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Jardine Cycle & Carriage Limited Annual Report 2014

2014

Annual Report

Jardine Cycle & Carriage

CONTENTS

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 31ST DECEMBER 2014 **Announcement of results:**	
– first quarter	30th April 2014
– half year	1st August 2014
– third quarter	4th November 2014
– full year	26th February 2015
Issue of Annual Report	7th April 2015
Annual General Meeting	29th April 2015
Book closure	15th May 2015
Final dividend payment	25th June 2015

FINANCIAL YEAR ENDING 31ST DECEMBER 2015 **Proposed dates for announcement of results:**	
– first quarter	29th April 2015
– half year	31st July 2015
– third quarter	4th November 2015
– full year	26th February 2016

Mercedes-Benz CLA-Class | Singapore

HIGHLIGHTS

- Underlying earnings per share 11% down
- Astra's contribution reduced by weaker rupiah
- Improved earnings from the Group's other interests

GROUP RESULTS

	2014 US$m	2013 US$m	Change %	2014† S$m
Revenue	**18,675**	19,788	(6)	**23,708**
Profit after tax	**1,860**	2,089	(11)	**2,362**
Underlying profit attributable to shareholders*	**793**	894	(11)	**1,007**
Profit attributable to shareholders	**820**	915	(10)	**1,041**
Shareholders' funds	**4,623**	4,261	8	**6,105**
	US¢	US¢	%	**S¢**
Underlying earnings per share*	**222.88**	251.36	(11)	**282.95**
Earnings per share	**230.59**	257.24	(10)	**292.73**
Dividend per share	**85.00**	108.00	(21)	**110.93**
	US$	US$	%	**S$**
Net asset value per share	**13.00**	11.98	8	**17.16**

† The exchange rate of US$1 = S$1.32 (31st December 2013: US$1=S$1.27) was used for translating assets and liabilities at the balance sheet date and US$1 = S$1.27 (2013: US$1=S$1.25) was used for translating the results for the year.

* The Group uses underlying profit in its internal financial reporting to distinguish between ongoing business performance and non-trading items. Items classified as non-trading items include fair value gains or losses on revaluation of plantations and investment properties; gains and losses arising from sales of businesses, investments and properties; impairment of non-depreciable intangible assets and other investments; provisions for 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 the Group's underlying business performance.

Automotive Components | Indonesia

Astra Credit Companies | Indonesia

Honda Beat | Indonesia

CORPORATE PROFILE

Jardine Cycle & Carriage ("JC&C") is a leading Singapore-listed company and a member of the Jardine Matheson Group. It has an interest of just over 50% in Astra, a premier listed Indonesian conglomerate, as well as other interests in Southeast Asia. Together with its subsidiaries and associates, JC&C employs around 245,000 people across Indonesia, Malaysia, Singapore, Vietnam and Myanmar.

Astra is the largest independent automotive group in Southeast Asia, with further interests in financial services, heavy equipment and mining, agribusiness, infrastructure, logistics and others, and information technology. JC&C has motor businesses operating in Singapore, Malaysia and Myanmar under the Cycle & Carriage banner, as well as other motor interests through Tunas Ridean in Indonesia and Truong Hai Auto Corporation in Vietnam. The JC&C Group represents some of the world's leading motoring marques including Mercedes-Benz, Toyota, Honda, Kia and Mazda.

Jardine Matheson is a diversified business group focused principally on Asia. Its businesses comprise a combination of cash generating activities and long-term property assets. In addition to its 74% shareholding in the Company, the Jardine Matheson Group's interests include Jardine Pacific, Jardine Motors, Jardine Lloyd Thompson, Hongkong Land, Dairy Farm and Mandarin Oriental. These companies are leaders in the fields of engineering and construction, transport services, motor vehicles, insurance broking, property investment and development, retailing, restaurants and luxury hotels.

Toyota Avanza | Indonesia

Daihatsu Xenia | Indonesia

KEY OPERATING BUSINESSES

Honda Motorcycle Assembly Plant | Indonesia

Palm Oil Refinery | Indonesia

ASTRA

Indonesia
Astra (50.1%), which is listed on the Indonesia Stock Exchange, is a diversified business group with six core businesses comprising automotive, financial services, heavy equipment and mining, agribusiness, infrastructure, logistics and others, and information technology.

Automotive
Astra is the largest independent automotive group in Southeast Asia. Its automotive business comprises the production, distribution, retail and after-sales service of motor vehicles and motorcycles. In 2014, it held 51% of the country's motor vehicle market through partnerships with Toyota, Daihatsu, Isuzu, Peugeot, Nissan Diesel and BMW, and 64% of the motorcycle market with Honda. Astra also manufactures and distributes automotive components.

Financial Services
Astra's financial services covers a wide spectrum, from consumer financing to banking and general insurance. In 2014, its automotive division financed around 279,000 motor vehicles and over 1.4 million Honda motorcycles in Indonesia. Its heavy equipment division supports the mining, construction, forestry and agricultural sectors.

Heavy Equipment and Mining
Astra provides construction machinery and mining contracting through the supply of construction and mining equipment, including heavy-duty trucks, vibratory rollers, cranes and forklifts, forestry equipment and after-sales service. It is the sole distributor of Komatsu machinery and equipment, and is also the largest coal mining services contractor in Indonesia. In addition, it had interests in nine coal mines with combined reserves of 405 million tonnes.

Agribusiness
Astra's agribusiness includes the cultivation, harvesting and processing activities for the production of palm oil. It is a major producer of crude palm oil in Indonesia, with plantations covering approximately 298,000 hectares.

Infrastructure, Logistics and Others
Astra's infrastructure, logistics and other businesses include the operation of the western Jakarta water utility system, toll road operations, transportation services and property.

Information Technology
Astra's information technology business provides document information and communication technology solutions and is the sole distributor of Fuji Xerox office equipment in Indonesia.

Asuransi Astra Buana | Indonesia

Kia Passenger Car Assembly Plant | Vietnam

Mercedes-Benz Autohaus | Malaysia

Mazda Service Centre | Myanmar

OTHER INTERESTS

Singapore
Cycle & Carriage (100%) is one of the leading automotive groups in Singapore. It is engaged in the retail, distribution and after-sales service of Mercedes-Benz, Mitsubishi, Kia and Citroën motor vehicles.

Malaysia
Cycle & Carriage Bintang (59.1%) is listed on Bursa Malaysia. It is the largest dealer of Mercedes-Benz motor vehicles in Malaysia, involved in retail and after-sales service.

Indonesia
Tunas Ridean (43.8%) is listed on the Indonesia Stock Exchange and is the largest independent automotive dealer group in Indonesia, representing Toyota, Daihatsu, BMW, Peugeot and Isuzu motor vehicles, as well as Honda motorcycles. Tunas Ridean also provides automotive rental and fleet management and driver outsourcing services. In addition, it is a major provider of vehicle financing through its associate, Mandiri Tunas Finance.

Vietnam
Truong Hai Auto Corporation (29.5%) is one of the largest automotive companies in Vietnam. Its activities include manufacturing, assembly, distribution, retail and after-sales service of commercial and passenger vehicles, representing brands such as Kia, Mazda, Peugeot, Foton and Hyundai.

Refrigeration and Electrical Engineering Corporation (21.6%) is a diversified business group involved in mechanical and electrical engineering services, manufacturing, assembly and sale of air-conditioner systems, real estate development and management, and strategic investments in infrastructure sectors.

Myanmar
Cycle & Carriage Automobile Myanmar (60%) was established to carry on the business of motor vehicle maintenance and repair services. JC&C has the distribution rights to Mercedes-Benz passenger cars and commercial vehicles, Fuso commercial vehicles, EvoBus and Mazda passenger cars for Myanmar.

Toll Road Service | Indonesia

Car Leasing | Indonesia

CORPORATE INFORMATION

BOARD OF DIRECTORS

Benjamin Keswick	Chairman
Boon Yoon Chiang	Deputy Chairman
Alexander Newbigging*	Group Managing Director
Chiew Sin Cheok*	Group Finance Director
Tan Sri Azlan Zainol+	
Chang See Hiang+	
Mark Greenberg	
Hassan Abas#	
Michael Kok	
Mrs Lim Hwee Hua+	
Dr Marty Natalegawa+	
Anthony Nightingale	
James Watkins+	

NOMINATING COMMITTEE

Chang See Hiang+	Chairman
Hassan Abas#	
Benjamin Keswick	

REMUNERATION COMMITTEE

James Watkins+	Chairman
Chang See Hiang+	
Hassan Abas#	
Benjamin Keswick	

AUDIT COMMITTEE

Hassan Abas#	Chairman
Boon Yoon Chiang	
Chang See Hiang+	
Mark Greenberg	
Mrs Lim Hwee Hua+	
James Watkins+	

GROUP COMPANY SECRETARY

Ho Yeng Tat

AUDITORS

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Appointment: 2012

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WEBSITE

www.jcclgroup.com

* Executive Director
+ Independent Director
\# Lead Independent Director

Corporate information as at 23rd March 2015

Palm Oil Plantation | Indonesia

Astra Toyota Agya | Indonesia

Astra Daihatsu Ayla | Indonesia

CHAIRMAN'S STATEMENT

OVERVIEW
The Group's full year results declined as Astra's trading performance was affected by heightened competition in the car market and weak coal prices, while a weaker rupiah reduced its US dollar contribution further. This more than outweighed the improved results from the Group's other interests.

PERFORMANCE
The Group's revenue for the year was 6% lower at US$18.7 billion. Underlying profit attributable to shareholders was down 11% at US$793 million, while underlying earnings per share also declined by 11% to US¢222.88. Profit attributable to shareholders at US$820 million was 10% lower, after accounting for a net gain in non-trading items of US$27 million, attributable largely to the recognition of negative goodwill arising on the acquisition of a 50% interest in Astra Aviva Life and a fair value gain on the revaluation of investment properties, partly offset by a fair value loss on plantations.

Astra contributed US$724 million to the Group's underlying profit, as a 3% decrease in Astra's rupiah result was translated into a 15% decline in US dollars due to the rupiah which was on average 11% weaker than in 2013. The contribution to underlying profit from the Group's other interests of US$82 million was up 40%.

The Board is recommending a final one-tier tax-exempt dividend of US¢67 per share (2013: US¢90 per share), which together with the interim dividend will give a total dividend of US¢85 per share (2013: US¢108 per share) for the year. The decline in dividend per share reflects the reduced level of underlying profit for the year and the desire to lower the level of debt within the Company so as to leave it better placed to take advantage of investment opportunities. The final dividend is payable in US dollars or Singapore dollars.

Mercedes-Benz S-Class | Singapore

CHAIRMAN'S STATEMENT

BUSINESS ACTIVITY

Jardine Cycle & Carriage's activities are focused principally on Southeast Asia. Through its 50.1% interest in Astra, the Group is involved in six businesses in Indonesia, comprising automotive, financial services, heavy equipment and mining, agribusiness, infrastructure, logistics and others, and information technology. The Group's strategy is to support the growth of Astra, which is seeking to complement the continued development of its existing operations with expansion into new areas where it believes that it can, over time, develop market-leading businesses that can benefit from Astra's reach and expertise. The Group's other predominantly motor interests are active in Singapore, Malaysia, Indonesia, Vietnam and Myanmar.

Astra's underlying profit in rupiah was 3% lower than in 2013. Improved results were seen from its agribusiness and contract mining operations, but these were offset by lower earnings from the automotive businesses, where margins in the car sector declined, and an impairment charge was recorded in relation to its coal mining properties.

Astra sold a 25% interest in Astra Sedaya Finance to Permata Bank in the second quarter of 2014. In November 2014, the Astra Aviva life insurance joint venture was formally launched. In December 2014, United Tractors announced that it had entered into an agreement to acquire a majority interest in Indonesian-listed construction company, PT Acset Indonusa Tbk.

The contribution from the Group's other interests rose 40% to US$82 million, due largely to an improved performance by Truong Hai Auto Corporation in Vietnam, which benefited from strong vehicle sales, good margins and lower financing costs. Earnings from the Singapore motor operations were 8% higher following an increase in the number of vehicles sold.

In Malaysia, Cycle & Carriage Bintang's contribution was up 138%, from a low base, due to good demand for new models, although margins on older models remained under pressure. In Indonesia, Tunas Ridean's contribution was 28% lower in the face of competitive pressure in the car market.

In February 2015, the Group increased further its commitment to Vietnam when it raised its shareholding in publicly-listed Refrigeration Electrical Engineering Corporation Group ("REE") from 19% to 22% for a cost of US$12 million. REE is now an associated company.

PEOPLE

Together with its subsidiaries and associates, the Group employs around 245,000 people across Indonesia, Malaysia, Singapore, Vietnam and Myanmar. On behalf of the Board, I would like to take this opportunity to thank them for their commitment and hard work and wish them well in 2015.

I am delighted to welcome Dr Marty Natalegawa to the Board. Dr Natalegawa has extensive knowledge and experience of International relations, particularly of ASEAN, and his insights and experience will be of great value to the Board.

OUTLOOK

The Group's markets are expected to remain uncertain in the year ahead. Astra is anticipating continued competition in the car market in Indonesia and relatively low coal prices, while the weaker rupiah exchange rate will continue to impact its contribution to the Group.

Ben Keswick
Chairman
26th February 2015

Astra Graphia | Indonesia

Mercedes-Benz Citaro | Singapore

Permata Bank | Indonesia

Tunas Toyota Showroom | Indonesia

GROUP MANAGING DIRECTOR'S REVIEW

OVERVIEW
The Group's profit declined in 2014 in the face of challenging trading conditions. Astra's results were mixed, with strong performances from agribusiness and contract mining being offset by a decline in contribution from automotive and an impairment charge recorded in relation to its coal mining properties. The Group's other interests recorded improved results.

PERFORMANCE
The Group reported an underlying profit of US$793 million for 2014, 11% down on the previous year. Profit attributable to shareholders was US$820 million, 10% lower with the inclusion of a net gain from non-trading items of US$27 million, attributable largely to the recognition of negative goodwill arising on the acquisition of a 50% interest in Astra Aviva Life and a fair value gain from the revaluation of investment properties, partly offset by a fair value loss on plantations.

The Group continues to have a strong balance sheet and cash flow. Shareholders' funds at the end of 2014 were 8% higher at US$4.6 billion, while net asset value per share at US$13.00 was 8% up on the previous year end. The Group's consolidated net debt at the end of 2014 was US$239 million, excluding borrowings within Astra's financial services subsidiaries, or 2% of consolidated total equity. This was down from US$303 million at the end of 2013, which represented 3% of consolidated total equity. Net debt within Astra's financial services subsidiaries at the end of the year was US$3.7 billion, slightly higher than the previous year end as the weaker rupiah largely offset the increase in the volumes financed.

GROUP REVIEW

ASTRA
Astra reported a net profit equivalent to US$1,614 million under Indonesian accounting standards, 1% down in its reporting currency. Improved results mainly from its agribusiness and contract mining operations were offset by lower earnings from its automotive businesses, as margins declined in the car sector, and from the mining business which recorded an impairment charge in relation to its coal mining properties. Astra also benefited from a non-trading gain on the acquisition of 50% of Astra Aviva Life and a fair value gain on the revaluation of its investment properties. Excluding the non-trading gains, Astra's underlying profit was 3% down in its reporting currency.

Automotive
Discounting in the car market continues to have a negative impact on margins in the sales operations. The wholesale market for cars decreased by 2% to 1.2 million units. Astra's car sales fell by 6% to 614,000 units, with its market share decreasing from 53% to 51%. The group launched 19 new models and 9 revamped models during the year.

The wholesale market for motorcycles increased by 2% to 7.9 million units. Astra Honda Motor's sales increased by 8% to 5.1 million units, with its market share increasing from 61% to 64%. Astra Honda Motor launched 2 new models and 15 revamped models during the year.

Astra Otoparts, which is 80%-owned, saw 15% higher sales, although net income decreased to US$73 million on lower manufacturing margins, due to the weakening of the rupiah and higher labour costs.

Financial Services
Net income from Astra's financial services businesses increased by 11% to US$398 million. Excluding the US$37 million non-trading gain from the recognition of negative goodwill arising on the acquisition of a 50% interest in Astra Aviva Life, net income from the financial services businesses increased by 1%. Strong growth across most of the consumer financial services portfolio was largely offset by a decline in contribution from Astra Sedaya Finance, following the reduced shareholding, and Permata Bank.

The amount financed through Astra's automotive-focused consumer finance operations, including balances financed through joint bank financing without recourse, grew by 13% to US$5.4 billion. The amount financed through the heavy equipment-focused finance operations declined by 30% to US$295 million, due to a reduction in equipment sales.

Astra's 45%-held joint venture, Permata Bank, reported net income of US$134 million, a decrease of 8%, due to an increase in funding costs and non-performing loans.

Group insurance company, Asuransi Astra Buana, recorded 16% higher net income of US$85 million, due to growth in gross written premiums and an increased contribution from investment earnings.

Heavy Equipment and Mining
United Tractors, which is 60%-owned, reported a 4% increase in net revenue and an 11% improvement in net income to US$449 million. Excluding the impact of the US$130 million impairment charge in respect of its coal mining properties, United Tractors would have recorded a 43% increase in net income.

In the construction machinery business, net revenue decreased by 4%, reflecting a 16% decline in Komatsu heavy equipment sales to 3,513 units, partly offset by higher parts and service revenue.

The contract mining operations of subsidiary, Pamapersada Nusantara, benefited from improved coal volumes on lower stripping ratios. It reported a 6% increase in net revenue, as contract coal production increased 14% to 119 million tonnes, while contract overburden removal decreased by 5% to 806 million bank cubic metres.

United Tractors' mining subsidiaries reported an increase in net revenue of 22%, with coal sales 42% higher at 6 million tonnes, although average coal sale prices declined by 10%. United Tractors and its subsidiaries own interests in 9 coal mines with combined reserves estimated at 405 million tonnes.

In the light of weak coal prices, United Tractors conducted a review of the carrying value of its coal mining properties and recorded an impairment charge of US$130 million at year end. While United Tractors still sees coal mining as an attractive business longer-term, this impairment reflects the combination of current weak market conditions and uncertainty over the timing and extent of any meaningful recovery.

Kia Forte K3 | Singapore

Agribusiness
Astra Agro Lestari, which is 80%-held, reported net income of US$210 million, up 39%. Average crude palm oil prices achieved were 14% higher at Rp8,282 per kg. Crude palm oil sales decreased by 13% to 1.4 million tonnes. In addition, 255,000 tonnes of olein were sold during the year by Astra Agro Lestari's new refinery in Sulawesi, which opened in the first quarter of 2014.

Infrastructure, Logistics and Others
Net income from infrastructure, logistics and others fell by 34% to US$41 million.

The 72.5 km Tangerang-Merak toll road, operated by 79%-owned Marga Mandalasakti, reported a 6% increase in traffic volume to 43 million vehicles and a 9% increase in average tariffs.

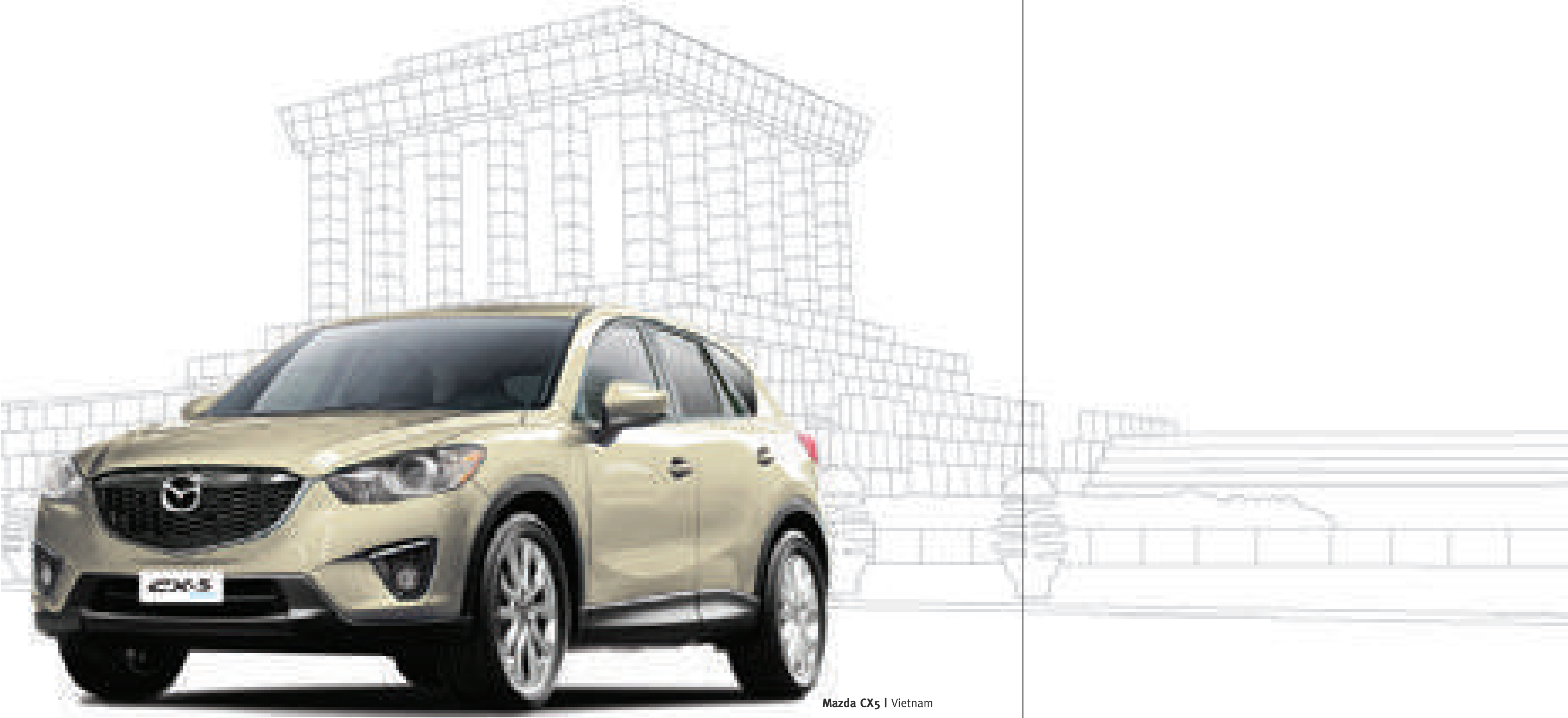
Construction continues at the wholly-owned greenfield 40.5 km Kertosono-Mojokerto toll road near Surabaya. Section 1, which is 14.7 km long, began operations in October 2014, and further stages are expected to be operational during 2015, subject to the timely completion of land acquisitions. Taken together with Astratel's 40% interest in the greenfield 11.2 km Kunciran-Serpong toll road on Jakarta's outer ring-road, the group has an interest in 124.2 km of toll road.

Serasi Autoraya's revenue improved despite the number of vehicles under contract at its TRAC car rental business falling 7% to 29,000 units owing to higher used car sales. The benefit was, however, offset by lower margins on rental contracts in the mining sector. Net income decreased by 22% to US$13 million.

PAM Lyonnaise Jaya, which operates the western Jakarta water utility system, experienced marginally higher sales volume of 159 million cubic metres.

Anandamaya Residences, the group's 60%-held luxury residential development project located in Jakarta's Central Business District, successfully commenced sales during the third quarter, achieving market leading prices and strong buyer interest. In addition, the group commenced construction of a grade-A office tower adjacent to the residential development. Completion of both developments is expected in 2018.

Information Technology
Astra Graphia, 77%-owned, is active in the area of document information and communication technology solutions and is the sole distributor of Fuji Xerox office equipment in Indonesia. It reported net income up 24% to US$22 million, benefiting from a gain of US$4 million recorded on the disposal of its 51% interest in AGIT Monitise Indonesia.



Mazda CX5 | Vietnam

GROUP'S OTHER INTERESTS
The Group's other interests contributed a profit of US$82 million, 40% up on the previous year.

Singapore
Earnings from the wholly-owned Singapore motor operations at US$34 million were 8% higher due to an increase in the number of vehicles sold. The Singapore passenger car market grew 29% to 28,900 units following an increase in the quota due to higher de-registrations. The Singapore motor operations sold a total of 5,300 passenger cars, 31% up on the previous year with a stable market share of 18%.

Vietnam
30%-owned Truong Hai Auto Corporation ("Thaco") had an excellent year with a contribution of US$39 million, 2.5 times the previous year, following strong vehicle sales, good margins and lower financing costs. The Vietnam motor vehicle market grew by 38% to 178,000 units, while Thaco's overall sales rose by 49% to 42,000 units, leading to an increase in its market share from 22% to 24%. Thaco's passenger car sales grew by 59% to 20,600 units, and its commercial vehicle sales grew by 40% to 21,400 units.

Malaysia
59%-owned Cycle & Carriage Bintang's contribution of US$2 million was significantly higher, albeit from a low base. Mercedes-Benz passenger car unit sales were up 28% with good demand for new models, although supply remained constrained. Margin pressure continued to be experienced, particularly on older models. The after-sales division performed satisfactorily.

Indonesia
44%-owned Tunas Ridean contributed a profit of US$9 million, 28% lower due to margin pressure on motor cars and lower gains from the disposal of ex-rental vehicles. Motor car sales were 2% down at 53,700 units, while motorcycle sales were 18% higher at 209,200 units. The contribution from 49%-owned associate, Mandiri Tunas Finance, was up 27% mainly due to a larger loan portfolio.

Alex Newbigging
Group Managing Director
26th February 2015

The underlying profit attributable to shareholders by business is shown below:

	2014 US$m	2013 US$m
Astra		
Automotive	**332.6**	443.4
Financial services	**181.6**	202.4
Heavy equipment and mining	**137.8**	141.0
Agribusiness	**84.1**	68.1
Infrastructure, logistics and others	**18.1**	23.2
Information technology	**7.2**	7.6
	761.4	885.7
Less: Withholding tax on dividend	**(37.4)**	(36.7)
	724.0	849.0
Other interests		
Singapore	**33.6**	31.2
Malaysia	**1.9**	0.8
Indonesia (Tunas Ridean)	**8.9**	12.3
Vietnam	**38.6**	15.3
Myanmar	**(0.7)**	(1.0)
	82.3	58.6
Corporate costs	**(13.5)**	(13.5)
Underlying profit attributable to shareholders	**792.8**	894.1

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 new or amended standards became effective and the Group adopted those which are relevant to the Group's operations although their overall impact on the Group's financial statements has been modest.

Results
The Group's revenue decreased by 6% to US$18.7 billion in 2014. Revenue from Astra fell by 8% to US$17.0 billion as increases in all segments except automotives in rupiah terms were offset by the impact on translation of the rupiah, which was on average 11% lower against the US dollar. Revenue from the Group's other interests increased by 25% to US$1.7 billion due to increases in vehicle sales in Singapore and Malaysia. Gross revenue, including 100% of revenue from associates and joint ventures, which is a better measure of the extent of the Group's operations, was 1% lower at US$32.5 billion.

Operating profit at US$1,778 million was US$285 million or 14% down on the previous year. Excluding non-trading items, which amounted to a net gain of US$4 million (2013: net gain of US$60 million), underlying operating profit was US$1,774 million, 11% lower. Improved results mainly from Astra's agribusiness and contract mining operations were offset by lower earnings from its automotive businesses as margins declined in the car sector, and an impairment charge of US$231 million recorded in relation to its coal mining properties. The Group's other motor interests in Singapore experienced a growth in earnings due to an increase in the number of vehicles sold while in Malaysia, good demand for new models led to higher earnings.

The non-trading items referred to above comprised mainly a US$36 million revaluation gain from investment properties and a fair value loss of US$34 million on oil palm plantations.

Net financing charges, excluding those relating to consumer finance and leasing activities, decreased by US$13 million to US$15 million as a result of significantly lower net debt in most of Astra's businesses. Interest cover excluding financial services companies remained strong at 44 times (2013: 48 times), calculated as the sum of underlying operating profit and share of associates' and joint ventures' results after tax, divided by net financing charges.

The Group's share of associates' and joint ventures' results after tax at US$576 million which included a non-trading gain was 2% lower than the previous year. The non-trading gain comprised mainly US$37 million due to the recognition of negative goodwill arising on the acquisition of a 50% interest in Astra Aviva Life. The 2013 result included a non-trading loss of US$23 million due to the write-down of Astra's interest in a joint venture.

Excluding these non-trading items, the Group's share of associates' and joint ventures' results after tax was US$537 million, 12% down on the previous year as the lower results in Astra's automotive and financial services associates and joint ventures were further impacted on translation of a weaker rupiah. The Group's Vietnam associate, Truong Hai Auto Corporation saw its results grow significantly due to strong sales, good margins and lower financing costs. The results of the Group's Indonesian joint venture, Tunas Ridean, declined due to margin pressure on motor cars and lower gains on the disposal of ex-rental vehicles.

The effective tax rate of the Group at 27% was 1% up on the previous year. Excluding non-trading items, the effective tax rate was 28%, also 1% up on 2013.

The Group's profit after tax for the year was US$1,860 million, 11% down on the previous year. The profit attributable to shareholders was 10% down at US$820 million. Excluding non-trading items, underlying profit attributable to shareholders was 11% lower at US$793 million.

Dividends
The Board is recommending a final one-tier tax-exempt dividend of US¢67 per share (2013: US¢90 per share), which together with the interim dividend will give a total dividend of US¢85 per share (2013: US¢108 per share) for the year. The decline in dividend per share reflects the reduced level of underlying profit for the year and the desire to lower the level of debt within the Company so as to leave it better placed to take advantage of investment opportunities. Shareholders will have the option to receive the dividend in Singapore dollar and in the absence of any election, the dividend will be paid in US dollar.

Cash Flow
Cash inflow from the Group's operating activities was US$1,240 million, US$691 million lower than the previous year, due to an increase in working capital mainly in respect of Astra's heavy equipment business.

The cash outflow from investing activities was US$834 million, slightly down from the previous year. Cash outflow from investing activities comprised mainly Astra's capital expenditure in the automotive, mining, agribusiness and toll road businesses, acquisition of a new plantation company, capital injections in associates and joint ventures, subscription to Permata Bank's rights issue and the net purchase of other investments by Astra's general insurance business.

The cash outflow from financing activities was US$274 million, US$225 million lower than the previous year. This was due mainly to a higher net drawdown of loans, a reduction in dividends paid to non-controlling interests, and a lower 2013 final dividend of US¢90 per share (2012: US¢105 per share) paid by the Company, in line with the profit decline in that year.

At the year-end, the Group had undrawn committed facilities of some US$2.0 billion. In addition, the Group had available liquid funds of US$1.8 billion. The Group's net debt excluding borrowings within Astra's financial services subsidiaries was US$239 million, 2% of consolidated total equity, compared to US$303 million at the end of 2013 which represents 3% of consolidated total equity. Net debt within Astra's financial services operations was US$3.7 billion, slightly higher than the level at the end of 2013, as the translation impact of the weaker rupiah largely offset the increase in volume financed. The Company ended the year with net debt of US$47 million.

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

Balance Sheet
The Group continues to have a strong balance sheet. Shareholders' funds increased by 8% to US$4.6 billion. Property, plant and equipment declined by US$198 million to US$3.5 billion, largely due to the impairment charge of U$231 million on its mining properties. Interests in associates and joint ventures grew by US$261 million to US$2.6 billion, from the Group's share of profit, participation in Bank Permata's rights issue and the purchase of new and additional interests. Financing debtors rose by US$394 million to US$4.9 billion due to an increase in volumes financed. Stocks at US$1.5 billion were US$192 million higher, due to an increase in inventory days for certain stock, including heavy equipment.

Treasury Policy
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. The investment of the Group's surplus cash resources is managed so as to minimise risk while seeking to enhance yield.

Risk Management Review
A review of the major risks facing the Group is set out on page 32.

S C Chiew
Group Finance Director
26th February 2015

Federal International Finance | Indonesia

Toyota Astra Financial Services | Indonesia

PARTNERS WITH THE COMMUNITY

JC&C believes in fulfilling its role as a responsible corporate citizen and advocating volunteerism among its staff. We strive to live up to our role and beliefs by leveraging our expertise, resources and partnerships to create value for and a positive impact on the communities in which we operate. Our approach to Corporate Social Responsibility ("CSR") is to identify and prioritise issues that are important to us, such as in the areas of mental health, education, environmental conservation and community-related initiatives. Astra undertakes programmes relating to education, income generating activities, healthcare and environmental conservation for its partners and the community.

Astra's CSR Initiatives

In Indonesia, Astra's CSR programmes are implemented throughout the group and through nine foundations. These foundations are the Dharma Bhakti Astra Foundation ("YDBA"), Astra Bina Ilmu Foundation ("YABI"), Astra Education Foundation – Michael D. Ruslim ("YPA–MDR"), Toyota Astra Foundation ("YTA"), Astra Honda Motor Foundation ("YAHM"), Karya Bakti United Tractors Foundation ("YKB UT"), Amaliah Astra Foundation ("YAA"), Astra Agro Lestari Foundation ("YAAL") and Yayasan Insan Mulia Pamapersada Nusantara ("YIMPN").

As part of these CSR activities, Astra supports education programmes in economically disadvantaged communities that provide basic education for children, scholarships, training of teachers and improved school facilities. In 2014, Astra awarded over 2,000 scholarships to students from elementary to university levels.

Astra began helping small and medium-sized enterprises ("SMEs") to develop through the Income Generating Activity ("IGA") programmes. These activities include capacity-building for entrepreneurs, assistance in production and market access for products made by these small businesses.

In 2014, Astra and its foundations provided assistance to local community groups throughout Indonesia and supported more than 200 SMEs with IGA programmes that laid the foundation for economic prosperity.

Astra's healthcare programmes have provided health check-ups and medication with a focus on mothers and children. Astra has established "Posyandu", which offers community healthcare facilities for mothers and their children. It also provided free healthcare services to over 11,000 patients in 2014.

"Go Green with Astra" is a tree planting programme by the Astra group which aims to nurture preservation and protection, as they believe that a well-balanced ecosystem is essential to sustainable development. In 2014, over 133,000 trees were planted throughout Indonesia.

Mental Health

MINDSET was established in 2011 as a charitable initiative of the Jardine Matheson Group that aims to promote mental health and combat the stigma of mental illness. MINDSET became a registered charity in 2012 and since its inception, has made positive contributions to the mental health sector in Singapore.

MINDSET's activities are organised by the Jardine Ambassadors, a group of young, energetic and enterprising executives selected from across the Jardine Matheson Group companies in Singapore. JC&C, along with the other Jardine Matheson Group companies, is actively involved in MINDSET's activities through donations and participation in its programmes.

In 2014, MINDSET created 16 job placements within the Jardine Matheson Group companies for the clients of various mental health agencies in the hope that these job placements can provide clients recovering from mental illnesses the opportunity to develop their skills, achieve their potential and eventually re-join the workforce. In a bid to generate greater public awareness of the prevention and treatment of mental health conditions, MINDSET also organised public roadshows, educational Lunch Talks for employees of the Jardine Matheson Group companies, Fun Days and shelf-projects to display handicrafts for sale in 7-Eleven outlets.

In addition to creating public awareness and acceptance of mental health issues, MINDSET raises funds for charities in Singapore which share similar objectives as MINDSET and promotes mental wellness through various mental health initiatives. The annual signature MINDSET Challenge involves a race up the 33-storey tower in Marina Bay Financial Centre and in 2014 raised US$300,000 for the Employment Training Centre programme run by the Singapore Anglican Community Services. In 2014, MINDSET raised and disbursed some US$600,000 to six charities in Singapore in support of programmes which MINDSET believes will have a positive sustainable impact on the beneficiaries.

Education

In Singapore, JC&C awards scholarships tenable at Singapore Management University to pursue a degree in Business Management. Every year, three undergraduates from modest backgrounds with strong academic and leadership skills are awarded the scholarships, and JC&C also provides opportunities for these scholarship holders to undertake internships with the Company. Since the inception of the scholarship programme in 2000, some 12 students have graduated from this programme.

In Malaysia, Cycle & Carriage Bintang continues with the Academic Excellence Award that encourages and recognises academic excellence of its employees' children. In Vietnam, Truong Hai Auto Corporation ("Thaco") sponsored approximately US$20,000 in scholarship grants to outstanding elementary, high school and university students of Dong Nai, Quang Nam and Ho Chi Minh City in 2014.

Community-Related and Environmental Initiatives

In Singapore, JC&C lent its support to community organisations for programmes such as the "Remembering Acts of Love" fundraising by Community Chest and the Yellow Ribbon's outreach projects for ex-offenders to reintegrate back into society. JC&C also engaged in corporate sustainability practices through its CSR activities and supported "City in a Garden" programmes organised by the National Parks.

In Malaysia, Cycle & Carriage Bintang contributed financially to Hospis Malaysia, a non-profit organisation to support its services for patients with terminal illnesses. The contribution helped defray the operating expenses which included the cost of medicine and medical equipment, training and education, staff remuneration and other general overheads.

In Indonesia, Tunas Ridean conducts its charitable activities under the TunasCare programme which aims to provide medical and educational aid to junior employees and underprivileged members of local communities. In 2014, TunasCare helped to cover the cost of hospital treatment and children's education for several hundred employees. TunasCare also organised blood donations, meals and other donations during Ramadan to orphans as well as victims of flood disasters in local communities.

In Vietnam, Thaco's annual Blood Donation programme donated 900 units of blood to the National Institute of Haematology and Blood Transfusion. It also supports the local Red Cross Society's "Joining Hands for the Community" initiative which supports fundraising programmes for orphans, handicapped and the underprivileged.

The MINDSET Challenge 2014 raises funds for the Employment Training Centre programme run by the Singapore Anglican Community Services I Singapore

Astra supports education programmes which focus on helping students who perform well academically I Indonesia

Astra offers free healthcare facilities and services to various communities I Indonesia

BOARD OF DIRECTORS

BENJAMIN KESWICK
Non-Executive Director

Mr Keswick was appointed Chairman on 1st April 2012. He was the Group Managing Director from 1st April 2007 to 31st March 2012. He was last re-elected as a director on 25th April 2012. Mr Keswick is Chairman and Managing Director of Dairy Farm, Hongkong Land and Mandarin Oriental. He is also Managing Director of Jardine Matheson Holdings and Jardine Strategic. He has been with the Jardine Matheson Group since 1998, undertaking a variety of roles before being appointed as Finance Director and then Chief Executive Officer of Jardine Pacific between 2003 and 2007. He is Chairman of Jardine Matheson Limited and a director of Jardine Pacific and Jardine Motors. He is also a commissioner of Astra. Mr Keswick graduated from Newcastle University with a Bachelor of Science degree in Agricultural Economics and Food Marketing and obtained a Master of Business Administration degree from INSEAD.

Past directorships in other listed companies over the preceding three years:
- OHTL Public Company
- United Tractors

BOON YOON CHIANG, PBM
Non-Executive Director

Mr Boon was appointed Deputy Chairman of the Group in May 1996. He has been on the Board since 19th May 1993 and was last re-elected as a director on 30th April 2014. He is Country Chairman of Jardine Matheson Group in Singapore and a director of Food Empire Holdings. He serves on the Board of the Singapore International Chamber of Commerce and is a council member of the ASEAN Chambers of Commerce and Industry. He is a member of the Competition Appeal Board and serves on the Board of the Employment and Employability Institute (e2i). He sits on the South East Asia Council of INSEAD, a leading international graduate business school and also on the Board of Governors of Asian Institute of Management, based in Manila. He is a diploma holder from the Singapore Institute of Management majoring in Personnel Management. He completed the Senior Executive Programme at the London Business School.

Past directorships in other listed companies over the preceding three years:
- Nil

ALEXANDER NEWBIGGING
Executive Director

Mr Newbigging was appointed Group Managing Director on 1st April 2012 and was last elected as a director on 25th April 2012. He has been employed by Jardine Matheson since 1995 in a variety of roles, spanning the fields of business process outsourcing, aviation services, retailing and engineering, and over this period was based in the Philippines, Australia, Malaysia, Hong Kong and now Singapore. Prior to his current appointment, he was Chief Executive of Jardine Engineering Corporation and before that, General Manager of IKEA Hong Kong. Mr Newbigging is a commissioner of Astra, Vice President Commissioner of United Tractors, Chairman of Cycle & Carriage Bintang and Vice Chairman of Refrigeration Electrical Engineering. He graduated from the University of Edinburgh with a Master of Arts (Honours) degree in mental philosophy and has completed the General Management Programme at the Harvard Business School.

Past directorships in other listed companies over the preceding three years:
- Nil

CHIEW SIN CHEOK
Executive Director

Mr Chiew was appointed Group Finance Director on 1st November 2006 and was last re-elected as a director on 25th April 2012. He has worked for Jardine Matheson since 1993 where he has held various senior finance positions, prior to which he worked for Schroders and Pricewaterhouse, both in London. He is a commissioner of Astra and Astra Otoparts, Vice President Commissioner of Astra Agro Lestari, a member of the advisory committee of Tunas Ridean and an alternate director of Cycle & Carriage Bintang. Mr Chiew graduated from the London School of Economics and Political Science with a Bachelor of Science (Economics) degree and obtained a Master of Management Science degree from the Imperial College of Science and Technology, London. He is a fellow of the Institute of Chartered Accountants in England & Wales and has completed the Advanced Management Programme at the Harvard Business School. Mr Chiew is on the Board of Governors of the Keswick Foundation, a charitable body in Hong Kong.

Past directorships in other listed companies over the preceding three years:
- Nil

TAN SRI AZLAN ZAINOL
Non-Executive and Independent Director

Tan Sri Azlan Zainol joined the Board on 30th April 2004 and was last re-elected as a director on 30th April 2014. He is Chairman of Malaysian Resources Corp and RHB Bank. He is also a director of RHB Capital and Kuala Lumpur Kepong. He was Chief Executive Officer of the Employees Provident Fund in Malaysia until his retirement in April 2013. Tan Sri Azlan Zainol is a fellow of the Institute of Chartered Accountants in England & Wales and a fellow of Asian Institute of Chartered Bankers, as well as a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Past directorships in other listed companies over the preceding three years:
- Nil

CHANG SEE HIANG
Non-Executive and Independent Director

Mr Chang joined the Board on 16th July 1997 and was last re-elected as a director on 26th April 2013. He is Senior Partner of Chang See Hiang & Partners, a firm of advocates and solicitors. Mr Chang is a director of Parkway Pantai, Yeo Hiap Seng, STT Communications and IHH Healthcare. He is also a board member of the Casino Regulatory Authority of Singapore, a member of the Appeal Advisory Panel (Securities and Futures Act, Financial Advisers Act and Insurance Act) and a member of the Securities Industry Council. Mr Chang graduated from the University of Singapore with a Bachelor of Law (Honours) degree.

Past directorships in other listed companies over the preceding three years:
- Nil

MARK GREENBERG
Non-Executive Director

Mr Greenberg joined the Board on 7th June 2006 and was last re-elected as a director on 30th April 2014. He was appointed Group Strategy Director of Jardine Matheson Holdings in 2008 having first joined the Group in 2006. He is a director of Jardine Matheson Limited, Dairy Farm, Hongkong Land and Mandarin Oriental. He is also a commissioner of Astra and Bank Permata. He had previously spent 16 years in investment banking with Dresdner Kleinwort Wasserstein in London. Mr Greenberg graduated from Hertford College, Oxford University, with a Master of Arts degree in Modern History.

Past directorships in other listed companies over the preceding three years:
- Nil

HASSAN ABAS
Non-Executive and Lead Independent Director

Mr Hassan has served as a director on the Board since 18th December 1992 and was last re-elected as a director on 26th April 2013. He is Deputy Chairman of Peremba (Malaysia). He graduated from the University of Lancaster with a degree in Accounting and Finance and is a member of the Institute of Chartered Accountants in England & Wales.

Past directorships in other listed companies over the preceding three years:
- Kentz Corporation

MICHAEL KOK
Non-Executive Director

Mr Kok joined the Board on 1st April 2013 and was last elected as a director on 26th April 2013. He was Group Chief Executive of Dairy Farm from 2007 until he retired from executive office in December 2012. He remains a non-executive director of Dairy Farm. He joined Dairy Farm in 1987 and has extensive experience in the retail industry in Asia. As a director of Dairy Farm Management Services from 1997 to 2012, he had prime responsibility for its retail businesses in South and East Asia. Mr Kok is a diploma holder from the Food Marketing Institute majoring in Marketing & Sales Management. He has completed the Senior Management Programme at the London Business School and the Advanced Management Programme at the Harvard Business School.

Past directorships in other listed companies over the preceding three years:
- Nil

MRS LIM HWEE HUA
Non-Executive and Independent Director

Mrs Lim joined the Board on 29th July 2011 and was last re-elected as a director on 25th April 2012. She is an Executive Director of Tembusu Partners and a director of Stamford Land Corporation, United Overseas Bank, BW Group, and Stewardship Asia Centre. Mrs Lim is also Honorary Chairman of the Securities Investors Association (Singapore), a senior advisor to Kohlberg Kravis Roberts & Co and a non-executive member of Westpac Institutional Bank's Asia Advisory Board. She was first elected to Parliament in December 1996 and served till May 2011. She last served as Minister in the Prime Minister's Office, Singapore, and concurrently as Second Minister for Finance and Transport. Prior to joining the government, she has had a varied career in financial services, including Temasek Holdings as a Managing Director (2000-2004), and Jardine Fleming (1992-2000). Mrs Lim graduated with a Master/Bachelor of Arts (Honours) in Mathematics/Engineering from the University of Cambridge and obtained a Master of Business Administration from the University of California at Los Angeles.

Past directorships in other listed companies over the preceding three years:
- Nil

BOARD OF DIRECTORS

DR MARTY NATALEGAWA
Non-Executive and Independent Director
Dr Natalegawa joined the Board on 24th February 2015. He was Indonesia's Foreign Minister from 2009 to 2014, its Permanent Representative to the United Nations from 2007 to 2009 and its Ambassador to the Court of St. James's and Ireland from 2005 to 2007. Prior to this, he served as Director-General for ASEAN Cooperation in the Department of Foreign Affairs. He began his career with the Department of Foreign Affairs of the Republic of Indonesia in 1986. Dr Natalegawa was awarded the Satyalancana Wira Karya medal from the Government of the Republic of Indonesia in 2011 and the Bintang Mahaputra Adipradana medal from the President of the Republic of Indonesia in 2014, a medal awarded to individuals who have contributed greatly to the nation. He was also made Honourary Knight Commander of the Order of St. Michael and St. George (KCMG) by Her Majesty Queen Elizabeth II of the United Kingdom of Great Britain and Northern Ireland in November 2012. Dr Natalegawa obtained a Doctor of Philosophy from the Australian National University, a Master of Philosophy from the University of Cambridge and a Bachelor of Science (Honours) from the London School of Economics and Political Science.

Past directorships in other listed companies over the preceding three years:
- Nil

ANTHONY NIGHTINGALE
Non-Executive Director
Mr Nightingale has served on the Board since 1993 and was Chairman from 27th November 2002 to 31st March 2012. He was last re-elected as a director on 26th April 2013. Mr Nightingale was Managing Director of Jardine Matheson Holdings, Dairy Farm, Hongkong Land, Jardine Strategic and Mandarin Oriental until he retired from executive office in March 2012 and remains a non-executive director of these companies. He is also a director of Prudential plc, Schindler Holding, China Xintiandi and a commissioner of Astra. Mr Nightingale is a non-official member of the Commission on Strategic Development and a Hong Kong representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council. He is a council member of the Employers' Federation of Hong Kong, and a member of the UK ASEAN Business Council Advisory Panel. He is also a Justice of Peace and Chairman of The Sailors Home and Missions to Seamen in Hong Kong. Mr Nightingale holds a Bachelor's degree (Honours) in Classics from Peterhouse, Cambridge University.

Past directorships in other listed companies over the preceding three years:
- Nil

JAMES WATKINS
Non-Executive and Independent Director
Mr Watkins joined the Board on 20th October 2003 and was last re-elected as a director on 30th April 2014. He was Group General Counsel of Jardine Matheson Holdings from 1997 to 2003. Mr Watkins qualified as a solicitor in 1969 and was formerly a partner of the English law firm, Linklaters & Paines. He is also a director of Hongkong Land, Mandarin Oriental, Global Sources, Advanced Semiconductor Manufacturing Corporation and Asia Satellite Telecommunications Holdings. He graduated from Leeds University with a first-class (Honours) degree in Law.

Past directorships in other listed companies over the preceding three years:
- Nil

Notes:
At the 46th Annual General Meeting to be held on 29th April 2015:
a. Chiew Sin Cheok, Benjamin Keswick, Mrs Lim Hwee Hua and Alex Newbigging shall retire and be eligible for re-election pursuant to Article 94 of the Articles of Association of the Company;
b. Dr Marty Natalegawa shall retire and be eligible for re-election pursuant to Article 99 of the Articles of Association of the Company;
c. Boon Yoon Chiang shall retire and be eligible to be re-appointed to act as a director pursuant to Section 153(6) of the Companies Act, Cap. 50 or (if then not being in force) for such other period as may be permitted.

KEY MANAGEMENT STAFF

PRIJONO SUGIARTO
Mr Sugiarto is President Director of Astra and has overall responsibility for Astra's automotive and non-automotive businesses. He currently serves as President Commissioner of United Tractors, Astra Agro Lestari and Astra Honda Motor. He is also Vice President Commissioner of Toyota Astra Motor and Astra Daihatsu Motor. Prior to joining Astra in 1990, he was a Sales Engineering Manager at Daimler-Benz Indonesia. Mr Sugiarto obtained his Diplom-Ingenieur in Mechanical Engineering from the University of A.Sc. Konstanz, Germany in 1984, and Diplom-Wirtschaftsingenieur in Business Administration from the University of A.Sc. Bochum, Germany in 1986.

HASLAM PREESTON
Mr Preeston is Regional Managing Director of Jardine Cycle and Carriage, and is responsible for overseeing the Group's motor operations, excluding those held by Astra. He is a director of Cycle and Carriage Bintang. Following an early career in the British army, he joined Jardine Matheson in 2001, where he has undertaken various roles in Jardine Wines & Spirits, Jardine Motors, Jardine Matheson Limited and Hongkong Land, in which time he was based in China, Macau, Hong Kong and Indonesia. Prior to his current appointment, he had served as General Manager of Jakarta Land, a joint venture of Hongkong Land, and was earlier the General Manager of Zung Fu Motors (Macau) from 2002 to 2007. Mr Preeston was also Chairman of the British Chamber of Commerce in Indonesia from 2011 to 2014. Mr Preeston has a Bachelor of Arts (War Studies) from King's College London, University of London and a Master of Arts (Chinese Studies) from the School of Oriental and African Studies, University of London.

CHEAH KIM TECK
Mr Cheah is Managing Director, Business Development of Jardine Cycle and Carriage, and is responsible for developing new lines of business in the region. Prior to that, he was Chief Executive Officer of the Group's motor operations, excluding those held by Astra, until he stepped down from his position in December 2013. Mr Cheah also served on the Board since 2005 but retired in 2014. He is a director of Mapletree Logistics Trust Management and Singapore Pools, and Deputy Chairman of the Singapore Sports Council. Prior to joining the Group, he held several senior marketing positions in multinational companies, namely, McDonald's Restaurant, Kentucky Fried Chicken and Coca-Cola. He holds a Master of Marketing degree from Lancaster University, United Kingdom.

ERIC CHAN
Mr Chan is Managing Director - Singapore Motor Operations, and is responsible for the Group's motor operations in Singapore. He has been with Cycle & Carriage Industries since 1995 and has held various positions. Prior to his current appointment, he was the Chief Operating Officer of Cycle & Carriage Industries which is engaged in the retail and after-sales service of Mercedes-Benz vehicles. He has spent the last 20 years in the field of sales and marketing. He graduated from the National University of Singapore with a Bachelor degree in Arts and Social Science, majoring in Economics and Sociology and has completed the Accelerated Development Programme at the London Business School.

WONG KIN FOO
Mr Wong is Chief Executive Officer of Cycle & Carriage Bintang, and is responsible for the Group's motor operations in Malaysia. He has been with Cycle & Carriage Bintang since 1996 and last held the position of Chief Operating Officer and before that, Director of Retail Operations. Mr Wong is an Associate Chartered Management Accountant, United Kingdom and is also a member of the Malaysian Institute of Accountants.

HO YENG TAT
Mr Ho is Group Company Secretary and Director of Group Corporate Affairs. He is responsible for compliance, legal, company secretarial, communications and public affairs at the Group level. He has previously worked in a government-linked corporation and a merchant bank, handling legal and corporate finance/loan syndication work, respectively. He graduated from the National University of Singapore with a Bachelor of Law (Honours) degree and a Master of Business Administration degree. He is also a graduate of the Association of Chartered Certified Accountants, United Kingdom.

CORPORATE GOVERNANCE

The Board of Jardine Cycle & Carriage has put in place a Corporate Governance Policies Manual which sets out the Company's corporate governance practices and terms of reference for the Board, Audit Committee, Nominating Committee and Remuneration Committee, in line with the principles prescribed by the Code of Corporate Governance 2012.

This report describes the corporate governance practices of the Company for the financial year ended 31st December 2014, in adherence to the principles and guidelines of the Code of Corporate Governance 2012.

THE BOARD

The Board is composed of a majority of non-executive directors and at least one-third of its members are independent directors. It comprises two executive directors and 10 non-executive directors of whom five are independent. Key information regarding the directors, including those who are executive and non-executive and whether or not they are independent, can be found on pages 22 to 24 of the Annual Report.

The Board ensures that there is an appropriate mix of core competencies and skills among its members to provide the depth of knowledge and experience necessary to meet its responsibilities. In order to fulfil their duties, directors have access to adequate and timely information provided by the management, including management accounts which are provided on a monthly basis to the directors. In addition, the Board has separate and independent access to the Group Company Secretary and senior management. It is also empowered to seek independent professional advice as considered necessary.

An orientation pack is provided to newly-appointed directors explaining their duties and obligations, and briefings on the Group's businesses and strategic plans are arranged. The directors are also provided from time to time with continuing training and education to ensure that they are kept abreast of relevant new laws, regulations and practices. The directors are kept updated on industry-related developments to improve their understanding of the issues involved, leading to appropriate decision-making as board members. These include updates and presentations by consultants to the Audit Committee on changes to accounting standards and issues which have a direct impact on financial statements.

There is a clear division of responsibilities between the roles of the Chairman and Group Managing Director. The Group Managing Director is the chief executive officer of the organisation, whereas the Chairman occupies a non-executive position and chairs the Board meetings. Since the Chairman is not an independent director, a lead independent director, Hassan Abas, has been appointed to provide shareholders with an independent channel for contact with the Company.

The Board has adopted a comprehensive set of Terms of Reference defining the roles and responsibilities of the Chairman, the Board, the Board Committees and the Group Company Secretary. Board meetings are scheduled on a regular basis throughout the year in consultation with the Chairman. The Company's Articles of Association allow Board meetings to be held by way of telephone conference and other electronic means.

The Board is responsible for charting the overall strategy and direction of the Group and approves important matters such as major acquisitions, disposals, capital expenditure and the operating plan and budget. To safeguard shareholders' interests, there are also internal guidelines requiring the Board to review and approve material transactions, and these include major and discloseable transactions as referred to in the Singapore Exchange's Listing Manual.

The Board ensures regular and timely communication with shareholders through announcements on the SGXNET and postings on the Company's website, as well as quarterly and year-end reporting of its results. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. At these meetings, shareholders are invited to put forth any questions they may have on the motions to be discussed and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. At shareholders' meetings, each specific matter is proposed as a separate resolution. The Annual General Meeting is the principal forum for dialogue with shareholders, where the directors, members of the Board Committees and external auditors are available to answer questions. The Company meets once a year with the media and analysts after announcement of its full year results. The Company also receives requests from time to time from institutional and retail investors and meets with them on an ad hoc basis. Designated management spokespersons are present at such meetings. They include the Group Managing Director, Group Finance Director and Group Company Secretary.

The Board believes in the importance of a sound system of internal controls and risk management to safeguard shareholders' interests and the Company's assets as well as to achieve corporate objectives. The Board has overall responsibility for the Group's internal controls and risk management and reviews the adequacy and effectiveness of these control and risk management systems, including financial, operational, compliance and information technology controls.

The Board has received assurance from the Group Managing Director and Group Finance Director that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the system of risk management and internal controls in place is adequate and effective in addressing the material risks in the Group in its current business environment. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management throughout the financial year 2014, as well as the assurance from the Group Managing Director and Group Finance Director, the Board, with the concurrence of the Audit Committee, is satisfied that adequate and effective internal controls including financial, operational, information technology and compliance controls and risk management systems are in place and meet the needs of the Group in its current business environment.

The Board notes that the Group's system of internal controls is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate business risk completely. The Group's internal controls and risk management systems provide reasonable but not absolute assurance that the Group will not be materially adversely affected by any event that can be reasonably foreseen and do not provide absolute assurance against material misstatements, the occurrence of material or human errors, poor judgment in decision-making, losses, fraud or other irregularities.

To assist it in the discharge of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee. From time to time, the Board also establishes ad hoc committees to look into specific matters. The composition and functions of these committees are described in the following pages.

NOMINATING COMMITTEE

The members of the Nominating Committee are Chang See Hiang, Hassan Abas and Benjamin Keswick. Two of the members are independent and all are non-executive. The Nominating Committee is chaired by Chang See Hiang, an independent non-executive director.

The members of the Nominating Committee carry out their duties in accordance with the Terms of Reference defining their roles and responsibilities. The primary function of the Nominating Committee is to make recommendations to the Board on all Board appointments, including the Company's representatives on the boards of the Group's subsidiaries and associates. It ensures that the Board and board committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company as well as a mix of core competencies in areas such as accounting, finance, business, management, law, industry knowledge, strategic planning and customer-based knowledge, to fulfil their roles and responsibilities. It also determines the size of the Board after taking into consideration the scope and nature of operations of the Group.

The responsibilities of the Nominating Committee also include assessing annually the independence of directors. Consistent with the Code of Corporate Governance 2012, the Nominating Committee carried out an assessment of the independence of five non-executive directors, namely Hassan Abas, Chang See Hiang, James Watkins, Tan Sri Azlan Zainol and Mrs Lim Hwee Hua. Of these directors, all except Mrs Lim Hwee Hua, had served on the Board beyond nine years from their date of first appointment and were also subjected to particularly rigorous review. Taking into account the recommendations from the Nominating Committee, the Board (each member abstaining in respect of his own independence review) considered the five non-executive directors to be independent as:

(a) there was an absence of any relationships with the Company, its related corporations, its 10% shareholder or its officers that could interfere, or be reasonably perceived to interfere, with such director's exercise of independent business judgment with a view to the best interests of the Company;

(b) based on such director's active participation in deliberations and speaking out (when necessary) to challenge the status quo in meetings of the Board and its committees on the Company's affairs, each of these directors had demonstrated an independent character and judgment; and

(c) taking into account the personal attributes, skills and competency of such directors in relation to the current and future needs of the Board, the Company would continue to benefit from the experience and knowledge of each of these directors.

It also develops and maintains internal guidelines used to evaluate the directors' ability and performance for the purpose of submitting them for re-nomination and re-election. Additionally, it is responsible for managing succession planning of key management personnel, such as identifying key potential candidates and providing training and career planning.

A formal and transparent process for the appointment of new directors exists. The Nominating Committee reviews each proposal for the appointment of a new member to the Board. The candidate will be assessed for his or her suitability and potential contribution to the Board, taking into account the existing competencies, knowledge and experience of the other Board members. After considering factors such as the candidate's professional qualifications, business experience and capabilities, suitable candidates will be nominated to the Board for approval. All newly appointed directors are subject to election by shareholders at the next Annual General Meeting. Furthermore, in accordance with the Company's Articles of Association, at least one-third of the directors, including the Group Managing Director, is required to retire by rotation and submit themselves for re-election at each Annual General Meeting. The Nominating Committee also makes recommendations to the Board on the re-election of the directors.

The assessment of the Board as a whole and its board committees, and the contribution of each individual director to the effectiveness of the Board is carried out annually and overseen by the Nominating Committee. The formal performance assessment process is set out in the Company's Corporate Governance Policies Manual, and uses self-assessment with certain set performance criteria.

For individual director's performance, each director performs a self-evaluation by completing a checklist containing a set of pre-determined performance criteria. The performance criteria cover areas such as attendance and adequacy of preparation for Board and Board Committee meetings, contributions in topics like strategic/business decisions, finance/accounting, risk management, legal/regulatory, human resource management, generation of constructive debate, maintenance of independence and disclosure of related party transactions. These relate directly to areas in which a director would be expected to contribute and are designed to encourage the director to be more effective. Each director's self-evaluation is also reviewed by the Nominating Committee.

The Board has decided not to set a maximum number of listed company board representations which any director may concurrently hold, as this would be arbitrary and may be unnecessarily limiting. The number of board representations should not be the only measure of a director's commitment and ability to contribute effectively to the Board. In making its assessment of a director's ability and performance in adequately carrying out his duties as a director of the Company, the Nominating Committee will take into consideration the competing time commitments that are faced by the directors who serve on multiple boards.

For the Board's performance as a whole and its board committees, the Company has adopted a set of quantitative and qualitative performance criteria. For the quantitative assessment, the share price performance, return on capital employed ("ROCE") and earnings per share of the Company are compiled over a five-year period and compared with the Straits Times Index and industry peers which have similar businesses as the Company. The selection of industry peers is reviewed annually to ensure that the comparison is objective and relevant. The collation of information and the comparison are carried out by external consultants, who have no connection with the Company or any of its directors, and set out in a performance benchmark report who is then reviewed by the Nominating Committee. For the qualitative assessment, the Nominating Committee carries out a self-evaluation of the Board and board committee's performance using a set of comprehensive pre-determined performance criteria. The areas that are covered are Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measurement and monitoring of performance, recruitment and evaluation, compensation, succession planning, financial reporting and communication with shareholders.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The table below sets out the number of meetings of the Company's directors including meetings of the Board Committees during the financial year ended 31st December 2014.

	No. of Board Meetings		No. of Nominating Committee Meetings		No. of Audit Committee Meetings		No. of Remuneration Committee Meetings	
Director	Held whilst a Director	Attended	Held whilst a Member	Attended	Held whilst a Member	Attended	Held whilst a Member	Attended
Benjamin Keswick	4	4	1	1	NA	NA	2	2
Boon Yoon Chiang	4	3	NA	NA	4	4	NA	NA
Alexander Newbigging	4	4	NA	NA	NA	NA	NA	NA
Chiew Sin Cheok	4	4	NA	NA	NA	NA	NA	NA
Tan Sri Azlan Zainol	4	4	NA	NA	NA	NA	NA	NA
Chang See Hiang	4	4	1	1	4	4	2	2
Cheah Kim Teck*	2	2	NA	NA	NA	NA	NA	NA
Mark Greenberg	4	3	NA	NA	4	3	NA	NA
Hassan Abas	4	4	1	1	4	4	2	2
Michael Kok	4	3	NA	NA	NA	NA	NA	NA
Lim Ho Kee†	1	–	1	–	1	–	NA	NA
Mrs Lim Hwee Hua	4	4	NA	NA	4	4	NA	NA
Anthony Nightingale	4	3	NA	NA	NA	NA	NA	NA
James Watkins	4	4	NA	NA	4	4	2	2

* Retired 30th April 2014
† Resigned 28th February 2014

REMUNERATION COMMITTEE

The Remuneration Committee consists entirely of non-executive directors, the majority of whom are independent, and is chaired by a non-executive independent director, James Watkins. The other members are Chang See Hiang, Hassan Abas and Benjamin Keswick.

The members of the Remuneration Committee carry out their duties in accordance with the Terms of Reference defining their roles and responsibilities. The Remuneration Committee is responsible for reviewing the remuneration of key management personnel and advising the Board on the framework of remuneration policies for executive directors and senior executives, as well as the framework of fees payable to non-executive directors. These policies are designed to attract, retain and motivate them to align their interests with the growth of the Company, in order to increase shareholder value. Several members of the Remuneration Committee are knowledgeable in the field of executive compensation. If necessary, the Remuneration Committee will seek expert advice from consultants on executive compensation matters.

The remuneration for executive directors and key management personnel is structured to link rewards to corporate and individual performance. The remuneration policy for executive directors and key management personnel consists of both a fixed and variable component. The fixed component comprises salary, provident fund contributions and other allowances. The variable component comprises a performance-based bonus, which is payable on the achievement of individual and corporate performance conditions which are set or refreshed annually. The performance of the executive directors is based on the Board's assessment as described in the earlier section, while those of the key management personnel are based on appraisals done by the executive directors.

Short-term and long-term incentive plans have been designed to strengthen the pay for performance framework and to reward participants for the success of the business units and the Group. Performance targets to be met under the short-term incentive plan include annual earnings, which are benchmarked against the budget, and individual qualitative key performance indicators, other than earnings, that focus on short-term and long-term success and profitability. Individual payments are made based on performance appraisals. Under the long-term incentive plan, an incentive pool is created from which payment is made for performance measured in three-year cycles that exceeds baseline targets, as approved by the Remuneration Committee. These performance targets are chosen because they are closely aligned with the long-term success of the Group and shareholders' interests. These performance conditions were met in 2014. The Group does not use any contractual provisions to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Group. The Company does not currently operate any share-based incentive plan.

No service contract has been signed with any executive director.

Directors' fees for non-executive directors are determined having regard to best market practice, the level of duties and responsibilities of the directors and the size and diversity of the Group's operations. The directors' fees paid include board committee membership fees as set out below, attendance fees of S$1,000 per meeting (capped at one meeting fee per day, regardless of the number of meetings attended on that day) and benefits-in-kind, all of which are approved by shareholders at the Annual General Meeting.

	Chairman S$	Member S$
Board	120,000	60,000
Audit Committee	40,000	20,000
Remuneration Committee	14,000	7,000
Nominating Committee	14,000	7,000

No directors' fees are paid to executive directors.

Remuneration of Directors and Key Management Personnel
The remuneration of the directors of the Company and the top five key management personnel (who are not also directors) of the Group for the financial year ended 31st December 2014 is shown in the following tables, broken down into the various elements in dollar terms and percentages, respectively:

Directors	Directors' fees S$000	Base salary S$000	Variable bonus S$000	Defined benefits/ contribution plans S$000	Benefits-in-kind S$000	Total S$000
Benjamin Keswick	138	–	–	–	–	138
Boon Yoon Chiang	84	–	–	–	8	92
Alexander Newbigging#	–	428	1,532	77	442	2,479
Chiew Sin Cheok#	–	383	671	69	527	1,650
Tan Sri Azlan Zainol	64	–	–	–	–	64
Chang See Hiang	105	–	–	–	6	111
Cheah Kim Teck*	–	188	188	2	34	412
Mark Greenberg	83	–	–	–	–	83
Hassan Abas	118	–	–	–	–	118
Michael Kok	63	–	–	–	–	63
Lim Ho Kee†	22	–	–	–	–	22
Mrs Lim Hwee Hua	84	–	–	–	–	84
Anthony Nightingale	63	–	–	–	–	63
James Watkins	98	–	–	–	–	98

Executive Director
* Retired 30th April 2014
† Resigned 28th February 2014

Key Management Personnel	Base salary %	Variable bonus %	Defined benefits/ contribution plans %	Benefits-in-kind %	Total %
S$500,000 to S$749,999					
Haslam Preeston#	34	27	5	34	100
Alvyn Ang	30	61	2	7	100
S$750,000 to S$999,999					
Cheah Kim Teck*	46	46	–	8	100
Eric Chan	32	59	2	7	100
Ho Yeng Tat	50	42	1	7	100

With effect 1st February 2014
* With effect 1st May 2014

Notes:
(1) Directors' fees for non-executive directors, including benefits-in-kind, were approved by the shareholders as a lump sum at the Annual General Meeting held in 2014.
(2) Benefits-in-kind refer to benefits such as car, driver, housing and club membership made available as appropriate.
(3) The total remuneration of the top five key management personnel for the financial year ended 31st December 2014 was S$3,746,000.
(4) No stock options or share-based incentives or awards were paid to directors and key management personnel for the financial year ended 31st December 2014.

There are no Company employees who are immediate family members of a director.

AUDIT COMMITTEE
The Chairman of the Audit Committee is Hassan Abas and the members are Boon Yoon Chiang, Chang See Hiang, Mark Greenberg, Mrs Lim Hwee Hua and James Watkins. All the members are non-executive and four of them including the Chairman are independent. Three of the members have expertise in financial management, of whom, one is a chartered accountant.

The members of the Audit Committee carry out their duties in accordance with the Terms of Reference defining their roles and responsibilities. The primary function of the Audit Committee is to help the Board in fulfilling its statutory and fiduciary responsibilities in relation to the Group's financial reporting, ensuring the integrity of financial statements, reviewing financial and control risks and monitoring of the internal control systems. The Audit Committee has access to management and has the discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Internal Audit function (excluding Astra), which reports directly to the Chairman of the Audit Committee, provides an independent and objective assurance on internal controls and assists the Audit Committee in reviewing how principal business risks in the Group are evaluated. The Internal Audit function is independent of the operating companies and employs qualified professionals to handle the work in accordance with prevailing professional standards. The Internal Audit function reviews the effectiveness of the internal control system and management control system. These reviews are conducted regularly throughout the year in accordance with an agreed plan to ensure material internal controls are in place. The Audit Committee approves the audit plans, reviews the audit findings and follows up on implementation plans. The Audit Committee evaluates the adequacy of the Internal Audit function annually.

The Internal Audit function of the Astra group is similar to that mentioned in the preceding paragraph and is performed by the various internal audit units which report to the respective board of commissioners within the Astra group. The internal audit department of Astra's parent company provides advice and support to these various internal audit units to ensure alignment, adequate coverage and consistent standards. The Audit Committee receives quarterly reports on internal audit plans, audit findings and implementation plans from the Astra group.

The Group has in place a risk management programme to identify and report on areas of potential business risks, and to recommend counteracting measures to prevent and minimise any loss arising from the business risks identified. The Risk Registers are updated regularly and a Risk Management Review, which is included in this section, is submitted to the Audit Committee annually.

In performing its functions, the Audit Committee also reviews and approves audit plans for external audit. It meets with the external auditors to discuss significant accounting and auditing issues arising from their audit, other audit findings and recommendations.

The Audit Committee meets with both internal and external auditors annually without the presence of management to discuss any matters that the Audit Committee or auditors believe should be discussed privately.

Prior to the completion and announcement of the quarterly and full year results, the Audit Committee and the senior management review the Group's financial information to ensure that it is properly presented and that appropriate accounting policies have been applied in the preparation of financial information.

The Audit Committee serves as an independent party to review financial information prepared by the management for shareholders, as well as the channel of communication between the Board and external auditors.

The Audit Committee also reviews or approves the interested person transactions entered or proposed to be entered into during the year as recorded in the Register of Interested Person Transactions (excluding transactions less than S$100,000).

For the year ended 31st December 2014, the following interested person transactions were entered into:

	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	US$m	US$m
Jardine Matheson Limited		
– management support services	–	4.4
PT Hero Supermarket		
– provision of transportation services	–	1.4
PT Jardine Lloyd Thompson		
– insurance brokerage services	–	0.3
PT Brahmayasa Bahtera		
– loan and interest on loan from PT Astra International Tbk	5.5	–
Hongkong Land Group Limited		
– interest on loan	–	0.3
Hongkong Land (Singapore) Pte Ltd		
– sale of a motor vehicle	–	0.2
– purchase of a used motor vehicle	–	0.1
Marina Bay Hotel Private Limited		
– sale of a motor vehicle	–	0.2
Director of the Company, Mrs Lim Hwee Hua		
– sale of a motor vehicle	–	0.3
– purchase of a used motor vehicle	–	0.1
Total	5.5	7.3

Save for those transactions disclosed above, no material contract has been entered into by the Group involving the interests of the Group Managing Director, any director or controlling shareholder, either as at the end of the financial year or since the end of the financial year.

The Group has a Corporate Code of Conduct that encapsulates many of the Group's longstanding policies. The Audit Committee reviews and approves any changes made to the code. These policies apply to all employees and set out the standards within which they are expected to act. The policies are aimed at the maintenance of standards of honesty, integrity and fair dealing by all employees in their dealings with customers, suppliers, interested persons, the community, competitors and other internal units in the performance of their duties and responsibilities.

The Group also has in place whistle blowing policies which come under the purview of the Audit Committee to ensure independent investigation and appropriate follow-up action on any concerns raised.

The Company has adopted internal guidelines on dealings in securities by directors and employees of the Company and Group companies. The guidelines incorporate the best practices on the subject issued by the Singapore Exchange Securities Trading Limited or the appropriate regulatory requirements of the markets on which the securities are listed. Under the guidelines, directors and employees who are in possession of unpublished material price-sensitive information are prohibited from dealing in the Company's or any Group company's securities. They are not permitted to deal on short-term considerations or during the relevant closed periods immediately preceding the announcement of results.

The Audit Committee also reviews the range and value of non-audit services provided by the external auditors on an annual basis. For the financial year which recently ended, it was satisfied that the provision of such non-audit services had not affected the independence of the external auditors.

The Company has complied with Rules 712 and 715 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited with regards to the auditing firms.

RISK MANAGEMENT REVIEW

The Group has a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The process is supported by a policy as well as detailed procedures, methodologies, evaluation criteria and documentation requirements with the aim of ensuring clarity and consistency of application across the Group. These procedures and methodologies are regularly reviewed to include new elements that aim at enhancing the reporting process in order to make it more comprehensive, of more value to the Audit Committee and in line with current best practices.

Management is required to comprehensively identify and assess significant risks in terms of the likelihood of occurrence, magnitude and speed of impact. Management is also required to identify and evaluate the adequacy and implementation of mechanisms to manage, mitigate, avoid or eliminate these risks. The level of risk that management is willing to tolerate in order to achieve the business objectives are also considered. The process encompasses assessments and evaluations at business unit level before being examined at the Group level.

On a bi-annual basis, Risk Registers are updated and a Risk Management Review is presented to the Audit Committee on the significant risks, measures taken by management to address them and residual risk exposures impacting the Group.

The following are the major residual risk exposures.

1. **Dependence on Investment in Astra**
   Astra is the major contributor to the Group's earnings and represents a significant proportion of the Group's total assets. Consequently, any adverse changes in the political, social or economic situation in Indonesia or any other factors, including changes in laws, regulations and policies by the Indonesian or other foreign governments, any termination of or material changes to key licensing and distribution agreements between Astra and its strategic partners or any pricing actions Astra may have to take in response to competition which have a material adverse impact on Astra's financial performance, will in turn have a significant impact on the Group's earnings and total assets.

   The Group is exposed to foreign currency fluctuations, mainly through Astra. Any significant depreciation of the rupiah will have an adverse impact on the Group's earnings and total assets.

2. **Terrorists' Attacks, Other Acts of Violence and Natural Disasters**
   Terrorists' attacks, other acts of violence and natural disasters may directly impact the Group's physical facilities or those of its suppliers and customers and have an adverse impact on the Group's earnings and total assets. Such risks cannot be totally eliminated. However, the Group takes up appropriate insurance as part of its risk management.

3. **Outbreak of Contagious or Virulent Diseases**
   A pandemic outbreak or spread of contagious or virulent diseases such as severe acute respiratory syndrome or avian influenza may result in quarantine restrictions on the Group's staff, suppliers and customers and limit access to facilities. These could have a significant negative impact on the Group's earnings and total assets.

4. **Competition, Economic Cycle, Commodity Prices and Government Regulations**
   The Group faces competition in each of its businesses. If the Group is unable to compete successfully against its existing competitors or new entrants to the industries in which it operates, its business, financial condition and results of operations will be adversely affected.

   The Group's financial performance fluctuates with the economic cycle. Market forces and their resultant movements can significantly impact the earnings and asset position of the Group.

   The Group is also exposed to financial risks arising from changes in commodity prices, primarily crude palm oil and coal.

   The Group's businesses are impacted by government regulations and policies relevant to the respective industries and territories. Economic trade agreements such as the Asean Free Trade Agreement may also result in increased competition which may have an adverse effect on the Group's earnings and total assets.

5. **Exclusive Business Arrangements**
   The Group currently has a number of subsidiaries, associates and joint ventures in Indonesia, Singapore, Malaysia and Vietnam engaged in the automotive business that enjoy exclusive rights in various forms either as a manufacturer, assembler, distributor or dealer.

   Management works to meet targets and improve business performance. Notwithstanding this, any change in the strategies of the principals may be beyond management's control. In certain cases, any withdrawal or dilution of the exclusive rights can potentially have a significant impact on the Group's earnings and total assets.

6. **Financial Risk**
   The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. It manages its exposure to financial risks by using a variety of techniques and instruments.

   The Group has an internal policy which prohibits speculative transactions to be undertaken and only enters into derivative financial instruments in order to hedge underlying exposures. The objective is to provide a degree of certainty on costs. The investment of the Group's surplus cash resources is managed so as to minimise credit risk while seeking to enhance yield. The steps taken by the Group to manage its exposure to financial risks are set out in further detail under Financial Risk Management on page 64, Note 2.31 to the Financial Statements. The Group also has a system of internal controls as described in this report.

   Notwithstanding the risk management policies of the Group, any unanticipated fluctuations in debt and equity market prices, foreign currency exchange rates and interest rates may have an adverse effect on the Group's earnings and total assets.

FINANCIAL STATEMENTS

Komatsu Heavy Equipment and Mining Contracting | Indonesia

The directors of Jardine Cycle & Carriage Limited present their report to the members together with the audited financial statements for the financial year ended 31st December 2014.

1. Directors

The directors of the Company in office at the date of this report are as follows:

Benjamin William Keswick (Chairman)
Boon Yoon Chiang (Deputy Chairman)#
David Alexander Newbigging (Group Managing Director)
Chiew Sin Cheok (Group Finance Director)
Tan Sri Azlan Zainol
Chang See Hiang#
Mark Spencer Greenberg#
Hassan Abas#
Michael Kok Pak Kuan
Lim Hwee Hua#
Anthony John Liddell Nightingale
James Arthur Watkins#
Raden Mohammad Marty Muliana Natalegawa (appointed on 24th February 2015)

Audit Committee member.

Lim Ho Kee resigned on 28th February 2014.
Cheah Kim Teck retired on 30th April 2014.

2. Directors' Interests

As at 31st December 2014 and 1st January 2014, the directors of the Company had interests set out below in the ordinary shares of the related companies. These were direct interests except where otherwise indicated:

Name of director/ Par value per share	Jardine Matheson US$0.25	Jardine Strategic US$0.05	Dairy Farm US$0.05 5/9	Astra International Rp50	Hongkong Land US$0.10
As at 31st December 2014					
Benjamin Keswick	2,595,083 39,507,924*	-	-	-	-
Michael Kok	-	-	582,888	-	-
Anthony Nightingale	1,157,335 11,335#	18,052	34,183	6,100,000	2,184
James Watkins	50,000	-	-	-	-
As at 1st January 2014					
Benjamin Keswick	2,547,643 39,359,902*	-	-	-	-
Michael Kok	-	-	782,688	-	-
Anthony Nightingale	1,150,170 11,081#	17,922	34,183	6,100,000	2,184
James Watkins	50,000	-	-	-	-

Non-beneficial deemed interest.
* Deemed interest in shares held by family trusts in which Benjamin Keswick is a beneficiary.

DIRECTORS' REPORT

2. Directors' Interests (continued)

In addition:

(a) At 31st December 2014, Benjamin Keswick, Alexander Newbigging, Chiew Sin Cheok and Mark Greenberg held options in respect of 220,000 (1.1.14: 220,000), 80,000 (1.1.14: 80,000), 20,000 (1.1.14: 20,000) and 240,000 (1.1.14: 240,000) ordinary shares, respectively, in Jardine Matheson issued pursuant to that company's Senior Executive Share Incentive Schemes.

(b) At 31st December 2014 and 1st January 2014, Benjamin Keswick and Mark Greenberg had deemed interests in 35,915,991 ordinary shares in Jardine Matheson as discretionary objects under the 1947 Trust, the income of which is available for distribution to senior executive officers and employees of Jardine Matheson and its wholly-owned subsidiaries.

There were no changes in the abovementioned interests with regards to the Company between the end of the financial year and 21st January 2015.

No other person who was a director of the Company at the end of the financial year had an interest in any shares or debentures of the Company or its related companies either at the beginning or end of the financial year or on 21st January 2015.

At no time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as shown in Note 31 to the financial statements and in this report, and except that certain directors who are nominees of the substantial shareholders have employment relationships either with the substantial shareholders or their related companies and have received remuneration in those capacities.

3. Audit Committee

In relation to the financial statements of the Group and the Company for the financial year ended 31st December 2014, the Audit Committee reviewed the audit plans and scope of the audit examination of the internal and external auditors of the Company. The internal and external auditors' findings on the internal controls of the companies within the Group and management's response to these findings were also discussed with the internal and external auditors and management. The Audit Committee's activities included a review of the financial statements of the Group and the Company for the financial year ended 31st December 2014 and the reports of the external auditors thereon. The Audit Committee has had four meetings since the report of the previous financial year.

The Audit Committee has recommended to the Board of Directors the re-appointment of our auditors, PricewaterhouseCoopers LLP, as external auditors of the Company at the forthcoming Annual General Meeting.

4. Share Options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

DIRECTORS' REPORT

5. **Auditors**
Our auditors, PricewaterhouseCoopers LLP, being eligible, have expressed their willingness to accept re-appointment at the Annual General Meeting.

On behalf of the directors

Benjamin Keswick
Director

Hassan Abas
Director

Singapore
13th March 2015

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying financial statements set out on pages 41 to 124 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company at 31st December 2014, the results of the business and the changes in equity of the Group and of the Company and the cash flows of the Group for the financial year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Benjamin Keswick
Director

Hassan Abas
Director

Singapore
13th March 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Jardine Cycle & Carriage Limited (Incorporated in Singapore) and subsidiaries

Report on the Financial Statements

We have audited the accompanying financial statements of Jardine Cycle & Carriage Limited (the "Company") and its subsidiaries (the "Group") set out on pages 41 to 124, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31st December 2014, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the profit and loss account, the statement of comprehensive income and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and balance sheet, the profit and loss account, the statement of comprehensive income and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2014, and of the results, changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore
13th March 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2014

	Notes	**2014 US$m**	2013 US$m
Revenue	3	**18,675.4**	19,787.8
Net operating costs	4	**(16,897.4)**	(17,724.8)
Operating profit		**1,778.0**	2,063.0
Financing income		**102.0**	78.4
Financing charges		**(117.0)**	(106.7)
Net financing charges	6	**(15.0)**	(28.3)
Share of associates' and joint ventures' results after tax	16	**576.2**	590.1
Profit before tax		**2,339.2**	2,624.8
Tax	7	**(478.8)**	(535.6)
Profit after tax		**1,860.4**	2,089.2
Profit attributable to:			
Shareholders of the Company		**820.2**	915.0
Non-controlling interests		**1,040.2**	1,174.2
		1,860.4	2,089.2

		US¢	US¢
Earnings per share:			
- basic	9	**230.59**	257.24
- diluted	9	**230.59**	257.24

The notes on pages 51 to 124 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2014

	Notes	2014 US$m	2013 US$m
Profit for the year		**1,860.4**	2,089.2
Items that will not be reclassified to profit and loss:			
Asset revaluation reserve			
- surplus during the year		**14.6**	8.6
Remeasurements of defined benefit plans		**(3.4)**	13.5
Tax relating to items that will not be reclassified	7	**1.0**	(3.4)
Share of other comprehensive income/(expense) of associates and joint ventures, net of tax		**4.7**	0.5
		16.9	19.2
Items that may be reclassified subsequently to profit and loss:			
Translation differences			
- losses arising during the year		**(246.8)**	(2,200.4)
Available-for-sale investments			
- gains/(losses) arising during the year	17	**25.4**	(12.0)
- transfer to profit and loss		**(19.2)**	(11.4)
		6.2	(23.4)
Cash flow hedges			
- losses arising during the year		**(133.9)**	(53.0)
- transfer to profit and loss		**103.1**	74.8
		(30.8)	21.8
Tax relating to items that may be reclassified	7	**7.5**	(5.7)
Share of other comprehensive income/(expense) of associates and joint ventures, net of tax		**(4.5)**	5.2
		(268.4)	(2,202.5)
Other comprehensive expense for the year, net of tax		**(251.5)**	(2,183.3)
Total comprehensive income/(expense) for the year		**1,608.9**	(94.1)
Attributable to:			
Shareholders of the Company		**697.6**	2.6
Non-controlling interests		**911.3**	(96.7)
		1,608.9	(94.1)

The notes on pages 51 to 124 form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

As at 31st December 2014

	Notes	At 31st December 2014 US$m	At 31st December 2013 US$m
Non-current assets			
Intangible assets	10	**922.3**	835.6
Leasehold land use rights	11	**618.3**	502.0
Property, plant and equipment	12	**3,548.1**	3,746.6
Investment properties	13	**203.7**	112.6
Plantations	14	**907.6**	856.2
Interests in associates and joint ventures	16	**2,624.4**	2,363.1
Non-current investments	17	**525.0**	428.8
Non-current debtors	20	**2,898.6**	2,625.5
Deferred tax assets	25	**231.6**	195.3
		12,479.6	11,665.7
Current assets			
Current investments	17	**17.8**	17.5
Stocks	18	**1,538.1**	1,346.4
Current debtors	20	**4,704.9**	4,475.6
Current tax assets		**109.7**	103.6
Bank balances and other liquid funds			
- non-financial services companies		**1,389.9**	1,317.1
- financial services companies		**382.1**	284.0
	21	**1,772.0**	1,601.1
		8,142.5	7,544.2
Total assets		**20,622.1**	19,209.9
Non-current liabilities			
Non-current creditors	22	**280.0**	261.5
Provisions	23	**89.2**	85.2
Long-term borrowings			
- non-financial services companies		**448.3**	551.3
- financial services companies		**2,176.3**	1,673.6
	24	**2,624.6**	2,224.9
Deferred tax liabilities	25	**401.7**	466.4
Pension liabilities	26	**210.1**	188.0
		3,605.6	3,226.0

The notes on pages 51 to 124 form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31st December 2014

	Notes	At 31st December 2014 US$m	At 31st December 2013 US$m
Current liabilities			
Current creditors	22	**2,983.9**	2,839.8
Provisions	23	**55.7**	44.3
Current borrowings			
- non-financial services companies		**1,180.7**	1,069.2
- financial services companies		**1,891.8**	2,079.0
	24	**3,072.5**	3,148.2
Current tax liabilities		**105.8**	68.6
		6,217.9	6,100.9
Total liabilities		**9,823.5**	9,326.9
Net assets		**10,798.6**	9,883.0
Equity			
Share capital	27	**632.6**	632.6
Revenue reserve	28	**4,813.7**	4,329.9
Other reserves	29	**(823.1)**	(701.4)
Shareholders' funds		**4,623.2**	4,261.1
Non-controlling interests	30	**6,175.4**	5,621.9
Total equity		**10,798.6**	9,883.0

The notes on pages 51 to 124 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2014

		Attributable to shareholders of the Company							
	Notes	Share capital US$m	Revenue reserve US$m	Asset revaluation reserve US$m	Translation reserve US$m	Fair value and other reserves US$m	Total US$m	Attributable to non-controlling interests US$m	Total equity US$m
2014									
Balance at 1st January		**632.6**	**4,329.9**	**338.8**	**(1,078.8)**	**38.6**	**4,261.1**	**5,621.9**	**9,883.0**
Total comprehensive income		**-**	**819.3**	**8.2**	**(117.2)**	**(12.7)**	**697.6**	**911.3**	**1,608.9**
Dividends paid by the Company	8	**-**	**(379.6)**	**-**	**-**	**-**	**(379.6)**	**-**	**(379.6)**
Dividends paid to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**(493.1)**	**(493.1)**
Change in shareholding		**-**	**44.2**	**-**	**-**	**-**	**44.2**	**135.4**	**179.6**
Other		**-**	**(0.1)**	**-**	**-**	**-**	**(0.1)**	**(0.1)**	**(0.2)**
Balance at 31st December		**632.6**	**4,813.7**	**347.0**	**(1,196.0)**	**25.9**	**4,623.2**	**6,175.4**	**10,798.6**
2013									
Balance at 1st January		632.6	3,786.7	333.7	(143.5)	23.8	4,633.3	6,064.7	10,698.0
Total comprehensive income		-	918.0	5.1	(935.3)	14.8	2.6	(96.7)	(94.1)
Issue of shares to non-controlling interests		-	-	-	-	-	-	17.8	17.8
Dividends paid by the Company	8	-	(435.1)	-	-	-	(435.1)	-	(435.1)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(540.5)	(540.5)
Change in shareholding		-	61.3	-	-	-	61.3	126.1	187.4
Acquisition/disposal of subsidiaries		-	-	-	-	-	-	51.7	51.7
Other		-	(1.0)	-	-	-	(1.0)	(1.2)	(2.2)
Balance at 31st December		632.6	4,329.9	338.8	(1,078.8)	38.6	4,261.1	5,621.9	9,883.0

The notes on pages 51 to 124 form an integral part of the financial statements.

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2014

	Notes	2014 US$m	2013 US$m
Revenue	3	**417.3**	508.1
Net operating costs	4	**(19.0)**	(16.7)
Operating profit		**398.3**	491.4
Financing charges	6	**(0.8)**	(0.9)
Profit before tax		**397.5**	490.5
Tax	7	**(37.2)**	(42.5)
Profit after tax		**360.3**	448.0

The notes on pages 51 to 124 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2014

	Notes	2014 US$m	2013 US$m
Profit for the year		**360.3**	448.0
Items that may be reclassified subsequently to profit and loss:			
Net exchange translation difference			
- gains/(losses) arising during the year		**(64.7)**	(54.9)
Available-for-sale investment			
- gains/(losses) arising during the year	17	**1.6**	1.3
Other comprehensive income/(expense) for the year		**(63.1)**	(53.6)
Total comprehensive income for the year		**297.2**	394.4

The notes on pages 51 to 124 form an integral part of the financial statements.

BALANCE SHEET

As at 31st December 2014

	Notes	2014 US$m	2013 US$m
Non-current assets			
Property, plant and equipment	12	**35.7**	37.5
Interests in subsidiaries	15	**1,339.7**	1,397.8
Interests in associates and joint ventures	16	**124.1**	127.1
Non-current investment	17	**8.9**	7.7
		1,508.4	1,570.1
Current assets			
Current debtors	20	**50.3**	44.1
Bank balances and other liquid funds	21	**2.6**	11.5
		52.9	55.6
Total assets		**1,561.3**	1,625.7
Non-current liabilities			
Deferred tax liabilities	25	**0.2**	0.2
		0.2	0.2
Current liabilities			
Current creditors	22	**20.2**	19.7
Current borrowings	24	**49.2**	31.6
Current tax liabilities		**1.6**	1.7
		71.0	53.0
Total liabilities		**71.2**	53.2
Net assets		**1,490.1**	1,572.5
Equity			
Share capital	27	**632.6**	632.6
Revenue reserve	28	**505.8**	525.1
Other reserves	29	**351.7**	414.8
Total equity		**1,490.1**	1,572.5

The notes on pages 51 to 124 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2014

	Notes	Share capital US$m	Revenue reserve US$m	Translation reserve US$m	Fair value and other reserves US$m	Total equity US$m
2014						
Balance at 1st January		**632.6**	**525.1**	**414.7**	**0.1**	**1,572.5**
Total comprehensive income		**-**	**360.3**	**(64.7)**	**1.6**	**297.2**
Dividends paid	8	**-**	**(379.6)**	**-**	**-**	**(379.6)**
Balance at 31st December		**632.6**	**505.8**	**350.0**	**1.7**	**1,490.1**
2013						
Balance at 1st January		632.6	512.2	469.6	(1.2)	1,613.2
Total comprehensive income		-	448.0	(54.9)	1.3	394.4
Dividends paid	8	-	(435.1)	-	-	(435.1)
Balance at 31st December		632.6	525.1	414.7	0.1	1,572.5

The notes on pages 51 to 124 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2014

	Notes	2014 US$m	2013 US$m
Cash flows from operating activities			
Cash generated from operations	35	**1,794.3**	2,641.4
Interest paid		**(62.9)**	(89.0)
Interest received		**101.9**	76.0
Other finance costs paid		**(53.1)**	(18.1)
Income taxes paid		**(540.3)**	(679.5)
		(554.4)	(710.6)
Net cash flows from operating activities		**1,239.9**	1,930.8
Cash flows from investing activities			
Sale of leasehold land use rights		**0.5**	5.3
Sale of property, plant and equipment		**35.8**	24.4
Sale of investment properties		**-**	1.1
Sale of subsidiaries, net of cash disposed	36	**0.7**	12.8
Sale of associate		**12.1**	-
Sale of investments		**80.5**	92.3
Purchase of intangible assets		**(155.8)**	(135.4)
Purchase of leasehold land use rights		**(66.6)**	(126.7)
Purchase of property, plant and equipment		**(654.2)**	(679.5)
Purchase of investment properties		**(67.3)**	(58.0)
Additions to plantations		**(82.0)**	(64.7)
Purchase of subsidiaries, net of cash acquired	36	**(26.4)**	(73.8)
Purchase of shares in associates and joint ventures		**(100.0)**	(76.7)
Purchase of investments		**(183.3)**	(99.4)
Capital repayment of investments		**17.7**	16.5
Dividends received from associates and joint ventures (net)		**354.0**	323.7
Net cash flows used in investing activities		**(834.3)**	(838.1)
Cash flows from financing activities			
Drawdown of loans		**6,892.3**	5,607.7
Repayment of loans		**(6,473.6)**	(5,356.1)
Changes in controlling interests in subsidiaries	36	**179.6**	209.3
Investments by non-controlling interests		**-**	15.6
Dividends paid to non-controlling interests		**(493.1)**	(540.5)
Dividends paid by the Company	8	**(379.6)**	(435.1)
Net cash flows used in financing activities		**(274.4)**	(499.1)
Net change in cash and cash equivalents		**131.2**	593.6
Cash and cash equivalents at the beginning of the year		**1,601.0**	1,201.0
Effect of exchange rate changes		**25.9**	(193.6)
Cash and cash equivalents at the end of the year	36	**1,758.1**	1,601.0

The notes on pages 51 to 124 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is 239 Alexandra Road, Singapore 159930.

The principal activities of the Group are the manufacture, assembly, distribution and retail of motor vehicles and motorcycles, financial services, heavy equipment and mining, agribusiness, infrastructure, logistics and others, and information technology. The Company acts as an investment holding company and a provider of management services.

On 13th March 2015, the Jardine Cycle & Carriage Limited Board of Directors authorised the financial statements for issue.

2 Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of Preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.32.

The following new amendments and interpretation to existing standard which are effective in the accounting period and relevant to the Group's operations were adopted in 2014:

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 any 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 realisation 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 recognised 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 recognised 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.

2 Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

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

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

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

The Group is currently assessing the impact of these 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 hedge accounting is also introduced.

There are three categories for financial assets under IFRS 9: amortised 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 recognised. In practice, the new rules mean that entities will have to record a day one loss equal to the 12-month expected credit loss on initial recognition of financial assets that are not credit impaired (or lifetime expected credit loss for trade receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method.

Where there has been a significant increase in credit risk, impairment is measured using lifetime expected credit loss rather than 12-month expected credit loss. The model also applies to certain loan commitments and financial guarantees, and includes operational simplifications for lease and trade receivables.

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

2 Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

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

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

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss will be recognised 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 recognised 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 amortisation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments to IAS 38 further clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption however, can be rebutted in certain limited circumstances.

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

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

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

2 Significant Accounting Policies (continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures on the basis set out below.

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 acquisition is measured as the fair value of the assets given, equity instruments issued, liabilities incurred or assumed and any contingent consideration at the date of exchange. Acquisition-related costs are expensed off. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition dates, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss account. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in the profit and loss account. 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 recognised in the profit and loss account.

All material inter-company balances, transactions and unrealised gains and deficits on transactions between Group companies have been eliminated.

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 accounted for in the consolidated financial statements using the equity method of accounting and are initially recorded at cost. The Group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are included in the carrying amount of the associates and joint ventures. Its share of post-acquisition profit and loss is recognised in the consolidated profit and loss account.

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

The results of subsidiaries, associates and joint ventures are included or excluded from the consolidated financial statements from the 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.

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.

2 Significant Accounting Policies (continued)

2.3 Property, Plant and Equipment

Freehold land and buildings, and the building component of owner-occupied leasehold properties are stated at cost less any accumulated depreciation and impairment loss. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Mining properties, which are contractual rights to mine and own coal reserves in specified concession areas, and other assets are stated at historical cost or at fair value if acquired as part of a business combination, less accumulated depreciation and impairment loss. Cost of mining properties includes expenditure to restore and rehabilitate coal mining areas following the completion of production.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

Freehold land is not depreciated. Mining properties are depreciated using the unit of production method. Depreciation of all other assets is calculated using the straight line method to allocate the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Building and leasehold improvements	$3\frac{1}{3}$% - 50%
Plant and machinery	5% - 50%
Office furniture, fixtures and equipment	10% - 50%
Transportation equipment and motor vehicles	4% - 50%

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at each balance sheet date and adjusted, if appropriate.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

2.4 Plantations

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

2.5 Investment Properties

Investment properties are properties, including those held under operating leases, held for long-term rental yields or capital gains, but their business model does not necessarily envisage that the properties will be held for their entire useful life. Investment properties are stated at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. Changes in fair values are recorded in the profit and loss account. Investment properties under development are measured at cost until its fair value becomes reliably measurable or construction is completed (whichever is earlier).

2 Significant Accounting Policies (continued)

2.6 Intangible Assets

i) Goodwill

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 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 recognised directly in the profit and loss account. Goodwill on acquisition of associates and joint ventures is included in interests in associates and joint ventures while goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of subsidiaries is tested annually for impairment and 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.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing.

ii) Franchise rights

Franchise rights, which are rights under franchise agreements, are separately identified intangible assets acquired as part of a business combination. These franchise agreements are expected to continue for an indefinite period and, where these agreements do not have indefinite terms, it is believed that renewal of these agreements can be obtained without significant costs, taking into account the history of renewal and the relationships between the franchisee and contracting parties. Franchise rights are not amortised, but are tested annually for impairment and carried at cost less accumulated impairment loss.

iii) Concession rights

Concession rights are operating rights for toll roads under service concession agreements. The cost of the construction services provided is amortised using the straight line method over the service concession periods that range from 31 - 39 years.

iv) Customer acquisition costs

Commissions that are related to securing new insurance contracts and renewing existing insurance contracts with a term of more than one year are capitalised. All other costs are recognised as expenses when incurred. The customer acquisition costs are subsequently amortised over the lives of the contracts that range from 1 to 4 years.

v) Deferred exploration costs

Exploration costs are capitalised when the rights of tenure of a coal mining area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area. Deferred exploration costs are amortised using the unit of production method, and are assessed for impairment if facts and circumstances indicate that an impairment may exist.

vi) Computer software

Computer software is stated at cost less accumulated amortisation and impairment loss. These costs are amortised using the straight line method over their estimated useful lives of 1-7 years.

2.7 Leasehold Land Use Rights

Leasehold land use rights are payments to acquire long-term interests in owner-occupied property. Leasehold land use rights acquired by way of a business combination are measured at their fair values at the acquisition date. For subsequent measurement, leasehold land use rights are amortised over the useful lives of the leases which include the renewal period if the leases can be renewed without significant cost. The estimated useful lives range from 1 to 94 years.

2 Significant Accounting Policies (continued)

2.8 Impairment of Non-financial Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised 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 cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.9 Financial Assets

Financial assets are initially recognised at fair value plus transaction costs. Subsequent measurement of financial assets depends on the classification of the financial assets.

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortised cost using the effective interest method, less impairment allowance. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "debtors" in the balance sheet.

ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are stated at fair values and are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Unrealised gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. On disposal of investments or when an investment is determined to be impaired, the cumulative gains and losses previously deferred in equity is recognised in the profit and loss account.

iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are carried at amortised cost using the effective interest method.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The fair values of quoted financial assets are based on current market prices. If the market for a financial asset is not active (and for unquoted securities), the Group establishes fair values by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, or discounted cash flow analysis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account) is removed from the fair value reserve within equity and recognised in the profit and loss account. Impairment testing of debtors is described in Note 2.12.

2 Significant Accounting Policies (continued)

2.10 Investments in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and joint ventures are stated in the financial statements of the Company at cost. When an indication of impairment exists, the carrying amount of the investment is written down immediately to its recoverable amount. The write-down is charged to the profit and loss account.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is generally determined using the first-in, first-out method, specific identification method and weighted average method. The cost of finished goods and work in progress comprises goods held for resale, raw materials, labour and an appropriate portion of overheads. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2.12 Debtors

Debtors, excluding derivative financial instruments, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial, less allowance for impairment. Repossessed assets of financial services companies, which represent collateral obtained from customers towards settlement of receivables that are in default, are measured at the lower of cost of the carrying amount of the debtors in default and fair value less costs to sell. The financial services company is given the right by the customers to sell the repossessed collateral. Any excess of proceeds from the sale over the outstanding receivables is refunded to the customer.

An allowance for impairment of debtors 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 reorganisation, and default or delinquency in payments are considered indicators that the debtors are impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the profit and loss account. Bad debts are written off as soon as it is established that these are irrecoverable. Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

2.13 Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included under current borrowings.

2.14 Borrowings

Borrowings are initially stated at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date. Borrowing costs that are not used in financing the acquisition or construction of qualifying assets, are recognised as an expense in the period in which they are incurred.

2.15 Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is more likely than not that an outflow of economic resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

i) Warranty and goodwill expenses

The Group recognises the estimated liability that falls due under the warranty terms offered on sale of new and used vehicles beyond that which is reimbursed by the manufacturer. The provision is calculated based on the past history of repairs.

ii) Closure costs

The Group recognises a provision for closure costs when legal or constructive obligations arise on closure or disposal of businesses.

2 Significant Accounting Policies (continued)

2.16 Creditors

Creditors, excluding derivative financial instruments, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Creditors are classified under non-current liabilities unless their maturities are within 12 months after the balance sheet date.

2.17 Employee Benefits

i) Pension obligations

The Group operates a number of defined benefit and defined contribution plans.

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 the profit and loss account 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 government 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 recognised in the year in which they occur, and are recognised in other comprehensive income and accumulated under equity in the revenue reserve. Past service costs are recognised immediately in the profit and loss account.

The Group pays fixed contributions into separate entities for defined contribution plans and has no legal or constructive obligations once the contributions are paid. The Group's contributions to the defined contribution plans are charged to the consolidated profit and loss account in the period to which the contributions relate.

ii) Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options in respect of shares in the Company or in its subsidiaries is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options on the grant date, excluding the impact of non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to share option reserve over the remaining vesting period.

The proceeds received net of any transaction costs are credited to share capital when the options are exercised.

iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

2 Significant Accounting Policies (continued)

2.18 Foreign Currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Singapore Dollar. The financial statements of the Group and the Company are presented in United States Dollars to serve the needs of the readers of the Group's and the Company's financial statements who are spread globally and reflects the international nature of the Group.

Foreign currency transactions of each entity in the Group are translated into its functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account, except when recognised in other comprehensive income and accumulated under equity in the hedging reserve as qualifying cash flow hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in the profit and loss account, and other changes in carrying amount are recognised in other comprehensive income and accumulated under equity in the fair value reserve. Translation differences on non-monetary financial assets and liabilities are recognised in other comprehensive income and accumulated under equity in the fair value reserve.

For the purpose of consolidation, the balance sheets of foreign entities are translated into the Group's presentation currency in United States Dollars at the rates of exchange prevailing at the balance sheet date and the results of foreign entities are translated into United States Dollars at the average exchange rates for the financial year. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the translation reserve. On disposal, these translation differences are recognised in the profit and loss account as part of the gain or loss on sale. None of the Group's entities has the currency of a hyperinflationary economy.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange prevailing at the balance sheet date. For the purpose of presenting the financial statements of the Company in United States Dollars, assets and liabilities of the Company are translated at the rates of exchange prevailing at the balance sheet date, the results of the Company are translated at the average exchange rates for the financial year and share capital and reserves are translated at the exchange rates prevailing at the dates of the transactions. The resulting exchange differences are taken to the Company's translation reserve.

The exchange rates used for translating assets and liabilities at the balance sheet date are US$1=S$1.3205 (2013: US$1=S$1.2656), US$1=RM3.4928 (2013: US$1=RM3.2815), US$1=IDR12,440 (2013: US$1=IDR 12,189) and US$1=VND21,388 (2013: US$1=VND21,110).

The exchange rates used for translating the results for the year are US$1=S$1.2695 (2013: US$1=S$1.2539), US$1=RM3.2792 (2013: US$1=RM3.1726), US$1=IDR11,885 (2013: US$1= IDR10,563) and US$1=VND21,217 (2013: US$1=VND21,046).

2 Significant Accounting Policies (continued)

2.19 Revenue Recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

i) Revenue from the sale of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

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

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

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

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

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

2.20 Tax

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

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 in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised 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 business acquisitions, on the difference between the fair values of the net assets acquired and their tax bases. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 Significant Accounting Policies (continued)

2.21 Leases

i) Finance leases - Group is the lessee

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term borrowings, except for those with maturities of less than 12 months which are included in current borrowings. The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful lives of the assets or the lease term.

ii) Operating leases - Group is the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

iii) Finance leases - Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Revenue from finance leases is recognised over the term of the respective contracts based on a constant periodic rate of return on the net investment.

iv) Operating leases - Group is the lessor

The Group leases out certain property, plant and equipment and investment properties. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

2.22 Non-current Assets held for Sale

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

2.23 Insurance Contracts

Insurance contracts are those contracts that transfer significant insurance risk. Premiums are recognised as revenue (earned premiums) proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability.

Claims and loss adjustment expenses are charged to profit and loss account as incurred based on the estimated liabilities for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analysis for the claims incurred but not reported.

2.24 Financial Guarantee Contracts

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

2 Significant Accounting Policies (continued)

2.25 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 recognised amounts and there is an intention to settle on a net basis or realise 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.

2.26 Non-trading Items

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains or losses on revaluation of plantations and investment properties; gains and losses arising from sale of businesses, investments and properties; impairment of non-depreciable intangible assets and other investments; provisions for 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 the Group's underlying business performance.

2.27 Derivative Financial Instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures. Derivative financial instruments are initially recognised in the balance sheet at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair values. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), 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 (net investment hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the profit and loss account, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the ineffective portion is recognised in the profit and loss account. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria of hedge accounting, the cumulative adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the profit and loss account 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 recognised in other comprehensive income and accumulated in equity under the hedging reserve. Changes in the fair value relating to the ineffective portion are recognised immediately in the profit and loss account. 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 equity are transferred from hedging reserve and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the profit and loss account and classified as income or expense in the same period during which the hedged firm commitment or forecasted transaction affects the profit and loss account. 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 reserve at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the profit and loss account. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the profit and loss account.

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 recognised immediately in the profit and loss account.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Changes in the fair value of the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in equity under the translation reserve; changes in the fair value relating to the ineffective portion is recognised immediately in the profit and loss account.

The fair value of derivative financial instruments is classified as a non-current asset or liability if the remaining maturities of the derivative financial instruments are greater than 12 months.

2.28 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board who is responsible for allocating resources and assessing performance of the operating segments.

2 Significant Accounting Policies (continued)

2.29 Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

2.30 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.31 Financial Risk Management

i) Financial risk factors

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

The Company co-ordinates, under the directions of the directors, 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 exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, caps and collars, cross-currency swaps, forward foreign exchange contracts and forward 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. 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 33.

a) Market risk

Foreign exchange risk

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

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

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2014, the Group's Indonesian Rupiah functional currency entities had United States Dollar denominated net monetary assets of US$175.3 million (2013: liabilities of US$158.9 million). At 31st December 2014, if the United States Dollar had strengthened/weakened by 10% against the Indonesian Rupiah with all other variables held constant, the profit attributable to shareholders of the Company would have been US$2.9 million higher/lower (2013: US$4.3 million lower/higher), arising mainly from foreign exchange gains/losses taken to the profit and loss account on translation. The sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group entities at 31st December 2014 that are denominated in a non-functional currency other than the cross currency swap contracts with contract amounts of US$2,376.2 million (2013: US$1,411.1 million). Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

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

2 Significant Accounting Policies (continued)

2.31 Financial Risk Management (continued)

i) Financial risk factors (continued)

a) Market risk (continued)

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 interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% - 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments. The financial services companies borrow predominantly at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 24.

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

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instrument will fluctuate because of changes in market interest rates. The Group may manage its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate.

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$10.5 million (2013: US$9.0 million) higher/lower and the hedging reserve would have been US$29.6 million (2013: US$15.0 million) higher/lower as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant variation in the sensitivity analysis as a result of interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonable possible change in those interest rates, specifically the Indonesian rates, which have the most impact on the Group over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in market interest rates of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

Price risk

The Group is exposed to securities price risk because of quoted and unquoted investments which are available-for-sale and held by the Group at fair value. Gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. The performance of the Group's quoted and unquoted available-for-sale investments are monitored regularly, together with a regular assessment of their relevance to the Group's long-term strategic plans. Details of the Group's available-for-sale investments are contained in Note 17.

2 **Significant Accounting Policies (continued)**

2.31 Financial Risk Management (continued)

i) Financial risk factors (continued)

a) Market risk (continued)

Price risk (continued)

Available-for-sale investments are unhedged. At 31st December 2014, if the price of quoted and unquoted available-for-sale investments had been 30% higher/lower with all other variables held constant, total equity would have been US$159.9 million (2013: US$130.8 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

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

b) Credit risk

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

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. At 31st December 2014, deposits with banks and financial institutions amounted to US$1,764.9 million (2013: US$1,593.1 million) of which 13% (2013: 13%) were made to financial institutions with credit ratings of no less than A– (Fitch). This is because in Indonesia, it may be necessary to deposit money with banks that have a lower credit rating. However, the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group's exposure to credit risk arising from consumer financing and trade debtors, and derivative financial instruments with a positive fair value are set out in Note 20. The Group's exposure to credit risk arising from deposits and balances with banks and financial institutions is set out in Note 21.

2 **Significant Accounting Policies (continued)**

2.31 Financial Risk Management (continued)

i) Financial risk factors (continued)

c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines of evenly spread debt maturities 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 committed and uncommitted borrowing facilities amounted to US$9,263.6 million (2013: US$9,372.2 million) of which US$5,697.1 million (2013: US$5,373.1 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totaled US$1,971.0 million (2013: US$2,698.7 million).

The following table analyses the Group's non-derivative financial liabilities, derivative financial liabilities and estimated losses on insurance contracts into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. 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 US$m
2014							
Borrowings	**3,255.5**	**1,624.2**	**1,132.9**	**74.4**	**-**	**-**	**6,087.0**
Finance lease liabilities	**38.2**	**28.1**	**17.1**	**4.1**	**0.4**	**-**	**87.9**
Creditors	**2,337.8**	**3.4**	**2.5**	**4.5**	**6.0**	**50.5**	**2,404.7**
Net settled derivative financial instruments	**0.9**	**-**	**-**	**-**	**-**	**-**	**0.9**
Gross settled derivative financial instruments							
- inflow	**1,491.9**	**759.2**	**413.9**	**25.9**	**-**	**-**	**2,690.9**
- outflow	**1,496.1**	**762.5**	**416.0**	**25.9**	**-**	**-**	**2,700.5**
Estimated losses on insurance contracts	**136.2**	**-**	**-**	**-**	**-**	**-**	**136.2**
2013							
Borrowings	3,310.6	1,301.2	784.1	308.8	1.2	-	5,705.9
Finance lease liabilities	45.4	36.9	26.4	16.3	3.5	-	128.5
Creditors	2,231.2	5.0	5.6	7.5	9.0	38.5	2,296.8
Net settled derivative financial instruments	1.2	0.2	-	-	-	-	1.4
Gross settled derivative financial instruments							
- inflow	1,243.0	384.4	117.7	-	-	-	1,745.1
- outflow	1,111.7	321.0	104.7	-	-	-	1,537.4
Estimated losses on insurance contracts	104.2	-	-	-	-	-	104.2

2 Significant Accounting Policies (continued)

2.31 Financial Risk Management (continued)

ii) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while seeking to maximise benefits to shareholders and other stakeholders. Capital is total 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 expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The financing activities of Astra are subject to a minimum paid-up capital requirement of Rp500 billion (2013: Rp500 billion), in aggregate. The insurance activities of Astra are subject to a minimum solvency ratio of 120% calculated in accordance with requirements set out by the Ministry of Finance in Indonesia, and a minimum paid-up capital requirement of Rp100 billion (2013: Rp100 billion), in aggregate. The Group had complied with all externally imposed capital requirements throughout the reporting period.

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

	Group	
	2014	2013
Gearing ratio excluding financial services companies	**2%**	3%
Gearing ratio including financial services companies	**36%**	38%
Interest cover excluding financial services companies	**44 times**	48 times

The decrease in gearing ratio excluding financial services companies as at 31st December 2014 as compared to 2013 was primarily due to strong operating cash flows.

iii) Fair value estimation

a) 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:

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

The fair value of quoted 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.

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

2 Significant Accounting Policies (continued)

2.31 Financial Risk Management (continued)

a) Financial instruments that are measured at fair value

iii) Fair value estimation (continued)

Inputs for the asset or liability that are not based on observable market data ("unobservable inputs")

The fair value of 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.

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

	Quoted prices in active markets US$m	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2014				
Assets				
Available-for-sale financial assets				
- listed securities	**501.3**	**-**	**-**	**501.3**
- unlisted investments	**-**	**-**	**41.5**	**41.5**
	501.3	**-**	**41.5**	**542.8**
Derivatives designated at fair value				
- through other comprehensive income	**-**	**159.7**	**-**	**159.7**
	501.3	**159.7**	**41.5**	**702.5**
Liabilities				
Contingent consideration payable	**-**	**-**	**(66.9)**	**(66.9)**
Derivatives designated at fair value				
- through other comprehensive income	**-**	**(11.6)**	**-**	**(11.6)**
- through profit and loss	**-**	**(0.1)**	**-**	**(0.1)**
	-	**(11.7)**	**-**	**(11.7)**
	-	**(11.7)**	**(66.9)**	**(78.6)**
2013				
Assets				
Available-for-sale financial assets				
- listed securities	404.6	-	-	404.6
- unlisted investments	-	-	41.7	41.7
	404.6	-	41.7	446.3
Derivatives designated at fair value				
- through other comprehensive income	-	277.6	-	277.6
	404.6	277.6	41.7	723.9
Liabilities				
Contingent consideration payable	-	-	(65.6)	(65.6)
Derivatives designated at fair value				
- through other comprehensive income	-	(1.6)	-	(1.6)
- through profit and loss	-	(0.2)	-	(0.2)
	-	(1.8)	-	(1.8)
	-	(1.8)	(65.6)	(67.4)

2 Significant Accounting Policies (continued)

2.31 Financial Risk Management (continued)

iii) Fair value estimation (continued)

b) 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 disclosed are based on market prices or are estimated using the expected future payments discounted at market interest rates.

The table below analyses financial instruments by category.

	Loans and receivables US$m	Derivatives used for hedging US$m	Available-for-sale US$m	Other financial instruments at amortised cost US$m	Other financial instruments fair value through profit and loss US$m	Total carrying amount US$m	Fair value US$m
2014							
Assets							
Investments	**-**	**-**	**542.8**	**-**	**-**	**542.8**	**542.8**
Debtors excluding prepayments, rental and other deposits	**6,963.7**	**159.7**	**-**	**-**	**-**	**7,123.4**	**7,053.0**
Bank balances and other liquid funds	**1,772.0**	**-**	**-**	**-**	**-**	**1,772.0**	**1,772.0**
	8,735.7	**159.7**	**542.8**	**-**	**-**	**9,438.2**	**9,367.8**
Liabilities							
Borrowings excluding finance lease liabilities	**-**	**-**	**-**	**(5,612.7)**	**-**	**(5,612.7)**	**(5,608.7)**
Finance lease liabilities	**-**	**-**	**-**	**(84.4)**	**-**	**(84.4)**	**(84.4)**
Creditors excluding non-financial liabilities	**-**	**(11.7)**	**-**	**(2,337.8)**	**(66.9)**	**(2,416.4)**	**(2,416.4)**
	-	**(11.7)**	**-**	**(8,034.9)**	**(66.9)**	**(8,113.5)**	**(8,109.5)**
2013							
Assets							
Investments	-	-	446.3	-	-	446.3	446.3
Debtors excluding prepayments, rental and other deposits	6,400.6	277.6	-	-	-	6,678.2	6,273.7
Bank balances and other liquid funds	1,601.1	-	-	-	-	1,601.1	1,601.1
	8,001.7	277.6	446.3	-	-	8,725.6	8,321.1
Liabilities							
Borrowings excluding finance lease liabilities	-	-	-	(5,250.6)	-	(5,250.6)	(5,254.1)
Finance lease liabilities	-	-	-	(122.5)	-	(122.5)	(122.5)
Creditors excluding non-financial liabilities	-	(1.8)	-	(2,231.2)	(65.6)	(2,298.6)	(2,298.6)
	-	(1.8)	-	(7,604.3)	(65.6)	(7,671.7)	(7,675.2)

2 Significant Accounting Policies (continued)

2.32 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.

i) Acquisition of subsidiaries, associates and joint ventures

The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of franchise rights, leasehold land use rights, concession rights, property, plant and equipment and investment properties are determined by independent, professionally qualified valuers by reference to comparable 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.

ii) Property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for the Group's mining properties and other property, plant and equipment. 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.

iii) Plantations

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

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

iv) Impairment of assets

The Group tests annually whether goodwill and other non-financial assets that have indefinite useful lives have 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 fair value less costs to sell or value-in-use calculations prepared on the basis of management's assumptions and estimates. Changing the key assumptions, including the amount of estimated coal reserves, discount rates or growth rates in the cash flow projections, could materially affect the value-in-use calculations.

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

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

2 Significant Accounting Policies (continued)

2.32 Critical Accounting Estimates and Judgements (continued)

v) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes, particularly in Indonesia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

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

vi) 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 liabilities.

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

vii) Non-trading items

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

3 Revenue

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Sale of goods	**13,673.2**	14,599.6	-	-
Rendering of services	**3,937.1**	4,125.2	**2.2**	1.2
Financial services	**1,045.9**	1,044.8	**-**	-
Dividends	**-**	-	**415.1**	506.9
Others	**19.2**	18.2	**-**	-
	18,675.4	19,787.8	**417.3**	508.1

4 Net Operating Costs

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Cost of sales and services rendered	**(15,216.1)**	(16,278.9)	**-**	-
Other operating income	**343.5**	382.3	**0.6**	0.4
Selling and distribution expenses	**(830.4)**	(852.9)	**-**	-
Administrative expenses	**(907.8)**	(877.0)	**(19.6)**	(17.1)
Other operating expenses	**(286.6)**	(98.3)	**-**	-
	(16,897.4)	(17,724.8)	**(19.0)**	(16.7)
The following credits/(charges) are included in net operating costs:				
Depreciation of property, plant and equipment (Note 12)	**(582.7)**	(652.5)	**(0.8)**	(0.5)
Amortisation of:				
- intangible assets (Note 10)	**(64.1)**	(52.6)	**-**	-
- leasehold land use rights (Note 11)	**(30.6)**	(28.2)	**-**	-
Profit/(loss) on disposal of:				
- leasehold land use rights	**0.5**	0.7	**-**	-
- property, plant and equipment	**22.7**	10.5	**0.1**	-
- investment properties	**-**	0.5	**-**	-
- plantations	**(4.3)**	(0.9)	**-**	-
- shares in subsidiaries (Note 36)	**-**	55.3	**-**	-
- shares in associates and joint ventures	**2.2**	-	**-**	-
- investments	**19.7**	10.8	**-**	-
Loss on disposal/write-down of repossessed assets	**(52.1)**	(56.4)	**-**	-
(Impairment)/write-back in impairment of:				
- property, plant and equipment (Note 12)	**(230.9)**	(1.1)	**-**	-
- financing debtors (Note 19)	**(105.7)**	(101.5)	**-**	-
- trade debtors (Note 20)	**(22.2)**	(9.4)	**-**	-
- other debtors (Note 20)	**(0.7)**	(0.5)	**-**	-
Fair value gain/(loss) on:				
- plantations (Note 14)	**(34.1)**	(14.9)	**-**	-
- investment properties (Note 13)	**35.6**	19.5	**-**	-
- derivatives not qualifying as hedges	**0.1**	0.1	**-**	-
Stocks:				
- cost of stocks recognised as an expense (included in cost of sales and services rendered)	**(12,654.3)**	(13,533.5)	**-**	-
- write-down of stocks	**(38.8)**	(28.3)	**-**	-
- reversal of write-down of stocks made in previous years	**18.3**	10.7	**-**	-
Provision for:				
- warranty and goodwill expenses (Note 23)	**(9.2)**	(7.3)	**-**	-
- others (Note 23)	**(15.3)**	(13.2)	**-**	-
Operating expenses arising from investment properties	**(0.7)**	(0.3)	**-**	-

4 **Net Operating Costs (Continued)**

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Auditors' remuneration for:				
- audit services	**(5.8)**	(6.5)	**(1.0)**	(1.0)
- non-audit services	**(1.3)**	(2.0)	**(0.1)**	-
Net exchange gain/(loss)	**(9.8)**	(21.9)	**0.2**	-
Rental expenses – operating leases	**(67.5)**	(84.1)	**(0.8)**	(0.8)
Rental income from:				
- investment properties	**1.7**	1.7	**-**	-
- other properties	**2.1**	2.3	**-**	-
Dividend income from investments	**4.8**	7.3	**-**	-
Interest income from investments	**28.2**	31.8	**-**	-

5 **Employee Benefits**

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Salaries and benefits in kind	**1,224.5**	1,230.7	**9.4**	6.6
Pension costs - defined contribution plans	**10.9**	9.8	**0.2**	0.2
Pension costs - defined benefit plans (Note 26)	**36.7**	33.8	**-**	-
Termination benefits	**4.4**	2.3	**-**	-
	1,276.5	1,276.6	**9.6**	6.8

6 **Net Financing Charges**

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Interest expense on:				
- bank borrowings	**(61.0)**	(75.8)	**(0.7)**	(0.5)
- other borrowings	**(10.8)**	(15.8)	**-**	-
	(71.8)	(91.6)	**(0.7)**	(0.5)
Interest capitalised	**8.0**	3.0	**-**	-
Other finance costs	**(53.2)**	(18.1)	**(0.1)**	(0.5)
Financing charges	**(117.0)**	(106.7)	**(0.8)**	(1.0)
Financing income	**102.0**	78.4	**-**	0.1
	(15.0)	(28.3)	**(0.8)**	(0.9)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2014

7 **Tax**

Tax expense attributable to profit is made up of:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Current tax:				
- Singapore	**12.8**	8.7	**0.1**	0.1
- Foreign	**559.4**	596.0	**37.1**	42.4
	572.2	604.7	**37.2**	42.5
Deferred tax (Note 25)	**(93.5)**	(69.1)	**-**	-
	478.7	535.6	**37.2**	42.5
Adjustments in respect of prior years	**0.1**	-	**-**	-
	478.8	535.6	**37.2**	42.5

The following sets out the differences between the tax expense on the Group's and the Company's profit before tax and the theoretical amount that would arise using the domestic tax rates applicable to profits of the respective companies.

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Profit before tax	**2,339.2**	2,624.8	**397.5**	490.5
Less: Share of associates' and joint ventures' results after tax	**(576.2)**	(590.1)	**-**	-
	1,763.0	2,034.7	**397.5**	490.5
Tax calculated at domestic tax rates applicable to profits in the respective countries	**418.8**	440.3	**41.9**	53.9
Income not subject to tax	**(29.9)**	(25.7)	**(8.1)**	(14.4)
Expenses not deductible for tax purposes	**39.1**	65.8	**3.4**	3.0
Utilisation of previously unrecognised tax losses	**(1.3)**	(0.9)	**-**	-
Deferred tax assets written off	**0.5**	1.8	**-**	-
Deferred tax liabilities written back	**-**	(0.1)	**-**	-
Tax losses arising in the year not recognised	**14.0**	16.0	**-**	-
Temporary differences arising in the year not recognised	**0.1**	-	**-**	-
Recognition of previously unrecognised tax losses	**-**	(3.5)	**-**	-
Withholding tax	**37.7**	42.4	**-**	-
Adjustments in respect of prior years	**0.1**	-	**-**	-
Others	**(0.3)**	(0.5)	**-**	-
	478.8	535.6	**37.2**	42.5

The effective tax rates for the Group and Company were 27% (2013: 26%) and 9% (2013: 9%), respectively.

Tax relating to components of other comprehensive income is analysed as follows:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Cash flow hedges	**7.5**	(5.7)	**-**	-
Defined benefit pension plans	**1.0**	(3.4)	**-**	-
	8.5	(9.1)	**-**	-

8 Dividends

At the Annual General Meeting on 29th April 2015, a final one-tier tax exempt dividend in respect of 2014 of US¢67.00 per share amounting to a dividend of approximately US$238.3 million is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31st December 2015. The dividends paid in 2014 and 2013 were as follows:

	Group and Company	
	2014 US$m	2013 US$m
Final one-tier tax exempt dividend in respect of previous year of US¢90.00 per share (2013: in respect of 2012 of US¢105.00)	**315.4**	370.9
Interim one-tier tax exempt dividend in respect of current year of US¢18.00 per share (2013: US¢18.00)	**64.2**	64.2
	379.6	435.1

9 Earnings Per Share

	Group	
	2014 US$m	2013 US$m
Basic earnings per share		
Profit attributable to shareholders	**820.2**	915.0
Weighted average number of ordinary shares in issue (millions)	**355.7**	355.7
Basic earnings per share	**US¢230.59**	US¢257.24
Diluted earnings per share	**US¢230.59**	US¢257.24
Underlying earnings per share		
Underlying profit attributable to shareholders	**792.8**	894.1
Basic underlying earnings per share	**US¢222.88**	US¢251.36
Diluted underlying earnings per share	**US¢222.88**	US¢251.36

9 Earnings Per Share (Continued)

A reconciliation of profit attributable to shareholders and underlying profit attributable to shareholders is as follows:

	Group	
	2014 US$m	2013 US$m
Profit attributable to shareholders	**820.2**	915.0
Less:		
Non-trading items (net of tax and non-controlling interests)		
Gain on loss of control in a subsidiary	**-**	22.7
Impairment of investment in a joint venture	**-**	(11.8)
Negative goodwill on acquisition of business	**18.6**	-
Fair value changes of:		
- investment properties	**18.3**	9.8
- plantations	**(9.2)**	(3.9)
Net gain on disposal of subsidiaries and joint venture	**1.2**	4.1
Loss on dilution of interest in an associate	**(1.5)**	-
	27.4	20.9
Underlying profit attributable to shareholders	**792.8**	894.1

10 **Intangible Assets**

	Goodwill US$m	Franchise rights US$m	Concession rights US$m	Customer acquisition costs US$m	Deferred exploration costs US$m	Computer software & others US$m	Total US$m
Group							
2014							
Balance at 1st January	**191.1**	**175.0**	**339.4**	**53.9**	**51.9**	**24.3**	**835.6**
Translation adjustments	**(3.9)**	**(3.6)**	**(10.4)**	**(1.7)**	**(1.9)**	**0.2**	**(21.3)**
Additions	**-**	**-**	**85.3**	**63.4**	**18.3**	**5.1**	**172.1**
Amortisation (Note 4)	**-**	**-**	**(6.4)**	**(50.3)**	**(1.6)**	**(5.8)**	**(64.1)**
Balance at 31st December	**187.2**	**171.4**	**407.9**	**65.3**	**66.7**	**23.8**	**922.3**
Cost	**190.0**	**171.4**	**431.4**	**113.4**	**71.0**	**43.0**	**1,020.2**
Amortisation and impairment	**(2.8)**	**-**	**(23.5)**	**(48.1)**	**(4.3)**	**(19.2)**	**(97.9)**
	187.2	**171.4**	**407.9**	**65.3**	**66.7**	**23.8**	**922.3**
2013							
Balance at 1st January	226.3	220.3	366.7	56.3	43.2	13.8	926.6
Translation adjustments	(48.6)	(45.3)	(83.3)	(13.0)	(2.6)	(4.8)	(197.6)
Additions	13.4	-	60.9	51.9	12.4	4.1	142.7
Additions arising from acquisition of subsidiaries (Note 36)	-	-	-	-	-	16.5	16.5
Amortisation (Note 4)	-	-	(4.9)	(41.3)	(1.1)	(5.3)	(52.6)
Balance at 31st December	191.1	175.0	339.4	53.9	51.9	24.3	835.6
Cost	194.0	175.0	357.2	89.6	54.6	38.5	908.9
Amortisation and impairment	(2.9)	-	(17.8)	(35.7)	(2.7)	(14.2)	(73.3)
	191.1	175.0	339.4	53.9	51.9	24.3	835.6

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

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10 **Intangible Assets (continued)**

The carrying amounts of franchise rights comprise mainly Astra's automotive of US$61.4 million (2013: US$62.6 million) and heavy equipment of US$108.5 million (2013: US$110.8 million). Management has performed an impairment review of the carrying amounts of franchise rights at 31st December 2014 and concluded that no impairment has occurred. The impairment review of franchise rights was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimates stated below:

	2014	2013
Growth rates	**3% - 4%**	3% - 4%
Pre-tax discount rates	**15% - 16%**	14% - 17%

The growth rates do not exceed the long-term average growth rates of the industries. The pre-tax discount rates reflect business specific risks relating to the relevant industries.

The remaining amortisation lives for intangible assets are as follows:

Concession rights	30 to 33 years
Customer acquisition costs	1 to 4 years
Computer software and others	1 to 7 years
Deferred exploration costs	31.0 million tonnes (based on unit of production method)

11 **Leasehold Land Use Rights**

	Group	
	2014 US$m	2013 US$m
Net book value at 1st January	**502.0**	534.2
Translation adjustments	**(16.4)**	(118.3)
Additions	**170.9**	89.4
Additions arising from acquisition of subsidiaries (Note 36)	**2.5**	41.8
Disposals	**-**	(4.6)
Disposals arising from disposal of subsidiaries (Note 36)	**-**	(9.0)
Transfers from/(to) investment properties (Note 13)	**(24.7)**	(11.4)
Amortisation (Note 4)	**(30.6)**	(28.2)
Surplus on revaluation before transfer to investment properties	**14.6**	8.1
Net book value at 31st December	**618.3**	502.0
Cost	**772.8**	631.7
Amortisation and impairment	**(154.5)**	(129.7)
	618.3	502.0

Leasehold land use rights at 31st December 2014 with a net book value of US$4.8 million (2013: US$5.2 million) have been pledged as security for borrowings (Note 24).

The remaining amortisation periods for leasehold land use rights are 1 to 85 years.

12 Property, Plant and Equipment

	Freehold land US$m	Buildings and leasehold improvements US$m	Mining properties US$m	Plant & machinery US$m	Office furniture, fixtures & equipment US$m	Transportation equipment & motor vehicles US$m	Total US$m
Group							
2014							
Net book value at 1st January	**36.5**	**872.6**	**986.8**	**1,270.0**	**98.9**	**481.8**	**3,746.6**
Translation adjustments	**(1.6)**	**(24.7)**	**0.6**	**(22.2)**	**(2.6)**	**(10.7)**	**(61.2)**
Additions	**-**	**217.4**	**-**	**284.3**	**60.8**	**173.5**	**736.0**
Additions arising from acquisition of subsidiaries (Note 36)	**-**	**1.4**	**-**	**-**	**-**	**0.1**	**1.5**
Transfer from investment properties (Note 13)	**-**	**0.2**	**-**	**-**	**-**	**-**	**0.2**
Transfer to stocks	**-**	**-**	**-**	**(2.6)**	**(0.2)**	**(44.3)**	**(47.1)**
Disposals	**-**	**(1.2)**	**-**	**(5.0)**	**(5.0)**	**(3.1)**	**(14.3)**
Depreciation (Note 4)	**-**	**(73.4)**	**(21.0)**	**(334.8)**	**(44.3)**	**(109.2)**	**(582.7)**
Impairment (Note 4)	**-**	**-**	**(230.9)**	**-**	**-**	**-**	**(230.9)**
Net book value at 31st December	**34.9**	**992.3**	**735.5**	**1,189.7**	**107.6**	**488.1**	**3,548.1**
Cost	**34.9**	**1,373.0**	**1,076.0**	**2,803.3**	**297.6**	**716.9**	**6,301.7**
Accumulated depreciation	**-**	**(380.7)**	**(340.5)**	**(1,613.6)**	**(190.0)**	**(228.8)**	**(2,753.6)**
	34.9	**992.3**	**735.5**	**1,189.7**	**107.6**	**488.1**	**3,548.1**
2013							
Net book value at 1st January	38.1	858.6	1,098.7	1,570.8	113.9	626.0	4,306.1
Translation adjustments	(1.6)	(187.9)	(104.3)	(321.8)	(24.0)	(125.3)	(764.9)
Additions	-	242.6	17.3	384.8	58.9	166.2	869.8
Additions arising from acquisition of subsidiaries (Note 36)	-	35.1	-	33.7	0.5	1.1	70.4
Transfer to investment properties (Note 13)	-	(1.6)	-	-	-	-	(1.6)
Transfer to stocks	-	-	-	(3.5)	(0.4)	(62.2)	(66.1)
Disposals	-	(1.3)	-	(2.7)	(5.5)	(4.5)	(14.0)
Depreciation (Note 4)	-	(73.4)	(24.9)	(390.2)	(44.5)	(119.5)	(652.5)
Impairment (Note 4)	-	-	-	(1.1)	-	-	(1.1)
Surplus on revaluation before transfer to investment properties	-	0.5	-	-	-	-	0.5
Net book value at 31st December	36.5	872.6	986.8	1,270.0	98.9	481.8	3,746.6
Cost	36.5	1,194.4	1,087.2	2,706.0	256.4	684.5	5,965.0
Accumulated depreciation	-	(321.8)	(100.4)	(1,436.0)	(157.5)	(202.7)	(2,218.4)
	36.5	872.6	986.8	1,270.0	98.9	481.8	3,746.6

12 Property, Plant and Equipment (continued)

Property, plant and equipment at 31st December 2014 with a net book value of US$98.2 million (2013: US$138.2 million) have been pledged as security for borrowings (Note 24).

Included in the additions are plant and machinery acquired under finance leases amounting to US$2.5 million (2013: US$28.7 million).

The carrying amount of plant and machinery and motor vehicles held under finance leases at 31st December 2014 amounted to US$64.2 million and US$2.8 million (2013: US$91.8 million and US$0.9 million), respectively.

In 2014, as a result of the decline in coal prices as well as the subdued outlook, management has performed an impairment review of the carrying amount of the mining properties, and concluded that an impairment has occurred. An impairment loss of US$230.9 million had been included in net operating costs, under the operating segment of Astra.

The impairment review was performed by comparing the carrying amount of the cash-generating units of the mining properties with the recoverable amount. The cash-generating unit is determined based on the location of the mining properties and the extent that they share infrastructure. The recoverable amount of US$695.6 million, net of deferred tax, is determined based on its fair value less costs to sell, using a discounted cash flow method with unobservable inputs. Major assumptions used in the valuation are:

Coal price per tonne	US$65 - US$90
Post-tax discount rate	12.5%

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

	Freehold land US$m	Buildings and leasehold improvements US$m	Office furniture, fixtures & equipment US$m	Motor vehicles US$m	Total US$m
Company					
2014					
Net book value at 1st January	**29.1**	**6.3**	**0.4**	**1.7**	**37.5**
Translation adjustments	**(1.2)**	**(0.3)**	**-**	**(0.2)**	**(1.7)**
Additions	**-**	**-**	**-**	**0.8**	**0.8**
Disposals	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Depreciation (Note 4)	**-**	**(0.3)**	**(0.1)**	**(0.4)**	**(0.8)**
Net book value at 31st December	**27.9**	**5.7**	**0.3**	**1.8**	**35.7**
Cost	**27.9**	**6.7**	**0.9**	**2.5**	**38.0**
Accumulated depreciation	**-**	**(1.0)**	**(0.6)**	**(0.7)**	**(2.3)**
	27.9	**5.7**	**0.3**	**1.8**	**35.7**
2013					
Net book value at 1st January	30.1	2.8	-	0.8	33.7
Translation adjustments	(1.0)	(0.1)	-	-	(1.1)
Additions	-	3.8	0.4	1.3	5.5
Disposals	-	-	-	(0.1)	(0.1)
Depreciation (Note 4)	-	(0.2)	-	(0.3)	(0.5)
Net book value at 31st December	29.1	6.3	0.4	1.7	37.5
Cost	29.1	7.0	1.0	2.4	39.5
Accumulated depreciation	-	(0.7)	(0.6)	(0.7)	(2.0)
	29.1	6.3	0.4	1.7	37.5

13 Investment Properties

	Group	
	2014 US$m	2013 US$m
Completed commercial properties:		
Balance at 1st January	**73.2**	67.6
Translation adjustments	**(3.9)**	(17.1)
Fair value gain (Note 4)	**30.9**	19.5
Additions	**0.2**	1.8
Disposals	**-**	(0.6)
Disposals arising from disposal of subsidiaries (Note 36)	**-**	(11.6)
Transfer from commercial properties under development	**-**	0.6
Transfer from/(to) leasehold land use rights and property, plant and equipment (Notes 11 and 12)	**24.5**	13.0
Balance at 31st December	**124.9**	73.2
Commercial properties under development:		
Balance at 1st January	**39.4**	-
Translation adjustments	**(2.7)**	(6.0)
Fair value gain (Note 4)	**4.7**	-
Additions	**37.4**	46.0
Transfer to completed commercial properties	**-**	(0.6)
Balance at 31st December	**78.8**	39.4
Total	**203.7**	112.6

The valuations of the investment properties were conducted by independent, professionally qualified valuers, based on the open market value. Fair values of these properties are generally derived based on the direct comparison method, using observable inputs. This valuation method is based on comparing the property to be valued directly with other comparable properties. However, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

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

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

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14 Plantations

	Group	
	2014 US$m	2013 US$m
Movements during the year are as follows:		
Balance at 1st January	**856.2**	1,025.7
Translation adjustments	**(20.5)**	(218.5)
Additions	**86.1**	69.2
Additions arising from acquisition of subsidiaries (Note 36)	**27.0**	-
Disposals	**(7.1)**	(5.3)
Fair value loss (Note 4)	**(34.1)**	(14.9)
Balance at 31st December	**907.6**	856.2
Immature plantations	**166.2**	105.0
Mature plantations	**741.4**	751.2
	907.6	856.2
Planted area (hectares):		
Immature plantations	**35,904**	33,147
Mature plantations	**192,795**	187,382
	228,699	220,529

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

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

* 0% inflation thereafter

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

Changes in unrealised loss for the year for plantations held at the end of the year amounted to US$34.1 million (2013: US$14.9 million) and have been included in profit or loss in the line "Other operating expenses". During the year, the Group harvested 4.1 million (2013: 3.7 million) tonnes of produce from the plantations with a fair value at the point of harvest less point of sale costs of US$625.6 million (2013: US$481.8 million).

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

15 **Interests In Subsidiaries**

	Company	
	2014 US$m	2013 US$m
At cost:		
- quoted equity securities (market value: 2014: US$12,142.1 million; 2013: US$11,362.5 million)	**1,302.3**	1,358.7
- unquoted equity securities	**40.5**	42.3
	1,342.8	1,401.0
Less: Impairment	**(3.1)**	(3.2)
	1,339.7	1,397.8

A list of principal subsidiaries is set out in Note 41.

16 **Interests in Associates and Joint Ventures**

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
At cost:				
- quoted equity securities (Group market value: 2014: US$759.6 million; 2013: US$598.1 million)	**472.2**	428.1	**43.3**	45.2
- unquoted equity securities	**513.9**	489.7	**149.5**	153.6
	986.1	917.8	**192.8**	198.8
Post-acquisition reserves	**1,706.9**	1,513.9	**-**	-
	2,693.0	2,431.7	**192.8**	198.8
Less: Impairment	**(68.6)**	(68.6)	**(68.7)**	(71.7)
	2,624.4	2,363.1	**124.1**	127.1
Associates	**539.4**	494.5	**75.1**	78.3
Joint ventures	**2,085.0**	1,868.6	**49.0**	48.8
	2,624.4	2,363.1	**124.1**	127.1

The market value of quoted equity securities is based on their quoted prices, some of which may not be reflective of their fair values. In determining whether these investments are impaired, management has also considered recent arm's length transactions of a similar nature.

16 **Interests in Associates and Joint Ventures (continued)**

Movements of the Group's associates and joint ventures during the year are as follows:

	Associates		Joint ventures	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Balance at 1st January	**494.5**	490.0	**1,868.6**	2,032.9
Translation differences	**(10.9)**	(98.0)	**(48.6)**	(449.0)
Share of results after tax and non-controlling interests	**139.5**	136.7	**399.7**	453.4
Share of other comprehensive income after tax and non-controlling interests	**0.2**	(0.4)	**-**	6.2
Dividends received	**(86.5)**	(43.3)	**(267.5)**	(280.4)
Acquisitions and increases in attributable interests	**2.6**	9.5	**133.3**	96.4
Disposals and decreases in attributable interests	**-**	-	**(0.2)**	-
Other	**-**	-	**(0.3)**	9.1
	539.4	494.5	**2,085.0**	1,868.6

In 2014, the share of results of associates and joint ventures amounting to US$576.2 million included an amount of US$37.0 million for the excess of net fair values of the identifiable assets, liabilities and contingent liabilities of a joint venture acquired over cost of business combinations.

(a) Investment in associates

The material associate of the Group is PT Astra Daihatsu Motor, of which 32% of its share capital, consisting solely of ordinary shares, is held by the Group's subsidiary, Astra. PT Astra Daihatsu Motor is principally involved in the manufacturing and distribution of Daihatsu motor vehicles in Indonesia.

Set out below is the summarised financial information for PT Astra Daihatsu Motor.

Summarised balance sheet at 31st December:

	2014 US$m	2013 US$m
Non-current assets	**630.0**	609.9
Current assets		
Cash and cash equivalents	**478.5**	474.7
Other current assets	**335.5**	407.2
Total current assets	**814.0**	881.9
Non-current liabilities		
Financial liabilities	**-**	-
Other non-current liabilities	**(41.8)**	(41.0)
Total non-current liabilities	**(41.8)**	(41.0)
Current liabilities		
Financial liabilities (excluding trade and other payables)	**(0.1)**	(1.1)
Other current liabilities (including trade and other payables)	**(431.6)**	(525.4)
Total current liabilities	**(431.7)**	(526.5)
Net assets	**970.5**	924.3

16 **Interests in Associates and Joint Ventures (continued)**

(a) Investment in associates (continued)

Summarised statement of comprehensive income for the year ended 31st December:

	2014 US$m	2013 US$m
Revenue	4,011.6	4,559.9
Depreciation and amortisation	(98.7)	(109.9)
Financing income	47.2	32.9
Tax	(89.0)	(120.0)
Profit after tax	291.0	339.2
Translation difference	(21.7)	(218.9)
Other comprehensive income/(expense)	0.4	(0.3)
Total comprehensive income	269.7	120.0
Dividends received from associate	71.2	32.4

The information above reflects the amounts presented in the financial statements of the associates, adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisition. There are no contingent liabilities relating to the Group's interest in the material associate.

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material associate is set out below.

	2014 US$m	2013 US$m
Net assets	970.5	924.3
Interest in associate (%)	32%	32%
Group's share of net assets in associate	309.3	294.6
Goodwill	-	-
Carrying value	309.3	294.6

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

	2014 US$m	2013 US$m
Share of profit	46.7	28.6
Translation difference	(4.0)	(28.3)
Share of other comprehensive income/(expense)	0.1	(0.3)
Share of total comprehensive income	42.8	-
Carrying amount of interests in these associates	230.1	199.9

(b) Investment in joint ventures

The material joint ventures of the Group are PT Astra Honda Motor and PT Bank Permata Tbk. These joint ventures have share capital consisting solely of ordinary shares, which are held by the Group's subsidiary, Astra. Astra has a 50% interest in PT Astra Honda Motor and a 45% interest in PT Bank Permata Tbk. PT Astra Honda Motor is principally involved in the manufacturing and distribution of Honda motorcycles in Indonesia, while PT Bank Permata Tbk is a commercial bank with operations in Indonesia.

16 **Interests in Associates and Joint Ventures (continued)**

(b) Investment in joint ventures (continued)

As at 31st December 2014, the fair value of the Group's interest in PT Bank Permata Tbk, which is listed on the Indonesian Stock Exchange, was US$640.6 million (2013: US$491.8 million) and the carrying amount of the Group's interest was US$690.2 million (2013: US$595.9 million).

Set out below is the summarised financial information for the Group's material joint ventures.

Summarised balance sheet at 31st December:

	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2014			
Non-current assets	1,384.9	5,453.2	6,838.1
Current assets			
Cash and cash equivalents	302.5	1,476.2	1,778.7
Other current assets	444.0	8,058.8	8,502.8
Total current assets	746.5	9,535.0	10,281.5
Non-current liabilities			
Financial liabilities	-	(677.7)	(677.7)
Other non-current liabilities	(246.7)	(96.1)	(342.8)
Total non-current liabilities	(246.7)	(773.8)	(1,020.5)
Current liabilities			
Financial liabilities (excluding trade and other payables)	-	(58.3)	(58.3)
Other current liabilities (including trade and other payables)	(655.2)	(12,696.1)	(13,351.3)
Total current liabilities	(655.2)	(12,754.4)	(13,409.6)
Net assets	1,229.5	1,460.0	2,689.5
2013			
Non-current assets	1,198.8	4,932.4	6,131.2
Current assets			
Cash and cash equivalents	376.0	1,692.1	2,068.1
Other current assets	396.6	7,071.3	7,467.9
Total current assets	772.6	8,763.4	9,536.0
Non-current liabilities			
Financial liabilities	-	(687.7)	(687.7)
Other non-current liabilities	(247.3)	(85.9)	(333.2)
Total non-current liabilities	(247.3)	(773.6)	(1,020.9)
Current liabilities			
Financial liabilities (excluding trade payables)	-	(25.5)	(25.5)
Other current liabilities (including trade payables)	(588.3)	(11,650.1)	(12,238.4)
Total current liabilities	(588.3)	(11,675.6)	(12,263.9)
Net assets	1,135.8	1,246.6	2,382.4

16 Interests in Associates and Joint Ventures (continued)

(b) Investment in joint ventures (continued)

Summarised statement of comprehensive income for the year ended 31st December:

	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2014			
Revenue	**4,972.7**	**1,426.3**	**6,399.0**
Depreciation and amortisation	**(88.6)**	**(19.8)**	**(108.4)**
Financing income	**35.8**	**-**	**35.8**
Tax	**(131.2)**	**(38.7)**	**(169.9)**
Profit after tax	**409.3**	**133.4**	**542.7**
Translation difference	**(28.4)**	**(36.3)**	**(64.7)**
Other comprehensive income/(expense)	**(1.1)**	**5.1**	**4.0**
Total comprehensive income	**379.8**	**102.2**	**482.0**
Dividends received from joint ventures	**143.1**	**6.5**	**149.6**
2013			
Revenue	4,947.0	1,249.0	6,196.0
Depreciation and amortisation	(90.0)	(18.2)	(108.2)
Financing income	28.2	-	28.2
Tax	(145.0)	(54.0)	(199.0)
Profit after tax	455.6	161.6	617.2
Translation difference	(281.8)	(310.6)	(592.4)
Other comprehensive income/(expense)	0.1	(8.4)	(8.3)
Total comprehensive income	173.9	(157.4)	16.5
Dividends received from joint ventures	151.9	-	151.9

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for fair value adjustments made at time of acquisition and differences in accounting policies between the Group and the joint ventures. There are no contingent liabilities relating to the Group's interest in the material joint ventures.

16 Interests in Associates and Joint Ventures (continued)

(b) Investment in joint ventures (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material joint ventures is set out below.

	PT Astra Honda Motor US$m	PT Bank Permata Tbk US$m	Total US$m
2014			
Net assets	**1,229.5**	**1,460.0**	**2,689.5**
Interest in joint ventures (%)	**50%**	**45%**	
Group's share of net assets in joint ventures	**614.7**	**650.6**	**1,265.3**
Goodwill	**-**	**39.6**	**39.6**
Carrying value	**614.7**	**690.2**	**1,304.9**
2013			
Net assets	1,135.8	1,246.6	2,382.4
Interest in joint ventures (%)	50%	45%	
Group's share of net assets in joint ventures	567.9	555.5	1,123.4
Goodwill	-	40.4	40.4
Carrying value	567.9	595.9	1,163.8

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

	2014 US$m	2013 US$m
Share of profit	**135.6**	153.6
Translation difference	**(17.4)**	(159.2)
Share of other comprehensive income/(expense)	**(1.7)**	9.9
Share of total comprehensive income	**116.5**	4.3
Carrying amount of interests in these joint ventures	**780.1**	704.7

A list of the Group's principal associates and joint ventures is set out in Note 41.

17 Investments

The Group's investments consist of available-for-sale financial assets.

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Available-for-sale				
- quoted investments	**501.3**	404.6	**-**	-
- unquoted investments	**41.5**	41.7	**8.9**	7.7
	542.8	446.3	**8.9**	7.7
Non-current	**525.0**	428.8	**8.9**	7.7
Current	**17.8**	17.5	**-**	-
	542.8	446.3	**8.9**	7.7
Analysis by geographical area of operation:				
Indonesia	**449.4**	353.2	**-**	-
Singapore	**8.9**	7.7	**8.9**	7.7
Others	**84.5**	85.4	**-**	-
	542.8	446.3	**8.9**	7.7
Movements during the year are as follows:				
Balance at 1st January	**446.3**	543.3	**7.7**	6.6
Translation adjustments	**(16.4)**	(89.4)	**(0.4)**	(0.2)
Fair value changes	**25.4**	(12.0)	**1.6**	1.3
Additions	**186.8**	119.1	**-**	-
Disposals	**(80.0)**	(92.0)	**-**	-
Disposals arising from disposal of subsidiaries (Note 36)	**-**	(4.3)	**-**	-
Capital repayment	**(17.7)**	(16.5)	**-**	-
Unwinding of discount/premium	**(1.6)**	(1.9)	**-**	-
Balance at 31st December	**542.8**	446.3	**8.9**	7.7

The fair value measurements of available-for-sale financial assets are determined on the following bases:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Quoted prices in active markets	**501.3**	404.6	**-**	-
Other valuation techniques using unobservable inputs	**41.5**	41.7	**8.9**	7.7
	542.8	446.3	**8.9**	7.7

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17 Investments (continued)

Movements of available-for-sale financial assets which are valued based on other valuation techniques are as follows:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Balance at 1st January	**41.7**	45.6	**7.7**	6.6
Translation adjustments	**(1.9)**	(5.2)	**(0.4)**	(0.2)
Fair value changes	**1.6**	1.3	**1.6**	1.3
Additions	**0.1**	-	**-**	-
Balance at 31st December	**41.5**	41.7	**8.9**	7.7

Included in the available-for-sale unquoted investments is a 49% shareholding in Mercedes-Benz Malaysia Sdn Bhd ("MBM") held through the Group's subsidiary, Cycle & Carriage Bintang Berhad which entitles it to receive an annual dividend when declared. MBM is not considered an associate of the Group as the Group holds its interest through MBM's Class B shares which do not carry any voting rights nor any right to share in the equity interest.

Profit on disposal of available-for-sale financial assets during 2014 amounted to US$19.7 million (2013: US$10.8 million) and was credited to profit and loss.

No held-to-maturity investments were held at 31 December 2014 and 2013.

18 Stocks

	Group	
	2014 US$m	2013 US$m
Finished goods	**1,252.6**	1,091.1
Work in progress	**45.8**	40.1
Raw materials	**51.7**	57.5
Spare parts	**82.0**	70.9
Others	**106.0**	86.8
	1,538.1	1,346.4

Stocks amounting to US$1.6 million at 31st December 2014 (2013: US$1.6 million) have been pledged as security for borrowings (Note 24).

19 Financing Debtors

	Group	
	2014 US$m	2013 US$m
Consumer financing debtors	**4,401.1**	3,915.2
Less: Allowance for impairment	**(202.2)**	(183.0)
	4,198.9	3,732.2
Financing leases		
- gross investment	**805.0**	889.3
- unearned finance income	**(95.1)**	(102.0)
- net investment	**709.9**	787.3
Less: Allowance for impairment	**(29.0)**	(33.6)
	680.9	753.7
	4,879.8	4,485.9
Non-current	**2,444.4**	2,121.9
Current	**2,435.4**	2,364.0
	4,879.8	4,485.9

The maturity analysis of consumer financing debtors is as follows:

Including related finance income

	2014 US$m	2013 US$m
Within one year	**2,916.7**	2,654.2
Between one and two years	**1,649.5**	1,387.2
Between two and five years	**1,051.7**	852.6
	5,617.9	4,894.0

Excluding related finance income

	2014 US$m	2013 US$m
Within one year	**2,152.2**	2,026.6
Between one and two years	**1,315.4**	1,122.0
Between two and five years	**933.5**	766.6
	4,401.1	3,915.2

19 Financing Debtors (continued)

The maturity analysis of investment in financing leases is as follows:

	Gross investment		Net investment	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Within one year	**457.7**	513.9	**394.8**	444.1
Between one and two years	**246.4**	272.9	**221.2**	247.0
Between two and five years	**100.9**	102.5	**93.9**	96.2
	805.0	889.3	**709.9**	787.3

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

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

At 31st December 2014, consumer financing debtors of US$42.1 million (2013: US$31.2 million) and financing leases of US$56.1 million (2013: US$132.7 million) were impaired. The impaired amounts were covered by allowances of impairment of these debtors which are assessed collectively.

19 Financing Debtors (continued)

At 31st December 2014, consumer financing debtors of US$378.6 million (2013: US$315.8 million) and financing leases of US$148.1 million (2013: US$181.7 million) were past due but not impaired. The ageing analysis of these debtors is as follows:

	Consumer financing debtors		Financing leases	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Below 30 days	**307.0**	264.9	**122.9**	174.2
Between 31 and 60 days	**61.2**	44.4	**17.0**	7.5
Between 61 and 90 days	**10.4**	6.5	**3.3**	-
More than 90 days	**-**	-	**4.9**	-
	378.6	315.8	**148.1**	181.7

The fair value of the financing debtors is US$4,823.2 million (2013: US$4,081.6 million). The fair value of financing debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 9% to 33% per annum (2013: 9% to 32% per annum). The higher the rates, the lower the fair value.

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

Financing debtors amounting to US$2,444.3 million at 31st December 2014 (2013: US$2,172.2 million) have been pledged as security for borrowings (Note 24).

Movements in the allowance for impairment of financing debtors are as follows:

	2014 US$m	2013 US$m
Balance at 1st January	**216.6**	255.6
Translation adjustments	**(3.8)**	(53.3)
Allowance made during the year (Note 4)	**105.7**	101.5
Utilised during the year	**(87.3)**	(87.2)
Balance at 31st December	**231.2**	216.6

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20 Debtors

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Financing debtors (Note 19)	**4,879.8**	4,485.9	**-**	-
Trade debtors				
Amounts owing by third parties	**1,737.8**	1,619.9	**-**	-
Less: Allowance for impairment	**(37.5)**	(21.0)	**-**	-
	1,700.3	1,598.9	**-**	-
Amounts owing by associates and joint ventures	**73.1**	71.2	**-**	-
	1,773.4	1,670.1	**-**	-
Other debtors				
Repossessed assets	**19.1**	14.0	**-**	-
Restricted bank balances and deposits	**50.5**	7.5	**-**	-
Loans to employees	**36.2**	32.4	**0.3**	0.2
Interest receivable	**4.5**	4.5	**-**	-
Amounts owing by associates and joint ventures	**85.6**	72.7	**-**	-
Amounts owing by subsidiaries	**-**	-	**71.3**	65.8
Less: Allowance for impairment	**-**	-	**(21.8)**	(22.7)
	-	-	**49.5**	43.1
Sundry debtors	**115.7**	114.1	**-**	0.2
Less: Allowance for impairment	**(1.1)**	(0.6)	**-**	-
	114.6	113.5	**-**	0.2
Financial assets excluding derivatives	**6,963.7**	6,400.6	**49.8**	43.5
Cross-currency swap contracts (Note 33)	**159.6**	276.5	**-**	-
Interest rate swap contracts (Note 33)	**0.1**	0.1	**-**	-
Forward foreign exchange contracts (Note 33)	**-**	1.0	**-**	-
	159.7	277.6	**-**	-
Financial assets	**7,123.4**	6,678.2	**49.8**	43.5
Reinsurers' share of estimated losses (Note 34)	**66.5**	43.8	**-**	-
Deposits	**126.7**	106.8	**0.1**	0.1
Prepayments	**245.3**	194.7	**0.4**	0.5
Others	**41.6**	77.6	**-**	-
	7,603.5	7,101.1	**50.3**	44.1
Non-current	**2,898.6**	2,625.5	**-**	-
Current	**4,704.9**	4,475.6	**50.3**	44.1
	7,603.5	7,101.1	**50.3**	44.1
Analysis by geographical area of operation:				
Indonesia	**7,529.8**	7,032.5	**-**	-
Singapore	**55.5**	42.6	**50.3**	44.1
Others	**18.2**	26.0	**-**	-
	7,603.5	7,101.1	**50.3**	44.1

20 Debtors (continued)

The average credit period on sale of goods and services varies among Group businesses, but is not more than 60 days. Before accepting any new customer, the individual Group business assesses the potential customer's credit quality and sets credit limits by customer using internal credit scoring systems. These limits and scoring are reviewed periodically. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are considered indicators that the debtor is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

At 31st December 2014, trade and other debtors of the Group and the Company of US$68.2 million (2013: US$102.8 million) and US$21.8 million (2013: US$22.7 million), respectively, were impaired. The amount of the allowances for the Group and the Company was US$38.6 million (2013: US$21.6 million) and US$21.8 million (2013: US$22.7 million), respectively. It was assessed that a portion of the debtors is expected to be recovered. The ageing analysis of these debtors is as follows:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Below 30 days	**2.6**	1.9	**-**	-
Between 31 and 60 days	**2.3**	0.4	**-**	-
Between 61 and 90 days	**5.7**	0.9	**-**	-
Over 90 days	**57.6**	99.6	**21.8**	22.7
	68.2	102.8	**21.8**	22.7

At 31st December 2014, trade and other debtors of the Group of US$686.6 million (2013: US$612.7 million) were past due but not impaired. The ageing analysis of these debtors is as follows:

	Group	
	2014 US$m	2013 US$m
Below 30 days	**373.3**	336.8
Between 31 and 60 days	**122.9**	121.6
Between 61 and 90 days	**65.0**	57.5
Over 90 days	**125.4**	96.8
	686.6	612.7

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

Movements in the allowance for impairment of trade debtors are as follows:

	Group	
	2014 US$m	2013 US$m
Balance at 1st January	**21.0**	17.1
Translation adjustments	**(1.2)**	(4.2)
Additions arising from acquisition of subsidiaries	**-**	0.3
Allowance made during the year (Note 4)	**22.2**	9.4
Utilised during the year	**(4.5)**	(1.6)
Balance at 31st December	**37.5**	21.0

20 Debtors (continued)

Movements in the allowance for impairment of other debtors are as follows:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Balance at 1st January	**0.6**	0.4	**22.7**	23.5
Translation adjustments	**(0.1)**	(0.1)	**(0.9)**	(0.8)
Allowance made during the year (Note 4)	**0.7**	0.5	**-**	-
Utilised during the year	**(0.1)**	(0.2)	**-**	-
Balance at 31st December	**1.1**	0.6	**21.8**	22.7

The fair value of the non-current debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 6% to 16% per annum (2013: 6% to 15% per annum). The higher the rates, the lower the fair value. The fair value of the repossessed assets held amounted to US$19.1 million (2013: US$14.0 million).

Trade and other debtors of the Group amounting to US$6.9 million at 31st December 2014 (2013: US$6.4 million) have been pledged as security for borrowings (Note 24).

The amounts owing by subsidiaries, associates and joint ventures are interest free except for amounts owing by associates and joint ventures amounting to US$73.4 million (2013: US$61.4 million) which bear weighted average interest rate of 9.8% (2013: 9.4%) per annum.

Included in the sundry debtors is an amount of US$3.0 million (2013: US$6.6 million) for the 3-year convertible bonds held by a subsidiary. The bonds pay a coupon rate of 6% per annum, are unsecured and mature in December 2015.

21 Bank Balances and Other Liquid Funds

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Bank and cash balances	**1,054.6**	653.8	**2.6**	11.5
Deposits with banks and financial institutions	**717.4**	947.3	**-**	-
	1,772.0	1,601.1	**2.6**	11.5
Analysis by currency:				
Singapore Dollar	**62.4**	45.0	**1.2**	10.2
United States Dollar	**688.2**	428.3	**1.3**	1.1
Malaysian Ringgit	**10.4**	7.0	**-**	0.1
Japanese Yen	**4.8**	6.6	**-**	-
Indonesian Rupiah	**990.4**	1,089.7	**0.1**	0.1
Euro	**1.9**	22.2	**-**	-
Vietnam Dong	**13.3**	-	**-**	
Others	**0.6**	2.3	**-**	-
	1,772.0	1,601.1	**2.6**	11.5

The weighted average effective interest rate on interest bearing deposits at 31st December 2014 was 4.2% (2013: 6.3%) per annum.

22 Creditors

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Trade creditors				
Amounts owing to third parties	**1,355.8**	1,245.9	**-**	-
Amounts owing to associates and joint ventures	**225.1**	221.5	**-**	-
	1,580.9	1,467.4	**-**	-
Other creditors				
Accruals	**497.8**	533.9	**10.3**	9.4
Interest payable	**35.0**	36.3	**0.1**	-
Amounts owing to associates and joint ventures	**3.7**	5.1	**-**	-
Amounts owing to subsidiaries	**-**	-	**9.8**	10.3
Contingent consideration on acquisition of subsidiaries	**66.9**	65.6	**-**	-
Sundry creditors	**220.4**	188.5	**-**	-
Financial liabilities excluding derivatives	**2,404.7**	2,296.8	**20.2**	19.7
Cross-currency swap contracts (Note 33)	**8.4**	0.4	**-**	-
Interest rate swap contracts (Note 33)	**0.5**	1.1	**-**	-
Forward foreign exchange contracts (Note 33)	**2.8**	0.3	**-**	-
	11.7	1.8	**-**	-
Financial liabilities	**2,416.4**	2,298.6	**20.2**	19.7
Insurance contracts – gross estimated losses (Note 34)	**136.2**	104.2	**-**	-
Net amount due to customers for contract work	**0.2**	0.2	**-**	-
Rental and other income received in advance	**182.5**	168.0	**-**	-
Deferred warranty income	**1.5**	3.1	**-**	-
Insurance contracts – unearned premiums (Note 34)	**342.4**	328.0	**-**	-
Others	**184.7**	199.2	**-**	-
	3,263.9	3,101.3	**20.2**	19.7
Non-current	**280.0**	261.5	**-**	-
Current	**2,983.9**	2,839.8	**20.2**	19.7
	3,263.9	3,101.3	**20.2**	19.7
Analysis by geographical area of operation:				
Indonesia	**3,059.5**	2,953.4	**-**	-
Singapore	**170.2**	122.7	**20.2**	19.7
Malaysia	**34.2**	25.2	**-**	-
	3,263.9	3,101.3	**20.2**	19.7

The advances from subsidiaries, associates, joint ventures and related companies are unsecured, interest free and repayable on demand. The fair value of creditors approximates their carrying amounts.

23 Provisions

	Warranty and Goodwill expenses US$m	Closure costs US$m	Statutory employee entitlements US$m	Others US$m	Total US$m
Group					
2014					
Balance at 1st January	**32.0**	**-**	**88.0**	**9.5**	**129.5**
Translation adjustments	**(1.3)**	**-**	**(2.2)**	**(0.5)**	**(4.0)**
Provision made during the year (Note 4)	**9.2**	**0.6**	**8.4**	**6.3**	**24.5**
Utilised during the year	**(4.4)**	**-**	**(0.7)**	**-**	**(5.1)**
Balance at 31st December	**35.5**	**0.6**	**93.5**	**15.3**	**144.9**
Non-current	**-**	**0.6**	**73.8**	**14.8**	**89.2**
Current	**35.5**	**-**	**19.7**	**0.5**	**55.7**
	35.5	**0.6**	**93.5**	**15.3**	**144.9**
2013					
Balance at 1st January	29.2	0.4	101.6	7.6	138.8
Translation adjustments	(1.1)	-	(22.1)	(2.1)	(25.3)
Additions arising from acquisition of subsidiaries (Note 36)	-	-	0.1	-	0.1
Provision made during the year (Note 4)	7.3	(0.4)	8.7	4.9	20.5
Utilised during the year	(3.4)	-	(0.3)	(0.9)	(4.6)
Balance at 31st December	32.0	-	88.0	9.5	129.5
Non-current	-	-	75.7	9.5	85.2
Current	32.0	-	12.3	-	44.3
	32.0	-	88.0	9.5	129.5

24 Borrowings

	Group	
	2014 US$m	2013 US$m
Current borrowings		
Bank loans	**896.9**	1,126.5
Bank overdrafts	**13.9**	0.1
Other loans	**4.5**	7.5
Current portion of long-term borrowings:		
- Bank loans	**1,420.1**	1,185.6
- Astra Sedaya Finance XI Bonds	**-**	22.1
- Astra Sedaya Finance XII Bonds	**46.6**	60.7
- Astra Sedaya Finance Berkelanjutan I Tahap I Bonds	**155.6**	-
- Astra Sedaya Finance Berkelanjutan I Tahap II Bonds	**-**	76.7
- Astra Sedaya Finance Berkelanjutan I Tahap III Bonds	**-**	28.6
- Astra Sedaya Finance Berkelanjutan II Tahap I Bonds	**7.7**	53.1
- Astra Sedaya Finance Berkelanjutan II Tahap II Bonds	**-**	44.5
- Astra Sedaya Finance Berkelanjutan II Tahap III Bonds	**91.1**	-
- Astra Sedaya Finance Berkelanjutan II Tahap IV Bonds	**78.9**	-
- Federal International Finance X Bonds	**-**	41.0
- Federal International Finance XI Bonds	**-**	153.2
- Federal International Finance Berkelanjutan I Tahap I Bonds	**130.6**	108.8
- Federal International Finance Berkelanjutan I Tahap II Bonds	**-**	58.2
- Federal International Finance Berkelanjutan I Tahap III Bonds	**58.2**	-
- Shogun Bonds FIF	**-**	20.0
- SAN Finance I Bonds	**-**	23.8
- SAN Finance II Bonds	**64.7**	11.5
- SAN Finance Berkelanjutan I Tahap I Bonds	**-**	9.0
- Serasi Auto Raya II Bonds	**37.8**	-
- Serasi Auto Raya III Bonds	**11.1**	27.0
- MTN Surya Artha Nusantara Finance II Tahun 2012	**-**	16.4
- Finance lease liabilities	**36.2**	42.6
- Others	**18.6**	31.3
	3,072.5	3,148.2

24 Borrowings (continued)

	Group	
	2014 US$m	2013 US$m
Long-term borrowings		
Bank loans	**1,571.9**	1,035.7
Astra Sedaya Finance XII Bonds	**-**	47.5
Astra Sedaya Finance Berkerlanjutan I Tahap I Bonds	**180.6**	343.2
Astra Sedaya Finance Berkerlanjutan I Tahap III Bonds	**90.0**	91.7
Astra Sedaya Finance Berkerlanjutan II Tahap I Bonds	**69.5**	77.8
Astra Sedaya Finance Berkerlanjutan II Tahap II Bonds	**98.3**	100.3
Astra Sedaya Finance Berkerlanjutan II Tahap III Bonds	**62.0**	-
Astra Sedaya Finance Berkerlanjutan II Tahap IV Bonds	**114.7**	-
Astra Sedaya Finance Singapore Dollars Guaranteed Bonds	**74.4**	-
Federal International Finance Berkelanjutan I Tahap I Bonds	**-**	133.9
Federal International Finance Berkelanjutan I Tahap II Bonds	**135.7**	138.3
Federal International Finance Berkelanjutan I Tahap III Bonds	**59.7**	-
SAN Finance II Bonds	**-**	66.0
SAN Finance Berkelanjutan I Tahap I Bonds	**28.8**	27.6
SAN Finance Berkelanjutan I Tahap II Bonds	**76.8**	-
Serasi Auto Raya II Bonds	**-**	37.9
Serasi Auto Raya III Bonds	**11.5**	23.7
Finance lease liabilities	**48.2**	79.9
Others	**2.5**	21.4
	2,624.6	2,224.9
Total borrowings	**5,697.1**	5,373.1
Secured	**4,182.5**	3,674.6
Unsecured	**1,514.6**	1,698.5
	5,697.1	5,373.1

At 31st December 2014, the Company has unsecured bank loans of US$49.2 million (2013: US$31.6 million) in current borrowings.

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

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Within one year	**3,307.2**	3,312.8	**49.2**	31.6
Between one and two years	**1,320.2**	1,156.5	**-**	-
Between two and three years	**1,000.6**	668.6	**-**	-
Between three and four years	**69.1**	234.2	**-**	-
Between four and five years	**-**	1.0	**-**	-
	5,697.1	5,373.1	**49.2**	31.6

24 Borrowings (continued)

The minimum lease payments under the finance lease liabilities were payable as follows:

	Group	
	2014 US$m	2013 US$m
Finance lease liabilities – minimum lease payments:		
- within one year	**38.2**	45.4
- between one and five years	**49.7**	83.1
	87.9	128.5
Future finance charges on finance leases	**(3.5)**	(6.0)
Present value of finance lease liabilities	**84.4**	122.5
The present value of finance lease liabilities is as follows:		
- within one year	**36.2**	42.6
- between one and five years	**48.2**	79.9
	84.4	122.5

After taking into account hedging transactions, the weighted average interest rates and period of fixed rate borrowings of the Group and Company are as follows:

	Fixed rate borrowings			Floating rate borrowings	Total
Currency	Weighted average interest rates %	Weighted average period outstanding Months	US$m	US$m	US$m
Group					
2014					
Singapore Dollar	**1.14**	**-**	**-**	**64.4**	**64.4**
United States Dollar	**2.26**	**17**	**257.0**	**473.2**	**730.2**
Indonesian Rupiah	**9.12**	**18**	**4,218.4**	**684.1**	**4,902.5**
			4,475.4	**1,221.7**	**5,697.1**
2013					
Singapore Dollar	1.02	-	-	52.9	52.9
United States Dollar	2.51	19	348.9	422.4	771.3
Japanese Yen	1.58	-	-	5.0	5.0
Indonesian Rupiah	7.60	16	3,632.3	884.9	4,517.2
Malaysian Ringgit	3.44	-	-	26.7	26.7
			3,981.2	1,391.9	5,373.1
Company					
2014					
Singapore Dollar	**1.12**	**-**	**-**	**49.2**	**49.2**
2013					
Singapore Dollar	1.10	-	-	31.6	31.6

24 Borrowings (continued)

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values of the non-current borrowings at the end of the year are as follows:

	Group	
	2014 US$m	2013 US$m
Bank loans	**1,579.8**	1,043.0
Bonds and others	**1,040.8**	1,185.4
	2,620.6	2,228.4

The fair values are based on market prices, or are estimated using unobservable inputs which are based on the expected future payments discounted at market interest rates ranging from 7.75% to 11.5% per annum (2013: 2.2% to 11.75% per annum). The higher the rates, the lower the fair value.

At 31st December 2014, bank loans and bonds amounting to US$4,182.5 million (2013: US$3,674.6 million) have been collateralised by debtors, stocks, financing debtors, property, plant and equipment and leasehold land use rights.

	Maturity	Interest rates	Nominal values	
		%	US$m	Rp billion
Astra Sedaya Finance ("ASF") Bonds				
ASF XII Bonds	2015	10.0%	46.6	579.5
ASF Berkelanjutan I Tahap I Bonds	2015-2017	8.0%-8.6%	341.6	4,250.0
ASF Berkelanjutan I Tahap III Bonds	2016	7.75%	90.0	1,120.0
ASF Berkelanjutan II Tahap I Bonds	2015-2016	7.25%-7.75%	84.4	1,050.0
ASF Berkelanjutan II Tahap II Bonds	2016-2017	9.5%-9.75%	100.9	1,255.0
ASF Berkelanjutan II Tahap III Bonds	2015-2018	9.6%-10.6%	156.8	1,950.0
ASF Berkelanjutan II Tahap IV Bonds	2015-2017	9.6%-10.5%	201.0	2,500.0
ASF Singapore Dollars Guaranteed Bonds	2017	2.12%	75.7	942.2
			1,097.0	13,646.7

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

	Maturity	Interest rates	Nominal values	
		%	US$m	Rp billion
Federal International Finance ("FIF") Bonds				
FIF Berkelanjutan I Tahap I Bonds	2015	7.65%	131.4	1,635.0
FIF Berkelanjutan I Tahap II Bonds	2016	7.75%	135.9	1,690.0
FIF Berkelanjutan I Tahap III Bonds	2015-2017	9.6%-10.5%	124.6	1,550.0
			391.9	4,875.0

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

24 **Borrowings (continued)**

	Maturity	Interest rates	Nominal values	
		%	US$m	Rp billion
Serasi Auto Raya Bonds				
Serasi Auto Raya II Bonds	2015	10.2%	37.8	470.0
Serasi Auto Raya III Bonds	2015-2016	8.3%-8.75%	23.2	289.0
			61.0	759.0

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

	Maturity	Interest rates	Nominal values	
		%	US$m	Rp billion
SAN Finance Bonds				
SAN Finance II Bonds	2015	8.4%	64.9	807.0
SAN Finance Berkelanjutan I Tahap I Bonds	2016	9.75%	31.4	391.0
SAN Finance Berkelanjutan I Tahap II Bonds	2017	10.5%	80.4	1,000.0
			176.7	2,198.0

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

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25 **Deferred Tax**

	Accelerated tax depreciation US$m	Fair value (gains)/ losses US$m	Provisions US$m	Tax losses US$m	Others US$m	Total US$m
Group						
2014						
Balance at 1st January	**12.2**	**(472.1)**	**110.1**	**11.9**	**66.8**	**(271.1)**
Translation adjustments	**(0.8)**	**3.7**	**(2.5)**	**(0.5)**	**(0.9)**	**(1.0)**
Credited/(charged) to profit and loss account (Note 7)	**12.2**	**86.6**	**(1.0)**	**4.9**	**(9.2)**	**93.5**
Credited/(charged) to other comprehensive income (Note 7)	**-**	**7.5**	**-**	**-**	**1.0**	**8.5**
Balance at 31st December	**23.6**	**(374.3)**	**106.6**	**16.3**	**57.7**	**(170.1)**
2013						
Balance at 1st January	(8.3)	(550.1)	116.5	15.5	64.2	(362.2)
Translation adjustments	(1.5)	84.5	(24.5)	(3.2)	(21.2)	34.1
Credited/(charged) to profit and loss account (Note 7)	22.0	6.3	18.1	(3.8)	26.5	69.1
Credited/(charged) to other comprehensive income (Note 7)	-	(5.7)	-	-	(3.4)	(9.1)
Additions arising from acquisition of subsidiaries (Note 36)	-	(7.1)	-	3.4	-	(3.7)
Disposals arising from disposal of subsidiaries (Note 36)	-	-	-	-	0.7	0.7
Balance at 31st December	12.2	(472.1)	110.1	11.9	66.8	(271.1)

	Unremitted interest income	
	2014 US$m	2013 US$m
Company		
Balance at 1st January and 31st December	**(0.2)**	(0.2)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Deferred tax assets	**231.6**	195.3	**-**	-
Deferred tax liabilities	**(401.7)**	(466.4)	**(0.2)**	(0.2)
Balance at 31st December	**(170.1)**	(271.1)	**(0.2)**	(0.2)

25 Deferred Tax (continued)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group did not recognise deferred income tax assets of US$34.1 million (2013: US$24.7 million) in respect of tax losses of US$136.5 million in 2014 (2013: US$98.9 million) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. These tax losses have expiry dates as follows:

	Group	
	2014 US$m	2013 US$m
No expiry date	**1.8**	1.9
Expiring in one year	**5.0**	2.1
Expiring in two years	**8.1**	7.8
Expiring in three years	**23.0**	6.1
Expiring in four years	**45.3**	29.7
Expiring beyond four years	**53.3**	51.3
	136.5	98.9

Deferred tax liabilities of US$417.9 million (2013: US$368.2 million) on temporary differences associated with investments in subsidiaries of US$4,178.9 million (2013: US$3,681.9 million) have not been recognised as there is no current intention of remitting the retained earnings to the Company in the foreseeable future.

26 Pension Liabilities

The Group, through Astra, has defined benefit pension plans covering its employees in Indonesia and are either funded or unfunded. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. The pension liabilities are calculated annually by an independent actuary using the projected unit credit method.

The amounts recognised in the Group balance sheet are as follows:

	2014 US$m	2013 US$m
Fair value of plan assets	**74.5**	76.9
Present value of funded obligations	**(92.4)**	(94.0)
	(17.9)	(17.1)
Present value of unfunded obligations	**(192.4)**	(171.3)
Impact of minimum funding requirement/assets ceiling	**0.2**	0.4
Net pension liabilities	**(210.1)**	(188.0)

26 Pension Liabilities (continued)

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US$m	Present value of obligations US$m	Total US$m	Impact of minimum funding requirement US$m	Total US$m
2014					
At 1st January	**76.9**	**(265.3)**	**(188.4)**	**0.4**	**(188.0)**
Translation differences	**(1.5)**	**6.4**	**4.9**	**-**	**4.9**
Current service cost	**-**	**(20.9)**	**(20.9)**	**-**	**(20.9)**
Interest income/(expense)	**5.5**	**(19.7)**	**(14.2)**	**-**	**(14.2)**
Past service cost and gains/(losses) on settlement	**-**	**(1.6)**	**(1.6)**	**-**	**(1.6)**
	5.5	**(42.2)**	**(36.7)**	**-**	**(36.7)**
Remeasurements					
- return on plan assets, excluding amounts included in interest income/(expense)	**2.2**	**-**	**2.2**	**-**	**2.2**
- change in financial assumptions	**-**	**13.2**	**13.2**	**-**	**13.2**
- experience gains/(losses)	**-**	**(18.6)**	**(18.6)**	**-**	**(18.6)**
- change in asset ceiling, excluding amounts included in interest expense	**-**	**-**	**-**	**(0.2)**	**(0.2)**
	2.2	**(5.4)**	**(3.2)**	**(0.2)**	**(3.4)**
Contributions from employers	**3.2**	**-**	**3.2**	**-**	**3.2**
Contribution from plan participants	**0.9**	**(0.9)**	**-**	**-**	**-**
Benefit payments	**(11.9)**	**22.5**	**10.6**	**-**	**10.6**
Transfer (to)/from plans	**(0.8)**	**0.1**	**(0.7)**	**-**	**(0.7)**
At 31st December	**74.5**	**(284.8)**	**(210.3)**	**0.2**	**(210.1)**
2013					
At 1st January	100.5	(319.2)	(218.7)	0.2	(218.5)
Translation differences	(20.3)	67.5	47.2	-	47.2
Additions arising from acquisition of subsidiaries (Note 36)	-	(4.8)	(4.8)	-	(4.8)
Current service cost	-	(30.4)	(30.4)	-	(30.4)
Interest income/(expense)	5.3	(18.3)	(13.0)	-	(13.0)
Past service cost and gains/(losses) on settlement	-	9.6	9.6	-	9.6
	5.3	(39.1)	(33.8)	-	(33.8)
Remeasurements					
- return on plan assets, excluding amounts included in interest income/(expense)	(2.5)	-	(2.5)	-	(2.5)
- change in financial assumptions	-	43.6	43.6	-	43.6
- experience gains/(losses)	-	(27.8)	(27.8)	-	(27.8)
- change in asset ceiling, excluding amounts included in interest expense	-	-	-	0.2	0.2
	(2.5)	15.8	13.3	0.2	13.5
Contributions from employers	0.4	-	0.4	-	0.4
Contribution from plan participants	1.1	(1.1)	-	-	-
Benefit payments	(8.1)	15.6	7.5	-	7.5
Transfer (to)/from plans	0.5	-	0.5	-	0.5
At 31st December	76.9	(265.3)	(188.4)	0.4	(188.0)

26 Pension Liabilities (continued)

The weighted average duration of the defined benefit obligation at 31st December 2014 is 15 years.

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

	2014 US$m	2013 US$m
Less than a year	**25.3**	21.0
Between one and two years	**12.8**	24.9
Between two and five years	**82.6**	65.3
Beyond five years	**4,647.7**	3,371.8
	4,768.4	3,483.0

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

	2014 %	2013 %
Discount rate	**9**	8
Salary growth rate	**8**	8

As the employees in Indonesia usually take one-off lump sum amounts from the plans upon retirement, mortality is not a significant assumption for these plans.

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

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption US$m**	**Decrease in assumption US$m**
Discount rate	1%	(32.1)	41.2
Salary growth rate	1%	37.5	(29.5)

The above sensitivity analysis is 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 when calculating the pension liability recognised within the balance sheet.

26 Pension Liabilities (continued)

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

	2014 US$m	2013 US$m
Quoted investments		
Equity instruments	**30.9**	33.8
Debt instruments		
- government	**17.4**	19.7
- corporate bonds (investment grade)	**19.2**	20.7
Total investments	**67.5**	74.2
Cash and cash equivalents	**7.0**	2.7
	74.5	76.9

The defined benefit plans had total investments in Astra group of 30%, largely similar to 2013. All of Astra's investments are in quoted instruments, and the top three sectors of the quoted equity instruments were financials, properties and industrials with combined fair values of US$17.4 million (2013: US$22.0 million).

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

Asset volatility

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

Changes in bond yields

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

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that is developed to achieve long-term returns that are in line with the obligations under the pension schemes. Within this 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$4.2 million and the estimated amount of contributions expected to be paid to the plans in 2015 is US$3.4 million.

27 Share Capital of the Company

	2014 US$m	2013 US$m
Issued and fully paid:		
Opening and closing balance 355,712,660 ordinary shares	**632.6**	632.6

There is no par value for the ordinary shares. The Company did not hold any treasury shares as at 31st December 2014 (31st December 2013: Nil).

28 Revenue Reserve

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Movements:				
Balance at 1st January	**4,329.9**	3,786.7	**525.1**	512.2
Defined benefit pension plans				
- actuarial loss	**(1.1)**	4.9	**-**	-
- deferred tax	**0.3**	(1.2)	**-**	-
Share of associates' and joint ventures' actuarial loss on defined benefit pension plans, net of tax	**(0.1)**	(0.7)	-	-
Profit attributable to shareholders	**820.2**	915.0	**360.3**	448.0
Dividends paid by the Company	**(379.6)**	(435.1)	**(379.6)**	(435.1)
Change in shareholding	**44.2**	61.3	**-**	-
Other	**(0.1)**	(1.0)	**-**	-
Balance at 31st December	**4,813.7**	4,329.9	**505.8**	525.1

The Group's revenue reserve includes actuarial loss on defined benefit pension plans of US$23.2 million (2013: US$22.3 million).

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29 Other Reserves

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Composition:				
Asset revaluation reserve	**347.0**	338.8	**-**	-
Translation reserve	**(1,196.0)**	(1,078.8)	**350.0**	414.7
Fair value reserve	**36.1**	31.1	**1.7**	0.1
Hedging reserve	**(13.5)**	4.2	**-**	-
Other reserve	**3.3**	3.3	**-**	-
Balance at 31st December	**(823.1)**	(701.4)	**351.7**	414.8
Movements:				
Asset revaluation reserve				
Balance at 1st January	**338.8**	333.7	**-**	-
Surplus on revaluation of assets	**6.0**	4.3	**-**	-
Share of associates' and joint ventures' surplus on revaluation of assets	**2.2**	0.8	**-**	-
Balance at 31st December	**347.0**	338.8	**-**	-
Translation reserve				
Balance at 1st January	**(1,078.8)**	(143.5)	**414.7**	469.6
Translation difference	**(117.2)**	(935.3)	**(64.7)**	(54.9)
Balance at 31st December	**(1,196.0)**	(1,078.8)	**350.0**	414.7
Fair value reserve				
Balance at 1st January	**31.1**	28.9	**0.1**	(1.2)
Available-for-sale investments				
- fair value changes	**12.5**	8.6	**1.6**	1.3
- transfer to profit and loss	**(9.2)**	(5.5)	**-**	-
Share of associates' and joint ventures' fair value changes of available-for-sale investments, net of tax	**1.7**	(0.9)	**-**	-
Balance at 31st December	**36.1**	31.1	**1.7**	0.1
Hedging reserve				
Balance at 1st January	**4.2**	(8.4)	**-**	-
Cash flow hedges				
- fair value changes	**(69.5)**	(25.5)	**-**	-
- deferred tax	**4.1**	(3.0)	**-**	-
- transfer to profit and loss	**51.7**	37.5	**-**	-
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	**(4.0)**	3.6	**-**	-
Balance at 31st December	**(13.5)**	4.2	**-**	-
Other reserve				
Balance at 1st January and 31st December	**3.3**	3.3	**-**	-

30 Non-controlling Interests

	Group	
	2014 US$m	2013 US$m
Balance at 1st January	**5,621.9**	6,064.7
Asset revaluation surplus		
- surplus on revaluation of assets	**8.6**	4.3
Share of associates' and joint ventures' surplus on revaluation of assets	**3.4**	1.1
Available-for-sale investments		
- fair value changes	**12.9**	(20.6)
- realised on disposal of subsidiaries	**-**	(0.5)
- transfer to profit and loss	**(10.0)**	(5.4)
	2.9	(26.5)
Share of associates' and joint ventures' fair value changes of available-for-sale investments, net of tax	**1.7**	(0.9)
Cash flow hedges		
- fair value changes	**(64.4)**	(27.5)
- deferred tax	**3.4**	(2.7)
- transfer to profit and loss	**51.4**	37.3
	(9.6)	7.1
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	**(3.9)**	3.4
Defined benefit pension plans		
- actuarial loss	**(2.3)**	8.6
- deferred tax	**0.7**	(2.2)
	(1.6)	6.4
Share of associates' and joint ventures' actuarial loss on defined benefit pension plans, net of tax	**(0.8)**	(0.7)
Translation difference	**(129.6)**	(1,265.1)
Profit for the year	**1,040.2**	1,174.2
Issue of shares	**-**	17.8
Dividends paid	**(493.1)**	(540.5)
Change in shareholding	**135.4**	126.1
Acquisition/disposal of subsidiaries	**-**	51.7
Other	**(0.1)**	(1.2)
Balance at 31st December	**6,175.4**	5,621.9

30 Non-controlling Interests (continued)

Set out below is the summarised financial information for the Group's subsidiary, Astra, that has non-controlling interests that are material to the Group.

Summarised balance sheet at 31st December:

	2014 US$m	2013 US$m
Current		
Assets	**7,804.5**	7,240.7
Liabilities	**(5,894.5)**	(5,827.1)
Total current net assets	**1,910.0**	1,413.6
Non-current		
Assets	**11,957.8**	11,162.6
Liabilities	**(3,579.4)**	(3,198.3)
Total non-current net assets	**8,378.4**	7,964.3
Non-controlling interests	**(2,138.6)**	(1,943.3)
Net assets	**8,149.8**	7,434.6

Summarised statement of comprehensive income for the year ended 31st December:

	2014 US$m	2013 US$m
Profit after tax	**1,825.5**	2,077.9
Other comprehensive income	**(227.8)**	(2,065.1)
Total comprehensive income	**1,597.7**	12.8
Total comprehensive income/(expense) allocated to non-controlling interests	**223.1**	(140.7)
Dividends paid to non-controlling interests	**(123.1)**	(128.9)

Summarised cash flows for the year ended 31st December:

	2014 US$m	2013 US$m
Cash generated from operations	**1,705.0**	2,618.2
Net interest and other financing costs paid	**(13.3)**	(29.7)
Income taxes paid	**(494.2)**	(627.7)
Net cash flows from operating activities	**1,197.5**	1,960.8
Net cash flows from investing activities	**(841.3)**	(830.0)
Net cash flows from financing activities	**(242.2)**	(536.3)
Net change in cash and cash equivalents	**114.0**	594.5
Cash and cash equivalents at 1st January	**1,522.3**	1,118.4
Effect of exchange rate exchanges	**30.0**	(190.6)
Cash and cash equivalents at 31st December	**1,666.3**	1,522.3

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

31 Related Party Transactions

In addition to the related party information shown elsewhere in the financial statements, the following significant related party transactions took place during the financial year:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
(a) With associates and joint ventures:				
Purchase of goods and services	**(7,079.7)**	(8,078.8)	**-**	-
Sale of goods and services	**1,353.6**	1,197.9	**-**	-
Commission and incentives earned	**19.6**	24.6	**-**	-
Bank deposits and balances	**403.6**	651.5	**-**	-
Dividend income	**-**	-	**13.5**	9.6
Interest received	**43.8**	32.1	**-**	-
(b) With related companies and associates of ultimate holding company:				
Gain on loss of control in a subsidiary	**-**	22.7	**-**	-
Management fees paid	**(4.5)**	(4.8)	**(4.4)**	(4.7)
Secondment costs	**(4.9)**	(4.6)	**(4.9)**	(4.6)
Purchase of goods and services	**(1.0)**	(0.9)	**-**	-
Sale of goods and services	**6.0**	2.3	**-**	-
(c) Remuneration of directors of the Company and key management personnel of the Group:				
Salaries and other short-term employee benefits	**(8.2)**	(7.7)	**(6.6)**	(4.8)

32 Commitments

(a) Capital commitments

Capital expenditure authorised for at the balance sheet date, but not recognised in the financial statements is as follows:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Authorised and contracted	**366.2**	261.8	**-**	-
Authorised but not contracted	**543.2**	658.2	**-**	-
	909.4	920.0	**-**	-

(b) Operating lease commitments

The Group leases various property, plant and machinery under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments and receivables under non-cancellable operating leases contracted for at the reporting date, but not recognised as liabilities or receivables, are as follows:

	Group		Company	
	2014 US$m	2013 US$m	**2014 US$m**	2013 US$m
Lease rentals payable:				
- within one year	**7.0**	5.7	**0.2**	0.2
- between one and five years	**14.4**	9.3	**-**	-
- beyond five years	**27.6**	30.7	**-**	-
	49.0	45.7	**0.2**	0.2
Lease rentals receivable:				
- within one year	**123.6**	115.0	**-**	-
- between one and five years	**115.8**	101.0	**-**	-
- beyond five years	**0.6**	1.8	**-**	-
	240.0	217.8	**-**	-

33 Derivative Financial Instruments

At 31st December, the fair values of the Group's and the Company's derivative financial instruments were:

	Group		Company	
	Assets US$m	Liabilities US$m	Assets US$m	Liabilities US$m
2014				
Designated as cash flow hedges				
- Forward foreign exchange contracts	**-**	2.7	**-**	-
- Interest rate swap contracts	**0.1**	0.5	**-**	-
- Cross-currency swap contracts	**159.6**	8.4	**-**	-
	159.7	11.6	**-**	-
Not qualifying as hedges				
- Forward foreign exchange contracts	**-**	0.1	**-**	-
2013				
Designated as cash flow hedges				
- Forward foreign exchange contracts	**1.0**	0.1	**-**	-
- Interest rate swap contracts	**0.1**	1.1	**-**	-
- Cross-currency swap contracts	**276.5**	0.4	**-**	-
	277.6	1.6	**-**	-
Not qualifying as hedges				
- Forward foreign exchange contracts	**-**	0.2	**-**	-

(a) Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2014 were US$74.8 million (2013: US$42.0 million).

(b) Interest rate swap contracts

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2014 were US$252.9 million (2013: US$333.6 million). At 31st December 2014, the fixed interest rates range from 0.59% to 3.46% per annum (2013: 0.59% to 4.35% per annum).

(c) Cross-currency swap contracts

The contract amounts of the outstanding cross-currency swap contracts at 31st December 2014 were US$2,376.2 million (2013: US$1,411.1 million).

34 Insurance Contracts

	Group	
	2014 US$m	2013 US$m
Gross estimated losses (Note 22)	**136.2**	104.2
Claims payable	**4.8**	4.7
Unearned premiums (Note 22)	**342.4**	328.0
	483.4	436.9
Less: Reinsurers' share of estimated losses (Note 20)	**(66.5)**	(43.8)
Total insurance liabilities	**416.9**	393.1
The gross estimated losses and unearned premiums are analysed as follows:		
Non-current	**82.3**	71.7
Current	**401.1**	365.2
	483.4	436.9

Claims payable are included in trade creditors. The amount and timing of claim payments are typically resolved within one year.

Movements in insurance liabilities and reinsurance assets

(a) Claims and loss adjustment expenses

	2014 US$m	2013 US$m
Balance at 1st January	**65.1**	61.8
Cash paid for claims settled in the period	**(140.8)**	(132.5)
Increase in liabilities		
- arising from current period claims	**143.6**	150.3
- arising from prior period claims	**8.4**	0.8
Translation adjustments	**(1.8)**	(15.3)
Total at 31st December	**74.5**	65.1
Notified claims	**59.3**	53.2
Incurred, but not reported	**15.2**	11.9
Total at 31st December	**74.5**	65.1

(b) Unearned premium provision

	2014 US$m	2013 US$m
At 1st January	**328.0**	338.2
Increase	**22.0**	68.9
Translation adjustments	**(7.6)**	(79.1)
Total at 31st December	**342.4**	328.0

The risk under an insurance contract is the possibility that the insured event may occur and the resulting loss may vary in severity. Although it is possible for the actual loss to exceed the carrying amount of insurance liabilities, the extent of liabilities of the risk carrier is confined to the sum insured or the limit specified under the contract.

34 Insurance Contracts (continued)

The Group manages its insurance risks through its underwriting guidelines, which are approved by an appropriate level of management regularly. The Group also has adequate reinsurance arrangements and proactive claims handling.

The concentration of insurance risks after reinsurance with reference to the carrying amount of the insurance liabilities is in four classes of business namely motor vehicles, heavy equipment, fire and fire major risks and marine cargo.

The insurance business is not a significant activity of the Group.

35 Cash Flows From Operating Activities

	Group	
	2014 US$m	2013 US$m
Profit before tax	**2,339.2**	2,624.8
Adjustments for:		
Financing income	**(102.0)**	(78.4)
Financing charges	**117.0**	106.7
Share of associates' and joint ventures' results after tax	**(576.2)**	(590.1)
Depreciation of property, plant and equipment	**582.7**	652.5
Amortisation of leasehold land use rights and intangible assets	**94.7**	80.8
Fair value (gain)/loss of:		
- plantations	**34.1**	14.9
- investment properties	**(35.6)**	(19.5)
Impairment of:		
- property, plant and equipment	**230.9**	1.1
- debtors	**128.6**	111.4
(Profit)/loss on disposal of:		
- leasehold land use rights	**(0.5)**	(0.7)
- property, plant and equipment	**(22.7)**	(10.5)
- investment properties	**-**	(0.5)
- plantations	**4.3**	0.9
- subsidiaries	**-**	(55.3)
- associate and joint venture	**(2.2)**	-
- investments	**(19.7)**	(10.8)
Loss on disposal/write-down of repossessed assets	**52.1**	56.4
Write-down of stocks	**20.5**	17.6
Changes in provisions	**24.4**	20.5
Foreign exchange (gain)/loss	**26.6**	68.0
	557.0	365.0
Operating profit before working capital changes	**2,896.2**	2,989.8
Changes in working capital		
Stocks	**(350.0)**	(19.9)
Financing debtors	**(613.2)**	(621.1)
Debtors	**(340.7)**	(176.7)
Creditors	**179.2**	443.5
Pensions	**22.8**	25.8
	(1,101.9)	(348.4)
Cash flows from operating activities	**1,794.3**	2,641.4

36 Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	Group	
	2014 US$m	2013 US$m
Bank balances and other liquid funds (Note 21)	**1,772.0**	1,601.1
Bank overdrafts (Note 24)	**(13.9)**	(0.1)
	1,758.1	1,601.0

(a) Purchase of subsidiaries

In 2014, Astra acquired new subsidiaries for US$26.4 million (2013: US$108.8 million). This comprised net cash outflow of US$26.0 million for a 100% interest in PT Palma Plantasindo, an oil palm plantation company in Indonesia, and US$0.4 million representing further payments made in relation to an acquisition of a coal mining business in 2012.

The acquisitions in 2013 comprised net cash outflow of US$41.8 million for a 100% interest in PT Pelabuhan Penajam Banua Taka, an integrated logistics port in Indonesia, US$66.3 million for a 51% interest in PT Pakoakuina, a producer of wheel rims for motor vehicles and motorcycles, and US$0.7 million representing further payments for the coal mining business acquisition.

Revenue and loss after tax since acquisition in respect of new subsidiaries acquired in 2014 amounted to US$0.6 million and US$1.0 million, respectively. Had the acquisitions occurred on 1st January 2014, consolidated revenue and consolidated profit after tax for the year ended 31st December would have been US$18,676.1 million and US$1,859.9 million, respectively.

	2014 Fair value US$m	2013 Fair value US$m
Intangible assets (Note 10)	**-**	16.5
Leasehold land use rights (Note 11)	**2.5**	41.8
Property, plant and equipment (Note 12)	**1.5**	70.4
Plantations (Note 14)	**27.0**	-
Interests in associates and joint ventures	**-**	9.4
Deferred tax assets (Note 25)	**-**	0.4
Stocks	**-**	12.8
Debtors	**-**	25.1
Current tax assets	**-**	3.5
Bank balances and other liquid funds	**-**	35.0
Non-current provisions (Note 23)	**-**	(0.1)
Non-current borrowings	**-**	(0.4)
Deferred tax liabilities (Note 25)	**-**	(4.1)
Pension liabilities (Note 26)	**-**	(4.8)
Current borrowings	**-**	(8.6)
Current tax liabilities	**-**	(0.6)
Creditors	**(5.0)**	(49.2)
Net assets	**26.0**	147.1
Adjustment for non-controlling interests	**-**	(52.4)
Goodwill	**-**	13.4
Total consideration	**26.0**	108.1
Adjustment for contingent consideration	**0.4**	0.7
Cash paid for business combination	**26.4**	108.8
Cash and cash equivalents of subsidiaries acquired	**-**	(35.0)
Net cash flow from business combination	**26.4**	73.8

36 Notes to Consolidated Statement of Cash Flows (continued)

(b) Purchase of shares in associates and joint ventures

Purchase of shares in associates and joint ventures in 2014 included US$56.2 million for Astra's subscription to PT Bank Permata Tbk's rights issue, and US$24.9 million for capital injection into PT Aisin Indonesia.

Purchase of shares in associates and joint ventures in 2013 included US$65.3 million for Astra's capital injections into certain associates and joint ventures.

(c) Sale of subsidiaries

In 2014, Astra received US$0.7 million as deferred consideration for the sale of a subsidiary in 2010.

In 2013, Astra received US$14.9 million for the sale of certain subsidiaries.

	Group	
	2014 US$m	2013 US$m
Leasehold land use rights (Note 11)	-	(9.0)
Investment properties (Note 13)	-	(11.6)
Other investments (Note 17)	-	(4.3)
Debtors	-	(3.3)
Bank balances and other liquid funds	-	(2.1)
Creditors	-	39.6
Deferred tax liabilities (note 25)	-	0.7
Adjustment for non-controlling interests	-	0.6
Net assets/liabilities disposed of	-	10.6
Realisation of fair value reserve	-	1.0
Profit on disposal of subsidiaries (Note 4)	-	(55.3)
Sale proceeds	-	(43.7)
Adjustment of carrying value of associates and joint ventures	-	29.5
Adjustment for deferred consideration	**(0.7)**	(0.7)
Cash proceeds from disposal	**(0.7)**	(14.9)
Cash and cash equivalents of subsidiaries disposed	-	2.1
Net cash flow from disposal	**(0.7)**	(12.8)

(d) Changes in controlling interests of subsidiaries

Change in controlling interests of subsidiaries in 2014 comprised an inflow of US$184.6 million arising from the sale by Astra of a 25% interest in PT Astra Sedaya Finance to its joint venture PT Bank Permata Tbk, reducing its direct interest to 75%, and an outflow of US$5.0 million arising from Astra's increase in shareholding from 95% to 100% in PT Marga Harjaya Infrastruktur.

Change in controlling interests of subsidiaries in 2013 comprised an outflow of US$51.4 million for Astra's acquisition of additional 15% interests in PT Asmin Bara Bronang and PT Asmin Bara Jaan, increasing its controlling interest to 75%, and an inflow of US$260.7 million arising from the sale by Astra of a 16% interest in PT Astra Otoparts Tbk, reducing its controlling interest to 80%.

37 Segment Information

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. Astra is considered as one operating segment because the decisions for resource allocation and performance assessment are made directly by the board of Astra, taking into account the opinions of the JC&C Board. Set out below is an analysis of the segment information.

	Astra US$m	Other interests US$m	Corporate costs US$m	Group US$m
2014				
Revenue	**16,995.4**	**1,680.0**	**-**	**18,675.4**
Net operating costs	**(15,254.1)**	**(1,629.3)**	**(14.0)**	**(16,897.4)**
Operating profit	**1,741.3**	**50.7**	**(14.0)**	**1,778.0**
Financing income	**101.7**	**0.3**	**-**	**102.0**
Financing charges	**(115.7)**	**(0.5)**	**(0.8)**	**(117.0)**
Net financing charges	**(14.0)**	**(0.2)**	**(0.8)**	**(15.0)**
Share of associates' and joint ventures' results after tax	**529.1**	**47.1**	**-**	**576.2**
Profit before tax	**2,256.4**	**97.6**	**(14.8)**	**2,339.2**
Tax	**(468.3)**	**(10.3)**	**(0.2)**	**(478.8)**
Profit after tax	**1,788.1**	**87.3**	**(15.0)**	**1,860.4**
Non-controlling interests	**(1,035.2)**	**(5.0)**	**-**	**(1,040.2)**
Profit attributable to shareholders	**752.9**	**82.3**	**(15.0)**	**820.2**
Non-trading items	**(28.9)**	**-**	**1.5**	**(27.4)**
Underlying profit attributable to shareholders	**724.0**	**82.3**	**(13.5)**	**792.8**
Net cash/(debt) (excluding net debt of financial services companies)	**(266.4)**	**60.0**	**(32.7)**	**(239.1)**
Total equity	**10,373.9**	**382.5**	**42.2**	**10,798.6**
2013				
Revenue	18,440.1	1,347.7	-	19,787.8
Net operating costs	(16,406.8)	(1,305.8)	(12.2)	(17,724.8)
Operating profit	2,033.3	41.9	(12.2)	2,063.0
Financing income	78.1	0.2	0.1	78.4
Financing charges	(105.0)	(0.7)	(1.0)	(106.7)
Net financing charges	(26.9)	(0.5)	(0.9)	(28.3)
Share of associates' and joint ventures' results after tax	563.0	27.1	-	590.1
Profit before tax	2,569.4	68.5	(13.1)	2,624.8
Tax	(528.3)	(6.9)	(0.4)	(535.6)
Profit after tax	2,041.1	61.6	(13.5)	2,089.2
Non-controlling interests	(1,171.2)	(3.0)	-	(1,174.2)
Profit attributable to shareholders	869.9	58.6	(13.5)	915.0
Non-trading items	(20.9)	-	-	(20.9)
Underlying profit attributable to shareholders	849.0	58.6	(13.5)	894.1
Net cash/(debt) (excluding net debt of financial services companies)	(302.5)	16.9	(17.8)	(303.4)
Total equity	9,465.2	356.9	60.9	9,883.0

Segment assets and liabilities are not disclosed as these are not regularly provided to the Board.

37 Segment Information (continued)

Set out below are analyses of the Group's revenue and non-current assets, by geographical areas:

	Indonesia US$m	Others US$m	Total US$m
2014			
Revenue	**16,995.4**	**1,680.0**	**18,675.4**
Non-current assets	**8,580.8**	**243.6**	**8,824.4**
2013			
Revenue	18,440.1	1,347.7	19,787.8
Non-current assets	8,190.7	225.4	8,416.1

Non-current assets excluded financial instruments and deferred tax assets. Indonesia is disclosed separately as a geographical area as most of the customers are based in Indonesia.

38 Immediate and Ultimate Holding Companies

The Company's immediate holding company is Jardine Strategic Singapore Pte Ltd, incorporated in Singapore and its ultimate holding company is Jardine Matheson Holdings Limited, incorporated in Bermuda.

39 Reclassification Of Accounts

Certain comparative amounts have been reclassified for consistency with the presentation of the 2014 consolidated financial statements. The reclassification has no material impact to the Group.

40 Subsequent Events

(a) In January 2015, Astra's subsidiary, PT United Tractors Tbk, acquired a 40% interest in PT Acset Indonusa Tbk, an Indonesian listed company which operates a construction business. Consequently, a Mandatory Tender Offer will be conducted according to local regulations.

(b) In January 2015, Astra's subsidiary, PT Astra Agro Lestari Tbk, acquired a 50% shareholding in PT Kreasijaya Adhikarya, a palm oil refiner, for a total consideration of approximately US$29.4 million.

(c) In February 2015, the Group acquired additional 8 million shares in Refrigeration Electrical Engineering Corporation ("REE") for a cash consideration of approximately US$12.3 million. With the acquisition, the Group's interest in REE increased from 18.63% to 21.60% and REE has become an associate of the Group.

41 Principal Subsidiaries, Associates and Joint Ventures

The details of principal subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity 2014 %	2013 %
Singapore				
• Cycle & Carriage Industries Pte Ltd	Retail of vehicles and provision of after-sales services	Singapore	**100.0**	100.0
• Cycle & Carriage Automotive Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	**100.0**	100.0
• Cycle & Carriage Kia Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	**100.0**	100.0
• Cycle & Carriage France Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	**100.0**	100.0
• Diplomat Parts Pte Ltd	Investment holding and sale of vehicle parts	Singapore	**100.0**	100.0
• Republic Auto Pte Ltd	Retail and leasing of vehicles	Singapore	**70.0**	70.0
Malaysia				
◆ Cycle & Carriage Bintang Berhad (Quoted on Bursa Malaysia)	Retail of vehicles and provision of after-sales services	Malaysia	**59.1**	59.1
Indonesia				
◆ PT Astra International Tbk (Quoted on the Indonesia Stock Exchange)	Investment holding and retail of vehicles and motorcycles	Indonesia	**50.1**	50.1
◆ PT United Tractors Tbk (Quoted on the Indonesia Stock Exchange)#	Distribution and rental of heavy equipment	Indonesia	**29.8**	29.8
◆ PT Pamapersada Nusantara#	Mining	Indonesia	**29.8**	29.8
◆ PT Astra Otoparts Tbk (Quoted on the Indonesia Stock Exchange)#	Manufacture and sale of automotive components	Indonesia	**40.1**	40.1
◆ PT Astra Agro Lestari Tbk (Quoted on the Indonesia Stock Exchange)#	Development of oil palm plantations, processing and sale of palm oil products	Indonesia	**39.9**	39.9
◆ PT Federal International Finance	Consumer finance activities	Indonesia	**50.1**	50.1
◆ PT Astra Graphia Tbk (Quoted on the Indonesia Stock Exchange)#	Sole agent and distributor of Fuji Xerox copier and information technology goods	Indonesia	**38.5**	38.5

41 Principal Subsidiaries, Associates and Joint Ventures (continued)

The details of principal associates and joint ventures are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity 2014 %	2013 %
Indonesia				
◆ PT Astra Honda Motor	Manufacture, assembly, and distribution of Honda motorcycles and provision of after-sales services	Indonesia	**25.1**	25.1
◆ PT Toyota Astra Motor*	Distribution of Toyota vehicles	Indonesia	**25.6**	25.6
◆ PT Astra Daihatsu Motor	Manufacture, assembly and distribution of Daihatsu vehicles	Indonesia	**16.0**	16.0
+ PT Bank Permata Tbk (Quoted on the Indonesia Stock Exchange)	Commercial bank	Indonesia	**22.3**	22.3
◆ PT Tunas Ridean Tbk (Quoted on the Indonesia Stock Exchange)	Retail of vehicles and motorcycles, provision of operating lease and consumer financing services	Indonesia	**43.8**	43.8
Vietnam				
@ Truong Hai Auto Corporation	Assembly, distribution and retail of motor vehicles	Vietnam	**29.5**	32.0
Myanmar				
√ Cycle & Carriage Automobile Myanmar Company Limited*	Vehicle maintenance and repair service centre	Myanmar	**60.0**	60.0

• Audited by PricewaterhouseCoopers LLP, Singapore.
◆ Audited by Tanudiredja, Wibisana & Rekan in Indonesia and PricewaterhouseCoopers, Malaysia, members of the worldwide PricewaterhouseCoopers organisation.
+ Audited by Siddharta Widjaja & Rekan in Indonesia, a member of the worldwide KPMG organisation.
@ Audited by EY Vietnam, a member of the worldwide EY organisation.
√ Audited by Win Thin & Associates in Myanmar.
Direct interest more than 50%.
* Not consolidated as the entity is not controlled by the Group and is deemed to be a joint venture as the Group shares control of the entity.

THREE YEAR SUMMARY

	2014 US$m	2013 US$m	2012 US$m	**2014 S$m**	2013 S$m	2012 S$m
Profit and Loss						
Revenue	**18,675.4**	19,787.8	21,541.1	**23,708.4**	24,811.4	26,833.3
Underlying profit attributable to shareholders	**792.8**	894.1	1,015.3	**1,006.6**	1,121.1	1,264.8
Non-trading items	**27.4**	20.9	(29.3)	**34.7**	26.3	(36.5)
Profit attributable to shareholders	**820.2**	915.0	986.0	**1,041.3**	1,147.4	1,228.3
Underlying earnings per share (US¢/S¢)	**222.88**	251.36	285.44	**282.95**	315.17	355.56
Earnings per share (US¢/S¢)	**230.59**	257.24	277.20	**292.73**	322.55	345.30
Dividend per share (US¢/S¢)	**85.00**	108.00	123.00	**110.93**	135.47	152.50
Balance Sheet						
Total assets	**20,622.1**	19,209.9	20,747.5	**27,231.4**	24,312.1	25,365.9
Total liabilities	**(9,823.5)**	(9,326.9)	(10,049.5)	**(12,971.9)**	(11,804.1)	(12,286.6)
Total equity	**10,798.6**	9,883.0	10,698.0	**14,259.5**	12,508.0	13,079.3
Shareholders' funds	**4,623.2**	4,261.1	4,633.3	**6,105.0**	5,393.0	5,664.7
Net debt (excluding net debt of financial services companies)	**(239.1)**	(303.4)	(866.7)	**(315.7)**	(384.0)	(1,059.6)
Net asset value per share (US$/S$)	**13.00**	11.98	13.03	**17.16**	15.16	15.92
Net tangible asset per share (US$/S$)	**12.00**	10.85	11.63	**15.84**	13.73	14.22
Cash Flow						
Cash flows from operating activities	**1,239.9**	1,930.8	850.2	**1,574.0**	2,421.0	1,059.1
Cash flows used in investing activities	**(834.3)**	(838.1)	(917.8)	**(1,059.1)**	(1,050.9)	(1,143.3)
Net cash flows before financing activities	**405.6**	1,092.7	(67.6)	**514.9**	1,370.1	(84.2)
Cash flow per share from operating activities (US$/S$)	**3.5**	5.4	2.4	**4.4**	6.8	3.0
Key Ratios						
Gearing including financial services companies	**36%**	38%	44%	**36%**	38%	44%
Gearing excluding financial services companies	**2%**	3%	8%	**2%**	3%	8%
Dividend cover (times)	**2.6**	2.3	2.3	**2.6**	2.3	2.3
Dividend payout	**38%**	43%	43%	**39%**	43%	43%
Return on shareholders' funds	**18%**	20%	22%	**18%**	20%	22%
Return on total equity	**18%**	20%	23%	**17%**	20%	23%

Notes :

1. The exchange rate of US$1=S$1.3205 (2013: US$1=S$1.2656, 2012: US$1=S$1.2226) was used for translating assets and liabilities at the balance sheet date and US$1=S$1.2695 (2013: US$1=S$1.2539, 2012: US$1=S$1.2457) was used for translating the results for the year.
2. Net tangible assets as at 31.12.14 were US$4,267.4 million (2013: US$3,860.0 million, 2012: US$4,137.4 million) and were computed after deducting intangibles from shareholders' funds.
3. Gearing is computed based on net borrowings divided by total equity.
4. Dividend cover is based on underlying profit attributable to shareholders divided by dividend declared and dividend proposed for the financial year.
5. Dividend payout is based on dividend per share divided by underlying earnings per share.
6. Return on shareholders' funds is computed based on underlying profit attributable to shareholders, divided by average shareholders' funds.
7. Return on total equity is computed based on underlying profit after tax, divided by average total equity.

INVESTMENT PROPERTIES

Address	Title	Land area sq ft	Description
Indonesia			
Jalan Gaya Motor II No. 1 Jakarta	Leasehold (20 years wef 2012)	424,626	Warehouse
Jalan Gaya Motor II No. 3 Jakarta	Leasehold (20 years wef 2012)	237,446	Vehicle storage yard
Jalan Jendral Sudirman Kav. 5 Jakarta	Leasehold (20 years wef 2013)	85,356	Commercial property under development

SHAREHOLDING STATISTICS

As at 10th March 2015

Share Capital

Issued and fully paid-up capital : S$1,082,179,362.61 comprising 355,712,660 shares
Class of shares : Ordinary shares, each with equal voting rights

Twenty Largest Shareholders

No.	Name of shareholder	No. of shares	% of issued share capital
1	Jardine Strategic Singapore Pte Ltd	264,421,540	74.34
2	DBS Nominees Pte Ltd	30,002,067	8.43
3	Citibank Nominees Singapore Pte Ltd	19,052,370	5.36
4	HSBC (Singapore) Nominees Pte Ltd	7,892,771	2.22
5	United Overseas Bank Nominees Pte Ltd	6,448,600	1.81
6	DBSN Services Pte Ltd	5,424,438	1.53
7	BNP Paribas Securities Services	1,962,903	0.55
8	Raffles Nominees (Pte) Ltd	1,589,354	0.45
9	Mrs Chua Boon Unn Nee Fong Lai Wah	1,543,536	0.43
10	Hong Leong Finance Nominees Pte Ltd	772,103	0.22
11	Estate Of Chua Boon Yew, Deceased	744,700	0.21
12	DB Nominees (Singapore) Pte Ltd	716,557	0.20
13	Chua Swee Eng	660,537	0.18
14	First Cuscaden Private Limited	558,954	0.16
15	UOB Kay Hian Pte Ltd	532,379	0.15
16	Song Mei Cheah Angela	486,000	0.14
17	Kew Estate Limited	441,000	0.12
18	Yeo Realty & Investments (Pte) Ltd	309,841	0.09
19	Chee Bay Hoon Realty Pte Ltd	198,295	0.05
20	Over-All Investments Pte Ltd	181,075	0.05
	TOTAL	**343,939,020**	**96.69**

As at 10th March 2015, approximately 20.5% of the Company's ordinary shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

SHAREHOLDING STATISTICS

As at 10th March 2015

Substantial Shareholders

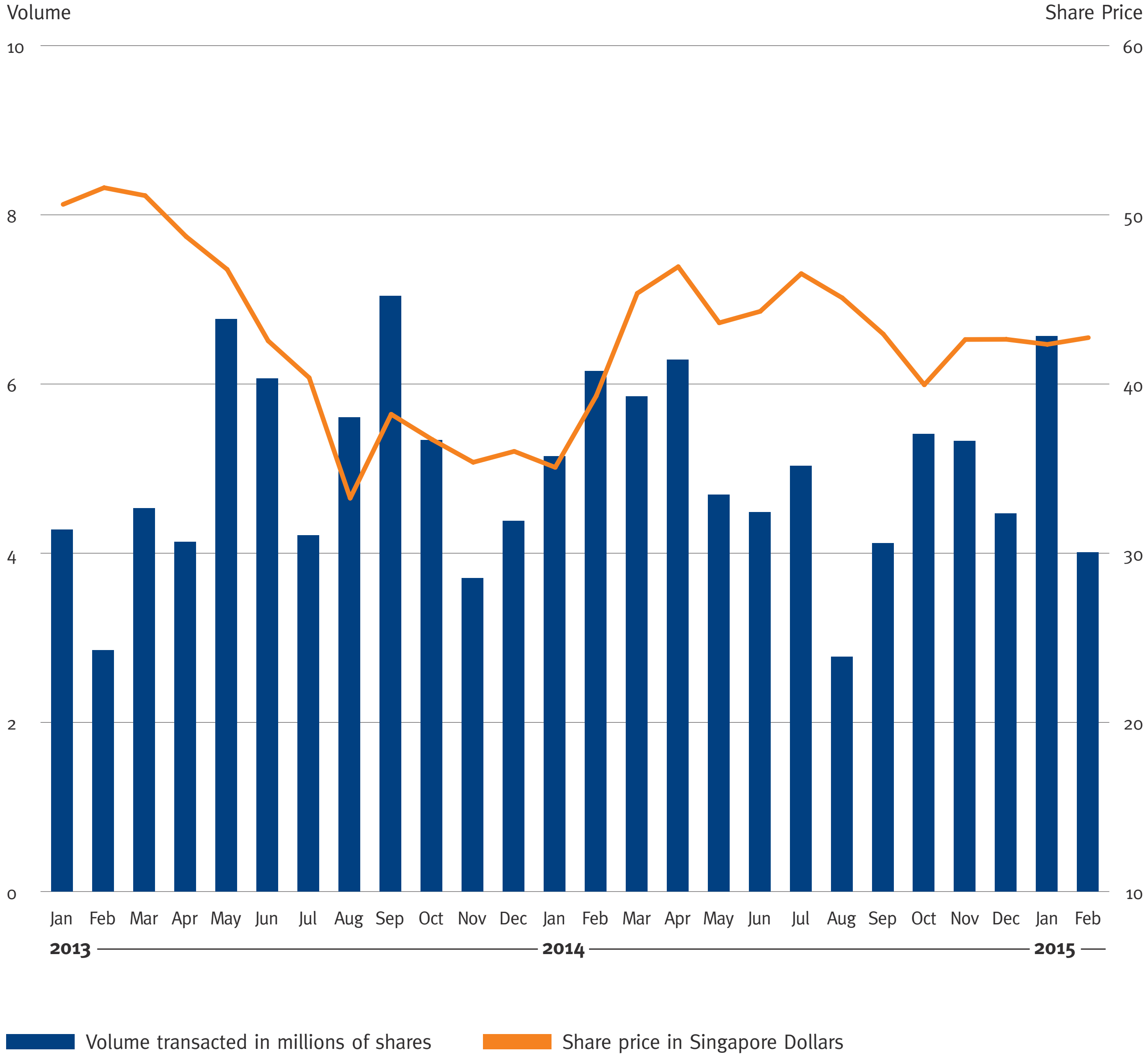
Name of shareholder	No. of shares	%
Jardine Strategic Holdings Limited*	264,421,540 shares	74.34%
Employees Provident Fund Board	18,303,900 shares	5.15%

* Jardine Strategic Holdings Limited ("JSHL") is interested in 264,421,540 shares through its wholly-owned subsidiary, JSH Asian Holdings Limited ("JAHL"). JAHL is in turn interested in the said shares through its wholly-owned subsidiary, Jardine Strategic Singapore Pte Ltd. By virtue of Jardine Matheson Holdings Limited's ("JMH") interests in JSHL through its wholly-owned subsidiary, JMH Investments Limited ("JMHI"), JMH and JMHI are also deemed to be interested in the said shares.

Breakdown of Shareholdings by Range

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
1 - 99	480	15.41	12,198	0.00
100 - 1,000	1,099	35.29	723,865	0.20
1,001 - 10,000	1,278	41.04	4,375,005	1.23
10,001 - 1,000,000	248	7.97	12,264,013	3.45
1,000,001 and above	9	0.29	338,337,579	95.12
TOTAL	**3,114**	**100.00**	**355,712,660**	**100.00**

SHARE PRICE AND VOLUME



	2014	2013
Underlying earnings per share (US¢)	**222.88**	251.36
Earnings per share (US¢)	**230.59**	257.24
Dividend per share (US¢)	**85.00**	108.00
Net asset value per share (US$)	**13.00**	11.98

NOTICE IS HEREBY GIVEN THAT the 46th Annual General Meeting of the Company will be held at Ballroom 1, Lobby Level, Mandarin Oriental, Singapore, 5 Raffles Avenue, Singapore 039797 on Wednesday, 29th April 2015 at 11.30 a.m. for the following purposes:

As Ordinary Business:

1. To receive and adopt the Audited Financial Statements for the year ended 31st December 2014 together with the reports of the Directors and the Auditors thereon.

2. To approve the payment of a final one-tier tax exempt dividend of US$0.67 per share for the year ended 31st December 2014 as recommended by the Directors.

3. To approve the payment of Directors' fees of up to S$988,000 for the year ending 31st December 2015. (2014: S$948,000)

4. To re-elect the following Directors retiring pursuant to Article 94 of the Articles of Association of the Company:

   a. Mr. Chiew Sin Cheok;
   b. Mr. Benjamin Keswick;
   c. Mrs. Lim Hwee Hua; and
   d. Mr. Alexander Newbigging.

5. To re-elect Dr Marty Natalegawa, a Director retiring pursuant to Article 99 of the Articles of Association of the Company.

6. To authorise Mr. Boon Yoon Chiang to continue to act as a Director of the Company from the date of this Annual General Meeting until the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50 or (if then not being in force) for such other period as may be permitted.

7. To re-appoint PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.

As Special Business:

8. To consider and, if thought fit, to pass with or without any amendments the following resolutions as Ordinary Resolutions:

Renewal of the Share Issue Mandate

8A. "That authority be and is hereby given to the Directors of the Company to:

a. i. issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

ii. make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

b. (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

1. the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below);

As Special Business: (continued)

2. (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   a. new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   b. any subsequent bonus issue, consolidation or subdivision of shares;

3. in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association for the time being of the Company; and

4. (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

Renewal of the Share Purchase Mandate

8B. "That:

a. for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

   i. market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

   ii. off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

b. unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

   i. the date on which the next Annual General Meeting of the Company is held; or

   ii. the date by which the next Annual General Meeting of the Company is required by law to be held;

As Special Business: (continued)

c. in this Resolution:

"**Prescribed Limit**" means that number of issued Shares representing 10% of the issued Shares of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares); and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

i. in the case of a Market Purchase, 105% of the Average Closing Price; and

ii. in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"**day of the making of the offer**" means the day on which the Company makes an offer for the purchase of Shares from shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

d. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

Renewal of the General Mandate for Interested Person Transactions

8C. "That:

a. approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix B of the Company's letter to shareholders dated 7th April 2015 (the "**Letter**"), with any party who is of the classes of Interested Persons described in Appendix B of the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions (the "**IPT Mandate**");

b. the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

c. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution."

By Order of the Board

Ho Yeng Tat
Group Company Secretary

Singapore, 7th April 2015

Notes:

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote on his behalf and such proxy need not be a member of the Company.

An instrument appointing a proxy must be deposited at the office of the share registrar, M & C Services Pte Ltd, 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited

Mr. Boon Yoon Chiang and Mrs. Lim Hwee Hua will continue as members of the Company's Audit Committee upon their re-election as Directors of the Company. Of these Directors, Mrs. Lim Hwee Hua is an independent Director.

Additional information for items under the heading "As Ordinary Business"

a. Item 3 is to request shareholders' approval for payment of Directors' fees (including benefits-in-kind) on a current year basis, calculated taking into account the number of scheduled Board and committee meetings for 2015 and assuming that all non-executive Directors will hold office for the full year. In the event the Directors' fees proposed for 2015 are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at next year's Annual General Meeting for additional fees to meet the shortfall.

b. Key information on the Directors to be re-elected are set out in pages 22 to 24 of the Annual Report 2014.

Statement pursuant to Article 54 of the Articles of Association of the Company

The effects of the resolutions under the heading "As Special Business" are:

a. Ordinary Resolution No. 8A is to renew effective until the next Annual General Meeting, the Share Issue Mandate to allow the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a *pro-rata* basis to shareholders. For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

b. Ordinary Resolution No. 8B is to renew effective until the next Annual General Meeting, the Share Purchase Mandate for the Company to make purchases or acquisitions of its issued ordinary shares. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company, of 10% of its issued ordinary shares as at 10th March 2015, at a purchase price equivalent to the Maximum Price per share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited accounts of the Group and the Company for the financial year ended 31st December 2014, and certain other assumptions, are set out in the Company's letter to shareholders dated 7th April 2015 accompanying the Annual Report 2014.

c. Ordinary Resolution No. 8C is to renew effective up to the next Annual General Meeting, the General Mandate for Interested Person Transactions to enable the Company, its subsidiaries and associated companies that are considered "entities at risk" to enter in the ordinary course of business into certain types of transactions with specified classes of the Company's interested persons. Particulars of the IPT Mandate, and the Audit Committee's confirmation in support of the renewal of the IPT Mandate, are set out in the Company's letter to shareholders dated 7th April 2015 accompanying the Annual Report 2014.

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Please cut proxy form here

PROXY FORM

The Group Company Secretary
Jardine Cycle & Carriage Limited
c/o M & C Services Pte Ltd
112 Robinson Road
#05-01
Singapore 068902

IMPORTANT:
CPF Investors
1. For investors who have used their CPF monies to buy **Jardine Cycle & Carriage Limited** shares, the **Annual Report** is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. Any voting instructions must also be submitted to their CPF Approved Nominees within the time frame specified to enable them to vote on the CPF investor's behalf.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7th April 2015.

I/We ______________________ (NRIC/Passport/UEN No.) ______________

of ____

being a member/members of Jardine Cycle & Carriage Limited (the "**Company**") hereby appoint the following person(s):

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies, or if no proxy is named, the Chairman of the Meeting, to attend and to vote for me/us on my/our behalf at the 46th Annual General Meeting of the Company to be held at Ballroom 1, Lobby Level, Mandarin Oriental, Singapore, 5 Raffles Avenue, Singapore 039797 on Wednesday, 29th April 2015 at 11.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided if you wish all your votes to be cast "For" or "Against" the resolutions to be proposed at the Annual General Meeting as indicated hereunder. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

Ordinary Business	For	Against
1. Adoption of Directors' and Auditors' Reports and Financial Statements		
2. Declaration of Final Dividend		
3. Approval of Directors' Fees for the year ending 31st December 2015		
4. Re-election of the following Directors retiring pursuant to Article 94:		
a. Mr. Chiew Sin Cheok		
b. Mr. Benjamin Keswick		
c. Mrs. Lim Hwee Hua		
d. Mr. Alexander Newbigging		
5. Re-election of Dr Marty Natalegawa, a Director retiring pursuant to Article 99		
6. Authorisation for Mr. Boon Yoon Chiang to continue as Director pursuant to section 153(6) of the Companies Act		
7. Re-appointment of PricewaterhouseCoopers LLP as Auditors		

PROXY FORM

Special Business	For	Against
8. A. Renewal of the Share Issue Mandate		
B. Renewal of the Share Purchase Mandate		
C. Renewal of the General Mandate for Interested Person Transactions		

Date this ………………………….. day of ……………………………………………. 2015.

Total number of shares held

…………………………………………………………………….
Signature(s) of Member(s) or Common Seal

Important: Please Read Notes Below

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him and such proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the office of the share registrar, M & C Services Pte Ltd, 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its officer or attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Chapter 50 of Singapore.

General

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.