

**Jardine Matheson**  
Annual Report 2015



**Jardines**





[www.jardines.com](http://www.jardines.com)

for more information

Jardine Matheson Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange, 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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## Contents

Introduction	1
Highlights	2
Jardine Matheson Group Businesses at a Glance	4
Chairman's Statement	6
Managing Director's Review	9
People and the Community	26
Financial Review	28
Directors' Profiles	31
Financial Statements	32
Independent Auditors' Report	117
Five Year Summary	118
Responsibility Statement	119
Corporate Governance	120
Principal Risks and Uncertainties	126
Shareholder Information	127
Group Offices	128

**Jardine Matheson** is a diversified Asian-based group with unsurpassed experience in the region, having been founded in China in 1832. We comprise a broad portfolio of market-leading businesses, which represent a combination of cash generating activities and long-term property assets and are closely aligned to the increasingly prosperous consumers of the region.

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### Where we operate

We operate principally in Greater China and Southeast Asia, where our subsidiaries and affiliates benefit from the support of Jardine Matheson's extensive knowledge of the region and its long-standing relationships. We are always prepared to take a long-term view when supporting their development and to ensure that they have the financial resources to achieve their goals.

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### Our operations

In our operations, which employ 440,000 people, we are active in the fields of motor vehicles and related operations, property investment and development, food retailing, home furnishings, engineering and construction, transport services, insurance broking, restaurants, luxury hotels, financial services, heavy equipment, mining and agribusiness.

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### Our philosophy

Our businesses aim to produce sustainable returns by providing their customers with high quality products and services. They provide good working conditions for their people, and offer fair remuneration and equal opportunities. They recognize their place in the communities in which they operate and participate fully.

# Highlights

## 2015 Financial Highlights

US\$ **65,271**m

Gross revenue<sup>#</sup>

US\$ **3,526**m

Underlying profit before tax\*

US\$ **45,781**m

Total equity

US\$ **6,540**m

Total capital investment

US\$ **19,948**m

Shareholders' funds

US\$ **1,363**m

Underlying profit attributable to shareholders\*

US\$ **2,972**m

Net debt<sup>o</sup>

**440,000**

People employed

## Analysis of Underlying Profit of US\$ 1,363m

### By Geographical Area<sup>†</sup>



### By Sector<sup>†</sup>

**27%**   
US\$379m

Property

**25%**   
US\$341m

Motor vehicles

**21%**   
US\$291m

Retail & restaurants

**10%**   
US\$147m

Insurance broking & financial services

**11%**   
US\$155m

Engineering, construction & mining contracting

**4%**   
US\$55m

Hotels

**2%**   
US\$22m

Others

- Underlying profit\* down 11%
- Full-year dividend maintained
- Sound business performances in unsettled markets
- Astra profit lower and contribution further reduced by rupiah weakness

## Results

	2015 US\$m	2014 US\$m	Change %
Revenue together with revenue of associates and joint ventures <sup>#</sup>	<b>65,271</b>	62,782	4
Underlying profit before tax*	<b>3,526</b>	4,451	(21)
Underlying profit attributable to shareholders*	<b>1,363</b>	1,534	(11)
Profit attributable to shareholders	<b>1,797</b>	1,710	5
Shareholders' funds	<b>19,948</b>	19,267	4
	US\$	US\$	%
Underlying earnings per share*	<b>3.65</b>	4.14	(12)
Earnings per share	<b>4.82</b>	4.62	4
Dividends per share	<b>1.45</b>	1.45	–
Net asset value per share	<b>53.47</b>	51.79	3

### Underlying Earnings per Share (US\$)

11	4.08
12	4.01
13	4.09
14	4.14
15	<b>3.65</b>

### Net Asset Value per Share (US\$)

11	45.08
12	48.53
13	49.84
14	51.79
15	<b>53.47</b>

\*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.

<sup>#</sup>Includes 100% of revenue from associates and joint ventures.

<sup>†</sup>Based on underlying profit attributable to shareholders before Corporate and other interests.

<sup>‡</sup>Excluding net debt of financial services companies.

# Jardine Matheson Group Businesses at a Glance

## Jardine Matheson

The listed holding company of the Group which oversees a portfolio of market-leading businesses and supports their long-term development. It holds an 83% interest in Jardine Strategic.



### Jardine Pacific

Jardine Pacific's diverse portfolio comprises industry leaders in the areas of engineering and construction, airport and transport services, restaurants and IT. Its companies seek to deliver excellent performances and services to their customers and to create value for their business partners and shareholders. (100%)



### Jardine Motors

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. It combines a customer-oriented approach with first class products and services. (100%)



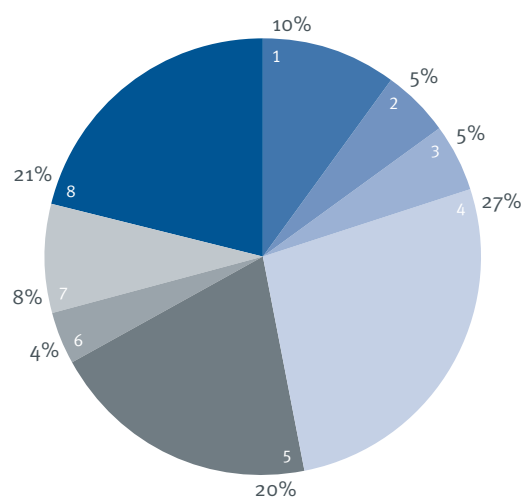
### Jardine Lloyd Thompson

JLT is one of the world's leading providers of insurance, reinsurance and employee benefits related advice, brokerage and associated services. A UK-listed group, its deep expertise and entrepreneurial culture give it the insights, creative freedom and tenacity necessary to go beyond the routine and deliver better results for its clients. (42%)

(Figures in brackets show effective ownership by Jardine Matheson as at 3rd March 2016.)

## Analysis of Underlying Profit by Business

	2015		2014	
	US\$m	%	US\$m	%
1. Jardine Pacific	142	10	131	8
2. Jardine Motors	77	5	97	6
3. Jardine Lloyd Thompson	70	5	85	5
4. Hongkong Land	374	27	384	25
5. Dairy Farm	274	20	320	21
6. Mandarin Oriental	55	4	59	4
7. Jardine Cycle & Carriage	105	8	50	3
8. Astra	293	21	439	28
	<b>1,390</b>	<b>100</b>	1,565	100
Corporate and other interests	(27)		(31)	
Underlying profit	<b>1,363</b>		1,534	



2015 Underlying Profit by Business

## Jardine Strategic

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



### Hongkong Land

Hongkong Land is a listed property investment, management and development group that operates under the principles of excellence, integrity and partnership. Its almost 800,000 sq. m. prime office and retail space in Hong Kong, Singapore and other major Asian cities attracts the world's foremost companies and luxury brands. The group also has a number of high quality residential and mixed-use projects under development in cities across Greater China and Southeast Asia. (50%)



### Dairy Farm

Dairy Farm is a leading listed Asian retailer that employs over 180,000 people in operations which are active across four broad formats, being Food (including supermarkets, hypermarkets and convenience stores), Health & Beauty, Home Furnishings and Restaurants. The group aims to meet the changing needs of Asian consumers by offering the leading brands, a compelling retail experience and great value, all provided through responsible operations supported by reliable and trusted supply chains. (78%)



### Mandarin Oriental

Mandarin Oriental is the award winning owner and operator of leading hotels, resorts and residences located in prime destinations which provide 21st century luxury with oriental charm. The listed group has a portfolio of 46 deluxe and first class hotels and resorts, including 17 under development. The group is committed to exceeding its guests' expectations through exceptional levels of hospitality, while maintaining its position as an innovative leader in the hospitality industry. (74%)



### Jardine Cycle & Carriage

Jardine Cycle & Carriage is a leading Singapore-listed company. In addition to holding just over 50% in Astra, it is growing its portfolio of motor and other interests in Southeast Asia, including in Indonesia, Vietnam, Singapore, Thailand, Malaysia and Myanmar. The businesses include motor dealerships and financing, engineering and cement production. (75%)



### Astra International

Astra is a major listed Indonesian group working through its six business lines – Automotive; Financial Services; Heavy Equipment and Mining; Agribusiness; Infrastructure, Logistics and Others; and Information Technology – and employs over 220,000 people. Astra's philosophy is to be an asset to the nation with an emphasis on sustainable growth, through providing the best services to its customers, a first class working environment and socially responsible outlook. Jardine Cycle & Carriage has a shareholding of just over 50%.

(Figures in brackets show effective ownership by Jardine Strategic as at 3rd March 2016.)

# Chairman's Statement

**Sir Henry Keswick**  
Chairman

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All of our businesses possess sound finances, have clear strategic objectives and are well positioned to benefit from the increasing spread of affluence in the region.

## Overview

The majority of the Group's businesses are focused on Greater China and on Southeast Asia, in particular Indonesia. A slowing in the Chinese economy in 2015 as the country continued to rebalance its economy affected both China itself and a number of other countries in the region. In Indonesia, the Group's businesses were hit by lower commodity prices and reduced consumption, while their profit contribution was further eroded by the weakening of the rupiah. With softening demand and intensifying cost pressures in many of the areas where the Group operates, it was pleasing to see a number of our businesses performing strongly enough to limit the earnings decline to 11%, or 6% at constant rates of exchange.

## Performance

The Group's revenue for 2015, including 100% of revenue from associates and joint ventures, was US\$65.3 billion, compared with US\$62.8 billion in 2014. Jardine Matheson achieved an underlying profit before tax for the year of US\$3,526 million, compared with US\$4,451 million in the prior year. The underlying profit attributable to shareholders was down 11% at US\$1,363 million, while underlying earnings per share were 12% lower at US\$3.65.

The US\$1,797 million profit attributable to shareholders for the year includes non-trading items, the largest of which was an increase in the value of Hongkong Land's investment property portfolio. This compares with US\$1,710 million in 2014, which also benefited from a small increase in property valuations. Shareholders' funds were 4% higher at US\$19.9 billion. The consolidated net debt excluding financial services companies was US\$3.0 billion at the end of 2015, representing gearing of 6% which was unchanged from the prior year.

The Board is recommending a final dividend of US\$1.07 per share, which maintains the dividend for the full year at US\$1.45 per share.

## Business Developments

Jardine Pacific produced an improved profit in 2015, with good performances from its engineering and construction businesses, as well as the acceleration of profit recognition on the termination of a shipping joint venture.

Jardine Motors recorded an improvement in the United Kingdom and a flat result in mainland China, but its overall earnings declined as profits from Hong Kong and Macau



did not benefit to the same extent in 2015 from new model launches. The group is purchasing a flagship property in Hong Kong for US\$220 million that will combine most of Zung Fu's Mercedes-Benz sales, service and administration activities on a single site. The cost of this development will be funded, in part, from the sale of existing properties.

Jardine Lloyd Thompson delivered a resilient performance in difficult trading conditions, with a modest reduction in trading profit reflecting lower revenues in its Employee Benefits business in the United Kingdom and the planned development cost of its Specialty business in the United States.

Hongkong Land continued to see sound performances from its commercial and residential property activities. It embarked upon two new joint venture developments in mainland China in 2015. In July, it consolidated its market position in Chongqing when it acquired with its existing partner a new residential project adjacent to their Bamboo Grove development. In September, it took a 50% interest in a 227,000 sq. m. residential and commercial development located in an established area of Pudong, within Shanghai's inner-ring road. In the meantime, construction of the group's prestigious retail complex in Beijing, WF CENTRAL, is progressing satisfactorily.

Dairy Farm faced a challenging retail environment in many of its markets, although it saw strong performances from its Hong Kong operations. The group continued to pursue its long-term growth plans with a number of strategic moves completed. These included the investment in a 20% stake in Yonghui Superstores in mainland China, the acquisition of the San Miu supermarket chain in Macau, and the required divestment of 30% of the ordinary shares in its food retail

business in Malaysia. The group is also continuing its significant investment in its IT infrastructure and systems, as well as supply chain, to improve efficiency and to increase productivity.

Further equity stakes were taken by Mandarin Oriental in key hotel properties. It acquired a 50% interest in the Hotel Ritz, Madrid in May for some US\$73 million. In January 2016, it exercised its right to acquire the property housing Mandarin Oriental, Boston in a US\$140 million transaction, which is expected to close in April 2016. The group's balance sheet was further strengthened following a US\$316 million rights issue in April 2015, which has provided the capacity to fund the investments in Madrid and Boston and pay down debt in advance of its London property's US\$126 million renovation.

Jardine Cycle & Carriage developed further its strategic investment portfolio in April 2015 with a US\$615 million acquisition of a 24.9% stake in listed Siam City Cement, the second largest cement manufacturer in Thailand. This was refinanced in July following a US\$752 million rights issue.

Astra faced weaker commodity prices and reduced domestic consumption, as well as increased competition in the car sector and a deterioration in corporate credit quality. These factors, together with a further impairment charge recorded in relation to its coal mining properties, resulted in reduced profit contributions from all its major segments. Nevertheless, Astra's operations remain market leaders in Indonesia, with a 50% market share of the car market and a 69% share of the motorcycle market, and the group maintained strong cash inflows. Its new life insurance joint venture with Aviva is trading well and has acquired

28,500 individual life customers and more than 180,000 participants in its corporate employee benefits programmes. Anandamaya Residences, the group's luxury residential development in Jakarta, continued to attract strong buyer interest.

## People

The robust performances seen across our businesses in the face of challenging markets are a reflection of the hard work, dedication and professionalism of the Group's 440,000 employees, for which we are most grateful.

Giles White, the Group General Counsel, retired as a Director in July 2015 and was succeeded on the Board by Jeremy Parr in February 2016. James Riley is also to step down as Group Finance Director at the end of March 2016 to become chief executive of Mandarin Oriental, and is being replaced by John Witt, who joins from Hongkong Land. We would like to thank Giles White and James Riley for their excellent contributions to the Board.

In July of this year, Adam Keswick will move from Hong Kong to Matheson & Co. in London and relinquish his position as Deputy Managing Director in favour of Y.K. Pang. Adam will remain on the Board.

## Outlook

While the current economic conditions in China and Indonesia are expected to continue to affect the Group's profitability in 2016, we remain positive about the medium-term prospects for our companies. They all possess sound finances, have clear strategic objectives and are well positioned to benefit from the increasing spread of affluence in the region.

# Managing Director's Review

**Ben Keswick**  
Managing Director

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A diversified business group, Jardine Matheson is focused principally on Greater China and Southeast Asia, although some of its operations have a more global reach. In 2015, the main contributors to underlying profit by activity were property at 27%, motor related interests at 25%, and retailing and restaurants at 21%. Some 53% of underlying profit came from Greater China, compared with 40% from Southeast Asia.

A number of the Group's markets saw further downward pressure on demand while costs continued to rise. In view of the poor trading environment, the Group's businesses produced some very creditable performances. The underlying profit before tax for 2015 was US\$3,526 million, compared with US\$4,451 million in the prior year. The underlying profit attributable to shareholders was 11% lower at US\$1,363 million, while at constant rates of exchange the decline would have been limited to 6%. Underlying earnings per share were 12% lower at US\$3.65.

The profit attributable to shareholders of US\$1,797 million included a US\$474 million increase in the valuation of investment properties, a profit on the sale of the Group's investment in ACLEDA Bank and a reversal of an impairment of investment by Jardine Cycle & Carriage. Partially offsetting these was the decline in the market value of Jardine Strategic's investment in Zhongsheng, which was taken through profit and loss account in line with accounting requirements, although the Group remains confident in the medium to long-term prospects for this business.

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. The Group companies are continuing to invest in their businesses. For example, Hongkong Land acquired further commercial and residential development sites in mainland China, and has a range of active projects on the Mainland as well as in Singapore, Indonesia, the Philippines and Cambodia. Dairy Farm has taken equity stakes in retail chains in mainland China and Macau, and is investing significantly in its infrastructure and systems. Mandarin Oriental has invested in hotels in Madrid and Boston, and is refurbishing a number of its properties to maintain the leadership position of its brand. JLT is financing the growth of its new US Specialty operations. Jardine Cycle & Carriage made a significant investment in a Thai cement business, expanding the Group's footprint in that country. Astra is pursuing extensive capital expenditure plans within its existing operations, while seeking new opportunities to monetize its broad customer base.

Total capital investment across the Group, including 100% of associates and joint ventures, exceeded US\$6.5 billion in 2015. Both Mandarin Oriental and Jardine Cycle & Carriage raised funds through fully-subscribed rights issues during the year. The consolidated net debt at the end of the year, excluding financial services companies, was US\$3.0 billion, which compares to US\$2.5 billion at the end of 2014, representing gearing unchanged at 6%.



## Jardine Pacific

- Underlying profit up 9%
- Good results from engineering and construction
- Lower Hactl contribution offset by accelerated profit recognition on sale of shipping venture
- Underlying return on average shareholders' funds of 21%

Jardine Pacific performed well in 2015 producing an underlying profit of US\$142 million, 9% ahead of 2014. Profit attributable to shareholders was US\$145 million after including US\$3 million net of non-trading items, compared to US\$137 million in the prior year.

Within the group's engineering and construction activities, which together accounted for 68% of earnings, Jardine Schindler achieved further good results with a growing portfolio of installed units and stable margins. JEC's Hong Kong businesses performed well leading to improved earnings, and Gammon produced a higher profit, with its order book remaining strong at US\$3.5 billion.

The group's transport services businesses recorded an increased profit due to the accelerated earnings recognized on the early termination of its joint venture shipping business with UASAC, although there was a decline in earnings at Hactl following reduced cargo throughput. Jardine Restaurants maintained a stable contribution. The business turnaround within JTH's technology support businesses is continuing, although the profit was slightly lower than in 2014.



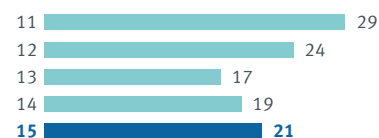
	<b>2015</b> US\$m	2014 US\$m	Change %
Underlying profit attributable to shareholders	<b>142</b>	131	9
Shareholders' funds	<b>667</b>	703	(5)



Underlying Profit Attributable to Shareholders (US\$ million)



Underlying Return on Average Shareholders' Funds (%)



*Jardine Schindler prides itself in bringing to the market cutting-edge lifts and escalators, providing its customers with safe, reliable and ecologically sound building transportation systems.*





# Jardine Motors Group

- Underlying profit declines 21%
- Good result in the UK and steady performance in mainland China
- Lower unit sales and margins in Hong Kong and Macau
- Flagship dealership property acquired in Hong Kong
- Zhongsheng facing soft market, but prospects remain positive

Jardine Motors produced an underlying profit of US\$77 million for 2015, compared to US\$97 million in the prior year. Zung Fu in Hong Kong and Macau saw sales and margins fall following a record year in 2014, which had benefited from new product launches. The results were steady in mainland China, with the benefit of higher new car sales being offset by lower margins. The United Kingdom produced an improved contribution, despite unfavourable exchange rate movements, due to steady trading and profits arising from property and dealership disposals.

Zhongsheng Group is one of mainland China's leading motor dealership groups, in which Jardine Strategic holds a minority interest. The motor market in 2015 saw increased levels of activity, but this was tempered by softer margins.



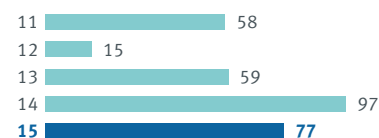
	Revenue		Underlying profit attributable to shareholders		Shareholders' funds	
	2015 US\$m	2014 US\$m	2015 US\$m	2014 US\$m	2015 US\$m	2014 US\$m
Hong Kong, Macau and mainland China	<b>2,659</b>	2,612	<b>40</b>	63	<b>378</b>	360
United Kingdom	<b>2,548</b>	2,516	<b>38</b>	35	<b>171</b>	159
Corporate	-	-	<b>(1)</b>	(1)	<b>4</b>	4
	<b>5,207</b>	5,128	<b>77</b>	97	<b>553</b>	523



## Revenue (US\$ million)



## Underlying Profit Attributable to Shareholders (US\$ million)



The quality of Zung Fu's sales and after-sales service differentiates it from the market. It has maintained an enviable position where Mercedes-Benz's share of the automotive market in Hong Kong is one of the highest for Mercedes-Benz worldwide.





- Underlying trading profit 5% lower
- Continuing investment in build up of US Specialty business
- Good performances from Specialty, Reinsurance, Asia and Latin America
- Employee benefits experienced weakness in core UK business

JLT's total revenue for 2015 was US\$1,763 million, an increase of 5% in its reporting currency. The underlying trading profit decreased by 5%, in its reported currency, to US\$286 million. This reflects both the lower revenues of its Employee Benefits business in the United Kingdom and the planned development cost of its Specialty business in the United States. Excluding the US development cost, underlying profit before tax would have increased by 3%. JLT's contribution to the Group's underlying profit was 17% lower on conversion into US dollars.

JLT's Risk & Insurance businesses, which represent some 75% of revenues, produced a 6% increase in revenues, or 5% on an organic basis, demonstrating these businesses' continued momentum. Good performances were seen in its Specialty and Reinsurance businesses as well its Asian and Latin American operations, with progress continued to be made in its new US Specialty business.

The Employee Benefits operations increased their revenues by 2% overall, but these were reduced by 6% on an organic revenue basis. This was due to the challenges faced by the UK Employee Benefits business due to structural changes in the UK pensions industry and a slow-down in client activity. The International Employee Benefits operations delivered 21% revenue growth, or 7% on an organic basis.





	<b>2015</b> US\$m	2014 US\$m	Change* %
Total revenue	<b>1,763</b>	1,817	5
Underlying profit attributable to shareholders	<b>172</b>	203	(9)

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



Total Revenue (US\$ million)



Underlying Profit Attributable to Shareholders (US\$ million)



*JLT brings together professionals who focus on the best interests of its clients based on a deep understanding of each client's specific needs, providing independent and tailored advice with clear results.*



- Sound result in 2015
- Continued strong performance from commercial portfolio
- Entry into Shanghai with prime mixed-use site
- Stable asset values

Hongkong Land produced a sound performance in 2015 with an underlying profit attributable to shareholders of US\$905 million, down 3%. Results from its commercial portfolio remained strong, although earnings from the residential sector declined despite an improvement in mainland China and the benefit of a gain recognized on a redeveloped property in Hong Kong. The profit attributable to shareholders was US\$2,012 million, after taking into account gains of US\$1,107 million recorded principally on property valuations. This compares to US\$1,327 million in 2014, which included net valuation gains of US\$397 million. Hongkong Land remains well-financed with net debt of US\$2.3 billion at the year end and gearing of 8%.

In commercial property, conditions in the Hong Kong office leasing market were moderately positive. Vacancy in the group's Central portfolio improved to 3.4% at the end of 2015, and rental reversions were marginally positive. The retail portfolio remained fully occupied with positive rent reversions. In Singapore, vacancy in its office portfolio at the year end had reduced to 1%, including committed space under new leases. In mainland China, construction of the prestigious retail complex in Beijing, WF CENTRAL, is making progress.

As anticipated, the contribution from Hongkong Land's residential interests was lower. There was a good performance from mainland China despite the challenging markets, and in Singapore, its wholly-owned subsidiary, MCL Land, completed three projects. Satisfactory progress continues to be made in its residential projects in Indonesia and the Philippines. In Hong Kong, while there was a US\$63 million gain from the redevelopment of a residential property owned by the group, the overall contribution declined due to the absence of the Serenade sales seen in 2014.



	2015	2014	Change (%)
Underlying profit attributable to shareholders (US\$ million)	<b>905</b>	930	(3)
Net asset value per share (US\$)	<b>12.19</b>	11.71	4



#### 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 premium commercial property portfolio sets the standard for the industry with dedicated services provided by its professionals, such as the concierge service in LANDMARK.*





- Sales of continuing businesses up 5% in constant currency
- Underlying profit down 14% in challenging operating environment
- Investment in Yonghui Superstores and acquisition of San Miu
- Home Furnishings and Restaurants perform well
- Strong operating cash flows

Dairy Farm's Food Division and the Health and Beauty Division reported lower profits in a challenging retail environment, despite most key businesses achieving positive like-for-like sales growth. The Home Furnishings and Restaurants divisions reported good increases in both sales and profits. The group's sales, including 100% of associates and joint ventures, rose 37% to US\$17.9 billion, including contributions from acquisitions. Sales for continuing businesses were little changed at US\$13.1 billion. Underlying profit at US\$428 million was down 14%. The profit attributable to shareholders of US\$424 million, after provisions for store closure costs, was down 17%. The operating cash flow remained strong, while net debt at the year end was US\$482 million, compared with net cash of US\$475 million in 2014, due primarily to a US\$912 million investment in Yonghui Superstores.

Dairy Farm purchased a 20% interest in the leading Mainland chain, Yonghui Superstores, and will invest a further US\$200 million to maintain its interest when Chinese internet retailer, JD.com, takes a 10% shareholding. It also acquired the 15 store Macau supermarket chain, San Miu. To meet the local regulatory requirements in Malaysia, 30% of the ordinary shares in its food retail business, GCH Malaysia, were divested.

Dairy Farm is strengthening its market share in each format and building consistent operating practices across the different countries in which it is active. Expansion of the store network is also continuing in all formats, together with the renovation of existing stores to offer an improved shopping experience. The group has established an on-line presence in Guardian Singapore, which is the first of several planned moves into e-commerce.

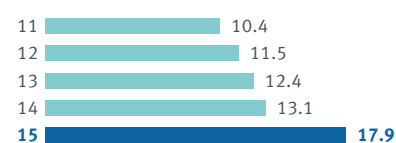


	2015	2014	Change (%)
Gross revenue* (US\$ billion)	17.9	13.1	37
Underlying profit attributable to shareholders (US\$ million)	428	500	(14)

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



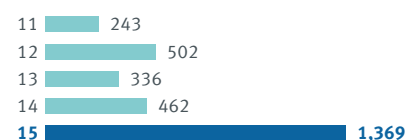
Gross Revenue\* (US\$ billion)



Underlying Profit Attributable to Shareholders (US\$ million)



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



*Dairy Farm listens to its customers and understands their changing needs, and in doing so is able to build retail experiences that excite the consumer and deliver great value.*



- Resilient profit despite challenging conditions in a number of key markets
- US\$316 million rights issue
- Acquisition of a 50% interest in the Hotel Ritz, Madrid
- Acquisition of Mandarin Oriental, Boston announced
- New hotels in Milan and Marrakech, and three new management contracts announced

Reduced demand in Hong Kong and Paris, together with disruption from renovations at a number of properties, led to an underlying profit for Mandarin Oriental of US\$90 million. This represented a 7% decrease on the prior year's record result, which had benefited from branding fees from residences. Profit attributable to shareholders was US\$89 million, compared to US\$97 million in 2014. The company raised US\$316 million by way of a rights issue in April, with the proceeds reducing debt and funding its 50% share of the acquisition of the Hotel Ritz, Madrid.

Its Asian hotels produced a lower contribution, despite an improved performance in Tokyo, due to softer demand in Hong Kong and Singapore as well as disruption from a renovation in Kuala Lumpur. The group's performance in Europe was negatively impacted by challenging conditions in Paris following the terrorist attacks and a renovation in Munich, which was partially offset by an improved result from London. All of the group's hotels in North America reported higher revenue-per-available-room, other than New York which undertook a refurbishment of suites during the first half of the year.

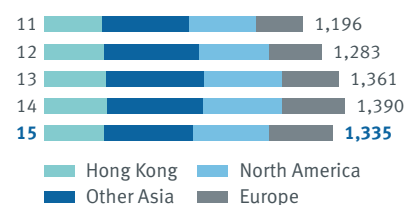
Mandarin Oriental, Milan was opened in July, followed by the partial opening of Mandarin Oriental, Marrakech in October. Management contracts were announced for new hotels under development in Beijing, Beirut and Boca Raton. The group is to undertake a US\$126 million refurbishment of Mandarin Oriental Hyde Park, London, which is scheduled to commence in the third quarter of 2016. Within the next 18 months, hotels are scheduled to open in Doha and Beijing.



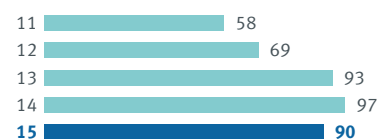
	<b>2015</b> US\$m	2014 US\$m	Change %
Combined total revenue of hotels under management	<b>1,335</b>	1,390	(4)
Underlying profit attributable to shareholders	<b>90</b>	97	(7)



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's acclaimed collection of hotels redefines luxury with exceptional facilities and service. The group is committed to exceeding guest expectations with its ability to anticipate and fulfil their wishes.*





## Jardine Cycle & Carriage

- Underlying earnings per share 22% down
- Astra profit lower and contribution reduced further on translation into US dollars
- Good performances from Direct Motor Interests
- Contribution from new businesses under Other Interests

Jardine Cycle & Carriage's underlying profit declined by 20% to US\$638 million in 2015. Its profit attributable to shareholders was US\$688 million after accounting for a net non-trading gain of US\$50 million, which included the reversal of an impairment charge of US\$43 million in respect of a Vietnamese associate, and compares with US\$820 million in 2014 after a net non-trading gain of US\$27 million. Astra's contribution to underlying profit at US\$477 million was 34% lower than in 2014, due in part to a 12% decline in the average rupiah exchange rate. The contribution from Direct Motor Interests was up 71% at US\$141 million, and there was a US\$30 million contribution from new businesses in its Other Interests.

Within the Direct Motor Interests, 27%-owned Truong Hai Auto Corporation in Vietnam enjoyed an excellent year producing a contribution of US\$85 million, up from US\$39 million in 2014, following strong sales and good margins. Earnings from the wholly-owned Singapore motor operations rose 17% to US\$39 million as the passenger car market grew. In Malaysia, 59%-owned Cycle & Carriage Bintang benefited from a good trading environment and the recognition of dividend income from Mercedes-Benz. In Indonesia, 44%-owned Tunas Ridean increased its contribution as higher income from financing offset weaker automotive profits.

The group's Other Interests comprises two investments. In April 2015, a 25% stake was acquired in Thai-listed Siam City Cement, which is the second largest cement manufacturer in Thailand. This US\$615 million acquisition was refinanced following a US\$752 million rights issue in July. In February 2015, Vietnam-listed Refrigeration Electrical Engineering Corporation Group, which has interests in mechanical and electrical engineering, real estate and infrastructure investments, became an associated company when the shareholding was increased from 19% to 22%.





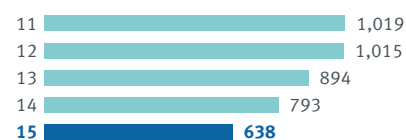
	2015	2014	Change (%)
Revenue (US\$ billion)	15.7	18.7	(16)
Underlying profit attributable to shareholders (US\$ million)	638	793	(20)
Shareholders' funds (US\$ million)	5,267	4,623	14



Revenue (US\$ billion)



Underlying Profit Attributable to Shareholders (US\$ million)



*Siam City Cement's operations combine sustainability with innovation, providing world-class construction materials and services that exceed customer expectations.*



- Net earnings per share down 25%
- Net income before coal mine impairment down 20%
- Automotive markets weaken, although Astra's market share remains strong
- Sound balance sheet position supportive of future investment

Astra's underlying profit for 2015 under Indonesian accounting standards was down 24% at Rp14.0 trillion, equivalent to US\$1,038 million. Its net profit was 25% lower at Rp14.5 trillion, some US\$1,075 million. Excluding the impairments of coal mining properties recognized in both years, its net profit would have declined 20%. Strong working capital inflows were maintained with net cash, excluding its financial services subsidiaries, of Rp1.0 trillion or US\$75 million at the year end, compared to net debt of Rp3.3 trillion or US\$266 million at the end of 2014.

The wholesale market for cars in Indonesia fell 16% in 2015, while Astra's car sales were 17% lower at 510,000 units, leading to a modest decline in market share from 51% to 50%. Astra Honda Motor's motorcycle sales declined by only 12% to 4.5 million units as the market contracted 18%, increasing its market share from 64% to 69%. Net income at Astra Otoparts, the component business, fell 63% to US\$24 million due to a lower contribution from its manufacturing activities.

Net income from financial services was 25% lower at US\$264 million, while excluding a prior year acquisition gain the decline would have been 18%. The consumer finance businesses saw financings fall 6% to US\$4.5 billion, although there was an improved performance from motorcycle financing. Heavy equipment financings increased 7%. Increases in loan loss provisions at 45%-held joint venture, Permata Bank, offset higher interest income leading to net income being 84% lower at US\$18 million. Insurance company, Asuransi Astra Buana, saw net income decline 10% due to lower investment earnings.

United Tractors' net income declined 28% to US\$286 million. Komatsu heavy equipment unit sales fell by 40%, although parts revenue was up. The contract coal mining interests saw a 9% fall in revenue, with declines of 4% in coal production and 5% in overburden removal. United Tractors' own coal sales were 18% lower. The lower coal prices and uncertainty as to recovery has led United Tractors to take a US\$192 million impairment charge against the carrying value of its coal mining properties, compared to a US\$130 million impairment in 2014. Acset Indonusa, the newly acquired general contractor which is 50% held, increased its new contracts during the year to US\$228 million from US\$52 million in 2014.

Astra Agro Lestari reported net income 75% lower at US\$46 million. Average crude palm oil prices achieved were down 16% and crude palm oil sales were down 24%, while olein sales rose 62%.

Net income from infrastructure, logistics and others fell by 17%, primarily due to initial losses arising on a new toll road. Progress continues in the development of the toll road interests, which now extend to 197 km of road. PAM Lyonnaise Jaya, which operates the western Jakarta water utility system, saw sales volumes little changed. Astra's contract car hire business experienced declines in both revenues and income. Astra's information technology interests produced a modest increase in net income, while the net income on continuing operations was up 20%.



	2015	2014	Change† (%)
Gross revenue* (US\$ billion)	25.3	29.5	(3)
Profit attributable to shareholders# (US\$ million)	1,075	1,615	(25)
Shareholders' funds# (US\$ million)	7,397	7,676	7

\*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.



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



Motorcycle Sales including Associates and Joint Ventures (thousand units)



Gross Revenue\* (US\$ billion)



Customers of Astra's Honda Sales Operation can enjoy the ease of purchasing Honda motorcycles with financing offered seamlessly by the FIFGroup, which provides conventional and sharia financing.



# People and the Community

Jardine Matheson Group companies continue to make a difference in the communities where they operate through charitable initiatives.

In Hong Kong and Singapore, Group companies 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.

MINDSET in Hong Kong ([www.mindset.org.hk](http://www.mindset.org.hk)) is supporting recovering individuals to engage in art projects to foster mental wellness and positive psychology. Its school-based Health in Mind programme, undertaken jointly with the Hong Kong Hospital Authority, continued 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, and the Group companies have an active job placement programme to support the re-introduction of service users into the community. Meanwhile, graduated service users from a MINDSET-funded Peer Support Workers Project have taken up employment.

In Singapore, MINDSET ([www.mindset.com.sg](http://www.mindset.com.sg)) is creating greater awareness of mental illness issues through its new website and the opening a store in the CityLink Mall

selling handicrafts made by recovering service users. Job placements at local Group companies were also arranged for service users. Funding was given to Silver Ribbon in support of a mental health community centre, while over US\$235,000 was raised for Creative Mindset, a centre which runs expressive art programmes as a form of therapy to promote early intervention for mental illness.

In Indonesia, Astra continues to offer support to the community in the areas of education, environment, entrepreneurship and health. Astra initiated a Road Safety programme to help to address the level of high traffic fatalities in the country, which reached out to 16 million people across nine cities. Astra's Green Village programme aimed to improve the education, health and environment of villages and has reached 16 villages across Indonesia since the programme started in 2014. The company also donated glasses, shoes and school bags to underprivileged children. Through SATU Indonesia (Astra's Unified Spirit for Indonesia) Awards, Astra continued to support young people who contributed to the environment and their communities for the betterment of Indonesia. In support of United Nations' Sustainable Development Goals initiative, Astra organized a seven-day country-wide campaign to create awareness about the goals which reached more than 150 million people.



In the United Kingdom, Jardine Lloyd Thompson formed a new partnership with Macmillan Cancer Support and the City Giving Day event sponsored by the Lord Mayor of London. In India, it celebrated its ten-year partnership with Udaan Foundation for disadvantaged children in Mumbai. Globally, Jardine Lloyd Thompson continued to encourage its employees to engage with local communities through a selection of volunteering or fundraising opportunities.

### Encouraging Higher Education

In January 2016, the Jardine Foundation awarded scholarships to 13 students from mainland China, Hong Kong, Singapore, Vietnam and Myanmar to pursue their undergraduate studies in the United Kingdom. Applications are also being considered for postgraduate studies at Oxbridge. In its third year, the postgraduate scholarship scheme has supported 12 scholars from Cambodia, mainland China, Hong Kong, Indonesia, Malaysia and Vietnam for their master's or doctoral studies commencing in October 2015. 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 225 scholarships have been awarded to students from the regions in which the Group operates. ([www.jardine-foundation.org](http://www.jardine-foundation.org))

In Indonesia, Astra distributed scholarships through a number of foundations to support students from underdeveloped areas. Since launched in 2010, over 191,000 scholarship grants have been given to recipients

in elementary schools up to university level. Some 13,500 schools were funded to improve their educational activities.

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

### Providing Expertise

Group executives are active on chambers of commerce 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 2015, more than 40 executives were transferred between businesses in the Group.



*Far Left  
In its tenth anniversary, the CENTRAL Rat Race 2015 attracted over 460 entrants and raised a record US\$416,800 for MINDSET.*

*Top right  
(2nd from left) Indonesian Republic's Minister of Health Nila Moeloek with the Chief of Corporate Communications, Social Responsibility & Security PT Astra International Tbk Pongki Pamungkas (middle), checking the eyesight of the student, at the glasses donation campaign.*

*Bottom right  
The Rubber Band from Singapore Association for Mental Health giving a live performance at The MINDSET Challenge 2015.*

# Financial Review

**James Riley**

Group Finance Director

## 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. There have been no changes to the accounting policies in 2015.

## Results

In 2015, revenue decreased by 7% to US\$37.0 billion. Gross revenue, including 100% of revenue from associates and joint ventures, which is a measure of the full extent of the Group's operations, increased by 4% to US\$65.3 billion.

Underlying operating profit was US\$2,823 million, a decrease of US\$811 million or 22%. This reflected reduced contributions from a number of the Group's businesses, principally Astra.

Astra's underlying operating profit fell by US\$640 million or 37% from 2014, a decline which was exacerbated by the 12% weakening in the average rupiah exchange rate. In its reporting currency, Astra's underlying operating profit declined by 28% with lower earnings reported by all of its major businesses and an impairment charge of US\$349 million in relation to its coal mining properties.

The underlying operating profit for Jardine Motors decreased by US\$38 million mainly due to lower deliveries and margins in Hong Kong and lower margins in mainland China, mitigated by improved earnings in the United Kingdom. Hongkong Land decreased by US\$74 million due primarily to lower earnings from its residential development activities. Dairy Farm's contribution was US\$89 million below last year with lower profits from Food and the Health and Beauty businesses, while its Home Furnishings business reported increased earnings. Mandarin Oriental was US\$13 million lower than 2014 mainly due to lower contributions from its hotels in Hong Kong and Paris, and the impact of a renovation in Munich.

Jardine Pacific's results were US\$12 million higher due to better performances in JEC and its Restaurant businesses, and the acceleration of profit recognition on the early termination of its shipping joint venture. Jardine Cycle & Carriage's contribution increased by US\$20 million from higher earnings in the motor operations in Singapore and Malaysia.

The overall operating profit of US\$3,779 million included a number of non-trading items, including a net increase of US\$1,043 million in the fair value of investment properties mainly in Hongkong Land and Astra, a gain on the disposal of the investment in ACLEDA Bank of US\$126 million, offset by an impairment charge of US\$188 million against the investment in Zhongsheng held by Jardine Strategic, and a decrease of US\$28 million in the fair value of plantations in Astra.

Net financing charges increased by US\$19 million compared to 2014 primarily due to the higher level of net debt. Interest cover exclusive of financial services companies remained strong at 21 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 10% to US\$838 million. The higher contributions from Jardine Cycle & Carriage of US\$79 million from THACO its motor vehicle associate in Vietnam and the newly acquired associate Siam City Cement in Thailand, from Hongkong Land of US\$17 million mainly from its residential joint venture projects in mainland China and from Dairy Farm of US\$16 million mainly from its newly acquired associate Yonghui in mainland China, were more than offset by lower contributions from JLT of US\$14 million due to lower revenue from its Employee Benefits business in the United Kingdom and the development costs of its United States Specialty business, and Astra's associates and joint ventures of US\$190 million, where lower earnings in its automotive and financial services businesses were further impacted by the weakness of the 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\$69 million, the reversal of the impairment of investment in THACO within Jardine Cycle & Carriage of US\$43 million and the profit on sale of a French associate by JLT of US\$12 million.

The underlying effective tax rate for the year was 23%, which is broadly in line with that of 2014.

Underlying profit attributable to shareholders at US\$1,363 million was US\$171 million lower than in the prior year, with lower contributions from most of the Group's businesses other than Jardine Pacific and Jardine Cycle & Carriage. Astra reported a net profit 25% lower than 2014 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 was down 33%. Had Astra's earnings been translated using the same rate as applied in 2014, Astra's contribution to the Group's underlying earnings would have been US\$39 million higher than reported. Underlying earnings per share decreased by 12% to US\$3.65.

The profit attributable to shareholders for the year of US\$1,797 million included a surplus on the revaluation of investment properties, mainly in Hongkong Land, profit on the sale of an associate by JLT, the reversal of the impairment of an investment in Jardine Cycle & Carriage, and a gain on the disposal of an investment in ACLEDA Bank offset by the impairment of the investment in Zhongsheng held by Jardine Strategic. Earnings per share were US\$4.82, an increase of 4%.

## 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 11th May 2016 to those persons registered as shareholders on 18th March 2016. The dividends are payable in cash with a scrip alternative.

## Cash Flow

The cash inflow from operating activities for the year was US\$4,118 million. This represented an increase of US\$764 million from 2014 principally due to lower development expenditure and higher property sales on residential projects in Hongkong Land in Singapore and a decrease in working capital in Astra mainly in its automotive, financial services, and heavy equipment and mining businesses, partly offset by lower dividends from associates and joint ventures.

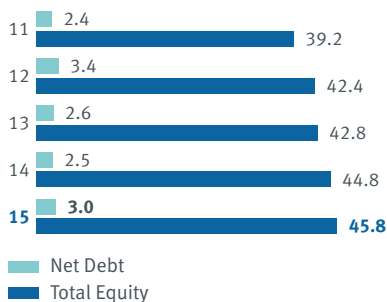
## Summarized Cash Flow

	2015 US\$m	2014 US\$m
Operating cash flow	<b>3,484</b>	2,656
Dividends from associates and joint ventures	<b>634</b>	698
Operating activities	<b>4,118</b>	3,354
Capital expenditure and investments	<b>(3,229)</b>	(2,303)
Cash flow before financing	<b>889</b>	1,051

Capital expenditure for the year before disposals amounted to US\$3,959 million and was broadly spread throughout the Group. This included the following:

- US\$215 million for the purchase of subsidiaries, the main ones being the acquisition of a 100% interest in a supermarket chain in Macau by Dairy Farm of US\$147 million and the acquisition by Astra of a 50.1% interest in a construction company in Indonesia of US\$57 million;
- US\$2,046 million for various associates and joint ventures, the main ones being Dairy Farm's acquisition of a 20% interest in Yonghui Superstores, a Shanghai-listed supermarket and hypermarket operator in mainland China for US\$912 million, Hongkong Land's purchase of, capital injections into and advances to, property joint ventures mainly in mainland China of US\$315 million, Mandarin Oriental's acquisition of an interest in the Hotel Ritz in Madrid for US\$73 million, Jardine Cycle & Carriage's acquisition of a 24.9% interest in Siam City Cement, a Thai-listed cement manufacturer in Thailand for US\$615 million, and Astra's acquisition of a 25% interest in PT Trans Marga Jateng, a toll road operator in Indonesia for US\$65 million;
- US\$123 million for the purchase of other investments, mainly by Astra's general insurance business;
- US\$176 million for the purchase of intangible assets, which included US\$25 million for leasehold land mainly for use by Astra as motor dealerships, US\$31 million for the construction and improvement of toll roads and US\$48 million for the acquisition of contracts in Astra's general insurance business;

Net Debt\* and Total Equity (US\$ billion)



\*Excluding net debt of financial services companies.

- US\$1,093 million for the purchase of tangible assets, which included US\$276 million in Jardine Motors of which US\$220 million was for the acquisition of a flagship property in Hong Kong, US\$262 million in Dairy Farm, US\$50 million in Mandarin Oriental and US\$455 million in Astra, US\$198 million of which was for the acquisition of heavy equipment and machinery, predominantly by Pamapersada, US\$109 million was for outlet development and additional operational machinery and equipment in Astra’s automotive business, and US\$122 million to develop plantation infrastructure in Astra’s agribusiness; and
- US\$233 million for additions to investment properties in Hongkong Land and Astra, and US\$72 million for additions to plantations in Astra.

The contribution to the Group’s cash flow from disposals for the year amounted to US\$730 million, which included US\$386 million from the repayment of advances from associates and joint ventures in Hongkong Land, US\$269 million from the sale of its stake in ACLEDA Bank 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\$275 million and Dairy Farm sold part of its interest in GCH Retail (Malaysia) Sdn Bhd for US\$34 million, which are both presented as financing activities in 2015 in the cash flow statement.

The Group’s management also looks at total capital investment across the Group. This exceeded US\$6.5 billion in 2015, compared with US\$5.6 billion in 2014. 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\$5.5 billion. In addition, the Group had available liquid funds of US\$4.8 billion. Net borrowings, excluding those relating to Astra’s financial services companies, were US\$3.0 billion, representing 6% of total equity. Astra’s financial services companies had net borrowings of US\$3.2 billion. The Group’s total equity increased by US\$1.0 billion to US\$45.8 billion during the year.

The average tenor of the Group’s debt at 31st December 2015 was 4.3 years compared with 4.9 years at the end of 2014. US dollar denominated borrowings comprised 14% 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 2015 approximately 61% of the Group’s borrowings, exclusive of financial services companies, were at floating rates and the remaining 39% 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 126.



# 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, Yonghui Superstores 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 Rothschild & Co.

## 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, Prudential, Schindler, Shui On Land and Vitasoy 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 director of the UK ASEAN Business Council. 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.

## Jeremy Parr\*

Mr Parr was appointed to the Board in February 2016, having first joined the Group as Group General Counsel in 2015. He was previously a senior corporate partner with Linklaters, where he was the global head of the firm's corporate division, based in London. Mr Parr is also a director of Jardine Matheson Limited, Dairy Farm and Mandarin Oriental.

## 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.

## Michael Wei Kuo Wu

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

Neil McNamara

## Registered Office

Jardine House, 33-35 Reid Street  
Hamilton  
Bermuda

\*Executive Director

# Consolidated Profit and Loss Account

for the year ended 31st December 2015

	Note	2015			2014		
		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	<b>37,007</b>	–	<b>37,007</b>	39,921	–	39,921
Net operating costs	6	<b>(34,184)</b>	<b>(87)</b>	<b>(34,271)</b>	(36,287)	(17)	(36,304)
Change in fair value of investment properties		–	<b>1,043</b>	<b>1,043</b>	–	59	59
Operating profit		<b>2,823</b>	<b>956</b>	<b>3,779</b>	3,634	42	3,676
Net financing charges	7						
– financing charges		<b>(269)</b>	–	<b>(269)</b>	(279)	–	(279)
– financing income		<b>134</b>	–	<b>134</b>	163	–	163
		<b>(135)</b>	–	<b>(135)</b>	(116)	–	(116)
Share of results of associates and joint ventures	8						
– before change in fair value of investment properties		<b>838</b>	<b>37</b>	<b>875</b>	933	23	956
– change in fair value of investment properties		–	<b>72</b>	<b>72</b>	–	394	394
		<b>838</b>	<b>109</b>	<b>947</b>	933	417	1,350
Profit before tax		<b>3,526</b>	<b>1,065</b>	<b>4,591</b>	4,451	459	4,910
Tax	9	<b>(629)</b>	<b>20</b>	<b>(609)</b>	(839)	(1)	(840)
Profit after tax		<b>2,897</b>	<b>1,085</b>	<b>3,982</b>	3,612	458	4,070
Attributable to:							
Shareholders of the Company	10 & 11	<b>1,363</b>	<b>434</b>	<b>1,797</b>	1,534	176	1,710
Non-controlling interests		<b>1,534</b>	<b>651</b>	<b>2,185</b>	2,078	282	2,360
		<b>2,897</b>	<b>1,085</b>	<b>3,982</b>	3,612	458	4,070
		US\$		US\$	US\$		US\$
Earnings per share	10						
– basic		<b>3.65</b>		<b>4.82</b>	4.14		4.62
– diluted		<b>3.65</b>		<b>4.81</b>	4.13		4.61

# Consolidated Statement of Comprehensive Income

for the year ended 31st December 2015

	<i>Note</i>	<b>2015</b> US\$m	2014 US\$m
Profit for the year		<b>3,982</b>	4,070
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Net revaluation surplus before transfer to investment properties			
– intangible assets	12	–	20
Remeasurements of defined benefit plans	20	<b>(79)</b>	(60)
Tax on items that will not be reclassified		<b>13</b>	11
		<b>(66)</b>	(29)
Share of other comprehensive expense of associates and joint ventures		<b>(2)</b>	(41)
		<b>(68)</b>	(70)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net loss arising during the year		<b>(1,144)</b>	(415)
– transfer to profit and loss		<b>3</b>	7
		<b>(1,141)</b>	(408)
Revaluation of other investments			
– net loss arising during the year	17	<b>(1)</b>	(78)
– transfer to profit and loss		<b>(132)</b>	(19)
		<b>(133)</b>	(97)
Impairment of other investments transfer to profit and loss		<b>188</b>	–
Cash flow hedges			
– net gain/(loss) arising during the year		<b>109</b>	(107)
– transfer to profit and loss		<b>(101)</b>	102
		<b>8</b>	(5)
Tax relating to items that may be reclassified		<b>(5)</b>	3
Share of other comprehensive expense of associates and joint ventures		<b>(654)</b>	(251)
		<b>(1,737)</b>	(758)
Other comprehensive expense for the year, net of tax		<b>(1,805)</b>	(828)
<b>Total comprehensive income for the year</b>		<b>2,177</b>	3,242
Attributable to:			
Shareholders of the Company		<b>1,111</b>	1,245
Non-controlling interests		<b>1,066</b>	1,997
		<b>2,177</b>	3,242

# Consolidated Balance Sheet

at 31st December 2015

	Note	2015 US\$m	2014 US\$m
<b>Assets</b>			
Intangible assets	12	2,753	2,679
Tangible assets	13	6,086	6,690
Investment properties	14	25,630	24,309
Plantations	15	859	908
Associates and joint ventures	16	10,190	8,881
Other investments	17	1,105	1,354
Non-current debtors	18	3,263	3,540
Deferred tax assets	19	315	305
Pension assets	20	5	23
Non-current assets		50,206	48,689
Properties for sale	21	2,763	2,953
Stocks and work in progress	22	3,331	3,280
Current debtors	18	5,661	6,068
Current investments	17	32	18
Current tax assets		180	133
Bank balances and other liquid funds	23		
– non-financial services companies		4,535	4,933
– financial services companies		247	382
		4,782	5,315
		16,749	17,767
Non-current assets classified as held for sale		–	1
Current assets		16,749	17,768
<b>Total assets</b>		<b>66,955</b>	66,457

Approved by the Board of Directors

**Ben Keswick**

**James Riley**

*Directors*

3rd March 2016

	<i>Note</i>	<b>2015</b> US\$m	2014 US\$m
<b>Equity</b>			
Share capital	24	175	173
Share premium and capital reserves	26	158	138
Revenue and other reserves		23,211	22,061
Own shares held	28	<u>(3,596)</u>	<u>(3,105)</u>
Shareholders' funds		19,948	19,267
Non-controlling interests	29	<u>25,833</u>	<u>25,538</u>
Total equity		<u>45,781</u>	<u>44,805</u>
<b>Liabilities</b>			
Long-term borrowings	30		
– non-financial services companies		<u>5,199</u>	5,240
– financial services companies		<u>1,796</u>	2,176
		6,995	7,416
Deferred tax liabilities	19	586	695
Pension liabilities	20	416	350
Non-current creditors	31	430	364
Non-current provisions	32	<u>145</u>	<u>138</u>
Non-current liabilities		<u>8,572</u>	<u>8,963</u>
Current creditors	31	8,261	8,244
Current borrowings	30		
– non-financial services companies		<u>2,308</u>	2,176
– financial services companies		<u>1,683</u>	1,892
		3,991	4,068
Current tax liabilities		266	300
Current provisions	32	<u>84</u>	<u>77</u>
Current liabilities		<u>12,602</u>	<u>12,689</u>
Total liabilities		<u>21,174</u>	<u>21,652</u>
Total equity and liabilities		<b>66,955</b>	66,457

# Consolidated Statement of Changes in Equity

for the year ended 31st December 2015

	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
<b>2015</b>											
At 1st January	173	20	118	22,824	176	(10)	(929)	(3,105)	19,267	25,538	<b>44,805</b>
Total comprehensive income	–	–	–	1,811	–	(4)	(696)	–	1,111	1,066	<b>2,177</b>
Dividends paid by the Company	–	–	–	(540)	–	–	–	–	(540)	98	<b>(442)</b>
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(897)	<b>(897)</b>
Unclaimed dividends forfeited	–	–	–	1	–	–	–	–	1	–	<b>1</b>
Issue of shares	–	2	–	–	–	–	–	–	2	–	<b>2</b>
Employee share option schemes	–	–	22	–	–	–	–	–	22	2	<b>24</b>
Scrip issued in lieu of dividends	2	(2)	–	653	–	–	–	–	653	–	<b>653</b>
Increase in own shares held	–	–	–	–	–	–	–	(491)	(491)	(72)	<b>(563)</b>
Subsidiaries acquired	–	–	–	–	–	–	–	–	–	28	<b>28</b>
Subsidiaries disposed of	–	–	–	–	–	–	–	–	–	(5)	<b>(5)</b>
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	262	<b>262</b>
Change in interests in subsidiaries	–	–	–	(50)	–	–	–	–	(50)	(191)	<b>(241)</b>
Change in interests in associates and joint ventures	–	–	–	(27)	–	–	–	–	(27)	4	<b>(23)</b>
Transfer	–	1	(3)	2	–	–	–	–	–	–	<b>–</b>
At 31st December	<b>175</b>	<b>21</b>	<b>137</b>	<b>24,674</b>	<b>176</b>	<b>(14)</b>	<b>(1,625)</b>	<b>(3,596)</b>	<b>19,948</b>	<b>25,833</b>	<b>45,781</b>
<b>2014</b>											
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

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US\$1,797 million (2014: US\$1,710 million) and net fair value gain on other investments (net of impairment and transfer to profit and loss) of US\$64 million (2014: net fair value loss on other investments of US\$80 million). Cumulative net fair value gain on other investments amounted to US\$253 million (2014: US\$189 million).

# Consolidated Cash Flow Statement

for the year ended 31st December 2015

	Note	2015 US\$m	2014 US\$m
<b>Operating activities</b>			
Operating profit		<b>3,779</b>	3,676
Change in fair value of investment properties		<b>(1,043)</b>	(59)
Depreciation and amortization	33 (a)	<b>944</b>	1,007
Other non-cash items	33 (b)	<b>648</b>	403
Decrease/(increase) in working capital	33 (c)	<b>105</b>	(1,410)
Interest received		<b>136</b>	171
Interest and other financing charges paid		<b>(267)</b>	(303)
Tax paid		<b>(818)</b>	(829)
		<b>3,484</b>	2,656
Dividends from associates and joint ventures		<b>634</b>	698
Cash flows from operating activities		<b>4,118</b>	3,354
<b>Investing activities</b>			
Purchase of subsidiaries	33 (d)	<b>(215)</b>	(53)
Purchase of associates and joint ventures	33 (e)	<b>(1,762)</b>	(390)
Purchase of shares and convertible bonds in Zhongsheng		<b>(1)</b>	(732)
Purchase of other investments	33 (f)	<b>(123)</b>	(184)
Purchase of intangible assets		<b>(176)</b>	(279)
Purchase of tangible assets		<b>(1,093)</b>	(1,158)
Additions to investment properties		<b>(233)</b>	(232)
Additions to plantations		<b>(72)</b>	(82)
Advance to associates and joint ventures	33 (g)	<b>(284)</b>	(15)
Advance and repayment from associates and joint ventures	33 (h)	<b>386</b>	481
Sale of subsidiaries		<b>4</b>	1
Sale of associates and joint ventures		<b>8</b>	17
Sale of other investments	33 (i)	<b>269</b>	217
Sale of intangible assets		<b>2</b>	1
Sale of tangible assets		<b>60</b>	105
Sale of investment properties		<b>1</b>	–
Cash flows from investing activities		<b>(3,229)</b>	(2,303)
<b>Financing activities</b>			
Issue of shares		<b>2</b>	2
Capital contribution from non-controlling interests		<b>262</b>	4
Change in interests in subsidiaries	33 (j)	<b>(241)</b>	44
Drawdown of borrowings		<b>20,353</b>	20,863
Repayment of borrowings		<b>(20,337)</b>	(20,576)
Dividends paid by the Company		<b>(352)</b>	(343)
Dividends paid to non-controlling interests		<b>(906)</b>	(940)
Cash flows from financing activities		<b>(1,219)</b>	(946)
Net (decrease)/increase in cash and cash equivalents		<b>(330)</b>	105
Cash and cash equivalents at 1st January		<b>5,288</b>	5,189
Effect of exchange rate changes		<b>(185)</b>	(6)
Cash and cash equivalents at 31st December	33 (k)	<b>4,773</b>	5,288

# 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 effective in 2015 which are relevant to the Group's operations:*

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Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements to IFRSs	2010 – 2012 Cycle
	2011 – 2013 Cycle

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

Amendments to IAS 19 'Employee Benefits' clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits. 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 and 2011 – 2013 Cycle comprise a number of amendments to IFRSs. The amendments which are relevant to the Group's operations include the followings:

Amendment to IFRS 2 'Share-based Payment' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

Amendment to IFRS 3 'Business Combinations' clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 'Financial Instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognized in profit and loss. It also clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11.

Amendment to IFRS 8 'Operating Segments' requires disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

Amendment to IAS 24 'Related Party Disclosures' requires the reporting entity to disclose the fees paid for key management personnel services from another entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors.

Amendment to IFRS 13 'Fair Value Measurement' clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9.

Amendment to IAS 40 'Investment Property' clarifies that IAS 40 and IFRS 3 are not mutually exclusive when distinguishing between investment property and owner-occupied property and determining whether the acquisition of an investment property is a business combination.



The following standards and amendments which are effective after 2015, 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 2018
IFRS 16	Leases	1st January 2019
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
Amendments to IAS 1	Disclosure Initiative: Presentation of Financial Statements	1st January 2016
Amendments to IAS 7	Disclosure Initiative: Statement of Cash Flows	1st January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses	1st January 2017
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
Annual Improvements to IFRSs	2012 – 2014 Cycle	1st January 2016

The Group is currently assessing the potential 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 revised guidance on the classification and measurement of financial assets and liabilities. It also includes a new expected credit losses model that replaces the incurred loss impairment model used today. A substantially-reformed approach to hedging accounting is also introduced. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in that framework is that a company should recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration 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. 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'.

IFRS 16 'Leases', which replaces IAS 17 'Leases' and related interpretations, requires lessees to bring their leases onto the balance sheet. For lessees, IFRS 16 eliminates the classification of leases as either operating leases or finance leases which is required by IAS 17 and, instead, introduces a single lessee accounting model. The model requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures a right-of-use asset similarly to other non-financial asset and a lease liability similarly to other financial liability. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion. Assets and liabilities arising from a lease are initially measured on a present value basis. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. A lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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 1 and IAS 7 'Disclosure Initiative' 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 IAS 7 require companies to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to IAS 12 'Income Taxes' clarify the requirements on the recognition of deferred tax assets for unrealized losses related to debt instruments measured at fair value.

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.

Annual Improvements to IFRSs 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 pages 4 and 5, and pages 10 to 25.

### ***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 includes 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 is amortized based on traffic volume projections.

(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 substantively 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.

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## **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 2015 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 2015 the Group's Indonesian rupiah functional entities had United States dollar denominated net monetary assets of US\$274 million (2014: US\$176 million). At 31st December 2015, 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\$21 million higher/lower (2014: US\$13 million higher/lower), arising from foreign exchange gains/losses taken on translation. The impact on amounts attributable to the shareholders of the Company would be US\$3 million higher/lower (2014: US\$2 million higher/lower). 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 2015 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 2015 the Group's interest rate hedge exclusive of the financial services companies was 39% (2014: 45%), with an average tenor of eight years (2014: 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 2015, 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\$7 million (2014: US\$26 million) higher/lower, and hedging reserves would have been US\$97 million (2014: US\$111 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 2015, 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\$283 million (2014: US\$343 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 2015, over 51% (2014: 66%) of deposits and balances with banks and financial institutions were made to institutions with credit ratings of no less than A- (Fitch). Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

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

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

(iii) Liquidity risk

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

At 31st December 2015, total available borrowing facilities amounted to US\$19.5 billion (2014: US\$20.4 billion) of which US\$11.0 billion (2014: US\$11.5 billion) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, and undrawn uncommitted facilities totalled US\$5.5 billion (2014: US\$6.1 billion) and US\$3.0 billion (2014: US\$2.8 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
<b>At 31st December 2015</b>							
Borrowings	4,477	1,932	1,606	1,056	711	2,925	<b>12,707</b>
Creditors	6,469	84	65	24	33	87	<b>6,762</b>
Net settled derivative financial instruments	2	1	–	–	–	–	<b>3</b>
Gross settled derivative financial instruments							
– inflow	1,459	717	518	218	133	1,724	<b>4,769</b>
– outflow	1,444	700	498	203	120	1,692	<b>4,657</b>
Estimated losses on insurance contracts	154	–	–	–	–	–	<b>154</b>
<b>At 31st December 2014</b>							
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

**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 2015 and 2014 are as follows:

	2015	2014
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)	21	29
Interest cover inclusive of financial services companies (times)	27	39

**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
<b>2015</b>				
<b>Assets</b>				
Available-for-sale financial assets				
– listed securities	1,032	–	–	<b>1,032</b>
– unlisted investments	–	43	55	<b>98</b>
	1,032	43	55	<b>1,130</b>
Derivative designated at fair value				
– through other comprehensive income	–	273	–	<b>273</b>
– through profit and loss	–	23	–	<b>23</b>
	<b>1,032</b>	<b>339</b>	<b>55</b>	<b>1,426</b>
<b>Liabilities</b>				
Contingent consideration payable	–	–	(27)	<b>(27)</b>
Derivative designated at fair value				
– through other comprehensive income	–	(69)	–	<b>(69)</b>
– through profit and loss	–	(7)	–	<b>(7)</b>
	–	<b>(76)</b>	<b>(27)</b>	<b>(103)</b>
<b>2014</b>				
<b>Assets</b>				
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
<b>Liabilities</b>				
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)

There were no transfers among the three categories during the year ended 31st December 2015 and 2014.

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

	2015		2014	
	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	<b>189</b>	<b>(67)</b>	161	(66)
Exchange differences	<b>(6)</b>	<b>(1)</b>	(2)	–
Additions	<b>5</b>	<b>(2)</b>	2	–
Disposal	<b>(164)</b>	–	–	–
Payment of contingent consideration	–	<b>1</b>	–	1
Net change in fair value during the year				
– included in other comprehensive income	<b>31</b>	–	28	–
– included in profit and loss	–	<b>42</b>	–	(2)
At 31st December	<b>55</b>	<b>(27)</b>	189	(67)

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 2015 and 2014 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
<b>2015</b>							
<b>Assets</b>							
Other investments	–	–	1,130	–	–	<b>1,130</b>	<b>1,130</b>
Debtors	7,417	296	–	–	11	<b>7,724</b>	<b>7,644</b>
Bank balances and other liquid funds	4,782	–	–	–	–	<b>4,782</b>	<b>4,782</b>
	<b>12,199</b>	<b>296</b>	<b>1,130</b>	<b>–</b>	<b>11</b>	<b>13,636</b>	<b>13,556</b>
<b>Liabilities</b>							
Borrowings (excluding finance lease liabilities)	–	–	–	(10,890)	–	<b>(10,890)</b>	<b>(11,002)</b>
Finance lease liabilities	–	–	–	(96)	–	<b>(96)</b>	<b>(96)</b>
Trade and other payables excluding non-financial liabilities	–	(76)	–	(6,735)	(27)	<b>(6,838)</b>	<b>(6,838)</b>
	<b>–</b>	<b>(76)</b>	<b>–</b>	<b>(17,721)</b>	<b>(27)</b>	<b>(17,824)</b>	<b>(17,936)</b>
<b>2014</b>							
<b>Assets</b>							
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
	<b>13,623</b>	<b>204</b>	<b>1,372</b>	<b>–</b>	<b>13</b>	<b>15,212</b>	<b>15,142</b>
<b>Liabilities</b>							
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)
	<b>–</b>	<b>(43)</b>	<b>–</b>	<b>(18,289)</b>	<b>(67)</b>	<b>(18,399)</b>	<b>(18,470)</b>



### 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 4.20% for office (2014: 3.50% to 4.45%) and 4.50% to 5.50% for retail (2014: 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 2015 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 pages 4 and 5. 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
<b>2015</b>													
Revenue (refer note 5)	2,463	5,207	–	1,932	11,137	607	2,016	13,702	–	(57)	37,007	–	<b>37,007</b>
Net operating costs	(2,405)	(5,099)	–	(938)	(10,702)	(499)	(1,945)	(12,606)	(47)	57	(34,184)	(87)	<b>(34,271)</b>
Change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	1,043	<b>1,043</b>
Operating profit	58	108	–	994	435	108	71	1,096	(47)	–	2,823	956	<b>3,779</b>
Net financing charges													
– financing charges	(7)	(12)	–	(115)	(15)	(14)	–	(102)	(4)	–	(269)	–	<b>(269)</b>
– financing income	–	–	–	41	1	2	–	84	6	–	134	–	<b>134</b>
	(7)	(12)	–	(74)	(14)	(12)	–	(18)	2	–	(135)	–	<b>(135)</b>
Share of results of associates and joint ventures													
– before change in fair value of investment properties	104	–	70	140	85	11	126	300	2	–	838	37	<b>875</b>
– change in fair value of investment properties	–	–	–	–	–	–	–	–	–	–	–	72	<b>72</b>
	104	–	70	140	85	11	126	300	2	–	838	109	<b>947</b>
Profit before tax	155	96	70	1,060	506	107	197	1,378	(43)	–	3,526	1,065	<b>4,591</b>
Tax	(13)	(19)	–	(151)	(84)	(16)	(16)	(327)	(3)	–	(629)	20	<b>(609)</b>
Profit after tax	142	77	70	909	422	91	181	1,051	(46)	–	2,897	1,085	<b>3,982</b>
Non-controlling interests	–	–	–	(535)	(148)	(36)	(76)	(758)	19	–	(1,534)	(651)	<b>(2,185)</b>
Profit attributable to shareholders	<b>142</b>	<b>77</b>	<b>70</b>	<b>374</b>	<b>274</b>	<b>55</b>	<b>105</b>	<b>293</b>	<b>(27)</b>	<b>–</b>	<b>1,363</b>	<b>434</b>	<b>1,797</b>
Net (debt)/cash (excluding net debt of financial services companies)*	<b>(221)</b>	<b>(419)</b>	<b>–</b>	<b>(2,341)</b>	<b>(482)</b>	<b>(132)</b>	<b>42</b>	<b>75</b>	<b>506</b>	<b>–</b>			<b>(2,972)</b>
Total equity	<b>669</b>	<b>578</b>	<b>519</b>	<b>28,720</b>	<b>1,642</b>	<b>1,335</b>	<b>1,106</b>	<b>9,865</b>	<b>1,407</b>	<b>(60)</b>			<b>45,781</b>
<b>2014</b>													
Revenue (refer note 5)	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

\*Net (debt)/cash is total borrowings less bank balances and other liquid funds. Net debt of financial services companies amounted to US\$3,232 million at 31st December 2015 (2014: US\$3,686 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:

	<b>2015</b>	2014
	US\$m	US\$m
<b><i>Underlying profit attributable to shareholders:</i></b>		
Greater China	<b>734</b>	743
Southeast Asia	<b>560</b>	706
United Kingdom	<b>78</b>	80
Rest of the world	<b>18</b>	36
	<b>1,390</b>	1,565
Corporate and other interests	<b>(27)</b>	(31)
	<b>1,363</b>	1,534
<b><i>Non-current assets*:</i></b>		
Greater China	<b>29,869</b>	27,449
Southeast Asia	<b>13,996</b>	14,347
United Kingdom	<b>772</b>	768
Rest of the world	<b>881</b>	903
	<b>45,518</b>	43,467

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

## 5 Revenue

	Gross revenue		Revenue	
	2015	2014	2015	2014
	US\$m	US\$m	US\$m	US\$m
<b>By business:</b>				
Jardine Pacific	6,173	6,125	2,463	2,576
Jardine Motors	5,207	5,128	5,207	5,128
Jardine Lloyd Thompson	1,763	1,817	–	–
Hongkong Land	3,114	3,125	1,932	1,876
Dairy Farm	17,907	13,103	11,137	11,008
Mandarin Oriental	959	1,044	607	680
Jardine Cycle & Carriage	5,443	3,633	2,016	1,680
Astra	25,252	29,461	13,702	16,995
Intersegment transactions	(547)	(654)	(57)	(22)
	<b>65,271</b>	<b>62,782</b>	<b>37,007</b>	<b>39,921</b>
<b>By product and service:</b>				
Agribusiness	2,373	2,232	970	1,372
Engineering and construction	4,705	4,976	1,220	1,668
Mining	2,838	3,224	2,838	3,224
Financial services	4,677	4,812	1,284	1,330
Logistics and IT services	2,441	2,715	2,038	2,246
Motor vehicles	25,438	26,701	14,314	15,809
Property and hotels	4,253	4,393	2,617	2,690
Restaurants	2,521	2,373	589	574
Retail	16,025	11,356	11,137	11,008
	<b>65,271</b>	<b>62,782</b>	<b>37,007</b>	<b>39,921</b>
<b>By geographical location of customers:</b>				
Greater China	22,434	17,376	12,218	12,069
Southeast Asia	38,231	40,745	21,903	24,951
United Kingdom	3,536	3,573	2,638	2,608
Rest of the world	1,070	1,088	248	293
	<b>65,271</b>	<b>62,782</b>	<b>37,007</b>	<b>39,921</b>

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

## 6 Net Operating Costs

	2015 US\$m	2014 US\$m
Cost of sales	<b>(28,375)</b>	(30,575)
Other operating income	<b>763</b>	566
Selling and distribution costs	<b>(4,190)</b>	(4,129)
Administration expenses	<b>(1,751)</b>	(1,844)
Other operating expenses	<b>(718)</b>	(322)
	<b>(34,271)</b>	(36,304)
<b><i>The following credits/(charges) are included in net operating costs:</i></b>		
Cost of stocks recognized as expense	<b>(25,679)</b>	(27,688)
Cost of properties for sale recognized as expense	<b>(762)</b>	(616)
Amortization of intangible assets	<b>(113)</b>	(109)
Depreciation of tangible assets	<b>(831)</b>	(898)
Impairment of intangible assets	<b>(19)</b>	–
Impairment of tangible assets	<b>(373)</b>	(231)
Impairment of other investments	<b>(188)</b>	–
Write down of stocks and work in progress	<b>(59)</b>	(57)
Reversal of write down of stocks and work in progress	<b>20</b>	26
Reversal of write down of properties for sale	<b>21</b>	56
Impairment of debtors	<b>(114)</b>	(129)
Operating expenses arising from investment properties	<b>(134)</b>	(149)
Employee benefit expense		
– salaries and benefits in kind	<b>(3,117)</b>	(3,159)
– share options granted	<b>(10)</b>	(11)
– defined benefit pension plans (refer note 20)	<b>(88)</b>	(80)
– defined contribution pension plans	<b>(87)</b>	(87)
	<b>(3,302)</b>	(3,337)
Net foreign exchange losses	<b>(3)</b>	(8)
Operating lease expenses		
– minimum lease payments	<b>(1,105)</b>	(1,072)
– contingent rents	<b>(23)</b>	(27)
– subleases	<b>43</b>	54
	<b>(1,085)</b>	(1,045)
Auditors' remuneration		
– audit	<b>(19)</b>	(18)
– non-audit services	<b>(4)</b>	(6)
	<b>(23)</b>	(24)
Dividend and interest income from available-for-sale investments	<b>53</b>	50
Rental income from properties	<b>33</b>	32
<b><i>Net operating costs included the following gains/(losses) from non-trading items:</i></b>		
Decrease in fair value of plantations	<b>(28)</b>	(34)
Asset impairment	<b>(176)</b>	10
Sale and closure of businesses	<b>(8)</b>	6
Sale of other investments	<b>126</b>	16
Sale of property interests	<b>1</b>	12
Fair value loss on convertible component of Zhongsheng bonds	<b>(1)</b>	(17)
Expenses relating to transfer of listing segment of group companies' shares	<b>–</b>	(5)
Other	<b>(1)</b>	(5)
	<b>(87)</b>	(17)

## 7 Net Financing Charges

	2015	2014
	US\$m	US\$m
Interest expense		
– bank loans and advances	(123)	(116)
– other	(125)	(135)
	(248)	(251)
Fair value (losses)/gains on fair value hedges	(1)	28
Fair value adjustment on hedged items attributable to the hedged risk	1	(28)
	–	–
	(248)	(251)
Interest capitalized	46	41
Commitment and other fees	(67)	(69)
Financing charges	(269)	(279)
Financing income	134	163
	(135)	(116)

## 8 Share of Results of Associates and Joint Ventures

	2015	2014
	US\$m	US\$m
<b>By business:</b>		
Jardine Pacific	103	104
Jardine Lloyd Thompson	66	72
Hongkong Land	210	516
Dairy Farm	85	69
Mandarin Oriental	11	12
Jardine Cycle & Carriage	168	47
Astra	302	530
Corporate and other interests	2	–
	947	1,350
<b>Share of results of associates and joint ventures included the following gains/(losses) from non-trading items:</b>		
Increase in fair value of investment properties	72	394
Asset impairment	42	(1)
Sale and closure of businesses	11	–
Restructuring of businesses	(16)	(13)
Negative goodwill on acquisition of business	–	37
	109	417

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

## 9 Tax

	2015 US\$m	2014 US\$m
<b><i>Tax charged to profit and loss is analyzed as follows:</i></b>		
Current tax	(733)	(900)
Deferred tax	124	60
	<b>(609)</b>	<b>(840)</b>
Greater China	(219)	(302)
Southeast Asia	(379)	(525)
United Kingdom	(8)	(10)
Rest of the world	(3)	(3)
	<b>(609)</b>	<b>(840)</b>
<b><i>Reconciliation between tax expense and tax at the applicable tax rate*:</i></b>		
Tax at applicable tax rate	(708)	(731)
Income not subject to tax		
– change in fair value of investment properties	202	19
– other items	93	55
Expenses not deductible for tax purposes		
– change in fair value of investment properties	(26)	(15)
– other items	(67)	(58)
Tax losses and temporary differences not recognized	(59)	(30)
Utilization of previously unrecognized tax losses and temporary differences	10	7
Deferred tax assets written off	(1)	(1)
Overprovision in prior years	4	6
Withholding tax	(51)	(62)
Other	(6)	(30)
	<b>(609)</b>	<b>(840)</b>
<b><i>Tax relating to components of other comprehensive income is analyzed as follows:</i></b>		
Remeasurements of defined benefit plans	13	11
Cash flow hedges	(5)	3
	<b>8</b>	<b>14</b>

Share of tax charge of associates and joint ventures of US\$257 million and charge of US\$4 million (2014: charge of US\$321 million and credit of US\$13 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 19.4% (2014: 20.5%) and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The decrease 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\$1,797 million (2014: US\$1,710 million) and on the weighted average number of 373 million (2014: 370 million) shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$1,797 million (2014: US\$1,710 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 374 million (2014: 371 million) shares in issue during the year.

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

	Ordinary shares in millions	
	2015	2014
Weighted average number of shares in issue	696	685
Company's share of shares held by subsidiaries	(323)	(315)
Weighted average number of shares for basic earnings per share calculation	373	370
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	374	371

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:

	US\$m	2015		US\$m	2014	
		Basic earnings per share US\$	Diluted earnings per share US\$		Basic earnings per share US\$	Diluted earnings per share US\$
Profit attributable to shareholders	1,797	4.82	4.81	1,710	4.62	4.61
Non-trading items (refer note 11)	(434)			(176)		
Underlying profit attributable to shareholders	1,363	3.65	3.65	1,534	4.14	4.13

## 11 Non-trading Items

	<b>2015</b>	2014
	US\$m	US\$m
<b>By business:</b>		
Jardine Pacific	3	7
Jardine Motors	1	(2)
Jardine Lloyd Thompson	(4)	(13)
Hongkong Land	459	164
Dairy Farm	(2)	6
Mandarin Oriental	(1)	–
Jardine Cycle & Carriage	25	(1)
Astra	6	18
Corporate and other interests	(53)	(3)
	<b>434</b>	176
<b>An analysis of non-trading items after interest, tax and non-controlling interests is set out below:</b>		
Increase in fair value of investment properties		
– Hongkong Land	454	161
– other	20	18
	474	179
Decrease in fair value of plantations	(5)	(5)
Asset impairment	(126)	2
Sale and closure of businesses	4	3
Sale of other investments	104	14
Sale of property interests	–	7
Restructuring of businesses	(16)	(14)
Fair value loss on convertible component of Zhongsheng bonds	(1)	(14)
Expenses relating to transfer of listing segment of group companies' shares	–	(4)
Negative goodwill on acquisition of business	–	11
Other	–	(3)
	<b>434</b>	176

## 12 Intangible Assets

	Goodwill US\$m	Franchise rights US\$m	Leasehold land US\$m	Concession rights US\$m	Other US\$m	Total US\$m
<b>2015</b>						
Cost	1,130	172	898	431	385	<b>3,016</b>
Amortization and impairment	(4)	–	(163)	(23)	(147)	<b>(337)</b>
Net book value at 1st January	1,126	172	735	408	238	<b>2,679</b>
Exchange differences	(73)	(17)	(70)	(41)	(14)	<b>(215)</b>
New subsidiaries	223	–	4	–	6	<b>233</b>
Additions	–	–	44	30	115	<b>189</b>
Disposal	(1)	–	–	–	–	<b>(1)</b>
Amortization	–	–	(33)	(3)	(77)	<b>(113)</b>
Impairment charge	(2)	–	–	–	(17)	<b>(19)</b>
Net book value at 31st December	<b>1,273</b>	<b>155</b>	<b>680</b>	<b>394</b>	<b>251</b>	<b>2,753</b>
Cost	1,277	155	859	419	434	<b>3,144</b>
Amortization and impairment	(4)	–	(179)	(25)	(183)	<b>(391)</b>
	<b>1,273</b>	<b>155</b>	<b>680</b>	<b>394</b>	<b>251</b>	<b>2,753</b>
<b>2014</b>						
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
					<b>2015</b>	2014
					US\$m	US\$m
<b>Goodwill allocation by business:</b>						
Jardine Pacific					<b>153</b>	152
Jardine Motors					<b>51</b>	49
Dairy Farm					<b>718</b>	575
Mandarin Oriental					<b>40</b>	40
Astra					<b>311</b>	310
					<b>1,273</b>	1,126

## 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 21% and 30% and average growth rate of 4% 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\$55 million and heavy equipment of US\$98 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 2015 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 14% and 17%, 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 2015, the carrying amount of leasehold land pledged as security for borrowings amounted to US\$7 million (2014: US\$9 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 84 years
Concession rights	by traffic volume over 30 to 32 years
Computer software	up to 9 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
<b>2015</b>							
Cost	983	2,580	1,167	1,076	3,612	2,234	<b>11,652</b>
Depreciation and impairment	(94)	(520)	(671)	(340)	(2,121)	(1,216)	<b>(4,962)</b>
Net book value at 1st January	889	2,060	496	736	1,491	1,018	<b>6,690</b>
Exchange differences	(76)	(147)	(21)	(18)	(130)	(85)	<b>(477)</b>
New subsidiaries	–	5	2	6	21	1	<b>35</b>
Additions	18	465	110	–	251	304	<b>1,148</b>
Disposals	(16)	(1)	(6)	–	(4)	(29)	<b>(56)</b>
Transfer to stock and work in progress	–	–	–	–	(3)	(47)	<b>(50)</b>
Depreciation charge	(10)	(85)	(103)	(20)	(353)	(260)	<b>(831)</b>
Impairment charge	(2)	(3)	(1)	(352)	(15)	–	<b>(373)</b>
Net book value at 31st December	<b>803</b>	<b>2,294</b>	<b>477</b>	<b>352</b>	<b>1,258</b>	<b>902</b>	<b>6,086</b>
Cost	901	2,843	1,178	1,040	3,490	2,119	<b>11,571</b>
Depreciation and impairment	(98)	(549)	(701)	(688)	(2,232)	(1,217)	<b>(5,485)</b>
	<b>803</b>	<b>2,294</b>	<b>477</b>	<b>352</b>	<b>1,258</b>	<b>902</b>	<b>6,086</b>
<b>2014</b>							
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

As a result of the decline in coal prices as well as the subdued outlook, management had performed an impairment review of the carrying amount of the mining properties and other tangible assets, and concluded that an impairment had occurred. An impairment charge of US\$370 million (2014: 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 unit is determined based on the location of the mining properties and the extent that they share infrastructure. The recoverable amount of US\$337 million (2014: US\$696 million), net of deferred tax, is determined based on the 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\$52 to US\$72 (2014: US\$65 to US\$90) and post-tax discount rate of 12.8% (2014: 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.

Freehold properties include a hotel property of US\$105 million (2014: US\$96 million), which is stated net of a grant of US\$23 million (2014: US\$24 million).

Net book value of leasehold properties, plant and machinery and motor vehicles acquired under finance leases amounted to US\$526 million, US\$41 million and US\$45 million (2014: US\$322 million, US\$64 million and US\$3 million), respectively.

Rental income from properties and other tangible assets amounted to US\$304 million (2014: US\$353 million) including contingent rents of US\$3 million (2014: US\$3 million).

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

	<b>2015</b>	2014
	US\$m	US\$m
Within one year	<b>118</b>	156
Between one and two years	<b>64</b>	92
Between two and five years	<b>48</b>	76
Beyond five years	<b>10</b>	15
	<b>240</b>	339

At 31st December 2015, the carrying amount of tangible assets pledged as security for borrowings amounted to US\$555 million (2014: US\$620 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
<b>2015</b>				
At 1st January	22,922	834	553	<b>24,309</b>
Exchange differences	(33)	(45)	(2)	<b>(80)</b>
Additions	95	185	1	<b>281</b>
Disposal	(1)	–	–	<b>(1)</b>
Transfer from properties for sale	–	–	78	<b>78</b>
Increase/(decrease) in fair value	1,145	(123)	21	<b>1,043</b>
At 31st December	<b>24,128</b>	<b>851</b>	<b>651</b>	<b>25,630</b>
Freehold properties				<b>135</b>
Leasehold properties				<b>25,495</b>
				<b>25,630</b>
<b>2014</b>				
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
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

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2015 and 2014, 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 of residential properties using no significant non-observable inputs***

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

### ***Fair value measurements of commercial properties 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.

## 14 Investment Properties (continued)

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 at 31st December 2015:

		Fair value US\$m	Valuation method	Range of significant unobservable inputs	
				Prevailing market rent per month US\$	Capitalization/ discount rates %
Commercial properties					
Completed	Hong Kong	23,400	Income capitalization	4.6 to 39.5 per square foot	3.50 to 5.50
	Singapore	533	Income capitalization	5.5 to 8.1 per square foot	3.50 to 5.50
	Vietnam and Cambodia	52	Discounted cash flow	20.0 to 51.1 per square metre	14.00 to 15.00
Total		23,985			
Under development	Mainland China	638	Residual	122.9 per square metre	4.75
	Cambodia	103	Residual	32.0 to 73.0 per square metre	13.00
	Total	741			

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\$850 million (2014: US\$842 million) including contingent rents of US\$11 million (2014: US\$14 million).

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

	2015 US\$m	2014 US\$m
Within one year	768	723
Between one and two years	545	521
Between two and five years	502	471
Beyond five years	362	97
	<b>2,177</b>	1,812

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

At 31st December 2015, the carrying amount of investment properties pledged as security for borrowings amounted to US\$638 million (2014: nil) (refer note 30).



## 15 Plantations

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

	2015 US\$m	2014 US\$m
<b>Movements during the year:</b>		
At 1st January	908	856
Exchange differences	(90)	(20)
New subsidiaries	–	27
Additions	76	86
Disposals	(7)	(7)
Net decrease in fair value	(28)	(34)
At 31st December	859	908
Immature plantations	173	166
Mature plantations	686	742
	859	908
	Hectares	Hectares
Planted area:		
Immature plantations	31,198	35,904
Mature plantations	198,768	192,795
	229,966	228,699

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:

	2015	2014
Crude palm oil price per tonne (US\$)	884	941
Effective annual price inflation (for the first five years) (%)	7*	7*
Effective annual cost inflation (for the first five years) (%)	6*	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\$28 million (2014: US\$34 million) and have been included in profit and loss in the line 'Other operating expenses'.

During the year, the Group harvested 4.2 million (2014: 4.1 million) tonnes of produce from the plantations with a fair value at the point of harvest less point of sale costs of US\$385 million (2014: US\$626 million).

The Group's plantations had not been pledged as security for borrowings at 31st December 2014 and 2015.

\*0% inflation thereafter.

## 16 Associates and Joint Ventures

	2015 US\$m	2014 US\$m
Listed associates		
– Jardine Lloyd Thompson	296	283
– Yonghui	464	–
– Siam City Cement	152	–
– other	79	19
	<b>991</b>	302
Unlisted associates	<b>1,055</b>	944
Share of attributable net assets	<b>2,046</b>	1,246
Goodwill on acquisition	<b>1,115</b>	250
	<b>3,161</b>	1,496
Listed joint ventures		
– Bank Permata	580	651
– PT Tunas Ridean	75	76
	<b>655</b>	727
Unlisted joint ventures	<b>6,228</b>	6,508
Share of attributable net assets	<b>6,883</b>	7,235
Goodwill on acquisition	<b>146</b>	150
	<b>7,029</b>	7,385
	<b>10,190</b>	8,881
<b>By business:</b>		
Jardine Pacific	344	373
Jardine Lloyd Thompson	519	513
Hongkong Land	4,601	4,884
Dairy Farm	1,295	391
Mandarin Oriental	168	106
Jardine Cycle & Carriage	926	203
Astra	2,310	2,394
Corporate and other interests	27	17
	<b>10,190</b>	8,881

## 16 Associates and Joint Ventures (continued)

	Associates		Joint ventures	
	2015 US\$m	2014 US\$m	2015 US\$m	2014 US\$m
<b>Movements of associates and joint ventures during the year:</b>				
At 1st January	1,496	1,467	7,385	7,227
Share of results after tax and non-controlling interests	417	315	530	1,035
Negative goodwill on acquisition of business	–	–	–	(37)
Share of other comprehensive expense after tax and non-controlling interests	(185)	(91)	(471)	(201)
Dividends received	(233)	(194)	(401)	(504)
Acquisitions, increases in attributable interests and advances	1,676	(11)	351	441
Disposals, decreases in attributable interests and repayment of advances	(21)	(3)	(388)	(481)
Reclassification of associates and joint ventures as subsidiaries	–	–	–	(95)
Employee share options schemes	14	13	–	–
Other	(3)	–	23	–
At 31st December	3,161	1,496	7,029	7,385
Fair value of listed associates/joint ventures	3,240	1,310	469	760

### (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 2015 and 2014:

Name of entity	Nature of business	Country of incorporation/ principal place of business/ place of listing	% of ownership interest	
			2015	2014
Jardine Lloyd Thompson Group plc (‘Jardine Lloyd Thompson’)	Insurance and reinsurance broking, risk management and employee benefit services	United Kingdom/ Worldwide/ London	42	42
Yonghui Superstores Co., Limited (‘Yonghui’)	Supermarkets and hypermarkets	Mainland China/ Mainland China/ Shanghai	20	–
Siam City Cement Public Company Limited (‘Siam City Cement’)	Cement manufacturer	Thailand/ Thailand/ Thailand	25	–
PT Astra Daihatsu Motor	Automotive	Indonesia/ Indonesia/ Unlisted	32	32

**16 Associates and Joint Ventures** (continued)**Summarized financial information for material associates**

Summarized balance sheet at 31st December (unless otherwise indicated):

	Jardine Lloyd Thompson US\$m	Yonghui† US\$m	Siam City Cement US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
<b>2015</b>					
Non-current assets	1,193	1,991	792	571	<b>4,547</b>
Current assets					
Cash and cash equivalents	1,335	1,022	65	483	<b>2,905</b>
Other current assets	786	910	182	301	<b>2,179</b>
Total current assets	2,121	1,932	247	784	<b>5,084</b>
Non-current liabilities					
Financial liabilities*	(911)	–	(29)	–	<b>(940)</b>
Other non-current liabilities*	(221)	(13)	(203)	(43)	<b>(480)</b>
Total non-current liabilities	(1,132)	(13)	(232)	(43)	<b>(1,420)</b>
Current liabilities					
Financial liabilities*	(42)	(54)	(35)	–	<b>(131)</b>
Other current liabilities*	(1,650)	(1,491)	(160)	(375)	<b>(3,676)</b>
Total current liabilities	(1,692)	(1,545)	(195)	(375)	<b>(3,807)</b>
Non-controlling interests	(27)	(8)	–	–	<b>(35)</b>
Net assets	<b>463</b>	<b>2,357</b>	<b>612</b>	<b>937</b>	<b>4,369</b>
<b>2014</b>					
Non-current assets	1,277	–	–	630	1,907
Current assets					
Cash and cash equivalents	1,357	–	–	479	1,836
Other current assets	778	–	–	335	1,113
Total current assets	2,135	–	–	814	2,949
Non-current liabilities					
Financial liabilities*	(691)	–	–	–	(691)
Other non-current liabilities*	(335)	–	–	(42)	(377)
Total non-current liabilities	(1,026)	–	–	(42)	(1,068)
Current liabilities					
Financial liabilities*	(263)	–	–	–	(263)
Other current liabilities*	(1,641)	–	–	(432)	(2,073)
Total current liabilities	(1,904)	–	–	(432)	(2,336)
Non-controlling interests	(28)	–	–	–	(28)
Net assets	454	–	–	970	1,424

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

†Based on summarized balance sheet at 30th September 2015.

## 16 Associates and Joint Ventures (continued)

Summarized statement of comprehensive income for the year ended 31st December (unless otherwise indicated):

	Jardine Lloyd Thompson US\$m	Yonghui† US\$m	Siam City Cement US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
<b>2015</b>					
Revenue	1,763	3,218	660	3,337	<b>8,978</b>
Depreciation and amortization	(65)	(64)	(32)	(95)	<b>(256)</b>
Interest income	2	9	1	30	<b>42</b>
Interest expense	(37)	(5)	(10)	–	<b>(52)</b>
Profit from underlying business performance	259	49	114	329	<b>751</b>
Income tax expense	(72)	(8)	(21)	(79)	<b>(180)</b>
Profit after tax from underlying business performance	187	41	93	250	<b>571</b>
Loss after tax from non-trading items	(14)	–	–	–	<b>(14)</b>
Profit after tax	173	41	93	250	<b>557</b>
Other comprehensive income/(expense)	13	(4)	1	(1)	<b>9</b>
Total comprehensive income	<b>186</b>	<b>37</b>	<b>94</b>	<b>249</b>	<b>566</b>
Dividends received from associates	<b>40</b>	<b>16</b>	<b>25</b>	<b>59</b>	<b>140</b>
<b>2014</b>					
Revenue	1,817	–	–	4,012	5,829
Depreciation and amortization	(59)	–	–	(99)	(158)
Interest income	3	–	–	47	50
Interest expense	(38)	–	–	–	(38)
Profit from underlying business performance	301	–	–	380	681
Income tax expense	(78)	–	–	(89)	(167)
Profit after tax from underlying business performance	223	–	–	291	514
Loss after tax from non-trading items	(30)	–	–	–	(30)
Profit after tax	193	–	–	291	484
Other comprehensive expense	(97)	–	–	–	(97)
Total comprehensive income	96	–	–	291	387
Dividends received from associates	41	–	–	71	112

†Based on summarized statement of comprehensive income for the six months ended 30th September 2015.

The information contained in the summarized balance sheet and statement of comprehensive income reflect 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. For associates acquired during 2015, 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 date.

**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 associates for the year ended 31st December:

	Jardine Lloyd Thompson US\$m	Yonghui US\$m	Siam City Cement US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
<b>2015</b>					
Net assets	463	2,357	612	937	<b>4,369</b>
Adjustment for shares purchased for employee benefit plans	243	–	–	–	<b>243</b>
Adjusted net assets	706	2,357	612	937	<b>4,612</b>
<i>Interest in associates (%)</i>	42	20	25	32	
Group's share of net assets in associates	296	471	153	299	<b>1,219</b>
Goodwill	223	417	411	–	<b>1,051</b>
Other	–	(7)	–	–	<b>(7)</b>
Carrying value	<b>519</b>	<b>881</b>	<b>564</b>	<b>299</b>	<b>2,263</b>
Fair value	<b>1,206</b>	<b>1,265</b>	<b>514</b>	<b>N/A</b>	<b>2,985</b>
<b>2014</b>					
Net assets	454	–	–	970	1,424
Adjustment for shares purchased for employee benefit plans	221	–	–	–	221
Adjusted net assets	675	–	–	970	1,645
<i>Interest in associates (%)</i>	42	–	–	32	
Group's share of net assets in associates	283	–	–	309	592
Goodwill	230	–	–	–	230
Carrying value	513	–	–	309	822
Fair value	1,227	–	–	N/A	1,227

## 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 expense and carrying amount of these associates.

	<b>2015</b>	2014
	US\$m	US\$m
Share of profit	<b>240</b>	150
Share of other comprehensive expense	<b>(40)</b>	(12)
Share of total comprehensive income	<b>200</b>	138
Carrying amount of interests in these associates	<b>898</b>	674

### ***Contingent liabilities relating to the Group's interest in associates***

	<b>2015</b>	2014
	US\$m	US\$m
Financial guarantee in respect of facilities made available to an associate	<b>21</b>	22

#### (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 2015 and 2014:

	Nature of business	Country of incorporation and principal place of business	% of ownership interest	
			<b>2015</b>	2014
Hongkong Land				
– Properties Sub F, Ltd	Property investment	Macau	<b>49</b>	49
– BFC Development LLP	Property investment	Singapore	<b>33</b>	33
– Central Boulevard Development Pte Ltd	Property investment	Singapore	<b>33</b>	33
– One Raffles Quay Pte Ltd	Property investment	Singapore	<b>33</b>	33
Astra				
– PT Astra Honda Motor	Automotive	Indonesia	<b>50</b>	50
– PT Bank Permata Tbk	Commercial and retail bank	Indonesia	<b>45</b>	45

As at 31st December 2015, the fair value of the Group's interest in PT Bank Permata Tbk, which is listed on the Indonesian Stock Exchange, was US\$363 million (2014: US\$641 million) and the carrying amount of the Group's interest was US\$616 million (2014: US\$690 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
<b>2015</b>							
Non-current assets	1,574	3,373	2,605	2,580	1,395	5,199	<b>16,726</b>
Current assets							
Cash and cash equivalents	20	8	41	11	213	1,750	<b>2,043</b>
Other current assets	48	5	14	1	376	6,236	<b>6,680</b>
Total current assets	68	13	55	12	589	7,986	<b>8,723</b>
Non-current liabilities							
Financial liabilities*	(35)	(1,196)	(1,135)	(727)	–	(473)	<b>(3,566)</b>
Other non-current liabilities*	(166)	–	(19)	(188)	(221)	(80)	<b>(674)</b>
Total non-current liabilities	(201)	(1,196)	(1,154)	(915)	(221)	(553)	<b>(4,240)</b>
Current liabilities							
Financial liabilities*	(1)	(1)	(6)	(3)	–	(149)	<b>(160)</b>
Other current liabilities*	(38)	(65)	(38)	(44)	(583)	(11,180)	<b>(11,948)</b>
Total current liabilities	(39)	(66)	(44)	(47)	(583)	(11,329)	<b>(12,108)</b>
Net assets	<b>1,402</b>	<b>2,124</b>	<b>1,462</b>	<b>1,630</b>	<b>1,180</b>	<b>1,303</b>	<b>9,101</b>
<b>2014</b>							
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

\*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:

	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
<b>2015</b>							
Revenue	94	161	192	120	4,257	1,332	<b>6,156</b>
Depreciation and amortization	(7)	–	–	–	(106)	(19)	<b>(132)</b>
Interest income	–	–	–	–	20	–	<b>20</b>
Interest expense	(2)	(52)	(24)	(22)	–	–	<b>(100)</b>
Profit/(loss) from underlying business performance	47	70	90	64	425	(15)	<b>681</b>
Income tax expense	(6)	(12)	(15)	(11)	(104)	(3)	<b>(151)</b>
Profit/(loss) after tax from underlying business performance	41	58	75	53	321	(18)	<b>530</b>
Profit after tax from non-trading items	2	43	113	30	–	–	<b>188</b>
Profit/(loss) after tax	43	101	188	83	321	(18)	<b>718</b>
Other comprehensive income/(expense)	1	(148)	(96)	(110)	(2)	(4)	<b>(359)</b>
Total comprehensive income/(expense)	<b>44</b>	<b>(47)</b>	<b>92</b>	<b>(27)</b>	<b>319</b>	<b>(22)</b>	<b>359</b>
Dividends received from joint ventures	<b>26</b>	<b>20</b>	<b>42</b>	<b>18</b>	<b>123</b>	<b>6</b>	<b>235</b>
<b>2014</b>							
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)	(1)	5	(211)
Total comprehensive income	437	114	360	67	408	138	1,524
Dividends received from joint ventures	41	29	41	22	143	7	283

The information contained in the summarized balance sheet and statement of comprehensive income reflect 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
<b>2015</b>							
Net assets	1,402	2,124	1,462	1,630	1,180	1,303	<b>9,101</b>
Shareholders' loans	35	1,196	–	95	–	–	<b>1,326</b>
Adjusted net assets	1,437	3,320	1,462	1,725	1,180	1,303	<b>10,427</b>
<i>Interest in joint ventures (%)</i>	49	33	33	33	50	45	
Group's share of net assets in joint ventures	704	1,107	487	575	590	580	<b>4,043</b>
Goodwill	–	–	–	–	–	36	<b>36</b>
Carrying value	<b>704</b>	<b>1,107</b>	<b>487</b>	<b>575</b>	<b>590</b>	<b>616</b>	<b>4,079</b>
<b>2014</b>							
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
<i>Interest in joint ventures (%)</i>	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

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.

	<b>2015</b> US\$m	2014 US\$m
Share of profit	<b>233</b>	305
Share of other comprehensive expense	<b>(179)</b>	(99)
Share of total comprehensive income	<b>54</b>	206
Carrying amount of interests in these joint ventures	<b>2,950</b>	3,085

### **Commitments and contingent liabilities in respect of joint ventures**

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

	<b>2015</b> US\$m	2014 US\$m
Commitment to provide funding if called	<b>192</b>	200

There were no contingent liabilities relating to the Group's interest in the joint ventures at 31st December 2015 and 2014.

## 17 Other Investments

	2015	2014
	US\$m	US\$m
Available-for-sale financial assets		
Listed securities		
– Asia Commercial Bank	60	49
– Rothschild & Co (formerly known as Paris Orléans)	108	91
– Schindler Holdings	217	183
– The Bank of N.T. Butterfield & Son	47	47
– Zhongsheng	147	215
– other	453	555
	<b>1,032</b>	1,140
Unlisted securities	98	232
	<b>1,130</b>	1,372
Held-to-maturity financial assets		
Listed securities	7	–
	<b>1,137</b>	1,372
Non-current	<b>1,105</b>	1,354
Current	<b>32</b>	18
	<b>1,137</b>	1,372
<b>Analysis by geographical area of operation:</b>		
Greater China	259	313
Southeast Asia	498	730
Rest of the world	380	329
	<b>1,137</b>	1,372
<b>Movements during the year:</b>		
At 1st January	1,372	1,146
Exchange differences	(48)	(16)
Additions	123	522
Disposals and capital repayments	(307)	(200)
Unwinding of discount	(2)	(2)
Net revaluation deficit	(1)	(78)
At 31st December	<b>1,137</b>	1,372

In 2014, a wholly-owned subsidiary of Jardine Strategic 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 subsidiary to increase its interest to 20% upon fully exercising the bonds. An impairment charge of US\$188 million was made against the investment in Zhongsheng through profit and loss during 2015 as a result of a prolonged decline in its market value.

Movements of available-for-sale financial assets which were valued based on unobservable inputs during the year are disclosed in note 2. Profit on sale of these assets in 2015 amounted to US\$126 million and was credited to profit and loss. There was no sale of these assets in 2014.

The fair value of held-to-maturity financial assets at 31st December 2015 was US\$7 million.

**18 Debtors**

	2015 US\$m	2014 US\$m
Consumer financing debtors		
– gross	4,079	4,401
– provision for impairment	(183)	(202)
	<b>3,896</b>	4,199
Financing lease receivables		
– gross investment	542	805
– unearned finance income	(67)	(95)
– net investment	475	710
– provision for impairment	(14)	(29)
	<b>461</b>	681
Financing debtors	<b>4,357</b>	4,880
Trade debtors		
– third parties	2,191	2,569
– associates	21	18
– joint ventures	52	61
	<b>2,264</b>	2,648
– provision for impairment	(59)	(44)
	<b>2,205</b>	2,604
Other debtors		
– third parties	2,229	2,021
– associates	3	4
– joint ventures	140	110
	<b>2,372</b>	2,135
– provision for impairment	(10)	(11)
	<b>2,362</b>	2,124
	<b>8,924</b>	9,608
Non-current	<b>3,263</b>	3,540
Current	<b>5,661</b>	6,068
	<b>8,924</b>	9,608
<b>Analysis by geographical area of operation:</b>		
Greater China	1,357	1,288
Southeast Asia	7,399	8,160
United Kingdom	93	89
Rest of the world	75	71
	<b>8,924</b>	9,608
<b>Fair value:</b>		
Consumer financing debtors	3,834	4,136
Financing lease receivables	469	687
Financing debtors	<b>4,303</b>	4,823
Trade debtors	2,205	2,604
Other debtors*	1,136	1,028
	<b>7,644</b>	8,455

\*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 4% to 15% (2014: 6% to 16%) 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 instalment obligations. It usually exercises its right if monthly instalments 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:

	2015 US\$m	2014 US\$m
<b><i>Including related finance income</i></b>		
Within one year	2,856	2,917
Between one and two years	1,489	1,650
Between two and five years	855	1,051
Beyond five years	6	–
	<b>5,206</b>	5,618
<b><i>Excluding related finance income</i></b>		
Within one year	2,132	2,152
Between one and two years	1,193	1,315
Between two and five years	749	934
Beyond five years	5	–
	<b>4,079</b>	4,401

### Financing lease receivables

An analysis of financing lease receivables is set out below:

	2015 US\$m	2014 US\$m
Lease receivables	542	805
Guaranteed residual value	228	262
Security deposits	(228)	(262)
Gross investment	542	805
Unearned lease income	(67)	(95)
Net investment	475	710

**18 Debtors** (continued)

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

	2015		2014	
	Gross investment	Net investment	Gross investment	Net investment
	US\$m	US\$m	US\$m	US\$m
Within one year	<b>320</b>	<b>272</b>	458	395
Between one and two years	<b>174</b>	<b>158</b>	246	221
Between two and five years	<b>48</b>	<b>45</b>	100	93
Beyond five years	–	–	1	1
	<b>542</b>	<b>475</b>	805	710

The fair value of the financing debtors is US\$4,303 million (2014: US\$4,823 million). The fair value of financing debtors is determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 6% to 33% per annum (2014: 9% to 33% per annum). The higher the rates, the lower the fair value.

Financing debtors are due within five years (2014: five years) from the balance sheet date and the interest rates range from 6% to 33% per annum (2014: 6% to 33% 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 2015, consumer financing debtors of US\$32 million (2014: US\$42 million), financing lease receivables of US\$18 million (2014: US\$56 million), trade debtors of US\$103 million (2014: US\$80 million) and other debtors of US\$15 million (2014: US\$11 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 consumer financing debtors, trade debtors and other debtors were US\$1 million (2014: nil), US\$59 million (2014: US\$44 million) and US\$10 million (2014: US\$11 million), respectively. It was assessed that a portion of the debtors is expected to be recovered.

At 31st December 2015, consumer financing debtors of US\$350 million (2014: US\$379 million), financing lease receivable of US\$135 million (2014: US\$148 million), trade debtors of US\$663 million (2014: US\$795 million) and other debtors of US\$18 million (2014: US\$24 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Below 30 days	<b>283</b>	307	<b>86</b>	123	<b>318</b>	383	<b>8</b>	11
Between 31 and 60 days	<b>56</b>	61	<b>37</b>	17	<b>137</b>	178	<b>2</b>	4
Between 61 and 90 days	<b>11</b>	11	<b>7</b>	3	<b>72</b>	93	<b>3</b>	1
Over 90 days	–	–	<b>5</b>	5	<b>136</b>	141	<b>5</b>	8
	<b>350</b>	379	<b>135</b>	148	<b>663</b>	795	<b>18</b>	24

## 18 Debtors (continued)

The risk of trade and other debtors that are neither past due nor impaired at 31st December 2015 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:

	2015	2014
	US\$m	US\$m
Convertible bonds in Zhongsheng	391	385
Derivative financial instruments	296	204
Restricted bank balances and deposits	48	50
Loans to employees	34	38
Other amounts due from associates	3	4
Other amounts due from joint ventures	140	110
Repossessed assets of finance companies	26	19
Other receivables	224	231
Financial assets	1,162	1,041
Prepayments	836	692
Reinsurers' share of estimated losses on insurance contracts	79	72
Rental and other deposits	210	215
Other	75	104
	<b>2,362</b>	<b>2,124</b>

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	
	2015	2014	2015	2014	2015	2014	2015	2014
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 1st January	(202)	(183)	(29)	(33)	(44)	(29)	(11)	(11)
Exchange differences	20	5	2	(1)	4	1	1	–
Additional provisions	(94)	(102)	–	(4)	(35)	(31)	(1)	(2)
Unused amounts reversed	–	–	3	–	13	9	–	1
Amounts written off	93	78	10	9	3	6	1	1
At 31st December	(183)	(202)	(14)	(29)	(59)	(44)	(10)	(11)

At 31st December 2015, the carrying amount of consumer financing debtors, financing lease receivables, trade debtors and other debtors pledged as security for borrowings amounted to US\$1,703 million, US\$134 million, US\$1 million and US\$6 million (2014: US\$2,257 million, US\$187 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
<b>2015</b>						
At 1st January	(155)	(440)	33	84	88	<b>(390)</b>
Exchange differences	–	24	(2)	(7)	(10)	<b>5</b>
New subsidiaries	–	(4)	–	–	–	<b>(4)</b>
Credited to profit and loss	–	87	5	9	23	<b>124</b>
Credited/(charged) to other comprehensive income	–	(5)	–	13	–	<b>8</b>
Other	–	–	–	–	(14)	<b>(14)</b>
At 31st December	<b>(155)</b>	<b>(338)</b>	<b>36</b>	<b>99</b>	<b>87</b>	<b>(271)</b>
Deferred tax assets	98	(44)	28	83	150	<b>315</b>
Deferred tax liabilities	(253)	(294)	8	16	(63)	<b>(586)</b>
	<b>(155)</b>	<b>(338)</b>	<b>36</b>	<b>99</b>	<b>87</b>	<b>(271)</b>
<b>2014</b>						
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)

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\$156 million (2014: US\$127 million) arising from unused tax losses of US\$650 million (2014: US\$545 million) have not been recognized in the financial statements. Included in the unused tax losses, US\$200 million have no expiry date and the balance will expire at various dates up to and including 2035.

Deferred tax liabilities of US\$462 million (2014: US\$436 million) arising on temporary differences associated with investments in subsidiaries of US\$4,623 million (2014: US\$4,360 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:

	2015 US\$m	2014 US\$m
Fair value of plan assets	926	1,006
Present value of funded obligations	<u>(1,127)</u>	<u>(1,097)</u>
	(201)	(91)
Present value of unfunded obligations	(210)	(236)
Net pension liabilities	(411)	(327)
<b><i>Analysis of net pension liabilities:</i></b>		
Pension assets	5	23
Pension liabilities	(416)	(350)
	(411)	(327)

**20 Pension Plans** (continued)

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US\$m	Present value of obligations US\$m	Total US\$m
<b>2015</b>			
At 1st January	1,006	(1,333)	<b>(327)</b>
Current service cost	–	(66)	<b>(66)</b>
Interest income/(expense)	38	(56)	<b>(18)</b>
Past service cost and gains on settlements	–	(1)	<b>(1)</b>
Administration expenses	(3)	–	<b>(3)</b>
	<u>35</u>	<u>(123)</u>	<b><u>(88)</u></b>
	1,041	(1,456)	<b>(415)</b>
Exchange differences	(28)	54	<b>26</b>
Disposal	(3)	3	–
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(56)	–	<b>(56)</b>
– change in financial assumptions	–	4	<b>4</b>
– experience losses	–	(27)	<b>(27)</b>
	(56)	(23)	<b>(79)</b>
Contributions from employers	43	–	<b>43</b>
Contributions from plan participants	4	(4)	–
Benefit payments	(70)	84	<b>14</b>
Settlements	(6)	6	–
Transfer from other plans	1	(1)	–
At 31st December	<b>926</b>	<b>(1,337)</b>	<b>(411)</b>
<b>2014</b>			
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)
	<u>45</u>	<u>(125)</u>	<b><u>(80)</u></b>
	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)

## 20 Pension Plans *(continued)*

The weighted average duration of the defined benefit obligations at 31st December 2015 is 12 years (*2014: 12 years*).

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

	<b>2015</b>	2014
	US\$m	US\$m
Less than a year	<b>112</b>	100
Between one and two years	<b>85</b>	90
Between two and five years	<b>314</b>	309
Beyond five years	<b>6,724</b>	6,607
	<b>7,235</b>	7,106

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

	Hong Kong		United Kingdom		Others	
	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014
	%	%	%	%	%	%
Discount rate	<b>3.0</b>	3.4	<b>3.7</b>	3.4	<b>8.4</b>	8.1
Salary growth rate	<b>5.0</b>	5.0	–	–	<b>7.6</b>	7.5
Inflation rate	<b>N/A</b>	N/A	<b>2.9</b>	2.9	<b>N/A</b>	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 (*2014: 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 obligations to changes in the weighted principal assumptions is:

	Change in assumption	(Increase)/decrease on defined benefit obligations	
		Increase in assumption	Decrease in assumption
	%	US\$m	US\$m
Discount rate	1	<b>132</b>	<b>(157)</b>
Salary growth rate	1	<b>(89)</b>	<b>77</b>
Inflation rate	1	<b>(25)</b>	<b>19</b>

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 obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations 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
<b>2015</b>					
Quoted investments					
Equity instruments	106	51	11	10	<b>178</b>
Debt instruments					
– government	34	–	1	–	<b>35</b>
– corporate bonds					
– investment grade	18	105	–	–	<b>123</b>
	52	105	1	–	<b>158</b>
Investment funds	50	122	117	16	<b>305</b>
	<u>208</u>	<u>278</u>	<u>129</u>	<u>26</u>	<u><b>641</b></u>
Unquoted investments					
Debt instruments					
– government	7	16	7	2	<b>32</b>
– corporate bonds					
– investment grade	2	8	13	–	<b>23</b>
– non-investment grade	–	1	3	–	<b>4</b>
	2	9	16	–	<b>27</b>
	9	25	23	2	<b>59</b>
Investment funds	7	3	2	175	<b>187</b>
	<u>16</u>	<u>28</u>	<u>25</u>	<u>177</u>	<u><b>246</b></u>
Total investments	<u>224</u>	<u>306</u>	<u>154</u>	<u>203</u>	<u><b>887</b></u>
Cash and cash equivalents					<b>41</b>
Benefits payable and other					<b>(2)</b>
					<b>926</b>

## 20 Pension Plans (continued)

	Asia Pacific US\$m	Europe US\$m	North America US\$m	Global US\$m	Total US\$m
<i>2014</i>					
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
	198	307	156	40	701
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
	14	48	38	170	270
Total investments	212	355	194	210	971
Cash and cash equivalents					34
Benefits payable and other					1
					1,006

The defined benefit plans in Hong Kong have two 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 a 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 2015, with modified strategic asset allocations adopted in 2015. The next ALM review is scheduled for 2018.

As at 31st December 2015, the Hong Kong plans had assets of US\$481 million (2014: US\$520 million). These assets were invested 25% in Asia Pacific, 14% in Europe and 27% in North America (2014: 18%, 19% and 32%, respectively). Within Asia Pacific, 58% was invested in Hong Kong equities. 55% and 45% of the investments were in quoted and unquoted instruments, respectively, for both 2014 and 2015. 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, technology and industrials with a combined fair value of US\$46 million. In 2014 the top three sectors were financials, industrials and consumer goods with a combined fair value of US\$52 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 89% (2014: 87%) of their investments in developed and 11% (2014: 13%) in emerging economies. The regional splits are 9% in Asia Pacific, 44% in Europe, 14% in North America and 33% globally. In 2015, 69% (2014: 70%) of their investments were in quoted instruments. Jardine Motors had 96% of the investments in developed economies and all of their investments were in quoted instruments, similar to 2014. Their regional splits are 6% in Asia Pacific, 85% in Europe, 5% in North America and 4% globally. The top three sectors of the quoted equity instruments at the end of both 2015 and 2014 were financials, consumer goods and industrials, with combined fair values of US\$46 million and US\$56 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. In 2015, the open and closed plans exited from commodities and increased allocations to hedge funds. The plans also reduced their allocations to global fixed income by holding cash and investing a portion to Asian fixed income to reduce volatility risks. 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 2015, 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 mainly 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 2015 were US\$43 million and the estimated amount of contributions expected to be paid to all its plans in 2016 is US\$44 million.

## 21 Properties for Sale

	2015	2014
	US\$m	US\$m
Properties in the course of development	2,661	2,724
Completed properties	102	229
	<b>2,763</b>	2,953

As at 31st December 2015, properties in the course of development amounting to US\$2,067 million (2014: US\$2,164 million) were not scheduled for completion within the next twelve months.

At 31st December 2015, the carrying amount of properties for sale pledged as security for borrowings amounted to US\$796 million (2014: US\$732 million) (refer note 30).

## 22 Stocks and Work in Progress

	2015	2014
	US\$m	US\$m
Finished goods	3,052	2,944
Work in progress	41	47
Raw materials	63	70
Spare parts	89	110
Other	86	109
	<b>3,331</b>	3,280

At 31st December 2015, the carrying amount of stocks and work in progress pledged as security for borrowings amounted to US\$1 million (2014: US\$2 million) (refer note 30).

## 23 Bank Balances and Other Liquid Funds

	2015 US\$m	2014 US\$m
Deposits with banks and financial institutions	3,026	3,543
Bank balances	1,654	1,659
Cash balances	102	113
	<b>4,782</b>	5,315
<b>Analysis by currency:</b>		
Chinese renminbi	934	401
Euro	49	42
Hong Kong dollar	167	336
Indonesian rupiah	920	1,049
Japanese yen	37	19
Malaysian ringgit	25	49
New Taiwan dollar	52	52
Philippine peso	20	21
Singapore dollar	473	396
Thailand baht	22	24
United Kingdom sterling	38	32
United States dollar	2,006	2,864
Other	39	30
	<b>4,782</b>	5,315

The weighted average interest rate on deposits with banks and financial institutions is 2.7% (2014: 2.1%) per annum.

## 24 Share Capital

	2015 US\$m	2014 US\$m
<b>Authorized:</b>		
1,000,000,000 shares of US\$25 each	250	250

	Ordinary shares in millions		2015 US\$m	2014 US\$m
	2015	2014		
<b>Issued and fully paid:</b>				
At 1st January	691	681	173	170
Scrip issued in lieu of dividends	11	10	2	3
At 31st December	<b>702</b>	691	<b>175</b>	173



## 25 Share-based Long-term Incentive Plans

Share-based long-term incentive plans ('LTIP') have been put in place to provide incentives for selected executives. Awards take the form of share options to purchase ordinary shares in the Company with exercise prices based on the then prevailing market prices, however, share awards which will vest free of payment may also be made. Awards normally vest on or after the third anniversary of the date of grant and may be subject to the achievement of performance conditions.

The 2015 LTIP was adopted by the Company on 5th March 2015. During 2015, awards were granted in the form of options with exercise prices based on the then prevailing market prices, and no free shares were granted. Prior to the adoption of the 2015 LTIP, The Jardine Matheson International Share Option Plan 2005 and The Jardine Matheson Holdings Limited Approved Share Option Plan 2005 provided selected executives with options to purchase ordinary shares in the Company.

The exercise prices of the options granted during 2015, and in prior years, were based on the average market prices for the five trading days immediately preceding the dates of grant of the options. Options normally vest in tranches over a period of three to five years, and are exercisable for up to ten years following the date of grant.

### Movements during the year:

	2015		2014	
	Weighted average exercise price US\$	Options in millions	Weighted average exercise price US\$	Options in millions
At 1st January	44.3	2.3	41.4	2.4
Granted	61.1	0.2	59.6	0.2
Exercised	23.5	(0.3)	28.8	(0.2)
Cancelled	–	–	48.5	(0.1)
At 31st December	48.0	2.2	44.3	2.3

The average share price during the year was US\$56.4 (2014: US\$60.1) per share.

### Outstanding at 31st December:

Expiry date	Exercise price US\$	Options in millions	
		2015	2014
2016	18.2	0.1	0.1
2017	21.7	0.1	0.2
2018	27.3	0.2	0.2
2019	16.7	–	0.1
2020	32.2	0.2	0.3
2021	45.7 – 46.8	0.3	0.3
2022	51.2	0.5	0.5
2023	64.9	0.4	0.4
2024	59.6	0.2	0.2
2025	52.8 – 63.4	0.2	–
Total outstanding		2.2	2.3
of which exercisable		1.0	0.8

The fair value of options granted during the year, determined using the Trinomial valuation model, was US\$3 million (2014: US\$3 million). The significant inputs into the model, based on the weighted average number of options issued, were share price of US\$61.0 (2014: US\$59.0) at the grant dates, exercise price shown above, expected volatility based on the last seven years of 28.6% (2014: 32.1%), dividend yield of 2.4% (2014: 2.4%), option life disclosed above, and annual risk-free interest rate of 1.8% (2014: 2.1%). 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
<b>2015</b>			
At 1st January	20	118	<b>138</b>
Capitalization arising on scrip issued in lieu of dividends	(2)	–	<b>(2)</b>
Employee share option schemes			
– exercise of share options	2	–	<b>2</b>
– value of employee services	–	22	<b>22</b>
Transfer	1	(3)	<b>(2)</b>
At 31st December	<b>21</b>	<b>137</b>	<b>158</b>
<b>2014</b>			
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

Capital reserves represent the value of employee services under the Group's employee share option schemes. At 31st December 2015, US\$22 million (2014: US\$19 million) related to the Company's Senior Executive Share Incentive Schemes.

## 27 Dividends

	2015 US\$m	2014 US\$m
Final dividend in respect of 2014 of US\$107.00 (2013: US\$103.00) per share	<b>739</b>	701
Interim dividend in respect of 2015 of US\$38.00 (2014: US\$38.00) per share	<b>266</b>	261
	<b>1,005</b>	962
Company's share of dividends paid on the shares held by subsidiaries	<b>(465)</b>	(441)
	<b>540</b>	521
<b>Shareholders elected to receive scrip in respect of the following:</b>		
Final dividend in respect of previous year	<b>480</b>	449
Interim dividend in respect of current year	<b>173</b>	170
	<b>653</b>	619

A final dividend in respect of 2015 of US\$107.00 (2014: US\$107.00) per share amounting to a total of US\$752 million (2014: US\$739 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2016 Annual General Meeting. The net amount after deducting the Company's share of the dividends payable on the shares held by subsidiaries of US\$353 million (2014: US\$341 million) will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2016.

## 28 Own Shares Held

Own shares held of US\$3,596 million (2014: US\$3,105 million) represent the Company's share of the cost of 396 million (2014: 386 million) ordinary shares in the Company held by subsidiaries and are deducted in arriving at shareholders' funds.

## 29 Non-controlling Interests

	2015 US\$m	2014 US\$m
<b>By business:</b>		
Hongkong Land	<b>16,808</b>	16,212
Dairy Farm	<b>597</b>	641
Mandarin Oriental	<b>481</b>	382
Jardine Cycle & Carriage	<b>491</b>	180
Astra	<b>7,235</b>	7,773
Jardine Strategic	<b>932</b>	983
Other	<b>22</b>	28
	<b>26,566</b>	26,199
Less own shares held attributable to non-controlling interests	<b>(733)</b>	(661)
	<b>25,833</b>	25,538

### 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
<b>2015</b>					
Current					
Assets	4,647	1,440	406	7,616	14,959
Liabilities	(1,722)	(3,150)	(152)	(5,513)	(10,892)
Total current net assets/(liabilities)	2,925	(1,710)	254	2,103	4,067
Non-current					
Assets	29,725	3,380	1,477	10,819	50,164
Liabilities	(3,930)	(215)	(499)	(3,245)	(8,088)
Total non-current net assets	25,795	3,165	978	7,574	42,076
Net assets	<b>28,720</b>	<b>1,455</b>	<b>1,232</b>	<b>9,677</b>	<b>46,143</b>
Non-controlling interests	<b>35</b>	<b>79</b>	<b>5</b>	<b>1,868</b>	<b>22,149</b>
<b>2014</b>					
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
Net assets	27,598	1,523	961	10,288	45,038
Non-controlling interests	50	94	5	2,138	21,845

**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
<b>2015</b>					
Revenue	<b>1,932</b>	<b>11,137</b>	<b>607</b>	<b>13,702</b>	<b>29,391</b>
Profit after tax from underlying business performance	909	422	90	1,076	2,747
Profit/(loss) after tax from non-trading items	1,097	(4)	(1)	17	1,085
Profit after tax	2,006	418	89	1,093	3,832
Other comprehensive (expense)/income	(432)	(192)	(60)	14	(1,760)
Total comprehensive income	<b>1,574</b>	<b>226</b>	<b>29</b>	<b>1,107</b>	<b>2,072</b>
Total comprehensive (expense)/income allocated to non-controlling interests	<b>(9)</b>	<b>(17)</b>	<b>-</b>	<b>72</b>	<b>885</b>
Dividends paid to non-controlling interests	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>(137)</b>	<b>(851)</b>
<b>2014</b>					
Revenue	1,876	11,008	680	16,995	32,236
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)

## 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
<b>2015</b>					
Cash flows from operating activities					
Cash generated from operations	2,008	431	107	1,104	3,553
Interest received	41	2	2	83	136
Interest and other financing charges paid	(119)	(15)	(12)	(98)	(248)
Tax paid	(175)	(90)	(19)	(449)	(784)
Other operating cash flows	(859)	372	62	1,518	1,344
Cash flows from operating activities	896	700	140	2,158	4,001
Cash flows from investing activities	(146)	(1,365)	(124)	(841)	(2,956)
Cash flows from financing activities	(795)	277	(23)	(920)	(1,341)
Net increase/(decrease) in cash and cash equivalents	(45)	(388)	(7)	397	(296)
Cash and cash equivalents at 1st January	1,658	657	324	1,666	5,050
Effect of exchange rate changes	(47)	(12)	(8)	(100)	(186)
Cash and cash equivalents at 31st December	<b>1,566</b>	<b>257</b>	<b>309</b>	<b>1,963</b>	<b>4,568</b>
<b>2014</b>					
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

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

### 30 Borrowings

	2015		2014	
	Carrying amount US\$m	Fair value US\$m	Carrying amount US\$m	Fair value US\$m
Current				
– bank overdrafts	9	9	27	27
– other bank advances	1,917	1,917	1,176	1,176
– other advances	14	14	32	32
	<b>1,940</b>	<b>1,940</b>	1,235	1,235
Current portion of long-term borrowings				
– bank loans	1,481	1,481	1,806	1,806
– bonds and notes	533	533	967	967
– finance lease liabilities	31	31	36	36
– other loans	6	6	24	24
	<b>2,051</b>	<b>2,051</b>	2,833	2,833
	<b>3,991</b>	<b>3,991</b>	4,068	4,068
Long-term borrowings				
– bank loans	2,916	2,922	3,448	3,456
– bonds and notes	4,009	4,115	3,914	3,977
– finance lease liabilities	65	65	48	48
– other loans	5	5	6	6
	<b>6,995</b>	<b>7,107</b>	7,416	7,487
	<b>10,986</b>	<b>11,098</b>	11,484	11,555

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.1% to 11.3% (2014: 0.2% to 11.5%) 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.

	2015 US\$m	2014 US\$m
Secured	3,760	4,911
Unsecured	7,226	6,573
	<b>10,986</b>	11,484

Secured borrowings at 31st December 2015 included Hongkong Land’s bank borrowings of US\$195 million (2014: US\$212 million) which were secured against its investment properties and properties for sale, Mandarin Oriental’s bank borrowings of US\$436 million (2014: US\$517 million) which were secured against its tangible assets, and Astra’s bonds and notes of US\$1,628 million (2014: US\$1,624 million) which were secured against its various assets as described below and bank borrowings of US\$1,501 million (2014: US\$2,558 million) which were secured against its various assets.

### 30 Borrowings (continued)

<i>By currency:</i>	Weighted average interest rates %	Fixed rate borrowings		Floating rate borrowings US\$m	Total US\$m
		Weighted average period outstanding Years	US\$m		
<b>2015</b>					
Chinese renminbi	5.6	–	–	249	<b>249</b>
Hong Kong dollar	3.1	9.1	2,142	1,860	<b>4,002</b>
Indonesian rupiah	8.6	1.3	3,500	867	<b>4,367</b>
Malaysian ringgit	3.9	–	–	85	<b>85</b>
Philippine peso	3.6	0.9	74	20	<b>94</b>
Singapore dollar	3.0	4.2	183	415	<b>598</b>
United Kingdom sterling	1.6	–	–	86	<b>86</b>
United States dollar	1.5	1.4	235	1,256	<b>1,491</b>
Other	3.3	4.5	8	6	<b>14</b>
			<b>6,142</b>	<b>4,844</b>	<b>10,986</b>
<b>2014</b>					
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
			<b>7,183</b>	<b>4,301</b>	<b>11,484</b>

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:

	<b>2015</b>	2014
	US\$m	US\$m
Within one year	<b>6,518</b>	6,755
Between one and two years	<b>1,285</b>	1,346
Between two and three years	<b>869</b>	1,061
Between three and four years	<b>234</b>	69
Between four and five years	<b>235</b>	167
Beyond five years	<b>1,845</b>	2,086
	<b>10,986</b>	11,484

The finance lease liabilities are as follows:

	Minimum lease payments		Present value of finance lease liabilities	
	<b>2015</b>	2014	<b>2015</b>	2014
	US\$m	US\$m	US\$m	US\$m
Within one year	<b>33</b>	38	<b>31</b>	36
Between one and five years	<b>71</b>	50	<b>65</b>	48
	<b>104</b>	88	<b>96</b>	84
Future finance charges on finance leases	<b>(8)</b>	(4)		
Present value of finance lease liabilities	<b>96</b>	84		
Current			<b>31</b>	36
Non-current			<b>65</b>	48
			<b>96</b>	84



## 30 Borrowings (continued)

Details of the bonds and notes outstanding at 31st December 2015 are as follows:

	Maturity	Interest rates %	Nominal values	2015		2014	
				Current US\$m	Non- current US\$m	Current US\$m	Non- current US\$m
<b>Hongkong Land</b>							
3.65% 10-year notes	2015	3.65	S\$375 million	–	–	285	–
3.86% 8-year notes	2017	3.86	S\$50 million	–	36	–	39
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	–	69
4.24% 10-year notes	2020	4.24	HK\$500 million	–	64	–	64
3.43% 10-year notes	2020	3.43	S\$150 million	–	106	–	113
3.95% 10-year notes	2020	3.95	HK\$500 million	–	64	–	64
4.28% 12-year notes	2021	4.28	HK\$500 million	–	70	–	69
3.86% 10-year notes	2022	3.86	HK\$410 million	–	52	–	52
4.50% 10-year notes	2022	4.50	US\$500 million	–	488	–	484
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	–	408	–	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	–	615	–	616
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	–	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 notes	2032	4.00	HK\$240 million	–	30	–	30
5.25% 30-year notes	2040	5.25	HK\$250 million	–	32	–	32
<b>Astra Sedaya Finance</b>							
XII bonds	2015	10.0	Rp580 billion	–	–	46	–
Berkelanjutan I Tahap I bonds	2017	8.6	Rp2,250 billion	–	163	155	181
Berkelanjutan I Tahap III bonds	2016	7.75	Rp1,120 billion	81	–	–	90
Berkelanjutan II Tahap I bonds	2016	7.75	Rp950 billion	62	–	8	69
Berkelanjutan II Tahap II bonds	2017	9.5 – 9.75	Rp1,255 billion	63	24	–	98
Berkelanjutan II Tahap III bonds	2018	10.5 – 10.6	Rp815 billion	–	56	91	62
Berkelanjutan II Tahap IV bonds	2017	10.5	Rp1,500 billion	–	103	79	115
Berkelanjutan II Tahap V bonds	2018	8.5 – 9.25	Rp1,575 billion	54	56	–	–
Singapore Dollars Guaranteed bonds	2017	2.12	Rp975 billion	–	70	–	74
Euro Medium Term Note	2018	2.88	Rp4,139 billion	–	300	–	–

**30 Borrowings** (continued)

Details of the bonds and notes outstanding at 31st December 2015 are as follows (continued):

	Maturity	Interest rates %	Nominal values	2015		2014	
				Current US\$m	Non- current US\$m	Current US\$m	Non- current US\$m
<b>Federal International Finance</b>							
Berkelanjutan I Tahap I bonds	2015	7.65	Rp1,635 billion	–	–	131	–
Berkelanjutan I Tahap II bonds	2016	7.75	Rp1,690 billion	<b>122</b>	–	–	136
Berkelanjutan I Tahap III bonds	2017	10.5	Rp745 billion	–	<b>54</b>	58	60
Berkelanjutan II Tahap I bonds	2018	8.5 – 9.25	Rp3,000 billion	<b>68</b>	<b>142</b>	–	–
Berkelanjutan II Tahap II bonds	2018	8.5 – 9.25	Rp1,500 billion	<b>49</b>	<b>43</b>	–	–
<b>SAN Finance</b>							
II bonds	2015	8.4	Rp807 billion	–	–	65	–
Berkelanjutan I Tahap I bonds	2016	9.75	Rp391 billion	<b>24</b>	–	–	29
Berkelanjutan I Tahap II bonds	2017	10.5	Rp1,000 billion	–	<b>65</b>	–	77
Berkelanjutan I Tahap III bonds	2018	9.4	Rp500 billion	–	<b>29</b>	–	–
<b>Serasi Auto Raya</b>							
II bonds	2015	10.2	Rp470 billion	–	–	38	–
III bonds	2016	8.75	Rp148 billion	<b>10</b>	–	11	12
				<b>533</b>	<b>4,009</b>	967	3,914

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

	2015	2014
	US\$m	US\$m
Trade creditors		
– third parties	3,939	3,944
– associates	60	59
– joint ventures	178	168
	4,177	4,171
Accruals	1,586	1,626
Other amounts due to associates	–	29
Other amounts due to joint ventures	154	159
Rental and other refundable deposits	392	420
Contingent consideration payable	27	67
Derivative financial instruments	76	43
Other creditors	426	400
Financial liabilities	6,838	6,915
Gross estimated losses on insurance contracts	154	143
Net amount due to customers for contract work	39	48
Proceeds from properties for sale received in advance	892	697
Rental income received in advance	20	26
Other income received in advance	204	214
Deferred warranty income	12	17
Unearned premiums on insurance contracts	313	357
Other	219	191
	8,691	8,608
Non-current	430	364
Current	8,261	8,244
	8,691	8,608
<b><i>Analysis by geographical area of operation:</i></b>		
Greater China	3,287	3,055
Southeast Asia	4,916	5,136
United Kingdom	299	229
Rest of the world	189	188
	8,691	8,608

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
<b>2015</b>							
At 1st January	35	5	12	46	101	16	<b>215</b>
Exchange differences	(3)	–	(3)	(4)	(9)	(1)	<b>(20)</b>
Additional provisions	11	7	7	4	10	10	<b>49</b>
Unused amounts reversed	(1)	(2)	–	–	–	–	<b>(3)</b>
Utilized	(3)	(2)	–	(1)	(1)	(5)	<b>(12)</b>
At 31st December	<b>39</b>	<b>8</b>	<b>16</b>	<b>45</b>	<b>101</b>	<b>20</b>	<b>229</b>
Non-current	–	1	13	40	74	17	<b>145</b>
Current	39	7	3	5	27	3	<b>84</b>
	<b>39</b>	<b>8</b>	<b>16</b>	<b>45</b>	<b>101</b>	<b>20</b>	<b>229</b>
<b>2014</b>							
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

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

	2015	2014
	US\$m	US\$m
<b>By business:</b>		
Jardine Pacific	30	32
Jardine Motors	30	27
Hongkong Land	3	2
Dairy Farm	212	203
Mandarin Oriental	53	65
Jardine Cycle & Carriage	10	11
Astra	606	667
	<b>944</b>	<b>1,007</b>

#### (b) Other non-cash items

	2015	2014
	US\$m	US\$m
<b>By nature:</b>		
Loss on sale of subsidiaries	6	–
Profit on sale of associates and joint ventures	–	(4)
Profit on sale of other investments	(133)	(36)
Profit on sale of tangible assets	(8)	(37)
Loss on sale of repossessed assets	67	52
Loss on sale of plantations and related assets	3	4
Fair value gain on reclassification of properties	(63)	–
Decrease in fair value of plantations	28	34
Fair value gain on contingent consideration	(42)	–
Impairment of intangible assets	19	–
Impairment of tangible assets	373	231
Impairment of other investments	188	–
Impairment of debtors	114	129
Write down of stocks and work in progress	59	57
Reversal of write down of stocks and work in progress	(20)	(26)
Reversal of impairment of joint ventures	(14)	–
Reversal of write down of properties for sale	(21)	(56)
Change in provisions	31	14
Net foreign exchange losses	50	27
Options granted under employee share option schemes	10	11
Other	1	3
	<b>648</b>	<b>403</b>
<b>By business:</b>		
Jardine Pacific	21	2
Jardine Motors	(2)	(5)
Hongkong Land	(98)	(65)
Dairy Farm	25	4
Mandarin Oriental	2	2
Jardine Cycle & Carriage	16	14
Astra	617	462
Corporate and other interests	67	(11)
	<b>648</b>	<b>403</b>

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

## (c) Decrease/(increase) in working capital

	<b>2015</b>	2014
	US\$m	US\$m
Decrease/(increase) in properties for sale	<b>14</b>	(340)
Increase in stocks and work in progress	<b>(404)</b>	(449)
Decrease/(increase) in debtors	<b>39</b>	(1,039)
Increase in creditors	<b>425</b>	388
Increase in pension obligations	<b>31</b>	30
	<b>105</b>	(1,410)

## (d) Purchase of subsidiaries

	<b>2015</b>	2014
	Fair value	Fair value
	US\$m	US\$m
Intangible assets	<b>10</b>	12
Tangible assets	<b>35</b>	82
Plantations	–	27
Non-current debtors	<b>2</b>	38
Deferred tax assets	–	4
Current assets	<b>116</b>	75
Deferred tax liabilities	<b>(4)</b>	–
Pension liabilities	–	(3)
Current liabilities	<b>(91)</b>	(125)
Long-term borrowings	<b>(3)</b>	(80)
Non-controlling interests	–	(1)
Fair value of identifiable net assets acquired	<b>65</b>	29
Adjustment for non-controlling interests	<b>(28)</b>	–
Goodwill	<b>223</b>	127
Total consideration	<b>260</b>	156
Payment for contingent consideration	<b>1</b>	1
Adjustment for deferred consideration	<b>(26)</b>	–
Payment for deferred consideration	–	2
Carrying value of associates and joint ventures	–	(95)
Cash and cash equivalents of subsidiaries acquired	<b>(20)</b>	(11)
Net cash outflow	<b>215</b>	53

For the subsidiaries acquired during 2015, 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 2014 as included in the comparative figures was provisional. The fair value was finalized in 2015. 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 2015 included US\$147 million for Dairy Farm's acquisition of a 100% interest in San Miu Supermarket Limited ("San Miu"), which operates a supermarket chain in Macau, in March 2015, and US\$57 million for Astra's acquisition of a 50.1% interest in PT Acset Indonusa, a construction company in Indonesia, in January 2015.

### 33 Notes to Consolidated Cash Flow Statement *(continued)*

#### (d) Purchase of subsidiaries *(continued)*

The goodwill arising from the acquisition of San Miu amounted to US\$182 million and was attributable to its leading market position and retail network in Macau. The goodwill arising from the acquisition of PT Acset Indonusa of US\$33 million was attributable to the expected synergies from combining its operations with Astra's existing businesses.

Net cash outflow 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.

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

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

Revenue and profit after tax since acquisition in respect of subsidiaries acquired during the year amounted to US\$277 million and US\$7 million, respectively. Had the acquisitions occurred on 1st January 2015, consolidated revenue and consolidated profit after tax for the year ended 31st December 2015 would have been US\$37,110 million and US\$3,983 million, respectively.

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(e) Purchase of associates and joint ventures in 2015 included US\$100 million for Hongkong Land's investment in mainland China, US\$912 million for Dairy Farm's acquisition of a 19.99% interest in Yonghui Superstores Co., Ltd, a Shanghai-listed supermarket and hypermarket operator in mainland China, US\$615 million for Jardine Cycle & Carriage's acquisition of a 24.9% interest in Siam City Cement Public Company Limited, a cement manufacturer in Thailand, and US\$65 million for Astra's acquisition of 25% interest in PT Trans Marga Jateng, a toll road operator in Indonesia.

Purchase 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.

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(f) Purchase of other investments in 2015 and 2014 mainly included acquisition of securities by Astra.

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(g) Advance to associates and joint ventures in 2015 comprised US\$215 million for Hongkong Land's advance to its property joint ventures and US\$69 million for Mandarin Oriental's loans to its hotel joint venture.

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(h) Advance and repayment from associates and joint ventures in 2015 and 2014 mainly included advance and repayment from Hongkong Land's property joint ventures.

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(i) Sale of other investments in 2015 mainly included US\$102 million for Astra's sale of securities and US\$166 million for Jardine Strategic's sale of ACLEDA Bank.

Sale in 2014 comprised US\$119 million for Jardine Strategic's sale of Tata Power and US\$98 million for Astra's sale of securities.

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

## (j) Change in interests in subsidiaries

	<b>2015</b>	2014
	US\$m	US\$m
Increase in attributable interests		
– Jardine Cycle & Carriage	<b>(41)</b>	(120)
– Jardine Strategic	<b>(215)</b>	–
– other	<b>(19)</b>	(21)
Decrease in attributable interests	<b>34</b>	185
	<b>(241)</b>	44

Increase in attributable interests in other subsidiaries in 2015 included US\$18 million for Dairy Farm's acquisition of an additional 2.86% interest in PT Hero Supermarket.

Increase 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%.

Decrease in attributable interests in 2015 comprised Dairy Farm's sale of a 15% economic interest in GCH Retail (Malaysia) Sdn Bhd, reducing its controlling interest to 85%.

Decrease 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%.

## (k) Analysis of balances of cash and cash equivalents

	<b>2015</b>	2014
	US\$m	US\$m
Bank balances and other liquid funds (refer note 23)	<b>4,782</b>	5,315
Bank overdrafts (refer note 30)	<b>(9)</b>	(27)
	<b>4,773</b>	5,288



## 34 Derivative Financial Instruments

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

	2015		2014	
	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	1	1	2	17
– interest rate swaps and caps	–	3	–	4
– cross currency swaps	272	65	181	12
	273	69	183	33
Designated as fair value hedges				
– interest rate swaps and caps	6	–	6	–
– cross currency swaps	17	7	14	10
	23	7	20	10
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 2015 were US\$111 million (2014: US\$624 million).

### **Interest rate swaps and caps**

The notional principal amounts of the outstanding interest rate swap and cap contracts at 31st December 2015 were US\$562 million (2014: US\$735 million).

At 31st December 2015, the fixed interest rates relating to interest rate swaps and caps vary from 0.6% to 3.3% (2014: 0.6% to 3.5%) 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 2.1% (2014: 0.2% to 2.0%) per annum.

### **Cross currency swaps**

The contract amounts of the outstanding cross currency swap contracts at 31st December 2015 totalled US\$3,814 million (2014: US\$4,026 million).

### 35 Commitments

	2015 US\$m	2014 US\$m
<b>Capital commitments:</b>		
Authorized not contracted		
– joint ventures	1	12
– other	1,220	1,082
	<b>1,221</b>	<b>1,094</b>
Contracted not provided		
– joint ventures	191	188
– other	649	780
	<b>840</b>	<b>968</b>
	<b>2,061</b>	<b>2,062</b>

In addition, Dairy Farm entered into an agreement in August 2015 to further invest in Yonghui, by way of subscription of new shares, for a consideration of RMB1.3 billion (approximately US\$199 million) as part of capital injection involving two other investors. Upon the completion of the capital injection, Dairy Farm's interest in Yonghui will remain at 19.99%. The investment requires certain regulatory approvals in mainland China. The regulatory approval process is expected to complete in the first half of 2016.

At 31st December 2014, Dairy Farm had an investment commitment of RMB5.7 billion (equivalent to US\$912 million) to acquire, by way of subscription of new shares, 19.99% of the enlarged share capital of Yonghui. The acquisition was completed in April 2015.

	2015 US\$m	2014 US\$m
<b>Operating lease commitments:</b>		
Total commitments under operating leases		
– due within one year	862	863
– due between one and two years	611	605
– due between two and three years	376	383
– due between three and four years	202	218
– due between four and five years	147	146
– due beyond five years	610	730
	<b>2,808</b>	<b>2,945</b>

Total future sublease payments receivable relating to the above operating leases amounted to US\$42 million (2014: US\$48 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 2015 amounted to US\$5,471 million (2014: US\$7,059 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 2015 amounted to US\$841 million (2014: US\$1,071 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 2015 to Jardine Lloyd Thompson were US\$5 million (2014: US\$5 million).

The Group manages six associate and joint venture hotels (2014: five associate hotels). Management fees received by the Group in 2015 from these managed hotels amounted to US\$13 million (2014: US\$14 million).

PT Bank Permata provides banking services to the Group. The Group's deposits with PT Bank Permata at 31st December 2015 amounted to US\$417 million (2014: US\$411 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 121 under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

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## 38 Summarized Balance Sheet of the Company

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

	2015 US\$m	2014 US\$m
Subsidiaries	1,061	789
Share capital (refer note 24)	175	173
Share premium and capital reserves (refer note 26)	43	39
Revenue and other reserves	826	562
Shareholders' funds	1,044	774
Current liabilities	17	15
Total equity and liabilities	1,061	789

Subsidiaries are shown at cost less amounts provided.

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### 39 Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2015 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 2015 held by the Group and non-controlling interests	
			2015 %	2014 %	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	<b>64</b>	64	<b>78</b>	<b>22</b>
Hongkong Land Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Property development & investment, leasing & management	<b>42</b>	41	<b>50</b>	<b>50</b>
Jardine Cycle & Carriage Ltd	Singapore/ Southeast Asia	A 50.1% interest in PT Astra International Tbk, motor trading and construction	<b>62</b>	61	<b>75</b>	<b>25</b>
Jardine Matheson Ltd	Bermuda/ Hong Kong	Group management	<b>100</b>	100	<b>100</b>	–
Jardine Motors Group Holdings Ltd	Bermuda/ Greater China and United Kingdom	Motor trading	<b>100</b>	100	<b>100*</b>	–
Jardine Pacific Holdings Ltd	Bermuda/ Greater China and Southeast Asia	Engineering & construction, transport services, restaurants, property and IT services	<b>100</b>	100	<b>100</b>	–
Jardine Strategic Holdings Ltd†	Bermuda/ Greater China and Southeast Asia	Holding	<b>83</b>	82	<b>83</b>	<b>17</b>
Mandarin Oriental International Ltd	Bermuda/ Worldwide	Hotel management & ownership	<b>61</b>	61	<b>74</b>	<b>26</b>
Matheson & Co., Ltd	England/ United Kingdom	Holding and management	<b>100</b>	100	<b>100</b>	–
PT Astra International Tbk	Indonesia/ Indonesia	Automotive, financial services, agribusiness, heavy equipment and mining, infrastructure and logistics, and information technology	<b>31</b>	31	<b>50</b>	<b>50</b>

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% (2014: 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 2015 and its financial performance and its cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') and The Companies Act 1981 (Bermuda).

### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the Consolidated Balance Sheet as at 31st December 2015;
- 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 119, 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 opinion, 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 this opinion, 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, including without limitation under any contractual obligations of the Company, 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

London

United Kingdom

3rd March 2016

(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\*

	2015 US\$m	2014 US\$m	2013 US\$m	2012 US\$m	2011 US\$m
Revenue	<b>37,007</b>	39,921	39,465	39,593	37,967
Profit attributable to shareholders	<b>1,797</b>	1,710	1,566	1,671	3,432
Underlying profit attributable to shareholders	<b>1,363</b>	1,534	1,502	1,462	1,478
Earnings per share (US\$)	<b>4.82</b>	4.62	4.26	4.58	9.48
Underlying earnings per share (US\$)	<b>3.65</b>	4.14	4.09	4.01	4.08
Dividends per share (US\$)	<b>1.45</b>	1.45	1.40	1.35	1.25

## Balance Sheet\*

	2015 US\$m	2014 US\$m	2013 US\$m	2012 US\$m	2011 US\$m
Total assets	<b>66,955</b>	66,457	63,835	63,461	58,297
Total liabilities	<b>(21,174)</b>	(21,652)	(21,053)	(21,088)	(19,050)
Total equity	<b>45,781</b>	44,805	42,782	42,373	39,247
Shareholders' funds	<b>19,948</b>	19,267	18,386	17,800	16,352
Net debt (excluding net debt of financial services companies)	<b>2,972</b>	2,483	2,601	3,413	2,432
Net asset value per share (US\$)	<b>53.47</b>	51.79	49.84	48.53	45.08

## Cash Flow

	2015 US\$m	2014 US\$m	2013 US\$m	2012 US\$m	2011 US\$m
Cash flows from operating activities	<b>4,118</b>	3,354	4,200	2,729	2,674
Cash flows from investing activities	<b>(3,229)</b>	(2,303)	(2,372)	(2,784)	(2,675)
Net cash flow before financing	<b>889</b>	1,051	1,828	(55)	(1)
Cash flow per share from operating activities (US\$)	<b>11.03</b>	9.06	11.42	7.48	7.38

\*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 Rules 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*

3rd March 2016

# 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. The Company's share capital is 56%-owned by Jardine Strategic Holdings Limited ('Jardine Strategic'), a Bermuda incorporated 83%-owned subsidiary of the Company similarly listed in London, Bermuda and Singapore. The Disclosure Rules 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.

## 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 128 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 31 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 2016 and ad hoc procedures are adopted to deal with urgent matters. In 2015 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 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 so appointed 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 31st July 2015, Giles White retired from the Board. Jeremy Parr was appointed as a Director of the Company with effect from 1st February 2016. On 26th November 2015, it was announced that James Riley will step down as Group Finance Director on 31st March 2016 and that John Witt will join the Board in his place on 1st April 2016.

In accordance with Bye-law 84, Lord Leach of Fairford, Mark Greenberg and Lord Sassoon retire by rotation at this year's Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Bye-law 91, Jeremy Parr and John Witt will also retire, and, being eligible, offer themselves for re-election. All Directors seeking re-election have service contracts with subsidiaries of the Company that have notice periods of six months.

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 may be 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.

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 5.11% 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 2015, the Directors received US\$67.0 million (2014: US\$66.2 million) in aggregate being distributions from the 1947 Trust of US\$50.4 million (2014: US\$48.8 million) and Directors' fees and employee benefits from the Group of US\$16.6 million (2014: US\$17.4 million). Directors' fees and employee benefits included US\$0.4 million (2014: US\$0.3 million) in Directors' fees, US\$13.4 million (2014: US\$13.6 million) in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind, US\$1.6 million (2014: US\$1.6 million) in post-employment benefits and US\$1.2 million (2014: US\$1.8 million) in share-based payments. The information set out in this paragraph forms part of the audited financial statements.

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 on or 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, Lord Sassoon 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](http://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 126.

## 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 3rd March 2016 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).

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Sir Henry Keswick	11,300,816
Ben Keswick	42,378,243 <sup>(a) (b) (c)</sup>
Adam Keswick	35,495,134 <sup>(a) (b)</sup>
Simon Keswick	5,328,260 <sup>(a) (c)</sup>
Lord Leach of Fairford	1,193,639
Dr Richard Lee	115,161
Anthony Nightingale	1,186,780
Y.K. Pang	315,000
James Riley	210,374
Percy Weatherall	36,762,981 <sup>(a) (b)</sup>

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 462,230 ordinary shares held by a family trust, the trustees of which are connected persons of Ben Keswick and Simon Keswick.

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In addition, Ben Keswick, Adam Keswick, Mark Greenberg, Y.K. Pang, Jeremy Parr, James Riley and Lord Sassoon held options in respect of 170,000, 80,000, 240,000, 100,000, 50,000, 40,000 and 75,000 ordinary shares, respectively, issued pursuant to the Company's share-based long-term incentive plans.

## 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 396,302,860 ordinary shares carrying 56.42% of the voting rights; and (ii) the 1947 Trust is interested in 35,915,991 ordinary shares carrying 5.11% 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 3rd March 2016.

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

## Governance Principles

The Company's primary listing on the London Stock Exchange is 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.

When shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles on the same basis as was then applicable to the Company's premium listing, as follows:

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, 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, 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 then applied to the Company.
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 115.

## 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. When purchasing such shares, the Company is 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 2016 Annual General Meeting will be held at Rosewood Tucker's Point, Bermuda on 5th May 2016. 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](http://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 122 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 Rules 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 30 and note 2 to the financial statements on pages 48 to 55.

## 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

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2015 full-year results announced	3rd March 2016
Shares quoted ex-dividend on the Singapore Exchange	16th March 2016
Shares quoted ex-dividend on the London Stock Exchange	17th March 2016
Share registers closed	21st to 25th March 2016
2015 final dividend scrip election period closes	22nd April 2016
Annual General Meeting to be held	5th May 2016
2015 final dividend payable	11th May 2016
2016 half-year results to be announced	29th July 2016*
Shares quoted ex-dividend on the Singapore Exchange	17th August 2016*
Shares quoted ex-dividend on the London Stock Exchange	18th August 2016*
Share registers to be closed	22nd to 26th August 2016*
2016 interim dividend scrip election period closes	23rd September 2016*
2016 interim dividend payable	12th October 2016*

\*Subject to change

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## Dividends

The dividends will be available in cash with a scrip alternative. Shareholders will receive their cash 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 2015 final dividend by notifying the United Kingdom transfer agent in writing by 22nd April 2016. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 27th April 2016. Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends only in sterling. Shareholders holding their shares through The Central Depository (Pte) Ltd ('CDP') in Singapore will receive their cash dividends in United States dollars unless they elect, through CDP, to receive Singapore dollars.

## 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 Assest Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU, United Kingdom

### 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](http://www.jardines.com).

# Group Offices

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	<b>Directors</b> Ben Keswick, Chairman Adam Keswick, Deputy Chairman Mark Greenberg David Hsu Y.K. Pang Jeremy Parr James Riley	<b>Group Corporate Secretary</b> Neil McNamara
<b>Matheson &amp; Co., Ltd</b>	3 Lombard Street London EC3V 9AQ United Kingdom	Telephone (44 20) 7816 8100 Email <a href="mailto:enquiries@matheson.co.uk">enquiries@matheson.co.uk</a> Website <a href="http://www.matheson.co.uk">www.matheson.co.uk</a> Lord Leach of Fairford
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<b>Jardine Lloyd Thompson Group plc</b>	The St Botolph Building 138 Houndsditch London EC3A 7AW United Kingdom	Telephone (44 20) 7528 4444 Email <a href="mailto:info@jltgroup.com">info@jltgroup.com</a> Website <a href="http://www.jlt.com">www.jlt.com</a> Dominic Burke
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