventures, exceeded US\$5.6 billion in 2014. The consolidated net debt at the end of the year, excluding financial services companies, was US\$2.5 billion, representing gearing of 6%, which was modestly lower than at the end of 2013.

The Board is recommending a final dividend of US\$107 per share, which represents an increase of 4% for the full year.

Business Developments

The Group announced two strategic initiatives in mainland China in 2014. In January, Jardine Strategic agreed to invest US\$731 million in shares and convertible bonds representing up to a 20% interest in Hong Kong-listed Zhongsheng Group, a leading mainland China motor dealership group. In August, Dairy Farm reached agreement with Yonghui Superstores, one of mainland China's fastest growing food retailers, to establish a strategic partnership, and upon receipt of regulatory approvals will acquire a shareholding of just below 20% in the company for an investment of some US\$925 million. These initiatives, together with Hongkong Land's ongoing investment in the residential and commercial property sectors, reflect the Group's increasing commitment to mainland China's economy.

Jardine Pacific produced good profit growth in 2014, supported by strong sales in its recently acquired KFC franchise in Hong Kong and a sustained turnaround at JOS. Increased levels of throughput at the airport enabled Hactl to perform better than expected following the move of a major customer to its own dedicated cargo facility in 2013. The group's engineering and construction operations recorded steady performances.

Jardine Motors enjoyed a much better year with profits increasing 66%. It saw further recovery in mainland China, where Zung Fu now has 33 outlets and a further two under development. In Hong Kong and Macau, its operations achieved good deliveries of new Mercedes-Benz models. In the United Kingdom, where investment is being made to upgrade facilities, its dealerships benefited from increased demand as the economy improved.

JLT continued to produce strong organic growth in 2014 and saw good performances from its Reinsurance, Asian, Latin American and Employee Benefits operations. In August, it announced its intention to establish a specialty insurance broking business in the United States, building on the successful business model it has established in other regions.

Hongkong Land performed well in 2014 as its results were broadly in line with the prior record year. Its commercial portfolio had another good year, although in the residential sector fewer completions in Singapore offset a strong contribution from the remaining Serenade units in Hong Kong and increased completions in mainland China. The group has commercial developments in Beijing, Jakarta and Phnom Penh, and ongoing residential developments in mainland China, Singapore, Indonesia and the Philippines.

Dairy Farm produced sales improvement in all of its divisions, but weaker performances in its Food division in Southeast Asia held back profits. The group has embarked upon a number of strategic initiatives that will see it positioned better for sustained growth. It has expanded its activities in mainland China and the Philippines, and is continuing to invest in its existing store networks, supply chain infrastructure, IT systems and people development.

Mandarin Oriental added two hotels in 2014, and now operates 27 hotels. It has a further 17 under development, of which Marrakech, Milan, Beijing and Doha are due to open within the next 18 months. In addition, it operates eight Residences connected to its properties, and is developing a further seven. The group has announced a US\$300 million rights issue to provide the capacity to finance the renovation of its London property and reduce debt, while placing it in a strong position to make further investments.

Jardine Cycle & Carriage's non-Astra operations produced an overall increase in earnings, with a particularly good result from Truong Hai Auto Corporation in Vietnam. In February 2015, Jardine Cycle & Carriage increased further its commitment to Vietnam when it raised its shareholding in publicly-listed Refrigeration Electrical Engineering Corporation Group from 19% to 22%.

Astra's underlying profit contribution of US\$439 million was 14% lower, principally due to the weakening of the rupiah. Its underlying profit in rupiah was 3% lower as improved results from its agribusiness, contract mining operations and financial services businesses were offset by lower earnings from its automotive business and an impairment charge in relation to its coal mining properties. Astra is seeking to complement the development of its existing activities with investments in new sectors, where it believes that over the longer term it can

build market-leading businesses. Its new life insurance joint venture, Astra Aviva Life, began operating in November 2014, while in the fourth quarter of 2014, United Tractors agreed to acquire a majority stake in listed construction company, PT Acset Indonusa Tbk. It is believed that both new ventures will benefit from Astra's reach and expertise.

Corporate Developments

Following shareholder approval at a Special General Meeting held in April, the transfer of the Company's listing on the Main Market of the London Stock Exchange to the standard listing category was completed on 27th May 2014.

People

The fine performances achieved by our businesses are a reflection of the hard work, dedication and professionalism of the Group's 430,000 employees. I would like to thank them all for their excellent contribution.

Jenkin Hui passed away on 4th September 2014 and, on behalf of the Board, I would like to express our appreciation for the significant support that he gave to the Group over many years of service as a non-executive Director. His wise counsel will be missed.

Giles White will be retiring as Group General Counsel and as a Director on 31st July 2015, and we would like to thank him for his excellent contribution.

We were pleased to welcome Michael Wu to the Board on 5th March 2015.

Outlook

As we move into 2015 the headwinds that affected a number of our businesses last year continue to put regional economies under pressure. Nevertheless, our market-leading businesses are trading well, they remain strongly financed, and they are actively pursuing opportunities for growth. As a result, we continue to view the future with confidence.

Sir Henry Keswick

Chairman

11th March 2015

Jardine Matheson



Jardine Pacific

A holding company with a select portfolio representing many of the Group's non-listed Asian businesses, principally in engineering and construction, transport services, restaurants and IT services. (100%)



Jardine Motors Group

A group engaged in the sales and service of motor vehicles in Hong Kong, Macau and the United Kingdom, and with a large and growing presence in Southern China. (100%)



A leading provider of insurance, reinsurance and employee benefits related advice, brokerage and associated services, combining specialist knowledge in the London and international insurance markets with a worldwide network. (42%)



Jardine Strategic

A listed company holding most of the Group's major listed interests, including 56% of Jardine Matheson. (82%)

(Figures in brackets show effective ownership by Jardine Matheson as at 11th March 2015.)

Jardine Strategic



Hongkong Land

A listed property group with some 800,000 sq. m. of prime commercial property, principally in Hong Kong and Singapore, and high quality residential developments in Asia. (50%)



A listed pan-Asian retail group operating over 6,100 outlets, including supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants. (78%)



A listed hotel investment and management group with a portfolio of 44 deluxe and first class hotels and resorts worldwide, including 17 under development. (73%)



Jardine Cycle & Carriage

A Singapore-listed company with an interest of just over 50% in Astra, a major listed Indonesian conglomerate, and other interests in Southeast Asia. (74%)



ASTRA international

The largest Indonesian motor group, manufacturing, assembling and distributing motor vehicles, motorcycles and components in partnership with industry leaders such as Toyota, Daihatsu and Honda.

Astra's financial services businesses consist of consumer finance (principally motor vehicle and motorcycle), insurance and banking.

Astra's other interests include heavy equipment and mining, agribusiness, infrastructure, logistics and others, and information technology.

(Figures in brackets show effective ownership by Jardine Strategic as at 11th March 2015.)

Managing Director's Review

A diversified business group, Jardine Matheson is focused principally on Greater China and Southeast Asia, where the Group enjoys the advantage of longstanding networks, although some of its operations have a more global reach. In 2014, the main contributors to the Group's underlying profit by activity were property at 25%, motor related interests at 22%, and retailing and restaurants at 21%. Some 48% of underlying profit came from Greater China, compared with 45% from Southeast Asia, which showed a slight decline from prior years due to the impact of the weaker rupiah on profit translation. Group companies remain leaders in the fields of property investment and development, motor vehicles and related activities, retailing and restaurants, engineering and construction, transport services, luxury hotels, financial services, heavy equipment, mining and agribusiness.

During the year, key Asian economies came under pressure which affected the performances of a number of businesses. The underlying profit before tax for 2014 was US\$4,451 million, a 3% decrease over the prior year. The underlying profit attributable to shareholders was 2% higher at US\$1,534 million, while underlying earnings per share were up 1% at US\$4.14. Good trading performances continued to be seen in most of the Group's businesses, although the weaker exchange rate reduced Astra's contribution.

Jardine Pacific recorded steady trading in most of its activities and good improvement in profits in its Restaurant business and JOS. Jardine Motors enjoyed an excellent year, while Jardine Lloyd Thompson benefited from good organic growth.

Within the businesses held through Jardine Strategic, Hongkong Land maintained a high level of profitability with strong contributions from both its commercial and its residential interests. Dairy Farm's sales and earnings increased in most of its operations, although its Food businesses in Southeast Asia faced more challenging conditions. Most of Mandarin Oriental's hotels performed well and there was a further contribution from branding fees on the sale of Residences. The overall results from Jardine Cycle & Carriage's motor businesses were higher. Astra did well to maintain its rupiah net profit as it experienced mixed performances within its portfolio.

The Group's profit attributable to shareholders of US\$1,710 million included a US\$179 million increase in the valuation of investment properties, and compares with US\$1,566 million in 2013 which included an increase of US\$113 million in investment property values.

With strong operating cash flows, ample committed facilities and access to the capital markets, the Group has a sound financial base on which to support investment in developing its leading market positions. Total capital investment across the Group in 2014 exceeded US\$5.6 billion. The consolidated net debt at the end of 2014, excluding financial services companies, was US\$2.5 billion, representing gearing of 6%, which compares to US\$2.6 billion at the end of 2013 and gearing of 6%.

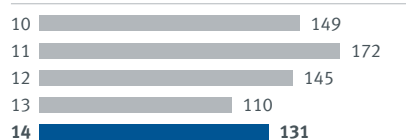
Jardine Pacific includes a significant number of the Group's non-listed interests in Asia. Encompassing a wide range of industry sectors, Jardine Pacific's select portfolio of businesses comprises highly motivated market leaders with strong cash flows.

- Underlying profit up 19% at US\$131 million
- Engineering and construction earnings were steady
- Improved contributions from Restaurants and JOS
- Underlying return on average shareholders' funds of 19%

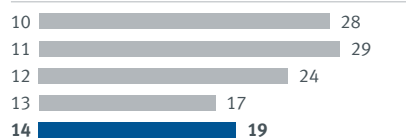


Jardine Pacific

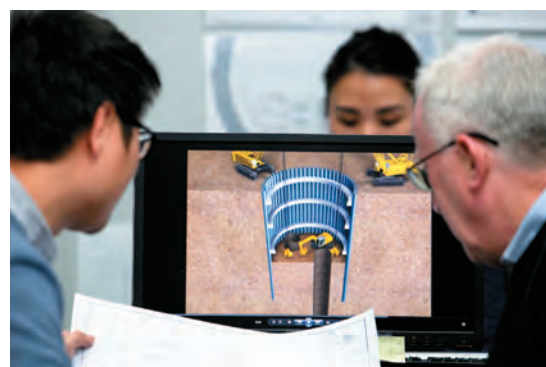




Underlying Profit Attributable to Shareholders (US\$ million)



Underlying Return on Average Shareholders' Funds (%)



Gammon applied its technical expertise and state of the art technology in its implementation of the Harbour Area Treatment Scheme in Hong Kong, resulting in increased efficiencies and enhanced risk and safety management.

	2014 US\$m	2013 US\$m	Change %
Underlying profit attributable to shareholders	131	110	19
Shareholders' funds	703	703	–

Jardine Pacific's underlying profit of US\$131 million was 19% higher than in 2013, reflecting good all-round performances and particularly improved results in two of its businesses. Its profit attributable to shareholders was US\$137 million, compared with US\$112 million in 2013. Shareholders' funds were US\$703 million at the end of 2014, and the underlying return on average shareholders' funds was 19%.

Jardine Schindler continued to perform well, generating stable profits and achieving growth in its maintenance portfolio. JEC produced an increase in revenues, but profits declined due to weaker results in Singapore and from its Trane joint venture. Gammon achieved higher earnings, and its order book was maintained at US\$4 billion.

Jardine Restaurants produced good profit growth. Its Pizza Hut operations in Hong Kong and Taiwan achieved higher sales and profits. There was an improvement at KFC in Taiwan,

although difficult trading conditions meant that the franchise was still loss making, while the KFC franchise in Hong Kong acquired in 2013 made a good contribution.

Despite an increase in cargo throughput at Hong Kong International Airport, Hactl recorded lower results following the move of a major customer to its own facility in the second half of 2013. Jardine Shipping Services achieved a good increase in profits as its joint venture with UASC performed well. The results from Jardine Aviation Services showed a slight improvement.

JOS took positive steps to address a number of operational weaknesses during the year and these have led to the start of a recovery with improvements seen in both revenues and earnings.

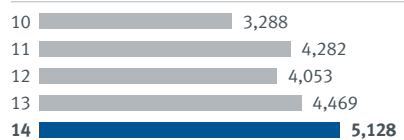
Jardine Motors is engaged in the sales and service of motor vehicles and related activities. It has operations in Hong Kong, Macau and the United Kingdom, and a large and growing presence in Southern China.

- Underlying profit increases 66% to US\$97 million
- Good performances in Hong Kong and the United Kingdom
- Higher deliveries and enhanced margins in mainland China

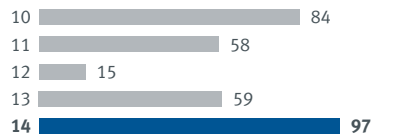


Jardine Motors Group





Revenue (US\$ million)



Underlying Profit Attributable to Shareholders (US\$ million)



Zung Fu's operations in mainland China offer a premium service and preferential customer support through a wide network of outlets and service centres specializing in Mercedes-Benz.

	Revenue		Underlying profit attributable to shareholders		Shareholders' funds	
	2014 US\$m	2013 US\$m	2014 US\$m	2013 US\$m	2014 US\$m	2013 US\$m
Hong Kong, Macau and mainland China	2,612	2,295	63	39	360	319
United Kingdom	2,516	2,174	35	21	159	146
Corporate	–	–	(1)	(1)	4	17
	5,128	4,469	97	59	523	482

Jardine Motors achieved a much improved underlying profit of US\$97 million in 2014, up 66% from the US\$59 million recorded in 2013. Zung Fu performed well in mainland China, despite a challenging trading environment, with higher deliveries of Mercedes-Benz passenger cars at enhanced margins. The group remains confident in the potential of mainland China's automotive sector.

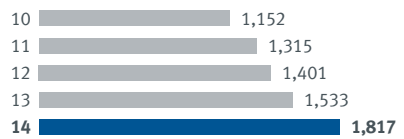
Zung Fu continued to trade well in Hong Kong and Macau where it produced an increase in profit. Higher sales of Mercedes-Benz passenger cars were recorded, and there was also a satisfactory performance by Hyundai. Jardine Motors' dealerships in the United Kingdom had a good year with increased vehicle sales, tighter cost control and modest margin improvements.

During the first half of the year, Jardine Strategic invested US\$731 million for a minority interest in Hong Kong-listed Zhongsheng Group, which is one of mainland China's leading motor dealership groups. The investment represents an initial 11% equity stake together with convertible bonds. On conversion, the Group would hold 20% of Zhongsheng. This investment, which is not yet being equity accounted, is included as part of Corporate and contributed US\$13 million to the Group's results for 2014.

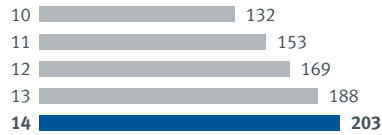
JLT is one of the world's largest providers of insurance, reinsurance and employee benefits related advice, brokerage and associated services. The UK-listed company combines specialist knowledge in the London and international insurance markets with an extensive network of offices worldwide.

- Underlying profit up 3% despite difficult rating environment
- Good performances from Reinsurance, Asia, Latin America and Employee Benefits
- US specialty insurance broking business launched





Total Revenue (US\$ million)



Underlying Profit Attributable to Shareholders (US\$ million)



JLT has built a strong reputation for its 'client first' approach. It has differentiated itself from its competitors by senior management committing their personal attention to each client, with particular emphasis on negotiating the settlement of claims.

	2014 US\$m	2013 US\$m	Change* %
Total revenue	1,817	1,533	13
Underlying profit attributable to shareholders	203	188	3

*Based on the change in UK sterling, being the reporting currency of Jardine Lloyd Thompson.

Jardine Lloyd Thompson's total revenue for the year was US\$1,817 million, an increase of 13% in its reporting currency. In a year which saw a marked decline in the insurance and reinsurance rating environment, the company did well to achieve organic growth of 6%, with particularly good performances by its Reinsurance, Asian, Latin American and Employee Benefits operations. The Risk & Insurance group, comprising the company's specialist insurance and reinsurance broking businesses, achieved revenue growth of 13% in 2014 and 3% growth in underlying trading profit. The Employee Benefits activities saw revenue growth of 11% and its underlying trading profit increased by 17%.

In August, the company announced the expansion of its specialty insurance broking activities with the establishment of a new business in the United States. This is expected to result in a net investment by way of cumulative losses of US\$80 million over the period 2014 to 2017, of which US\$8 million were incurred in 2014.

Despite tight cost controls and strong revenue growth across most of the company's operations, the increase to US\$203 million in the company's reported underlying profit after tax and non-controlling interests was 3% in sterling terms, due to unfavourable exchange movements and the initial investment in the US specialty business. JLT's contribution to the Group's underlying profit, however, was up 12% on conversion into US dollars.

Hongkong Land is a major listed group with some 800,000 sq. m. of prime office and luxury retail property in key Asian cities, principally in Hong Kong and Singapore. The group also has a number of high quality residential projects under development in Greater China and Southeast Asia.

- Underlying profit maintained
- Another strong year for commercial portfolio
- Reduced residential contribution despite increase from mainland China
- Stable asset values





Underlying Earnings per Share (US¢)



Net Asset Value per Share (US\$)

Hong Kong Portfolio Average
Monthly Office Rent (US\$ per sq. ft)

Hongkong Land's properties are overseen by its own specialist teams who seek to deliver the highest level of property management standards and tenant services, such as the concierge service in LANDMARK.

	2014	2013	Change (%)
Underlying profit attributable to shareholders (US\$ million)	930	935	(1)
Net asset value per share (US\$)	11.71	11.41	3

Hongkong Land reported an underlying profit attributable to shareholders of US\$930 million in 2014, only modestly below its record result in 2013. The group's commercial portfolio had another strong year, while its residential activities performed well despite fewer completions in Singapore. There was a net gain of US\$397 million on the valuation of investment properties, producing a profit attributable to shareholders of US\$1,327 million. This compares to US\$1,190 million in 2013, which included net valuation gains of US\$255 million. The net asset value per share at the end of 2014 was up 3% at US\$11.71. Hongkong Land remains well-financed with net debt of US\$2.7 billion at the year end and gearing of 10%.

The contribution from the group's Hong Kong commercial property portfolio benefited from the positive rent reversions seen in 2013, although reversions became negative in 2014. Vacancy in the portfolio was 5.4% at the year end. The retail

portfolio remained fully occupied and saw strong positive rent reversions. The market was stable in Singapore, where the group's office portfolio ended the year with vacancy of 1.7%. Higher rents were achieved at Jakarta Land in Indonesia. In Beijing, good progress was made in the development of the luxury retail complex at Wangfujing.

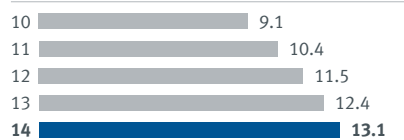
Hongkong Land's residential development activities benefited from the sale of remaining units at projects in Hong Kong and Macau. Momentum is building in mainland China with the first significant contribution from two wholly-owned projects in Chongqing. In Singapore, group subsidiary MCL Land completed two fully-sold projects during 2014. Two joint-venture developments in Indonesia are making good progress, while in the Philippines a 40%-owned luxury development in Manila is also proceeding well.

Dairy Farm is a leading pan-Asian retailer. The listed group, together with its associates and joint ventures, operates over 6,100 outlets – including supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants.

- Sales up 5%, with growth in all divisions, and underlying profit up 4%
- Good results from Health & Beauty, Home Furnishings and Restaurants, offset by lower performance in Food
- Strategic initiative in mainland China

Dairy
Farm

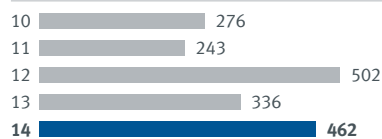




Gross Revenue* (US\$ billion)



Underlying Profit Attributable to Shareholders (US\$ million)



Capital Expenditure and Investments (gross) (US\$ million)



Cold Storage in Singapore continues to be a pioneer in local retail by introducing new store concepts and product offerings that cater to the changing aspirations of customers.

	2014	2013	Change (%)
Gross revenue* (US\$ billion)	13.1	12.4	5
Underlying profit attributable to shareholders (US\$ million)	500	480	4

*Includes 100% of revenue from associates and joint ventures.

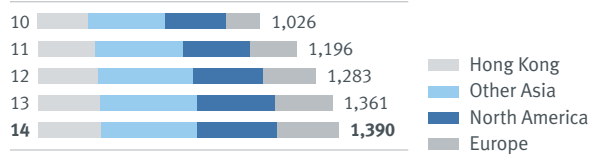
Dairy Farm's sales, including 100% of associates and joint ventures, increased by 5% to US\$13.1 billion in 2014 with growth achieved in all divisions. Its underlying profit was up 4% at US\$500 million. The group delivered good like-for-like sales growth in its major businesses in Health and Beauty, Home Furnishings and Restaurants. While like-for-like sales growth in its Food retailing business in Greater China was good, it was much weaker in Southeast Asia. The profit attributable to shareholders was US\$509 million, which included a net non-trading gain of US\$9 million arising mainly from the disposal of properties. The group's financial position remains strong with net cash of US\$475 million at the end of 2014.

In 2014, Dairy Farm made a number of strategic moves, notably in mainland China and the Philippines. Agreement was reached in August to establish a partnership with Yonghui Superstores Co., Ltd and to acquire a shareholding of just below 20% in the company, subject to regulatory approvals, for an investment of approximately US\$925 million. Yonghui is one of mainland China's fastest growing food retailers, and both companies have started to work closely together on joint procurement initiatives and to drive operating synergies. In the Philippines, Dairy Farm increased its interest in Rustan Supercenters to 66%, and entered the Health and Beauty market with the acquisition of a 49% interest in Rose Pharmacy. In parallel, Dairy Farm continued its investment in existing store networks, supply chain infrastructure, IT systems and people, which are designed to deliver a superior offer to its customers.

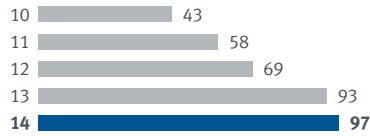
Mandarin Oriental is a listed hotel investment and management group. It has a portfolio of 44 deluxe and first class hotels and resorts worldwide, including 17 under development, and has 'Residences' connected to a number of its properties.

- Record underlying profit of US\$97 million
- New hotels opened in Taipei and Bodrum
- Four new management contracts, including Bangkok Residences
- Major renovation of London hotel announced





Combined Total Revenue by Geographical Area (US\$ million)



Underlying Profit Attributable to Shareholders (US\$ million)



Net Asset Value per Share* (US\$)

*With freehold and leasehold properties at valuation.



Mandarin Oriental is committed to exceeding its guests' expectations by delivering services and products that anticipate and fulfil their desires, such as in the recently-opened Mandarin Oriental, Taipei.

	2014 US\$m	2013 US\$m	Change %
Combined total revenue of hotels under management	1,390	1,361	2
Underlying profit attributable to shareholders	97	93	4

Despite some challenging markets, Mandarin Oriental recorded an underlying profit up US\$4 million at US\$97 million. The 2013 results had included a one-off profit of US\$7 million arising on the acquisition of the freehold rights of its Paris hotel. Profit attributable to shareholders was US\$97 million in 2014, compared to US\$96 million in the prior year.

The group's two wholly-owned hotels in Hong Kong performed well despite being affected by demonstrations in the city during the final quarter. Tokyo benefited from improved visitor arrivals, but occupancy in the Bangkok property suffered from the country's ongoing political uncertainty. The performances of the group's other Asian hotels were broadly stable. In Europe, weaker demand in the London property was offset by the further stabilization of the Paris hotel and an improvement in Geneva. The contribution from The Americas was impacted by lower demand in Washington D.C.

During the year, Mandarin Oriental opened hotels in Taipei and Bodrum and also announced management contracts for new hotels under development in Bali, Manila and Dubai as well as Residences to be built opposite the group's Bangkok hotel. Mandarin Oriental also received US\$15 million in branding fees on the sale of Residences in Bodrum. The group is to undertake a US\$130 million renovation of its London hotel, scheduled to begin in 2016, and has agreed to invest some US\$150 million to expand its Munich hotel on an adjacent site, with completion expected in 2021. Mandarin Oriental has announced that it is to raise US\$300 million by way of a rights issue, which Jardine Strategic will underwrite.

Jardine Cycle & Carriage is a Singapore-listed company with an interest of just over 50% in Astra, a major listed Indonesian conglomerate, and other interests in Southeast Asia.

- Underlying earnings per share down 11%
- Decline in Astra's contribution mainly due to weaker rupiah
- Contribution from other interests up 40%



Jardine Cycle & Carriage





Revenue (US\$ billion)



Underlying Profit Attributable to Shareholders (US\$ million)



Jardine Cycle & Carriage prides itself in meeting its customers' requirements with the assurance that the Mercedes-Benz vehicles are serviced to the highest standards by professionally trained technicians.

	2014	2013	Change (%)
Revenue (US\$ billion)	18.7	19.8	(6)
Underlying profit attributable to shareholders (US\$ million)	793	894	(11)
Shareholders' funds (US\$ million)	4,623	4,261	8

Jardine Cycle & Carriage's underlying profit declined by 11% to US\$793 million in 2014. The profit attributable to shareholders was 10% lower at US\$820 million. Astra's contribution to underlying profit at US\$724 million was 15% lower than 2013, largely due to an 11% decline in the average rupiah exchange rate. The group's other interests produced earnings up 40%.

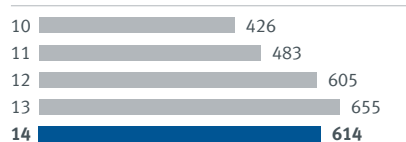
There was a much improved performance at Truong Hai Auto Corporation in Vietnam, which benefited from strong vehicle sales, good margins and lower financing costs. Earnings from the Singapore motor operations were up 8% due to higher sales. In Malaysia, Cycle & Carriage Bintang's

contribution improved significantly from a low base due to good demand for new models, although margins on older models remained under pressure. In Indonesia, Tunas Ridean faced increased competitive pressure in the car market and its earnings contribution was down 28%. In February 2015, Jardine Cycle & Carriage increased its interest in Vietnam-listed Refrigeration Electrical Engineering Corporation Group from 19% to 22% at a cost of US\$12 million. It will now be treated as an associate.

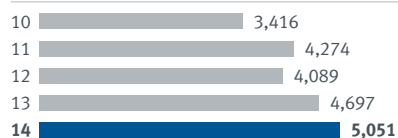
Astra is a listed diversified Indonesian group with interests in the automotive sector, financial services, heavy equipment and mining, agribusiness, infrastructure, logistics and others, and information technology.

- Underlying net profit 3% lower
- Unit sales of cars down 6%, while motorcycles up 8%
- Lower contribution from automotive and an impairment charge in relation to its coal mining properties
- Improvements in its agribusiness, contract mining and financial services
- Astra Aviva Life begins trading





Motor Vehicle Sales including Associates and Joint Ventures (thousand units)



Motorcycle Sales including Associates and Joint Ventures (thousand units)



Gross Revenue* (US\$ billion)

	2014	2013	Change† (%)
Gross revenue* (US\$ billion)	29.5	30.6	8
Profit attributable to shareholders# (US\$ million)	1,614	1,838	(1)
Shareholders' funds# (US\$ million)	7,686	6,886	14

*Includes 100% of revenue from associates and joint ventures.

†Based on the change in Indonesian rupiah, being the reporting currency of Astra.

#Reported under Indonesian GAAP.

Under Indonesian accounting standards Astra's underlying profit was down 3% at Rp18.3 trillion, equivalent to US\$1,538 million, and its net profit was 1% lower at Rp19.2 trillion, some US\$1,614 million. Improvements in its agribusiness, contract mining operations and financial services businesses were offset by lower earnings from its automotive activities and an impairment charge in relation to its coal mining properties.

Discounting in the competitive car market in Indonesia led to lower margins in Astra's sales operations. The wholesale market for cars declined 2%, while Astra's sales were 6% lower giving it a reduced market share of 51%. Astra Honda Motor's sales rose in an expanding motorcycle market, giving it a market share of 64%. Astra Otoparts, in which the group interest was reduced to 80% in 2013, saw higher sales but a decline in net income.

Net income from Astra's financial services businesses rose 11%. Excluding the gain arising from the acquisition of a 50% interest in Astra Aviva Life, however, the increase would have been 1%. There was strong growth in the consumer portfolio, but this was largely offset by a lower contribution from Astra Sedaya Finance, following the sale of a 25% interest to Permata Bank, and reduced earnings at Permata Bank due to an increase in funding costs and non-performing loans. Asuransi Astra Buana benefited from growth in gross written premiums and higher investment earnings.



United Tractors has maintained its leadership position in Indonesia's heavy equipment market by responding to the needs of its mid-market and retail customers on product support and maintenance.

United Tractors' net income rose 11% after accounting for an impairment charge on the valuation of its coal mining properties, excluding which net income would have risen 43%. There was a decline in Komatsu heavy equipment sales, but its contract mining interests benefited from improved coal volumes on lower stripping ratios and reported a 6% increase in net revenue. United Tractors' own mining subsidiaries saw net revenue rise 22%, but earnings were impacted by lower coal prices.

Astra Agro Lestari reported net income up 39% as average crude palm oil prices achieved were 14% higher. Crude palm oil sales decreased following the opening of the company's refinery in West Sulawesi, which sold 255,000 tonnes of olein during the year.

Net income from infrastructure, logistics and others fell by 34%. Progress continues in the development of its toll road interests. Its contract car hire business saw revenues benefit from higher used car sales, but income suffered from lower margins. Development continued at the group's luxury residential project in Jakarta's Central Business District, with completion expected in 2018. Astra's information technology interests produced a 24% increase in net income.

Ben Keswick
Managing Director

11th March 2015

People and the Community

Jardine Matheson Group companies are committed to giving back to the communities in which they operate through charitable initiatives.

Group companies in Hong Kong and Singapore focus their philanthropic activities on the area of mental health through MINDSET, the Group's in-house charitable programme. Led by the Jardine Ambassadors, young executives drawn from across the Group, the MINDSET programme aims to raise awareness and understanding of mental health issues, while at the same time providing practical support in this under-resourced area.

In Hong Kong, MINDSET launched a new initiative, MINDSET Expression, in July 2014, where service users from four non-governmental organizations engaged in various themed art-based programmes designed to foster mental wellness and positive psychology. The art programmes include drama and theatre, sand paint, photography and music, and have received a positive response from service users. The Peer Support Workers Project, launched in 2012, saw its second cohort of service users graduate in May. MINDSET also supported the creative design and refurbishment of the Child and Adolescent Psychiatric Ward in Kwai Chung Hospital.

MINDSET's school-based Health in Mind programme, undertaken in collaboration with the Hong Kong Hospital Authority, continued its work to empower student 'advocates' to promote awareness of mental health issues among young people. The residential

care home, MINDSET Place, maintained full occupancy of service users with chronic conditions. (www.mindset.org.hk)

In Singapore, donations were made to a number of projects in 2014, including support for four NGOs in running programmes for their service users. MINDSET funded the second year of Raintree Sanctuary @ Punggol Wellness Centre operated by Silver Ribbon, and financed the building of the MINDSET Rehabilitation Gym in the Institute of Mental Health. Work placement positions and job training opportunities were arranged for service users. Together with Group companies the Ambassadors also organized the Mini-MINDSET Days and Fun Days. 'The MINDSET Challenge 2014', racing up the 33 floors of the Tower 1 of Marina Bay Financial Centre, raised some US\$245,000 for Singapore Anglican Community Services in support of placement training for its service users.

In Indonesia, Astra continued to offer support to the community in the areas of education, environment, income generating activities and health. A village programme, now in its seventh series, was extended to Surabaya. Astra collaborated with members of the villages to generate an activity plan and provide the resources necessary to improve the education, health and environment of the villages. Astra also helped the residents engage in small commercial



enterprises. Through SATU Indonesia (Astra's Unified Spirit for Indonesia) Awards, Astra gave 25 awards to recognize young people's efforts in contributing to the environment and their communities with the aim of building a better Indonesia.

In the United Kingdom, Jardine Lloyd Thompson launched a new partnership programme with Kids' Company to engage its employees in the work of supporting London's disadvantaged children. It has also committed a further three years of support to Action on Addiction. In India, it has continued its support through the Udaan Foundation for disadvantaged children in Mumbai. Globally, Jardine Lloyd Thompson encourages its employees to engage with local communities through a selection of volunteering or fundraising opportunities.

Providing Expertise

Group executives are active on external management boards and professional and advisory bodies where they provide expertise and knowledge. These activities are encouraged as they contribute to the development of the communities and the business sectors in which the Group operates.

Supporting our People

The Group supports its people with various management training and development programmes. A good example is the central recruitment of graduates who in addition to pursuing a modular, three-year leadership development programme, also attain a Chartered Institute of Management Accountants qualification. This approach brings a rare balance of management breadth and financial depth, and readies them for leadership positions. Another example is the Director Development Initiative, which provides senior executives with the opportunity to meet chief executives from some of the world's most admired companies.

The Group also conducts a series of development centres every year to identify talent and support the Group's human resources planning process. In 2014, more than 40 executives were transferred between businesses in the Group.

Encouraging Higher Education

In January 2015, 13 students from mainland China, Hong Kong, Malaysia and Singapore were awarded scholarships by the Jardine Foundation to pursue their undergraduate studies in the United Kingdom. Applications are also being considered for postgraduate studies at Oxbridge. In its second year, the postgraduate scholarship scheme has supported ten scholars from mainland China, Hong Kong, Indonesia, Singapore, Thailand and Vietnam for their master's or doctoral studies commencing in October 2014. Scholarships are available for selected colleges at Oxford and Cambridge Universities, and scholars are chosen for their academic ability, leadership qualities and community participation. Since its establishment, over 200 scholarships have been awarded to students from the regions in which the Group operates. (www.jardine-foundation.org)

In Indonesia, Astra distributed scholarships through a number of foundations to support students from underdeveloped areas. Over 159,600 scholarship grants were given out to recipients in elementary schools up to university level. Some 13,200 schools were funded to improve their educational activities.

Meanwhile, in Singapore, Jardine Cycle & Carriage scholarships are awarded yearly to three outstanding business management undergraduates.



(Above) Astra's President Director Prijono Sugiarto is pictured with the children at a village in Surabaya.

(Left) In its ninth year, the CENTRAL Rat Race 2014 attracted over 460 entrants and raised US\$397,000 for MINDSET.



Staff from JEC and Jardine Shipping join the service users from Singapore Anglican Community Services in an ice-cream making workshop.

Financial Review

Accounting Policies

The Directors continue to review the appropriateness of the accounting policies adopted by the Group having regard to developments in International Financial Reporting Standards. In 2014, a number of amendments to these standards became effective and the Group adopted those which are relevant to the Group's operations although their overall impact on the Group's financial statements has been modest.

Results

In 2014, revenue increased by 1% to US\$39.9 billion.

Gross revenue, including 100% of revenue from associates and joint ventures, which is a better measure of the extent of the Group's operations, increased by 2% to US\$62.8 billion.

Underlying operating profit was US\$3,634 million, an increase of US\$33 million or 1%. This reflected increased contributions from most of the Group's businesses other than Astra.

The underlying operating profit for Hongkong Land increased by US\$150 million as a result of the good performances from its commercial activities mainly in Hong Kong and residential development activities mainly in Hong Kong and mainland China. Dairy Farm's contribution was in line with last year with increased profits from Health and Beauty and Home Furnishing businesses, partly offset by weaker performance from the Food business in Southeast Asia. Jardine Pacific's results were US\$31 million higher due to improved profitability in its Restaurant businesses and a turnaround in JOS. Jardine Motors achieved an underlying profit US\$62 million above last year with better margins in mainland China and higher deliveries and margins in Hong Kong and the United Kingdom. Mandarin Oriental was US\$9 million higher than 2013 as a result of better performances from the hotels in Hong Kong and Geneva, and the receipt of branding fees of US\$15 million upon the sale of residences in Bodrum. An increase of US\$9 million in contribution from Jardine Cycle & Carriage came from higher earnings in the Singapore motor operations. A contribution of US\$15 million was also obtained from Jardine Strategic's investment in the shares and convertible bonds of the Hong Kong-listed Zhongsheng Group.

Astra's underlying operating profit reduced by US\$237 million or 12% from 2013, the principal reason for the fall being an 11% weakening in the average exchange rate for the Indonesian rupiah against the US dollar. In its reporting currency, Astra's underlying operating profit declined by only 1% with lower contributions from its automotive activities and an impairment charge of US\$231 million in relation to its coal mining properties being mitigated by improved results in agribusiness, contract mining operations and financial services businesses.

The operating profit of US\$3,676 million included a number of non-trading items, including a net increase of US\$59 million in the fair value of investment properties mainly in Hongkong Land and Astra, a gain of US\$12 million on the sale of certain property interests in Dairy Farm, and a gain on disposal of an investment in Tata Power of US\$16 million offset by a mark-to-market loss of US\$17 million on the convertible component of the Zhongsheng's bonds held by Jardine Strategic, and a decrease of US\$34 million in the fair value of plantations in Astra.

Net financing charges decreased by US\$7 million compared to 2013 primarily due to the lower level of net debt. Interest cover exclusive of financial services companies remained strong at 29 times, calculated as the sum of underlying operating profit and share of results of associates and joint ventures divided by net financing charges.

The Group's share of underlying results of associates and joint ventures decreased by 17% to US\$933 million. The higher contributions from Jardine Lloyd Thompson of US\$9 million due to a good trading performance and Jardine Cycle & Carriage of US\$20 million mainly from its motor vehicle joint venture in Vietnam, were more than offset by lower contributions from Hongkong Land of US\$112 million resulting from the impact of lower residential property completions in its joint ventures in Singapore and Astra's associates and joint ventures of US\$96 million, where lower earnings were recorded by its automotive and financial services businesses and these were further impacted by the weakness of the Indonesian rupiah.

The overall contribution from the Group's associates and joint ventures included a number of non-trading items, among which were increases in the fair value of investment properties held by Hongkong Land's associates and joint ventures of US\$392 million and negative goodwill of US\$37 million arising on the creation of the Astra Aviva Life joint venture.

The underlying effective tax rate for the year was 24%, which is broadly in line with that of 2013.

Underlying profit attributable to shareholders at US\$1,534 million was US\$32 million higher than the prior year. The increase was due to increases from Jardine Pacific, Jardine Motors, Jardine Lloyd Thompson, Dairy Farm and Jardine Cycle & Carriage, partly offset by a decrease in contribution from Astra. Hongkong Land and Mandarin Oriental were broadly in line with 2013. Astra reported a net profit 1% lower than 2013 in its reporting currency. After reclassifying certain items to non-trading for Group reporting purposes and adjusting for exchange movements, Astra's contribution to the Group shows a decrease of 14%. Had Astra's earnings been translated using the same rate as applied in 2013, Astra's contribution to the Group's underlying earnings would have been US\$58 million higher than reported. Underlying earnings per share increased by 1% to US\$4.14.

The profit attributable to shareholders for the year of US\$1,710 million included a surplus on the revaluation of investment properties, mainly in Hongkong Land, a gain on the sale of property interests in Dairy Farm, negative goodwill on acquisition of a joint venture in Astra, and gain on disposal of an investment in Tata Power offset by a mark-to-market loss on the convertible component of Zhongsheng's bonds held by Jardine Strategic, and a decrease in the fair value of plantations in Astra. Earnings per share were US\$4.62, an increase of 8%.

Dividends

The Board is recommending a final dividend of US\$1.07 per share, giving a total dividend of US\$1.45 per share for the year, payable on 13th May 2015 to those persons registered as shareholders on 20th March 2015. The dividends are payable in cash with a scrip alternative.

Summarized Cash Flow

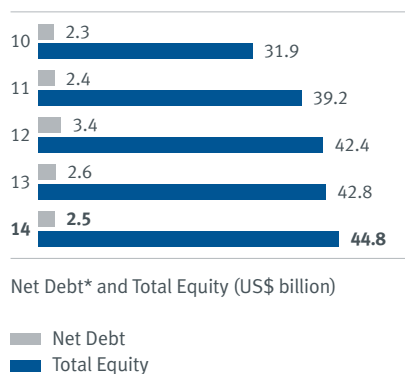
	2014 US\$m	2013 US\$m
Operating cash flow	2,656	3,550
Dividends from associates and joint ventures	698	650
Operating activities	3,354	4,200
Capital expenditure and investments	(2,303)	(2,372)
Cash flow before financing	1,051	1,828

Cash Flow

The cash inflow from operating activities for the year was US\$3,354 million. This represented a decrease of US\$846 million on 2013 principally due to higher development expenditure on residential projects in Hongkong Land and an increase in working capital in Astra mainly in its heavy equipment business.

Capital expenditure for the year before disposals amounted to US\$3,125 million and was broadly spread throughout the Group. This included the following:

- US\$53 million for the purchase of subsidiaries, the main ones being the acquisition of an additional 16% interest in a supermarket and hypermarket chain in the Philippines by Dairy Farm and the acquisition by Astra of a 100% interest in an oil palm plantation company;
- US\$390 million for various joint ventures the main ones being Hongkong Land's purchase of, and capital injections into, joint ventures in mainland China and the Philippines, Dairy Farm's acquisition of a 49% interest in a health and beauty business in the Philippines, and Astra's subscription to PT Bank Permata's rights issue and capital injections into a number of associates and joint ventures;
- US\$732 million for Jardine Strategic's investment in shares and convertible bonds representing an initial 11.1% interest and up to 20% upon conversion in the Hong Kong-listed Zhongsheng Group, a leading mainland China motor dealership group; and US\$184 million for the purchase of other investments mainly by Astra's general insurance business;



* Excluding net debt of financial services companies.

- US\$279 million for the purchase of intangible assets, which included US\$67 million for leasehold land mainly for use by Astra as motor dealerships, US\$69 million for the construction and improvement of toll roads and US\$63 million for the acquisition of contracts in Astra's general insurance business;
- US\$1,158 million for the purchase of tangible assets, which included US\$112 million in Jardine Motors, US\$297 million in Dairy Farm, US\$45 million in Mandarin Oriental, and US\$647 million in Astra. US\$206 million of this was for the acquisition of heavy equipment and machinery, predominantly by Pamapersada Nusantara in response to capacity expansion in its mine contracting business, US\$182 million was mainly for outlet development and additional operational machinery and equipment in Astra's automotive business, and US\$190 million was to develop plantation infrastructure in Astra's agribusiness; and
- US\$232 million for additions to investment properties in Hongkong Land and Astra, and US\$82 million for additions to plantations in Astra.

The contribution to the Group's cash flow from disposals for the year amounted to US\$822 million which included US\$481 million from the repayment of advances from associates and joint ventures in Hongkong Land, and US\$217 million from the sale of its stake in Tata Power by Jardine Strategic and other investments by Astra's general insurance business.

The Group also purchased additional shares in Group companies for a total cost of US\$141 million and Astra sold part of its interest in PT Astra Sedaya Finance for US\$185 million, which are both presented as financing activities in 2014 in the cash flow statement.

The Group's management also looks at total capital investment across the Group. This exceeded US\$5.6 billion in 2014 against US\$5.8 billion in 2013. These figures include the capital expenditure of associates and joint ventures and expenditure on properties for sale together with the capital expenditure outlined above.

Funding

At the year end, undrawn committed facilities totalled US\$6.1 billion. In addition, the Group had available liquid funds of US\$5.3 billion. Net borrowings, excluding those relating to Astra's financial services companies, were US\$2.5 billion, representing 6% of total equity. Astra's financial services companies had net borrowings of US\$3.7 billion. The Group's total equity increased by US\$2.0 billion to US\$44.8 billion during the year.

The average tenor of the Group's debt at 31st December 2014 was 4.9 years compared with 4.5 years at the end of 2013. US dollar denominated borrowings comprised 8% of the Group's total borrowings. Non-US dollar denominated borrowings are directly related to the Group's businesses in the countries of the currencies concerned. As at 31st December 2014 approximately 55% of the Group's borrowings, exclusive of financial services companies, were at floating rates and the remaining 45% were at fixed rates hedged with derivative instruments with major creditworthy financial institutions.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short and long term, to give flexibility to develop the business.

Treasury Policy

The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objectives are to limit foreign exchange and interest rate risks to provide a degree of certainty about costs. The investment of the Group's cash resources is managed so as to minimize risk while seeking to enhance yield.

Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on page 122.

James Riley

Group Finance Director

11th March 2015

Directors' Profiles

Sir Henry Keswick*

Chairman

Sir Henry joined the Group in 1961 and has been a Director of its holding company since 1967. He is chairman of Matheson & Co. and Jardine Strategic, and a director of Dairy Farm, Hongkong Land and Mandarin Oriental. He is also vice chairman of the Hong Kong Association.

Ben Keswick*

Managing Director

Mr Ben Keswick joined the Board in 2007 and was appointed as Managing Director in 2012. He has held a number of executive positions since joining the Group in 1998, including finance director and then chief executive officer of Jardine Pacific between 2003 and 2007 and, thereafter, group managing director of Jardine Cycle & Carriage until 2012. He has an MBA from INSEAD. Mr Keswick is chairman of Jardine Matheson Limited and Jardine Cycle & Carriage and a commissioner of Astra. He is also chairman and managing director of Dairy Farm, Hongkong Land and Mandarin Oriental, managing director of Jardine Strategic and a director of Jardine Pacific and Jardine Motors.

Adam Keswick*

Deputy Managing Director

Mr Adam Keswick joined the Board in 2007 and was appointed Deputy Managing Director in 2012. He is chairman of Jardine Pacific and chairman and chief executive of Jardine Motors. He has held a number of executive positions since joining the Group from N M Rothschild & Sons in 2001, including group strategy director and, thereafter, group managing director of Jardine Cycle & Carriage between 2003 and 2007. Mr Keswick is also deputy chairman of Jardine Matheson Limited, and a director of Dairy Farm, Hongkong Land, Jardine Strategic, Mandarin Oriental and Zhongsheng Group Holdings.

Mark Greenberg*

Mr Greenberg joined the Board as Group Strategy Director in 2008 having first joined the Group in 2006. He had previously spent 16 years in investment banking with Dresdner Kleinwort Wasserstein in London. He is a director of Jardine Matheson Limited, Dairy Farm, Hongkong Land, Jardine Cycle & Carriage and Mandarin Oriental, and a commissioner of Astra and Bank Permata.

Simon Keswick*

Mr Simon Keswick joined the Group in 1962 and has been a Director of its holding company since 1972. He is a director of Matheson & Co., Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental.

Lord Leach of Fairford*

Lord Leach joined the Board in 1984 after a career in banking. He is a director of Matheson & Co., deputy chairman of Jardine Lloyd Thompson, and a director of Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental. He is also a member of the supervisory board of Paris Orléans.

Dr Richard Lee

Dr Lee joined the Board in 1999. Dr Lee's principal business interests are in the manufacturing of textiles and apparel in Southeast Asia, and he is the honorary chairman of TAL Apparel. He is also a director of Hongkong Land and Mandarin Oriental.

Anthony Nightingale

Mr Nightingale joined the Group in 1969 and was appointed as a Director in 1994. He was Managing Director from 2006 until he retired from executive office in 2012. He is also a director of Dairy Farm, Hongkong Land, Jardine Cycle & Carriage, Jardine Strategic, Mandarin Oriental, China Xintiandi, Prudential and Schindler and

a commissioner of Astra. Mr Nightingale also holds a number of senior public appointments, including acting as a non-official member of the Commission on Strategic Development, a Hong Kong representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council and a member of the UK ASEAN Business Council Advisory Panel. He is chairman of The Sailors Home and Missions to Seamen in Hong Kong.

Y.K. Pang*

Mr Pang joined the Board in 2011. He was appointed chief executive of Hongkong Land in 2007. He previously held a number of senior executive positions in the Group, which he joined in 1984. He is a director of Jardine Matheson Limited and Jardine Matheson (China) Limited. He is also chairman of both the Employers' Federation of Hong Kong and the Hong Kong General Chamber of Commerce.

James Riley*

Mr Riley joined the Board as Group Finance Director in 2007, having been Chief Financial Officer since 2005. A Chartered Accountant, he joined the Group from Kleinwort Benson in 1993. He was appointed chief financial officer of Jardine Cycle & Carriage in 1994, and in 1999 he took over responsibility for the businesses grouped under Jardine Pacific. He is also a director of Jardine Matheson Limited, Dairy Farm, and The Hongkong and Shanghai Banking Corporation Limited.

Lord Sassoon, Kt*

Lord Sassoon joined the Board in 2013. He began his career at KPMG, before joining SG Warburg (later UBS Warburg) in 1985. From 2002 to 2006 he was in the United Kingdom Treasury as a civil servant, where he had responsibility for financial services and enterprise policy. Following this, he chaired the Financial Action Task Force; and conducted a review of the UK's system of financial regulation. From 2010 to 2013 Lord Sassoon was the first Commercial Secretary to the Treasury and acted as the Government's Front Bench Treasury spokesman in the House of Lords. He is a director of Matheson & Co., Dairy Farm, Hongkong Land, Mandarin Oriental and Jardine Lloyd Thompson. He is also chairman of the China-Britain Business Council.

Percy Weatherall

Mr Weatherall first joined the Company in 1976 and was appointed to the Board in 1999 before being made Managing Director in 2000. He retired from executive office in 2006. He is also a director of Matheson & Co., Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental. He is chairman of Corney & Barrow and the Nith District Salmon Fishery Board.

Giles White*

Mr White was appointed to the Board in 2010, having first joined the Group as Group General Counsel in 2009. He was previously Asia managing partner of Linklaters based in Hong Kong, prior to which he was the firm's head of global finance and projects in London. Mr White is also a director of Jardine Matheson Limited, Dairy Farm and Mandarin Oriental.

Michael Wei Kuo Wu

Mr Wu joined the Board in March 2015 and is a director of Hongkong Land. He is chairman and managing director of Maxim's Caterers in Hong Kong. He is also a non-executive director of Hang Seng Bank, a council member of the Hong Kong University of Science and Technology and a member of the court of the University of Hong Kong.

Company Secretary and Registered Office

John C. Lang
Jardine House, 33-35 Reid Street
Hamilton
Bermuda

*Executive Director

Consolidated Profit and Loss Account

for the year ended 31st December 2014

	Note	2014			2013		
		Underlying business performance US\$m	Non-trading items US\$m	Total US\$m	Underlying business performance US\$m	Non-trading items US\$m	Total US\$m
Revenue	5	39,921	–	39,921	39,465	–	39,465
Net operating costs	6	(36,287)	(17)	(36,304)	(35,864)	(31)	(35,895)
Change in fair value of investment properties		–	59	59	–	(60)	(60)
Operating profit		3,634	42	3,676	3,601	(91)	3,510
Net financing charges	7						
– financing charges		(279)	–	(279)	(260)	–	(260)
– financing income		163	–	163	137	–	137
		(116)	–	(116)	(123)	–	(123)
Share of results of associates and joint ventures	8						
– before change in fair value of investment properties		933	23	956	1,122	(32)	1,090
– change in fair value of investment properties		–	394	394	–	352	352
		933	417	1,350	1,122	320	1,442
Profit before tax		4,451	459	4,910	4,600	229	4,829
Tax	9	(839)	(1)	(840)	(835)	(9)	(844)
Profit after tax		3,612	458	4,070	3,765	220	3,985
Attributable to:							
Shareholders of the Company	10 & 11	1,534	176	1,710	1,502	64	1,566
Non-controlling interests		2,078	282	2,360	2,263	156	2,419
		3,612	458	4,070	3,765	220	3,985
		US\$		US\$	US\$		US\$
Earnings per share	10						
– basic		4.14		4.62	4.09		4.26
– diluted		4.13		4.61	4.07		4.25

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2014

	Note	2014 US\$m	2013 US\$m
Profit for the year		4,070	3,985
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	20	(60)	90
Net revaluation surplus before transfer to investment properties			
– intangible assets	12	20	2
– tangible assets	13	–	1
Tax on items that will not be reclassified		11	(19)
		(29)	74
Share of other comprehensive (expense)/income of associates and joint ventures		(41)	12
		(70)	86
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net loss arising during the year		(415)	(1,793)
– transfer to profit and loss		7	(1)
		(408)	(1,794)
Revaluation of other investments			
– net loss arising during the year	17	(78)	(28)
– transfer to profit and loss		(19)	(11)
		(97)	(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 of associates and joint ventures		(251)	(637)
		(758)	(2,386)
Other comprehensive expense for the year, net of tax		(828)	(2,300)
Total comprehensive income for the year		3,242	1,685
Attributable to:			
Shareholders of the Company		1,245	994
Non-controlling interests		1,997	691
		3,242	1,685

Consolidated Balance Sheet

at 31st December 2014

	Note	2014 US\$m	2013 US\$m
Assets			
Intangible assets	12	2,679	2,333
Tangible assets	13	6,690	6,823
Investment properties	14	24,309	24,088
Plantations	15	908	856
Associates and joint ventures	16	8,881	8,694
Other investments	17	1,354	1,129
Non-current debtors	18	3,540	2,811
Deferred tax assets	19	305	264
Pension assets	20	23	51
Non-current assets		<u>48,689</u>	<u>47,049</u>
Properties for sale	21	2,953	2,670
Stocks and work in progress	22	3,280	3,015
Current debtors	18	6,068	5,733
Current investments	17	18	17
Current tax assets		133	130
Bank balances and other liquid funds	23		
– non-financial services companies		4,933	4,930
– financial services companies		382	284
		<u>5,315</u>	<u>5,214</u>
		<u>17,767</u>	<u>16,779</u>
Non-current assets classified as held for sale		1	7
Current assets		<u>17,768</u>	<u>16,786</u>
Total assets		66,457	63,835

Approved by the Board of Directors

Ben Keswick

James Riley

Directors

11th March 2015

	Note	2014 US\$m	2013 US\$m
Equity			
Share capital	24	173	170
Share premium and capital reserves	26	138	119
Revenue and other reserves		22,061	20,761
Own shares held	28	(3,105)	(2,664)
Shareholders' funds		19,267	18,386
Non-controlling interests	29	25,538	24,396
Total equity		44,805	42,782
Liabilities			
Long-term borrowings	30		
– non-financial services companies		5,240	4,799
– financial services companies		2,176	1,674
		7,416	6,473
Deferred tax liabilities	19	695	733
Pension liabilities	20	350	294
Non-current creditors	31	364	390
Non-current provisions	32	138	134
Non-current liabilities		8,963	8,024
Current creditors	31	8,244	7,921
Current borrowings	30		
– non-financial services companies		2,176	2,732
– financial services companies		1,892	2,079
		4,068	4,811
Current tax liabilities		300	226
Current provisions	32	77	71
Current liabilities		12,689	13,029
Total liabilities		21,652	21,053
Total equity and liabilities		66,457	63,835

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	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	170	19	100	21,224	169	7	(639)	(2,664)	18,386	24,396	42,782
Total comprehensive income	–	–	–	1,545	7	(17)	(290)	–	1,245	1,997	3,242
Dividends paid by the Company	–	–	–	(521)	–	–	–	–	(521)	94	(427)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(940)	(940)
Unclaimed dividends forfeited	–	–	–	–	–	–	–	–	–	1	1
Issue of shares	–	2	–	–	–	–	–	–	2	–	2
Employee share option schemes	–	–	21	–	–	–	–	–	21	2	23
Scrip issued in lieu of dividends	3	(3)	–	619	–	–	–	–	619	–	619
Increase in own shares held	–	–	–	–	–	–	–	(441)	(441)	(94)	(535)
Subsidiaries acquired	–	–	–	–	–	–	–	–	–	1	1
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	4	4
Change in interests in subsidiaries	–	–	–	(30)	–	–	–	–	(30)	77	47
Change in interests in associates and joint ventures	–	–	–	(14)	–	–	–	–	(14)	–	(14)
Transfer	–	2	(3)	1	–	–	–	–	–	–	–
At 31st December	173	20	118	22,824	176	(10)	(929)	(3,105)	19,267	25,538	44,805
2013											
At 1st January	168	16	89	19,545	168	(19)	67	(2,234)	17,800	24,573	42,373
Total comprehensive income	–	–	–	1,673	1	26	(706)	–	994	691	1,685
Dividends paid by the Company	–	–	–	(503)	–	–	–	–	(503)	90	(413)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(996)	(996)
Issue of shares	–	3	–	1	–	–	–	–	4	–	4
Employee share option schemes	–	–	21	–	–	–	–	–	21	3	24
Scrip issued in lieu of dividends	2	(2)	–	626	–	–	–	–	626	–	626
Increase in own shares held	–	–	–	–	–	–	–	(430)	(430)	(78)	(508)
Subsidiaries acquired	–	–	–	–	–	–	–	–	–	54	54
Subsidiaries disposed of	–	–	–	–	–	–	–	–	–	(1)	(1)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	75	75
Change in interests in subsidiaries	–	–	–	(123)	–	–	–	–	(123)	(15)	(138)
Change in interests in associates and joint ventures	–	–	–	(3)	–	–	–	–	(3)	–	(3)
Transfer	–	2	(10)	8	–	–	–	–	–	–	–
At 31st December	170	19	100	21,224	169	7	(639)	(2,664)	18,386	24,396	42,782

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US\$1,710 million (2013: US\$1,566 million) and net fair value loss on other investments of US\$80 million (2013: net fair value gain on other investments (net of impairment and transfer to profit and loss) of US\$43 million). Cumulative net fair value gain on other investments amounted to US\$189 million (2013: US\$269 million).

Consolidated Cash Flow Statement

for the year ended 31st December 2014

	Note	2014 US\$m	2013 US\$m
Operating activities			
Operating profit		3,676	3,510
Change in fair value of investment properties		(59)	60
Depreciation and amortization	33 (a)	1,007	1,039
Other non-cash items	33 (b)	403	309
Increase in working capital	33 (c)	(1,410)	(258)
Interest received		171	131
Interest and other financing charges paid		(303)	(271)
Tax paid		(829)	(970)
		2,656	3,550
Dividends from associates and joint ventures		698	650
Cash flows from operating activities		3,354	4,200
Investing activities			
Purchase of subsidiaries	33 (d)	(53)	(127)
Purchase of associates and joint ventures	33 (e)	(390)	(492)
Purchase of shares and convertible bonds in Zhongsheng		(732)	–
Purchase of other investments	33 (f)	(184)	(107)
Purchase of intangible assets		(279)	(296)
Purchase of tangible assets		(1,158)	(1,506)
Additions to investment properties		(232)	(229)
Additions to plantations		(82)	(65)
Advance to associates, joint ventures and others		(15)	(6)
Advance and repayment from associates, joint ventures and others	33 (g)	481	219
Sale of subsidiaries	33 (h)	1	39
Sale of associates and joint ventures		17	–
Sale of other investments	33 (i)	217	109
Sale of intangible assets		1	8
Sale of tangible assets		105	80
Sale of investment properties		–	1
Cash flows from investing activities		(2,303)	(2,372)
Financing activities			
Issue of shares		2	4
Capital contribution from non-controlling interests		4	75
Advance from non-controlling interests		–	1
Change in interests in subsidiaries	33 (j)	44	(114)
Drawdown of borrowings		20,863	16,632
Repayment of borrowings		(20,576)	(15,973)
Dividends paid by the Company		(343)	(295)
Dividends paid to non-controlling interests		(940)	(996)
Cash flows from financing activities		(946)	(666)
Net increase in cash and cash equivalents		105	1,162
Cash and cash equivalents at 1st January		5,189	4,253
Effect of exchange rate changes		(6)	(226)
Cash and cash equivalents at 31st December	33 (k)	5,288	5,189

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. IFRS 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 4 and pages 6 to 21.

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.

(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. The cost of and related income arising from shares held in the Company by subsidiaries are eliminated from shareholders' funds and non-controlling interests, and profit, respectively.

(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) 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.

(v) The results of subsidiaries, associates and joint ventures are included or excluded from their effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures 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	14 – 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 Company and its subsidiaries and associates operate 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 analyzes 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 subsidiaries and the shares held by the Trustee under the Senior Executive Share Incentive Schemes. For the purpose of calculating diluted earnings per share, profit attributable to shareholders is adjusted for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and the weighted average number of shares is adjusted for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the year.

Dividends

Dividends proposed or declared after the balance sheet date are not 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 34.

(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 45% (2013: 43%), 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 30.

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\$26 million (2013: US\$27 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 17.

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\$343 million (2013: US\$287 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 66% (2013: 68%) 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\$20.4 billion (2013: US\$20.2 billion) of which US\$11.5 billion (2013: US\$11.3 billion) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US\$6.1 billion (2013: US\$6.5 billion) and US\$2.8 billion (2013: US\$2.4 billion), respectively.

The following table analyzes 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	4,466	2,405	1,516	603	949	3,320	13,259
Creditors	6,495	163	67	28	20	99	6,872
Net settled derivative financial instruments	3	1	–	–	2	–	6
Gross settled derivative financial instruments							
– inflow	2,046	835	488	100	151	1,858	5,478
– outflow	2,050	824	476	86	141	1,815	5,392
Estimated losses on insurance contracts	143	–	–	–	–	–	143
At 31st December 2013							
Borrowings	5,172	2,169	1,475	791	371	2,983	12,961
Creditors	6,352	86	52	32	27	90	6,639
Net settled derivative financial instruments	7	2	1	–	–	–	10
Gross settled derivative financial instruments							
– inflow	1,919	443	171	53	53	1,499	4,138
– outflow	1,774	370	149	44	44	1,475	3,856
Estimated losses on insurance contracts	110	–	–	–	–	–	110

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 (%)	6	6
Gearing ratio inclusive of financial services companies (%)	14	14
Interest cover exclusive of financial services companies (times)	29	30
Interest cover inclusive of financial services companies (times)	39	38

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 analyzes 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	–	43	189	232
	1,140	43	189	1,372
Derivative designated at fair value				
– through other comprehensive income	–	184	–	184
– through profit and loss	–	20	–	20
	1,140	247	189	1,576
Liabilities				
Contingent consideration payable	–	–	(67)	(67)
Derivative designated at fair value				
– through other comprehensive income	–	(33)	–	(33)
– through profit and loss	–	(10)	–	(10)
	–	(43)	(67)	(110)
2013				
Assets				
Available-for-sale financial assets				
– listed securities	943	–	–	943
– unlisted investments	–	42	161	203
	943	42	161	1,146
Derivative designated at fair value				
– through other comprehensive income	–	285	–	285
– through profit and loss	–	9	–	9
	943	336	161	1,440
Liabilities				
Contingent consideration payable	–	–	(66)	(66)
Derivative designated at fair value				
– through other comprehensive income	–	(25)	–	(25)
– through profit and loss	–	(34)	–	(34)
	–	(59)	(66)	(125)

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	Contingent consideration payable	Available-for-sale financial assets	Contingent consideration payable
	US\$m	US\$m	US\$m	US\$m
At 1st January	161	66	134	68
Exchange differences	(2)	–	(5)	–
Additions	2	–	6	–
Capital repayment	–	–	(2)	–
Payment of contingent consideration	–	(1)	–	(2)
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	67	161	66

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.

(ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances and other liquid funds, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates.

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 31st December 2014 and 2013 are as follows:

	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	–	–	1,372	–	–	1,372	1,372
Debtors	8,308	204	–	–	13	8,525	8,455
Bank balances and other liquid funds	5,315	–	–	–	–	5,315	5,315
	13,623	204	1,372	–	13	15,212	15,142
Liabilities							
Borrowings (excluding finance lease liabilities)	–	–	–	(11,400)	–	(11,400)	(11,471)
Finance lease liabilities	–	–	–	(84)	–	(84)	(84)
Trade and other payables excluding non-financial liabilities	–	(43)	–	(6,805)	(67)	(6,915)	(6,915)
	–	(43)	–	(18,289)	(67)	(18,399)	(18,470)
2013							
Assets							
Other investments	–	–	1,146	–	–	1,146	1,146
Debtors	7,336	294	–	–	14	7,644	7,239
Bank balances and other liquid funds	5,214	–	–	–	–	5,214	5,214
	12,550	294	1,146	–	14	14,004	13,599
Liabilities							
Borrowings (excluding finance lease liabilities)	–	–	–	(11,161)	–	(11,161)	(11,075)
Finance lease liabilities	–	–	–	(123)	–	(123)	(123)
Trade and other payables excluding non-financial liabilities	–	(59)	–	(6,573)	(66)	(6,698)	(6,698)
	–	(59)	–	(17,857)	(66)	(17,982)	(17,896)

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 eight

operating segments as more fully described on page 4. 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 Pacific US\$m	Jardine Motors US\$m	Jardine Lloyd Thompson 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 (<i>refer note 5</i>)	2,576	5,128	–	1,876	11,008	680	1,680	16,995	–	(22)	39,921	–	39,921
Net operating costs	(2,530)	(4,982)	–	(809)	(10,484)	(559)	(1,629)	(15,259)	(57)	22	(36,287)	(17)	(36,304)
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	59	59
Operating profit	46	146	–	1,067	524	121	51	1,736	(57)	–	3,634	42	3,676
Net financing charges													
– financing charges	(6)	(13)	–	(114)	(9)	(20)	–	(116)	(1)	–	(279)	–	(279)
– financing income	–	–	–	45	7	3	–	102	6	–	163	–	163
	(6)	(13)	–	(69)	(2)	(17)	–	(14)	5	–	(116)	–	(116)
Share of results of associates and joint ventures													
– before change in fair value of investment properties	105	–	85	123	69	12	47	490	2	–	933	23	956
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	394	394
	105	–	85	123	69	12	47	490	2	–	933	417	1,350
Profit before tax	145	133	85	1,121	591	116	98	2,212	(50)	–	4,451	459	4,910
Tax	(14)	(34)	–	(188)	(93)	(19)	(11)	(476)	(4)	–	(839)	(1)	(840)
Profit after tax	131	99	85	933	498	97	87	1,736	(54)	–	3,612	458	4,070
Non-controlling interests	–	(2)	–	(549)	(178)	(38)	(37)	(1,297)	23	–	(2,078)	(282)	(2,360)
Profit attributable to shareholders	131	97	85	384	320	59	50	439	(31)	–	1,534	176	1,710
Net (debt)/cash (excluding net debt of financial services companies)*	(225)	(177)	–	(2,657)	475	(403)	60	(266)	710	–			(2,483)
Total equity	706	554	513	27,598	1,724	1,065	382	10,497	1,829	(63)			44,805
2013													
Revenue (<i>refer note 5</i>)	2,346	4,469	–	1,857	10,357	669	1,348	18,440	–	(21)	39,465	–	39,465
Net operating costs	(2,332)	(4,386)	–	(940)	(9,835)	(557)	(1,306)	(16,467)	(62)	21	(35,864)	(31)	(35,895)
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	(60)	(60)
Operating profit	14	83	–	917	522	112	42	1,973	(62)	–	3,601	(91)	3,510
Net financing charges													
– financing charges	(6)	(13)	–	(106)	(11)	(17)	(1)	(105)	(1)	–	(260)	–	(260)
– financing income	–	1	–	42	8	2	–	78	6	–	137	–	137
	(6)	(12)	–	(64)	(3)	(15)	(1)	(27)	5	–	(123)	–	(123)
Share of results of associates and joint ventures													
– before change in fair value of investment properties	112	–	76	235	69	17	27	586	–	–	1,122	(32)	1,090
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	352	352
	112	–	76	235	69	17	27	586	–	–	1,122	320	1,442
Profit before tax	120	71	76	1,088	588	114	68	2,532	(57)	–	4,600	229	4,829
Tax	(10)	(13)	–	(149)	(102)	(20)	(7)	(530)	(4)	–	(835)	(9)	(844)
Profit after tax	110	58	76	939	486	94	61	2,002	(61)	–	3,765	220	3,985
Non-controlling interests	–	1	–	(554)	(179)	(38)	(26)	(1,494)	27	–	(2,263)	(156)	(2,419)
Profit attributable to shareholders	110	59	76	385	307	56	35	508	(34)	–	1,502	64	1,566
Net (debt)/cash (excluding net debt of financial services companies)*	(255)	(117)	–	(3,025)	638	(479)	17	(303)	922	1			(2,601)
Total equity	706	514	553	26,899	1,585	1,099	357	9,590	1,541	(62)			42,782

*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 Segment Information *(continued)*

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

	2014 US\$m	2013 US\$m
<i>Underlying profit attributable to shareholders:</i>		
Greater China	743	648
Southeast Asia	706	803
United Kingdom	80	60
Rest of the world	36	25
	1,565	1,536
Corporate and other interests	(31)	(34)
	1,534	1,502
<i>Non-current assets*:</i>		
Greater China	27,449	26,978
Southeast Asia	14,347	14,012
United Kingdom	768	755
Rest of the world	903	1,049
	43,467	42,794

*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
<i>By business:</i>				
Jardine Pacific	6,125	5,380	2,576	2,346
Jardine Motors	5,128	4,469	5,128	4,469
Jardine Lloyd Thompson	1,817	1,532	–	–
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	(654)	(776)	(22)	(21)
	62,782	61,380	39,921	39,465
<i>By product and service:</i>				
Agribusiness	2,232	1,200	1,372	1,200
Engineering and construction	4,976	4,625	1,668	1,866
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	2,246	2,223
Motor vehicles	26,701	27,352	15,809	16,045
Property and hotels	4,393	4,896	2,690	2,638
Restaurants	2,373	2,020	574	421
Retail	11,356	10,881	11,008	10,357
	62,782	61,380	39,921	39,465
<i>By geographical location of customers:</i>				
Greater China	17,376	15,243	12,069	10,847
Southeast Asia	40,745	42,083	24,951	26,079
United Kingdom	3,573	3,106	2,608	2,264
Rest of the world	1,088	948	293	275
	62,782	61,380	39,921	39,465

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

6 Net Operating Costs

	2014 US\$m	2013 US\$m
Cost of sales	(30,575)	(30,663)
Other operating income	566	532
Selling and distribution costs	(4,129)	(3,848)
Administration expenses	(1,844)	(1,738)
Other operating expenses	(322)	(178)
	(36,304)	(35,895)
<i>The following credits/(charges) are included in net operating costs:</i>		
Cost of stocks recognized as expense	(27,688)	(27,525)
Cost of properties for sale recognized as expense	(616)	(719)
Amortization of intangible assets	(109)	(96)
Depreciation of tangible assets	(898)	(943)
Impairment of tangible assets	(231)	(1)
Impairment of other investments	–	(55)
Write down of stocks and work in progress	(57)	(59)
Reversal of write down of stocks and work in progress	26	19
Reversal of write down of properties for sale	56	12
Impairment of debtors	(129)	(117)
Operating expenses arising from investment properties	(149)	(142)
Employee benefit expense		
– salaries and benefits in kind	(3,159)	(3,032)
– share options granted	(11)	(11)
– defined benefit pension plans (refer note 20)	(80)	(77)
– defined contribution pension plans	(87)	(77)
	(3,337)	(3,197)
Net foreign exchange losses	(8)	(16)
Operating lease expenses		
– minimum lease payments	(1,072)	(983)
– contingent rents	(27)	(26)
– subleases	54	55
	(1,045)	(954)
Auditors' remuneration		
– audit	(18)	(18)
– non-audit services	(6)	(6)
	(24)	(24)
Dividend and interest income from available-for-sale investments	50	52
Rental income from properties	32	33
<i>Net operating costs included the following gains/(losses) from non-trading items:</i>		
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	(5)	–
Other	(5)	–
	(17)	(31)

7 Net Financing Charges

	2014 US\$m	2013 US\$m
Interest expense		
– bank loans and advances	(116)	(132)
– other	(135)	(118)
	(251)	(250)
Fair value gains/(losses) on fair value hedges	28	(73)
Fair value adjustment on hedged items attributable to the hedged risk	(28)	73
	–	–
	(251)	(250)
Interest capitalized	41	28
Commitment and other fees	(69)	(38)
Financing charges	(279)	(260)
Financing income	163	137
	(116)	(123)

8 Share of Results of Associates and Joint Ventures

	2014 US\$m	2013 US\$m
By business:		
Jardine Pacific	104	112
Jardine Lloyd Thompson	72	67
Hongkong Land	516	586
Dairy Farm	69	66
Mandarin Oriental	12	21
Jardine Cycle & Carriage	47	27
Astra	530	563
	1,350	1,442
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	(1)	(20)
Restructuring of businesses	(13)	(12)
Negative goodwill on acquisition of business	37	–
	417	320

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

9 Tax

	2014 US\$m	2013 US\$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	(900)	(905)
Deferred tax	60	61
	(840)	(844)
Greater China	(302)	(212)
Southeast Asia	(525)	(618)
United Kingdom	(10)	(8)
Rest of the world	(3)	(6)
	(840)	(844)
Reconciliation between tax expense and tax at the applicable tax rate*:		
Tax at applicable tax rate	(731)	(685)
Income not subject to tax		
– change in fair value of investment properties	19	25
– other items	55	41
Expenses not deductible for tax purposes		
– change in fair value of investment properties	(15)	(42)
– other items	(58)	(103)
Tax losses and temporary differences not recognized	(30)	(31)
Utilization of previously unrecognized tax losses and temporary differences	7	6
Recognition of previously unrecognized tax losses and temporary differences	–	4
Deferred tax assets written off	(1)	(2)
Over/(under) provision in prior years	6	(1)
Withholding tax	(62)	(54)
Other	(30)	(2)
	(840)	(844)
Tax relating to components of other comprehensive income is analyzed as follows:		
Remeasurements of employee benefit plans	11	(19)
Cash flow hedges	3	(8)
	14	(27)

Share of tax charge of associates and joint ventures of US\$321 million and credit of US\$13 million (2013: charge of US\$374 million and US\$4 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 20.5% (2013: 20.2%) 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.

10 Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US\$1,710 million (2013: US\$1,566 million) and on the weighted average number of 370 million (2013: 368 million) shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$1,710 million (2013: US\$1,565 million), which is after adjusting for the effects of the conversion of dilutive potential ordinary shares of subsidiaries, associates or joint ventures, and on the weighted average number of 371 million (2013: 369 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	685	675
Company's share of shares held by subsidiaries	(315)	(307)
Weighted average number of shares for basic earnings per share calculation	370	368
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	1	1
Weighted average number of shares for diluted earnings per share calculation	371	369

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	
		Basic earnings per share	Diluted earnings per share		Basic earnings per share	Diluted earnings per share
	US\$m	US\$	US\$		US\$	US\$
Profit attributable to shareholders	1,710	4.62	4.61	1,566	4.26	4.25
Non-trading items (refer note 11)	(176)			(64)		
Underlying profit attributable to shareholders	1,534	4.14	4.13	1,502	4.09	4.07

11 Non-trading Items

	2014 US\$m	2013 US\$m
By business:		
Jardine Pacific	7	2
Jardine Motors	(2)	(3)
Jardine Lloyd Thompson	(13)	(9)
Hongkong Land	164	105
Dairy Farm	6	13
Mandarin Oriental	–	2
Jardine Cycle & Carriage	(1)	–
Astra	18	(1)
Corporate and other interests	(3)	(45)
	176	64
An analysis of non-trading items after interest, tax and non-controlling interests is set out below:		
Increase in fair value of investment properties		
– Hongkong Land	161	105
– other	18	8
	179	113
Decrease in fair value of plantations	(5)	(2)
Asset impairment	2	(50)
Sale and closure of businesses	3	3
Sale of other investments	14	–
Sale of property interests	7	14
Restructuring of businesses	(14)	(14)
Fair value loss on convertible component of Zhongsheng bonds	(14)	–
Expenses relating to transfer of listing segment of group companies' shares	(4)	–
Negative goodwill on acquisition of business	11	–
Other	(3)	–
	176	64

	Goodwill US\$m	Franchise rights US\$m	Leasehold land US\$m	Concession rights US\$m	Other US\$m	Total US\$m
2014						
Cost	1,030	177	754	357	296	2,614
Amortization and impairment	(4)	(2)	(137)	(17)	(121)	(281)
Net book value at 1st January	1,026	175	617	340	175	2,333
Exchange differences	(27)	(4)	(18)	(11)	(5)	(65)
New subsidiaries	127	–	2	–	10	139
Additions	–	1	187	85	128	401
Revaluation surplus before transfer to investment properties	–	–	20	–	–	20
Transfer to investment properties and properties for sale	–	–	(40)	–	–	(40)
Amortization	–	–	(33)	(6)	(70)	(109)
Net book value at 31st December	1,126	172	735	408	238	2,679
Cost	1,130	172	898	431	385	3,016
Amortization and impairment	(4)	–	(163)	(23)	(147)	(337)
	1,126	172	735	408	238	2,679
2013						
Cost	1,079	220	781	384	271	2,735
Amortization and impairment	(5)	–	(138)	(17)	(109)	(269)
Net book value at 1st January	1,074	220	643	367	162	2,466
Exchange differences	(115)	(45)	(142)	(83)	(23)	(408)
New subsidiaries	69	–	42	–	17	128
Additions	–	–	106	61	80	247
Disposals	(2)	–	(7)	–	(1)	(10)
Revaluation surplus before transfer to investment properties	–	–	2	–	–	2
Transfer from investment properties	–	–	4	–	–	4
Amortization	–	–	(31)	(5)	(60)	(96)
Net book value at 31st December	1,026	175	617	340	175	2,333
Cost	1,030	177	754	357	296	2,614
Amortization and impairment	(4)	(2)	(137)	(17)	(121)	(281)
	1,026	175	617	340	175	2,333
					2014 US\$m	2013 US\$m
Goodwill allocation by business:						
Jardine Pacific					152	152
Jardine Motors					49	52
Dairy Farm					575	466
Mandarin Oriental					40	40
Astra					310	316
					1,126	1,026

12 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 30).

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 8 years
Other	up to 40 years

13 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	1,037	2,322	1,120	1,087	3,507	2,118	11,191
Depreciation and impairment	(92)	(453)	(647)	(100)	(1,945)	(1,131)	(4,368)
Net book value at 1st January	945	1,869	473	987	1,562	987	6,823
Exchange differences	(73)	(52)	(20)	1	(35)	(32)	(211)
New subsidiaries	–	29	21	–	1	31	82
Additions	55	300	127	–	379	370	1,231
Disposals	(26)	(1)	(3)	–	(9)	(19)	(58)
Transfer to stock and work in progress	–	–	–	–	(3)	(44)	(47)
Depreciation charge	(11)	(85)	(102)	(21)	(404)	(275)	(898)
Impairment charge	–	–	–	(231)	–	–	(231)
Reclassified to non-current assets held for sale	(1)	–	–	–	–	–	(1)
Net book value at 31st December	889	2,060	496	736	1,491	1,018	6,690
Cost	983	2,580	1,167	1,076	3,612	2,234	11,652
Depreciation and impairment	(94)	(520)	(671)	(340)	(2,121)	(1,216)	(4,962)
	889	2,060	496	736	1,491	1,018	6,690
2013							
Cost	651	2,296	1,026	1,191	3,690	2,261	11,115
Depreciation and impairment	(82)	(433)	(590)	(92)	(1,879)	(1,118)	(4,194)
Net book value at 1st January	569	1,863	436	1,099	1,811	1,143	6,921
Exchange differences	33	(235)	(15)	(104)	(317)	(194)	(832)
New subsidiaries	4	35	6	–	35	2	82
Additions	364	312	146	17	499	398	1,736
Disposals	(15)	(23)	(5)	–	(5)	(22)	(70)
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)	(79)	(95)	(25)	(457)	(277)	(943)
Impairment charge	–	–	–	–	(1)	–	(1)
Reclassified to non-current assets held for sale	–	(3)	–	–	–	–	(3)
Net book value at 31st December	945	1,869	473	987	1,562	987	6,823
Cost	1,037	2,322	1,120	1,087	3,507	2,118	11,191
Depreciation and impairment	(92)	(453)	(647)	(100)	(1,945)	(1,131)	(4,368)
	945	1,869	473	987	1,562	987	6,823

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'.

13 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\$322 million, US\$64 million and US\$3 million (*2013: US\$326 million, US\$92 million and nil*), respectively.

Rental income from properties and other tangible assets amounted to US\$353 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	2013
	US\$m	US\$m
Within one year	156	146
Between one and two years	92	81
Between two and five years	76	89
Beyond five years	15	22
	339	338

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 30).

14 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	538	24,088
Exchange differences	(37)	(17)	(1)	(55)
Additions	25	157	3	185
Transfer from intangible assets	32	–	–	32
Net increase in fair value	34	12	13	59
At 31st December	22,922	834	553	24,309
Freehold properties				75
Leasehold properties				24,234
				24,309
2013				
At 1st January	22,753	666	542	23,961
Exchange differences	(46)	9	(4)	(41)
Additions	49	192	1	242
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)	(1)	(60)
At 31st December	22,868	682	538	24,088
Freehold properties				55
Leasehold properties				24,033
				24,088

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, mainland 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 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.

14 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:

		Fair value at 31st December 2014 US\$m	Valuation method	Range of significant unobservable inputs Prevailing market rent per month US\$	Capitalization/ discount rates %
Commercial Property					
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			

14 Investment Properties *(continued)*

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.

Rental income from investment properties amounted to US\$842 million (2013: US\$811 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	723	714
Between one and two years	521	468
Between two and five years	471	429
Beyond five years	97	64
	1,812	1,675

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.

15 Plantations

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

	2014 US\$m	2013 US\$m
<i>Movements during the year:</i>		
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 2013 and 2014.

*0% inflation thereafter.

16 Associates and Joint Ventures

	2014 US\$m	2013 US\$m
Listed associates		
– Jardine Lloyd Thompson	283	313
– OHTL	19	20
	302	333
Unlisted associates	944	873
Share of attributable net assets	1,246	1,206
Goodwill on acquisition	250	261
	1,496	1,467
Listed joint ventures		
– Bank Permata	651	556
– PT Tunas Ridean	76	71
	727	627
Unlisted joint ventures	6,508	6,458
Share of attributable net assets	7,235	7,085
Goodwill on acquisition	150	142
	7,385	7,227
	8,881	8,694
By business:		
Jardine Pacific	373	386
Jardine Motors	–	1
Jardine Lloyd Thompson	513	553
Hongkong Land	4,884	4,914
Dairy Farm	391	372
Mandarin Oriental	106	116
Jardine Cycle & Carriage	203	169
Astra	2,394	2,166
Corporate and other interests	17	17
	8,881	8,694

	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	1,467	1,396	7,227	6,720
Share of results after tax and non-controlling interests	315	303	1,035	1,139
Negative goodwill on acquisition of business	–	–	(37)	–
Share of other comprehensive expense after tax and non-controlling interests	(91)	(113)	(201)	(512)
Dividends received	(194)	(139)	(504)	(511)
Acquisitions, increases in attributable interests and advances	(11)	19	441	494
Disposals, decreases in attributable interests and repayment of advances	(3)	(11)	(481)	(103)
Reclassification of associates and joint ventures as subsidiaries	–	–	(95)	–
Employee share options schemes	13	12	–	–
At 31st December	1,496	1,467	7,385	7,227
Fair value of listed associates/joint ventures	1,310	1,553	760	598

16 Associates and Joint Ventures (continued)

(a) Investment in associates

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

Nature of investments in material associates in 2014 and 2013:

Name of entity	Nature of business	Country of incorporation/ principal place of business	% of ownership interest	
			2014	2013
Jardine Lloyd Thompson Group plc	Insurance and reinsurance broking, risk management and employee benefit services	United Kingdom/Worldwide	42	42
PT Astra Daihatsu Motor	Automotive	Indonesia/Indonesia	32	32

As at 31st December 2014, the fair value of the Group's interest in Jardine Lloyd Thompson Group plc ('Jardine Lloyd Thompson'), which is listed on the London Stock Exchange, was US\$1,227 million (2013: US\$1,475 million) and the carrying amount of the Group's interest was US\$513 million (2013: US\$553 million).

Summarized financial information for material associates

Summarized balance sheet at 31st December

	Jardine Lloyd Thompson		PT Astra Daihatsu Motor		Total	
	2014	2013	2014	2013	2014	2013
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Non-current assets	1,277	1,237	630	610	1,907	1,847
Current assets						
Cash and cash equivalents	1,357	1,241	479	474	1,836	1,715
Other current assets	778	697	335	407	1,113	1,104
Total current assets	2,135	1,938	814	881	2,949	2,819
Non-current liabilities						
Financial liabilities*	(691)	(787)	–	–	(691)	(787)
Other non-current liabilities*	(335)	(244)	(42)	(41)	(377)	(285)
Total non-current liabilities	(1,026)	(1,031)	(42)	(41)	(1,068)	(1,072)
Current liabilities						
Financial liabilities*	(263)	(25)	–	(1)	(263)	(26)
Other current liabilities*	(1,641)	(1,525)	(432)	(525)	(2,073)	(2,050)
Total current liabilities	(1,904)	(1,550)	(432)	(526)	(2,336)	(2,076)
Non-controlling interests	(28)	(32)	–	–	(28)	(32)
Net assets	454	562	970	924	1,424	1,486

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

16 Associates and Joint Ventures *(continued)*

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

	Jardine Lloyd Thompson		PT Astra Daihatsu Motor		Total	
	2014	2013	2014	2013	2014	2013
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Revenue	1,817	1,533	4,012	4,560	5,829	6,093
Depreciation and amortization	(46)	(39)	(99)	(110)	(145)	(149)
Interest income	3	2	47	33	50	35
Interest expense	(38)	(27)	–	–	(38)	(27)
Profit from underlying business performance	301	278	380	459	681	737
Income tax expense	(78)	(73)	(89)	(120)	(167)	(193)
Profit after tax from underlying business performance	223	205	291	339	514	544
Profit after tax from non-trading items	(30)	(28)	–	–	(30)	(28)
Profit after tax	193	177	291	339	484	516
Other comprehensive income	(97)	(49)	(21)	(219)	(118)	(268)
Total comprehensive income	96	128	270	120	366	248
Dividends received from associates	41	35	71	32	112	67

The information above reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates 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 interests in its material associates for the year ended 31st December:

	Jardine Lloyd Thompson		PT Astra Daihatsu Motor		Total	
	2014	2013	2014	2013	2014	2013
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Net assets	454	562	970	924	1,424	1,486
Adjustment for shares purchased for employee benefit plans	221	192	–	–	221	192
Adjusted net assets	675	754	970	924	1,645	1,678
Interest in associates (%)	42	42	32	32		
Group's share of net assets in associates	283	313	309	295	592	608
Goodwill	230	240	–	–	230	240
Carrying value	513	553	309	295	822	848

16 Associates and Joint Ventures (continued)

The Group has interests in a number of individually immaterial associates. The following table analyzes, 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	150	128
Share of other comprehensive expense	(12)	(35)
Share of total comprehensive income	138	93
Carrying amount of interests in these associates	674	619

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	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.

16 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 sheets 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.

16 Associates and Joint Ventures *(continued)*

Summarized statements 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	(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.

16 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 analyzes, 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	305	404
Share of other comprehensive expense	(99)	(165)
Share of total comprehensive income	206	239
Carrying amount of interests in these joint ventures	3,085	2,871

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 relating to the Group's interest in the joint ventures at 31st December 2014 and 2013.

17 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	232	203
	1,372	1,146
Non-current	1,354	1,129
Current	18	17
	1,372	1,146
Analysis by geographical area of operation:		
Greater China	313	102
Southeast Asia	730	711
Rest of the world	329	333
	1,372	1,146
Movements during the year:		
At 1st January	1,146	1,254
Exchange differences	(16)	(90)
Additions	522	127
Disposals and capital repayments	(200)	(115)
Unwinding of discount	(2)	(2)
Net revaluation deficit	(78)	(28)
At 31st December	1,372	1,146

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 18*), 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.

18 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	2,569	2,401
– associates and joint ventures	79	78
	2,648	2,479
– provision for impairment	(44)	(29)
	2,604	2,450
Other debtors		
– third parties	2,021	1,511
– associates and joint ventures	114	108
	2,135	1,619
– provision for impairment	(11)	(11)
	2,124	1,608
	9,608	8,544
Non-current	3,540	2,811
Current	6,068	5,733
	9,608	8,544
Analysis by geographical area of operation:		
Greater China	1,288	858
Southeast Asia	8,160	7,550
United Kingdom	89	82
Rest of the world	71	54
	9,608	8,544
Fair value:		
Consumer financing debtors	4,136	3,368
Financing lease receivables	687	713
Financing debtors	4,823	4,081
Trade debtors	2,604	2,450
Other debtors*	1,028	708
	8,455	7,239

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

18 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 irrecoverable 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

18 Debtors (continued)

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

	2014		2013	
	Gross investment	Net investment	Gross investment	Net investment
	US\$m	US\$m	US\$m	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\$80 million (2013: US\$116 million) and other debtors of US\$11 million (2013: US\$14 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\$44 million (2013: US\$29 million) and US\$11 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\$795 million (2013: US\$662 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		Financing lease receivables		Trade debtors		Other debtors	
	2014	2013	2014	2013	2014	2013	2014	2013
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Below 30 days	307	265	123	174	383	350	11	9
Between 31 and 60 days	61	44	17	8	178	173	4	2
Between 61 and 90 days	11	6	3	–	93	87	1	2
Over 90 days	–	–	5	–	141	52	8	74
	379	315	148	182	795	662	24	87

18 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	204	294
Restricted bank balances and deposits	50	7
Loans to employees	38	33
Other amounts due from associates and joint ventures	114	108
Reposessed assets of finance companies	19	14
Other receivables	231	252
Financial assets	1,041	708
Prepayments	692	555
Reinsurers' share of estimated losses on insurance contracts	72	47
Rental and other deposits	215	183
Other	104	115
	2,124	1,608

The convertible bonds in Zhongsheng with a nominal value of HK\$3,092 million, 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 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.

Movements in the provisions for impairment are as follows:

	Consumer financing debtors		Financing lease receivables		Trade debtors		Other debtors	
	2014	2013	2014	2013	2014	2013	2014	2013
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 1st January	(183)	(218)	(33)	(37)	(29)	(27)	(11)	(10)
Exchange differences	5	47	(1)	7	1	4	–	–
Additional provisions	(102)	(97)	(4)	(5)	(31)	(15)	(2)	(3)
Unused amounts reversed	–	–	–	–	9	3	1	–
Amounts written off	78	85	9	2	6	6	1	2
At 31st December	(202)	(183)	(29)	(33)	(44)	(29)	(11)	(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 30).

19 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	(162)	(526)	33	66	120	(469)
Exchange differences	3	4	(2)	(2)	(2)	1
New subsidiaries	–	–	–	1	3	4
Credited/(charged) to profit and loss	4	79	2	8	(33)	60
Credited to other comprehensive income	–	3	–	11	–	14
At 31st December	(155)	(440)	33	84	88	(390)
Deferred tax assets	99	(40)	22	72	152	305
Deferred tax liabilities	(254)	(400)	11	12	(64)	(695)
	(155)	(440)	33	84	88	(390)
2013						
At 1st January	(180)	(595)	35	95	111	(534)
Exchange differences	1	85	(3)	(17)	(31)	35
New subsidiaries	–	(7)	3	–	–	(4)
Credited/(charged) to profit and loss	17	(1)	(2)	7	40	61
Charged to other comprehensive income	–	(8)	–	(19)	–	(27)
At 31st December	(162)	(526)	33	66	120	(469)
Deferred tax assets	79	(45)	25	60	145	264
Deferred tax liabilities	(241)	(481)	8	6	(25)	(733)
	(162)	(526)	33	66	120	(469)

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\$127 million (2013: US\$121 million) arising from unused tax losses of US\$545 million (2013: US\$527 million) have not been recognized in the financial statements. Included in the unused tax losses, US\$242 million have no expiry date and the balance will expire at various dates up to and including 2024.

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.

20 Pension Plans

The Group operates defined benefit pension plans in the main territories in which it operates, with the major plans in Hong Kong and the United Kingdom. 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, whilst the United Kingdom plans are driven by inflationary rates.

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	1,006	1,002
Present value of funded obligations	(1,097)	(1,043)
	(91)	(41)
Present value of unfunded obligations	(236)	(202)
Net pension liabilities	(327)	(243)
Analysis of net pension liabilities:		
Pension assets	23	51
Pension liabilities	(350)	(294)
	(327)	(243)

20 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	1,002	(1,245)	(243)
Current service cost	–	(57)	(57)
Interest income/(expense)	47	(63)	(16)
Past service cost and gains on settlements	–	(5)	(5)
Administration expenses	(2)	–	(2)
	45	(125)	(80)
	1,047	(1,370)	(323)
Exchange differences	(23)	33	10
New subsidiaries	–	(3)	(3)
Remeasurements			
– return on plan assets, excluding amounts included in interest income	17	–	17
– change in financial assumptions	–	(51)	(51)
– experience losses	–	(26)	(26)
	17	(77)	(60)
Contributions from employers	36	–	36
Contributions from plan participants	4	(4)	–
Benefit payments	(67)	80	13
Settlements	(7)	7	–
Transfer from other plans	(1)	1	–
At 31st December	1,006	(1,333)	(327)
2013			
At 1st January	977	(1,327)	(350)
Current service cost	–	(67)	(67)
Interest income/(expense)	38	(55)	(17)
Past service cost and gains on settlements	–	8	8
Administration expenses	(1)	–	(1)
	37	(114)	(77)
	1,014	(1,441)	(427)
Exchange differences	(20)	72	52
New subsidiaries	–	(5)	(5)
Remeasurements			
– return on plan assets, excluding amounts included in interest income	37	–	37
– change in financial assumptions	–	103	103
– experience losses	–	(50)	(50)
	37	53	90
Contributions from employers	38	–	38
Contributions from plan participants	4	(4)	–
Benefit payments	(73)	82	9
Transfer from other plans	2	(2)	–
At 31st December	1,002	(1,245)	(243)

20 Pension Plans *(continued)*

The weighted average duration of the defined benefit obligation at 31st December 2014 is 12 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	100	91
Between one and two years	90	89
Between two and five years	309	281
Beyond five years	6,607	5,683
	7,106	6,144

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

	Hong Kong		United Kingdom		Others	
	2014	2013	2014	2013	2014	2013
	%	%	%	%	%	%
Discount rate	3.4	4.4	3.4	4.4	8.1	7.1
Salary growth rate	5.0	5.0	–	–	7.5	6.9
Inflation rate	N/A	N/A	2.9	3.5	N/A	N/A

Life expectancy for pensioners in the United Kingdom plans at the age of 65 for male and female are 22 years and 24 years, respectively (2013: 22 years and 24 years). 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:

	Change in assumption %	Impact on defined benefit obligation Increase in assumption US\$m	Decrease in assumption US\$m
Discount rate	1	(138)	166
Salary growth rate	1	82	(70)
Inflation rate	1	28	(21)

The above sensitivity analyzes 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.

20 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	122	64	15	13	214
Debt instruments					
– government	38	1	–	–	39
– corporate bonds					
– investment grade	20	133	–	–	153
	58	134	–	–	192
Investment funds	18	109	141	27	295
	<u>198</u>	<u>307</u>	<u>156</u>	<u>40</u>	<u>701</u>
Unquoted investments					
Debt instruments					
– government	12	33	14	3	62
– corporate bonds					
– investment grade	1	5	8	–	14
– non-investment grade	–	10	16	–	26
	1	15	24	–	40
	13	48	38	3	102
Investment funds	1	–	–	167	168
	<u>14</u>	<u>48</u>	<u>38</u>	<u>170</u>	<u>270</u>
Total investments	<u>212</u>	<u>355</u>	<u>194</u>	<u>210</u>	<u>971</u>
Cash and cash equivalents					34
Benefits payable and other					1
					1,006

20 Pension Plans *(continued)*

	Asia Pacific US\$m	Europe US\$m	North America US\$m	Global US\$m	Total US\$m
<i>2013</i>					
Quoted investments					
Equity instruments	148	63	14	11	236
Debt instruments					
– government	40	1	–	–	41
– corporate bonds					
– investment grade	21	110	–	–	131
	61	111	–	–	172
Investment funds	17	117	147	36	317
	226	291	161	47	725
Unquoted investments					
Debt instruments					
– government	9	30	12	6	57
– corporate bonds					
– investment grade	2	10	22	–	34
– non-investment grade	–	1	3	–	4
	2	11	25	–	38
	11	41	37	6	95
Investment funds	1	–	–	163	164
	12	41	37	169	259
Total investments	238	332	198	216	984
Cash and cash equivalents					22
Benefits payable and other					(4)
					1,002

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 allocation adopted in 2013 and 2014. The next ALM review is scheduled for 2015.

As at 31st December 2014, the Hong Kong plans had assets of US\$520 million (2013: US\$523 million). These assets were invested 18% in Asia Pacific, 19% in Europe and 32% in North America (2013: 22%, 20% and 32%, respectively). Within Asia Pacific, 81% was invested in Hong Kong equities. In 2014, 55% and 45% of the investments were in quoted and unquoted instruments, respectively. In 2013, the split was 58% and 42%. 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\$52 million. In 2013 the top three sectors were financials, properties and technology with a combined fair value of US\$54 million.

20 Pension Plans *(continued)*

In the United Kingdom, the defined benefit plans have strategic asset allocations of 60/40 for Matheson & Co. and 50/50 for Jardine Motors' equity/debt. The majority of the equity investments are in passive funds with a significant percentage in developed economies. Matheson & Co. has 87% of their investments in developed and 13% in emerging economies. This is largely similar to 2013. The regional splits are 9% in Asia Pacific, 45% in Europe, 14% in North America and 32% globally. In 2014, 70% of their investments were in quoted instruments, which is the same as 2013. Jardine Motors had 95% of the investments in developed economies and all of their investments were in quoted instruments, similar to 2013. Their regional splits are 7% in Asia Pacific, 82% in Europe, 6% in North America and 5% globally. The top three sectors of the quoted equity instruments at the end of both 2014 and 2013 were financials, consumer goods and industrials, with combined fair values of US\$56 million and US\$51 million, respectively.

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

Only the Group's United Kingdom plans' benefit obligations are linked to inflation, specifically CPI, where a higher CPI leads to higher liabilities. Although CPI has remained benign in 2014, the long-term outlook is for a higher inflation assumption. The rest of the Group's plan assets are unaffected by inflation.

Life expectancy

Life expectancy risk is only applicable to the United Kingdom plans, where increase in longevity assumptions results in an increase in the plan's liabilities. 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.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2014 were US\$36 million and the estimated amount of contributions expected to be paid to all its plans in 2015 is US\$45 million.

21 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 30).

22 Stocks and Work in Progress

	2014 US\$m	2013 US\$m
Finished goods	2,944	2,722
Work in progress	47	43
Raw materials	70	76
Spare parts	110	85
Other	109	89
	3,280	3,015

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 30).

23 Bank Balances and Other Liquid Funds

	2014 US\$m	2013 US\$m
Deposits with banks and financial institutions	3,543	3,958
Bank balances	1,659	1,161
Cash balances	113	95
	5,315	5,214
Analysis by currency:		
Chinese renminbi	401	508
Euro	42	60
Hong Kong dollar	336	388
Indonesian rupiah	1,049	1,208
Japanese yen	19	20
Malaysian ringgit	49	73
New Taiwan dollar	52	40
Philippine peso	21	7
Singapore dollar	396	355
Thailand baht	24	13
United Kingdom sterling	32	29
United States dollar	2,864	2,498
Other	30	15
	5,315	5,214

The weighted average interest rate on deposits with banks and financial institutions is 2.1% (2013: 2.8%) per annum.

24 Share Capital

	2014 US\$m	2013 US\$m	
Authorized:			
1,000,000,000 shares of US\$25 each	250	250	
	Ordinary shares in millions	2014 US\$m	2013 US\$m
	2014	2013	
Issued and fully paid:			
At 1st January	681	670	170
Scrip issued in lieu of dividends	10	11	3
At 31st December	691	681	173

25 Senior Executive Share Incentive Schemes

The Senior Executive Share Incentive Schemes (the 'Schemes') were set up in order to provide selected executives with options to purchase ordinary shares in the Company.

The exercise price of the granted options is based on the average market price for the five trading days immediately preceding the date of grant of the options. Options are vested in tranches over a period of up to five years and are exercisable for up to ten years following the date of grant. Prior to the adoption of the 2005 Plan on 5th May 2005, ordinary shares were issued on the date of grant of the options to the Trustee of the Schemes, Clare Investment Overseas (PTC) Limited, a wholly-owned subsidiary, which holds the ordinary shares until the options are exercised. Under the 2005 Plan, ordinary shares may be issued upon exercise of the options.

The shares issued under the Schemes held on trust by the wholly-owned subsidiary are, for presentation purposes, netted off the Company's share capital in the consolidated balance sheet and the premium attached to them is netted off the share premium account (*refer note 26*).

Movements during the year:

	2014		2013	
	Weighted average exercise price US\$	Options in millions	Weighted average exercise price US\$	Options in millions
At 1st January	41.4	2.4	34.5	2.3
Granted	59.6	0.2	64.9	0.4
Exercised	28.8	(0.2)	20.6	(0.3)
Cancelled	48.5	(0.1)	—	—
At 31st December	44.3	2.3	41.4	2.4

The average share price during the year was US\$60.1 (2013: US\$58.7) per share.

Outstanding at 31st December:

Expiry date	Exercise price US\$	Options in millions	
		2014	2013
2016	18.2	0.1	0.1
2017	21.7	0.2	0.2
2018	27.3	0.2	0.2
2019	16.7 – 24.5	0.1	0.3
2020	32.2	0.3	0.3
2021	45.7 – 46.8	0.3	0.4
2022	51.2	0.5	0.5
2023	64.9	0.4	0.4
2024	59.6	0.2	—
Total outstanding		2.3	2.4
of which exercisable		0.8	0.7

The fair value of options granted during the year, determined using the Trinomial valuation model, was US\$3 million (2013: US\$7 million). The significant inputs into the model, based on the weighted average number of options issued, were share price of US\$59.0 (2013: US\$64.6) at the grant dates, exercise price shown above, expected volatility based on the last seven years of 32.1% (2013: 32.3%), dividend yield of 2.4% (2013: 2.1%), option life disclosed above, and annual risk-free interest rate of 2.1% (2013: 1.3%). Options are assumed to be exercised at the end of the seventh year following the date of grant.

26 Share Premium and Capital Reserves

	Share premium US\$m	Capital reserves US\$m	Total US\$m
2014			
At 1st January	19	100	119
Capitalization arising on scrip issued in lieu of dividends	(3)	–	(3)
Employee share option schemes			
– exercise of share options	2	–	2
– value of employee services	–	21	21
Transfer	2	(3)	(1)
At 31st December	20	118	138
2013			
At 1st January	18	89	107
Capitalization arising on scrip issued in lieu of dividends	(2)	–	(2)
Employee share option schemes			
– exercise of share options	1	–	1
– value of employee services	–	21	21
Transfer	2	(10)	(8)
At 31st December	19	100	119

Capital reserves represent the value of employee services under the Group's employee share option schemes. At 31st December 2014, US\$19 million (2013: US\$16 million) related to the Company's Senior Executive Share Incentive Schemes.

27 Dividends

	2014 US\$m	2013 US\$m
Final dividend in respect of 2013 of US\$103.00 (2012: US\$100.00) per share	701	670
Interim dividend in respect of 2014 of US\$38.00 (2013: US\$37.00) per share	261	251
	962	921
Company's share of dividends paid on the shares held by subsidiaries	(441)	(418)
	521	503
Shareholders elected to receive scrip in respect of the following:		
Final dividend in respect of previous year	449	453
Interim dividend in respect of current year	170	173
	619	626

A final dividend in respect of 2014 of US\$107.00 (2013: US\$103.00) per share amounting to a total of US\$739 million (2013: US\$701 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2015 Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by subsidiaries of US\$341 million (2013: US\$321 million) will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2015.

28 Own Shares Held

Own shares held of US\$3,105 million (2013: US\$2,664 million) represent the Company's share of the cost of 386 million (2013: 378 million) ordinary shares in the Company held by subsidiaries and are deducted in arriving at shareholders' funds.

29 Non-controlling Interests

	2014 US\$m	2013 US\$m
By business:		
Hongkong Land	16,212	15,798
Dairy Farm	641	592
Mandarin Oriental	382	396
Jardine Cycle & Carriage	180	180
Astra	7,773	7,112
Jardine Strategic	983	858
Other	28	27
	26,199	24,963
Less own shares held attributable to non-controlling interests	(661)	(567)
	25,538	24,396

29 Non-controlling Interests *(continued)*

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	Jardine Strategic US\$m
2014					
Current					
Assets	4,890	1,930	426	7,805	16,208
Liabilities	(1,832)	(2,565)	(371)	(5,895)	(11,086)
Total current net assets/(liabilities)	3,058	(635)	55	1,910	5,122
Non-current					
Assets	28,742	2,386	1,482	11,957	48,575
Liabilities	(4,202)	(228)	(576)	(3,579)	(8,659)
Total non-current net assets	24,540	2,158	906	8,378	39,916
Non-controlling interests	(50)	(94)	(5)	(2,138)	(21,845)
Net assets	27,548	1,429	956	8,150	23,193
2013					
Current					
Assets	4,367	1,931	397	7,241	15,323
Liabilities	(2,192)	(2,426)	(715)	(5,827)	(11,472)
Total current net assets/(liabilities)	2,175	(495)	(318)	1,414	3,851
Non-current					
Assets	28,629	2,032	1,621	11,162	46,685
Liabilities	(3,905)	(160)	(308)	(3,198)	(7,646)
Total non-current net assets	24,724	1,872	1,313	7,964	39,039
Non-controlling interests	(42)	(96)	(6)	(1,943)	(20,862)
Net assets	26,857	1,281	989	7,435	22,028

29 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	Jardine Strategic US\$m
2014					
Profit after tax from underlying business performance	933	498	97	1,773	3,444
Profit after tax from non-trading items	409	10	–	53	461
Profit after tax	1,342	508	97	1,826	3,905
Other comprehensive expense	(216)	(53)	(63)	(228)	(764)
Total comprehensive income	1,126	455	34	1,598	3,141
Total comprehensive income/(expense) allocated to non-controlling interests	13	(2)	(1)	223	1,779
Dividends paid to non-controlling interests	(5)	–	–	(123)	(896)
2013					
Profit after tax from underlying business performance	939	487	94	2,039	3,626
Profit after tax from non-trading items	261	26	3	39	224
Profit after tax	1,200	513	97	2,078	3,850
Other comprehensive (expense)/income	(78)	(123)	11	(2,065)	(2,322)
Total comprehensive income	1,122	390	108	13	1,528
Total comprehensive income/(expense) allocated to non-controlling interests	13	(7)	–	(141)	555
Dividends paid to non-controlling interests	(7)	–	–	(129)	(951)

29 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	Jardine Strategic US\$m
2014					
Cash flows from operating activities					
Cash generated from operations	1,091	534	121	1,741	3,408
Interest received	51	7	2	102	172
Interest and other financing charges paid	(132)	(8)	(24)	(115)	(284)
Tax paid	(134)	(94)	(21)	(494)	(791)
Other operating cash flows	(177)	237	82	304	657
Cash flows from operating activities	699	676	160	1,538	3,162
Cash flows from investing activities	88	(432)	(46)	(1,182)	(2,189)
Cash flows from financing activities	(516)	(293)	(99)	(242)	(815)
Net increase/(decrease) in cash and cash equivalents	271	(49)	15	114	158
Cash and cash equivalents at 1st January	1,402	711	316	1,522	4,895
Effect of exchange rate changes	(15)	(5)	(7)	30	(3)
Cash and cash equivalents at 31st December	1,658	657	324	1,666	5,050
2013					
Cash flows from operating activities					
Cash generated from operations	835	551	112	2,033	3,334
Interest received	40	7	2	76	133
Interest and other financing charges paid	(117)	(11)	(18)	(106)	(253)
Tax paid	(139)	(95)	(19)	(628)	(933)
Other operating cash flows	289	231	80	900	1,527
Cash flows from operating activities	908	683	157	2,275	3,808
Cash flows from investing activities	(378)	(285)	(422)	(1,144)	(2,230)
Cash flows from financing activities	(117)	(316)	132	(536)	(376)
Net increase/(decrease) in cash and cash equivalents	413	82	(133)	595	1,202
Cash and cash equivalents at 1st January	981	665	453	1,118	3,918
Effect of exchange rate changes	8	(36)	(4)	(191)	(225)
Cash and cash equivalents at 31st December	1,402	711	316	1,522	4,895

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

30 Borrowings

	2014		2013	
	Carrying amount US\$m	Fair value US\$m	Carrying amount US\$m	Fair value US\$m
Current				
– bank overdrafts	27	27	25	25
– other bank advances	1,176	1,176	1,387	1,387
– other advances	32	32	39	39
	1,235	1,235	1,451	1,451
Current portion of long-term borrowings				
– bank loans	1,806	1,806	2,018	2,018
– bonds and notes	967	967	1,261	1,261
– finance lease liabilities	36	36	43	43
– other loans	24	24	38	38
	2,833	2,833	3,360	3,360
	4,068	4,068	4,811	4,811
Long-term borrowings				
– bank loans	3,448	3,456	2,558	2,560
– bonds and notes	3,914	3,977	3,810	3,723
– finance lease liabilities	48	48	80	80
– other loans	6	6	25	24
	7,416	7,487	6,473	6,387
	11,484	11,555	11,284	11,198

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	6,573	6,824
	11,484	11,284

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.

30 Borrowings (continued)

	Weighted average interest rates	Fixed rate borrowings Weighted average period outstanding		Floating rate borrowings	Total
<i>By currency:</i>	%	Years	US\$m	US\$m	US\$m
2014					
Chinese renminbi	5.3	—	—	100	100
Euro	1.6	2.4	4	182	186
Hong Kong dollar	3.3	10.1	2,142	1,559	3,701
Indonesian rupiah	9.1	1.5	4,218	712	4,930
Japanese yen	1.0	—	—	21	21
Malaysian ringgit	4.1	—	—	87	87
New Taiwan dollar	2.0	2.9	—	10	10
Philippine peso	3.5	0.8	78	24	102
Singapore dollar	2.2	2.5	475	792	1,267
Swiss franc	1.8	17.0	2	12	14
United Kingdom sterling	1.6	—	—	175	175
United States dollar	2.1	1.4	259	626	885
Other	5.9	0.6	5	1	6
			7,183	4,301	11,484
2013					
Chinese renminbi	5.2	—	—	147	147
Euro	1.8	3.4	6	207	213
Hong Kong dollar	2.9	10.1	2,038	1,745	3,783
Indonesian rupiah	7.6	1.3	3,632	885	4,517
Japanese yen	1.2	—	—	29	29
Malaysian ringgit	4.0	0.1	—	140	140
New Taiwan dollar	1.9	0.4	1	9	10
Singapore dollar	2.1	3.4	510	794	1,304
Swiss franc	1.2	18.0	2	54	56
United Kingdom sterling	2.6	0.5	33	130	163
United States dollar	2.3	1.6	351	560	911
Other	3.7	0.4	8	3	11
			6,581	4,703	11,284

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

30 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	6,755	6,954
Between one and two years	1,346	1,456
Between two and three years	1,061	695
Between three and four years	69	242
Between four and five years	167	1
Beyond five years	2,086	1,936
	11,484	11,284

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

30 Borrowings (continued)

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

	Maturity	Interest rates %	Nominal values	2014		2013	
				Current US\$m	Non- current US\$m	Current US\$m	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	–	–

30 Borrowings (continued)

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

				2014		2013	
	Maturity	Interest rates %	Nominal values	Current US\$m	Non- current US\$m	Current US\$m	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.

31 Creditors

	2014 US\$m	2013 US\$m
Trade creditors		
– third parties	3,944	3,826
– associates and joint ventures	227	224
	4,171	4,050
Accruals	1,626	1,592
Other amounts due to associates and joint ventures	188	207
Rental and other refundable deposits	420	361
Contingent consideration payable	67	66
Derivative financial instruments	43	59
Other creditors	400	363
Financial liabilities	6,915	6,698
Gross estimated losses on insurance contracts	143	110
Net amount due to customers for contract work	48	38
Proceeds from properties for sale received in advance	697	678
Rental income received in advance	26	26
Other income received in advance	214	193
Deferred warranty income	17	24
Unearned premiums on insurance contracts	357	341
Other	191	203
	8,608	8,311
Non-current	364	390
Current	8,244	7,921
	8,608	8,311
Analysis by geographical area of operation:		
Greater China	3,055	3,125
Southeast Asia	5,136	4,799
United Kingdom	229	221
Rest of the world	188	166
	8,608	8,311

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.

32 Provisions

	Motor vehicle warranties US\$m	Closure cost provisions US\$m	Obligations under onerous leases US\$m	Reinstatement and restoration costs US\$m	Statutory employee entitlements US\$m	Others US\$m	Total US\$m
2014							
At 1st January	32	9	10	46	96	12	205
Exchange differences	(2)	–	(1)	(2)	(2)	–	(7)
Additional provisions	9	2	3	4	9	7	34
Unused amounts reversed	–	(2)	–	(1)	–	(1)	(4)
Utilized	(4)	(4)	–	(1)	(2)	(2)	(13)
At 31st December	35	5	12	46	101	16	215
Non-current	–	1	10	41	75	11	138
Current	35	4	2	5	26	5	77
	35	5	12	46	101	16	215
2013							
At 1st January	29	6	3	40	106	10	194
Exchange differences	(1)	–	–	(2)	(23)	(1)	(27)
New subsidiaries	–	–	–	4	4	–	8
Additional provisions	7	6	9	7	9	4	42
Unused amounts reversed	–	(1)	(1)	–	–	–	(2)
Utilized	(3)	(2)	(1)	(3)	–	(1)	(10)
At 31st December	32	9	10	46	96	12	205
Non-current	–	–	6	40	80	8	134
Current	32	9	4	6	16	4	71
	32	9	10	46	96	12	205

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.

33 Notes to Consolidated Cash Flow Statement

(a) Depreciation and amortization

	2014 US\$m	2013 US\$m
By business:		
Jardine Pacific	32	26
Jardine Motors	27	21
Hongkong Land	2	2
Dairy Farm	203	197
Mandarin Oriental	65	60
Jardine Cycle & Carriage	11	10
Astra	667	723
	1,007	1,039

(b) Other non-cash items

	2014 US\$m	2013 US\$m
By nature:		
Profit on sale of subsidiaries	–	(13)
Profit on sale of associates and joint ventures	(4)	–
Profit on sale of other investments	(36)	(11)
Profit on sale of tangible assets	(37)	(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	1
Impairment of other investments	–	55
Impairment of debtors	129	117
Write down of stocks and work in progress	57	59
Reversal of write down of stocks and work in progress	(26)	(19)
Reversal of write down of properties for sale	(56)	(12)
Change in provisions	14	14
Net foreign exchange losses	27	68
Options granted under employee share option schemes	11	11
Other	3	–
	403	309
By business:		
Jardine Pacific	2	8
Jardine Motors	(5)	(2)
Hongkong Land	(65)	(12)
Dairy Farm	4	–
Mandarin Oriental	2	(3)
Jardine Cycle & Carriage	14	14
Astra	462	244
Corporate and other interests	(11)	60
	403	309

33 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	(449)	(94)
Increase in debtors	(1,039)	(901)
Increase in creditors	388	867
Increase in pension obligations	30	30
	(1,410)	(258)

(d) Purchase of subsidiaries

	2014 Fair value US\$m	2013 Fair value US\$m
Intangible assets	12	59
Tangible assets	82	82
Plantations	27	–
Associates and joint ventures	–	9
Non-current debtors	38	5
Deferred tax assets	4	–
Current assets	75	89
Deferred tax liabilities	–	(4)
Pension liabilities	(3)	(5)
Non-current provisions	–	(6)
Current liabilities	(125)	(80)
Non-current borrowings	(80)	–
Non-controlling interests	(1)	–
Fair value of identifiable net assets acquired	29	149
Adjustment for non-controlling interests	–	(54)
Goodwill	127	69
Total consideration	156	164
Payment for contingent consideration	1	2
Adjustment for deferred consideration	–	(2)
Payment for deferred consideration	2	1
Carrying value of associates and joint ventures	(95)	–
Cash and cash equivalents of subsidiaries acquired	(11)	(38)
Net cash outflow	53	127

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.

33 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\$39 million for Jardine Pacific's acquisition of a 100% interest in Birdland (Hong Kong) Limited which operates the KFC franchised restaurants in Hong Kong and Macau ('KFC Hong Kong'), in November 2013, 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.

The goodwill arising from the acquisition of KFC Hong Kong amounted to US\$42 million and was attributable to its market share in quick service restaurants in Hong Kong and the benefit to strengthen the Group's operating capability of KFC franchise in the region.

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\$40,203 million and US\$4,064 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\$25 million from Jardine Motors' sale of its dealerships in North London and Hampshire and 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 Jardine Strategic's sale of Tata Power and US\$98 million for Astra's sale of securities. Sale in 2013 comprised Astra's sale of securities.

33 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)
– Jardine Strategic	–	(182)
– other	(21)	(56)
Decrease in attributable interests	185	260
	44	(114)

Increase in attributable interests in other subsidiaries in 2014 included US\$10 million for Jardine Motors' acquisition of an additional 40% interest in Dongguan Huaxing, increasing its controlling interest to 100% and 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 (<i>refer note 23</i>)	5,315	5,214
Bank overdrafts (<i>refer note 30</i>)	(27)	(25)
	5,288	5,189

34 Derivative Financial Instruments

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

	2014		2013	
	Positive fair value US\$m	Negative fair value US\$m	Positive fair value US\$m	Negative fair value US\$m
Designated as cash flow hedges				
– forward foreign exchange contracts	2	17	2	–
– interest rate swaps	–	4	–	10
– cross currency swaps	181	12	283	14
	183	33	285	24
Designated as fair value hedges				
– interest rate swaps	6	–	5	–
– cross currency swaps	14	10	4	35
	20	10	9	35
Non-qualifying as hedges				
– interest rate caps	1	–	–	–

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2014 were US\$624 million (2013: US\$224 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\$632 million (2013: US\$888 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).

35 Commitments

	2014 US\$m	2013 US\$m
Capital commitments:		
Authorized not contracted		
– joint ventures	12	–
– other	1,082	1,348
	1,094	1,348
Contracted not provided		
– joint ventures	188	387
– other	780	429
	968	816
	2,062	2,164

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	863	809
– due between one and two years	605	575
– due between two and three years	383	343
– due between three and four years	218	200
– due between four and five years	146	143
– due beyond five years	730	766
	2,945	2,836

Total future sublease payments receivable relating to the above operating leases amounted to US\$48 million (2013: US\$50 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.

36 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.

37 Related Party Transactions

In the normal course of business the Group undertakes a variety of transactions 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 uses Jardine Lloyd Thompson to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid by the Group 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 associates and joint ventures are included in debtors and creditors, as appropriate (refer notes 18 and 31).

Details of Directors' remuneration (being the key management personnel compensation) are shown on page 117 under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

38 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	789	1,111
Share capital (refer note 24)	173	170
Share premium and capital reserves (refer note 26)	39	35
Revenue and other reserves	562	892
Shareholders' funds	774	1,097
Current liabilities	15	14
Total equity and liabilities	789	1,111

Subsidiaries are shown at cost less amounts provided.

39 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. Jardine Strategic has committed to take up its entitlement and fully underwrite the offer.

40 Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2014 are set out below:

	Country of incorporation/ principal place of business	Nature of business	Attributable interests		Proportion of ordinary shares and voting powers at 31st December 2014 held by the Group	
			2014 %	2013 %	the Group %	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	64	64	78	22
Hongkong Land Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Property development & investment, leasing & management	41	41	50	50
Jardine Cycle & Carriage Ltd	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk and motor trading	61	60	74	26
Jardine Matheson Ltd	Bermuda/ Hong Kong	Group management	100	100	100	–
Jardine Motors Group Holdings Ltd	Bermuda/ Greater China and United Kingdom	Motor trading	100	100	100*	–
Jardine Pacific Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Engineering & construction, transport services, restaurants, property and IT services	100	100	100	–
Jardine Strategic Holdings Ltd†	Bermuda/ Greater China and Southeast Asia	Holding	82	83	82	18
Mandarin Oriental International Ltd	Bermuda/ Worldwide	Hotel management & ownership	61	61	73	27
Matheson & Co., Ltd	England/ United Kingdom	Holding and management	100	100	100	–
PT Astra International Tbk	Indonesia/ Indonesia	Automotive, financial services, agribusiness, heavy equipment and mining, infrastructure and logistics, and information technology	31	30	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.

*Jardine Motors is directly held by the Company. All other subsidiaries are held through subsidiaries.

†Jardine Strategic held 56% (2013: 56%) of the share capital of the Company.

Independent Auditors' Report

To the members of Jardine Matheson Holdings Limited

Report on the Consolidated Financial Statements

Our opinion

In our opinion, Jardine Matheson Holdings Limited's consolidated financial statements (the 'financial statements') present fairly, in all material respects, the financial position of the Group as at 31st December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') and The Companies Act 1981 (Bermuda).

What we have audited

Jardine Matheson Holdings Limited's financial statements comprise:

- the Consolidated Balance Sheet as at 31st December 2014;
- the Consolidated Profit and Loss Account and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law in Bermuda and IFRSs as issued by the International Accounting Standards Board ('IASB').

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the Financial Statements and the Audit

Our responsibilities and those of the Directors

As explained more fully in the Responsibilities Statement on page 115, the Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and The Companies Act 1981 (Bermuda).

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 90 of The Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

11th March 2015

(a) The maintenance and integrity of the Jardine Matheson Holdings Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Five Year Summary

Profit and Loss*

	2014 US\$m	2013 US\$m	2012 US\$m	2011 US\$m	2010 US\$m
Revenue	39,921	39,465	39,593	37,967	30,053
Profit attributable to shareholders	1,710	1,566	1,671	3,432	3,068
Underlying profit attributable to shareholders	1,534	1,502	1,462	1,478	1,348
Earnings per share (US\$)	4.62	4.26	4.58	9.48	8.54
Underlying earnings per share (US\$)	4.14	4.09	4.01	4.08	3.75
Dividends per share (US\$)	1.45	1.40	1.35	1.25	1.15

Balance Sheet*

	2014 US\$m	2013 US\$m	2012 US\$m	2011 US\$m	2010 US\$m
Total assets	66,457	63,835	63,461	58,297	48,075
Total liabilities	(21,652)	(21,053)	(21,088)	(19,050)	(16,132)
Total equity	44,805	42,782	42,373	39,247	31,943
Shareholders' funds	19,267	18,386	17,800	16,352	13,706
Net debt (excluding net debt of financial services companies)	2,483	2,601	3,413	2,432	2,252
Net asset value per share (US\$)	51.79	49.84	48.53	45.08	37.98

Cash Flow

	2014 US\$m	2013 US\$m	2012 US\$m	2011 US\$m	2010 US\$m
Cash flows from operating activities	3,354	4,200	2,729	2,674	2,210
Cash flows from investing activities	(2,303)	(2,372)	(2,784)	(2,675)	(1,372)
Net cash flow before financing	1,051	1,828	(55)	(1)	838
Cash flow per share from operating activities (US\$)	9.06	11.42	7.48	7.38	6.15

*Figures prior to 2013 have been restated due to a change in accounting policy upon adoption of IAS 19 (amended 2011) 'Employee Benefits'.

Responsibility Statement

The Directors of the Company confirm to the best of their knowledge that:

(a) the consolidated 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; and

(b) the sections of this Report, including the Chairman's Statement, Managing Director's Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority of the United Kingdom.

For and on behalf of the Board

Ben Keswick

James Riley

Directors

11th March 2015

Corporate Governance

Jardine Matheson Holdings Limited is incorporated in Bermuda. The majority of the Group's business interests are in Asia. The Company's equity shares have a standard listing on the Main Market of the London Stock Exchange, and secondary listings in Bermuda and Singapore. At a Special General Meeting held on 8th April 2014 shareholders approved the transfer of the Company's shares to a standard listing from a premium listing on the London Stock Exchange and this transfer took effect on 27th May 2014. The Company's share capital is 56%-owned by Jardine Strategic Holdings Limited ('Jardine Strategic'), a Bermuda incorporated 82%-owned subsidiary of the Company similarly listed in London, Bermuda and Singapore. The Disclosure and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority of the United Kingdom (the 'FCA') require that this Report address all relevant information about the corporate governance practices applied beyond the requirements under Bermuda law.

The Company attaches importance to the corporate stability that is fundamental to the Group's ability to pursue a long-term strategy in Asian markets. It is committed to high standards of governance based on its approach developed over many years. At the time of its transfer from a premium listing to a standard listing the Company advised that it intended to maintain certain governance principles, including in relation to significant transactions, related party transactions, pre-emption rights over the issue of new shares and securities dealing rules, that would otherwise no longer apply to the Company. These are more fully described in 'Further Governance Principles' below.

The Management of the Group

The Company is the parent company of the Jardine Matheson Group. Its management is therefore concerned both with the direct management of Jardine Matheson's own activities, and with the oversight of the operations of other listed companies within the wider Group.

The structural relationship between the Group companies is considered to be a key element to the Group's success. By coordinating objectives, establishing common values and standards and sharing experience, contacts and business relationships, the Group aims to optimize opportunities across the Asian countries in which it operates. The Company's system of governance is based on a well-trying approach to oversight and management, in which the individual subsidiaries and affiliates benefit from the Group's strategic guidance and professional expertise, while at the same time, the independence of their boards is respected and clear operational accountability rests with their executive management teams.

The Directors have the full power to manage the business affairs of the Company, with the exception of matters reserved to be exercised by the Company in general meeting under Bermuda legislation or the Company's Bye-laws. Among the matters on which the Board decides are the Group's business strategy, its annual budget, dividends and major corporate activities.

Operational management is delegated to the appropriate level, and coordination with the Group's listed subsidiaries is undertaken by the board of the Group management company, Jardine Matheson Limited ('JML'). The JML board meets regularly in Hong Kong and is chaired by the Managing Director. It currently has six other members, whose names appear on page 124 of this Report, which include the Deputy Managing Director, the Group Finance Director, the Group Strategy Director and the Group General Counsel.

The Board

The Company currently has a Board of 14 Directors. Their names and brief biographies appear on page 27 of this Report. The Board composition and operation provide stability, allowing the Company to take a long-term view as it seeks to grow its business and pursue investment opportunities.

The Chairman's role is to lead the Board as it oversees the Group's strategic and financial direction. The role of Managing Director, with the support of the Deputy Managing Director, is to implement the strategy set by the Board and to manage the Group's operations. An important part of this is undertaken by the Managing Director in his capacity as chairman of the board of JML to which responsibility for implementing the Group's strategy within designated financial parameters has been delegated.

The Board is scheduled to hold four meetings in 2015 and ad hoc procedures are adopted to deal with urgent matters. In 2014 one meeting was held in Bermuda and three were held in Asia. The Board receives high quality, up to date information for each of its meetings. In addition, certain Directors who are not members of the board of JML and who are based outside Asia regularly visit Asia and Bermuda to discuss the Group's business, as well as to participate in the four annual Group strategic reviews that precede the regular Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge and close oversight of the Group's affairs reinforces the process by which business is reviewed before consideration at Board meetings.

Directors' Appointment, Retirement, Remuneration and Service Contracts

Candidates for appointment as executive Directors of the Company or as executive directors of JML may be sourced internally or externally, including by using the services of specialist executive search firms. The aim is to appoint individuals who combine international best practice with familiarity of or adaptability to Asian markets. When appointing non-executive Directors, the Board pays particular attention to the Asian business experience and relationships that they can bring.

Each new Director is appointed by the Board and, in accordance with the Company's Bye-laws, each new Director is subject to retirement at the first annual general meeting after appointment. Thereafter, Directors are subject to retirement by rotation under the Bye-laws whereby one-third of the Directors retire at the annual general meeting each year. These provisions apply to both executive and non-executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director. On 5th March 2015 Michael Wei Kuo Wu was appointed as a Director of the Company. In accordance with Bye-law 84, Anthony Nightingale, Y.K. Pang and Percy Weatherall retire by rotation at this year's Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Bye-law 91, Michael Wei Kuo Wu will also retire, and, being eligible, offers himself for re-election. Y.K. Pang has a service contract with a subsidiary of the Company that has a notice period of six months. Anthony Nightingale, Percy Weatherall and Michael Wei Kuo Wu do not have service contracts with the Company or its subsidiaries.

Jenkin Hui, who had been a Director of the Company since 2003, passed away on 4th September 2014. Giles White is to retire from the Board on 31st July 2015.

The Company's policy is to offer competitive remuneration packages to its senior executives. It is recognized that, due to the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms and the nature of the remuneration packages is designed to reflect this. Executive Directors joining from outside the Group are normally offered an initial fixed-term service contract to reflect any requirement for them to relocate.

Recommendations and decisions on remuneration and other benefits payable or made available to executive Directors result from consultations between the Chairman and the Managing Director as well as with other Directors as may be considered appropriate. Directors' fees which are payable to the Chairman and all other Directors (other than full-time salaried Directors) are decided upon by shareholders in general meeting as provided for by the Company's Bye-laws. A motion to increase the fees payable to Directors (other than full-time salaried Directors) to US\$55,000 each per annum and the fee for the Chairman to US\$80,000 per annum with effect from 1st January 2015 will be proposed at the forthcoming Annual General Meeting.

Certain Directors are discretionary objects under a trust created in 1947 (the '1947 Trust') which holds 35,915,991 ordinary shares in the Company representing 5.20% of the Company's issued share capital. Under the terms of the 1947 Trust, its income is to be distributed to senior executive officers and employees of the Company and its wholly-owned subsidiaries.

For the year ended 31st December 2014, the Directors received US\$66.2 million (2013: US\$64.3 million) in aggregate being distributions from the 1947 Trust of US\$48.8 million (2013: US\$47.3 million) and Directors' fees and employee benefits from the Group of US\$17.4 million (2013: US\$17.0 million). Directors' fees and employee benefits included US\$0.3 million (2013: US\$0.3 million) in Directors' fees, US\$13.6 million (2013: US\$13.4 million) in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind, US\$1.6 million (2013: US\$1.5 million) in post-employment benefits and US\$1.8 million (2013: US\$1.8 million) in share-based payments.

Share-based long-term incentive plans have also been established to provide incentives for executive Directors and senior managers. Share options are granted at the then prevailing market prices and they normally vest after the third anniversary of the date of grant. Grants may be made in a number of instalments. Share options are not granted to non-executive Directors.

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by law, the Company also indemnifies its Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

Audit Committee

The Board has established an Audit Committee, the current members of which are Lord Leach of Fairford, Anthony Nightingale and Percy Weatherall; they have extensive knowledge of the Group but are not directly involved in operational management. The Company's Managing Director, Deputy Managing Director, Group Finance Director, Group Strategy Director and Group General Counsel, together with representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. The Audit Committee meets and reports to the Board semi-annually.

Prior to completion and announcement of the half-year and year-end results, a review of the Company's financial information and any issues raised in connection with the preparation of the results, including the adoption of any new accounting policies, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The external auditors also have access to the full Board and other senior executives, and to the boards of the Group's operating companies.

The Audit Committee also keeps under review the nature, scope and results of the audits conducted by the internal audit function and the findings of the various Group audit committees. The Audit Committee's responsibilities extend to reviewing the effectiveness of both the internal and the external audit functions; considering the independence and objectivity of the external auditors; and reviewing and approving the level and nature of non-audit work performed by the external auditors.

The terms of reference of the Audit Committee can be found on the Company's website at www.jardines.com.

Risk Management and Internal Control

The Board has overall responsibility for the Group's systems of risk management and internal control. The Board has delegated to the Audit Committee responsibility for reviewing areas of risk and uncertainty, the operation and effectiveness of the Group's systems of internal control and the procedures by which these are monitored. The Audit Committee considers the systems and procedures on a regular basis, and reports to the Board semi-annually. The systems of internal control are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

Executive management oversees the implementation of the systems of internal control within the Group's operating companies, the responsibility for which rests with each company's board and its own executive management. The effectiveness of these systems is monitored by the internal audit function, which is independent of the operating companies, and by a series of audit committees that operate in each major business unit across the Group. The internal audit function also monitors the approach taken by the business units to risk. The findings of the internal audit function and recommendations for any corrective action required are reported to the relevant audit committee and, if appropriate, to the Audit Committee of the Company.

The Group has in place an organizational structure with defined lines of responsibility and delegation of authority. Across the Group there are established policies and procedures for financial planning and budgeting; for information and reporting systems; for assessment of risk; and for monitoring the Group's operations and performance. The information systems in place are designed to ensure that the financial information reported is reliable and up to date.

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is set out in the Group's Code of Conduct, which is a set of guidelines to which every employee must adhere, and is reinforced and monitored by an annual compliance certification process.

The Audit Committee has also been given the responsibility to oversee the effectiveness of the formal procedures for employees to raise any matters of serious concern and is required to review any reports made under those procedures that are referred to it by the internal audit function.

The principal risks and uncertainties facing the Company are set out on page 122.

Directors' Responsibilities in respect of the Financial Statements

The Directors are required under the Bermuda Companies Act to prepare financial statements for each financial year and to present them annually to the Company's shareholders at the annual general meeting. The financial statements are required to present fairly in accordance with International Financial Reporting Standards ('IFRS') the financial position of the Group at the end of the year and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied on a consistent basis and supported by prudent and reasonable judgments and estimates, have been followed in preparing the financial statements. The financial statements have been prepared on a going concern basis.

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are clearly set out in its Code of Conduct. The code requires that all Group companies comply with all laws of general application, all rules and regulations that are industry specific and proper standards of business conduct. The code prohibits the giving or receiving of illicit payments, and requires all employees to be treated fairly, impartially and with respect. It also requires that all managers must be fully aware of their obligations under the code and establish procedures to ensure compliance at all levels within their organizations. The Group has in place procedures by which employees can raise, in confidence, matters of serious concern in areas such as financial reporting or compliance.

Directors' Share Interests

The Directors of the Company in office on 11th March 2015 had interests (within the meaning of the DTRs) as set out below in the ordinary share capital of the Company. These interests included those notified to the Company in respect of the Directors' connected persons (as that term is used in the DTRs in relation to companies incorporated outside the United Kingdom).

Sir Henry Keswick	11,020,432
Ben Keswick	42,103,007 ^{(a) (b) (c)}
Adam Keswick	35,578,343 ^{(a) (b)}
Simon Keswick	11,804,402 ^{(a) (c)}
Lord Leach of Fairford	1,164,024
Dr Richard Lee	112,305
Anthony Nightingale	1,157,335
Y.K. Pang	315,000
James Riley	253,912
Percy Weatherall	36,786,014 ^{(a) (b)}
Giles White	48,447

Notes:

(a) Includes 1,950,004 ordinary shares held by a family trust, the trustees of which are connected persons of Ben Keswick, Adam Keswick, Simon Keswick and Percy Weatherall.

(b) Includes 30,659,530 ordinary shares held by family trusts, the trustee of which is a connected person of Ben Keswick, Adam Keswick and Percy Weatherall.

(c) Includes 6,898,390 ordinary shares held by family trusts, the trustees of which are connected persons of Ben Keswick and Simon Keswick.

In addition, Ben Keswick, Adam Keswick, Mark Greenberg, Y.K. Pang, James Riley, Lord Sassoon and Giles White held options in respect of 220,000, 80,000, 240,000, 100,000, 40,000, 75,000 and 40,000 ordinary shares, respectively, issued pursuant to the Company's Senior Executive Share Incentive Schemes.

Substantial Shareholders

As a non-UK issuer, the Company is subject to the DTRs pursuant to which a person must in certain circumstances notify the Company of the percentage of voting rights attaching to the share capital of the Company that he holds. The obligation to notify arises if that person acquires or disposes of shares in the Company which results in the percentage of voting rights which he holds reaching, exceeding, or falling below, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

The Company has been informed of the following holdings of voting rights of 5% or more attaching to the Company's issued ordinary share capital: (i) Jardine Strategic and its subsidiary undertakings are directly and indirectly interested in 386,470,216 ordinary shares carrying 55.95% of the voting rights; and (ii) the 1947 Trust is interested in 35,915,991 ordinary shares carrying 5.20% of the voting rights. Apart from these shareholdings, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 11th March 2015.

There were no contracts of significance with corporate substantial shareholders during the year under review.

Further Governance Principles

In May 2014 the Company's primary listing on the London Stock Exchange was transferred from a premium listing to a standard listing on the Main Market. Under a standard listing, the Company is subject to the UK Listing Rules (other than those which apply only to companies with a premium listing), the DTRs, the UK Prospectus Rules and the market abuse provisions of the UK Financial Services and Markets Act. The Company, therefore, is bound by the rules in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares and market abuse, including the rules governing insider dealing, market manipulation and the disclosure of price sensitive information. The Company is also subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the London Stock Exchange.

The main areas of the UK Listing Rules that no longer apply to the Company are in respect of significant transactions, related party transactions, pre-emption rights over the issue of new shares, share repurchases and the need to comply or explain non-compliance with the UK Corporate Governance Code. At the time of the move to a standard listing, however, the Company stated that it intended to maintain certain governance principles in the following areas:

1. When assessing a significant transaction, being a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules (having regard to the basis on which such provisions were applied to the Company on the date of transfer to a standard listing), the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.
2. In the event of a related party transaction, being a transaction with a related party which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules (having regard to the basis on which such provisions were applied to the Company on the date of transfer to a standard listing), the Company will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.
3. Further, as soon as the terms of a significant transaction or a related party transaction are agreed, an announcement will be issued by the Company providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.
4. At each annual general meeting, the Company will seek shareholder approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.
5. The Company will continue to adhere to its Securities Dealing Rules, which follow the UK Model Code as applied to the Company on the date of transfer to a standard listing.
6. The Company will continue its policies and practices in respect of risk management and internal controls.

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 37 to the financial statements on page 111.

Securities Purchase Arrangements

The Directors have the power under the Bermuda Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased shall be treated as cancelled. The Board considers on a regular basis the possibility for share repurchases or the acquisition of further shares in Group companies, including shares in Jardine Strategic. When doing so, it considers the potential for the enhancement of earnings or asset values per share.

At the Annual General Meeting held on 8th May 2014, shareholders approved a general mandate authorizing the Directors to effect purchases by the Company or its subsidiaries of the Company's own ordinary shares of less than 15% in aggregate of its issued share capital in accordance with the UK Listing Rules applicable to the Company's premium listing status at the time. As such an authority is no longer required by the Company's standard listing obligations, its renewal is not being sought at the forthcoming Annual General Meeting. The Company will, however, remain subject to the UK market abuse regime.

Takeover Code

The Company is subject to a Takeover Code, based on London's City Code on Takeovers and Mergers. The Takeover Code provides an orderly framework within which takeovers can be conducted and the interests of shareholders protected. The Takeover Code has statutory backing, being established under the Acts of incorporation of the Company in Bermuda.

Annual General Meeting

The 2015 Annual General Meeting will be held at Rosewood Tucker's Point, Bermuda on 7th May 2015. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report. A corporate website is maintained containing a wide range of information of interest to investors at www.jardines.com.

Power to amend Bye-laws

The Bye-laws of the Company can be amended by the shareholders by way of a special resolution at a general meeting of the Company.

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk is set out in more detail on page 118 of the Corporate Governance section of this Report. The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure and Transparency Rules issued by the Financial Conduct Authority of the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Managing Director's Review.

Economic Risk

Most of the Group's businesses are exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact on the Group's joint venture partners, franchisors, bankers, suppliers or customers. These developments can result in recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices and in the cost of raw materials. Such developments might increase operating costs, reduce revenues, lower asset values or result in the Group's businesses being unable to meet in full their strategic objectives.

Commercial Risk and Financial Risk

Risks are an integral part of normal commercial practices, and where practicable steps are taken to mitigate such risks. These risks are further pronounced when operating in volatile markets.

A number of the Group's businesses make significant investment decisions in respect of developments or projects that take time to come to fruition and achieve the desired returns and are, therefore, subject to market risks.

The Group's businesses operate in areas that are highly competitive, and failure to compete effectively in terms of price, product specification or levels of service can have an adverse effect on earnings. Significant pressure from such competition may lead to reduced margins. The quality and safety of the products and services provided by the Group's businesses are also important and there is an associated risk if they are below standard.

The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 26 and note 2 to the financial statements on pages 44 to 51.

Concessions, Franchises and Key Contracts

A number of the Group's businesses and projects are reliant on concessions, franchises, management or other key contracts. Cancellation, expiry or termination, or the renegotiation of any such concession, franchise, management or other key contracts, could have an adverse effect on the financial condition and results of operations of certain subsidiaries, associates and joint ventures of the Group.

Regulatory and Political Risk

The Group's businesses are subject to a number of regulatory environments in the territories in which they operate. Changes in the regulatory approach to such matters as foreign ownership of assets and businesses, exchange controls, planning controls, emission regulations, tax rules and employment legislation have the potential to impact the operations and profitability of the Group's businesses. Changes in the political environment in such territories can also affect the Group's businesses.

Terrorism, Pandemic and Natural Disasters

A number of the Group's operations are vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through the impact of generally reduced economic activity in response to the threat of or an actual act of terrorism.

All Group businesses would be impacted by a global or regional pandemic which could be expected to seriously affect economic activity and the ability of our businesses to operate smoothly. In addition, many of the territories in which the Group operates can experience from time to time natural disasters such as earthquakes and typhoons.

Shareholder Information

Financial Calendar

2014 full-year results announced	5th March 2015
Shares quoted ex-dividend on the Singapore Exchange	18th March 2015
Shares quoted ex-dividend on the London Stock Exchange	19th March 2015
Share registers closed	23rd to 27th March 2015
2014 final dividend scrip election period closes	24th April 2015
Annual General Meeting to be held	7th May 2015
2014 final dividend payable	13th May 2015
2015 half-year results to be announced	31st July 2015*
Shares quoted ex-dividend on the Singapore Exchange	19th August 2015*
Shares quoted ex-dividend on the London Stock Exchange	20th August 2015*
Share registers to be closed	24th to 28th August 2015*
2015 interim dividend scrip election period closes	25th September 2015*
2015 interim dividend payable	14th October 2015*

*Subject to change

Dividends

Shareholders will receive their dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2014 final dividend by notifying the United Kingdom transfer agent in writing by 24th April 2015. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 29th April 2015. Shareholders holding their shares through The Central Depository (Pte) Ltd ('CDP') in Singapore will receive United States dollars unless they elect, through CDP, to receive Singapore dollars. Shareholders, including those who hold their shares through CDP, may also elect to receive a scrip alternative to their dividends.

Registrars and Transfer Agent

Shareholders should address all correspondence with regard to their shareholdings or dividends to the appropriate registrar or transfer agent.

Principal Registrar

Jardine Matheson International Services Ltd
P.O. Box HM 1068
Hamilton HM EX
Bermuda

Jersey Branch Registrar

Capita Registrars (Jersey) Ltd
12 Castle Street
St Helier, Jersey JE2 3RT
Channel Islands

United Kingdom Transfer Agent

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU, England

Singapore Branch Registrar

M & C Services Private Ltd
112 Robinson Road #05-01
Singapore 068902

Press releases and other financial information can be accessed through the internet at www.jardines.com.

Group Offices

Jardine Matheson Ltd	48th Floor, Jardine House G.P.O. Box 70 Hong Kong	Telephone (852) 2843 8288 Email jml@jardines.com Website www.jardines.com
	Directors Ben Keswick, Chairman Adam Keswick, Deputy Chairman Mark Greenberg David Hsu Y.K. Pang James Riley Giles White	Group Corporate Secretary N.M. McNamara
Matheson & Co., Ltd	3 Lombard Street London EC3V 9AQ United Kingdom	Telephone (44 20) 7816 8100 Email enquiries@matheson.co.uk Website www.matheson.co.uk Lord Leach of Fairford
Jardine Pacific Ltd	25th Floor, Devon House Taikoo Place 979 King's Road Quarry Bay Hong Kong	Telephone (852) 2579 2888 Email jpl@jardines.com Ben Birks
Jardine Motors Group Ltd	25th Floor, Devon House Taikoo Place 979 King's Road Quarry Bay Hong Kong	Telephone (852) 2579 2888 Email jmg@jardines.com Adam Keswick
Jardine Lloyd Thompson Group plc	The St Botolph Building 138 Houndsditch London EC3A 7AW United Kingdom	Telephone (44 20) 7528 4444 Email info@jlthgroup.com Website www.jlthgroup.com Dominic Burke
Hongkong Land Ltd	8th Floor One Exchange Square Central Hong Kong	Telephone (852) 2842 8428 Email gpobox@hkland.com Website www.hkland.com Y.K. Pang
Dairy Farm Management Services Ltd	11th Floor, Devon House Taikoo Place 979 King's Road Quarry Bay Hong Kong	Telephone (852) 2299 1888 Email groupcomm@dairy-farm.com.hk Website www.dairyfarmgroup.com Graham D. Allan
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Jardine Cycle & Carriage Ltd	239 Alexandra Road Singapore 159930	Telephone (65) 6473 3122 Email corporate.affairs@jcclgroup.com Website www.jcclgroup.com Alex Newbigging
PT Astra International Tbk	Jl. Gaya Motor Raya No. 8 Sunter II, Jakarta 14330 Indonesia	Telephone (62 21) 652 2555 Email purel@ai.astra.co.id Website www.astra.co.id Priyono Sugiarto

Bermuda Jardine Matheson International Services Ltd	4th Floor, Jardine House 33-35 Reid Street Hamilton HM 12 P.O. Box HM 1068 Hamilton HM EX	Telephone (1 441) 292 0515 John C. Lang
Cambodia Jardine Matheson Ltd (Representative Office)	1st Floor, Central Mansion I No. 1A, Street 102 Sangkat Wat Phnom Khan Daun Penh Phnom Penh 12202	Telephone (855 23) 986 804 John Brinsden
Hong Kong SAR Jardine Matheson Ltd	48th Floor, Jardine House G.P.O. Box 70 Hong Kong	Telephone (852) 2843 8288 Ben Keswick
Indonesia Jardine Matheson Ltd (Representative Office)	Level 17, World Trade Centre I Jalan Jendral Sudirman Kav. 29-31 Jakarta 12920	Telephone (62 21) 522 8981/2 Jonathan Chang
Mainland China Jardine Matheson (China) Ltd (Representative Office)	Rm 3702, China World Office 1 China World Trade Centre No. 1 Jianguomenwai Avenue Chaoyang District Beijing 100004	Telephone (86 10) 6505 2801 David Hsu
Malaysia Jardine Matheson (Malaysia) Sdn Bhd	Suite 7.01, Level 7 Wisma E&C No. 2 Lorong Dungun Kiri Bukit Damansara 50490 Kuala Lumpur	Telephone (60 3) 2094 2168 Datuk Syed Tamim Mohamed
Myanmar Jardine Matheson Management (SEA) Pte. Ltd	No. 1/4 Parami Road, Level 2 Hlaing Township Yangon	Telephone (95 1) 661 083 Peter Beynon
Netherlands Jardine Matheson Europe B.V.	Atrium Building Strawinskylaan 3007 1077 ZX Amsterdam	Telephone (31 20) 470 0258 Pim Bertels
Philippines Jardine Matheson Ltd (Representative Office)	2nd Floor, 111 Paseo de Roxas Building Paseo de Roxas corner Legaspi Street Legaspi Village, Makati City 1229	Telephone (63 2) 706 8503 A.B. Colayco
Singapore Jardine Matheson (Singapore) Ltd	239 Alexandra Road, 3rd Floor Singapore 159930	Telephone (65) 6220 4254 Y.C. Boon
Taiwan Jardine, Matheson & Co., Ltd	6th Floor, 39 Jinan Road Section 2, Taipei 10059	Telephone (886 2) 2393 1166 Liang Chang
Thailand Jardine Matheson (Thailand) Ltd	21-03, 21st Floor, Times Square Building 246 Sukhumvit Road, Klong Toey Bangkok 10110	Telephone (66 2) 254 0674 Dr Pisit Leeahtam
United Kingdom Matheson & Co., Ltd	3 Lombard Street London EC3V 9AQ	Telephone (44 20) 7816 8100 Lord Leach of Fairford
Vietnam Jardine Matheson Ltd	5th Floor, CJ Building 6 Le Thanh Ton Street District 1, Ho Chi Minh City	Telephone (84 8) 3822 2340 Alain Cany



Jardine Matheson

Jardine Matheson Holdings Limited

Annual General Meeting 2015

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

If you have sold or otherwise transferred all of your ordinary shares in Jardine Matheson Holdings Limited you should immediately forward this document and the accompanying form of proxy to the purchaser or transferee, or to the stockbroker, bank, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Jardine Matheson Holdings Limited will be held at Rosewood Tucker's Point, 60 Tucker's Point Drive, Hamilton Parish, Bermuda on Thursday, 7th May 2015 at 9.00 a.m. for the following purposes:

- 1 To receive and consider the Financial Statements and the Independent Auditors' Report for the year ended 31st December 2014, and to declare a final dividend.
- 2 To re-elect Anthony Nightingale as a Director.
- 3 To re-elect Y.K. Pang as a Director.
- 4 To re-elect Percy Weatherall as a Director.
- 5 To re-elect Michael Wu as a Director.
- 6 To fix the Directors' fees.
- 7 To re-appoint the Auditors and to authorize the Directors to fix their remuneration.

To consider and, if thought fit, adopt with or without amendments the following Ordinary Resolution:

8 That:

(a) the exercise by the Directors during the Relevant Period (for the purposes of this Resolution, 'Relevant Period' being the period from the passing of this Resolution until the earlier of the conclusion of the next Annual General Meeting, or the expiration of the period within which such meeting is required by law to be held, or the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting) of all powers of the Company to allot or issue shares and to make and grant offers, agreements and options which would or might require shares to be allotted, issued or disposed of during or after the end of the Relevant Period up to an aggregate nominal amount of US\$57.6 million, be and is hereby generally and unconditionally approved; and

(b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted wholly for cash (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue (for the purposes of this Resolution, 'Rights Issue' being an offer of shares or other securities to holders of shares or other securities on the Register on a fixed record date in proportion to their then holdings of such shares or other securities or otherwise in accordance with the rights attaching thereto (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory)), or the issue of shares pursuant to the Company's Share-Based Long-Term Incentive Plans, shall not exceed US\$8.6 million, and the said approval shall be limited accordingly.

By Order of the Board

John C. Lang

Company Secretary

9th April 2015

Directors' fees

It is proposed to increase the fees payable to Directors (other than full-time salaried Directors) to US\$55,000 each per annum and the fee for the Chairman to US\$80,000 per annum with effect from 1st January 2015.

Non-routine business

The following item of non-routine business is being dealt with as ordinary resolution at the Annual General Meeting:

Resolution 8

This resolution relates to the renewal of the authority for the allotment of shares. If Resolution 8 is passed, the new authority would permit the allotment of relevant securities with an aggregate nominal value of up to US\$57.6 million representing 230,273,183 ordinary shares of US\$25 each and representing approximately 33% of the total ordinary share capital of the Company in issue as at 25th March 2015, the latest practicable date prior to the publication of this document. Included within the authority is the ability to issue ordinary shares for cash consideration (other than by way of a Rights Issue or pursuant to the Company's Share-Based Long-Term Incentive Plans) limited to a total of some 34,540,977 ordinary shares, representing approximately 5% of the total ordinary share capital of the Company in issue as at 25th March 2015. The proposed authority will expire at the conclusion of the next Annual General Meeting or on 6th August 2016, whichever is the earlier, and it is intended to seek its renewal at that and future Annual General Meetings.

Save for the allotment of ordinary shares under the Company's Share-Based Long-Term Incentive Plans the Directors have no present intention to exercise this authority. No pre-emptive rights exist under Bermuda law in relation to issues of new shares by the Company.

In the opinion of the Board the proposal set out in Resolution 8 is in the best interests of shareholders as a whole and the Board recommends that shareholders vote in favour of the resolution.

Notes:

A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him; a proxy need not also be a shareholder of the Company. A form of proxy is enclosed for use by registered shareholders. Completion and return of the proxy will not preclude a shareholder from attending and voting in person.

Investors holding their shares through a nominee within The Central Depository (Pte) Limited system in Singapore or other agent should contact their nominee, depository agent or professional adviser with regard to the procedures required to enable them to be represented and to vote at the Annual General Meeting.

Jardine Matheson Holdings Limited
Form of Proxy
Annual General Meeting – 7th May 2015

I/We1 hereby appoint the Chairman of the Meeting or2,3,4,5 as my/our proxy to attend and vote on my/our behalf the number of shares indicated below7 at the Annual General Meeting of the Company to be held on 7th May 2015 and at any adjournment thereof.

I/We direct that my/our proxy vote as indicated below8:

- 1 To receive the Financial Statements for 2014 and to declare a final dividend.
- 2 To re-elect Anthony Nightingale as a Director.
- 3 To re-elect Y.K. Pang as a Director.
- 4 To re-elect Percy Weatherall as a Director.
- 5 To re-elect Michael Wu as a Director.
- 6 To fix the Directors' fees.
- 7 To re-appoint the Auditors and to authorize the Directors to fix their remuneration.
- 8 To renew the general mandate to the Directors to issue new shares.

Table with 3 columns: Item, For, Against, Vote Withheld. Rows 1-8 corresponding to the list of resolutions.

- NOTES:
- 1. Please insert your full name and address in block capitals in the space provided. Only one of the joint holders should be mentioned (but see note 6 below).
 - 2. You can appoint the Chairman of the Meeting or anyone else to be your proxy at the Meeting. The proxy need not be a shareholder of the Company but shall be a natural person.
 - 3. To appoint the Chairman of the Meeting as your sole proxy in respect of all of your shares, do not include a name in the space provided.
 - 4. To appoint any proxy other than the Chairman of the Meeting in respect of all of your shares, cross out only the words 'the Chairman of the Meeting' and insert the name and address of the proxy desired in block capitals in the space provided and initial the alteration.
 - 5. All proxies may vote on a poll and all proxies, other than Directors or officers of the Company or any of its subsidiaries, may vote on a show of hands.
 - 6. If more than one joint holder are present at the Meeting personally or by proxy, the holder present whose name stands first in the register in respect of the relevant shares will alone be entitled to vote in respect of them.
 - 7. Please insert the number of shares to which this proxy relates in the box provided. If a number is inserted, this form of proxy will be deemed to relate only to those shares. If no number is inserted, this form will be deemed to relate to all the shares in the Company which are registered in your name (whether alone or jointly with others).
 - 8. Please indicate with a tick in the relevant box which way you wish your vote to be cast. The 'Vote Withheld' option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes 'For' and 'Against' a resolution. If no indication is given, the proxy will vote or abstain at his discretion.
 - 9. Corporations must execute under common seal or by an attorney or duly authorized officer.
 - 10. To be valid this form, together with any power of attorney under which it is signed, must be deposited at any one of the Company's registrars/transfer agent: Jardine Matheson International Services Limited, P.O. Box HM 1068, Hamilton HM EX, Bermuda; Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England; M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902; not later than 9.00 a.m. (local time) on 5th May 2015.
 - 11. Completion and return of this form will not preclude you from attending and voting at the Meeting should you so wish.
 - 12. Any alterations to this form should be initialed.

Signed9 Date 2015

Number of shares to which this proxy relates7.