Dairy Farm

ANNUAL REPORT 2014

PIONEERS IN ASIAN RETAIL

WE SHARE THE SAME VISION

PIONEERS IN ASIAN RETAIL

Over

6,100 outlets

Total sales exceeding

US$ 13 billion

CONTENTS

WE AIM TO

BRING TO ASIAN CONSUMERS THE BENEFITS OF MODERN RETAIL

11 Asian countries and territories

CORPORATE INFORMATION

DIRECTORS

Ben Keswick
Chairman and Managing Director

Graham Allan
Group Chief Executive

Neil Galloway

Mark Greenberg

George J. Ho

Adam Keswick

Sir Henry Keswick

Simon Keswick

Michael Kok

Dr George C.G. Koo

Lord Leach of Fairford

Anthony Nightingale

James Riley

Lord Sassoon, Kt

Percy Weatherall

Giles White

COMPANY SECRETARY AND REGISTERED OFFICE

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

DAIRY FARM MANAGEMENT SERVICES LIMITED

DIRECTORS

Ben Keswick
Chairman

Graham Allan
Group Chief Executive

Neil Galloway
Group Finance Director

Tim Ashdown
Regional Director, Malaysia and Brunei (Food)

Choo Peng Chee
Regional Director, North Asia (Food)

Stéphane Deutsch
President Director, PT Hero

Martin Lindström
Group Director, IKEA

Caroline Mak
Group Director, Health and Beauty

Poh Seng Pol
Group Business Development Director

Alex Tay
Regional Director, South Asia (Food)

Michael Wu
Chairman and Managing Director, Maxim's

Mark Greenberg

Adam Keswick

James Riley

Giles White

CORPORATE SECRETARY

N.M. McNamara

Jardines
A member of the Jardine Matheson Group

Dairy Farm International Holdings Limited is incorporated in Bermuda and has a standard listing on the London Stock Exchange as its primary listing, with secondary listings in Bermuda and Singapore. The Group's businesses are managed from Hong Kong by Dairy Farm Management Services Limited through its regional offices. Dairy Farm is a member of the Jardine Matheson Group.

WE ARE DAIRY FARM PIONEERS

VISION

PIONEERS IN ASIAN RETAIL

THE WAY WE WORK: OUR GUIDING PRINCIPLES

CONSUMERS

CONSUMERS ARE OUR REASON FOR BEING

Our first priority is to delight our customers. We listen to consumers, understand their changing needs and aspirations and build our retail offer around insights that enrich their lives every single day.

INNOVATION

INNOVATION DRIVES OUR GROWTH

Retail is a business of constant innovation. Innovation involves risk and we embrace that with relish. We view disruptive change as a great opportunity. With equal enthusiasm for different channels, we constantly search for new ways to excite consumers and to deliver great value to our customers.

TEAMWORK

TEAMWORK GIVES US OUR COMPETITIVE EDGE

Our working culture is based around teamwork and engagement, openness and trust. We celebrate diversity across our teams and the unique contribution of each individual.

SUSTAINABLE RESULTS

SUSTAINABLE RESULTS REINFORCE EVERYTHING WE DO

We work with passion and urgency to deliver superior results. We value durable business performance and we invest to build the strongest possible foundations. By doing this, we create lasting value for shareholders and enhance the lives of our customers, colleagues, business partners and communities.

PEOPLE

OUR PEOPLE MAKE US DIFFERENT

When it comes to retail skills, our people are the envy of the industry. We cultivate an organization where people learn and grow by creating a workplace that attracts great people, builds capability, promotes talent and inspires excellence.

INTEGRITY

INTEGRITY IS AT THE HEART OF THE WAY WE DO BUSINESS

We accept responsibility for our actions and outcomes individually, as teams, and as an organization. We aspire to be trusted and respected in everything we do and by everyone with whom we engage.

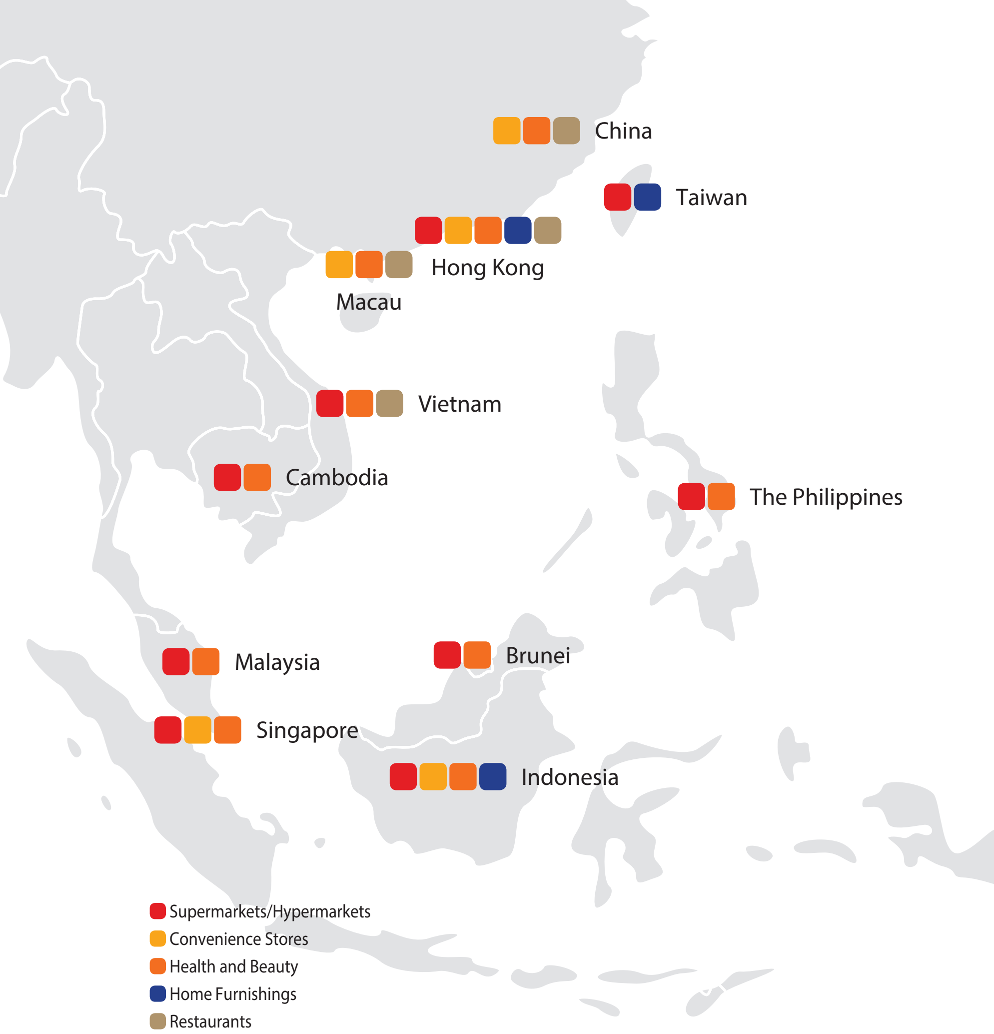
MISSION

BRINGING TO ASIAN CONSUMERS THE BENEFITS OF MODERN RETAIL

THE WAY WE GROW: OUR STRATEGIC PRIORITIES

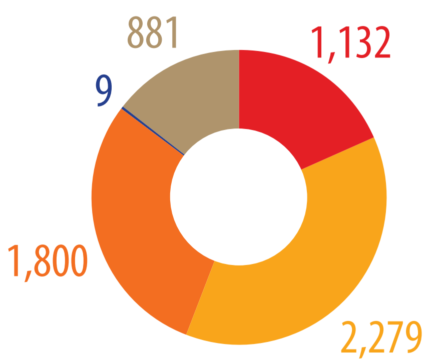
BEST BRANDS	Build compelling retail brands that win consumer loyalty
LEADERS EVERYWHERE	Achieve and demonstrate market leadership in each of our businesses
OUTSTANDING OPERATIONS	Execute consistent and high quality operations supported by a reliable, efficient and trusted supply chain
PROFITABLE GROWTH	Drive strong and sustainable profit growth based on attractive format economics
PASSIONATE PEOPLE	Attract and develop passionate people who love retail

OUR NETWORK AND BUSINESS FORMATS



2014 Retail Outlets Mix by Division

Total Stores: 6,101



Dairy Farm is a leading operator of supermarkets and hypermarkets catering to all consumer segments across the region, recognized for our fresh produce offerings and wide variety of local and international brands.

With an extensive network of 7-Eleven outlets in Hong Kong, Singapore, Macau and in Southern China and a presence in Indonesia through the Starmart brand, we offer quick and easy access to ready-to-eat meals, snacks and beverages, as well as grocery essentials and services.

We continue to roll out our Health and Beauty business concept across the region through well-established brands including Mannings and Guardian. Serving the needs of Asia's increasingly health-conscious population, Dairy Farm's Health and Beauty business now spans ten countries and territories.

Well established in Hong Kong and Taiwan, IKEA provides a comprehensive range of affordable and attractive home furnishing products. The first IKEA store in Indonesia was opened in 2014.

Operating in Hong Kong, mainland China and Vietnam, Dairy Farm's restaurant associate, Maxim's, is known for its passion for excellent food and superior service. Maxim's takes an innovative approach to cuisine, offering a diverse mix of Chinese, Japanese, European and Asian restaurants in addition to fast food, cake shops and coffee outlets.

HIGHLIGHTS

- Sales up 5% with growth in all divisions
- Underlying profit 4% above last year
- Good results from Health and Beauty, Home Furnishings and Restaurants, offset by lower performance in Food
- Strategic investment in Yonghui Superstores in China announced

Results	2014 US$m	2013 US$m	Change %
Sales			
– subsidiaries	**11,008**	10,357	6
– including associates and joint ventures†	**13,103**	12,432	5
EBITDA††	**737**	747	(1)
Underlying profit attributable to shareholders*	**500**	480	4
Profit attributable to shareholders	**509**	501	2
Net cash	**475**	638	(26)
	US¢	US¢	%
Underlying earnings per share*	**36.98**	35.52	4
Basic earnings per share	**37.65**	37.05	2
Dividends per share	**23.00**	23.00	–
Net asset value per share^	**105.66**	94.74	12

Store Network	2014	2013#	Net Change +/–
Food	**3,411**	3,419	-8
– Supermarkets	**976**	967	+9
– Hypermarkets	**156**	151	+5
– Convenience stores	**2,279**	2,301	-22
Health and Beauty	**1,800**	1,481	+319
Home Furnishings	**9**	8	+1
Restaurants	**881**	831	+50
	6,101	5,739	+362

† on a 100% basis.

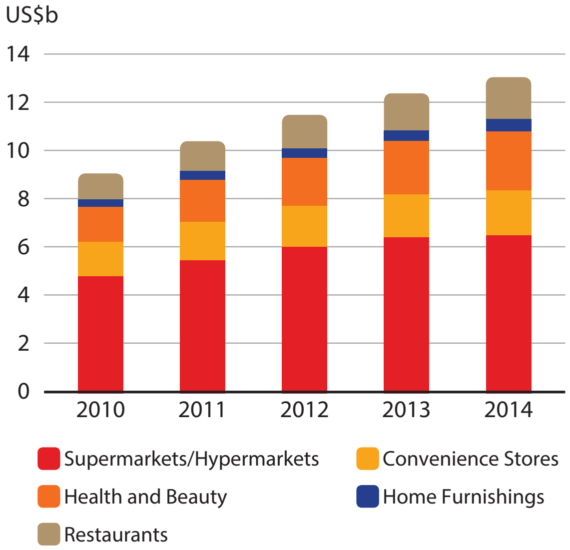
†† EBITDA represents operating profit before depreciation and amortization.

* 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.

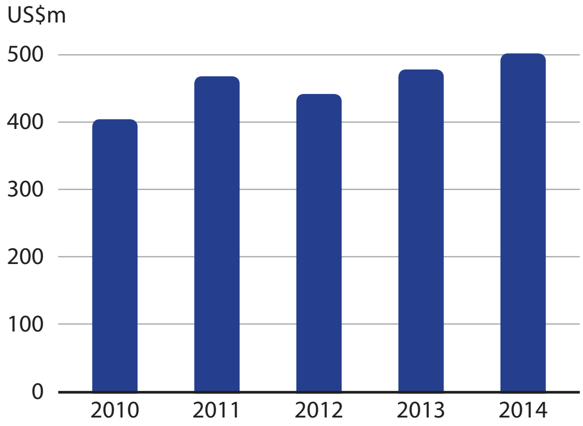
^ net asset value per share is based on the book value of shareholders' funds.

\# continuing operations only.

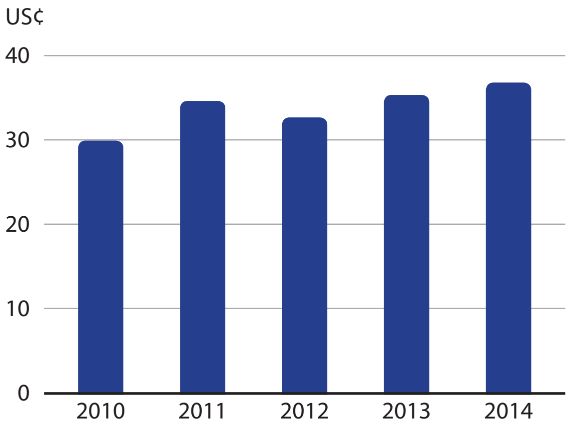
Total Sales



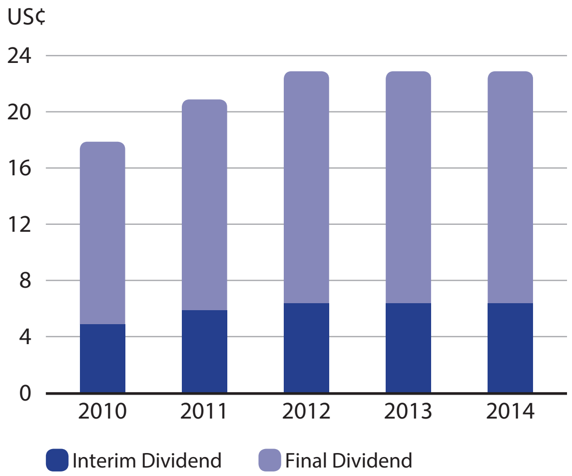
Underlying Profit Attributable to Shareholders



Underlying Earnings per Share



Ordinary Dividends per Share



Total Sales

US$ 13 billion

Profit Attributable to Shareholders

US$ 509 million

Network Expansion

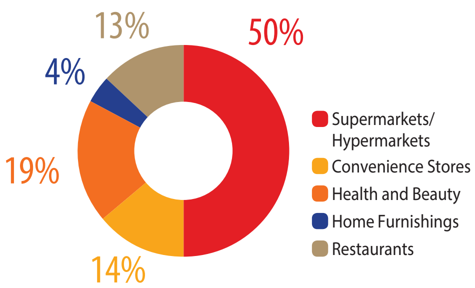
+362 stores in 2014

MARKET LEADING BUSINESSES AND ENVIABLE GROWTH POTENTIAL

A cohesive culture is being implemented across the Group which, together with the sharing of best practice, will enable the overall strength and scale of the Group to be brought to bear.

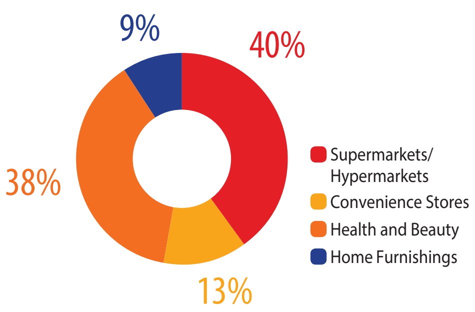
2014 Sales Mix by Division

Total Sales: US$13b



2014 Operating Profit by Division

Total Operating Profit: US$568m*



* Excluding support office and non-trading items

OVERVIEW

In 2014, Dairy Farm took a number of strategic initiatives, notably in mainland China and the Philippines, to improve the Group's positioning for sustained growth. In parallel, there was continued investment in the existing store network, supply chain infrastructure and IT systems and people to deliver a superior consumer offer and to provide a compelling shopping experience for customers.

PERFORMANCE

Sales, including 100% of associates and joint ventures, increased by 5% to US$13.1 billion in 2014 with growth achieved in all divisions. Underlying profit was US$500 million, 4% better than 2013. Underlying earnings per share were US¢36.98 as compared to US¢35.52 in 2013.

The Group's overall performance was mixed in 2014. The Food division reported lower profits despite increasing sales. Improved profitability in Greater China and Malaysia was more than offset by reductions in Indonesia, Singapore and the Philippines. By contrast, the Health and Beauty, Home Furnishings and Restaurants divisions reported further growth in sales and profits even in the face of margin pressures.

The profit of US$509 million attributable to shareholders in 2014, included a net non-trading gain of US$9 million arising mainly from the disposal of properties, was 2% above 2013.

The Group's financial position remains strong with net cash of US$475 million at the end of 2014. The reduction in net cash from the previous year was mainly due to higher investing activities, which included increased capital expenditure on stores and infrastructure, additional investment in Rustan Supercenters and the acquisition of a 49% interest in Rose Pharmacy in the Philippines.

The Board is recommending a final dividend of US¢16.50 per share, unchanged from the previous year, maintaining the total ordinary dividend for 2014 at US¢23.00 per share.

BUSINESS DEVELOPMENTS

A cohesive culture is being implemented across the Group which, together with the sharing of best practice, will enable the overall strength and scale of the Group to be brought to bear. This will be evidenced in terms of enhanced branding, improved supply chain discipline, a stronger private label programme, and an improved range and availability of products for customers.

The Group continues to expand its store network across all formats, and to renovate existing stores to enhance the shopping experience for customers. During the year, Dairy Farm opened 124 net new stores and acquired 238 retail outlets. As at 31st December 2014, Dairy Farm operated over 6,100 stores in 11 countries and territories. Significant investment is also being made in IT infrastructure and systems as well as the supply chain to improve efficiency and increase productivity.

The Food business had another challenging year in 2014. There was good growth in Greater China, particularly in Hong Kong. Malaysia benefited from measures being taken to enhance the fundamentals of the business, but in Singapore there was reduced profitability in a challenging environment. The performance in the Philippines was weaker due to rising costs, increased competition and store refurbishment. While there was modest like-for-like sales growth in Indonesia, significant cost inflation and higher stock provisions led to a material decline in profitability. Programmes are underway across the food businesses to increase the focus on fresh produce and corporate brands so as to provide a more distinctive offer.

Dairy Farm's market-leading positions in most of its major businesses, broad retail footprint across Asia, strong balance sheet and growing focus on mainland China make it well placed to deliver long-term growth.

In the Health and Beauty division, Hong Kong and Macau had another record year in both sales and profits, but profits declined in Malaysia in the face of greater competition. Expansion continues with the net addition of 81 outlets in the continuing operations. Good progress is being made in aligning the Mannings and Guardian brands to improve strategic positioning and execution. Store enhancements are taking place across the portfolio and investment is being made in the corporate brand programme.

In Home Furnishings, IKEA's store in Indonesia was opened in Jakarta in mid-October, and initial trading has been encouraging. The IKEA businesses in Hong Kong had a good year. In Taiwan, IKEA produced a strong performance as it benefited from the first full-year's contribution from the new Tai Chung store opened in September 2013.

In the Restaurant division, Maxim's produced a steady performance, although it saw weaker trading in the fourth quarter due to softer mooncake sales in mainland China and the negative impact of the Occupy Central activity on several Hong Kong restaurants. The Group is continuing to expand Starbucks in Hong Kong and Vietnam, and is also growing its casual dining and Japanese restaurant chains in Hong Kong and mainland China. In May, it announced that it had entered into a new franchise relationship with The Cheesecake Factory, and expects to open the first store in 2016.

CHAIRMAN'S STATEMENT

CORPORATE DEVELOPMENTS

Several strategic initiatives were taken during the year to re-position the Dairy Farm portfolio.

Agreement was reached in August to establish a strategic partnership with Yonghui Superstores Co., Ltd and to acquire a 19.99% shareholding in the company for an investment of RMB5.69 billion (approximately US$925 million). Yonghui is one of China's fastest growing food retailers, and both companies have agreed to work closely together to drive operating synergies. The investment will provide Yonghui with expansion capital and give Dairy Farm exposure to the large and growing PRC food retail sector. Regulatory approvals in China are being sought, and the transaction is expected to close during the first half of 2015.

In the Philippines, in August the Group acquired an additional 16% interest in Rustan Supercenters, Inc., increasing its shareholding to 66%. In November, the Group entered the Philippines Health and Beauty market with the acquisition of a 49% interest in Rose Pharmacy, Inc., providing it with a material presence in another key market in Asia.

In July, Dairy Farm exited the Indian market with the sale of its Foodworld and Health and Glow joint venture interests to its local partner.

REGULATORY DEVELOPMENTS

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

PEOPLE

Dairy Farm's performance in 2014, in the face of significant market challenges, reflects the hard work and dedication of our employees. On behalf of the Board, I would like to thank them for their efforts and wish them well in the year ahead.

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

PROSPECTS

Challenging trading conditions continue in some key businesses and markets, particularly in the supermarket and hypermarket sector in Southeast Asia. Progress is being made in repositioning the Company for future growth with strategic corporate, supply chain and IT investments. Dairy Farm's market-leading positions in most of its major businesses, broad retail footprint across Asia, strong balance sheet and growing focus on mainland China make it well placed to deliver long-term growth.

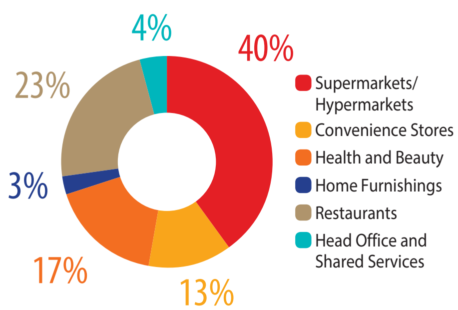
Ben Keswick
Chairman
11th March 2015

POSITIONING DAIRY FARM FOR LONG TERM GROWTH

Significant effort is being made to build a cohesive culture across the Dairy Farm Group by sharing six guiding principles throughout the Company. Those principles highlight the key priorities in terms of Consumers, Innovation, People, Teamwork, Sustainable Results and Integrity.

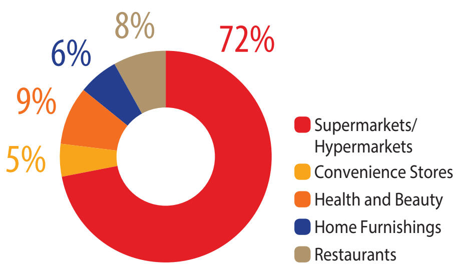
2014 Employees by Division

Total Employees: over 100,000



2014 Gross Trading Area by Division

Total Gross Trading Area: 31 million sq. ft



Dairy Farm is a leading Asian retailer and operates across four broad formats: Food (including Supermarkets, Hypermarkets and Convenience stores), Health and Beauty stores, Home Furnishings stores and Restaurants. The Group operates multiple formats in most markets to satisfy different market segments and customer needs, and trades under well recognized brands, such as Wellcome, Cold Storage, Giant, Hero, 7-Eleven, Mannings, Guardian, IKEA and Maxim's. Dairy Farm strives to bring to Asian consumers the benefits of modern retailing and to be pioneers across each of our formats.

The Group has strong market positions and cash generative operations in 11 Asian countries and territories, and continues to make significant investment in support of these businesses. In addition to driving organic growth, the Group seeks further investment opportunities in current and new markets in Asia. This approach builds upon the Group's knowledge and expertise, as well as providing a good balance of risk and return. By combining our investment approach with a strong balance sheet, Dairy Farm seeks sustained long-term earnings growth.

2014 PERFORMANCE

Sales, including 100% of associates and joint ventures, increased by 5% to US$13.1 billion *(2013: US$12.4 billion)*. Pleasing like-for-like sales growth was achieved in the Health and Beauty, Home Furnishings and Restaurants divisions, and also in the food businesses in Greater China. All businesses experienced further margin pressures, however, which restricted profit growth. Challenging trading conditions for the food businesses in Southeast Asia also held back profit growth. Underlying profit for 2014 of US$500 million was 4% ahead of the prior year's US$480 million. At constant rates of exchange, sales would have increased 7% to US$13.4 billion, while underlying profits would have increased 5% to US$504 million.

GROUP CHIEF EXECUTIVE'S REVIEW

The Group's Food business saw a decline in underlying profits mainly due to weaker performances in Indonesia, Singapore and the Philippines. Wellcome and 7-Eleven in Hong Kong traded well. In mainland China, 7-Eleven showed further improvement, while Wellcome in Taiwan delivered positive results after some store consolidation and a greater focus on the upscale segment. In Singapore, fragile consumer confidence, challenges in the labour market and escalating costs adversely affected the overall performance. Cold Storage was broadly stable in the upscale segment, but Giant struggled against its mid-market competitors. 7-Eleven had positive like-for-like sales following its store rationalization and range improvements. In Malaysia, profits improved due to better retail execution, increased focus on the customer, sharper promotion activities and tactical investments in margin to improve price perception and drive sales. The supermarket operations in Cambodia performed behind the prior year due to increased competition. In the Philippines, sales were maintained but profits declined as several key stores were under renovation during the year. Profitability was also impacted by the investment needed to bring operations in line with international practices. In Indonesia, while overall sales growth was seen in PT Hero's food operations, like-for-like sales were soft and profits were significantly lower following a material increase in operating costs and overheads.

Solid sales and profit growth were seen in the Group's Health and Beauty businesses. Mannings in Hong Kong and Macau had a strong year, while improved results were achieved in mainland China. The Guardian business in Malaysia achieved higher sales, but profits were lower in a more competitive market. Guardian in Singapore and Indonesia also delivered a positive sales performance. Two new stores were added in Cambodia after the first opening at the end of 2013, while Vietnam added seven stores to its network and now operates in both Ho Chi Minh City and Hanoi.

IKEA in Hong Kong and Taiwan reported strong like-for-like sales growth. The new Tai Chung store which was opened in September 2013 continued to perform well in 2014. The first store in Indonesia also opened in the fourth quarter, and initial trading has been encouraging. Profits for the division were well up on the prior year.

Our restaurant associate, Maxim's, delivered another solid set of results. Expansion of the Chinese casual dining restaurants and Japanese restaurants continues in mainland China, and additional Starbucks stores were opened in Vietnam.

KEY DEVELOPMENTS

Significant effort is being made to build a cohesive culture across the Dairy Farm Group by sharing six guiding principles throughout the Company. Those principles highlight the key priorities in terms of Consumers, Innovation, People, Teamwork, Sustainable Results and Integrity. With these, and continuous communication initiatives to share best practice, we are beginning to leverage the overall strength and scale of the Group. Benefits will include enhanced and more consistent branding, improved supply chain discipline, a stronger corporate brand programme, and improved range and on shelf availability for our customers.

The Group's approach is to drive sales and profit growth in ways that build long-term value. To that end, the Group continues to invest in new and existing stores, strengthen its brands, improve operations and enhance the shopper experience across all formats.

Following the reorganization of Dairy Farm's businesses by format in 2013, the past year has seen further action taken to position the Group better for growth. Key corporate initiatives include the sale of our operations in India, the planned expansion of our Food business into China through a proposed investment in Yonghui Superstores, the acquisition of an additional 16% of the shares in Rustan Supercenters in the Philippines, and entry into the health and beauty sector in the Philippines through a 49% stake in Rose Pharmacy.

These initiatives are complemented by investments in human resources, IT infrastructure and systems, supply chain infrastructure, e-commerce and store renovations, which are necessary to support the continued growth of the Group. The action being taken is aimed at putting Asian consumers at the centre of our business by providing meaningful innovation across all formats so as to deliver a superior shopping experience.

The key developments during the year were:

- In July we completed the sale of our operations in India through the divestment of our 49% shareholding in Foodworld and 50% shareholding in Health and Glow to our joint venture partner.
- In August the Group acquired an additional 16% interest in Rustan in the Philippines from its joint venture partner, bringing its ownership to 66% and providing increased management control of the business.
- In August agreement was reached to establish a strategic partnership with Yonghui Superstores Co., Ltd and to acquire a 19.99% shareholding in the company for an investment of approximately RMB5.69 billion (US$925 million). Yonghui is one of the leading food retailers in China with sales of RMB36.7 billion in 2014 and 335 stores in 17 provinces as at 31st December 2014. Many opportunities have been identified to collaborate and drive benefits for both companies. The investment is subject to regulatory approval in China, which is currently being sought. The transaction is expected to close in the first half of 2015.
- In November the Group acquired a 49% interest in Rose Pharmacy, a leading Philippine pharmacy chain, which establishes an entry point for the growing health and beauty segment in a key Asian market.
- During the year agreement was reached to divest 30% of the ordinary shares in GCH Retail (Malaysia) Sdn Bhd, operator of the Group's Malaysian Food business, to the Antah Group in order to meet local regulatory requirements. This transaction, which completed in February 2015, did not extend to the Group's Health and Beauty activities in Malaysia.
- A net 124 stores were added during the year which, together with 238 Rose Pharmacy stores acquired in the Philippines, gave a total store portfolio of 6,101 as at 31st December 2014. Despite adding 39 7-Eleven stores in Southern China, the number of Food business outlets declined by a net eight stores, mainly due to the consolidation of the Group's convenience stores in Singapore and Indonesia.
- The Health and Beauty business opened a net 81 stores across different markets, including 30 in mainland China and 33 in Indonesia, in addition to those added by Rose Pharmacy.
- The first IKEA store in Indonesia was opened in October with an encouraging initial performance.
- Maxim's opened 53 net new outlets during the year, including 23 in mainland China and nine Starbucks outlets in Vietnam. Maxim's also signed an agreement with The Cheesecake Factory to bring this leading U.S. casual dining concept to Asia. The first outlet is expected to open in 2016.

THE YEAR AHEAD

Trading conditions in some of the Group's major markets are expected to remain challenging, especially for the Food businesses in Southeast Asia. The Group's approach, however, is to drive sales and profit growth in ways that build long-term value. To that end, the Group continues to invest in new and existing stores, strengthen its brands, improve operations and enhance the shopper experience across all formats.

Dairy Farm expects to achieve organic growth across its formats in existing markets as its primary source of growth. The Group will, however, selectively consider acquisition opportunities where they can enhance our current portfolio of brands and businesses.

The Group's success depends critically on the passion, commitment and hard work of its people. I want to thank them for their tremendous contribution which ensured another year of strong progress for Dairy Farm.

Graham Allan
Group Chief Executive
11th March 2015

WE GROW WITH OUR CUSTOMERS

As a pioneer in Asia's retail industry, Dairy Farm operates many of the region's most widely recognized brands in supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants. The Group has introduced modern supply chain systems and logistics expertise to its businesses in Asia, providing a distinct advantage in the region's competitive retail markets.

FOOD

Supermarkets and Hypermarkets
Convenience Stores

Total Sales

US$ 8.4 billion

Store Network

3,411 stores

Operating Profit

US$ 299 million

Over

58,000 employees

Total sales in Business Review include 100% associates and joint ventures.

Food reported US$8.4 billion in total sales, an increase of 2%, while operating profit declined by 6% to US$299 million, principally driven by poor results in Singapore, Indonesia and the Philippines within the supermarkets/hypermarkets formats.

There has been increased focus during the year on strengthening the Group's fresh produce offering across all food formats, and this has had positive results. In parallel, the Group's corporate brand programme has been expanded significantly in key categories to heighten differentiation and customer choice.

Supermarkets and Hypermarkets

Supermarkets/Hypermarkets reported US$6.5 billion in total sales, representing an increase of 1%, while operating profit declined by 9% to US$226 million.

In **Hong Kong**, Wellcome increased its market share in grocery and fresh food with a strong increase in sales and good profit growth. The number of Wellcome stores grew by ten to 318. Wellcome maintained its low price strategy, while strengthening its fresh food offer. Jasons rebalanced its product assortment strategy to include more direct imported Western/European ranges which deliver better margins. Although the outlook for 2015 is challenging, Wellcome is investing in automation and people development to drive further growth.

In **Taiwan**, full-year sales and operating profits grew, despite having 17 fewer stores than last year, as like-for-like sales improved. The Fresh Production Centre and the Dry Distribution Centre were successfully integrated to enhance productivity, product quality and overall service levels. The growth and expansion of the high-end supermarket format Jasons, which at the year end had 12 stores, was a key highlight in 2014.

BUSINESS REVIEW FOOD

Bringing Modern Distribution Systems to Asia

The Dairy Farm supply chain faces many unique challenges across a diverse range of geographies and cultures. It must cope with retail operations ranging from one store to a thousand, and in markets ranging from dense and highly developed cities such as Hong Kong to emerging economies like Cambodia. Our supply chain fulfils the needs of convenience stores, health and beauty outlets, hypermarkets and IKEA formats - covering almost every type of product imaginable from almost every country in the world.

In managing our logistics, Dairy Farm has introduced some of the world's most modern supply chain techniques to Asia. We are a regional forerunner in voice pick technology in our warehouses, and are increasingly employing automated ordering and forecasting systems to manage sophisticated just-in-time replenishment systems.

In **Indonesia**, while full-year sales grew 11%, both new store and like-for-like sales performance were weak particularly in the Giant supermarket format. As a result of disappointing top line growth and significant cost increases in labour and utilities, as well as higher provisions to accelerate stock liquidation, operating profits fell significantly. During the year, the Group opened new distribution centre hubs in Medan, Lampung and Kalimantan and also introduced decentralized buying teams to improve logistics efficiency, strengthen the assortment and improve the quality of fresh products. Migration to a new warehouse management system has also improved efficiency, reduced handling costs and strengthened key processes in the supply chain.

Giant gained market share as it expanded in cities outside Java. Its focus on competitive pricing has enhanced its low price image and improved sales. A shortage of electricity capacity in certain cities, however, has either slowed expansion plans or increased costs. Hero Supermarkets continued to improve its offer across fresh, imported and exclusive ranges.

In **Malaysia**, 2014 was a year of transformation for the food business, becoming more customer-centric through store refurbishments, sharper pricing and enhanced assortments. Market share and penetration has improved, although the discounting and stock clearance activities have negatively affected margins. The trading environment in Malaysia faces some uncertainties in 2015 with the introduction of the new Goods and Services Tax ('GST') on 1st April 2015. Nevertheless the Group remained positive about the medium-term outlook and is making investments in existing stores, in opening new stores and in its supply chain to strengthen further its competitive position.

In **the Philippines**, the Group increased its shareholding in Rustan Supercenters by 16% to 66%. Several benefits, including group volume purchasing, IT infrastructure, supply chain know-how and corporate brand have been brought to Rustan. Seven new stores were opened during 2014. Particularly encouraging growth was achieved in the Wellcome neighbourhood stores. Expansion was principally in the greater Manila area, although three new stores were also added in Cebu City. The Group ended the year with 51 stores in the Philippines. The Group continues to emphasize its fresh credentials to drive differential in the market. In recognition of its efforts, Rustan was awarded the 'Outstanding Retailer Award' by the Philippines Retailer Association. Key priorities in 2015 include further improvements to the fresh offer, strengthening corporate label sales in targeted categories and additional new units.

In **Singapore**, the retail environment remained challenging in 2014. Cold Storage achieved higher sales despite the forced closure of a major store and extensive refurbishment work in other key stores. Profitability at Cold Storage remained stable during the year in the face of margin pressures from rising costs. Sales from new stores opened in 2014 are expected to increase

"IT'S ALL ABOUT TEAMWORK"

I have been with Dairy Farm Malaysia for over ten years now, and the past decade has been a uniquely rewarding opportunity for me evidenced by the learning curve and the career progression.

My most memorable project so far has been the business expansion in East Malaysia and Brunei, culminating with the acquisitions and new store openings in East Malaysia in 2006 to the opening of our very first hypermarket and its head office in Brunei in 2008 where the HR groundwork started four months before the operations began.

We are only as good as our people, so teamwork means everything. In our multi-cultural environment it starts with respecting every individual, understanding their values and beliefs, knowing each one of them, their strengths and weaknesses whilst managing their relationships and ultimately pooling the collective strengths to achieve optimum results.

Muhammad Syamil Kulendran, General Manager – HR
Dairy Farm Malaysia

"A SMILE MAKES A DIFFERENCE"

Since joining Wellcome through the Graduate Trainee programme in 2012, I have been given many opportunities to perform and to grow. The experience has been both exciting and challenging, and it has been great working with the Wellcome family who is always supportive. With the support from my team I opened the new Marketplace store in Jardine House in December 2014. We are all thrilled to know that we have already been recognized in the preliminary round of the HKRMA Service & Courtesy Awards.

It gives me a strong sense of satisfaction to make progress at work every day and I enjoy building long-term relationship with customers.

Olivia Law, Store Manager
Marketplace by Jasons, Jardine House, Hong Kong

gradually over 2015 as they build on their core strengths in fresh and imported products, and deployment of productivity-led initiatives including electronic shelf labels, closed-loop cash handling machines and self-scan checkouts. In the mid market Giant operations suffered from rising wages and a shortage of manpower which impacted both sales and profitability. The business is undergoing a transformation with greater emphasis on fresh food and a streamlined grocery range. Resources are also being invested to standardize store equipment and programmes, and to simplify operations. These changes, supported by sharper customer focus, will put the business on a much stronger footing.

Convenience Stores

Convenience Stores reported US$1.9 billion in total sales, representing an increase of 4% over the previous year *(2013: US$1.8 billion)*. Operating profit increased by 3% to US$73 million.

Rewarding 7-Eleven's Fans with a Mobile Customer Loyalty App

7-Eleven developed the '7-Fans' membership programme mobile app to make the shopping experience even more rewarding and convenient for its customers. In keeping with current lifestyle trends, 7-Eleven developed and launched the mobile app as an extension of its social media engagement efforts – reaching out to customers anytime, anywhere with exclusive promotions and rewards.

7-Fans members earn points with each purchase at 7-Eleven and can also redeem rewards, send gift coupons to friends, make payments after 'topping up' with cash, earn double points privileges on selected days and receive other offers throughout the year.

Launched in December 2014, the app has already earned strong praise from users and customers in a few short months.

In **Hong Kong**, in the face of higher rent and labour costs, 7-Eleven did well to increase both sales and operating profits for the year. With an extensive network of 921 stores as at the end of December 2014, 7-Eleven remains the clear market leader. It continued to innovate with themed promotions, the launch of Daily Café coffee and innovation in ready-to-eat products. Full-year sales and operating profits were also up in **Macau**.

In **Southern China**, 7-Eleven achieved record high one-day sales on '7-11 day' (11th July), nearly double average daily sales. Full-year sales and operating profits rose compared to 2013. Store count increased by a net 39 to a total of 686 at the end of 2014. In the coming year, 7-Eleven will focus on new ready-to-eat products, building its network across Guangdong and expanding the number of franchise stores.

In **Singapore**, 7-Eleven continued its store consolidation programme, closing 50 loss-making stores during the year. The business opened six new stores at strategic locations and modernized or refurbished 61 additional stores. Like-for-like sales were slightly positive. Plans for 2015 include an expanded ready-to-eat offer and an increased range of services.

In **Indonesia**, Starmart's ready-to-eat offer produced positive sales, while several loss-making stores were closed. PT Hero is reviewing its strategic options for Starmart.

"FOCUS ON DETAILS"

I work in 7-Eleven's Property Department, leading a team to drive store development in Hong Kong and Macau.

My job is all about the details. Our team manages 966 leases – responsible for strategic planning in store openings, closures, relocations and renewals.

In 2013 our team introduced network planning and submarket studies, which are detailed research and analysis of the retail landscapes of specific trade areas – including geographic/demographic reviews, customer profiles, development opportunities, competitors' current positions and our own stores' performance.

With a better understanding of each trade area, we returned to positive store network growth over 2013 and 2014.

Carol Tsang, Property Controller
Business Development – Property
7-Eleven Hong Kong and Macau

HEALTH AND BEAUTY

Total Sales
US$ 2.5 billion

Store Network
1,800 stores

Operating Profit
US$ 219 million

Over
17,000 employees

Health and Beauty achieved another year of record sales and profit, led by a particularly strong performance from Mannings in Hong Kong and Macau. Sales increased 11% to US$2.5 billion while operating profit rose by 11% to US$219 million *(2013: US$198 million)*. The Group now operates 1,800 health and beauty stores under the Mannings, Guardian and Rose Pharmacy brands across ten countries and territories.

Significant effort has continued to be made during the year to align the brand identities of Mannings and Guardian with adoption of a common livery and a cohesive look, tone and feel to the stores. Improved disciplines around stock management, space planning, range and display, and supply chain processes have delivered better on shelf availability for customers. Increased investment is being made in corporate brand products, and in sourcing exclusive lines as a point of difference in the market.

In **Hong Kong**, Mannings achieved record sales in 2014. Mannings enjoys a strong brand equity, and is highly trusted by consumers at a time when preventative health is becoming an increasingly important issue.

In **mainland China**, the performance of Mannings improved further with the net addition of 30 stores, enhancement to its assortment, and double digit like-for-like sales growth.

In **Singapore**, 50 stores were renovated in the new Guardian façade and a new pilot e-commerce site was launched in the fourth quarter.

In **Malaysia**, increased competition, negative like-for-like sales and significant cost increases impacted profits. Guardian maintained its market leading position and protected top-line performance with increased promotional activity.

In **Indonesia**, Guardian reported strong sales growth with solid like-for-like sales. A new dedicated distribution centre was opened and 33 net new stores were added. A strategic partnership is being piloted with Melawai Pharmacy in Jakarta to combine their local pharmacy strength with the broader health and beauty offering of Guardian.

Innovative Use of Digital Platforms

Mannings launched its mobile app in mid 2011, aiming to provide personalized, interactive services to customers directly through their mobile devices. The app offers real-time promotional offers, a store locator and other personalized information.

Mannings' pioneering 'Pharm-NETwork' is also available through the app, providing real-time, face-to-face professional health consultations with our pharmacists through a video conferencing system.

Leveraging all aspects of digital media, Mannings has integrated social networks into its marketing campaigns – incorporating channels such as YouTube, LINE and WeChat in promoting its latest 'Mannings Meow' campaign with Korean fitness guru Jung Da-yeon. Specially produced commercials and dance videos went viral, receiving over 3 million views on YouTube and Mannings' official website; and our dance videos were downloaded over 2 million times.

In **Vietnam**, seven net additional Guardian stores were added, bringing the network to 25 stores at the year end. Two new Guardian stores were opened in **Cambodia** during the year with three stores trading at the end of the year.

In **the Philippines**, a 49% interest was acquired in Rose Pharmacy, which provides an attractive entry to the health and beauty category in the country.

The potential for further growth in the health and beauty sector is very significant for the Group. Rising incomes, increased focus on health and well-being, as well as broader awareness of beauty and personal care products are all creating increased demand.

"SERVING FROM THE HEART"

I joined Mannings as a Sales Assistant in October 2007, and became a Health Advisor three years later.

As a Health Advisor, I need to be knowledgeable about both Western and Chinese health care products. I also need to be able to communicate with customers, understanding their needs before offering appropriate advice on health care products.

I am grateful that Mannings and the Institute for the Advancement of Chinese Medicine arranged professional development programmes to help us stay current with the latest health trends.

For me, it is most important to think from the customer's point of view and to serve from the heart. I was so honoured when I won the Outstanding Performance Award representing Mannings at the HKRMA Service & Courtesy Awards!

Liu Yan Ping, Health Advisor
Mannings Hong Kong

HOME FURNISHINGS

Total Sales
US$ 497 million

Store Network
9 stores

Operating Profit
US$ 51 million

Over
2,000 employees

Home Furnishings achieved record sales and profit during the year under review. Operating profit rose by 16% to a record US$51 million *(2013: US$44 million)*, riding on increased sales of US$497 million, up 18% from US$422 million in 2013. The Group now operates nine IKEA stores in Hong Kong, Taiwan and Indonesia.

The brand celebrated IKEA's 20th anniversary in Taiwan, where it has established itself as the market leader. In October, the first IKEA store was opened in Indonesia, the world's fourth most populous country. Located in Alam Sutera in greater Jakarta, the 35,000 sq. m. store features over 7,000 home furnishing products, 55 inspirational room-settings and three complete home settings. Initial trading has been encouraging.

Modernizing Retail in Southeast Asia's Largest Economy

In October 2014, Dairy Farm opened the doors of Indonesia's first IKEA store – bringing the world's biggest home furnishings retailer to Alam Sutera, a rapidly growing satellite city west from central Jakarta.

Modern chain stores account for only 14% of retail sales in Indonesia, indicating huge potential for growth as the country's rising middle class flexes its newfound purchasing power to bring functional comfort and affordable home furnishings into their homes.

Anticipating significant growth in disposable income over the next 15 years, the Group is poised to open additional IKEA stores in Indonesia to capitalize on growing demand.

Both Taiwan and Hong Kong recorded solid year-on-year growth, despite sluggish local property markets. IKEA Hong Kong weathered the effects of the Occupy Central protests on its Causeway Bay store to deliver solid returns, while IKEA Taiwan benefited from a full year of operations in 2014 from its IKEA store that opened in Tai Chung in September 2013.

During the year, the Group focused on increasing quality and continued pricing revisions to secure its positioning as the price leader in each market, targeting greater volumes and increased market shares. IKEA also ran aggressive campaigns to build consumer awareness. These were independently recognized by winning several awards including: Service & Courtesy Award from the Hong Kong Retail Management Association; PR Awards HK 2014 and Marketing Excellence Awards 2014; the Golden Award of Service Industry by Taiwan's Common Wealth Magazine as well as marketing and PR awards for IKEA's TV commercials and the 'IKEA House' concept in Taiwan.

Looking ahead, the Group will focus on sustaining strong like-for-like sales growth in existing stores, fine-tuning the assortment and execution in Indonesia, and exploring opportunities to improve customer accessibility in all territories in which we operate.

"AN EXTRA STEP FOR CUSTOMERS"

I have worked at the IKEA Asia World Store in Taipei for the past three years.

It is always very rewarding to see the customers' happy faces when they are shopping at our store. It also makes me proud to see IKEA products in almost every home, restaurant, café and hotel!

I enjoy working together with my team to serve our customers and create better everyday lives. In fact, within 20 weeks from June to September 2014, my team managed to improve our call centre pick up rate from 40% to 80% – meaning we were helping more customers than ever before.

Lucy Lin, Customer Relations Manager
Asia World Store, IKEA Taiwan

RESTAURANTS

Total Sales
US$ 1.7 billion

Store Network
881 stores

Share of Results
US$ 78 million

Over
24,000 employees

Restaurants reported US$1.7 billion in total sales, representing an increase of 13% over the previous year *(2013: US$1.6 billion)*, while profit contribution increased by 3%.

The restaurant businesses overcame a number of challenging external factors to deliver steady growth in 2014. Expansion into China was the key growth driver during the year, as well as the introduction of several innovative concepts including Urban Bakery that created new dining experiences for customers. There was also continued expansion of Starbucks in Vietnam.

Maxim's acquired the Wildfire brand and two restaurants in Hong Kong, and subsequently opened an additional Wildfire outlet at Victoria Peak. The Chinese cuisine concept Jade Garden expanded from Guangzhou and Shenzhen into Shanghai and Chengdu, where it has been enthusiastically received by local customers. Maxim's is also preparing for the opening of its first Cheesecake Factory restaurant in 2016, having reached agreement during the year to franchise this well-known brand in Greater China.

The group recently completed construction of its third factory in Hong Kong. Maxim's now operates three premises specializing in various aspects of food manufacturing, including branded products, cakes & bakery and food processing.

In recognition of its industry leading programmes, Maxim's received a number of awards in 2014, including a Gold Award at the HKMA Quality Awards, and the Outstanding Performance Award at the Service & Courtesy Awards organized by the Hong Kong Retail Management Association.

With increasing external challenges, including macroeconomic uncertainty, labour costs and rental pressures, Maxim's anticipates another challenging year, and will focus on building customer relationship programmes and controlling costs to enhance returns.

"LEADERSHIP FROM WITHIN"

I joined Maxim's almost four years ago as a Shop Assistant. Now, as an Assistant Supervisor, I assist in managing a team of 16 people. It is challenging to manage both my own objectives as well as those of our team!

One of my most rewarding experiences was being named the 'Individual Award Winner of Junior Frontline Level (Food Shops Category)' at the HKRMA Service & Courtesy Award 2013.

I look forward to growing together with the company. I hope I can be a strong leader and guide my teams towards continued success!

Law Wai Yan, Assistant Supervisor
Maxim's Cakes, Hong Kong

Innovative My Starbucks Rewards™ Loyalty Programme

Starbucks launched the My Starbucks Rewards™ Programme in 2013, offering a multi-tiered customer loyalty programme complemented by a Mobile App for fast payment, balance checking and reloading.

After registering their Starbucks Card through the website or mobile app, customers in Hong Kong and Macau earned a star for every $20 purchase made with their Starbucks Card or via mobile payment. Participants enjoyed greater rewards by collecting more stars, and also received complimentary drinks upon reaching Gold level membership.

In addition to its store locator function, the Starbucks Mobile App also allows customers to pay for their favourite Starbucks beverages. Users simply scan the barcode displayed on their phone screen, just like using a Starbucks Card to make a purchase.

MY STARBUCKS REWARDS

FINANCIAL REVIEW

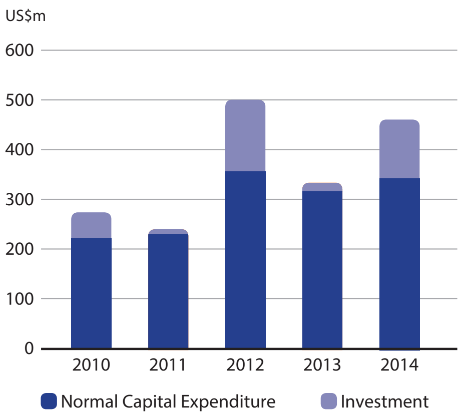
ACCOUNTING POLICIES

The Directors continue to review the appropriateness of the accounting policies adopted by the Group having regard to developments in International Financial Reporting Standards. In 2014, a number of amendments to these standards became effective and the Group adopted those which are relevant to the Group's operations although their adoption does not have a material impact on the Group's accounting policies.

RESULTS

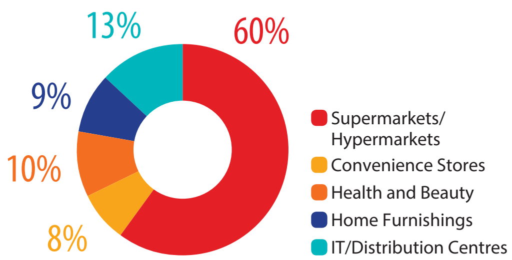
Sales, excluding those of associates and joint ventures, were US$11,008 million, a 6% increase over prior year. Underlying operating profit increased slightly from US$522 million in 2013 to US$524 million in 2014 mainly due to higher contributions from Health and Beauty and Home Furnishings divisions principally offset by lower profits from the Food businesses in Southeast Asia.

Total Capital Expenditure



2014 Normal Capital Expenditure by Division

Normal Capex: US$345m



Operating cash flow remained strong with a net inflow of US$676 million compared to the previous year's US$683 million.

The Group's share of results of associates and joint ventures increased 3% to US$69 million from 2013 which principally reflected the improved contribution from Maxim's. With the additional 16% investment in Rustan completed in August 2014, this business became accounted for as a 66% owned subsidiary.

The tax charge for 2014 was US$93 million, lower than the US$102 million in 2013, mainly due to the change of profit contribution from different territories.

Underlying net profit was US$500 million, an increase of 4% over 2013. There was a net non-trading gain of US$9 million in 2014, mainly from the disposal of some small retail properties in Singapore and Taiwan. Consequently the reported net profit was US$509 million, 2% ahead of prior year.

Underlying earnings per share were US¢36.98, an increase of 4% compared to 2013.

CASH FLOW

Operating cash flow remained strong with a net inflow of US$676 million compared to the previous year's US$683 million. The Group ended the year with net cash of US$475 million, a reduction of US$163 million from 31st December 2013 mainly due to higher investing activities and consolidated debt position following the increased 16% investment in Rustan to bring it as a subsidiary of the Group.

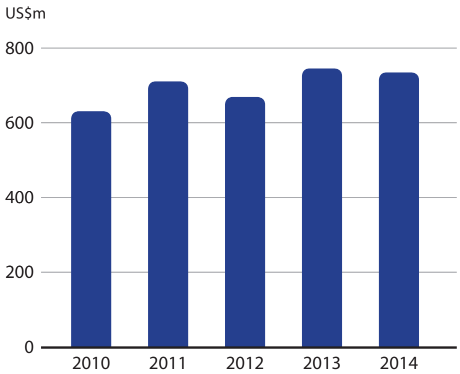
Normal capital expenditure was US$345 million, compared to the US$318 million in 2013. Total capital expenditure including the acquisition of Rose Pharmacy and the additional 16% investment in Rustan, both were in the Philippines was US$462 million. The Group, including associates and joint ventures, opened a net 124 outlets on continuing operations in 2014 and acquired 238 Rose Pharmacy stores, ending the year with 6,101 stores across all formats in 11 markets.

BALANCE SHEET

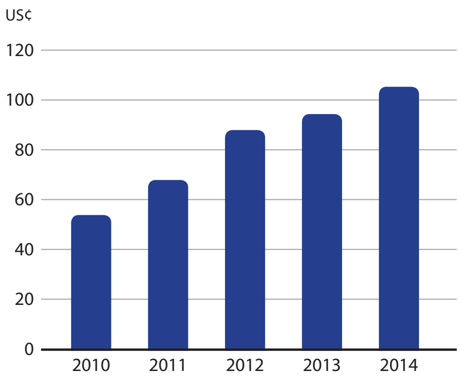
Total assets, excluding cash and bank balances, of US$3.65 billion were US$419 million higher than 2013, mainly reflecting capital expenditure for new and refurbished stores and the investment in Rose Pharmacy. Net operating assets were US$1.52 billion at the end of 2014, an 11% increase over the previous year.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt (short and long term), to maximize flexibility for the future development of the business.

EBITDA



Net Asset Value per Share



DIVIDEND

The Board is recommending a final dividend of US¢16.50 per share, unchanged from the previous year. This will bring the total dividend in respect of 2014 to US¢23.00 per share, maintained at 2013 level.

FINANCING

Borrowings are normally taken out in local currencies by the Group's operating subsidiaries to fund and partially hedge their local asset investments. The Group, excluding associates and joint ventures, had gross debt of US$187 million at the year end, an increase of US$96 million from 2013, mainly being the inclusion of Rustan's debt position. Committed banking facilities at the year end totalled US$311 million, and had an average life to maturity of 1.3 years. Financing income maintained around US$7 million, while financing charges decreased slightly from US$11 million in 2013 to US$9 million in 2014. The potential investment of 19.99% interest in Yonghui is expected to be financed partly by internal cash and partly by external bank debt.

FINANCIAL RISK MANAGEMENT

A comprehensive discussion of the Group's financial risk management policies is included in note 2 to the financial statements. The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objectives are to limit exchange and interest rate risks and to provide a degree of certainty about costs. As a matter of policy, the Group does not enter into speculative transactions in derivatives. The investment of the Group's cash resources is managed so as to minimize risk while seeking to enhance yield. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt (short and long term), to maximize flexibility for the future development of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

A review of the principal risks and uncertainties facing the Group is set out on pages 108 and 109.

Neil Galloway
Group Finance Director
11th March 2015

DIRECTORS' PROFILES

Ben Keswick*

Chairman and Managing Director

Mr Ben Keswick joined the Board as Managing Director in 2012 and became Chairman in 2013. He has held a number of executive positions since joining the Jardine Matheson 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 Hongkong Land and Mandarin Oriental, managing director of Jardine Matheson and Jardine Strategic, and a director of Jardine Pacific and Jardine Motors.

Graham Allan*

Group Chief Executive

Mr Allan joined the Board in 2013 as Group Chief Executive, having been Chief Operating Officer since 2012. He has extensive experience in the food service industry and was previously President and CEO of Yum! Restaurants International based in the United States. He is also a commissioner of Hero.

Neil Galloway*

Group Finance Director

Mr Galloway joined the Board as Group Finance Director in 2013. He was previously finance director and chief financial officer of The Hongkong and Shanghai Hotels from 2008. Mr Galloway began his career in investment banking and he held a range of senior positions in Hong Kong and the United Kingdom. He is also a commissioner of Hero.

Mark Greenberg

Mr Greenberg joined the Board in 2006. He is group strategy director of Jardine Matheson. He had previously spent 16 years in investment banking with Dresdner Kleinwort Wasserstein in London. He is also a director of Jardine Matheson Limited, Hongkong Land, Jardine Cycle & Carriage and Mandarin Oriental, and a commissioner of Astra and Bank Permata.

George J. Ho

Mr Ho joined the Board in 1998. He was previously engaged in private law practice in San Francisco and is currently engaged in the broadcasting and multi-media industries. Mr Ho is also chairman of Hong Kong Commercial Broadcasting Company.

Adam Keswick

Mr Adam Keswick joined the Board in 2012. He is deputy managing director of Jardine Matheson, chairman of Jardine Pacific, and chairman and chief executive of Jardine Motors. He has held a number of executive positions since joining the Jardine Matheson 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 Hongkong Land, Jardine Strategic, Mandarin Oriental and Zhongsheng Group Holdings.

Sir Henry Keswick

Sir Henry joined the Board in 1988. He is chairman of Jardine Matheson, having first joined the group in 1961, and is also chairman of Jardine Strategic. He is a director of Hongkong Land and Mandarin Oriental. He is also vice chairman of the Hong Kong Association.

Simon Keswick

Mr Simon Keswick joined the Board in 1986 and was Chairman of the Company from 1986 to 2013. He joined the Jardine Matheson group in 1962 and is a director of Hongkong Land, Jardine Matheson, Jardine Strategic and Mandarin Oriental.

Michael Kok

Mr Kok was Group Chief Executive from 2007, when he first joined the Board, until he retired from executive office in 2012. He began his career in Dairy Farm in 1987 and has extensive experience in the retail industry in Asia. He is also a director of Jardine Cycle & Carriage, Mapletree Greater China Commercial Trust Management and Sino-Singapore Jilin Food Zone Development and Management.

* Executive Director

Dr George C.G. Koo

Dr Koo, a Fellow of the Royal College of Surgeons, was appointed as a Director in 1990. He is also a director of Jardine Strategic.

Lord Leach of Fairford

Lord Leach joined the Board in 1987. He is deputy chairman of Jardine Lloyd Thompson, and a director of Hongkong Land, Jardine Matheson, Jardine Strategic and Mandarin Oriental. He is also a member of the supervisory board of Paris Orléans. He joined the Jardine Matheson group in 1983 after a career in banking.

Anthony Nightingale

Mr Nightingale joined the Board in 2006 and was Managing Director of the Company from 2006 to 2012. He is also a director of Hongkong Land, Jardine Cycle & Carriage, Jardine Matheson, Jardine Strategic, Mandarin Oriental, China Xintiandi, Prudential and Schindler, and a commissioner of Astra. Mr Nightingale also holds a number of senior public appointments, including acting as a non-official member of the Commission on Strategic Development, a Hong Kong representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council and a member of the UK ASEAN Business Council Advisory Panel. He is chairman of The Sailors Home and Missions to Seamen in Hong Kong.

James Riley

Mr Riley joined the Board in 2005. He is group finance director of Jardine Matheson. A Chartered Accountant, he joined the Jardine Matheson group from Kleinwort Benson in 1993. He was appointed chief financial officer of Jardine Cycle & Carriage in 1994, and from 1999 to 2005 he was responsible for the businesses grouped under Jardine Pacific. He is also a director of Jardine Matheson Limited and The Hongkong and Shanghai Banking Corporation.

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 Hongkong Land, Jardine Lloyd Thompson, Jardine Matheson and Mandarin Oriental. He is also chairman of the China-Britain Business Council.

Percy Weatherall

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

Giles White

Mr White joined the Board in 2009. He is the Jardine Matheson group general counsel. He was previously Asia managing partner of Linklaters based in Hong Kong, prior to which he was the firm's head of global finance and projects in London. Mr White is also a director of Jardine Matheson Limited, Jardine Matheson and Mandarin Oriental.

OUR LEADERSHIP

Graham Allan

Group Chief Executive

Mr Allan was named Group Chief Executive of Dairy Farm in January 2013, having served as Chief Operating Officer from June 2012. Prior to joining Dairy Farm, Mr Allan was President and CEO at Yum! Restaurant International and was responsible for global brands KFC, Pizza Hut and Taco Bell in all markets except the US and China. Since 1989, he has held various senior positions in multinational food and beverage companies with operations across the globe and has lived and worked in Australia, the US and Europe. Mr Allan began his career in law before moving to leading management consultancy, McKinsey & Co. Inc., where he spent five years as a consultant working extensively in consumer goods. Mr Allan holds Bachelor of Economics and Bachelor of Laws degrees from Monash University in Melbourne and an MBA from the University of Melbourne. He is also a commissioner of Hero.

Neil Galloway

Group Finance Director

Mr Galloway joined the Board as Group Finance Director in October 2013. He was previously Finance Director and Chief Financial Officer of The Hongkong and Shanghai Hotels from 2008. Mr Galloway began his career in investment banking and he has held a range of senior positions in Hong Kong and the United Kingdom. He is also a commissioner of Hero.

Tongwen Zhao

Group Human Resources Director

Ms Zhao was appointed Group Human Resources Director of the Dairy Farm Group in July 2013. Prior to her appointment, she lived and worked in Singapore as Regional HR Director, Asia Pacific for Rentokil Initial. Ms Zhao began her career with Unilever in 1992 where she worked within Research & Development and Supply Chain functions. Following her career transition to Human Resources within Unilever, she had held several leadership roles in China, Thailand as well as Singapore. Ms Zhao holds a Bachelor degree in Polymer Engineering from Tongji University in Shanghai, and an MBA from China Europe International Business School.

Poh Seng Pol

Group Business Development Director

Mr Poh was appointed Group Business Development Director in April 2007 with responsibilities for the Group's business development projects and strategic initiatives. He joined Dairy Farm in 1998 as Finance and Business Development Director for the Group's retail businesses in Singapore, Malaysia, Indonesia and India. Prior to that, he held senior finance positions in various multinational corporations based in Singapore. Mr Poh began his career in finance and accounting in 1981. Mr Poh holds a Bachelor of Business degree with distinction from RMIT University and an MBA from HKUST/Northwestern University, Kellogg School of Management.

Charlie Wood

Group Counsel

Mr Wood was appointed Group Counsel in January 2007. He was initially recruited in September 1999 to set up a legal department for Dairy Farm in Hong Kong, and subsequently became responsible for the legal affairs of Dairy Farm in North Asia before assuming his current role. Mr Wood qualified as a solicitor in England and worked in private practice in London for three years before moving to Vietnam in 1995 to work for an international law firm.

Caroline Mak

Group Director, Health and Beauty

Ms Mak was named Group Director, Health and Beauty in January 2013 and assumes responsibility for all Health and Beauty business units within the Dairy Farm Group. Prior to that, Ms Mak was Regional Director, North Asia from November 2009 where she managed the Group's retail operations in Hong Kong, Macau, China and Taiwan. She also served as CEO of Dairy Farm China, a business unit of the North Asian region, until May 2011. Ms Mak became CEO of Mannings in 2000 after six years as Managing Director of IKEA Hong Kong and Taiwan. She continues to serve as Director of Dairy Farm Management Services Limited. Ms Mak is a retail veteran with a career that spans a number of industries, including hospitality, food retailing and health and beauty. In recent years, she has served the community actively as the Chair of the Hong Kong Retail Management Association and Qualifications Framework's Retail Industry Training Advisory Committee.

Alex Tay

Regional Director, South Asia (Food)

Mr Tay was appointed Regional Director, South Asia in June 2010 with responsibilities for the Dairy Farm Group's retail operations in Singapore and India. Mr Tay has more than 30 years' experience in the retail business, including various key management positions in Fitzpatrick's Singapore, Cold Storage Singapore and overseas assignments in Papua New Guinea, Indonesia, India, Taiwan and Hong Kong. Mr Tay joined Dairy Farm in 1989. He was appointed CEO of Wellcome Taiwan in 2001 and subsequently CEO of Wellcome Hong Kong in 2006. Mr Tay holds an MBA from Leicester University, UK and completed the Advanced Management Program at Harvard Business School in May 2009.

Tim Ashdown

Regional Director, Malaysia and Brunei (Food)

Mr Ashdown joined Dairy Farm as Regional Director of Malaysia and Brunei (Food) in April 2014. During thirty years' retail experience with Tesco, Mr Ashdown held a number of senior operational and general management roles in the UK, Asia and the USA. In 2008, Mr Ashdown left the UK to become COO of Tesco in South Korea, before being appointed the role of CEO in China. Most recently he worked as COO and later CEO of Tesco's USA operations, where he was responsible for the total strategic review and subsequent divestment of Fresh & Easy. Mr Ashdown holds an Advanced Management Program qualification from Harvard Business School.

Stéphane Deutsch

President Director, PT Hero

Mr Deutsch was appointed President Director of PT Hero in July 2014. Mr Deutsch moves into the role from his current position as Chief Executive Officer of Dairy Farm's operations in Vietnam, which he has held since August 2013. Prior to joining Dairy Farm, Mr Deutsch worked for Carrefour for 23 years in various Chief Financial Officer roles and as Chief Operating Officer for Carrefour South China. In 2010, Mr Deutsch became Chief Executive Officer of Carrefour Malaysia and Singapore. He is a French citizen with 25 years of experience in retail operations and finance roles across China, Malaysia, Singapore, Korea, Vietnam, Portugal and France. Mr Deutsch has executive training from ESCP Paris.

Choo Peng Chee

Regional Director, North Asia (Food)

Mr Choo was appointed Regional Director, North Asia (Food) in January 2013, covering all food related business units in Hong Kong, Macau, China and Taiwan. Mr Choo previously served as Chief Executive Officer for Wellcome Hong Kong from May 2010. Prior to that, he was Chief Executive Officer of Cold Storage, Market Place and Shop N Save in Singapore. Mr Choo joined the Dairy Farm Group in 2000. Mr Choo brings more than 30 years of retail experience to his role and holds an MBA in Retailing from the University of Stirling, Scotland.

Martin Lindström

Group Director, IKEA

Mr Lindström was appointed Group Director, IKEA in January 2013 with responsibilities for the Group's IKEA operations in Taiwan, Hong Kong and Indonesia. Prior to that, he was General Manager of IKEA Taiwan in 2007 and subsequently CEO of the Dairy Farm IKEA business in 2010. Mr Lindström has more than 20 years' experience in a variety of senior positions with the IKEA business in Europe, Eastern Europe and more than nine years in the Asia Pacific region.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2014

		2014			2013		
	Note	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
Sales	4	**11,008.3**	**–**	**11,008.3**	10,357.4	–	10,357.4
Cost of sales		**(7,717.3)**	**–**	**(7,717.3)**	(7,270.4)	–	(7,270.4)
Gross margin		**3,291.0**	**–**	**3,291.0**	3,087.0	–	3,087.0
Other operating income		**155.3**	**13.4**	**168.7**	149.6	29.0	178.6
Selling and distribution costs		**(2,508.4)**	**–**	**(2,508.4)**	(2,318.6)	–	(2,318.6)
Administration and other operating expenses		**(413.6)**	**(3.7)**	**(417.3)**	(395.7)	–	(395.7)
Operating profit	5	**524.3**	**9.7**	**534.0**	522.3	29.0	551.3
Financing charges		**(8.6)**	**–**	**(8.6)**	(10.7)	–	(10.7)
Financing income		**6.7**	**–**	**6.7**	7.6	–	7.6
Net financing charges	6	**(1.9)**	**–**	**(1.9)**	(3.1)	–	(3.1)
Share of results of associates and joint ventures	7	**68.9**	**–**	**68.9**	68.9	(2.2)	66.7
Profit before tax		**591.3**	**9.7**	**601.0**	588.1	26.8	614.9
Tax	8	**(93.0)**	**(0.3)**	**(93.3)**	(101.3)	(0.7)	(102.0)
Profit after tax		**498.3**	**9.4**	**507.7**	486.8	26.1	512.9
Attributable to:							
Shareholders of the Company		**500.1**	**9.0**	**509.1**	480.1	20.8	500.9
Non-controlling interests		**(1.8)**	**0.4**	**(1.4)**	6.7	5.3	12.0
		498.3	**9.4**	**507.7**	486.8	26.1	512.9
		US¢		**US¢**	US¢		US¢
Earnings per share	9						
– basic		**36.98**		**37.65**	35.52		37.05
– diluted		**36.97**		**37.63**	35.48		37.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2014

	Note	2014 US$m	2013 US$m
Profit for the year		**507.7**	512.9
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*17*	**(16.0)**	19.5
Tax relating to items that will not be reclassified		**2.0**	(3.8)
		(14.0)	15.7
Share of other comprehensive expense of associates and joint ventures		**(0.9)**	(0.1)
		(14.9)	15.6
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net loss arising during the year		**(41.1)**	(132.8)
– transfer to profit and loss		**4.4**	–
		(36.7)	(132.8)
Revaluation of other investments			
– (loss)/gain arising during the year	*14*	**(0.6)**	0.6
Cash flow hedges			
– net gain arising during the year		**1.9**	0.4
– transfer to profit and loss		**(0.3)**	0.8
		1.6	1.2
Tax relating to items that may be reclassified		**(0.2)**	(0.1)
Share of other comprehensive expense of associates and joint ventures		**(1.8)**	(7.9)
		(37.7)	(139.0)
Other comprehensive expense for the year, net of tax		**(52.6)**	(123.4)
Total comprehensive income for the year		**455.1**	389.5
Attributable to:			
Shareholders of the Company		**457.2**	396.7
Non-controlling interests		**(2.1)**	(7.2)
		455.1	389.5

CONSOLIDATED BALANCE SHEET

at 31st December 2014

	Note	2014 US$m	2013 US$m
Net operating assets			
Intangible assets	*11*	**566.1**	407.5
Tangible assets	*12*	**1,219.2**	1,081.7
Associates and joint ventures	*13*	**388.0**	369.8
Other investments	*14*	**5.2**	5.8
Non-current debtors	*15*	**179.7**	138.2
Deferred tax assets	*16*	**27.7**	22.2
Pension assets	*17*	**–**	7.2
Non-current assets		**2,385.9**	2,032.4
Stocks		**1,011.0**	976.0
Current debtors	*15*	**252.1**	213.2
Current tax assets		**4.0**	6.6
Bank balances and other liquid funds	*18*	**662.0**	728.4
		1,929.1	1,924.2
Non-current assets held for sale	*19*	**1.3**	6.9
Current assets		**1,930.4**	1,931.1
Current creditors	*20*	**(2,412.9)**	(2,309.3)
Current borrowings	*21*	**(93.4)**	(47.9)
Current tax liabilities		**(52.9)**	(58.2)
Current provisions	*22*	**(6.3)**	(11.0)
Current liabilities		**(2,565.5)**	(2,426.4)
Net current liabilities		**(635.1)**	(495.3)
Long-term borrowings	*21*	**(93.8)**	(42.9)
Deferred tax liabilities	*16*	**(46.7)**	(44.9)
Pension liabilities	*17*	**(37.7)**	(24.0)
Non-current creditors	*20*	**(16.5)**	(17.3)
Non-current provisions	*22*	**(33.6)**	(30.6)
Non-current liabilities		**(228.3)**	(159.7)
		1,522.5	1,377.4
Total equity			
Share capital	*23*	**75.1**	75.1
Share premium and capital reserves	*25*	**59.1**	56.5
Revenue and other reserves		**1,294.5**	1,149.4
Shareholders' funds		**1,428.7**	1,281.0
Non-controlling interests		**93.8**	96.4
		1,522.5	1,377.4

Approved by the Board of Directors

Ben Keswick
Graham Allan
Directors

11th March 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2014

	Attributable to shareholders of the Company								
	Share capital	Share premium	Capital reserves	Revenue reserves	Hedging reserves	Exchange reserves	Total	Attributable to non-controlling interests	Total equity
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
2014									
At 1st January	75.1	30.5	26.0	1,281.1	0.3	(132.0)	1,281.0	96.4	**1,377.4**
Total comprehensive income	–	–	–	492.6	1.4	(36.8)	457.2	(2.1)	**455.1**
Dividends paid by the Company	–	–	–	(311.0)	–	–	(311.0)	–	**(311.0)**
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(0.2)	**(0.2)**
Employee share option schemes	–	–	2.6	–	–	–	2.6	–	**2.6**
New subsidiaries	–	–	–	–	–	–	–	0.9	**0.9**
Change in interest in a subsidiary	–	–	–	(1.1)	–	–	(1.1)	(1.2)	**(2.3)**
At 31st December	**75.1**	**30.5**	**28.6**	**1,461.6**	**1.7**	**(168.8)**	**1,428.7**	**93.8**	**1,522.5**
2013									
At 1st January	75.0	25.8	27.3	1,077.6	(0.9)	(11.6)	1,193.2	46.0	1,239.2
Total comprehensive income	–	–	–	515.9	1.2	(120.4)	396.7	(7.2)	389.5
Dividends paid by the Company	–	–	–	(311.0)	–	–	(311.0)	–	(311.0)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(0.2)	(0.2)
Exercise of options	0.1	–	–	–	–	–	0.1	–	0.1
Employee share option schemes	–	–	3.4	–	–	–	3.4	–	3.4
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	58.2	58.2
Transaction costs in relation to capital contribution from non-controlling interests	–	–	–	(1.5)	–	–	(1.5)	(0.3)	(1.8)
Change in interest in a subsidiary	–	–	–	0.1	–	–	0.1	(0.1)	–
Transfer	–	4.7	(4.7)	–	–	–	–	–	–
At 31st December	75.1	30.5	26.0	1,281.1	0.3	(132.0)	1,281.0	96.4	1,377.4

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$509.1 million *(2013: US$500.9 million)* and net fair value loss on other investments of US$0.5 million *(2013: net fair value gain of US$0.5 million)*. Cumulative net fair value gain on other investments amounted to US$4.1 million *(2013: US$4.6 million)*.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st December 2014

	Note	2014 US$m	2013 US$m
Operating activities			
Operating profit	5	**534.0**	551.3
Depreciation and amortization	29(a)	**202.8**	196.1
Other non-cash items	29(b)	**4.0**	0.2
Increase in working capital	29(c)	**(17.4)**	(10.5)
Interest received		**7.2**	7.4
Interest and other financing charges paid		**(8.6)**	(11.0)
Tax paid		**(93.8)**	(95.1)
		628.2	638.4
Dividends from associates and joint ventures		**47.7**	44.5
Cash flows from operating activities		**675.9**	682.9
Investing activities			
Purchase of subsidiaries	29(d)	**(23.8)**	–
Purchase of associates and joint ventures	29(e)	**(94.1)**	(17.7)
Purchase of intangible assets		**(47.5)**	(21.9)
Purchase of tangible assets		**(297.0)**	(296.2)
Sale of associates and joint ventures	29(f)	**2.7**	–
Sale of properties	29(g)	**26.3**	49.8
Sale of tangible assets		**0.9**	1.0
Cash flows from investing activities		**(432.5)**	(285.0)
Financing activities			
Capital contribution from non-controlling interests	29(h)	**–**	56.4
Change in interest in a subsidiary	29(i)	**(2.3)**	–
Drawdown of borrowings		**1,311.3**	1,528.1
Repayment of borrowings		**(1,290.8)**	(1,589.1)
Dividends paid by the Company	26	**(311.0)**	(311.0)
Dividends paid to non-controlling interests		**(0.2)**	(0.2)
Cash flows from financing activities		**(293.0)**	(315.8)
Net (decrease)/increase in cash and cash equivalents		**(49.6)**	82.1
Cash and cash equivalents at 1st January		**711.2**	664.9
Effect of exchange rate changes		**(5.0)**	(35.8)
Cash and cash equivalents at 31st December	29(j)	**656.6**	711.2

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

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

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

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

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

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

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of Preparation (Continued)

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

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

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

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of Preparation (Continued)

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

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

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

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

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

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of Preparation (Continued)

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

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

The Group's reportable segments are set out in notes 4, 5 and 7 and are described on page 60.

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 recognizes 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.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

(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 a separately identifiable cash flow. 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.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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) 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.

(iii) 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. Other tangible fixed assets are stated at cost less amounts provided for depreciation.

Depreciation of tangible fixed assets is calculated on the straight line basis to allocate the cost 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	30 - 50 years
Leasehold improvements	period of the lease
Leasehold land	period of the lease
Plant and machinery	3 - 10 years
Furniture, equipment and motor vehicles	2 - 7 years

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

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

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Investments

(i) 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. 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.

(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.

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.

Stocks

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 or on a weighted average basis and comprises purchase price less rebates.

Debtors

Trade and 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 bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

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.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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. All 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 directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

Employee benefits

(i) 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.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

(ii) Share-based compensation

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

Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is expected to be 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.

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.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 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 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, 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.

Sales

Sales consist of the net value of goods sold to customers, net of returns, discounts and sales related taxes. This does not include sales generated by associates and joint ventures. Sale of goods is recognized at the point of sale, when the significant risks and rewards of ownership of the goods have been transferred to customers, is recorded at the net amount received from customers.

Cost of sales

Cost of sales consists of all costs to the point of sale. Supplier incentives, rebates and discounts are collectively referred to as supplier income in the retail industry. Supplier income is recognized as a deduction from cost of sales on an accruals basis based on the expected entitlement which has been earned up to the balance sheet date for each relevant supplier contract.

Other operating income

Other operating income primarily comprises income from concessions, service income and rental income. Concessions and service income are based on the Group's contractual commission. Rental income is accounted for as earned.

Pre-operating costs

Pre-operating costs are expensed as they are incurred.

Comparative figures

Certain comparative figures have been reclassified to conform with the current presentation.

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 and interest rate risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates 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, forward foreign exchange contracts and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the profit and loss account. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 31st December 2014 are disclosed in note 30.

(i) Market risk

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk arising 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 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. Group companies are required to manage their foreign exchange risk against their functional 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. There are no significant monetary balances held by Group companies at 31st December 2014 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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 and caps. 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 in fixed rate instruments. At 31st December 2014, the Group's fixed rate borrowings were 42% of the total borrowings, with an average tenor of 10 months. At 31st December 2013, there were no outstanding fixed rate borrowings. The interest rate profile of the Group's borrowings is set out in note 21.

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 entering into interest rate swaps and caps for a maturity of up to five years. Interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate, whilst caps provide protection against a rise in floating rates above a pre-determined rate.

2. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(i) Market risk (Continued)

Interest rate risk (Continued)

At 31st December 2014, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$4.0 million *(2013: US$4.6 million)* higher/lower. 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. 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 Malaysian rates, over the period until the next annual balance sheet date. 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.

(ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and credit exposures to 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 transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilization of credit limits is regularly monitored. At 31st December 2014, over 95% *(2013: 92%)* of deposits and balances with banks 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.

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

At 31st December 2014, total available borrowing facilities amounted to US$863.0 million *(2013: US$733.1 million)*, of which US$310.6 million *(2013: US$334.7 million)* are committed facilities and a total of US$187.2 million *(2013: US$90.8 million)* was drawn down. Undrawn committed facilities, in the form of revolving credit facilities, totalled US$189.5 million *(2013: US$283.2 million)*.

2. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

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

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
At 31st December 2014							
Creditors	2,408.6	11.5	1.8	0.3	0.2	2.6	**2,425.0**
Borrowings	98.2	88.0	8.9	–	–	–	**195.1**
Net settled derivative financial instruments	–	–	–	–	–	–	**–**
Gross settled derivative financial instruments							
– inflow	37.8	–	–	–	–	–	**37.8**
– outflow	38.1	–	–	–	–	–	**38.1**
At 31st December 2013							
Creditors	2,305.9	12.5	1.7	0.3	0.3	2.6	2,323.3
Borrowings	50.2	23.9	5.8	15.9	–	–	95.8
Net settled derivative financial instruments	–	–	–	–	–	–	–
Gross settled derivative financial instruments							
– inflow	34.8	–	–	–	–	–	34.8
– outflow	34.0	–	–	–	–	–	34.0

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, repurchase Company 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 Group does not have a defined gearing or interest cover benchmark or range.

2. FINANCIAL RISK MANAGEMENT (Continued)

Capital management (Continued)

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

	2014	2013
Interest cover (times)	**312**	191

The Group had a net cash position at 31st December 2014 and 2013, thus the gearing ratios were not applicable.

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 all interest rate swaps and caps, and forward foreign exchange contracts have been determined using rates quoted by the Group's bankers at the balance sheet date which are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted investments, which are classified as available-for-sale and mainly include club debentures, are determined by market prices 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 or the market prices of the underlying investments with certain degree of entity specific estimates.

There were no changes in valuation techniques during the year.

2. FINANCIAL RISK MANAGEMENT (Continued)

Fair value estimation (Continued)

The table below analyzes financial instruments carried at fair value measured by observable current market transactions:

	2014 US$m	2013 US$m
Assets		
Available-for-sale financial assets		
– unlisted investments *(note 14)*	**5.2**	5.8
Derivatives designated at fair value *(note 30)*		
– through other comprehensive income	**2.3**	0.5
	7.5	6.3
Liabilities		
Derivatives designated at fair value *(note 30)*		
– through other comprehensive income	**(0.3)**	(0.1)
	(0.3)	(0.1)

(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.

2. FINANCIAL RISK MANAGEMENT (Continued)

Fair value estimation (Continued)

Financial instruments by category

	Loans and receivables US$m	Derivatives used for hedging US$m	Available-for-sale US$m	Other financial instruments at amortized cost US$m	Total carrying amount US$m
2014					
Assets					
Other investments	–	–	5.2	–	**5.2**
Debtors	120.3	2.3	–	–	**122.6**
Bank balances and other liquid funds	662.0	–	–	–	**662.0**
	782.3	**2.3**	**5.2**	**–**	**789.8**
Liabilities					
Borrowings	–	–	–	(187.2)	**(187.2)**
Trade and other payables excluding non-financial liabilities	–	(0.3)	–	(2,425.0)	**(2,425.3)**
	–	**(0.3)**	**–**	**(2,612.2)**	**(2,612.5)**
2013					
Assets					
Other investments	–	–	5.8	–	5.8
Debtors	116.6	0.5	–	–	117.1
Bank balances and other liquid funds	728.4	–	–	–	728.4
	845.0	0.5	5.8	–	851.3
Liabilities					
Borrowings	–	–	–	(90.8)	(90.8)
Trade and other payables excluding non-financial liabilities	–	(0.1)	–	(2,323.3)	(2,323.4)
	–	(0.1)	–	(2,414.1)	(2,414.2)

The fair values of financial assets and financial liabilities approximate their carrying amounts.

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 leasehold land and tangible assets 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.

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 discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

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 current and deferred tax provisions in the period in which such determination is made.

Provision of 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.

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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 Group's accounting policies.

4. SALES

	Including associates and joint ventures		Subsidiaries	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Analysis by operating segment:				
Food	**8,404.1**	8,240.2	**8,108.8**	7,755.8
– Supermarkets/hypermarkets	**6,544.5**	6,459.3	**6,249.2**	5,974.9
– Convenience stores	**1,859.6**	1,780.9	**1,859.6**	1,780.9
Health and Beauty	**2,454.5**	2,218.5	**2,402.1**	2,179.9
Home Furnishings	**497.4**	421.7	**497.4**	421.7
Restaurants	**1,746.8**	1,551.3	**–**	–
	13,102.8	12,431.7	**11,008.3**	10,357.4

Sales including associates and joint ventures comprise 100% of sales from associates and joint ventures.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board for the purpose of resource allocation and performance assessment. Dairy Farm operates in four segments: Food, Health and Beauty, Home Furnishings and Restaurants. Food comprises supermarket, hypermarket and convenience store businesses. Health and Beauty comprises the health and beauty businesses. Home Furnishings is the Group's IKEA businesses. Restaurants is the Group's only associate, Maxim's, a leading Hong Kong restaurant chain.

4. SALES (Continued)

Set out below is an analysis of the Group's sales by geographical locations:

	Including associates and joint ventures		Subsidiaries	
	2014	2013	**2014**	2013
	US$m	US$m	**US$m**	US$m
Analysis by geographical area:				
North Asia	**7,716.9**	7,044.4	**5,976.8**	5,496.0
East Asia	**2,908.2**	2,886.1	**2,891.7**	2,869.3
South Asia	**2,477.7**	2,501.2	**2,139.8**	1,992.1
	13,102.8	12,431.7	**11,008.3**	10,357.4

The geographical areas covering North Asia, East Asia and South Asia, are determined by the geographical location of customers. North Asia comprises Hong Kong, mainland China, Macau and Taiwan. East Asia comprises Malaysia, Indonesia, Vietnam and Brunei. South Asia comprises Singapore, Cambodia, the Philippines and India.

5. OPERATING PROFIT

	2014	2013
	US$m	US$m
Analysis by operating segment:		
Food	**298.6**	318.7
– Supermarkets/hypermarkets	**225.9**	247.9
– Convenience stores	**72.7**	70.8
Health and Beauty	**218.8**	197.7
Home Furnishings	**50.7**	43.6
	568.1	560.0
Support office	**(43.8)**	(37.7)
	524.3	522.3
Non-trading items:		
– profit on sale of properties	**11.6**	29.0
– profit on sale of Indian businesses	**1.8**	–
– loss on deemed disposal of joint ventures	**(3.1)**	–
– expenses relating to transfer of listing segment of the Company's shares	**(0.6)**	–
	534.0	551.3

5. OPERATING PROFIT (Continued)

Set out below is an analysis of the Group's operating profit by geographical locations:

	2014 US$m	2013 US$m
Analysis by geographical area:		
North Asia	**414.8**	373.0
East Asia	**79.2**	101.7
South Asia	**74.1**	85.3
	568.1	560.0

The following items have been (charged)/credited in arriving at operating profit:

	2014 US$m	2013 US$m
Cost of stocks recognized as expense	**(7,686.0)**	(7,229.7)
Amortization of intangible assets *(note 11)*	**(10.0)**	(9.3)
Depreciation of tangible assets *(note 12)*	**(192.8)**	(186.8)
Write down of stocks	**(6.3)**	(20.4)
Reversal of write down of stocks	**1.6**	0.7
Employee benefit expense		
– salaries and benefits in kind	**(944.7)**	(882.9)
– share options granted *(note 25)*	**(2.6)**	(3.4)
– defined benefit pension plans *(note 17)*	**(22.2)**	(18.9)
– defined contribution pension plans	**(52.5)**	(45.4)
	(1,022.0)	(950.6)
Operating lease expenses		
– minimum lease payments	**(870.4)**	(794.0)
– contingent rents	**(18.8)**	(16.4)
– subleases	**53.0**	53.6
	(836.2)	(756.8)
Auditors' remuneration		
– audit	**(2.5)**	(2.0)
– non-audit services	**(1.4)**	(0.9)
	(3.9)	(2.9)
Concession and service income	**123.3**	119.1
Rental income from properties	**28.9**	28.0
Net foreign exchange gains	**1.7**	2.1
Gain on sale of tangible assets	**4.3**	22.4

6. NET FINANCING CHARGES

	2014 US$m	2013 US$m
Interest expense – bank loans and advances	**(6.9)**	(9.1)
Commitment and other fees	**(1.7)**	(1.6)
Financing charges	**(8.6)**	(10.7)
Financing income	**6.7**	7.6
	(1.9)	(3.1)

7. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	2014 US$m	2013 US$m
Analysis by operating segment:		
Food – Supermarkets/hypermarkets	**(7.5)**	(8.3)
Health and Beauty	**(1.1)**	(0.5)
Restaurants	**77.5**	75.5
	68.9	66.7

In 2013, share of results of associates and joint ventures included our share of restructuring cost of a business of US$2.2 million classified as non-trading item *(note 10)*.

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

8. TAX

	2014 US$m	2013 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(90.6)**	(105.9)
Deferred tax	**(2.7)**	3.9
	(93.3)	(102.0)

8. TAX (Continued)

	2014 US$m	2013 US$m
Reconciliation between tax expense and tax at the applicable tax rate:*		
Tax at applicable tax rate	**(76.0)**	(76.4)
Income not subject to tax	**5.2**	0.6
Expenses not deductible for tax purposes	**(5.2)**	(16.7)
Tax losses and temporary differences not recognized	**(7.1)**	(3.8)
Utilization of previously unrecognized tax losses	**0.5**	0.3
Deferred tax assets written off	**(0.4)**	–
Under provision in prior years	**(0.2)**	(2.1)
Withholding tax	**(6.9)**	(3.8)
Other	**(3.2)**	(0.1)
	(93.3)	(102.0)
Tax relating to components of other comprehensive income/(expense) is analyzed as follows:		
Remeasurements of defined benefit plans	**2.0**	(3.8)
Revaluation of other investments	**0.1**	(0.1)
Cash flow hedges	**(0.3)**	–
	1.8	(3.9)

Share of tax charge of associates of US$17.1 million *(2013: US$15.9 million)* and share of tax credit of joint ventures of US$0.1 million *(2013: US$0.9 million)* are included in share of results of associates and joint ventures.

* The applicable tax rate for the year was 14.3% *(2013: 13.9%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The increase in applicable tax rate was mainly attributable to a change in the geographic mix of the Group's profit.

9. EARNINGS PER SHARE

Basic earnings per share are calculated on profit attributable to shareholders of US$509.1 million *(2013: US$500.9 million)*, and on the weighted average number of 1,352.1 million *(2013: 1,351.8 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$509.1 million *(2013: US$500.9 million)*, and on the weighted average number of shares in issue after adjusting for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the year.

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

	Ordinary shares in millions	
	2014	2013
Weighted average number of shares for basic earnings per share calculation	**1,352.1**	1,351.8
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	**0.6**	1.2
Weighted average number of shares for diluted earnings per share calculation	**1,352.7**	1,353.0

9. EARNINGS PER SHARE (Continued)

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

	2014			2013		
		Basic earnings per share	**Diluted earnings per share**		Basic earnings per share	Diluted earnings per share
	US$m	**US¢**	**US¢**	US$m	US¢	US¢
Profit attributable to shareholders	**509.1**	**37.65**	**37.63**	500.9	37.05	37.02
Non-trading items *(note 10)*	**(9.0)**			(20.8)		
Underlying profit attributable to shareholders	**500.1**	**36.98**	**36.97**	480.1	35.52	35.48

10. NON-TRADING ITEMS

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

	2014 US$m	2013 US$m
Profit on sale of properties	**10.9**	23.0
Profit on sale of Indian businesses	**1.8**	–
Loss on deemed disposal of joint ventures	**(3.1)**	–
Expenses relating to transfer of listing segment of the Company's shares	**(0.6)**	–
Share of restructuring cost of a business	**–**	(2.2)
	9.0	20.8

11. INTANGIBLE ASSETS

	Goodwill US$m	Leasehold land US$m	Other US$m	Total US$m
2014				
Cost	299.2	88.0	58.7	**445.9**
Amortization and impairment	(0.3)	(3.9)	(34.2)	**(38.4)**
Net book value at 1st January	298.9	84.1	24.5	**407.5**
Exchange differences	(11.4)	(2.3)	(0.8)	**(14.5)**
New subsidiaries	126.4	–	9.6	**136.0**
Additions	–	15.2	32.3	**47.5**
Disposals	–	–	(0.4)	**(0.4)**
Amortization	–	(2.1)	(7.9)	**(10.0)**
Net book value at 31st December	**413.9**	**94.9**	**57.3**	**566.1**
Cost	414.2	100.7	96.2	**611.1**
Amortization and impairment	(0.3)	(5.8)	(38.9)	**(45.0)**
	413.9	**94.9**	**57.3**	**566.1**

11. INTANGIBLE ASSETS (Continued)

	Goodwill US$m	Leasehold land US$m	Other US$m	Total US$m
2013				
Cost	316.7	98.0	59.9	474.6
Amortization and impairment	(0.3)	(3.7)	(30.8)	(34.8)
Net book value at 1st January	316.4	94.3	29.1	439.8
Exchange differences	(17.5)	(21.3)	(3.0)	(41.8)
Additions	–	16.2	6.3	22.5
Disposals	–	(2.6)	(0.8)	(3.4)
Amortization	–	(2.2)	(7.1)	(9.3)
Reclassified to non-current assets held for sale	–	(0.3)	–	(0.3)
Net book value at 31st December	298.9	84.1	24.5	407.5
Cost	299.2	88.0	58.7	445.9
Amortization and impairment	(0.3)	(3.9)	(34.2)	(38.4)
	298.9	84.1	24.5	407.5

Goodwill is allocated to groups of cash-generating units identified by banners or group of stores acquired in each territory. 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 in 2014 include budgeted gross margins of between 23% and 30% and growth rates of up to 8% to extrapolate cash flows, which vary across the Group's business segments and geographical locations, over a five-year period and thereafter, and are based on management expectations for the market development; and pre-tax discount rates of between 7% and 18% applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of these reviews, management concluded that no impairment has occurred.

Additions of goodwill in 2014 related to the acquisition of the remaining 51% shareholding of Asia Investment and Supermarket Trading Company Limited in Vietnam and additional 16% interest in Rustan Supercenters, Inc. in the Philippines *(note 29(d))*.

Other intangible assets comprise mainly trademarks and computer software.

There were no intangible assets pledged as security for borrowings at 31st December 2014 and 2013.

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

The remaining amortization periods for intangible assets are as follows:

Leasehold land	29 to 60 years
Other	0 to 20 years

12. TANGIBLE ASSETS

	Freehold properties US$m	Leasehold properties US$m	Leasehold improvements US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2014						
Cost	129.2	392.1	584.7	541.0	749.4	**2,396.4**
Depreciation and impairment	(4.8)	(70.5)	(398.3)	(370.5)	(470.6)	**(1,314.7)**
Net book value at 1st January	124.4	321.6	186.4	170.5	278.8	**1,081.7**
Exchange differences	(7.8)	(16.5)	(5.1)	(5.9)	(8.8)	**(44.1)**
New subsidiaries	–	27.6	20.7	1.1	31.0	**80.4**
Additions	17.1	71.5	64.0	73.1	80.6	**306.3**
Disposals	(2.9)	(0.5)	(1.4)	(2.4)	(4.1)	**(11.3)**
Depreciation charge	(1.7)	(13.1)	(49.8)	(50.5)	(77.7)	**(192.8)**
Reversal of impairment charge	–	–	0.3	–	–	**0.3**
Reclassified to non-current assets held for sale	(1.3)	–	–	–	–	**(1.3)**
Net book value at 31st December	**127.8**	**390.6**	**215.1**	**185.9**	**299.8**	**1,219.2**
Cost	133.7	471.4	611.7	553.8	793.0	**2,563.6**
Depreciation and impairment	(5.9)	(80.8)	(396.6)	(367.9)	(493.2)	**(1,344.4)**
	127.8	**390.6**	**215.1**	**185.9**	**299.8**	**1,219.2**
2013						
Cost	132.4	402.8	554.6	531.2	734.6	2,355.6
Depreciation and impairment	(3.7)	(68.5)	(384.1)	(360.5)	(469.3)	(1,286.1)
Net book value at 1st January	128.7	334.3	170.5	170.7	265.3	1,069.5
Exchange differences	(7.7)	(35.2)	(3.0)	(5.1)	(33.7)	(84.7)
Additions	4.7	58.6	70.3	57.1	124.8	315.5
Disposals	–	(22.4)	(2.5)	(1.7)	(3.6)	(30.2)
Depreciation charge	(1.3)	(10.7)	(50.3)	(50.5)	(74.0)	(186.8)
Reversal of impairment charge	–	–	1.4	–	–	1.4
Reclassified to non-current assets held for sale	–	(3.0)	–	–	–	(3.0)
Net book value at 31st December	124.4	321.6	186.4	170.5	278.8	1,081.7
Cost	129.2	392.1	584.7	541.0	749.4	2,396.4
Depreciation and impairment	(4.8)	(70.5)	(398.3)	(370.5)	(470.6)	(1,314.7)
	124.4	321.6	186.4	170.5	278.8	1,081.7

Net book value of leasehold properties acquired under finance leases amounted to US$94.0 million *(2013: US$95.9 million)*.

Rental income from properties amounted to US$28.9 million *(2013: US$28.0 million)* including contingent rents of US$3.0 million *(2013: US$2.9 million)*.

12. TANGIBLE ASSETS (Continued)

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

	2014 US$m	2013 US$m
Within one year	**11.6**	11.2
Between one and two years	**7.3**	6.2
Between two and five years	**5.1**	4.2
Beyond five years	**1.9**	1.4
	25.9	23.0

There were no tangible assets pledged as security for borrowings at 31st December 2014 and 2013.

13. ASSOCIATES AND JOINT VENTURES

	2014 US$m	2013 US$m
Unlisted associates	**280.7**	253.0
Unlisted joint ventures	**19.2**	37.4
Goodwill on acquisition	**88.1**	79.4
	107.3	116.8
	388.0	369.8

	Associates		Joint Ventures	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Movements of associates and joint ventures during the year:				
At 1st January	**253.0**	220.5	**116.8**	117.4
Share of results after tax and non-controlling interests	**77.5**	75.5	**(8.6)**	(8.8)
Share of other comprehensive (expense)/income after tax and non-controlling interests	**(2.1)**	1.5	**(0.6)**	(9.5)
Dividends received	**(47.7)**	(44.5)	**–**	–
Acquisition and capital injections	**–**	–	**94.1**	17.7
Reclassifications of joint ventures as subsidiaries	**–**	–	**(94.6)**	–
Disposals	**–**	–	**0.2**	–
At 31st December	**280.7**	253.0	**107.3**	116.8

13. ASSOCIATES AND JOINT VENTURES (Continued)

(a) Investment in an associate

Maxim's Caterers Limited ('Maxim's') is the only associate of the Group. It has share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investment in material associate in 2014 and 2013

Name of entity	Nature of business	Country of incorporation	% of ownership interest 2014	2013
Maxim's Caterers Limited	Restaurants	Hong Kong	**50**	50

Summarized financial information for material associate – Maxim's

Summarized balance sheet at 31st December

	2014 US$m	2013 US$m
Non-current assets	**676.8**	578.3
Current assets		
Cash and cash equivalents	**168.4**	187.6
Other current assets	**125.0**	119.2
Total current assets	**293.4**	306.8
Non-current liabilities		
Financial liabilities*	**(69.9)**	(56.1)
Other non-current liabilities	**(27.2)**	(26.0)
Total non-current liabilities	**(97.1)**	(82.1)
Current liabilities		
Financial liabilities*	**(192.8)**	(193.0)
Other current liabilities	**(106.6)**	(93.4)
Total current liabilities	**(299.4)**	(286.4)
Non-controlling interests	**(12.3)**	(10.6)
Net assets	**561.4**	506.0

* Excluding trade and other payables, which are presented under other current and non-current liabilities.

13. ASSOCIATES AND JOINT VENTURES (Continued)

(a) Investment in an associate (Continued)

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

	2014 US$m	2013 US$m
Sales	**1,746.8**	1,551.3
Depreciation and amortization	**(61.3)**	(49.7)
Interest income	**3.5**	3.2
Interest expense	**(0.1)**	(0.1)
Profit from underlying business performance	**190.7**	183.6
Income tax expense	**(34.2)**	(31.8)
Profit after tax	**156.5**	151.8
Non-controlling interests	**(1.5)**	(0.9)
Profit after tax and non-controlling interests	**155.0**	150.9
Other comprehensive (expense)/income	**(4.2)**	3.0
Total comprehensive income	**150.8**	153.9
Dividends received from an associate	**47.7**	44.5

Reconciliation of the summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of the Group's interest in the material associate for the year ended 31st December

	2014 US$m	2013 US$m
Net assets	**561.4**	506.0
Interest in an associate (50%)		
Group's share of net assets in an associate	**280.7**	253.0
Goodwill	**–**	–
Carrying value	**280.7**	253.0

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

13. ASSOCIATES AND JOINT VENTURES (Continued)

(b) Investment in joint ventures

The Group has interests in a number of joint ventures and Rustan Supercenters, Inc. ('Rustan') was the only material joint venture in 2013. It has share capital consisting solely of ordinary shares, which are held directly by the Group. In late August 2014, Rustan became a subsidiary after the Group increased its shareholding therein from 50% to 66%. In November 2014, the Group acquired 49% shareholding in Rose Pharmacy, Inc. ('Rose'), which is in the process of finalizing its 2014 annual accounts.

Nature of investment in 2014 and 2013

Name of entity	Nature of business	Country of incorporation	% of ownership interest 2014	2013
Rustan Supercenters, Inc.	Supermarkets and hypermarkets	The Philippines	**66**	50

Summarized financial information for material joint venture – Rustan

Summarized balance sheet at 31st December 2013

	2013 US$m
Non-current assets	127.6
Current assets	
Cash and cash equivalents	26.4
Other current assets	84.2
Total current assets	110.6
Non-current liabilities	
Financial liabilities*	(84.1)
Other non-current liabilities	(3.3)
Total non-current liabilities	(87.4)
Current liabilities	
Financial liabilities*	(53.0)
Other current liabilities	(63.8)
Total current liabilities	(116.8)
Net assets	34.0

* Excluding trade and other payables, which are presented under other current and non-current liabilities.

13. ASSOCIATES AND JOINT VENTURES (Continued)

(b) Investment in joint ventures (Continued)

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

	2014* US$m	2013 US$m
Sales	**281.2**	445.0
Depreciation and amortization	**(7.7)**	(8.3)
Interest income	**0.1**	0.3
Interest expense	**(2.4)**	(3.4)
Loss from underlying business performance	**(10.4)**	(6.9)
Income tax credit	**0.5**	1.0
Loss after tax from underlying business performance	**(9.9)**	(5.9)
Loss after tax from non-trading item	**–**	(4.3)
Loss after tax	**(9.9)**	(10.2)
Other comprehensive expense	**(0.2)**	(3.9)
Total comprehensive expense	**(10.1)**	(14.1)
Dividends received from joint venture	**–**	–

* Rustan became a subsidiary after the Group increased its shareholding therein from 50% to 66% in late August 2014. The 2014 figures represent only eight months results of Rustan as a joint venture.

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

Reconciliation of the summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of Rustan for the year ended 31st December 2013

	2013 US$m
Net assets at 1st January	59.1
Loss for the year	(10.2)
Other comprehensive expense	(3.9)
Adjustment to final purchase price allocation	(11.0)
Net assets at 31st December	34.0
Interest in a joint venture (50%)	
Group's share of net assets in joint venture	17.8
Goodwill	79.4
Carrying value	97.2

13. ASSOCIATES AND JOINT VENTURES (Continued)

(b) Investment in joint ventures (Continued)

Reconciliation of the summarized financial information (Continued)

In addition, the Group also has interests in a number of individually immaterial joint ventures. The following table analyzes, in aggregate, the share of loss and other comprehensive expense and carrying amount of these joint ventures.

	2014 US$m	2013 US$m
Share of loss	**(3.6)**	(3.6)
Share of other comprehensive expense	**(2.2)**	(1.1)
Share of total comprehensive expense	**(5.8)**	(4.7)
Carrying amount of interests in these joint ventures	**107.3**	19.6

The Group disposed its entire 49% interest in Foodworld Supermarkets Private Limited and its 50% interest in Health and Glow Retailing Private Limited in India to its joint venture partner in July 2014. The 2014 figures included only six months operating results.

Commitments and contingent liabilities in respect of joint ventures

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

	2014 US$m	2013 US$m
Commitment to provide funding	**13.1**	–

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

14. OTHER INVESTMENTS

	2014 US$m	2013 US$m
Movements during the year:		
At 1st January	**5.8**	5.2
Revaluation (deficit)/surplus	**(0.6)**	0.6
At 31st December	**5.2**	5.8

Other investments are unlisted non-current available-for-sale financial assets. The fair value is based on observable current market transactions.

15. DEBTORS

	2014 US$m	2013 US$m
Trade debtors		
Third parties	**95.5**	84.0
Less: provision for impairment	**(1.3)**	(1.6)
	94.2	82.4
Other debtors		
Third parties	**340.1**	271.4
Less: provision for impairment	**(2.5)**	(2.4)
	337.6	269.0
	431.8	351.4
Non-current	**179.7**	138.2
Current	**252.1**	213.2
	431.8	351.4

Trade and other debtors excluding derivative financial instruments are stated at amortized cost. The fair values of these debtors approximate their carrying amounts. Derivative financial instruments are stated at fair value.

Trade and other debtors

Sales to customers are mainly made in cash or by major credit cards. The average credit period on sale of goods and services varies among Group businesses and is normally not more than 30 days. The maximum exposure to credit risk is represented by the carrying amount of trade debtors after deducting the impairment allowance.

An allowance for impairment of trade and other debtors is made based on the estimated irrecoverable amount. 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.

At 31st December 2014, trade debtors of US$1.3 million *(2013: US$1.6 million)* and other debtors of US$2.5 million *(2013: US$2.4 million)* were impaired, which have been fully provided for in both years. The ageing analysis of these debtors is as follows:

	Trade debtors		Other debtors	
	2014 US$m	2013 US$m	2014 US$m	2013 US$m
Over 90 days	**1.3**	1.6	**2.5**	2.4

15. DEBTORS (Continued)

At 31st December 2014, trade debtors of US$10.4 million *(2013: US$5.9 million)* and other debtors of US$2.9 million *(2013: US$2.2 million)*, respectively, were past due but not impaired. The ageing analysis of these debtors is as follows:

	Trade debtors		Other debtors	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Below 30 days	**6.9**	3.7	**1.2**	1.2
Between 31 and 60 days	**2.3**	1.3	**0.6**	0.6
Between 61 and 90 days	**0.6**	0.5	**0.4**	0.3
Over 90 days	**0.6**	0.4	**0.7**	0.1
	10.4	5.9	**2.9**	2.2

The risk of trade and other debtors that are neither past due nor impaired at 31st December 2014 becoming impaired is low as most of the balances have been settled subsequent to year end.

Other debtors

Other debtors are further analyzed as follows:

	2014 US$m	2013 US$m
Derivative financial instruments	**2.3**	0.5
Other receivables	**26.1**	34.2
Financial assets	**28.4**	34.7
Prepayments	**91.7**	58.0
Rental and other deposits	**165.1**	147.7
Other	**52.4**	28.6
	337.6	269.0

Movements in the provisions for impairment are as follows:

	Trade debtors		Other debtors	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
At 1st January	**(1.6)**	(0.9)	**(2.4)**	(1.5)
Exchange differences	**0.1**	0.1	**0.1**	-
Additional provisions	**(0.6)**	(1.2)	**(0.9)**	(1.7)
Unused amounts reversed	**0.7**	0.1	**0.3**	0.1
Amounts written off	**0.1**	0.3	**0.4**	0.7
At 31st December	**(1.3)**	(1.6)	**(2.5)**	(2.4)

There were no debtors pledged as security for borrowings at 31st December 2014 and 2013.

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Accelerated tax depreciation US$m	Fair value gains/losses US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2014					
At 1st January	(36.1)	(3.5)	4.0	12.9	**(22.7)**
Exchange differences	0.8	0.1	(0.2)	(0.5)	**0.2**
New subsidiaries	–	–	1.0	3.4	**4.4**
(Charged)/credited to profit and loss	(4.3)	–	0.3	1.3	**(2.7)**
(Charged)/credited to other comprehensive expense	–	(0.2)	2.0	–	**1.8**
At 31st December	**(39.6)**	**(3.6)**	**7.1**	**17.1**	**(19.0)**
Deferred tax assets	2.2	0.1	7.1	18.3	**27.7**
Deferred tax liabilities	(41.8)	(3.7)	–	(1.2)	**(46.7)**
	(39.6)	**(3.6)**	**7.1**	**17.1**	**(19.0)**
2013					
At 1st January	(38.0)	(5.4)	9.5	10.8	(23.1)
Exchange differences	2.6	0.9	(1.5)	(1.6)	0.4
(Charged)/credited to profit and loss	(0.7)	1.1	(0.2)	3.7	3.9
Charged to other comprehensive expense	–	(0.1)	(3.8)	–	(3.9)
At 31st December	(36.1)	(3.5)	4.0	12.9	(22.7)
Deferred tax assets	2.5	–	5.2	14.5	22.2
Deferred tax liabilities	(38.6)	(3.5)	(1.2)	(1.6)	(44.9)
	(36.1)	(3.5)	4.0	12.9	(22.7)

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$21.3 million *(2013: US$20.1 million)* arising from unused tax losses of US$85.8 million *(2013: US$80.3 million)* have not been recognized in the financial statements. Included in the unused tax losses, US$7.6 million have no expiry date and the balance will expire at various dates up to and including 2024.

Deferred tax liabilities of US$18.2 million *(2013: US$17.7 million)* arising on temporary differences associated with investment in subsidiaries of US$181.5 million *(2013: US$177.4 million)* have not been recognized as there are no current intention of remitting the retained earnings of these subsidiaries to the holding company in the foreseeable future.

17. PENSION PLANS

The Group operates defined benefit pension plans in Hong Kong, Indonesia, Taiwan and the Philippines, with the major plan in Hong Kong. These 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. All pension benefits are paid in one lump sum. With the exception of certain plans in Hong Kong, Indonesia and the Philippines, all the defined benefit plans are closed to new members. In addition, although all plans are impacted by the discount rate, liabilities are driven by salary growth.

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

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

	2014 US$m	2013 US$m
Fair value of plan assets	**199.9**	190.4
Present value of funded obligations	**(199.9)**	(183.2)
	–	7.2
Present value of unfunded obligations	**(37.7)**	(24.0)
Net pension liabilities	**(37.7)**	(16.8)
Analysis of net pension liabilities:		
Pension assets	**–**	7.2
Pension liabilities	**(37.7)**	(24.0)
	(37.7)	(16.8)

17. PENSION PLANS (Continued)

	Fair value of plan assets US$m	Present value of obligation US$m	Total US$m
2014			
At 1st January	190.4	(207.2)	**(16.8)**
Current service cost	–	(17.6)	**(17.6)**
Interest income/(expense)	9.4	(10.4)	**(1.0)**
Past service cost and losses on settlements	–	(2.8)	**(2.8)**
Administration expenses	(0.8)	–	**(0.8)**
	8.6	(30.8)	**(22.2)**
	199.0	(238.0)	**(39.0)**
Exchange differences	(0.8)	1.9	**1.1**
New subsidiaries	–	(2.9)	**(2.9)**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(2.5)	–	**(2.5)**
– change in demographic assumptions	–	4.3	**4.3**
– change in financial assumptions	–	(12.4)	**(12.4)**
– experience losses	–	(5.4)	**(5.4)**
	(2.5)	(13.5)	**(16.0)**
Contributions from employers	17.4	–	**17.4**
Benefit payments	(13.5)	15.2	**1.7**
Transfer from/(to) other plans	0.3	(0.3)	**–**
At 31st December	**199.9**	**(237.6)**	**(37.7)**
2013			
At 1st January	191.1	(231.3)	(40.2)
Current service cost	–	(16.8)	(16.8)
Interest income/(expense)	7.3	(8.3)	(1.0)
Past service cost and losses on settlements	–	(0.6)	(0.6)
Administration expenses	(0.5)	–	(0.5)
	6.8	(25.7)	(18.9)
	197.9	(257.0)	(59.1)
Exchange differences	(6.4)	11.0	4.6
Remeasurements			
– return on plan assets, excluding amounts included in interest income	6.0	–	6.0
– change in demographic assumptions	–	(0.8)	(0.8)
– change in financial assumptions	–	27.0	27.0
– experience losses	–	(12.7)	(12.7)
	6.0	13.5	19.5
Contributions from employers	17.0	–	17.0
Benefit payments	(22.3)	23.5	1.2
Transfer (to)/from other plans	(1.8)	1.8	–
At 31st December	190.4	(207.2)	(16.8)

The weighted average duration of the defined benefit obligation at 31st December 2014 is 8.6 years *(2013: 8.8 years)*.

17. PENSION PLANS (Continued)

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

	2014 US$m	2013 US$m
Less than one year	**27.3**	22.1
Between one and two years	**16.5**	18.1
Between two and five years	**60.8**	52.4
Beyond five years	**610.5**	641.7
	715.1	734.3

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

	Hong Kong		Indonesia		Taiwan		The Philippines	
	2014 %	2013 %	**2014 %**	2013 %	**2014 %**	2013 %	**2014 %**	2013 %
Discount rate	**3.4**	4.4	**9.0**	8.8	**2.0**	2.0	**4.6**	5.2
Salary growth rate	**5.0**	5.0	**6.0**	7.0	**1.9**	1.9	**6.0**	6.0

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

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption US$m**	**Decrease in assumption US$m**
Discount rate	1%	**(17.9)**	**20.5**
Salary growth rate	1%	**19.6**	**(17.5)**

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

17. PENSION PLANS (Continued)

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

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2014					
Quoted investments					
Equity instruments	26.1	–	–	–	**26.1**
Debt instruments					
– government	18.2	–	–	–	**18.2**
– corporate bonds					
• investment grade	0.5	–	–	–	**0.5**
	18.7	–	–	–	**18.7**
Investment funds	2.6	17.5	43.7	8.2	**72.0**
	47.4	17.5	43.7	8.2	**116.8**
Unquoted investments					
Debt instruments					
– government	3.5	9.5	4.2	0.9	**18.1**
– corporate bonds					
• investment grade	0.5	1.4	2.3	–	**4.2**
• non-investment grade	–	3.1	4.7	–	**7.8**
	0.5	4.5	7.0	–	**12.0**
	4.0	14.0	11.2	0.9	**30.1**
Investment funds	0.4	–	–	41.4	**41.8**
	4.4	14.0	11.2	42.3	**71.9**
Total investments	51.8	31.5	54.9	50.5	**188.7**
Cash and cash equivalents					**10.0**
Benefits payable and other					**1.2**
					199.9
2013					
Quoted investments					
Equity instruments	32.6	0.1	–	–	32.7
Debt instruments					
– government	18.1	–	–	–	18.1
– corporate bonds					
• investment grade	0.5	–	–	–	0.5
	18.6	–	–	–	18.6
Investment funds	1.9	20.6	42.8	2.5	67.8
	53.1	20.7	42.8	2.5	119.1
Unquoted investments					
Debt instruments					
– government	2.9	9.1	3.4	1.8	17.2
– corporate bonds					
• investment grade	0.5	2.9	6.6	0.1	10.1
• non-investment grade	–	0.2	1.0	–	1.2
	0.5	3.1	7.6	0.1	11.3
	3.4	12.2	11.0	1.9	28.5
Investment funds	0.3	–	–	40.2	40.5
	3.7	12.2	11.0	42.1	69.0
Total investments	56.8	32.9	53.8	44.6	188.1
Cash and cash equivalents					6.9
Benefits payable and other					(4.6)
					190.4

17. PENSION PLANS (Continued)

At 31st December 2014, the Hong Kong plans had assets of US$168.8 million *(2013: US$166.9 million)*. These assets were invested 58% and 42% in quoted and unquoted instruments respectively. In 2013, the split was 59% and 41%. The high percentage of quoted instruments provides liquidity to the portfolio to fund drawdowns and benefit payments. Within the quoted equity allocation, the plan is well diversified in terms of sectors, with the top three being financials, industrials and consumer goods with a combined fair value of US$18.2 million. In 2013, the top three sectors were financials, properties and technology with a combined fair value of US$17.7 million.

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

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 providing volatility and risk in the short-term.

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

All of the Group's plan assets are unaffected by inflation.

Life expectancy

All plans provide for a lump-sum benefit payment at retirement, which are unaffected by the change in the longevity assumptions.

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

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

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2014 were US$17.4 million and the estimated amount of contributions expected to be paid to all its plans in 2015 are US$21.2 million.

18. BANK BALANCES AND OTHER LIQUID FUNDS

	2014 US$m	2013 US$m
Deposits with banks	**465.7**	571.2
Bank balances	**94.9**	75.1
Cash balances	**101.4**	82.1
	662.0	728.4

The weighted average interest rate on deposits with banks is 0.4% *(2013: 1.8%)* per annum.

19. NON-CURRENT ASSETS HELD FOR SALE

At 31st December 2014, the non-current assets held for sale represented a retail property in Taiwan. The sale of this property is expected to be completed in 2015 at an amount not materially different from its carrying value.

At 31st December 2013, the non-current assets held for sale mainly represented three retail properties in Singapore. These properties were sold during the year at a profit of US$10.1 million.

20. CREDITORS

	2014 US$m	2013 US$m
Trade creditors	**1,599.2**	1,556.8
Accruals	**787.3**	734.0
Rental and other refundable deposits	**27.0**	22.8
Derivative financial instruments	**0.3**	0.1
Other creditors	**11.5**	9.7
Financial liabilities	**2,425.3**	2,323.4
Rental and other income received in advance	**4.1**	3.2
	2,429.4	2,326.6
Non-current	**16.5**	17.3
Current	**2,412.9**	2,309.3
	2,429.4	2,326.6

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.

21. BORROWINGS

	2014 US$m	2013 US$m
Current		
– bank overdrafts	**5.4**	2.0
– other bank advances	**60.7**	37.4
	66.1	39.4
Current portion of long-term bank borrowings	**27.3**	8.5
Long-term bank borrowings	**93.8**	42.9
	187.2	90.8

All borrowings are unsecured. The fair values of borrowings are not materially different from their carrying amounts.

The Group's borrowings are further summarized as follows:

	Fixed rate borrowings				
By currency	Weighted average interest rates %	Weighted average period outstanding Year	US$m	Floating rate borrowings US$m	Total US$m
2014					
Brunei Dollar	1.9	–	–	1.1	**1.1**
Indonesian Rupiah	8.9	–	–	27.3	**27.3**
Malaysian Ringgit	4.2	–	–	53.7	**53.7**
New Taiwan Dollar	2.0	–	–	10.0	**10.0**
Philippines Peso	3.5	0.9	77.9	17.2	**95.1**
			77.9	**109.3**	**187.2**
2013					
Brunei Dollar	1.9	–	–	3.0	3.0
Malaysian Ringgit	4.5	–	–	79.1	79.1
New Taiwan Dollar	1.7	–	–	8.7	8.7
			–	90.8	90.8

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

	2014 US$m	2013 US$m
Within one year	**187.2**	90.8

22. PROVISIONS

	Closure cost provisions US$m	Obligations under onerous leases US$m	Reinstatement and restoration costs US$m	Total US$m
2014				
At 1st January	4.9	8.6	28.1	**41.6**
Exchange differences	(0.1)	(0.7)	(1.2)	**(2.0)**
New subsidiaries	–	–	0.1	**0.1**
Additional provisions	1.8	2.9	1.1	**5.8**
Unused amounts reversed	(1.7)	–	(0.7)	**(2.4)**
Utilized	(2.3)	–	(0.9)	**(3.2)**
At 31st December	**2.6**	**10.8**	**26.5**	**39.9**
Non-current	–	8.8	24.8	**33.6**
Current	2.6	2.0	1.7	**6.3**
	2.6	**10.8**	**26.5**	**39.9**
2013				
At 1st January	2.1	–	26.9	29.0
Exchange differences	(0.1)	(0.3)	(1.4)	(1.8)
Additional provisions	4.7	8.9	4.0	17.6
Unused amounts reversed	(0.2)	–	(0.5)	(0.7)
Utilized	(1.6)	–	(0.9)	(2.5)
At 31st December	4.9	8.6	28.1	41.6
Non-current	–	5.2	25.4	30.6
Current	4.9	3.4	2.7	11.0
	4.9	8.6	28.1	41.6

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 Group believes that the net costs of exiting from the leases exceed the economic benefits expected to be received.

Reinstatement cost provisions comprise the estimated costs of dismantling and removing property, plant and equipment and restoring the site on which the asset is located.

23. SHARE CAPITAL

	2014 US$m	2013 US$m
Authorized:		
2,250,000,000 shares of US¢5 5/9 each	**125.0**	125.0
500,000 shares of US$800 each	**400.0**	400.0
	525.0	525.0

	Ordinary shares in millions			
	2014	2013	2014 US$m	2013 US$m
Issued and fully paid:				
Ordinary shares of US¢5 5/9 each				
At 1st January	**1,352.1**	1,350.6	**75.1**	75.0
Issued under employee share option schemes	**–**	1.5	**–**	0.1
At 31st December	**1,352.1**	1,352.1	**75.1**	75.1

24. SENIOR EXECUTIVE SHARE INCENTIVE SCHEMES

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

The exercise price of the granted options is based on the average market price for the five trading days immediately preceding the date of grant of the options. Options are exercisable starting three years from the grant date, some of which are subject to the Group achieving its target growth in earnings, the options have a contractual option term of ten years. Under the existing plan, ordinary shares may be issued upon exercise of the options.

24. SENIOR EXECUTIVE SHARE INCENTIVE SCHEMES (Continued)

Movements during the year:

	2014		2013	
	Weighted average exercise price US$	Options in millions	Weighted average exercise price US$	Options in millions
At 1st January	**9.5110**	**4.4**	7.1239	6.4
Granted	**9.7160**	**1.7**	12.1518	1.8
Exercised	**–**	**–**	5.6562	(3.0)
Lapsed	**11.3369**	**(0.4)**	10.9605	(0.8)
At 31st December	**9.4601**	**5.7**	9.5110	4.4

The average share price during the year was US$9.82 *(2013: US$11.51)* per share.

Outstanding at 31st December:

Expiry date	Exercise price US$	Options in millions 2014	2013
2018	4.6280	**0.2**	0.2
2019	4.4640	**0.2**	0.2
2020	6.2500	**0.5**	0.5
2021	8.1940	**0.9**	0.9
2022	10.2420	**0.6**	0.8
2022	10.4925	**0.3**	0.3
2023	12.1580	**0.9**	1.1
2023	12.1300	**0.4**	0.4
2024	9.7160	**1.7**	–
Total outstanding		**5.7**	4.4
of which exercisable		**1.8**	0.9

The fair value of options granted during the year, determined using the trinomial valuation model, was US$3.3 million *(2013: US$5.3 million)*. The significant inputs into the model, based on the number of options issued, were share price of US$9.74 *(2013: weighted average of US$11.94)* at the grant date, exercise price shown above, expected volatility based on the last five years of 25.67% *(2013: 27.72%)*, dividend yield of 2.34% *(2013: 1.95%)*, option life disclosed above, and annual risk-free interest rate of 1.7% *(2013: 1.3%)*. Options are assumed to be exercised at the end of the fifth year following the date of grant.

25. SHARE PREMIUM AND CAPITAL RESERVES

	Share premium US$m	Capital reserves US$m	Total US$m
2014			
At 1st January	30.5	26.0	**56.5**
Employee share option schemes			
– value of employee services	–	2.6	**2.6**
At 31st December	**30.5**	**28.6**	**59.1**
2013			
At 1st January	25.8	27.3	53.1
Employee share option schemes			
– value of employee services	–	3.4	3.4
Transfer	4.7	(4.7)	–
At 31st December	30.5	26.0	56.5

Capital reserves comprise contributed surplus of US$20.1 million *(2013: US$20.1 million)* and other reserves of US$8.5 million *(2013: US$5.9 million)*, which represent the value of employee services under the Company's Senior Executive Share Incentive Schemes. The contributed surplus principally arose from the conversion of convertible preference shares in 1989 and, under the Bye-laws of the Company, is distributable.

26. DIVIDENDS

	2014 US$m	2013 US$m
Final dividend in respect of 2013 of US¢16.50 *(2012: US¢16.50)* per share	**223.1**	223.1
Interim dividend in respect of 2014 of US¢6.50 *(2013: US¢6.50)* per share	**87.9**	87.9
	311.0	311.0

A final dividend in respect of 2014 of US¢16.50 *(2013: US¢16.50)* per share amounting to a total of US$223.1 million *(2013: US$223.1 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2015.

27. NON-CONTROLLING INTERESTS

Summarized financial information on subsidiaries with material non-controlling interests

The following is the summarized financial information for PT Hero Supermarket Tbk ('PT Hero'), a subsidiary with non-controlling interests that is material to the Group.

Summarized balance sheet at 31st December

	2014 US$m	2013 US$m
Current		
Assets	**263.9**	299.9
Liabilities	**(224.0)**	(184.1)
Total current net assets	**39.9**	115.8
Non-current		
Assets	**396.0**	333.3
Liabilities	**(6.0)**	(14.1)
Total non-current net assets	**390.0**	319.2
Net assets	**429.9**	435.0

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

	2014 US$m	2013 US$m
Underlying (loss)/profit after tax	**(2.8)**	28.7
Non-trading item, net of tax	**2.0**	27.7
(Loss)/profit after tax	**(0.8)**	56.4
Other comprehensive expense	**(4.4)**	(92.6)
Total comprehensive expense	**(5.2)**	(36.2)
Total comprehensive expense allocated to non-controlling interests	**(1.0)**	(6.9)
Dividends paid to non-controlling interests	**–**	–

27. NON-CONTROLLING INTERESTS (Continued)

Summarized cash flows for the year ended 31st December

	2014 US$m	2013 US$m
Cash generated from operations	**(7.7)**	21.7
Interest received	**4.0**	5.0
Interest paid	**(0.9)**	(5.5)
Tax paid	**(5.3)**	(9.6)
Cash flows from operating activities	**(9.9)**	11.6
Cash flows from investing activities	**(113.8)**	(90.3)
Cash flows from financing activities	**25.2**	197.8
Net (decrease)/increase in cash and cash equivalents	**(98.5)**	119.1
Cash and cash equivalents at 1st January	**108.9**	25.6
Effect of exchange rate changes	**2.2**	(35.8)
Cash and cash equivalents at 31st December	**12.6**	108.9

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

28. GEOGRAPHICAL ANALYSIS OF NON-CURRENT ASSETS

Set out below is an analysis of the Group's non-current assets, excluding financial instruments, non-current debtors, deferred tax assets and pension assets, by geographical area:

	2014 US$m	2013 US$m
North Asia	**708.3**	638.2
East Asia	**891.3**	841.5
South Asia	**573.7**	379.3
At 31st December	**2,173.3**	1,859.0

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

	2014 US$m	2013 US$m
(a) Depreciation and amortization		
Food	**165.0**	160.2
– Supermarkets/hypermarkets	**140.5**	134.5
– Convenience stores	**24.5**	25.7
Health and Beauty	**25.9**	26.4
Home Furnishings	**10.3**	8.5
Support office	**1.6**	1.0
	202.8	196.1
(b) Other non-cash items		
By nature:		
Profit on sale of Indian businesses	**(1.8)**	–
Loss on deemed disposal of joint ventures	**3.1**	–
Loss on sale of intangible assets	**–**	0.9
Gain on sale of tangible assets	**(4.3)**	(22.4)
Reversal of impairment of tangible assets	**(0.3)**	(1.4)
Write down of stocks	**6.3**	20.4
Reversal of write down of stocks	**(1.6)**	(0.7)
Options granted under employee share option schemes	**2.6**	3.4
	4.0	0.2
(c) Increase in working capital		
Increase in stocks	**(31.9)**	(101.2)
Increase in debtors	**(35.1)**	(36.0)
Increase in creditors	**49.6**	126.7
	(17.4)	(10.5)

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(d) Purchase of subsidiaries

	2014 US$m
Intangible assets	9.6
Tangible assets	80.4
Non-current debtors	37.5
Deferred tax assets	4.4
Current assets	74.5
Current liabilities	(120.0)
Pension liabilities	(2.9)
Non-current provisions	(0.1)
Non-current liabilities	(79.6)
Fair value of identifiable net assets acquired	3.8
Adjustment for fair value of previously held investments	(94.6)
Adjustment for non-controlling interests	(0.9)
Goodwill	126.4
Consideration paid	34.7
Cash and cash equivalents at the date of acquisition	(10.9)
Net cash outflow	23.8

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

Net cash outflow for purchase of subsidiaries in 2014 included US$23.4 million for acquisition of an additional 16% interest in Rustan, operating a supermarket and hypermarket chain in the Philippines in late August 2014, and US$0.4 million for acquisition of the remaining 51% shareholding of Asia Investment and Supermarket Trading Company Limited ('AISTC'), operating a Giant hypermarket in Vietnam, from the joint venture partner in January 2014.

The goodwill arising from the acquisitions of Rustan and AISTC amounted to US$124.5 million and US$1.9 million respectively. This was mainly attributable to the leading market position and the retail network in the Philippines.

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

Sales and loss after tax since acquisitions in respect of the subsidiaries acquired during the year amounted to US$176.9 million and US$7.7 million, respectively. Had the acquisitions occurred on 1st January 2014, consolidated sales and consolidated profit after tax for the year ended 31st December 2014 would have been US$11,289.5 million and US$502.8 million, respectively.

29. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(e) Purchase of associates and joint ventures in 2014 mainly related to the Group's investment in a 49% shareholding in Rose which operates health and beauty business in the Philippines.

Purchase of associates and joint ventures in 2013 mainly related to the Group's investment for a 30% shareholding in Jutaria Gemilang Sdn Bhd which operates mini-marts in Malaysia.

(f) Sale of associates and joint ventures
In July 2014, the Group disposed of its 49% interest in Foodworld Supermarkets Private Limited and 50% interest in Health and Glow Retailing Private Limited in India to its joint venture partner for net proceeds of US$2.7 million.

(g) Sale of properties
Sale of properties in 2014 included disposal of three properties in Singapore, a property in Taiwan, partial proceeds received from disposal of a property in Malaysia last year and retention money received from disposal of a property in Indonesia last year for a total cash consideration of US$26.3 million.

Sale of properties in 2013 included disposal of a property in Indonesia, and a piece of land and a property in Malaysia for a total consideration of US$49.8 million.

(h) Capital contribution from non-controlling interests
In 2013, PT Hero completed a US$304.0 million rights issue to support its store expansion, repay its borrowings and fund its working capital requirements in Indonesia. Capital contribution from non-controlling interests amounted to US$56.4 million after issuance costs.

(i) Change in interest in a subsidiary
During the year, the Group acquired an additional 0.26% interest in PT Hero for a consideration of US$2.3 million.

(j) Analysis of balances of cash and cash equivalents

	2014 US$m	2013 US$m
Bank balances and other liquid funds *(note 18)*	**662.0**	728.4
Bank overdrafts *(note 21)*	**(5.4)**	(2.0)
Less: Bank deposits with maturity of three months or more	**–**	(15.2)
	656.6	711.2

30. DERIVATIVE FINANCIAL INSTRUMENTS

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

	2014		2013	
	Positive fair value US$m	Negative fair value US$m	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	**2.3**	**0.3**	0.5	0.1

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2014 were US$91.3 million *(2013: US$98.4 million)*.

31. COMMITMENTS

	2014 US$m	2013 US$m
Capital commitments		
Authorized not contracted	**139.3**	119.3
Contracted not provided		
– joint venture	**13.1**	–
– other	**65.5**	62.4
	217.9	181.7

In addition, the Group entered into an agreement in August 2014 to acquire, by way of subscription of new shares, 19.99% of the enlarged share capital of Yonghui Superstores Co., Ltd ('Yonghui') for a consideration of RMB5.69 billion (approximately US$925 million). Listed on the Shanghai Stock Exchange, Yonghui is a hypermarket and supermarket operator in mainland China. The investment requires certain regulatory approvals in mainland China. The regulatory approval process is expected to complete in the first half of 2015.

31. COMMITMENTS (Continued)

	2014 US$m	2013 US$m
Operating lease commitments		
Total commitments under operating leases		
– due within one year	**728.8**	680.0
– due between one and two years	**497.2**	477.5
– due between two and three years	**298.7**	270.7
– due between three and four years	**165.4**	142.7
– due between four and five years	**104.9**	96.9
– due beyond five years	**368.5**	379.1
	2,163.5	2,046.9

Total future sublease payments receivable relating to the above operating leases amounted to US$47.4 million *(2013: US$48.8 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.

32. 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.

33. RELATED PARTY TRANSACTIONS

The parent company of the Group is Jardine Strategic Holdings Limited and the ultimate parent company is Jardine Matheson Holdings Limited ('JMH'). Both companies are incorporated in Bermuda.

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

Under the terms of a Management Services Agreement, the Group paid a management fee of US$2.5 million *(2013: US$2.5 million)* to Jardine Matheson Limited ('JML'), a wholly-owned subsidiary of JMH, based on 0.5% of the Group's profit attributable to shareholders in consideration for certain management consultancy services provided by JML. The Group also paid directors' fees of US$0.4 million in 2014 *(2013: US$0.4 million)* to JML.

The Group rents properties from Hongkong Land Holdings Limited ('HKL'), a subsidiary of JMH. The gross annual rentals paid by the Group to HKL in 2014 were US$2.2 million *(2013: US$3.2 million)*. The Group's 50%-owned associate, Maxim's, also paid gross annual rentals of US$9.7 million *(2013: US$8.8 million)* to HKL in 2014.

The Group uses Jardine Lloyd Thompson Limited ('JLT'), an associate of JMH, to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid by the Group to JLT in 2014 were US$2.3 million *(2013: US$2.2 million)*.

The Group sources information technology infrastructure and related services from Jardine OneSolution ('JOS'), a subsidiary of JMH. The total fees paid by the Group to JOS in 2014 amounted to US$12.1 million *(2013: US$8.9 million)*.

33. RELATED PARTY TRANSACTIONS (Continued)

The Group also consumes repairs and maintenance services from Jardine Engineering Corporation ('JEC'), a subsidiary of JMH. The total fees paid by the Group to JEC in 2014 amounted to US$4.7 million *(2013: US$5.5 million)*.

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. In 2014, these amounted to US$24.6 million *(2013: US$21.5 million)*.

In addition, Gammon Construction ('GC'), a joint venture of JMH, has engaged in a building contract with Maxim's for a commercial building development in Cheung Sha Wan during the year. The total construction fees paid by Maxim's to GC in 2014 amounted to US$39.6 million *(2013: US$1.8 million)*.

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate.

Balances with group companies of JMH at 31st December 2014 and 2013 are immaterial, unsecured, and have no fixed terms of repayment.

Details of Directors' remuneration (being the key management personnel compensation) are shown on page 103 under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

34. SUMMARIZED BALANCE SHEET OF THE COMPANY

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

	2014 US$m	2013 US$m
Subsidiaries, at cost less provision	**1,395.8**	1,371.4
Current assets	**0.1**	0.1
Current liabilities	**(1.0)**	(0.9)
Net operating assets	**1,394.9**	1,370.6
Share capital *(note 23)*	**75.1**	75.1
Share premium and capital reserves *(note 25)*	**59.1**	56.5
Revenue and other reserves	**1,260.7**	1,239.0
Shareholders' funds	**1,394.9**	1,370.6

35. POST BALANCE SHEET EVENT

In December 2014, the Group agreed to sell 30% of the ordinary share capital in GCH Retail (Malaysia) Sdn Bhd (the Group's hypermarkets, superstores and supermarkets operator in Malaysia) to Circular Assets Sdn Bhd (a wholly-owned subsidiary of Syarikat Pesaka Antah Sdn Bhd) in order to maintain compliance with the 'Guidelines on Foreign Participation in the Distributive Trade Services Malaysia' issued by the Malaysian Ministry of Domestic Trade, Co-operatives and Consumerism. This transaction was completed on 27th February 2015.

36. PRINCIPAL SUBSIDIARIES

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

Company name	Country of incorporation	Nature of business	Attributable interests 2014 %	Attributable interests 2013 %	Proportion of ordinary shares and voting powers at 31st December 2014 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2014 held by non-controlling interests %
Dairy Farm Management Limited*	Bermuda	Holding	**100**	100	**100**	–
Dairy Farm Management Services Limited*	Bermuda	Group management	**100**	100	**100**	–
DFI Treasury Limited*	British Virgin Islands	Treasury	**100**	100	**100**	–
Guangdong Sai Yi Convenience Stores Limited	mainland China	Convenience stores	**65**	65	**65**	**35**
Mannings Guangdong Retail Company Limited	mainland China	Health and beauty stores	**100**	100	**100**	–
The Dairy Farm Company, Limited	Hong Kong	Investment holding, supermarkets, convenience, health and beauty and home furnishings stores	**100**	100	**100**	–
Wellcome Company Limited	Hong Kong	Property and food processing	**100**	100	**100**	–
Wellcome Taiwan Company Limited	Taiwan	Supermarkets	**100**	100	**100**	–
DFI Home Furnishings Taiwan Limited	Taiwan	Home furnishings stores	**100**	100	**100**	–
GCH Retail (Malaysia) Sdn Bhd	Malaysia	Supermarkets and hypermarkets	**100**	100	**100**	–
Guardian Health & Beauty Sdn Bhd	Malaysia	Health and beauty stores	**100**	–	**100**	–
PT Hero Supermarket Tbk	Indonesia	Supermarkets, hypermarkets, convenience, health and beauty and home furnishings stores	**81**	81	**81**	**19**
Giant TMC (B) Sdn Bhd	Brunei	Supermarkets, hypermarkets and health and beauty stores	**100**	100	**100**	–
Cold Storage Singapore (1983) Pte Limited	Singapore	Supermarkets, hypermarkets, convenience and health and beauty stores	**100**	100	**100**	–
DFI Lucky Private Limited	Cambodia	Supermarkets	**70**	70	**70**	**30**
Rustan Supercenters, Inc.	The Philippines	Supermarkets and hypermarkets	**66**	50	**66**	**34**

All subsidiaries are included in the consolidation.

* Directly held by the Company.

INDEPENDENT AUDITORS' REPORT

To the members of Dairy Farm International Holdings Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

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

What we have audited

Dairy Farm International Holdings Limited's financial statements comprise:

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

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

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the Directors

As explained more fully in the Responsibilities Statement on page 100, the Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and The Companies Act 1981 (Bermuda).

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

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

What an audit of financial statements involves

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

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

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11th March 2015

(a) The maintenance and integrity of the Dairy Farm International 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

	2014 US$m	2013 US$m	2012 US$m restated	2011 US$m restated	2010 US$m restated
Profit and Loss					
Sales	**11,008.3**	10,357.4	9,800.6	9,134.4	7,970.5
Sales including associates and joint ventures	**13,102.8**	12,431.7	11,540.5	10,449.0	9,113.1
Profit attributable to shareholders	**509.1**	500.9	446.5	480.5	408.0
Underlying profit attributable to shareholders	**500.1**	480.1	443.8	470.0	406.4
Underlying earnings per share *(US¢)*	**36.98**	35.52	32.86	34.81	30.12
Basic earnings per share *(US¢)*	**37.65**	37.05	33.07	35.59	30.24
Dividends per share *(US¢)*	**23.00**	23.00	23.00	21.00	18.00
Balance Sheet					
Total assets	**4,316.3**	3,963.5	3,850.7	3,538.9	3,257.8
Total liabilities	**(2,793.8)**	(2,586.1)	(2,611.5)	(2,608.3)	(2,523.2)
Net operating assets	**1,522.5**	1,377.4	1,239.2	930.6	734.6
Shareholders' funds	**1,428.7**	1,281.0	1,193.2	923.1	733.5
Non-controlling interests	**93.8**	96.4	46.0	7.5	1.1
Total equity	**1,522.5**	1,377.4	1,239.2	930.6	734.6
Net cash	**474.8**	637.6	520.8	466.1	223.4
Net asset value per share *(US¢)*	**105.66**	94.74	88.35	68.36	54.34
Cash Flow					
Cash flows from operating activities	**675.9**	682.9	697.7	730.3	676.5
Cash flows from investing activities	**(432.5)**	(285.0)	(496.0)	(241.5)	(237.9)
Cash flows before financing activities	**243.4**	397.9	201.7	488.8	438.6
Cash flow per share from operating activities *(US¢)*	**49.99**	50.52	51.67	54.09	50.15

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, Group Chief Executive's Review, Business Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Graham Allan
Neil Galloway
Directors
11th March 2015

CORPORATE GOVERNANCE

Dairy Farm International Holdings Limited is incorporated in Bermuda. The Group's retailing interests are entirely in Asia. The Company's equity shares have a standard listing on the Main Market of the London Stock Exchange, and secondary listings in Bermuda and Singapore. At a Special General Meeting held on 8th April 2014 shareholders approved the transfer of the Company's shares to a standard listing from a premium listing on the London Stock Exchange, and this transfer took effect on 27th May 2014. The Disclosure and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority in 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 and opportunities that result from it being part of the Jardine Matheson Holdings Limited ('Jardine Matheson') group, which is considered to be fundamental to the Company's ability to pursue a long-term strategy in Asian markets. By coordinating objectives, establishing common values and standards, and sharing experience, contacts and business relationships, the Jardine Matheson group companies aim to optimize their opportunities across the Asian countries where they operate.

The Group is committed to high standards of governance. The system of governance it has adopted is based on a well-tried approach to oversight and management that has been developed over many years by the members of the Jardine Matheson group. It enables the Company to benefit from Jardine Matheson's strategic guidance and professional expertise, while at the same time the independence of the Board is respected and clear operational accountability rests with the Company's executive management teams.

At the time of the Company's transfer from a premium listing to a standard listing the Company advised that it intended to maintain certain governance principles, including in relation to significant transactions, related party transactions, pre-emption rights over the issue of new shares and securities dealing rules, that would otherwise no longer apply to the Company. These are more fully described in 'Further Governance Principles' below.

THE MANAGEMENT OF THE GROUP

The Company has its dedicated executive management under the Group Chief Executive. The Memorandum of Association of the Company, however, provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. Reflecting this, and the Jardine Matheson group's 78% interest in the Company's share capital, the Group Chief Executive and the Managing Director meet regularly. Similarly, the board of the Hong Kong-based Group management company, Dairy Farm Management Services Limited ('DFMS'), and its finance committee are chaired by the Managing Director and include Group executives as well as Jardine Matheson's deputy managing director, group finance director, group strategy director and group general counsel.

The presence of Jardine Matheson representatives on the Board and on the board of DFMS, as well as on its audit and finance committees, provides an added element of stability to the Company's financial planning and supervision, enhancing its ability to raise finance and take a long-term view of business development. It also eases the ability of management to work effectively together in exploiting the full range of the Jardine Matheson group's commercial strengths.

The Directors of the Company retain full power to manage the business affairs of the Company, other than 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.

CORPORATE GOVERNANCE

THE BOARD

The Company currently has a Board of 16 Directors. Their names and brief biographies appear on pages 34 and 35 of this Report. The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company. The Board composition and operation helps to provide the Company with the necessary stability as it seeks to grow its business.

The role of the Chairman is to lead the Board as it oversees the Group's strategic and financial direction, while the principal role of the Managing Director is to act as chairman of DFMS and of its finance committee. Ben Keswick is currently appointed to both positions. The responsibility for running the Group's business and all the executive matters affecting the Group rests with the Group Chief Executive, Graham Allan. The implementation of the Group's strategy is delegated to the Company's executive management, with decision-making authority within designated financial parameters delegated to the DFMS finance committee.

The Board is scheduled to hold four meetings in 2015 and ad hoc procedures are adopted to deal with urgent matters. In 2014 one meeting was held in Bermuda and three were held in Asia. The Board receives high quality, up to date information for each of its meetings. In addition, certain Directors of the Company who do not serve on the board of DFMS and who are based outside Asia regularly visit Asia and Bermuda to discuss the Group's business, as well as to participate in the four 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, as executive directors of DFMS or as senior executives elsewhere in the Group may be sourced internally, or from the Jardine Matheson group or externally, including by using the services of specialist executive search firms. The aim is to appoint individuals who combine international best practice with familiarity of or adaptability to Asian markets. When appointing non-executive Directors, the Board pays particular attention to the Asian business experience and relationships that they can bring.

Each new Director is appointed by the Board and, in accordance with the Company's Bye-laws, each new Director is subject to retirement at the first annual general meeting after appointment. Thereafter, Directors are subject to retirement by rotation under the Bye-laws whereby one-third of the Directors retire at the annual general meeting each year. These provisions apply to both executive and non-executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director. At this year's Annual General Meeting Mark Greenberg, Adam Keswick, Sir Henry Keswick, Anthony Nightingale and Percy Weatherall retire by rotation and, being eligible, offer themselves for re-election. None of the Directors proposed for re-election has a service contract with the Company or its subsidiaries.

Giles White is to retire from the Board on 31st July 2015.

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

DIRECTORS' APPOINTMENT, RETIREMENT, REMUNERATION AND SERVICE CONTRACTS (Continued)

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

For the year ended 31st December 2014, the Directors received from the Group US$5.8 million *(2013: US$5.8 million)* in Directors' fees and employee benefits, being US$0.7 million *(2013: US$0.7 million)* in Directors' fees, US$4.2 million *(2013: US$4.4 million)* in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind, US$0.2 million *(2013: US$0.3 million)* in post-employment benefits and US$0.7 million *(2013: US$0.4 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 by the scheme trustee after consultation between the Chairman and the Group Chief Executive as well as other Directors as they consider appropriate. Share options are granted at the then prevailing market prices and they normally vest after the third anniversary of the date of grant. Grants may be made in a number of instalments and may be subject to performance conditions. 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 within DFMS an audit committee (the 'Audit Committee'), the current members of which are Adam Keswick, Mark Greenberg, James Riley and Giles White; they have extensive knowledge of the Group while at the same time not being directly involved in operational management. The chairman, group chief executive and group finance director of DFMS, 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 financial information and of any issues raised in connection with the preparation of the results, including the adoption of 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, in addition to the Group Chief Executive, Group Finance Director and other senior executives.

The Audit Committee 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 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.dairyfarmgroup.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 is responsible for the implementation of the systems of internal control throughout the Group, and a series of audit committees at an operational level and the internal audit function monitor the effectiveness of the systems. The internal audit function also monitors the approach taken by the business units to risk. The internal audit function is independent of the operating businesses and reports its findings, and recommendations for any corrective action required, to the Audit Committee.

The Group has in place an organizational structure with defined lines of responsibility and delegation of authority. 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 Group's 50% associate, Maxim's Caterers Limited ('MCL'), has a separate board, audit committee, risk management and internal audit structure. The Group is represented on the board of MCL, at which reviews of strategy, operations, budgets and major investments are undertaken. The MCL board has delegated to the MCL group's audit and risk management committees and its audit department responsibility for reviewing areas of major risk and the effectiveness of the internal control procedures.

The principal risks and uncertainties facing the Company are set out on pages 108 and 109.

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 judgements 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, which is modelled on the Jardine Matheson group's code of conduct. The Code of Conduct 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 of Conduct 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 of Conduct and establish procedures to ensure compliance at all levels within their organizations. The Group has in place procedures by which employees can raise, in confidence, matters of serious concern in areas such as financial reporting or compliance.

DIRECTORS' SHARE INTERESTS

The Directors of the Company in office on 11th March 2015 had interests (within the meaning of the DTRs) as set out below in the ordinary share capital of the Company. These interests include 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).

George J. Ho	489,405
Simon Keswick	66,087
Michael Kok	582,888
Dr George C.G. Koo	100,329
Anthony Nightingale	34,183
Percy Weatherall	400,000

In addition, Graham Allan and Neil Galloway held options in respect of 1,200,000 and 150,000 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 Holdings Limited ('Jardine Strategic') and its subsidiary undertakings are directly and indirectly interested in 1,049,589,171 ordinary shares carrying 77.63% of the voting rights and, by virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares; and (ii) Franklin Resources, Inc. and its subsidiary undertakings are directly and indirectly interested in 83,349,569 ordinary shares carrying 6.16% of the voting rights. Apart from these shareholdings, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 11th March 2015.

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

FURTHER GOVERNANCE PRINCIPLES

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

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

1. When assessing a significant transaction, being a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules (having regard to the basis on which such provisions were applied to the Company on the date of transfer to a standard listing), the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.

2. In the event of a related party transaction, being a transaction with a related party which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules (having regard to the basis on which such provisions were applied to the Company on the date of transfer to a standard listing), the Company will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.

3. Further, as soon as the terms of a significant transaction or a related party transaction are agreed, an announcement will be issued by the Company providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.

4. At each annual general meeting, the Company will seek shareholder approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.

5. The Company will continue to adhere to its Securities Dealing Rules, which follow the UK Model Code as applied to the Company on the date of transfer to a standard listing.

6. The Company will continue its policies and practices in respect of risk management and internal controls.

RELATED PARTY TRANSACTIONS

Details of transactions with related parties entered into by the Company during the course of the year are included in note 33 to the financial statements on pages 94 and 95.

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. When the Board reviews the possibility for share repurchases, it will take into consideration the potential for the enhancement of earnings or asset values per share.

At the Annual General Meeting held on 7th May 2014, shareholders renewed the approval of a general mandate authorizing the Directors to effect purchases by the Company or its subsidiaries of the Company's own ordinary shares of less than 15% in aggregate of its issued share capital in accordance with the UK Listing Rules applicable to the Company's premium listing status at the time. As such an authority is no longer required by the Company's standard listing obligations, its renewal is not being sought at the forthcoming Annual General Meeting. The Company will, however, remain subject to the UK market abuse regime.

TAKEOVER CODE

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

ANNUAL GENERAL MEETING

The 2015 Annual General Meeting will be held at Rosewood Tucker's Point, Bermuda on 6th May 2015. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report. A corporate website is maintained containing a wide range of information of interest to investors at www.dairyfarmgroup.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 104 of the Corporate Governance section of this Report. The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Group Chief Executive'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 and finished products. 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 33 and note 2 to the financial statements on pages 53 to 58.

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 concessions, franchises, management or other key contracts, could have an adverse effect on the financial condition and results of operations of certain subsidiaries, associates and joint ventures of the Group.

REGULATORY AND POLITICAL RISK

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

TERRORISM, PANDEMIC AND NATURAL DISASTERS

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

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

SHAREHOLDER INFORMATION

Financial Calendar

2014 full-year results announced	5th March 2015
Shares quoted ex-dividend on the Singapore Exchange	18th March 2015
Shares quoted ex-dividend on the London Stock Exchange	19th March 2015
Share registers closed	23rd to 27th March 2015
Annual General Meeting to be held	6th May 2015
2014 final dividend payable	13th May 2015
2015 half-year results to be announced	30th July 2015*
Shares quoted ex-dividend on the Singapore Exchange	19th August 2015*
Shares quoted ex-dividend on the London Stock Exchange	20th August 2015*
Share registers to be closed	24th to 28th August 2015*
2015 interim dividend payable	14th October 2015*

* Subject to change

Dividends

Shareholders will receive their dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2014 final dividend by notifying the United Kingdom transfer agent in writing by 24th April 2015. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 29th April 2015. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive 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 Limited
P.O. Box HM 1068
Hamilton HM EX
Bermuda

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

Singapore Branch Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

United Kingdom Transfer Agent
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham, Kent BR3 4TU
England

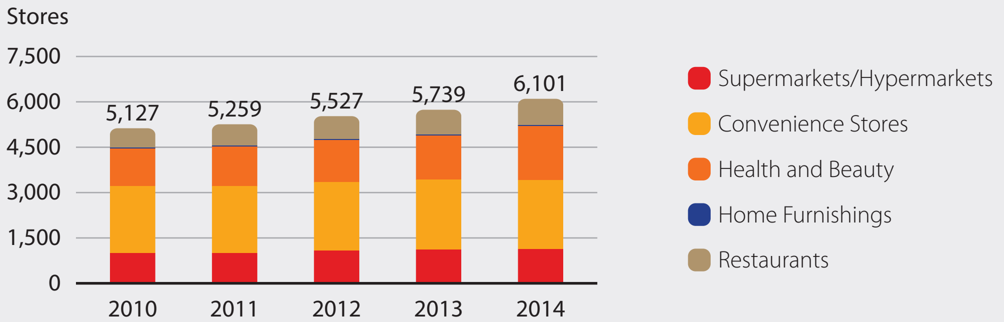
Press releases and other financial information can be accessed through the internet at www.dairyfarmgroup.com.

RETAIL OUTLETS SUMMARY

2014	Food			Health and Beauty	Home Furnishings	Restaurants	Total	Net addition
	Hypermarkets	Supermarkets	Convenience					
Hong Kong	–	318	921	369	3	676	**2,287**	38
Macau	–	–	45	16	–	9	**70**	2
China	–	–	686	205	–	173	**1,064**	92
Singapore	8	115	493	145	–	–	**761**	(54)
Indonesia	55	165	134	349	1	–	**704**	22
Malaysia	78	78	–	426	–	–	**582**	18
Brunei	1	1	–	21	–	–	**23**	(1)
Taiwan	–	250	–	–	5	–	**255**	(17)
The Philippines	13	38	–	241	–	–	**292**	248
Vietnam	1	–	–	25	–	12	**38**	16
Cambodia	–	11	–	3	–	11	**25**	(2)
Total	**156**	**976**	**2,279**	**1,800**	**9**	**881**	**6,101**	362
Net change over 2013	5	9	(22)	319	1	50	362	

2013	Food			Health and Beauty	Home Furnishings	Restaurants	Total	Net addition
	Hypermarkets	Supermarkets	Convenience					
Hong Kong	–	308	916	366	3	656	2,249	48
Macau	–	–	44	16	–	8	68	2
China	–	–	647	175	–	150	972	77
Singapore	8	116	537	154	–	–	815	(29)
Indonesia	51	158	157	316	–	–	682	77
Malaysia	78	72	–	414	–	–	564	16
Brunei	1	2	–	21	–	–	24	(1)
Taiwan	–	267	–	–	5	–	272	(5)
The Philippines	12	32	–	–	–	–	44	11
Vietnam	1	–	–	18	–	3	22	5
Cambodia	–	12	–	1	–	14	27	11
Total	151	967	2,301	1,481	8	831	5,739	212
Net change over 2012	10	30	36	65	1	70	212	

Store Network by Division



Note: Includes associates and joint ventures and excludes discontinued operations.

MANAGEMENT AND OFFICES

LEADERSHIP TEAM

Graham Allan	*Group Chief Executive*
Neil Galloway	*Group Finance Director*
Tongwen Zhao	*Group Human Resources Director*
Poh Seng Pol	*Group Business Development Director*
Charlie Wood	*Group Counsel*
Caroline Mak	*Group Director, Health and Beauty*
Alex Tay	*Regional Director, South Asia (Food)*
Tim Ashdown	*Regional Director, Malaysia and Brunei (Food)*
Stéphane Deutsch	*President Director, PT Hero*
Choo Peng Chee	*Regional Director, North Asia (Food)*
Martin Lindström	*Group Director, IKEA*

CORPORATE OFFICE

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Website : www.dairyfarmgroup.com

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Giant Hypermarket Tasik Rimba
Lot 58865 Kampong Rimba
Mukim Gadong
Bandar Seri Begawan
BE 3119
Negara Brunei Darussalam
Tel : (673) 246 0820
Fax : (673) 246 0821
Marius Knight

Cambodia
DFI Lucky Private Ltd
#01, Street 55P
Sangkat Tuek Thla
Khan Sen Sok
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Tel : (855 23) 885 722
Paul Sheldrake

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5/F Devon House
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Fax : (852) 2299 2888
Caroline Mak / Choo Peng Chee

Maxim's Caterers Ltd*
28/F 1063 King's Road
Quarry Bay
Tel : (852) 2523 4107
Fax : (852) 2845 0715
Michael Wu

Indonesia
PT Hero Supermarket Tbk
Graha Hero
KO. Komersial CBD Bintaro
Sektor VII B.7/A.7
Pondok Jaya
Pondok Aren
Tangerang Selatan
Banten 15224
Tel : (62 21) 8378 8388
Stéphane Deutsch

Mainland China
Guangdong Sai Yi Convenience Stores Ltd
3/F Guangdong Mechanical Sub-Building
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Yue Xiu District
Guangzhou 510030
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Fax : (86 20) 8364 7436
Jean-Francois Simon

Mannings Guangdong Retail Company Ltd
2/F Guangdong Mechanical Main-Building
185 Yue Hua Road
Yue Xiu District
Guangzhou 510030
Tel : (86 20) 8318 1388
Fax : (86 20) 8318 2388
Peter Dove

Malaysia
GCH Retail (Malaysia) Sdn Bhd
Mezzanine Floor
Giant Hypermarket Shah Alam Stadium
Lot 2, Persiaran Sukan Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : (603) 5544 8888
Fax : (603) 5511 0164
Tim Ashdown

Guardian Health And Beauty Sdn Bhd
Mezzanine Floor
Giant Hypermarket Shah Alam Stadium
Lot 2, Persiaran Sukan, Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : (603) 5544 8400
Fax : (603) 5518 1131
Loi LiangTok

The Philippines
Rustan Supercenters, Inc.
4/F to 6/F Morning Star Center
347 Sen. Gil Puyat Avenue
Makati City 1200
Tel : (63 2) 899 1055
Fax : (63 2) 899 6341
Pierre Olivier Deplanck

Rose Pharmacy, Inc.*
#16 E. Osmeña cor. L. Bacayo Street
Guadalupe
Cebu City 6000
Tel : (63 32) 230 5000
Fax : (63 32) 255 4204
Charlie Bettencourt

Singapore
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21 Tampines North Drive 2
#03-01
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Fax : (65) 6784 3623
Alex Tay

Taiwan
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2/F 175 Hua Ling Street
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Fax : (886 2) 2881 7050
Vanny Hsiao

DFI Home Furnishings Taiwan Ltd
4/F No. 1 Zhong Zheng Road
XinZhuang District
New Taipei City 24243
Tel : (886 2) 8069 9005
Fax : (886 2) 2992 0586
Adrian Worth

Vietnam
Asia Investment And Supermarket Trading Co. Ltd
2/F Phuong Long Building
506 Nguyen Dinh Chieu Street
Ward 4, District 3
Ho Chi Minh City
Tel : (84 8) 3832 8272
Fax : (84 8) 3832 8448
Paul Sheldrake

* Associates or joint ventures

CONCEPT & DESIGN: YELLOW CREATIVE (HK) LIMITED www.dairyfarmgroup.com