Pioneers in Asian Retail

Dairy Farm

Annual Report 2015

Corporate Information

Directors

Ben Keswick
Chairman and Managing Director

Graham Allan
Group Chief Executive

Neil Galloway

Mark Greenberg

George J. Ho

Adam Keswick

Sir Henry Keswick

Simon Keswick

Michael Kok

Dr George C.G. Koo

Lord Leach of Fairford

Anthony Nightingale

Jeremy Parr

James Riley

Lord Sassoon, Kt

Percy Weatherall

Company Secretary

Neil M. McNamara

Registered Office

Jardine House
33-35 Reid Street
Hamilton
Bermuda

Dairy Farm Management Services Limited

Directors

Ben Keswick
Chairman

Graham Allan
Group Chief Executive

Neil Galloway
Group Finance Director

Tim Ashdown
Regional Director, Malaysia and Brunei (Food)

Choo Peng Chee
Regional Director, North Asia (Food)

Stéphane Deutsch
President Director, PT Hero

Mark Herbert
Chief Executive Officer, Singapore (Food)

Martin Lindström
Group Director, IKEA

Caroline Mak
Group Director, Health and Beauty

Michael Wu
Chairman and Managing Director, Maxim's

Mark Greenberg

Adam Keswick

Jeremy Parr

James Riley

Corporate Secretary

Neil M. McNamara

Jardines
A member of the Jardine Matheson Group

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

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Feature Stories

Serving Asian Customers

Vision, Mission and Guiding Principles

Vision

Pioneers in Asian Retail

The Way We Work: Our Guiding Principles

CONSUMERS

Consumers are Our Reason for Being

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

INNOVATION

Innovation Drives Our Growth

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

TEAMWORK

Teamwork Gives Us Our Competitive Edge

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

SUSTAINABLE RESULTS

Sustainable Results Reinforce Everything We Do

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

Mission

Bringing to Asian Consumers the Benefits of Modern Retail

PEOPLE

Our People Make Us Different

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

INTEGRITY

Integrity is at the Heart of the Way We Do Business

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

The Way We Grow: Our Strategic Priorities

Consumer-Centric	Operate a consumer pull retail model across all formats
Market Leading Accessibility	Provide convenient consumer access whether in stores or on-line
Exceptional Availability and Value	Underpinned by a modern, efficient, supply chain which leverages central distribution
Pan-Asian Strength	Sustain core markets and build presence in mainland China, Indonesia and the Philippines to deliver portfolio balance
Highly Performing Teams	Provide talented and empowered people with fun jobs that stimulate personal development

Company at-a-Glance[+]

20 Well known brands

Net increase of

427 stores

Total sales

US$18 billion

Over

6,500 outlets

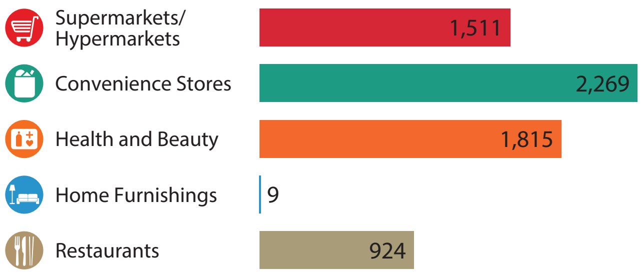
Over

180,000 employees

11 Asian countries and territories

[+] including 100% of associates and joint ventures.

2015 Retail Outlets Mix by Division



Our Business Formats

Food

Supermarkets and Hypermarkets

Convenience Stores

Health and Beauty

Home Furnishings

Restaurants

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

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

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

Well established in Hong Kong, Taiwan and Indonesia, IKEA provides a comprehensive range of affordable and attractive home furnishing products.

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

Highlights

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

Results	**2015 US$m**	2014 US$m	Change %
Sales			
– subsidiaries	**11,137**	11,008	1
– including associates and joint ventures†	**17,907**	13,103	37
EBITDA††	**643**	737	(13)
Underlying profit attributable to shareholders*	**428**	500	(14)
Profit attributable to shareholders	**424**	509	(17)
Net (debt)/cash	**(482)**	475	n/a
	US¢	US¢	%
Underlying earnings per share*	**31.66**	36.98	(14)
Basic earnings per share	**31.39**	37.65	(17)
Dividends per share	**20.00**	23.00	(13)
Net asset value per share^	**101.75**	105.66	(4)

Store Network†	**2015**	2014	Net Change
Food	**3,780**	3,411	+369
– Supermarkets	**974**	976	-2
– Hypermarkets	**537**	156	+381
– Convenience stores	**2,269**	2,279	-10
Health and Beauty	**1,815**	1,800	+15
Home Furnishings	**9**	9	–
Restaurants	**924**	881	+43
	6,528	6,101	+427

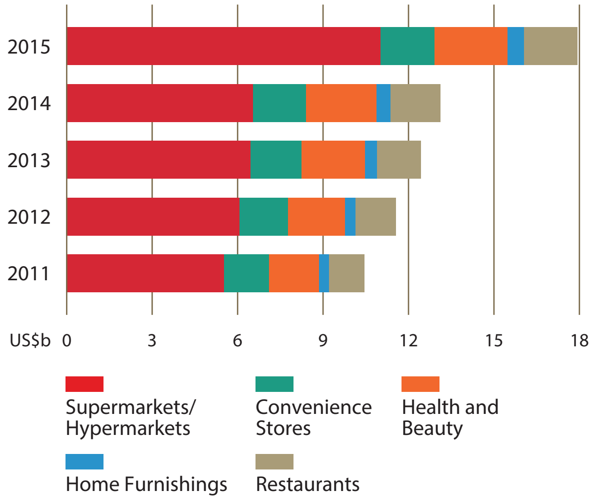
† on a 100% basis.

†† EBITDA represents operating profit before depreciation and amortization.

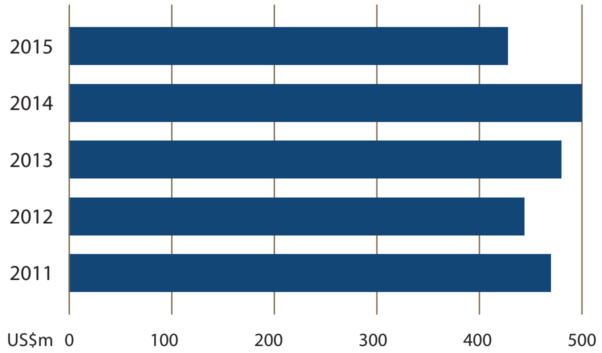
* the Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 1 to the financial statements. Management considers this to be a key measure which provides additional information to enhance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

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

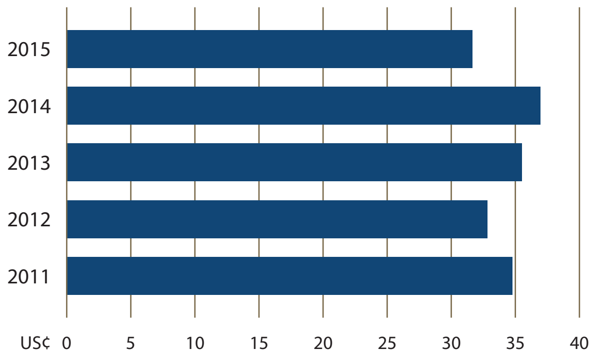
Total Sales



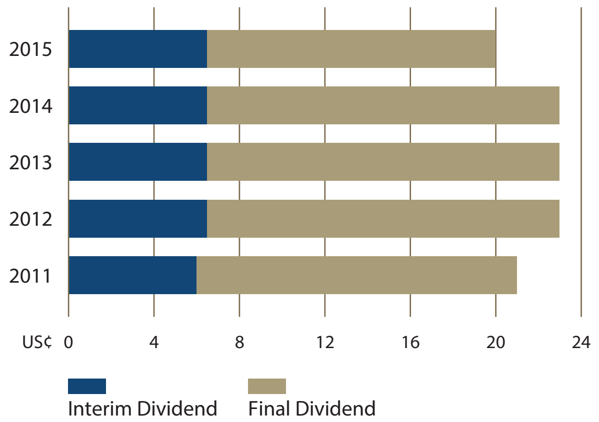
Underlying Profit Attributable to Shareholders



Underlying Earnings per Share



Ordinary Dividends per Share



Chairman's Statement

> "Dairy Farm continued to pursue its long-term growth plans in 2015. Solid sales growth was achieved despite the regional economic slowdown, although some of this growth came at the expense of lower margins."

Overview

Dairy Farm continued to pursue its long-term growth plans in 2015. Solid sales growth was achieved despite the regional economic slowdown, although some of this growth came at the expense of lower margins. The impact of the lower margins, together with adverse exchange rate movements, has led to lower operating profits. The Group completed a number of strategic moves, including the investment in a 20% stake in Yonghui Superstores in mainland China, the acquisition of the San Miu supermarket chain in Macau, and the required divestment of 30% of the ordinary shares in its food retail business in Malaysia.

Performance

The Group's overall performance in 2015 was impacted by the challenging retail environment, with both the Food Division and the Health and Beauty Division reporting lower profits, although most key businesses achieved positive like-for-like sales growth. The Home Furnishings and Restaurants Divisions reported good increases in both sales and profits.

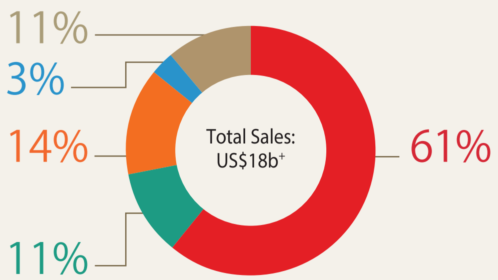
Sales including 100% of associates and joint ventures increased by 37% to US$17.9 billion, including contributions from Yonghui Superstores and San Miu from the respective dates of acquisition. Sales for continuing businesses in US dollar terms were flat at US$13.1 billion, although at constant rates of exchange they were up 5%. Underlying profit was US$428 million, 14% below 2014, while at constant rates of exchange it was down 13%. Underlying earnings per share were US¢31.66, down 14%.

The profit attributable to shareholders in 2015 of US$424 million, including a net non-trading item of US$4 million arising mainly from a provision for closure of the Starmart chain in Indonesia, was 17% behind 2014.

The Group's operating cash flow remained strong with a net inflow of US$700 million, US$24 million higher than in 2014 largely due to tight inventory management. Lower capital expenditure resulted in the free cash flow before investments being US$396 million, a 19% improvement over 2014. Net debt at the end of 2015 was US$482 million, compared with net cash of US$475 million at the prior year end due to the impact of investment activities, including a US$912 million investment in Yonghui Superstores.

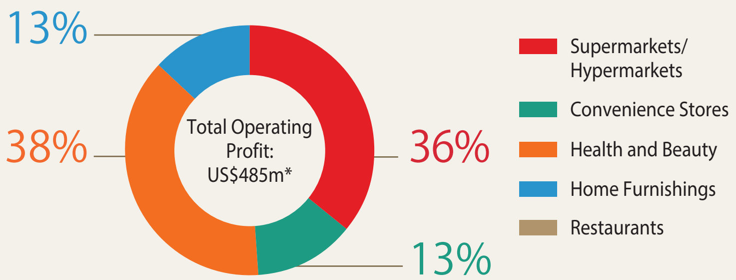
In response to challenging trading conditions, the Board is recommending a reduced final dividend of US¢13.50 per share (US¢16.50 per share in 2014), giving a total dividend for 2015 of US¢20.00 per share.

2015 Sales Mix by Division



+ including 100% of associates and joint ventures.

2015 Operating Profit by Division



* excluding share of results of associates and joint ventures, support office and non-trading items.

Business Developments

Increased emphasis was placed on strengthening the Group's market share in each format and on building consistent operating practices across different countries. Expansion of the store network continued in all formats, together with the renovation of existing stores to offer an improved shopping experience. The Group, including associates and joint ventures, added a net 427 stores in 2015, including its interest in 382 Yonghui stores in mainland China and 15 San Miu supermarkets in Macau. At 31st December 2015, the Group had 6,528 stores in operation in 11 countries and territories.

The operating environment for the Food Division was especially fragile in 2015. In the face of such headwinds, the performance in Greater China, including Hong Kong, was resilient. Profits in Singapore and Malaysia were lower in challenging trading conditions. The results in the Philippines showed improvement. Progress was made in developing the business in Indonesia, although margin investment, cost inflation and higher stock provisions continued to impact profitability.

The convenience store operations in Hong Kong and mainland China performed well, but in Singapore regulatory restrictions dampened sales performance and profitability.

" Increased emphasis was placed on strengthening the Group's market share in each format and on building consistent operating practices across different countries. "

In the Health and Beauty Division, Hong Kong and Macau had a good year and reported further growth in sales and profits despite the well-publicized slowdown in Mainland tourist arrivals. In Singapore, improved profits were achieved despite increased costs, but the overall results for the Division were held back by a disappointing performance in Malaysia. In the Philippines, good progress was made on the integration of the Rose Pharmacy business. Further investments were made in the corporate brand programme and in renovating existing stores.

In Home Furnishings, the IKEA businesses had an outstanding year. Hong Kong and Taiwan traded well, while the first store in Indonesia performed ahead of expectations in its first full year following its opening in October 2014.

Chairman's Statement

In the Restaurant Division, Maxim's delivered another good performance. Satisfactory sales and profits growth were reported in most of its segments. The company continued to expand a number of formats across mainland China and to grow its Starbucks operations in Hong Kong and Vietnam.

"…the Group is continuing to invest in the development of its store network, supply chain infrastructure, IT systems and people to improve its competitive position. Dairy Farm's market-leading businesses, healthy balance sheet, and exposure to Asia's growth markets position it well for long-term success."

Corporate Developments

In February, Dairy Farm met the local regulatory requirements in Malaysia with the divestment of 30% of the ordinary shares in its food retail business, GCH Malaysia.

The 15 store supermarket chain in Macau, San Miu, was acquired in March, reinforcing Dairy Farm's well-established retail presence in the territory. The integration of the business has been smooth and initial results have been promising.

In April, the Group completed the purchase of a 19.99% interest in Yonghui Superstores in mainland China following receipt of the required regulatory approvals. The Group is also soon to invest a further US$200 million in the company to maintain its interest following a proposed placement by Yonghui of a 10% shareholding to the Chinese internet retailer, JD.com.

In addition, the Group has established an on-line presence in Guardian Singapore, which is the first of several planned moves into e-commerce. Significant investment is being made in IT infrastructure and systems, as well as supply chain, to improve efficiency and to increase productivity. Investment is ongoing in existing stores to enhance the shopping experience and in building the people capability needed to support the Company's growth objectives.

People

Dairy Farm's solid performance in 2015, in the face of significant market challenges, reflects the hard work and dedication of our employees. On behalf of the Board, I would like to thank them for their efforts and wish them well for the year ahead.

Giles White retired as a Director on 31st July 2015 and we would like to thank him for his significant contribution to the Board. Jeremy Parr joined the Board on 1st August 2015. James Riley is to step down from the Board on 31st March 2016 and be replaced by John Witt on 1st April 2016. We would also like to thank James for his significant contribution. Y. K. Pang will join the Board on 1st August 2016.

Prospects

The current economic headwinds in Asia will continue to make trading conditions difficult for the Group's businesses in 2016. Despite this, the Group is continuing to invest in the development of its store network, supply chain infrastructure, IT systems and people to improve its competitive position. Dairy Farm's market-leading businesses, healthy balance sheet, and exposure to Asia's growth markets position it well for long-term success.

Ben Keswick
Chairman
3rd March 2016

Group Chief Executive's Review

> "The Group has strong market positions in 11 Asian countries and territories, and continues to make significant investment in support of these businesses."

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

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

2015 Performance

Sales, including 100% of associates and joint ventures, for continuing businesses in 2015 were flat at US$13.1 billion while at constant exchange rates were up by 5%. Including contributions from Yonghui and San Miu from their respective dates of acquisition, total sales increased by 37% to US$17.9 billion (2014: US$13.1 billion). Solid like-for-like sales growth was achieved in most of major businesses, but profitability was impacted by intense margin pressure and more challenging trading conditions. Underlying net profit for 2015 of US$428 million was 14% behind the prior year's US$500 million. At constant exchange rates, underlying profits would have been US$437 million, 13% lower than 2014.

Despite the profit decline, the Group's cash performance has been especially strong. Strict working capital management has helped year-on-year operating cash flows to improve by 4% to US$700 million. After capital expenditure, the Group's cash flows from operations have improved by 19% to US$396 million. As a result, the Company had consolidated net debt of US$482 million at year end, even after US$1.1 billion of investments in acquisitions including the 19.99% stake in Yonghui in mainland China and the 100% purchase of San Miu supermarkets in Macau.

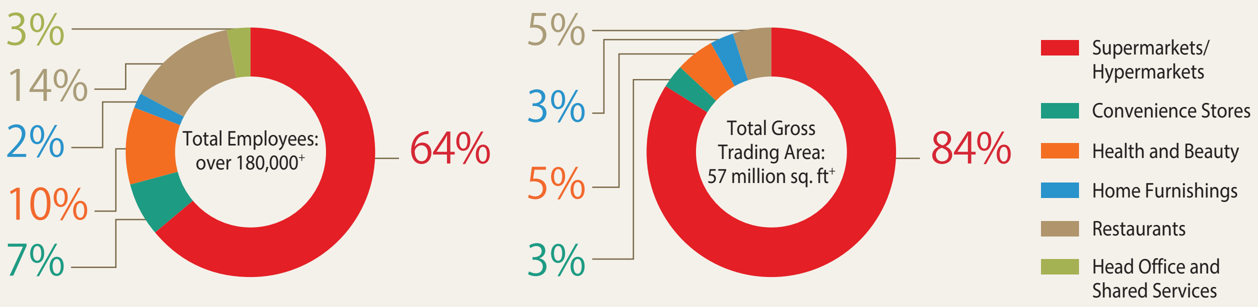
The Group also achieved market share gains in most of its businesses. This has been a key priority for all Divisions as they strive to strengthen customer traffic and brand equity even in the face of tough market conditions.

Underlying profits in the Group's Food Division declined, due mainly to weaker performances in Indonesia and Singapore. Wellcome and 7-Eleven in Hong Kong traded

Group Chief Executive's Review

2015 Employees by Division

2015 Gross Trading Area by Division



+ including associates and joint ventures.

> " The Group also achieved market share gains in most of its businesses. This has been a key priority for all Divisions as they strive to strengthen customer traffic and brand equity even in the face of tough market conditions. "

well. Wellcome in Taiwan also delivered encouraging results with its targeted focus on upscale customers. In mainland China, 7-Eleven showed further improvement despite the market slowdown. In Singapore, further margin erosion resulted from higher labour costs and rents, soft consumer sentiment and a weaker Singapore dollar. Disappointing sales from newly opened Cold Storage stores and restrictions on alcohol sales, which had a particular impact on 7-Eleven, put further pressure on the results.

In Malaysia, the introduction of GST in April and weak consumer confidence dampened retail spending and profitability. Nevertheless, improved retail execution, assortment enhancements and tactical investments in margin to improve price perception have helped to maintain sales in a soft market. In the Philippines, the upscale and community supermarkets reported sales growth, while hypermarket sales were slightly positive. In Indonesia, profitability declined significantly as a result of higher labour costs, price investments to drive customer traffic and changes associated with more rigorous stock management. Results from PT Hero were also depressed by 12% with the weakening rupiah affecting the outcome on translation. Hero has agreed on the disposal of its Starmart chain.

In the Health and Beauty Division, Hong Kong and Macau performed well, despite the impact of declining Mainland tourist arrivals. Guardian in Singapore achieved encouraging improvement in both sales and profit performance. The Division's overall result was, however, held back by poorer results in Malaysia and Indonesia. Mannings in mainland China expanded further its footprint with the addition of 25 net new stores. Three new Mannings stores were opened in Cambodia, while Vietnam added 13 stores to its network. In the Philippines, the integration of Rose Pharmacy is well on track.

IKEA in Hong Kong and Taiwan reported pleasing like-for-like sales growth. A new pick up point in Tainan was opened to enhance convenience for customers in Southern Taiwan. The first IKEA store in Indonesia, which opened in October 2014, continued to perform ahead of expectations.

The Group's restaurant associate, Maxim's, delivered another year of solid results. Expansion of its Chinese casual dining restaurants and Japanese restaurants continue in mainland China. Maxim's opened 44 net new outlets during the year, including six in mainland China, six Starbucks outlets in Vietnam and the first Starbucks in Cambodia.

Key Developments

Dairy Farm strives to share know-how and find synergies across its businesses. Co-operation on supply chain, corporate brand, IT, human resources, financial policies and back office support is complemented by a culture which has been codified and shared across the Company. At the heart of these 'Pioneer' cultural values is a strategic priority to build strong 'consumer-pull' retail models in each of our businesses.

At the same time, the Group is working continually to build its presence across Greater China and Southeast Asia and to sharpen its portfolio of brands and businesses. In that context, key developments during 2015 were as follows:

- Divestment in February of 30% of the ordinary shares in the food retail business in Malaysia to meet local regulatory requirements.

- Acquisition in March of the 15 store Macau-based San Miu Supermarket Limited, which complements the existing 7-Eleven and Mannings operations in the territory.

- Acquisition in April of a 19.99% shareholding in Yonghui Superstores Company Limited, following receipt of required regulatory approvals. The Group also announced in August its plans to invest a further US$200 million in early 2016 so as to maintain its 19.99% interest following a placement by Yonghui of a 10% shareholding to JD.com.

- Addition of a net 427 stores during the year including its interest in 382 Yonghui stores in mainland China and 15 San Miu supermarkets in Macau, gave a total store count of 6,528 as at 31st December 2015.

- Maxim's completed the redevelopment of its new Maxim's Centre at Cheung Sha Wan in Hong Kong and celebrated the grand opening in November.

The Year Ahead

With the economic slowdown in the region, trading conditions for the Group are expected to remain challenging in the near future, especially in Southeast Asia countries. The Group's approach, however, remains to drive sales and profit growth in ways that build long-term value. To that end, the Group continues to invest in new and existing stores, strengthen its brands, improve operations and enhance the shopper experience across all formats. Despite these investments, operating cash flow remains strong and the Group's balance sheet is in sound shape.

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

The Group's success depends critically on the passion, commitment and hard work of its people. I want to thank them for their tremendous contributions which have ensured another solid year at Dairy Farm even in the face of difficult conditions for retailers across Asia.

Graham Allan
Group Chief Executive
3rd March 2016

Feature Stories:

Serving Asian Customers

Dairy Farm has grown for generations by placing our customers at the heart of everything we do. Supported by strong values around innovation, teamwork, people and integrity, our commitment to Asian consumers guides every aspect of our businesses – from strategic planning and brand development to logistics, marketing and operations.

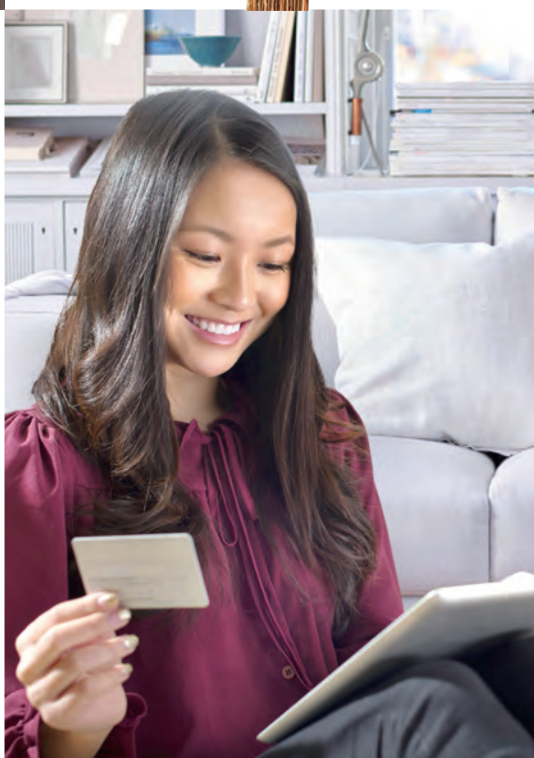
The following stories highlight some of the Group's achievements during the year, underlining the value we have created for our customers, staff and shareholders. New investments, online initiatives, supply chain enhancements and community efforts have all made a significant impact in the way we serve Asian consumers.

Improving Everyday Convenience for Consumers

Fresh from the Farm to Your Table

New Investments New Value

Guardian Goes Online in Singapore



Giving Back to the Community

7-Eleven caters to consumers' everyday needs with a wide range of Ready-to-Eat offerings

Improving Everyday Convenience for Consumers

During the past year, the Group continued to invest behind its 7-Eleven Convenience Stores in Hong Kong, Macau, Southern China and Singapore to provide more points of distribution, to strengthen the range of products and to become a destination for services like bill payment and phone cards. International sourcing and a higher proportion of unique 'private label' products are key priorities for this business. Longer term, the Group's aspiration is to create 'everyday' stores that meet the daily needs of customers.

With this goal in mind, the Food and Ready-to-Eat ('RTE') offers have been broadened with products like 'ready' meals and snacks, high quality coffee and local favourites including sushi, fresh juices, salads, hot food counters and even signature dish such as Hainanese Chicken Rice. The RTE category represents a significant opportunity for the Group, as it strives to become a fully integrated convenience and food service destination.

▲ *Catering to local tastes and preferences, Ready-to-Eat represents a significant growth opportunity for our convenience stores in Hong Kong, Macau, Southern China and Singapore*

Fresh from the Farm to Your Table

With a special emphasis on providing farm fresh produce for its customers, Dairy Farm strengthened its offer in supermarkets and hypermarkets through direct sourcing of fresh fruits and vegetables from farmer groups in Malaysia and Indonesia.

The Group's subsidiary in Malaysia, GCH Retail (Malaysia) Sdn. Bhd., signed a five-year contract with Agroto Sdn. Bhd. in October 2015 to supply fresh produce under the O'Fresh brand to Giant Hypermarkets and Supermarkets, Cold Storage Supermarkets, Mercato Supermarkets and Jasons Food Hall outlets nationwide. The Group aims to retail many of these products on an exclusive basis, giving our business a clear cost and quality advantage.

In Indonesia, a stronger fresh food offer has increased consumer appeal and market share. Working with local farmers and the University of Padjadjaran, the Group successfully launched the co-branded KATATA pilot project to supply fresh produce to its stores. This model will be extended to other farmer groups and universities in Indonesia.

Direct sourcing from farms improves freshness by shortening the supply chain, lowers costs by reducing the role of middlemen, and significantly contributes to the development of local economies. The Group expects these alliances to translate over time into improved farming practices and sustained quality improvements for the benefit of its customers.

Hero group is proud to be able to support and help develop the capability of local farmers in Indonesia

Giant Malaysia is committed to bring high quality fresh produce at lower prices for Malaysians

Precisely controlled greenhouse environments yield healthy, fresh produce

San Miu offers a wide variety of fresh produce, grocery items and general merchandise to a broad and diverse customer base

New Investments New Value

In March 2015, Dairy Farm strengthened its retail presence in Macau by acquiring San Miu Supermarket Limited, the largest food retailer in that market. The inherent strength of the brand will be further supported by the scale and know-how of our Hong Kong supermarket business.

In November 2014, a 49% interest was acquired in Rose Pharmacy, a leading Philippines pharmacy retailer with 238 stores. The Group has identified opportunities to drive growth by applying, in a locally relevant way, know-how from its health and beauty operations elsewhere in Asia.

The Group also entered into an agreement to subscribe for a 19.99% interest in Yonghui Superstores, a Shanghai-listed hypermarket and supermarket operator in mainland China, in August 2014. Through collaboration in procurement, private label products, fresh food processing and Mannings store development, this partnership is already delivering cost and quality benefits to Dairy Farm, while increasing exposure to the large and fast growing food retail market in mainland China.

Rose Pharmacy is a leading pharmacy retailer in the Philippines

Investment in Yonghui Superstores increases the Group's exposure in mainland China

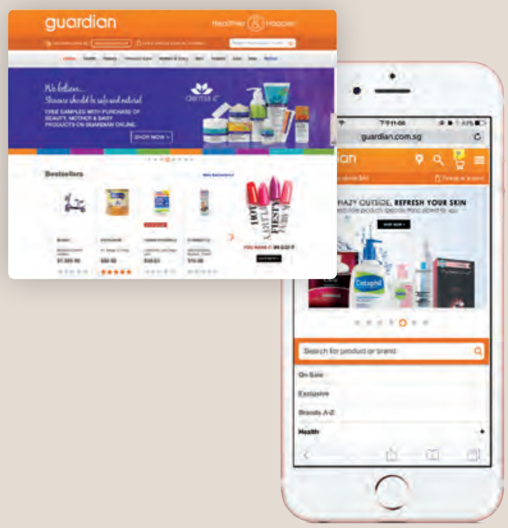
Guardian Goes Online in Singapore

Guardian Singapore launched its web and mobile e-commerce site in October 2014, offering exceptional convenience and a large assortment of products for customers. Promising next-day delivery for orders placed before 1pm, as well as free click and collect service at all stores island-wide, the e-commerce site helps users to find the location of their nearest Guardian store by postal code.

The launch of e-commerce coincided with the establishment of Guardian's partnership with MyDoc. The service is the first of its kind in Asia, providing customers with personalized health care services by connecting them with a curated panel of Guardian pharmacists and MyDoc physicians to answer medical and pharmaceutical enquiries. With queries handled through a messaging system, consumers gain fully secured access to their present and past queries, responses, diagnostic data and medical information – all stored in their personal health diary.

Further enhancements are planned to strengthen the user experience including faster checkout, improved browsing experience and additional functionality. 2016 will also see a migration from multi-channel to omni-channel retailing. The e-commerce platform will become a true extension of the bricks and mortar stores. Guardian customers will have ample information to order what they need at any time and to specify how they want to receive their products.

The know-how being built in this test market will yield benefits elsewhere as the Group strives to give consumers a choice in the way they access its retail brands.



Guardian's web and mobile platforms provide a seamless online solution

MyDoc provides customers with personalized health care services

IKEA's Blue Bag donations are changing lives in Indonesia

Giving Back to the Community

The Group believes it has a responsibility to support the communities in which it operates by playing an active role in cities and countries where we live and work. Highlights of our community activities over the past year include:

At the Group level, Dairy Farm offers continuing support to MINDSET, the Jardine Matheson Group's philanthropic initiative which supports initiatives benefitting people suffering or recovering from mental illnesses and the promotion of mental health in Hong Kong and Singapore. The support is financial, in kind and the active participation of our people in range or projects alongside service users.

IKEA Indonesia is offering its iconic, environmentally friendly Blue Bag to customers instead of regular plastic bags – donating 100% of revenues from Blue Bag sales to Mercy Corps Indonesia, a local water sanitation and sewage project in the Penjaringan area. Around 150 families and 200 children have benefitted from the project by improving access to latrine facilities. In the next phase, the IKEA Indonesia team will extend the Blue Bag programme to additional locations, providing real benefits to even more families.

In Hong Kong, Wellcome has joined hands with Feeding Hong Kong, Food for Good and Food Angel to reduce food waste while helping to feed the underprivileged – donating nearly 150,000 meals so far.

In 2015, Dairy Farm Singapore won the Best Effort in Corporate Social Responsibility Award presented by the Federation of Asia Pacific Retailers' Association. The award recognized the 'Dairy Farm Cares' initiative, a 10-Point Plan which promotes sustainability in three key areas – the environment, the community and people.

Wellcome plays its part in reducing food wastage in Hong Kong

Food

Supermarkets and Hypermarkets
Convenience Stores

Total Sales
US$11.0 billion

Store Network
1,511 stores

Operating Profit
US$172 million

" …significant progress has been made on… driving fresh participation through range and quality enhancements, increasing corporate brand penetration and improving the shopper experience in all of our stores. "

Food (excluding Yonghui) reported US$8.2 billion in sales, a decrease of 2%, while operating profit declined by 21% to US$236 million principally driven by disappointing results for supermarkets and hypermarkets in Singapore and Indonesia. Importantly though, significant progress has been made on our key priority for the Food Division: - driving fresh participation through range and quality enhancements, increasing corporate brand penetration and improving the shopper experience in all of our stores.

Food – Supermarkets and Hypermarkets

Supermarkets/Hypermarkets reported US$6.3 billion in sales (excluding Yonghui), a decrease of 3% (2014: US$6.5 billion) while operating profits declined by 24% to US$172 million.

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

In **Hong Kong**, despite a competitive trading environment and declining Mainland visitor traffic, Wellcome achieved gains in both sales and market share. In the face of steep increases in rental costs, profitability remained strong due to sales growth and prudent management of other costs. In 2015, the Group acquired and successfully integrated the San Miu supermarket business in **Macau,** which delivered a higher than expected profit contribution.

In **Taiwan**, Wellcome achieved excellent results with higher sales and profits. Category differentiation in dry goods and a strengthened fresh food offer helped improve sales in the Wellcome stores. The Group expanded the Jasons network from 12 to 18 stores during the year and developed a stand-alone Jasons format for residential areas.

" In Hong Kong, despite a competitive trading environment and declining Mainland visitor traffic, Wellcome achieved gains in both sales and market share. "

Business Review Food

> " In Indonesia…The Group will continue to drive its price leadership position while enhancing its fresh food assortment, tightening retail disciplines and improving the shopping experience for customers in the stores. "

In **Indonesia**, Giant supermarkets had a better year and produced double digit sales growth, while the Giant hypermarkets also grew. Hero supermarkets were steady. While overall margins improved, partly due to excellent growth in fresh food, earnings suffered from increases in labour costs, stock clearance activities and store rationalization.

The Group will continue to drive its price leadership position while enhancing its fresh food assortment, tightening retail disciplines and improving the shopping experience for customers in the stores. Particular attention is being focused on the cost structure and a more measured approach is being taken to new store expansion.

In **Malaysia**, the Group experienced a strong first quarter before the introduction of 6% GST on 1st April. Post-GST consumer apprehension, currency weakness, lower subsidies and political

uncertainty brought consumer sentiment to its lowest point in ten years and negatively impacted sales in the remainder of the year. Although the market is expected to remain challenging in 2016, the Group is enhancing its product range, improving stock controls, broadening the fresh product offer and streamlining logistics and costs. An extensive training programme has been implemented to further enhance merchandise management.

Business Review Food

Perfecting Private Brands

Offering products that are tailored to the tastes of Asian consumers, the Group's private brands leverage its scale and geographic reach to source outstanding products from around the region – providing affordable, high quality items to customers in every market.

Just 15 months after launch in 2013, the company's VITAPET brand has become the top selling pet food brand across the Group. In a very different category, the Group's French Cellars brand is challenging established pre-conceptions of private label wines having already won over 50 awards in major international competitions.

In **the Philippines**, like-for-like growth was positive across all banners. The Group opened three new Rustan's and three new Wellcome stores, and ended the year with 56 outlets. Enhancing the quality and breadth of the fresh offer, embracing more impactful merchandising and display practices and building corporate brands are central to the Group's plans for 2016.

In **Singapore**, sales were slightly down on prior year due to low category growth and intense competition. Increased labour and rental costs impacted net margins, which were also affected by price competition and promotional intensity. Operating profit was significantly lower than in 2014, mainly due to lower margins from Cold Storage's price campaigns, a store rationalization programme and operational challenges. In a difficult segment, Giant ended the year with improvement in both sales and profits. Addressing a weak economic outlook for 2016, the Group is optimizing its product offer with improved fresh items and ready-to-eat meals, with the aim of growing market share, boosting stock management capability and fine tuning brand positioning.

In **Vietnam**, Giant achieved strong like-for-like sales with increases in both customer traffic and basket size. Facing strong competition from new entrants and existing players, the Group repositioned its fresh strategy with lower prices and a wider product offer to grow market share.

Total Sales

US$1.9

billion

Store Network

2,269

stores

Operating Profit

US$64

million

Food – Convenience Stores

Convenience stores reported US$1.9 billion in total sales, an increase of 1% over the previous year (2014: US$1.9 billion). Operating profit dropped by 12% to US$64 million.

In **mainland China**, 7-Eleven saw a pleasing increase in sales and profits over the previous year, with like-for-like sales growth and store network expansion. Despite signs of an economic slowdown in China, profitability improved. Ready-to-Eat was the leading category in terms of sales and contribution and this category will continue to be a major area of focus in 2016.

In **Hong Kong**, the Group achieved excellent like-for-like growth and gained market share across most categories. Rapidly escalating operating costs, especially store labour and rental expenses, crimped profit growth. Sales momentum in **Macau** slowed during the second half of the year due to an increase in cigarette taxes in July and reductions in tourist numbers from mainland China.

In **Singapore**, 7-Eleven's results were impacted by lower sales from the tourist segment, by lower liquor sales partly due to new regulations curtailing late night alcohol sales, and by increased store labour costs and operating costs in the Distribution Centre. Major initiatives for the coming year will focus on strengthening the Ready-to-Eat supply chain.

In **Indonesia**, the Group is to exit the convenience store segment.

" Ready-to-Eat…will continue to be a major area of focus in 2016. "

Health and Beauty

Total Sales
US$2.6
billion

Store Network
1,815
stores

Operating Profit
US$185
million

> " The Division is continuing to build its corporate brand portfolio and to improve corporate brand penetration in all businesses. "

Health and Beauty achieved US$2.6 billion (2014: US$2.5 billion) in total sales, an increase of 4%, while operating profit declined 15% to US$185 million (2014: US$219 million).

In **Hong Kong**, Mannings' sales and profit reported further growth despite having four fewer stores than the previous year. Like-for-like sales growth was pleasing, market share increased, and the Mann Card member base grew by 18% year-on-year to reach 2 million. In **Macau**, good sales and profits were achieved despite lower tourist arrivals from mainland China. Mannings put particular focus on promotions targeting local customers and introduced new ranges of Health Food supplements.

In **mainland China**, a challenging economic environment and increased competition put pressure on sales with higher losses. The Beauty and Baby categories achieved positive results, but other categories experienced a decline in like-for-like sales.

In **Singapore**, Guardian achieved solid like-for-like sales growth with all major categories performing well. Market share also grew, and the full-year profits were ahead of prior year.

In **Malaysia**, Guardian experienced reduced sales and profits in a soft economy affected by a weakening currency, rising costs and declining business and consumer confidence. The Group has invested in marketing campaigns and is focusing on improving its range in core categories, as well as improving retail operating disciplines in the stores.

In **Indonesia**, Guardian delivered a third consecutive year of double-digit like-for-like sales growth despite a tough economic environment for consumers.

In **the Philippines**, integration of Rose Pharmacy into the Group continues. Significant investment has been made, and Group executives have been placed in key management roles in the business. Two refurbished stores with a wider Health and Beauty focus have yielded encouraging results.

In **Vietnam**, very strong like-for-like sales growth was evident with gains in both customer count and basket size. Guardian opened 15 new stores and closed two, ending 2015 with 38 outlets.

The Division is continuing to build its corporate brand portfolio and to improve corporate brand penetration in all businesses. It will continue to drive consistent approaches to brand positioning, space range and display, merchandising practices and supply chain. Existing e-commerce offers in Singapore will be extended, and investment is being made to support enhanced customer relationship management.

Strategically Defined Corporate Brands

Using Dairy Farm's expertise in the development of private label products, the Group has created Health and Beauty brands with a unique personality and a well-defined position, crafted to address specific consumer segments and particular consumer needs and behaviours.

Our Botaneco Garden brand presents 'Beauty Inspired by Nature' – targeting well-informed, health-conscious and environmentally-sensitive 25 to 45-year-old women seeking more natural beauty products. The brand has been warmly received by discerning consumers across Hong Kong, Singapore, Malaysia, Vietnam and Cambodia, all of them value its unique formulation with selected eco-certified organic ingredients delivered at affordable price points.

Home Furnishings

Total Sales
US$568
million

Store Network
9
stores

Operating Profit
US$64
million

" On-line offers will be launched in each of the Group's IKEA markets in 2016 with the objective of increasing sales and market penetration. "

Home Furnishings achieved record profits and sales during 2015. Operating profit rose by 25% to a record US$64 million (2014: US$51 million), riding on increased sales of US$568 million, up 14% from US$497 million in 2014.

The launch of the METOD kitchen range provided an innovative, commercial solution for customers and the new range was warmly received by the market.

Like-for-like sales growth was strong in Hong Kong and Taiwan, driven largely by gains in customer count. The first full year of operations in Indonesia saw highly encouraging sales and profits, providing a firm foundation for ongoing business expansion.

It Starts With Food

Realizing that the kitchen is the heart of the modern home, IKEA developed an innovative concept to launch its new METOD kitchen range 'It Starts With Food'. As part of its initial research, IKEA conducted a global survey to discover worldwide attitudes towards food – and how food preparation shapes our everyday lives. The METOD range was meticulously designed to meet the needs of modern families and has been enthusiastically received by IKEA customers across Hong Kong, Taiwan and Indonesia.

IKEA introduced consumer financing to improve affordability for Indonesian consumers.

Believing that our people are the driving force behind the brand, the Group invested in people and talent development, inviting global IKEA resources to conduct functional reviews and introduce 'best-in-class' practices.

On-line offers will be launched in each of the Group's IKEA markets in 2016 with the objective of increasing sales and market penetration. The Group is also planning to increase customer touch points by exploring pick-up point opportunities in all three markets.

Restaurants

Total Sales

US$1.9

billion

Store Network

924

stores

Share of Results

US$84

million

> " 2015 saw a number of important milestones for the group, including automation of mooncake production to enhance efficiency and capacity, improvements in procurement…and the opening of new headquarters facilities at Maxim's Centre. "

Restaurants reported US$1.9 billion in total sales, representing an increase of 8% over the previous year (2014: US$1.7 billion), while the profit contribution increased by 9%. The business delivered another year of record earnings.

2015 saw a number of important milestones for the group, including automation of mooncake production to enhance efficiency and capacity, improvements in procurement – including food cost control and direct sourcing – which contributed to profit margins, and the opening of new headquarters facilities at Maxim's Centre.

Restaurants achieved steady growth in sales and profits in Hong Kong, and deepened their penetration in mainland China through the launch of a number of Chinese and Japanese chain restaurants in new cities. Additional Starbucks stores were opened in Vietnam in Ho Chi Minh City and Hanoi as initial efforts are focused on these two major cities.

In December 2015, the group launched operations in Cambodia as a franchisee of Starbucks. This new market offers significant opportunities as there is no dominant market player. The group is currently working to fully understand local tastes and preferences.

Despite a competitive market environment, the group's diversity of brands addressing various market segments continues to be a key advantage, providing an appealing portfolio for landlords and developers seeking an interesting mix of F&B tenants. Maxim's reputation and heritage have also benefited the operations in the Mainland, allowing the group to secure preferred locations in high traffic shopping malls operated by Hong Kong property developers, despite strong competition from local players.

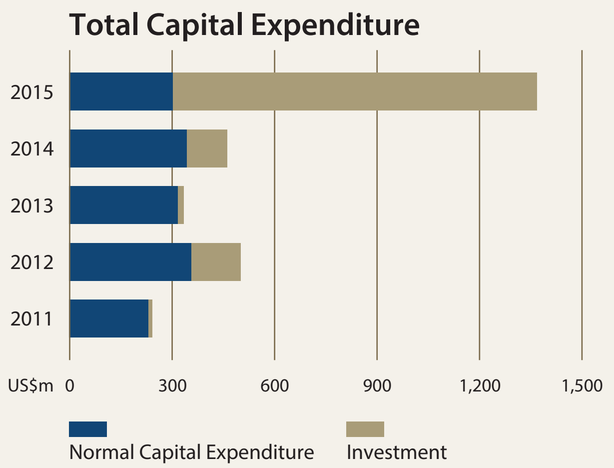
Looking ahead, the macro economy and local business environments are expected to be challenging in 2016, with continued currency volatility and fragile consumer confidence. The group sees exciting prospects, however, with a number of establishments opening at the Shanghai Disney Resort in June 2016, including the staff canteen, The Cheesecake Factory and Japanese chain concepts Ippudo and Dondonya. Maxim's will also continue to expand its presence in Vietnam and Cambodia through Starbucks and will explore further opportunities for acquisitions and/or franchising throughout the region.

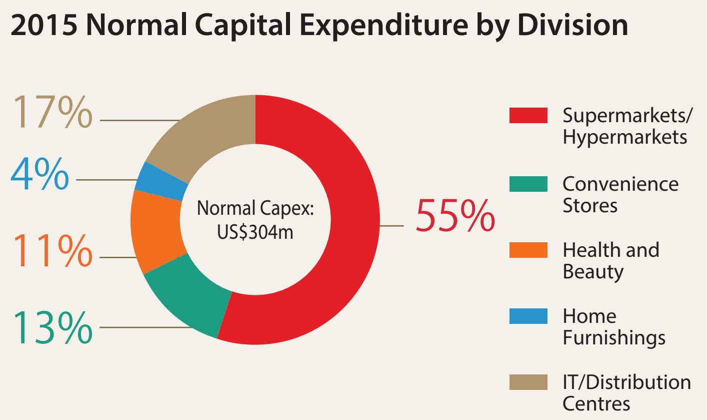
Innovative Dining Concepts

After acquiring the Wildfire brand in 2014, the Group opened two new Wildfire+ outlets, which focus on customer engagement through live band parties and special events. Beverage consumption represents a significant proportion of sales and is a new source of growth for the business.

Strengthening our market leadership position in Japanese sushi, Genki Sushi launched Genki Kousoku – aimed at capturing new market segments with a differentiated brand image. Four Kousoku stores were opened in high traffic locations and prime shopping malls in Hong Kong during the year, maximizing exposure for the new business model while reinforcing brand awareness. This new business model has delivered improvements in both food cost control and labour productivity.

Financial Review





" Operating cash flow remained strong with a net inflow of US$700 million compared to the previous year's US$676 million mainly resulted from better working capital management. "

Accounting Policies

The accounting policies are consistent with those of the previous year. The Directors continue to review the appropriateness of the accounting policies adopted by the Group with regard to developments in International Financial Reporting Standards.

Results

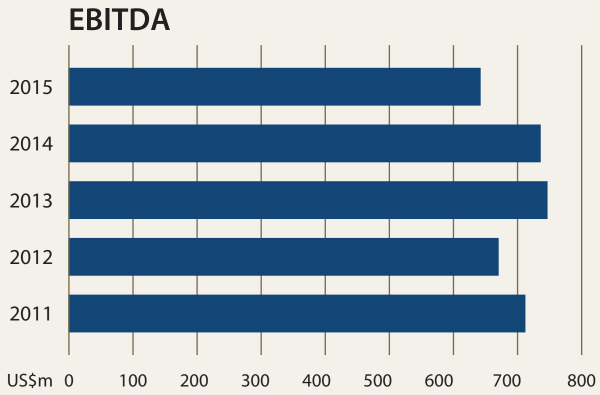
Sales, excluding those of associates and joint ventures, were US$11.1 billion, an 1% increase over prior year. On a constant currency basis sales would have been up 5% on prior year, with the most significant impact being from the depreciation of the Malaysian Ringgit, Singapore Dollar and Indonesian Rupiah to the US Dollar. If including 100% of associates and joint ventures from the date of acquisition, total sales would be US$17.9 billion, an increase of 37% over 2014 due to contributions from the newly invested Yonghui and San Miu businesses. Underlying operating profit decreased from US$524 million in 2014 to US$435 million in 2015 mainly due to lower contributions from Food and Health and Beauty divisions in certain markets in a difficult environment, partly offset by higher profits from the Home Furnishings Division.

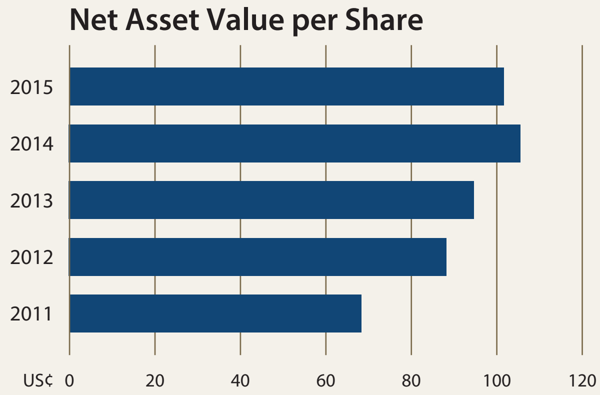
The Group's share of results of associates and joint ventures increased 23% to US$85 million from 2014 which principally reflected the contribution from Yonghui and improved profits from Maxim's.

The tax charge for 2015 was US$85 million, lower than the US$93 million in 2014, mainly due to reduced profit contribution from most of the territories.

Underlying net profit was US$428 million, a decrease of 14% versus 2014. There was a net non-trading loss of US$4 million in 2015, principally from the closure cost provision for the Starmart convenience store business in Indonesia. Consequently the reported net profit was US$424 million, 17% behind prior year. On a constant currency basis reported net profit would have been 13% lower than prior year.

Underlying earnings per share were US¢31.66, a decrease of 14% compared to 2014.





Cash Flow

Operating cash flow remained strong with a net inflow of US$700 million compared to the previous year's US$676 million mainly resulted from better working capital management.

Normal capital expenditure was lower at US$304 million, principally to fund new store expansion and refurbishment, compared to the US$345 million in 2014. The Group including associates and joint ventures, added a net 427 outlets in 2015. This included its interest in 382 Yonghui stores and 15 San Miu supermarkets, such that the Group ended the year with 6,528 stores across all formats in 11 markets.

There were investments of US$1.1 billion in 2015 to acquire San Miu in Macau and the shareholding in Yonghui in China, which were funded by increased borrowings and cash.

Balance Sheet

Total assets, excluding cash and bank balances, of US$4.56 billion were 25% higher than 2014, mainly reflecting investments in Yonghui and San Miu and capital expenditure for new and refurbished stores. Inventory was down 7% to US$937 million while trade creditors were down 2% reflecting improved working capital while sales increased. Net operating assets were US$1.46 billion at the end of 2015, a 4% reduction versus the previous year mainly due to unfavourable exchange movement in Asian currencies on translation to US dollar.

The Group ended the year with net debt of US$482 million as compared to the net cash of US$475 million at 31st December 2014. The net debt position was principally driven by increased borrowings and the use of surplus cash to fund corporate investments.

Dividend

The Board is recommending a final dividend of US¢13.50 per share. This will bring the total dividend in respect of 2015 to US¢20.00 per share, 13% lower than 2014 level, in line with reduced earnings.

Financial Review

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

Financing

Borrowings are normally taken out in local currencies by the Group's operating subsidiaries to fund and partially hedge their local asset investments. The Group, excluding associates and joint ventures, had gross debt of US$740 million at the year end, an increase of US$553 million from 2014, reflecting the loan drawn to finance the investment in Yonghui. Committed banking facilities at the year end totaled US$771 million, and had an average life to maturity of 0.4 years. Net financing charges increased from US$2 million in 2014 to US$14 million in 2015 reflecting the additional bank loans during the year.

Subsequent to the year end, the Group has refinanced existing borrowings through new bank loans totaling US$900 million in a range of maturities up to 5 years. These new bank loan facilities have taken into consideration the funding requirement to invest a further US$200 million in Yonghui to maintain the Group's 19.99% interest following a proposed placement by Yonghui of 10% shareholding to JD.com. These loans are largely expected to be drawn down during March 2016.

Financial Risk Management

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

Principal Risks and Uncertainties

A review of the principal risks and uncertainties facing the Group is set out on pages 120 and 121.

Neil Galloway
Group Finance Director
3rd March 2016

Directors' Profiles

Ben Keswick*

Chairman and Managing Director

Mr Ben Keswick joined the Board as Managing Director in 2012 and became Chairman in 2013. He has held a number of executive positions since joining the Jardine Matheson group in 1998, including finance director and then chief executive officer of Jardine Pacific between 2003 and 2007 and, thereafter, group managing director of Jardine Cycle & Carriage until 2012. He has an MBA from INSEAD. Mr Keswick is chairman of Jardine Matheson Limited and Jardine Cycle & Carriage and a commissioner of Astra. He is also chairman and managing director of Hongkong Land and Mandarin Oriental, managing director of Jardine Matheson and Jardine Strategic, and a director of Jardine Pacific and Jardine Motors.

Graham Allan*

Group Chief Executive

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

Neil Galloway*

Group Finance Director

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

Mark Greenberg

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

George J. Ho

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

Adam Keswick

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

Sir Henry Keswick

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

Simon Keswick

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

Michael Kok

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

* Executive Director

Directors' Profiles

Dr George C.G. Koo

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

Lord Leach of Fairford

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

Anthony Nightingale

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

Jeremy Parr

Mr Parr joined the Board in August 2015. He is general counsel of the Jardine Matheson group. He was previously a senior corporate partner with Linklaters, where he was the global head of the firm's corporate division, based in London. Mr Parr is also a director of Jardine Matheson Limited, Jardine Matheson and Mandarin Oriental.

James Riley

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

Lord Sassoon, Kt

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

Percy Weatherall

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

Our Leadership

Graham Allan

Group Chief Executive

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

Mr Allan holds Bachelor of Economics and Bachelor of Laws degrees from Monash University in Melbourne and an MBA from the University of Melbourne. He is also a director of Yonghui Superstores and a commissioner of Hero.

Neil Galloway

Group Finance Director

Mr Galloway joined the Board as Group Finance Director in 2013. He was previously Finance Director and Chief Financial Officer of The Hongkong and Shanghai Hotels from 2008.

Mr Galloway began his career in investment banking and he has held a range of senior positions in Hong Kong and the United Kingdom. He is also a commissioner of Hero.

Tongwen Zhao

Group Human Resources Director

Ms Zhao was appointed Group Human Resources Director of the Dairy Farm Group in July 2013. Prior to her appointment, she lived and worked in Singapore as Regional HR Director, Asia Pacific for Rentokil Initial. Ms Zhao began her career with Unilever in 1992 where she worked within Research & Development and Supply Chain functions. Following her career transition to Human Resources within Unilever, she had held several leadership roles in China, Thailand as well as Singapore.

Ms Zhao holds a Bachelor degree in Polymer Engineering from Tongji University in Shanghai, and an MBA from China Europe International Business School. She is also a supervisor of the Supervisory Board of Yonghui Superstores.

Sam Oh

Group CIO

Mr Oh joined Dairy Farm as the Group Chief Information Officer in 2015. Mr Oh has over 25 years of IT management experience in the retail industry. Mr Oh has led and built a number of global, sustainable, and transformational IT capabilities for multi-national organizations including Tesco, Fujitsu and Lotus. Mr Oh has lived and worked in Shanghai, Hong Kong, Bangkok and the US. Mr Oh also founded and led a number of non-profit organizations to serve communities around the globe.

Mr Oh holds a Bachelor's degree in Mathematics and Computer Science from University of California, San Diego and completed the Executive Management Academy from University of California, Los Angeles.

Our Leadership

Charlie Wood

Group Counsel

Mr Wood was appointed Group Counsel in January 2007. He was initially recruited in September 1999 to set up a legal department for Dairy Farm in Hong Kong, and subsequently became responsible for the legal affairs of Dairy Farm in North Asia before assuming his current role.

Mr Wood qualified as a solicitor in England and worked in private practice in London for three years before moving to Vietnam in 1995 to work for an international law firm.

Caroline Mak

Group Director, Health and Beauty

Ms Mak was named Group Director, Health & Beauty in January 2013 and assumes responsibility for all Health and Beauty business units within the Dairy Farm Group. Prior to that, Ms Mak was Regional Director, North Asia from November 2009 where she managed the Group's retail operations in Hong Kong, Macau, China and Taiwan. She also served as CEO of Dairy Farm China, a business unit of the North Asian region, until May 2011. Ms Mak became CEO of Mannings in 2000 after six years as Managing Director of IKEA Hong Kong and Taiwan. She continues to serve as Director of Dairy Farm Management Services Limited.

Ms Mak is a retail veteran with a career that spans a number of industries, including hospitality, food retailing and health and beauty. In recent years, she has served the community actively as the Chair of the Hong Kong Retail Management Association and Qualifications Framework's Retail Industry Training Advisory Committee.

Tim Ashdown

Regional Director, Malaysia and Brunei (Food)

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

Mr Ashdown holds an Advanced Management Program qualification from Harvard Business School.

Choo Peng Chee

Regional Director, North Asia (Food)

Mr Choo was appointed Regional Director, North Asia (Food) in January 2013, covering all food related business units in Hong Kong, Macau, China and Taiwan. Mr Choo previously served as Chief Executive Officer for Wellcome Hong Kong from May 2010. Prior to that, he was Chief Executive Officer of Cold Storage, Market Place and Shop N Save in Singapore. Mr Choo joined the Dairy Farm Group in 2000.

Mr Choo brings more than 30 years of retail experience to his role and holds an MBA in Retailing from the University of Stirling, Scotland.

Pierre-Olivier Deplanck

Chief Executive Officer, Rustan

Mr Deplanck was appointed Chief Executive Officer of Rustan Supercenters, Inc. in August 2014. He is leading the Group's food retail operations in the Philippines.

He was initially recruited as Merchandise Director for Giant Singapore in 2007 and became Chief Executive Officer of Guardian Singapore in 2011.

Mr Deplanck has more than 25 years of retail experience in food and non-food retail, starting in France and developed most of his career over the last 20 years in Asia.

Stéphane Deutsch

President Director, PT Hero

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

Mr Deutsch has executive training from ESCP Paris.

Mark Herbert

Chief Executive Officer, Singapore (Food)

Mr Herbert was appointed Chief Executive Officer, Singapore (Food) in September 2015, overseeing the Dairy Farm Group's food related retail operations in Singapore.

Prior to joining Dairy Farm, Mr Herbert was Chief Executive of Jardine Motors Group's UK business where he successfully grew the business both via acquisition and organically through the implementation of a new operating strategy.

With an extensive experience in business transformation and integration, Mr Herbert joined the Jardine Matheson Group in 1997. Since then, he has held various senior management positions in different operations, including Jardine Pacific, Jardine Aviation and Gammon Construction in Hong Kong and PT United Tractors Tbk in Jakarta, Indonesia. Mr Herbert began his professional career in Corporate Recovery in New Zealand followed by the UK.

Mr Herbert completed the New Zealand Society of Accountant's Professional Examinations at the Auckland Technical Institute (now the Auckland University of Technology). He also completed the Strategic Leadership Program at Templeton College, Oxford University in May 2005 and the Corporate Finance Modular Program at London School of Economics in May/July 2006.

Martin Lindström

Group Director, IKEA

Mr Lindström was appointed Group Director, IKEA in January 2013 with responsibilities for the Group's IKEA operations in Taiwan, Hong Kong and Indonesia. Prior to that, he was General Manager of IKEA Taiwan in 2007 and subsequently CEO of the Dairy Farm IKEA business in 2010.

Mr Lindström has more than 20 years' experience in a variety of senior positions with the IKEA business in Europe, Eastern Europe and more than nine years in the Asia Pacific region.

Consolidated Profit and Loss Account

for the year ended 31st December 2015

		2015			2014		
		Underlying business performance	**Non-trading items**	**Total**	Underlying business performance	Non-trading items	Total
	Note	**US$m**	**US$m**	**US$m**	US$m	US$m	US$m
Sales	*4*	**11,137.3**	**–**	**11,137.3**	11,008.3	–	11,008.3
Cost of sales		**(7,852.1)**	**–**	**(7,852.1)**	(7,717.3)	–	(7,717.3)
Gross margin		**3,285.2**	**–**	**3,285.2**	3,291.0	–	3,291.0
Other operating income		**170.5**	**0.5**	**171.0**	155.3	13.4	168.7
Selling and distribution costs		**(2,602.5)**	**–**	**(2,602.5)**	(2,508.4)	–	(2,508.4)
Administration and other operating expenses		**(417.9)**	**(4.7)**	**(422.6)**	(413.6)	(3.7)	(417.3)
Operating profit	*5*	**435.3**	**(4.2)**	**431.1**	524.3	9.7	534.0
Financing charges		**(15.3)**	**–**	**(15.3)**	(8.6)	–	(8.6)
Financing income		**1.7**	**–**	**1.7**	6.7	–	6.7
Net financing charges	*6*	**(13.6)**	**–**	**(13.6)**	(1.9)	–	(1.9)
Share of results of associates and joint ventures	*7*	**85.0**	**–**	**85.0**	68.9	–	68.9
Profit before tax		**506.7**	**(4.2)**	**502.5**	591.3	9.7	601.0
Tax	*8*	**(84.4)**	**(0.1)**	**(84.5)**	(93.0)	(0.3)	(93.3)
Profit after tax		**422.3**	**(4.3)**	**418.0**	498.3	9.4	507.7
Attributable to:							
Shareholders of the Company		**428.1**	**(3.7)**	**424.4**	500.1	9.0	509.1
Non-controlling interests		**(5.8)**	**(0.6)**	**(6.4)**	(1.8)	0.4	(1.4)
		422.3	**(4.3)**	**418.0**	498.3	9.4	507.7
		US¢		**US¢**	US¢		US¢
Earnings per share	*9*						
– basic		**31.66**		**31.39**	36.98		37.65
– diluted		**31.66**		**31.38**	36.97		37.63

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2015

	Note	2015 US$m	2014 US$m
Profit for the year		**418.0**	507.7
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	*22*	**(31.9)**	(16.0)
Tax relating to items that will not be reclassified		**6.1**	2.0
		(25.8)	(14.0)
Share of other comprehensive expense of associates and joint ventures		**(3.7)**	(0.9)
		(29.5)	(14.9)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net loss arising during the year		**(118.9)**	(41.1)
– transfer to profit and loss		**–**	4.4
		(118.9)	(36.7)
Revaluation of other investments			
– gain/(loss) arising during the year	*14*	**1.6**	(0.6)
Cash flow hedges			
– net gain arising during the year		**0.4**	1.9
– transfer to profit and loss		**(1.9)**	(0.3)
		(1.5)	1.6
Tax relating to items that may be reclassified		**–**	(0.2)
Share of other comprehensive expense of associates and joint ventures		**(43.9)**	(1.8)
		(162.7)	(37.7)
Other comprehensive expense for the year, net of tax		**(192.2)**	(52.6)
Total comprehensive income for the year		**225.8**	455.1
Attributable to:			
Shareholders of the Company		**242.8**	457.2
Non-controlling interests		**(17.0)**	(2.1)
		225.8	455.1

Consolidated Balance Sheet

at 31st December 2015

	Note	**2015** **US$m**	2014 US$m
Net operating assets			
Intangible assets	*11*	**744.4**	566.1
Tangible assets	*12*	**1,140.8**	1,219.2
Associates and joint ventures	*13*	**1,292.1**	388.0
Other investments	*14*	**6.8**	5.2
Non-current debtors	*15*	**161.5**	179.7
Deferred tax assets	*16*	**35.0**	27.7
Non-current assets		**3,380.6**	2,385.9
Stocks		**936.8**	1,011.0
Current debtors	*15*	**233.8**	252.1
Current tax assets		**10.8**	4.0
Bank balances and other liquid funds	*17*	**258.5**	662.0
		1,439.9	1,929.1
Non-current assets held for sale	*18*	**0.4**	1.3
Current assets		**1,440.3**	1,930.4
Current creditors	*19*	**(2,354.5)**	(2,412.9)
Current borrowings	*20*	**(729.6)**	(93.4)
Current tax liabilities		**(56.0)**	(52.9)
Current provisions	*21*	**(10.6)**	(6.3)
Current liabilities		**(3,150.7)**	(2,565.5)
Net current liabilities		**(1,710.4)**	(635.1)
Long-term borrowings	*20*	**(10.6)**	(93.8)
Deferred tax liabilities	*16*	**(55.3)**	(46.7)
Pension liabilities	*22*	**(71.4)**	(37.7)
Non-current creditors	*19*	**(43.6)**	(16.5)
Non-current provisions	*21*	**(34.1)**	(33.6)
Non-current liabilities		**(215.0)**	(228.3)
		1,455.2	1,522.5
Total equity			
Share capital	*23*	**75.1**	75.1
Share premium and capital reserves	*25*	**61.3**	59.1
Revenue and other reserves		**1,239.4**	1,294.5
Shareholders' funds		**1,375.8**	1,428.7
Non-controlling interests		**79.4**	93.8
		1,455.2	1,522.5

Approved by the Board of Directors

Ben Keswick
Graham Allan
Directors

3rd March 2016

Consolidated Statement of Changes in Equity

for the year ended 31st December 2015

	Attributable to shareholders of the Company								
	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Hedging reserves US$m	Exchange reserves US$m	Total US$m	Attributable to non-controlling interests US$m	Total equity US$m
2015									
At 1st January	75.1	30.5	28.6	1,461.6	1.7	(168.8)	1,428.7	93.8	**1,522.5**
Total comprehensive income	–	–	–	397.6	(1.4)	(153.4)	242.8	(17.0)	**225.8**
Dividends paid by the Company	–	–	–	(311.0)	–	–	(311.0)	–	**(311.0)**
Employee share option schemes	–	–	2.2	–	–	–	2.2	–	**2.2**
Change in interests in subsidiaries	–	–	–	13.1	–	–	13.1	2.6	**15.7**
Transfer	–	0.6	(0.6)	–	–	–	–	–	**–**
At 31st December	**75.1**	**31.1**	**30.2**	**1,561.3**	**0.3**	**(322.2)**	**1,375.8**	**79.4**	**1,455.2**
2014									
At 1st January	75.1	30.5	26.0	1,281.1	0.3	(132.0)	1,281.0	96.4	1,377.4
Total comprehensive income	–	–	–	492.6	1.4	(36.8)	457.2	(2.1)	455.1
Dividends paid by the Company	–	–	–	(311.0)	–	–	(311.0)	–	(311.0)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(0.2)	(0.2)
Employee share option schemes	–	–	2.6	–	–	–	2.6	–	2.6
New subsidiaries	–	–	–	–	–	–	–	0.9	0.9
Change in interest in a subsidiary	–	–	–	(1.1)	–	–	(1.1)	(1.2)	(2.3)
At 31st December	75.1	30.5	28.6	1,461.6	1.7	(168.8)	1,428.7	93.8	1,522.5

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$424.4 million *(2014: US$509.1 million)* and net fair value gain on other investments of US$1.3 million *(2014: net fair value loss of US$0.5 million)*. Cumulative net fair value gain on other investments amounted to US$5.4 million *(2014: US$4.1 million)*.

Consolidated Cash Flow Statement

for the year ended 31st December 2015

	Note	2015 US$m	2014 US$m
Operating activities			
Operating profit	*5*	**431.1**	534.0
Depreciation and amortization	*29(a)*	**212.0**	202.8
Other non-cash items	*29(b)*	**25.2**	4.0
Decrease/(increase) in working capital	*29(c)*	**73.0**	(17.4)
Interest received		**1.8**	7.2
Interest and other financing charges paid		**(15.0)**	(8.6)
Tax paid		**(90.2)**	(93.8)
		637.9	628.2
Dividends from associates and joint ventures		**61.9**	47.7
Cash flows from operating activities		**699.8**	675.9
Investing activities			
Purchase of subsidiaries	*29(d)*	**(146.6)**	(23.8)
Purchase of associates and joint ventures	*29(e)*	**(918.4)**	(94.1)
Purchase of intangible assets		**(41.9)**	(47.5)
Purchase of tangible assets		**(261.9)**	(297.0)
Sale of associates and joint ventures	*29(f)*	**–**	2.7
Sale of properties	*29(g)*	**1.7**	26.3
Sale of tangible assets		**1.7**	0.9
Cash flows from investing activities		**(1,365.4)**	(432.5)
Financing activities			
Change in interests in subsidiaries	*29(h)*	**15.7**	(2.3)
Drawdown of borrowings	*29(i)*	**2,782.4**	1,311.3
Repayment of borrowings		**(2,209.3)**	(1,290.8)
Dividends paid by the Company	*26*	**(311.0)**	(311.0)
Dividends paid to non-controlling interests		**–**	(0.2)
Cash flows from financing activities		**277.8**	(293.0)
Net decrease in cash and cash equivalents		**(387.8)**	(49.6)
Cash and cash equivalents at 1st January		**656.6**	711.2
Effect of exchange rate changes		**(12.1)**	(5.0)
Cash and cash equivalents at 31st December	*29(j)*	**256.7**	656.6

Notes to the Financial Statements

1. Principal Accounting Policies

Basis of preparation

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

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

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

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

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

Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle comprise a number of amendments to IFRSs. The amendments which are relevant to the Group's operations include the followings:

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

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

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

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

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

1. Principal Accounting Policies (Continued)

Basis of preparation (Continued)

The following standards and amendments which are effective after 2015, are relevant to the Group's operations and yet to be adopted:

		Effective for accounting periods beginning on or after
IFRS 9	Financial Instruments	1st January 2018
IFRS 15	Revenue from Contracts with Customers	1st January 2018
IFRS 16	Leases	1st January 2019
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
Amendments to IAS 1	Disclosure Initiative: Presentation of Financial Statements	1st January 2016
Amendments to IAS 7	Disclosure Initiative: Statement of Cash Flows	1st January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses	1st January 2017
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	1st January 2016
Annual Improvements to IFRSs	2012 – 2014 Cycle	1st January 2016

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

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

IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in that framework is that a company should recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in new disclosure requirements on revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for the Construction of Real Estate', IFRIC 18 'Transfers of Assets from Customers' and SIC-31 'Revenue – Barter Transactions Involving Advertising Services'.

1. Principal Accounting Policies (Continued)

Basis of preparation (Continued)

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

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

Amendments to IAS 1 and IAS 7 'Disclosure Initiative' are part of the International Accounting Standards Board's initiatives to improve the effectiveness of disclosure in financial reporting. Amendments to IAS 1 clarify that companies shall apply professional judgments in determining what information to disclose and how to structure it in the financial statements. The amendments include narrow-focus improvements in the guidance on materiality, disaggregation and subtotals, note structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. Amendments to IAS 7 require companies to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

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

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

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

The Group's reportable segments are set out in notes 4, 5 and 7 and are described on page 71.

1. Principal Accounting Policies (Continued)

Basis of consolidation

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

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

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

All material intercompany transactions, balances and unrealized surpluses and deficits on transactions between Group companies have been eliminated. The cost of and related income arising from shares held in the Company by subsidiaries are eliminated from shareholders' funds and non-controlling interests, and profit, respectively.

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

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

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

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

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

Foreign currencies

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

Assets and liabilities of subsidiaries, associates and joint ventures, together with all other monetary assets and liabilities expressed in foreign currencies, are translated into United States dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into United States dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions.

1. Principal Accounting Policies (Continued)

Foreign currencies (Continued)

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

Goodwill and fair value adjustments arising on acquisition of a foreign entity after 1st January 2003 are treated as assets and liabilities of the foreign entity and translated into United States dollars at the rate of exchange ruling at the year end.

Impairment of non-financial assets

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

Intangible assets

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

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

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

(iii) Other intangible assets, consist of trademarks and computer software, are stated at cost less accumulated amortization. Amortization is calculated on the straight line basis to allocate the cost of intangible assets over their estimated useful lives. Trademarks with indefinite useful lives are not subject to amortization.

1. Principal Accounting Policies (Continued)

Tangible fixed assets and depreciation

Freehold land and buildings, and the building component of owner-occupied leasehold properties are stated at cost less any accumulated depreciation and impairment. Long-term interests in leasehold land are classified as finance leases and grouped under tangible assets if substantially all risks and rewards relating to the land have been transferred to the Group, and are amortized over the useful life of the lease. Grants related to tangible assets are deducted in arriving at the carrying amount of the assets. Other tangible fixed assets are stated at cost less amounts provided for depreciation.

Depreciation of tangible fixed assets is calculated on the straight line basis to allocate the cost of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Freehold properties	25 – 40 years
Leasehold properties	Over period of the lease or 25 – 40 years, whichever is shorter
Leasehold improvements	Over unexpired lease term or 5 – 7 years, whichever is shorter
Leasehold land	Over period of the lease
Plant and machinery	3 – 15 years
Furniture, equipment and motor vehicles	3 – 7 years

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

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

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

Investments

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

(ii) At each balance sheet date, the Group assesses whether there is objective evidence that an investment is impaired.

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

Leases

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

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

1. Principal Accounting Policies (Continued)

Stocks

Stocks, which principally comprise goods held for resale, are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method or on a weighted average basis and comprises purchase price less rebates.

Debtors

Trade and other debtors, excluding derivative financial instruments, are measured at amortized cost except where the effect of discounting would be immaterial. Provision for impairment is established when there is objective evidence that the outstanding amounts will not be collected. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the debtor is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

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

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks, and bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective interest method. All borrowing costs are expensed as incurred.

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

Current and deferred tax

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

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

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

1. Principal Accounting Policies (Continued)

Current and deferred tax (Continued)

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

Employee benefits

(i) Pension obligations

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in trustee administered funds.

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to profit and loss spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value.

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

Past service costs are recognized immediately in profit and loss.

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

(ii) Share-based compensation

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

Non-current assets held for sale

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

1. Principal Accounting Policies (Continued)

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognized asset or liability ('fair value hedge'), or a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment ('cash flow hedge'), or a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recognized in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit and loss over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognized in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion is recognized immediately in profit and loss. Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in hedging reserves are transferred from hedging reserves and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecasted transaction affects profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognized when the committed or forecasted transaction ultimately is recognized in profit and loss. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in profit and loss.

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

Offsetting financial instruments

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

1. Principal Accounting Policies (Continued)

Non-trading items

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

Earnings per share

Basic earnings per share are calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year. The weighted average number excludes the shares held by the Trustee under the Share-based Long-term Incentive Plans. For the purpose of calculating diluted earnings per share, profit attributable to shareholders is adjusted for the effects of the conversion of dilutive potential ordinary shares, and the weighted average number of shares is adjusted for the number of shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

Dividends

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

Sales

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

Cost of sales

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

Buying income

Buying income incentives, rebates and discounts are collectively referred to as buying income in the retail industry. Buying income is recognized as a deduction from cost of sales on an accruals basis according to the expected entitlement which has been earned up to the balance sheet date for each relevant supplier contract.

Buying income receivables are not offset against payables to suppliers except when the Group has a legally enforceable right to offset the asset and liability and intends to settle balances on a net basis.

1. Principal Accounting Policies (Continued)

Buying income (Continued)

The key types of buying income which the Group receives include:

- Discounts and incentives relate to individual unit sales.
- Sales volume-based incentives based on achieving certain purchases on promotion for an event or a period.
- Conditional incentives subject to satisfaction of certain conditions by the Group.
- Fixed amounts agreed with suppliers for supporting in-store activity.

Other operating income

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

Pre-operating costs

Pre-operating costs are expensed as they are incurred.

2. Financial Risk Management

Financial risk factors

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

The Group's treasury function co-ordinates financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimize the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, caps, forward foreign exchange contracts and foreign currency options as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the profit and loss account. It is the Group's policy not to enter into derivative transactions for speculative purposes. The notional amounts and fair values of derivative financial instruments at 31st December 2015 are disclosed in note 30.

2. Financial Risk Management (Continued)

Financial risk factors (Continued)

(i) Market risk

Foreign exchange risk

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

Entities in the Group use forward foreign exchange contracts and foreign currency options in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage their foreign exchange risk arising from future commercial transactions. Group entities are required to manage their foreign exchange risk against their functional currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. There are no significant monetary balances held by Group companies at 31st December 2015 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps and caps. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings in fixed rate instruments. At 31st December 2015, the Group's fixed rate borrowings were 10% of the total borrowings, with an average tenor of 10 months. At 31st December 2014, the Group's fixed rate borrowings were 42% of the total borrowings, with an average tenor of 10 months. The interest rate profile of the Group's borrowings set out in note 20.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by entering into interest rate swaps and caps for a maturity of up to five years. Interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate, whilst caps provide protection against a rise in floating rates above a pre-determined rate.

2. Financial Risk Management (Continued)

Financial risk factors (Continued)

(i) Market risk (Continued)

Interest rate risk *(Continued)*

At 31st December 2015, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US$5.5 million *(2014: US$4.0 million)* higher/lower. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Malaysian and Taiwanese rates, over the period until the next annual balance sheet date. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

(ii) Credit risk

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

The Group manages its deposits with banks and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilization of credit limits is regularly monitored. At 31st December 2015, over 87% *(2014: 95%)* of deposits and balances with banks were made to institutions with credit ratings of no less than A- (Fitch). Similarly, transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

Sales to customers are made in cash or by major credit cards. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

2. Financial Risk Management (Continued)

Financial risk factors (Continued)

(iii) Liquidity risk

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

At 31st December 2015, total available borrowing facilities amounted to US$1,549.3 million *(2014: US$863.0 million)*, of which US$771.3 million *(2014: US$310.6 million)* are committed facilities. A total of US$740.2 million *(2014: US$187.2 million)* from both committed and uncommitted facilities was drawn down. Undrawn committed facilities, in the form of revolving credit facilities, totalled US$53.6 million *(2014: US$189.5 million)*. Subsequent to the year end, the Group has renewed a majority of the borrowings due within one year into longer tenor facilities *(note 20)*.

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

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
At 31st December 2015							
Creditors	2,351.2	14.5	1.2	0.2	25.3	2.4	**2,394.8**
Borrowings	734.8	7.6	3.8	–	–	–	**746.2**
Net-settled derivative financial instruments	–	–	–	–	–	–	**–**
Gross-settled derivative financial instruments							
– inflow	21.0	–	–	–	–	–	**21.0**
– outflow	21.0	–	–	–	–	–	**21.0**
At 31st December 2014							
Creditors	2,408.6	11.5	1.8	0.3	0.2	2.6	2,425.0
Borrowings	98.2	88.0	8.9	–	–	–	195.1
Net-settled derivative financial instruments	–	–	–	–	–	–	–
Gross-settled derivative financial instruments							
– inflow	37.8	–	–	–	–	–	37.8
– outflow	38.1	–	–	–	–	–	38.1

2. Financial Risk Management (Continued)

Capital management

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

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

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances and other liquid funds. Interest cover is calculated as underlying operating profit and share of results of associates and joint ventures divided by net financing charges. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2015 and 2014 are as follows:

	2015	2014
Gearing ratio (%)	**33**	n/a
Interest cover (times)	**38**	312

The Group had a net cash position at 31st December 2014, thus the gearing ratio was not applicable.

Fair value estimation

(i) Financial instruments that are measured at fair value

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

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')
The fair value of listed securities, which are classified as available-for-sale, is based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')
The fair values of all interest rate swaps and caps, and forward foreign exchange contracts have been determined using rates quoted by the Group's bankers at the balance sheet date which are calculated by reference to market interest rates and foreign exchange rates.

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

2. Financial Risk Management (Continued)

Fair value estimation (Continued)

(i) Financial instruments that are measured at fair value (Continued)

(c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')
The fair value of other unlisted securities, which are classified as available-for-sale, is determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity specific estimates.

There were no changes in valuation techniques during the year.

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

	2015 US$m	2014 US$m
Assets		
Available-for-sale financial assets		
– unlisted investments *(note 14)*	**6.8**	5.2
Derivatives designated at fair value *(note 30)*		
– through other comprehensive expense	**0.5**	2.3
	7.3	7.5
Liabilities		
Derivatives designated at fair value *(note 30)*		
– through other comprehensive expense	**(0.1)**	(0.3)
	(0.1)	(0.3)

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

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

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

2. Financial Risk Management (Continued)

Fair value estimation (Continued)

Financial instruments by category

	Loans and receivables US$m	Derivatives used for hedging US$m	Available-for-sale US$m	Other financial instruments at amortized cost US$m	Total carrying amounts US$m
2015					
Assets					
Other investments	–	–	6.8	–	**6.8**
Debtors	116.0	0.5	–	–	**116.5**
Bank balances and other liquid funds	258.5	–	–	–	**258.5**
	374.5	**0.5**	**6.8**	**–**	**381.8**
Liabilities					
Borrowings	–	–	–	(740.2)	**(740.2)**
Trade and other payables excluding non-financial liabilities	–	(0.1)	–	(2,394.8)	**(2,394.9)**
	–	**(0.1)**	**–**	**(3,135.0)**	**(3,135.1)**
2014					
Assets					
Other investments	–	–	5.2	–	5.2
Debtors	120.3	2.3	–	–	122.6
Bank balances and other liquid funds	662.0	–	–	–	662.0
	782.3	2.3	5.2	–	789.8
Liabilities					
Borrowings	–	–	–	(187.2)	(187.2)
Trade and other payables excluding non-financial liabilities	–	(0.3)	–	(2,425.0)	(2,425.3)
	–	(0.3)	–	(2,612.2)	(2,612.5)

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

3. Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Acquisition of subsidiaries, associates and joint ventures

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

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

Tangible fixed assets and depreciation

Management determines the estimated useful lives and related depreciation charges for the Group's tangible fixed assets. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less costs to sell and its value in use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Provision of deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which the management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both.

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

3. Critical Accounting Estimates and Judgements (Continued)

Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

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

Non-trading items

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

4. Sales

	Including associates and joint ventures		Subsidiaries	
	2015 US$m	2014 US$m	**2015 US$m**	2014 US$m
Analysis by operating segment:				
Food	**12,893.6**	8,404.1	**8,196.8**	8,108.8
– Supermarkets/hypermarkets	**11,012.3**	6,544.5	**6,315.5**	6,249.2
– Convenience stores	**1,881.3**	1,859.6	**1,881.3**	1,859.6
Health and Beauty	**2,563.1**	2,454.5	**2,372.5**	2,402.1
Home Furnishings	**568.0**	497.4	**568.0**	497.4
Restaurants	**1,882.3**	1,746.8	**–**	–
	17,907.0	13,102.8	**11,137.3**	11,008.3

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

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

4. Sales (Continued)

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

	Including associates and joint ventures		Subsidiaries	
	2015	2014	**2015**	2014
	US$m	US$m	**US$m**	US$m
Analysis by geographical area:				
North Asia	**12,911.0**	7,716.9	**6,344.2**	5,976.8
East Asia	**2,546.4**	2,908.2	**2,523.0**	2,891.7
South Asia	**2,449.6**	2,477.7	**2,270.1**	2,139.8
	17,907.0	13,102.8	**11,137.3**	11,008.3

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

5. Operating Profit

	2015	2014
	US$m	US$m
Analysis by operating segment:		
Food	**235.8**	298.6
– Supermarkets/hypermarkets	**171.7**	225.9
– Convenience stores	**64.1**	72.7
Health and Beauty	**185.5**	218.8
Home Furnishings	**63.6**	50.7
	484.9	568.1
Support office	**(49.6)**	(43.8)
	435.3	524.3
Non-trading items:		
– profit on sale of properties	**0.5**	11.6
– acquisition-related costs in business combination	**(1.2)**	–
– closure costs for convenience stores in Indonesia	**(3.5)**	–
– profit on sale of Indian businesses	**–**	1.8
– loss on deemed disposal of joint ventures	**–**	(3.1)
– expenses relating to transfer of listing segment of the Company's shares	**–**	(0.6)
	431.1	534.0

5. Operating Profit (Continued)

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

	2015 US$m	2014 US$m
Analysis by geographical area:		
North Asia	**416.0**	414.8
East Asia	**31.6**	79.2
South Asia	**37.3**	74.1
	484.9	568.1

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

	2015 US$m	2014 US$m
Cost of stocks recognized as expense	**(7,812.5)**	(7,686.0)
Amortization of intangible assets *(note 11)*	**(13.1)**	(10.0)
Depreciation of tangible assets *(note 12)*	**(198.9)**	(192.8)
Write down of stocks	**(13.6)**	(6.3)
Reversal of write down of stocks	**1.0**	1.6
Employee benefit expense		
– salaries and benefits in kind	**(976.3)**	(944.7)
– share options granted *(note 25)*	**(2.2)**	(2.6)
– defined benefit pension plans *(note 22)*	**(22.4)**	(22.2)
– defined contribution pension plans	**(48.6)**	(52.5)
	(1,049.5)	(1,022.0)
Operating lease expenses		
– minimum lease payments	**(899.3)**	(870.4)
– contingent rents	**(16.9)**	(18.8)
– subleases	**43.2**	53.0
	(873.0)	(836.2)
Auditors' remuneration		
– audit	**(2.8)**	(2.5)
– non-audit services	**(1.0)**	(1.4)
	(3.8)	(3.9)
Concession and service income	**136.0**	123.3
Rental income from properties	**30.0**	28.9
Net foreign exchange gains	**1.5**	1.7
(Loss)/profit on sale of tangible assets	**(10.0)**	4.3

Notes to the Financial Statements

6. Net Financing Charges

	2015 US$m	2014 US$m
Interest expense – bank loans and advances	**(12.0)**	(6.9)
Commitment and other fees	**(3.3)**	(1.7)
Financing charges	**(15.3)**	(8.6)
Financing income	**1.7**	6.7
	(13.6)	(1.9)

7. Share of Results of Associates and Joint Ventures

	2015 US$m	2014 US$m
Analysis by operating segment:		
Food – Supermarkets/hypermarkets	**6.4**	(7.5)
Health and Beauty	**(5.7)**	(1.1)
Restaurants	**84.3**	77.5
	85.0	68.9

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

Results in Food in 2015 included share of results of Yonghui Superstores Co., Ltd ('Yonghui') since the Group acquired its 19.99% interest in April 2015 *(note 29(e))*, while in 2014, it included 50% share of results of Rustan Supercenters, Inc. ('Rustan') until it became a subsidiary of the Group starting from late August 2014.

8. Tax

	2015 US$m	2014 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(82.9)**	(90.6)
Deferred tax	**(1.6)**	(2.7)
	(84.5)	(93.3)

8. Tax (Continued)

	2015 US$m	2014 US$m
Reconciliation between tax expense and tax at the applicable tax rate:*		
Tax at applicable tax rate	**(65.8)**	(76.0)
Income not subject to tax	**10.9**	5.2
Expenses not deductible for tax purposes	**(11.5)**	(5.2)
Tax losses and temporary differences not recognized	**(11.3)**	(7.1)
Utilization of previously unrecognized tax losses	**1.0**	0.5
Recognition of previously unrecognized temporary differences	**0.2**	–
Deferred tax assets written off	**–**	(0.4)
Over/(under) provision in prior years	**2.4**	(0.2)
Withholding tax	**(7.6)**	(6.9)
Change in tax rates	**0.3**	–
Other	**(3.1)**	(3.2)
	(84.5)	(93.3)
Tax relating to components of other comprehensive expense is analyzed as follows:		
Remeasurements of defined benefit plans	**6.1**	2.0
Revaluation of other investments	**(0.3)**	0.1
Cash flow hedges	**0.3**	(0.3)
	6.1	1.8

Share of tax charge of associates and joint ventures of US$21.9 million *(2014: US$17.3 million)* and no tax credit *(2014: tax credit of US$0.3 million)* are included in share of results of associates and joint ventures.

* The applicable tax rate for the year was 15.8% *(2014: 14.3%)* and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The increase in applicable tax rate was mainly attributable to a change in the geographic mix of the Group's profit.

9. Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US$424.4 million *(2014: US$509.1 million)*, and on the weighted average number of 1,352.1 million *(2014: 1,352.1 million)* shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$424.4 million *(2014: US$509.1 million)*, and on the weighted average number of shares in issue after adjusting for the number of shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

9. Earnings per Share (Continued)

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

	Ordinary shares in millions	
	2015	2014
Weighted average number of shares for basic earnings per share calculation	**1,352.1**	1,352.1
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	**0.3**	0.6
Weighted average number of shares for diluted earnings per share calculation	**1,352.4**	1,352.7

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

	2015			2014		
		Basic earnings per share	**Diluted earnings per share**		Basic earnings per share	Diluted earnings per share
	US$m	**US¢**	**US¢**	US$m	US¢	US¢
Profit attributable to shareholders	**424.4**	**31.39**	**31.38**	509.1	37.65	37.63
Non-trading items *(note 10)*	**3.7**			(9.0)		
Underlying profit attributable to shareholders	**428.1**	**31.66**	**31.66**	500.1	36.98	36.97

10. Non-trading Items

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

	2015	2014
	US$m	US$m
Profit on sale of properties	**0.4**	10.9
Acquisition-related costs in business combination	**(1.2)**	–
Closure costs for convenience stores in Indonesia	**(2.9)**	–
Profit on sale of Indian businesses	**–**	1.8
Loss on deemed disposal of joint ventures	**–**	(3.1)
Expenses relating to transfer of listing segment of the Company's shares	**–**	(0.6)
	(3.7)	9.0

11. Intangible Assets

	Goodwill US$m	Leasehold land US$m	Other US$m	Total US$m
2015				
Cost	414.2	100.7	96.2	**611.1**
Amortization and impairment	(0.3)	(5.8)	(38.9)	**(45.0)**
Net book value at 1st January	413.9	94.9	57.3	**566.1**
Exchange differences	(24.8)	(9.4)	(2.8)	**(37.0)**
New subsidiary	181.8	–	4.3	**186.1**
Additions	–	6.0	36.3	**42.3**
Amortization	–	(2.0)	(11.1)	**(13.1)**
Net book value at 31st December	**570.9**	**89.5**	**84.0**	**744.4**
Cost	571.2	96.7	129.2	**797.1**
Amortization and impairment	(0.3)	(7.2)	(45.2)	**(52.7)**
	570.9	**89.5**	**84.0**	**744.4**
2014				
Cost	299.2	88.0	58.7	445.9
Amortization and impairment	(0.3)	(3.9)	(34.2)	(38.4)
Net book value at 1st January	298.9	84.1	24.5	407.5
Exchange differences	(11.4)	(2.3)	(0.8)	(14.5)
New subsidiaries	126.4	–	9.6	136.0
Additions	–	15.2	32.3	47.5
Disposals	–	–	(0.4)	(0.4)
Amortization	–	(2.1)	(7.9)	(10.0)
Net book value at 31st December	413.9	94.9	57.3	566.1
Cost	414.2	100.7	96.2	611.1
Amortization and impairment	(0.3)	(5.8)	(38.9)	(45.0)
	413.9	94.9	57.3	566.1

Goodwill is allocated to groups of cash-generating units identified by banners or group of stores acquired in each territory. Cash flow projections for impairment reviews are based on budgets prepared on the basis of assumptions reflective of the prevailing market conditions, and are discounted appropriately. Key assumptions used for value-in-use calculations in 2015 include budgeted gross margins of between 21% and 30% and average growth rate of 4% to extrapolate cash flows, which vary across the Group's business segments and geographical locations, over a five-year period and thereafter, and are based on management expectations for the market development; and pre-tax discount rates of between 7% and 18% applied to the cash flow projections. The discount rates used reflect business specific risks relating to the relevant industry, business life-cycle and geographical location. On the basis of these reviews, management concluded that no impairment has occurred.

11. Intangible Assets (Continued)

Additions of goodwill in 2015 related to the acquisition of San Miu Supermarket Limited in Macau. The additions of goodwill in 2014 related to the acquisitions of the remaining 51% shareholding of Asia Investment and Supermarket Trading Company Limited in Vietnam and additional 16% interest in Rustan in the Philippines. *(note 29(d))*

Other intangible assets comprise mainly trademarks and computer software.

There were no intangible assets pledged as security for borrowings at 31st December 2015 and 2014.

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

The remaining amortization periods for intangible assets are as follows:

Leasehold land	28 to 59 years
Computer software	0 to 7 years
Trademarks and others	4 to 19 years

12. Tangible Assets

	Freehold properties US$m	Leasehold properties US$m	Leasehold improvements US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2015						
Cost	133.7	471.4	611.7	553.8	793.0	**2,563.6**
Depreciation and impairment	(5.9)	(80.8)	(396.6)	(367.9)	(493.2)	**(1,344.4)**
Net book value at 1st January	127.8	390.6	215.1	185.9	299.8	**1,219.2**
Exchange differences	(19.6)	(51.3)	(9.3)	(12.0)	(22.6)	**(114.8)**
New subsidiary	–	–	1.9	2.4	0.3	**4.6**
Additions	9.3	78.1	51.6	61.7	42.3	**243.0**
Disposals	–	(0.2)	(3.7)	(1.9)	(5.7)	**(11.5)**
Depreciation charge	(1.3)	(14.6)	(54.8)	(53.3)	(74.9)	**(198.9)**
Impairment charge	–	–	(0.4)	–	–	**(0.4)**
Reclassified to non-current assets held for sale	–	(0.4)	–	–	–	**(0.4)**
Net book value at 31st December	**116.2**	**402.2**	**200.4**	**182.8**	**239.2**	**1,140.8**
Cost	119.8	487.7	607.4	563.8	712.6	**2,491.3**
Depreciation and impairment	(3.6)	(85.5)	(407.0)	(381.0)	(473.4)	**(1,350.5)**
	116.2	**402.2**	**200.4**	**182.8**	**239.2**	**1,140.8**

12. Tangible Assets (Continued)

	Freehold properties US$m	Leasehold properties US$m	Leasehold improvements US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2014						
Cost	129.2	392.1	584.7	541.0	749.4	2,396.4
Depreciation and impairment	(4.8)	(70.5)	(398.3)	(370.5)	(470.6)	(1,314.7)
Net book value at 1st January	124.4	321.6	186.4	170.5	278.8	1,081.7
Exchange differences	(7.8)	(16.5)	(5.1)	(5.9)	(8.8)	(44.1)
New subsidiaries	–	27.6	20.7	1.1	31.0	80.4
Additions	17.1	71.5	64.0	73.1	80.6	306.3
Disposals	(2.9)	(0.5)	(1.4)	(2.4)	(4.1)	(11.3)
Depreciation charge	(1.7)	(13.1)	(49.8)	(50.5)	(77.7)	(192.8)
Reversal of impairment charge	–	–	0.3	–	–	0.3
Reclassified to non-current assets held for sale	(1.3)	–	–	–	–	(1.3)
Net book value at 31st December	127.8	390.6	215.1	185.9	299.8	1,219.2
Cost	133.7	471.4	611.7	553.8	793.0	2,563.6
Depreciation and impairment	(5.9)	(80.8)	(396.6)	(367.9)	(493.2)	(1,344.4)
	127.8	390.6	215.1	185.9	299.8	1,219.2

Net book value of leasehold properties acquired under finance leases amounted to US$86.9 million *(2014: US$94.0 million)*.

Rental income from properties amounted to US$30.0 million *(2014: US$28.9 million)* including contingent rents of US$2.9 million *(2014: US$3.0 million)*.

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

	2015 US$m	2014 US$m
Within one year	**12.8**	11.6
Between one and two years	**7.7**	7.3
Between two and five years	**4.6**	5.1
Beyond five years	**1.8**	1.9
	26.9	25.9

There were no tangible assets pledged as security for borrowings at 31st December 2015 and 2014.

13. Associates and Joint Ventures

	2015 US$m	2014 US$m
Listed associate	**464.1**	–
Unlisted associate	**310.9**	280.7
Share of attributable net assets	**775.0**	280.7
Goodwill on acquisition	**417.4**	–
	1,192.4	280.7
Unlisted joint ventures	**19.6**	19.2
Goodwill on acquisition	**80.1**	88.1
	99.7	107.3
	1,292.1	388.0

	Associates		Joint Ventures	
	2015 US$m	2014 US$m	2015 US$m	2014 US$m
Movements of associates and joint ventures during the year:				
At 1st January	**280.7**	253.0	**107.3**	116.8
Share of results after tax and non-controlling interests	**92.1**	77.5	**(7.1)**	(8.6)
Share of other comprehensive expense after tax and non-controlling interests	**(40.5)**	(2.1)	**(6.9)**	(0.6)
Dividends received	**(61.9)**	(47.7)	**–**	–
Acquisition and capital injection	**922.0**	–	**6.4**	94.1
Reclassification of joint ventures as subsidiaries	**–**	–	**–**	(94.6)
Disposals	**–**	–	**–**	0.2
At 31st December	**1,192.4**	280.7	**99.7**	107.3
Fair value of listed associates/joint ventures	**1,264.7**	n/a	**n/a**	n/a

(a) Investment in associates

The material associates of the Group are listed below. These associates have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

13. Associates and Joint Ventures (Continued)

(a) Investment in associates (Continued)

Nature of investments in material associates in 2015 and 2014:

Name of entity	Nature of business	Country of incorporation/ place of listing	% of ownership interest 2015	% of ownership interest 2014
Maxim's Caterers Limited ('Maxim's')	Restaurants	Hong Kong/Unlisted	**50**	50
Yonghui Superstores Co., Ltd ('Yonghui')	Supermarkets and hypermarkets	Mainland China/ Shanghai	**19.99**	–

At 31st December 2015, the fair value of the Group's interest in Yonghui was US$1,264.7 million and the carrying amount of the Group's interest was US$881.5 million.

Summarized financial information for material associates

In August 2014, the Group entered into a sale and purchase agreement with Yonghui for the acquisition of 813.1 million shares, representing 19.99% equity interest in Yonghui at the date of acquisition. The investment was completed in April 2015. At the date of investment, goodwill amounting to US$432.9 million arose from the excess of the purchase consideration over the Group's interest in the fair value of identifiable net assets of Yonghui attributable to shareholders.

The fair value of the identifiable assets and liabilities at the acquisition date is provisional and will be finalized within one year after the acquisition date.

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

	Maxim's		Yonghui
	2015 US$m	2014 US$m	**2015^ US$m**
Non-current assets	**765.4**	676.8	**1,990.6**
Current assets			
Cash and cash equivalents	**189.6**	168.4	**1,021.5**
Other current assets	**135.8**	125.0	**910.0**
Total current assets	**325.4**	293.4	**1,931.5**
Non-current liabilities			
Financial liabilities*	**(43.1)**	(69.9)	**–**
Other non-current liabilities	**(33.5)**	(27.2)	**(13.3)**
Total non-current liabilities	**(76.6)**	(97.1)	**(13.3)**
Current liabilities			
Financial liabilities*	**(265.8)**	(192.8)	**(53.7)**
Other current liabilities	**(112.7)**	(106.6)	**(1,490.6)**
Total current liabilities	**(378.5)**	(299.4)	**(1,544.3)**
Non-controlling interests	**(13.9)**	(12.3)	**(7.7)**
Net assets	**621.8**	561.4	**2,356.8**

^ Based on unaudited summarized balance sheet at 30th September 2015.

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

13. Associates and Joint Ventures (Continued)

(a) Investment in associates (Continued)

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

	Maxim's		Yonghui
	2015	2014	**2015^**
	US$m	US$m	**US$m**
Sales	**1,882.3**	1,746.8	**3,217.5**
Depreciation and amortization	**(74.8)**	(61.3)	**(64.0)**
Interest income	**3.7**	3.5	**8.9**
Interest expense	**–**	(0.1)	**(4.7)**
Profit from underlying business performance	**206.0**	190.7	**48.8**
Income tax expense	**(35.9)**	(34.2)	**(8.4)**
Profit after tax	**170.1**	156.5	**40.4**
Non-controlling interests	**(1.6)**	(1.5)	**0.2**
Profit after tax and non-controlling interests	**168.5**	155.0	**40.6**
Other comprehensive expense	**(15.3)**	(4.2)	**(3.6)**
Total comprehensive income	**153.2**	150.8	**37.0**
Dividends received from associates	**46.4**	47.7	**15.5**

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

The information contained in the summarized balance sheet and statement of comprehensive income reflect the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisition.

Reconciliation of the summarized financial information

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

	Maxim's		Yonghui	Total	
	2015	2014	**2015**	**2015**	2014
	US$m	US$m	**US$m**	**US$m**	US$m
Net assets	**621.8**	561.4	**2,356.8^**		
Interest in associates (%)	***50***	*50*	***19.99***		
Group's share of net assets in associates	**310.9**	280.7	**471.1**	**782.0**	280.7
Goodwill	**–**	–	**417.4**	**417.4**	–
Other reconciling items	**–**	–	**(7.0)**	**(7.0)**	–
Carrying value	**310.9**	280.7	**881.5**	**1,192.4**	280.7

^ Based on unaudited summarized balance sheet at 30th September 2015.

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

13. Associates and Joint Ventures (Continued)

(b) Investment in joint ventures

The Group has interests in a number of joint ventures. In November 2014, the Group acquired 49% shareholding in Rose Pharmacy, Inc. ('Rose') operating health and beauty stores in the Philippines. It has share capital consisting solely of ordinary shares, which are held directly by the Group. In the opinion of the directors, no joint ventures are considered material.

Commitments and contingent liabilities in respect of joint ventures

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

	2015 US$m	2014 US$m
Commitment to provide funding	**4.8**	13.1

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

14. Other Investments

	2015 US$m	2014 US$m
Movements during the year:		
At 1st January	**5.2**	5.8
Revaluation surplus/(deficit)	**1.6**	(0.6)
At 31st December	**6.8**	5.2

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

15. Debtors

	2015 US$m	2014 US$m
Trade debtors		
Third parties	**96.5**	95.5
Less: provision for impairment	**(2.2)**	(1.3)
	94.3	94.2
Other debtors		
Third parties	**303.3**	340.1
Less: provision for impairment	**(2.3)**	(2.5)
	301.0	337.6
	395.3	431.8
Non-current	**161.5**	179.7
Current	**233.8**	252.1
	395.3	431.8

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

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

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

At 31st December 2015, trade debtors of US$2.2 million *(2014: US$1.3 million)* and other debtors of US$2.3 million *(2014: US$2.5 million)* were impaired, which have been fully provided for in both years. The ageing analysis of these debtors is as follows:

	Trade debtors		Other debtors	
	2015 US$m	2014 US$m	**2015 US$m**	2014 US$m
Over 90 days	**2.2**	1.3	**2.3**	2.5

15. Debtors (Continued)

At 31st December 2015, trade debtors of US$12.0 million *(2014: US$10.4 million)* and other debtors of US$2.8 million *(2014: US$2.9 million)*, respectively, were past due but not impaired. The ageing analysis of these debtors is as follows:

	Trade debtors		Other debtors	
	2015	2014	**2015**	2014
	US$m	US$m	**US$m**	US$m
Below 30 days	**9.8**	6.9	**1.5**	1.2
Between 31 and 60 days	**0.9**	2.3	**0.6**	0.6
Between 61 and 90 days	**0.7**	0.6	**0.3**	0.4
Over 90 days	**0.6**	0.6	**0.4**	0.7
	12.0	10.4	**2.8**	2.9

The risk of trade and other debtors that are neither past due nor impaired at 31st December 2015 becoming impaired is low as most of the balances have been settled subsequent to year end.

Other debtors

Other debtors are further analyzed as follows:

	2015	2014
	US$m	US$m
Derivative financial instruments	**0.5**	2.3
Other receivables	**21.7**	26.1
Financial assets	**22.2**	28.4
Prepayments	**90.7**	91.7
Rental and other deposits	**157.5**	165.1
Other	**30.6**	52.4
	301.0	337.6

Movements in the provision for impairment are as follows:

	Trade debtors		Other debtors	
	2015	2014	**2015**	2014
	US$m	US$m	**US$m**	US$m
At 1st January	**(1.3)**	(1.6)	**(2.5)**	(2.4)
Exchange differences	**0.1**	0.1	**0.2**	0.1
Additional provisions	**(1.2)**	(0.6)	**(0.7)**	(0.9)
Unused amounts reversed	**0.1**	0.7	**0.1**	0.3
Amounts written off	**0.1**	0.1	**0.6**	0.4
At 31st December	**(2.2)**	(1.3)	**(2.3)**	(2.5)

There were no debtors pledged as security for borrowings at 31st December 2015 and 2014.

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16. Deferred Tax Assets/(Liabilities)

	Accelerated tax depreciation US$m	Fair value gains/losses US$m	Employee benefits US$m	Provisions and other temporary differences US$m	Total US$m
2015					
At 1st January	(39.6)	(3.6)	7.1	17.1	**(19.0)**
Exchange differences	2.5	0.2	(0.2)	(1.9)	**0.6**
(Charged)/credited to profit and loss	(4.8)	–	0.2	3.0	**(1.6)**
Credited to other comprehensive expense	–	–	6.1	–	**6.1**
Other movements	–	–	–	(6.4)	**(6.4)**
At 31st December	**(41.9)**	**(3.4)**	**13.2**	**11.8**	**(20.3)**
Deferred tax assets	1.3	–	13.2	20.5	**35.0**
Deferred tax liabilities	(43.2)	(3.4)	–	(8.7)	**(55.3)**
	(41.9)	**(3.4)**	**13.2**	**11.8**	**(20.3)**
2014					
At 1st January	(36.1)	(3.5)	4.0	12.9	(22.7)
Exchange differences	0.8	0.1	(0.2)	(0.5)	0.2
New subsidiaries	–	–	1.0	3.4	4.4
(Charged)/credited to profit and loss	(4.3)	–	0.3	1.3	(2.7)
(Charged)/credited to other comprehensive expense	–	(0.2)	2.0	–	1.8
At 31st December	(39.6)	(3.6)	7.1	17.1	(19.0)
Deferred tax assets	2.2	0.1	7.1	18.3	27.7
Deferred tax liabilities	(41.8)	(3.7)	–	(1.2)	(46.7)
	(39.6)	(3.6)	7.1	17.1	(19.0)

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

Deferred tax assets of US$24.3 million *(2014: US$21.3 million)* arising from unused tax losses of US$97.4 million *(2014: US$85.8 million)* have not been recognized in the financial statements. Included in the unused tax losses, the balance will expire at various dates up to and including 2020.

Deferred tax liabilities of US$14.7 million *(2014: US$18.2 million)* arising on temporary differences associated with investment in subsidiaries of US$146.8 million *(2014: US$181.5 million)* have not been recognized as there is no current intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

17. Bank Balances and Other Liquid Funds

	2015 US$m	2014 US$m
Deposits with banks	**62.7**	465.7
Bank balances	**104.3**	94.9
Cash balances	**91.5**	101.4
	258.5	662.0

The weighted average interest rate on deposits with banks is 0.4% *(2014: 0.4%)* per annum.

18. Non-current Assets Held for Sale

At 31st December 2015, the non-current assets held for sale represented two properties in Indonesia. The sale of these properties is expected to complete in 2016 at amounts not materially different from their carrying values.

At 31st December 2014, the non-current assets held for sale represented a property in Taiwan. This property was sold during the year at a profit of US$0.4 million.

19. Creditors

	2015 US$m	2014 US$m
Trade creditors	**1,560.7**	1,599.2
Accruals	**772.5**	787.3
Rental and other refundable deposits	**25.3**	27.0
Deferred consideration for acquisition of a subsidiary	**25.0**	–
Derivative financial instruments	**0.1**	0.3
Other creditors	**11.3**	11.5
Financial liabilities	**2,394.9**	2,425.3
Rental and other income received in advance	**3.2**	4.1
	2,398.1	2,429.4
Non-current	**43.6**	16.5
Current	**2,354.5**	2,412.9
	2,398.1	2,429.4

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

20. Borrowings

	2015 US$m	2014 US$m
Current		
– bank overdrafts	**1.8**	5.4
– other bank advances	**641.6**	60.7
	643.4	66.1
Current portion of long-term bank borrowings	**86.2**	27.3
Long-term bank borrowings	**10.6**	93.8
	740.2	187.2

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

The Group's borrowings are further summarized as follows:

	Fixed rate borrowings				
By currency	**Weighted average interest rates %**	**Weighted average period outstanding Year**	**US$m**	**Floating rate borrowings US$m**	**Total US$m**
2015					
Brunei dollar	2.5	–	–	0.4	**0.4**
Indonesian rupiah	10.2	–	–	7.3	**7.3**
Malaysian ringgit	4.2	–	–	49.7	**49.7**
New Taiwan dollar	1.4	–	–	3.3	**3.3**
Philippines peso	3.6	0.9	74.2	5.3	**79.5**
United States dollar	0.7	–	–	600.0	**600.0**
			74.2	**666.0**	**740.2**
2014					
Brunei dollar	1.9	–	–	1.1	1.1
Indonesian rupiah	8.9	–	–	27.3	27.3
Malaysian ringgit	4.2	–	–	53.7	53.7
New Taiwan dollar	2.0	–	–	10.0	10.0
Philippines peso	3.5	0.9	77.9	17.2	95.1
			77.9	109.3	187.2

20. Borrowings (Continued)

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

	2015	2014
	US$m	US$m
Within one year	**666.0**	187.2

Subsequent to the year end, the Group has refinanced existing borrowings through new term and revolving loan facilities totaling US$900.0 million with longer tenor facilities of up to five years.

21. Provisions

	Closure cost provisions	**Obligations under onerous leases**	**Reinstatement and restoration costs**	**Total**
	US$m	**US$m**	**US$m**	**US$m**
2015				
At 1st January	2.6	10.8	26.5	**39.9**
Exchange differences	(0.3)	(2.6)	(2.9)	**(5.8)**
Additional provisions	6.9	6.9	1.2	**15.0**
Unused amounts reversed	(2.0)	–	(0.2)	**(2.2)**
Utilized	(1.6)	–	(0.6)	**(2.2)**
At 31st December	**5.6**	**15.1**	**24.0**	**44.7**
Non-current	–	12.5	21.6	**34.1**
Current	5.6	2.6	2.4	**10.6**
	5.6	**15.1**	**24.0**	**44.7**
2014				
At 1st January	4.9	8.6	28.1	41.6
Exchange differences	(0.1)	(0.7)	(1.2)	(2.0)
New subsidiaries	–	–	0.1	0.1
Additional provisions	1.8	2.9	1.1	5.8
Unused amounts reversed	(1.7)	–	(0.7)	(2.4)
Utilized	(2.3)	–	(0.9)	(3.2)
At 31st December	2.6	10.8	26.5	39.9
Non-current	–	8.8	24.8	33.6
Current	2.6	2.0	1.7	6.3
	2.6	10.8	26.5	39.9

Notes to the Financial Statements

21. Provisions (Continued)

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

Provisions are made for obligations under onerous operating leases when the Group believes that the net costs of exiting from the leases exceed the economic benefits expected to be received.

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

22. Pension Plans

The Group operates defined benefit pension plans in Hong Kong, Indonesia, Taiwan and the Philippines, with the major plan in Hong Kong. These plans are final salary defined benefits, calculated based on members' lengths of service and their salaries in the final years leading up to retirement. All pension benefits are paid in one lump sum. With the exception of certain plans in Hong Kong, Indonesia and the Philippines, all the defined benefit plans are closed to new members. In addition, all plans are impacted by discount rate while liabilities are driven by salary growth.

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

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

	2015 **US$m**	2014 US$m
Fair value of plan assets	**191.9**	199.9
Present value of funded obligations	**(263.3)**	(232.8)
	(71.4)	(32.9)
Present value of unfunded obligations	**–**	(4.8)
Net pension liabilities	**(71.4)**	(37.7)
Analysis of net pension liabilities:		
Pension assets	**–**	–
Pension liabilities	**(71.4)**	(37.7)
	(71.4)	(37.7)

22. Pension Plans (Continued)

	Fair value of plan assets US$m	Present value of obligation US$m	Total US$m
2015			
At 1st January	199.9	(237.6)	**(37.7)**
Current service cost	–	(20.2)	**(20.2)**
Interest income/(expense)	8.2	(8.9)	**(0.7)**
Past service cost and losses on settlements	–	(0.6)	**(0.6)**
Administration expenses	(0.9)	–	**(0.9)**
	7.3	(29.7)	**(22.4)**
	207.2	(267.3)	**(60.1)**
Exchange differences	(3.0)	3.6	**0.6**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(15.1)	–	**(15.1)**
– change in demographic assumptions	–	0.4	**0.4**
– change in financial assumptions	–	(9.4)	**(9.4)**
– experience losses	–	(7.8)	**(7.8)**
	(15.1)	(16.8)	**(31.9)**
Contributions from employers	18.0	–	**18.0**
Benefit payments	(16.1)	18.1	**2.0**
Transfer from/(to) other plans	0.9	(0.9)	**–**
At 31st December	**191.9**	**(263.3)**	**(71.4)**
2014			
At 1st January	190.4	(207.2)	(16.8)
Current service cost	–	(17.6)	(17.6)
Interest income/(expense)	9.4	(10.4)	(1.0)
Past service cost and losses on settlements	–	(2.8)	(2.8)
Administration expenses	(0.8)	–	(0.8)
	8.6	(30.8)	(22.2)
	199.0	(238.0)	(39.0)
Exchange differences	(0.8)	1.9	1.1
New subsidiaries	–	(2.9)	(2.9)
Remeasurements			
– return on plan assets, excluding amounts included in interest income	(2.5)	–	(2.5)
– change in demographic assumptions	–	4.3	4.3
– change in financial assumptions	–	(12.4)	(12.4)
– experience losses	–	(5.4)	(5.4)
	(2.5)	(13.5)	(16.0)
Contributions from employers	17.4	–	17.4
Benefit payments	(13.5)	15.2	1.7
Transfer from/(to) other plans	0.3	(0.3)	–
At 31st December	199.9	(237.6)	(37.7)

22. Pension Plans (Continued)

The weighted average duration of the defined benefit obligation at 31st December 2015 is 8.7 years *(2014: 8.6 years)*.

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

	2015	2014
	US$m	US$m
Less than one year	**28.3**	27.3
Between one and two years	**18.0**	16.5
Between two and five years	**63.3**	60.8
Beyond five years	**704.6**	610.5
	814.2	715.1

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

	Hong Kong		**Indonesia**		**Taiwan**		**The Philippines**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	%	%	**%**	%	**%**	%	**%**	%
Discount rate	**3.0**	3.4	**9.1**	9.0	**2.0**	2.0	**5.1**	4.6
Salary growth rate	**5.0**	5.0	**8.0**	6.0	**1.9**	1.9	**3.0**	6.0

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

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
	%	**US$m**	**US$m**
Discount rate	**1**	**(19.8)**	**22.6**
Salary growth rate	**1**	**21.6**	**(19.3)**

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

22. Pension Plans (Continued)

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

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2015					
Quoted investments					
Equity instruments	24.0	–	–	–	**24.0**
Debt instruments					
– government	15.1	–	0.2	–	**15.3**
– corporate bonds					
• investment grade	0.4	–	–	–	**0.4**
	15.5	–	0.2	–	**15.7**
Investment funds	13.5	14.0	36.5	4.9	**68.9**
	53.0	14.0	36.7	4.9	**108.6**
Unquoted investments					
Debt instruments					
– government	2.2	4.9	2.1	0.5	**9.7**
– corporate bonds					
• investment grade	0.4	2.4	3.7	–	**6.5**
• non-investment grade	–	0.2	0.9	–	**1.1**
	0.4	2.6	4.6	–	**7.6**
	2.6	7.5	6.7	0.5	**17.3**
Investment funds	2.6	1.1	1.0	45.8	**50.5**
	5.2	8.6	7.7	46.3	**67.8**
Total investments	58.2	22.6	44.4	51.2	**176.4**
Cash and cash equivalents					**18.2**
Benefits payable and other					**(2.7)**
					191.9

22. Pension Plans (Continued)

	Asia Pacific US$m	Europe US$m	North America US$m	Global US$m	Total US$m
2014					
Quoted investments					
Equity instruments	26.1	–	–	–	26.1
Debt instruments					
– government	18.2	–	–	–	18.2
– corporate bonds					
• investment grade	0.5	–	–	–	0.5
	18.7	–	–	–	18.7
Investment funds	2.6	17.5	43.7	8.2	72.0
	47.4	17.5	43.7	8.2	116.8
Unquoted investments					
Debt instruments					
– government	3.5	9.5	4.2	0.9	18.1
– corporate bonds					
• investment grade	0.5	1.4	2.3	–	4.2
• non-investment grade	–	3.1	4.7	–	7.8
	0.5	4.5	7.0	–	12.0
	4.0	14.0	11.2	0.9	30.1
Investment funds	0.4	–	–	41.4	41.8
	4.4	14.0	11.2	42.3	71.9
Total investments	51.8	31.5	54.9	50.5	188.7
Cash and cash equivalents					10.0
Benefits payable and other					1.2
					199.9

At 31st December 2015, the Hong Kong plans had assets of US$159.9 million *(2014: US$168.8 million)*. These assets were invested 58% and 42% in quoted and unquoted instruments respectively. In 2014, the split was also 58% and 42%. The high percentage of quoted instruments provides liquidity to the portfolio to fund drawdowns and benefit payments. Within the quoted equity allocation, the plan is well diversified in terms of sectors, with the top three being financials, technology and industrials with a combined fair value of US$16.7 million. In 2014, the top three sectors were financials, industrials and consumer goods with a combined fair value of US$18.2 million.

The strategic asset allocation is derived from the asset-liability modeling ('ALM') review, done triennially to ensure the plans can meet future funding and solvency requirements. The last ALM review was completed in 2015, with the revised strategic asset allocation adopted in 2015. The next ALM review is scheduled for 2018. As a Group, we believe the long-term nature of the plan liabilities and the strength of the Group supports a level of equity investment as part of the Group's long term strategy to manage the plans efficiently.

22. Pension Plans (Continued)

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

Asset volatility

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

Changes in bond yields

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

Inflation risk

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

Life expectancy

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

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

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

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2015 were US$18.0 million and the estimated amounts of contributions expected to be paid to all its plans in 2016 are US$18.9 million.

23. Share Capital

	2015 US$m	2014 US$m
Authorized:		
2,250,000,000 shares of US¢5 5/9 each	**125.0**	125.0
500,000 shares of US$800 each	**400.0**	400.0
	525.0	525.0

	Ordinary shares in millions		2015	2014
	2015	2014	**US$m**	US$m
Issued and fully paid:				
Ordinary shares of US¢5 5/9 each				
At 1st January	**1,352.1**	1,352.1	**75.1**	75.1
Issued under employee share option schemes	**0.1**	–	**–**	–
At 31st December	**1,352.2**	1,352.1	**75.1**	75.1

24. Share-based Long-term Incentive Plans

The share-based long-term incentive plans were set up in order to provide selected executives with options to purchase ordinary shares in the Company.

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

Movements during the year:

	2015		2014	
	Weighted average exercise price US$	**Options in millions**	Weighted average exercise price US$	Options in millions
At 1st January	**9.4601**	**5.7**	9.5110	4.4
Granted	**9.6000**	**1.4**	9.7160	1.7
Exercised	**8.1940**	**(0.3)**	–	–
Lapsed	**–**	**–**	11.3369	(0.4)
At 31st December	**9.5447**	**6.8**	9.4601	5.7

The average share price during the year was US$7.89 *(2014: US$9.82)* per share.

24. Share-based Long-term Incentive Plans (Continued)

Outstanding at 31st December:

	Exercise price	Options in millions	
Expiry date	**US$**	**2015**	2014
2018	4.6280	**0.2**	0.2
2019	4.4640	**0.2**	0.2
2020	6.2500	**0.5**	0.5
2021	8.1940	**0.6**	0.9
2022	10.2420	**0.6**	0.6
2022	10.4925	**0.3**	0.3
2023	12.1580	**0.9**	0.9
2023	12.1300	**0.4**	0.4
2024	9.7160	**1.7**	1.7
2025	9.6000	**1.4**	–
Total outstanding		**6.8**	5.7
of which exercisable		**2.8**	1.8

The fair value of options granted during the year, determined using the trinomial valuation model, was US$2.4 million *(2014: US$3.3 million)*. The significant inputs into the model, based on the number of options issued, were share price of US$9.58 *(2014: US$9.74)* at the grant date, exercise price shown above, expected volatility based on the last five years of 23.68% *(2014: 25.67%)*, dividend yield of 2.42% *(2014: 2.34%)*, option life disclosed above, and annual risk-free interest rate of 1.6% *(2014: 1.7%)*. Options are assumed to be exercised at the end of the fifth year following the date of grant.

25. Share Premium and Capital Reserves

	Share premium US$m	Capital reserves US$m	Total US$m
2015			
At 1st January	30.5	28.6	**59.1**
Employee share option schemes			
– value of employee services	–	2.2	**2.2**
Transfer	0.6	(0.6)	–
At 31st December	**31.1**	**30.2**	**61.3**
2014			
At 1st January	30.5	26.0	56.5
Employee share option schemes			
– value of employee services	–	2.6	2.6
At 31st December	30.5	28.6	59.1

Capital reserves comprise contributed surplus of US$20.1 million *(2014: US$20.1 million)* and other reserves of US$10.1 million *(2014: US$8.5 million)*, which represent the value of employee services under the Company's share-based long-term incentive plans. The contributed surplus principally arose from the conversion of convertible preference shares in 1989 and, under the Bye-laws of the Company, is distributable.

26. Dividends

	2015 US$m	2014 US$m
Final dividend in respect of 2014 of US¢16.50 *(2013: US¢16.50)* per share	**223.1**	223.1
Interim dividend in respect of 2015 of US¢6.50 *(2014: US¢6.50)* per share	**87.9**	87.9
	311.0	311.0

A final dividend in respect of 2015 of US¢13.50 *(2014: US¢16.50)* per share amounting to a total of US$182.5 million *(2014: US$223.1 million)* is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2016 Annual General Meeting. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2016.

27. Non-controlling Interests

Summarized financial information on subsidiaries with material non-controlling interests

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

Summarized balance sheet at 31st December:

	2015 US$m	2014 US$m
Current		
Assets	**224.7**	263.9
Liabilities	**(188.5)**	(224.0)
Total current net assets	**36.2**	39.9
Non-current		
Assets	**345.0**	396.0
Liabilities	**(17.2)**	(6.0)
Total non-current net assets	**327.8**	390.0
Net assets	**364.0**	429.9
Non-controlling interests	**(58.5)**	(81.3)

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

	2015 US$m	2014 US$m
Sales	**1,082.2**	1,098.2
Underlying loss after tax	**(13.6)**	(2.8)
Non-trading item, net of tax	**(3.5)**	2.0
Loss after tax	**(17.1)**	(0.8)
Other comprehensive expense	**(52.4)**	(4.4)
Total comprehensive expense	**(69.5)**	(5.2)
Total comprehensive expense allocated to non-controlling interests	**(11.7)**	(1.0)
Dividends paid to non-controlling interests	**–**	–

27. Non-controlling Interests (Continued)

Summarized cash flows for the year ended 31st December:

	2015 US$m	2014 US$m
Cash generated from operations	**56.3**	(7.7)
Interest received	**0.5**	4.0
Interest paid	**(2.1)**	(0.9)
Tax paid	**(5.5)**	(5.3)
Cash flows from operating activities	**49.2**	(9.9)
Cash flows from investing activities	**(35.2)**	(113.8)
Cash flows from financing activities	**(14.9)**	25.2
Net decrease in cash and cash equivalents	**(0.9)**	(98.5)
Cash and cash equivalents at 1st January	**12.6**	108.9
Effect of exchange rate changes	**(1.0)**	2.2
Cash and cash equivalents at 31st December	**10.7**	12.6

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

28. Geographical Analysis of Non-current Assets

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

	2015 US$m	2014 US$m
North Asia	**1,824.6**	708.3
East Asia	**820.8**	891.3
South Asia	**531.9**	573.7
At 31st December	**3,177.3**	2,173.3

29. Notes to Consolidated Cash Flow Statement

	2015 US$m	2014 US$m
(a) Depreciation and amortization		
Food	**168.5**	165.0
– Supermarkets/hypermarkets	**143.4**	140.5
– Convenience stores	**25.1**	24.5
Health and Beauty	**27.3**	25.9
Home Furnishings	**12.6**	10.3
Support office	**3.6**	1.6
	212.0	202.8
(b) Other non-cash items		
By nature:		
Profit on sale of Indian businesses	**–**	(1.8)
Loss on deemed disposal of joint ventures	**–**	3.1
Loss/(profit) on sale of tangible assets	**10.0**	(4.3)
Impairment/(reversal of impairment) of tangible assets	**0.4**	(0.3)
Write down of stocks	**13.6**	6.3
Reversal of write down of stocks	**(1.0)**	(1.6)
Options granted under employee share option schemes	**2.2**	2.6
	25.2	4.0
(c) Decrease/(increase) in working capital		
Increase in stocks	**(7.7)**	(31.9)
Decrease/(increase) in debtors	**10.2**	(35.1)
Increase in creditors	**70.5**	49.6
	73.0	(17.4)

29. Notes to Consolidated Cash Flow Statement (Continued)

(d) Purchase of subsidiaries

	2015 US$m	2014 US$m
Intangible assets	**4.3**	9.6
Tangible assets	**4.6**	80.4
Non-current debtors	**0.7**	37.5
Deferred tax assets	**–**	4.4
Current assets	**25.4**	74.5
Current liabilities	**(28.8)**	(120.0)
Pension liabilities	**–**	(2.9)
Non-current provisions	**–**	(0.1)
Non-current liabilities	**–**	(79.6)
Fair value of identifiable net assets acquired	**6.2**	3.8
Adjustment for fair value of previously held investments	**–**	(94.6)
Adjustment for non-controlling interests	**–**	(0.9)
Goodwill	**181.8**	126.4
Total consideration	**188.0**	34.7
Adjustment for deferred consideration	**(25.0)**	–
Cash and cash equivalents at the date of acquisition	**(16.4)**	(10.9)
Net cash outflow	**146.6**	23.8

For the subsidiary acquired during 2015, the fair values of the identifiable assets and liabilities at the acquisition date are provisional and will be finalized within one year after the acquisition date.

The fair values of the identifiable assets and liabilities at the acquisition dates of subsidiaries acquired during 2014 as included in the comparative figures were provisional. The fair values of the identifiable assets and liabilities were finalized in 2015 with no change to the provisional values.

29. Notes to Consolidated Cash Flow Statement (Continued)

(d) Purchase of subsidiaries (Continued)
Net cash outflow for purchase of subsidiary in 2015 represented US$146.6 million for acquisition of 100% interest in San Miu Supermarket Limited ('San Miu'), which operates a supermarket chain in Macau, in March 2015.

The goodwill arising from the acquisition of San Miu amounted to US$181.8 million and was attributable to its leading market position and retail network in Macau.

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

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

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

Sales and profit after tax since acquisition in respect of the subsidiary acquired during the year amounted to US$146.8 million and US$4.3 million, respectively. Had the acquisition occurred on 1st January 2015, consolidated sales and consolidated profit after tax for the year ended 31st December 2015 would have been US$11,186.4 million and US$419.5 million, respectively.

(e) Purchase of associates and joint ventures in 2015 mainly related to the Group's acquisition of a 19.99% interest in Yonghui, a Shanghai-listed hypermarket and supermarket operator in mainland China, amounting to US$912.0 million and capital injection of US$3.9 million to the business in Vietnam and US$2.5 million in Rose Pharmacy, Inc. ('Rose') which operates health and beauty business in the Philippines.

Purchase in 2014 mainly related to the Group's investment in a 49% shareholding in Rose.

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

29. Notes to Consolidated Cash Flow Statement (Continued)

(g) Sale of properties
Sale of properties in 2015 included sale of a property in Taiwan for a cash consideration of US$1.7 million.

Sale in 2014 comprised sale of three properties in Singapore, a property in Taiwan, partial proceeds received from disposal of a property in Malaysia and retention money received from sale of a property in Indonesia for a total cash consideration of US$26.3 million.

(h) Change in interests in subsidiaries
In February 2015, the Group completed the sale of 30% of the ordinary share capital in GCH Retail (Malaysia) Sdn. Bhd. ('GCH Malaysia'), the Group's hypermarket and supermarket operator in Malaysia, to Circular Assets Sdn. Bhd., a wholly-owned subsidiary of Syarikat Pesaka Antah Sdn. Bhd., for net proceeds of US$34.2 million, to maintain compliance with the 'Guidelines on Foreign Participation in the Distributive Trade Services' issued by the Ministry of Domestic Trade, Co-operatives and Consumerism of Malaysia. The sale represented a 15% economic interest in GCH Malaysia.

During the year, the Group acquired an additional 2.86% interest in PT Hero for a total consideration of US$18.5 million.

In 2014, the Group acquired an additional 0.26% interest in PT Hero for a consideration of US$2.3 million.

(i) Drawdown of borrowings
Drawdown of borrowings in 2015 included a US$800.0 million bank loan drawn to finance the acquisition of the 19.99% interest in Yonghui.

(j) Analysis of balances of cash and cash equivalents

	2015 **US$m**	2014 US$m
Bank balances and other liquid funds *(note 17)*	**258.5**	662.0
Bank overdrafts *(note 20)*	**(1.8)**	(5.4)
	256.7	656.6

30. Derivative Financial Instruments

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

	2015		2014	
	Positive fair value US$m	**Negative fair value US$m**	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	**0.5**	**0.1**	2.3	0.3

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2015 were US$35.5 million *(2014: US$91.3 million)*.

31. Commitments

	2015 US$m	2014 US$m
Capital commitments		
Authorized not contracted	**151.3**	139.3
Contracted not provided		
– joint venture	**4.8**	13.1
– other	**22.2**	65.5
	178.3	217.9

In addition, the Group entered into an agreement in August 2015 to further invest in Yonghui, by way of subscription of new shares, for a consideration of RMB1.29 billion (approximately US$198.9 million) as part of capital injection involving two other investors. Upon the completion of the capital injection, the Group's interest in Yonghui will remain at 19.99%. The investment requires certain regulatory approvals in mainland China. The regulatory approval process is expected to complete in the first half of 2016.

At 31st December 2014, the Group had an investment commitment of RMB5.69 billion (equivalent to US$912.0 million) to acquire, by way of subscription of new shares, 19.99% of the enlarged share capital of Yonghui. The acquisition was completed in April 2015.

31. Commitments (Continued)

	2015 US$m	2014 US$m
Operating lease commitments		
Total commitments under operating leases		
– due within one year	**722.5**	728.8
– due between one and two years	**502.3**	497.2
– due between two and three years	**298.8**	298.7
– due between three and four years	**145.4**	165.4
– due between four and five years	**99.1**	104.9
– due beyond five years	**287.9**	368.5
	2,056.0	2,163.5

Total future sublease payments receivable relating to the above operating leases amounted to US$41.5 million *(2014: US$47.4 million)*.

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

32. Contingent Liabilities

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

33. Related Party Transactions

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

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

Under the terms of a Management Services Agreement, the Group paid a management fee of US$2.1 million *(2014: US$2.5 million)* to Jardine Matheson Limited ('JML'), a wholly-owned subsidiary of JMH, based on 0.5% of the Group's profit attributable to shareholders in consideration for certain management consultancy services provided by JML. The Group also paid directors' fees of US$0.5 million in 2015 *(2014: US$0.4 million)* to JML.

The Group rents properties from Hongkong Land Holdings Limited ('HKL'), a subsidiary of JMH. The gross annual rentals paid by the Group to HKL in 2015 were US$2.5 million *(2014: US$2.2 million)*. The Group's 50%-owned associate, Maxim's, also paid gross annual rentals of US$10.4 million *(2014: US$9.7 million)* to HKL in 2015.

33. Related Party Transactions (Continued)

The Group uses Jardine Lloyd Thompson Limited ('JLT'), an associate of JMH, to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid by the Group to JLT in 2015 were US$2.3 million *(2014: US$2.3 million)*.

The Group sources information technology infrastructure and related services from Jardine OneSolution ('JOS'), a subsidiary of JMH. The total fees paid by the Group to JOS in 2015 amounted to US$11.2 million *(2014: US$12.1 million)*.

The Group also consumes repairs and maintenance services from Jardine Engineering Corporation ('JEC'), a subsidiary of JMH. The total fees paid by the Group to JEC in 2015 amounted to US$3.6 million *(2014: US$4.7 million)*.

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. In 2015, these amounted to US$26.0 million *(2014: US$24.6 million)*.

In addition, Gammon Construction ('GC'), a joint venture of JMH, has engaged in a building contract with Maxim's for a commercial building development in Cheung Sha Wan since 2014. The total construction fees paid by Maxim's to GC in 2015 amounted to US$20.2 million *(2014: US$39.6 million)*.

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

Balances with group companies of JMH at 31st December 2015 and 2014 are immaterial, unsecured, and have no fixed terms of repayment.

Details of Directors' remuneration (being the key management personnel compensation) are shown on page 115 under the heading of Directors' Appointment, Retirement, Remuneration and Service Contracts.

34. Summarized Balance Sheet of the Company

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

	2015 US$m	2014 US$m
Subsidiaries, at cost less provision	**1,183.5**	1,395.8
Current assets	**0.1**	0.1
Current liabilities	**(1.8)**	(1.0)
Net operating assets	**1,181.8**	1,394.9
Share capital *(note 23)*	**75.1**	75.1
Share premium and capital reserves *(note 25)*	**61.3**	59.1
Revenue and other reserves	**1,045.4**	1,260.7
Shareholders' funds	**1,181.8**	1,394.9

35. Principal Subsidiaries

The Group's principal subsidiaries at 31st December 2015 are set out below:

Company name	Country of incorporation	Nature of business	Attributable interests 2015 %	Attributable interests 2014 %	Proportion of ordinary shares and voting powers at 31st December 2015 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2015 held by non-controlling interests %
Dairy Farm Management Limited*	Bermuda	Holding	**100**	100	**100**	**–**
Dairy Farm Management Services Limited*	Bermuda	Group management	**100**	100	**100**	**–**
DFI Treasury Limited*	British Virgin Islands	Treasury	**100**	100	**100**	**–**
Guangdong Sai Yi Convenience Stores Limited	Mainland China	Convenience stores	**65**	65	**65**	**35**
Mannings Guangdong Retail Company Limited	Mainland China	Health and beauty stores	**100**	100	**100**	**–**
The Dairy Farm Company, Limited	Hong Kong	Investment holding, supermarkets, convenience, health and beauty and home furnishings stores	**100**	100	**100**	**–**
Wellcome Company Limited	Hong Kong	Property and food processing	**100**	100	**100**	**–**
San Miu Supermarket Limited	Macau	Supermarkets	**100**	–	**100**	**–**
Wellcome Taiwan Company Limited	Taiwan	Supermarkets	**100**	100	**100**	**–**
DFI Home Furnishings Taiwan Limited	Taiwan	Home furnishings stores	**100**	100	**100**	**–**
GCH Retail (Malaysia) Sdn. Bhd.	Malaysia	Supermarkets and hypermarkets	**85**	100	**70**	**30**
Guardian Health & Beauty Sdn. Bhd.	Malaysia	Health and beauty stores	**100**	100	**100**	**–**
PT Hero Supermarket Tbk	Indonesia	Supermarkets, hypermarkets, convenience, health and beauty and home furnishings stores	**84**	81	**84**	**16**
Giant TMC (B) Sdn. Bhd.	Brunei	Hypermarkets and health and beauty stores	**100**	100	**100**	**–**
Cold Storage Singapore (1983) Pte Limited	Singapore	Supermarkets, hypermarkets, convenience and health and beauty stores	**100**	100	**100**	**–**
DFI Lucky Private Limited	Cambodia	Supermarkets	**70**	70	**70**	**30**
Rustan Supercenters, Inc.	The Philippines	Supermarkets and hypermarkets	**66**	66	**66**	**34**

All subsidiaries are included in the consolidation.

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

* Directly held by the Company.

Independent Auditors' Report

To the members of Dairy Farm International Holdings Limited

Report on the consolidated financial statements

Our opinion

In our opinion, Dairy Farm International Holdings Limited's consolidated financial statements (the 'financial statements'):

- present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and its cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') and the Companies Act 1981 (Bermuda).

What we have audited

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

- the Consolidated Balance Sheet as at 31 December 2015;
- the Consolidated Profit and Loss Account and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Responsibilities Statement on page 112, the Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Companies Act 1981 (Bermuda).

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

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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

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

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
United Kingdom
3rd March 2016

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

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

Five Year Summary

	2015 US$m	2014 US$m	2013 US$m	2012 US$m	2011 US$m
Profit and Loss*					
Sales	**11,137.3**	11,008.3	10,357.4	9,800.6	9,134.4
Sales including associates and joint ventures	**17,907.0**	13,102.8	12,431.7	11,540.5	10,449.0
Profit attributable to shareholders	**424.4**	509.1	500.9	446.5	480.5
Underlying profit attributable to shareholders	**428.1**	500.1	480.1	443.8	470.0
Underlying earnings per share *(US¢)*	**31.66**	36.98	35.52	32.86	34.81
Basic earnings per share *(US¢)*	**31.39**	37.65	37.05	33.07	35.59
Dividends per share *(US¢)*	**20.00**	23.00	23.00	23.00	21.00
Balance Sheet*					
Total assets	**4,820.9**	4,316.3	3,963.5	3,850.7	3,538.9
Total liabilities	**(3,365.7)**	(2,793.8)	(2,586.1)	(2,611.5)	(2,608.3)
Net operating assets	**1,455.2**	1,522.5	1,377.4	1,239.2	930.6
Shareholders' funds	**1,375.8**	1,428.7	1,281.0	1,193.2	923.1
Non-controlling interests	**79.4**	93.8	96.4	46.0	7.5
Total equity	**1,455.2**	1,522.5	1,377.4	1,239.2	930.6
Net (debt)/cash	**(481.7)**	474.8	637.6	520.8	466.1
Net asset value per share *(US¢)*	**101.75**	105.66	94.74	88.35	68.36
Cash Flow					
Cash flows from operating activities	**699.8**	675.9	682.9	697.7	730.3
Cash flows from investing activities	**(1,365.4)**	(432.5)	(285.0)	(496.0)	(241.5)
Cash flows before financing activities	**(665.6)**	243.4	397.9	201.7	488.8
Cash flow per share from operating activities *(US¢)*	**51.75**	49.99	50.52	51.67	54.09

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

Responsibility Statement

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

a. the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

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

For and on behalf of the Board

Graham Allan
Neil Galloway
Directors

3rd March 2016

Corporate Governance

Dairy Farm International Holdings Limited is incorporated in Bermuda. The Group's retailing interests are entirely in Asia. The Company's equity shares have a standard listing on the Main Market of the London Stock Exchange, and secondary listings in Bermuda and Singapore. The Disclosure Rules and Transparency Rules (the 'DTRs') issued by the Financial Conduct Authority in the United Kingdom (the 'FCA') require that this Report address all relevant information about the corporate governance practices applied beyond the requirements under Bermuda law.

The Company attaches importance to the corporate stability and opportunities that result from it being part of the Jardine Matheson Holdings Limited ('Jardine Matheson') group, which is considered to be fundamental to the Company's ability to pursue a long-term strategy in Asian markets. By coordinating objectives, establishing common values and standards, and sharing experience, contacts and business relationships, the Jardine Matheson group companies aim to optimize their opportunities across the Asian countries where they operate.

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

The Management of the Group

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

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

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

The Board

The Company currently has a Board of 16 Directors. Their names and brief biographies appear on pages 43 and 44 of this Report. The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company. The Board composition and operation helps to provide the Company with the necessary stability as it seeks to grow its business.

The Board (Continued)

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

The Board is scheduled to hold four meetings in 2016 and ad hoc procedures are adopted to deal with urgent matters. In 2015 one meeting was held in Bermuda and three were held in Asia. The Board receives high quality, up to date information for each of its meetings. In addition, certain Directors of the Company who do not serve on the board of DFMS and who are based outside Asia regularly visit Asia and Bermuda to discuss the Group's business, as well as to participate in the four strategic reviews that precede the regular Board meetings. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge and close oversight of the Group's affairs reinforces the process by which business is reviewed before consideration at Board meetings.

Directors' Appointment, Retirement, Remuneration and Service Contracts

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

Each new Director is appointed by the Board and, in accordance with the Company's Bye-laws, each new Director so appointed is subject to retirement at the first annual general meeting after appointment. Thereafter, Directors are subject to retirement by rotation under the Bye-laws whereby one-third of the Directors retire at the annual general meeting each year. These provisions apply to both executive and non-executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director.

On 31st July 2015, Giles White retired from the Board. Jeremy Parr was appointed as a Director of the Company with effect from 1st August 2015. On 26th November 2015 it was announced that James Riley will step down as a Director on 31st March 2016 and that John R. Witt will join the Board on 1st April 2016.

In accordance with Bye-law 85, Graham Allan, George J. Ho, Michael Kok and Lord Sassoon retire by rotation at this year's Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Bye-law 92, Jeremy Parr and John R. Witt will also retire and, being eligible, offer themselves for re-election. Graham Allan has a service contract with a subsidiary of the Company that has a notice period of 12 months. None of the other Directors proposed for re-election has a service contract with the Company or its subsidiaries.

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

Directors' Appointment, Retirement, Remuneration and Service Contracts (Continued)

Recommendations and decisions on remuneration and other benefits payable or made available to executive Directors result from consultations between the Chairman and other Directors as he considers appropriate. Directors' fees, which are payable to all Directors other than the Group Chief Executive and the Group Finance Director, are decided upon by shareholders in general meeting as provided for by the Company's Bye-laws.

For the year ended 31st December 2015, the Directors received from the Group US$6.5 million *(2014: US$5.8 million)* in Directors' fees and employee benefits, being US$0.8 million *(2014: US$0.7 million)* in Directors' fees, US$4.7 million *(2014: US$4.2 million)* in short-term employee benefits including salary, bonuses, accommodation and deemed benefits in kind, US$0.2 million *(2014: US$0.2 million)* in post-employment benefits and US$0.8 million *(2014: US$0.7 million)* in share-based payments. The information set out in this paragraph forms part of the audited financial statements.

Share-based long-term incentive plans have also been established to provide incentives for executive Directors and senior managers. Share options are granted by the scheme trustee after consultation between the Chairman and the Group Chief Executive as well as other Directors as they consider appropriate. Share options are granted at the then prevailing market prices and they normally vest after the third anniversary of the date of grant. Grants may be made in a number of instalments and may be subject to performance conditions. Share options are not granted to non-executive Directors.

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

Audit Committee

The Board has established within DFMS an audit committee (the 'Audit Committee'), the current members of which are Adam Keswick, Mark Greenberg, Jeremy Parr and James Riley; they have extensive knowledge of the Group while at the same time not being directly involved in operational management. The chairman, group chief executive and group finance director of DFMS, together with representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. The Audit Committee meets and reports to the Board semi-annually.

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

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

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

Risk Management and Internal Control

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

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

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

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

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

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

The principal risks and uncertainties facing the Company are set out on pages 120 and 121.

Directors' Responsibilities in respect of the Financial Statements

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

Code of Conduct

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

Directors' Share Interests

The Directors of the Company in office on 3rd March 2016 had interests (within the meaning of the DTRs) as set out below in the ordinary share capital of the Company. These interests include those notified to the Company in respect of the Directors' connected persons (as that term is used in the DTRs in relation to companies incorporated outside the United Kingdom).

George J. Ho	489,405
Michael Kok	282,888
Dr George C.G. Koo	100,329
Anthony Nightingale	34,183
Percy Weatherall	400,000

In addition, Graham Allan and Neil Galloway held options in respect of 1,800,000 and 300,000 ordinary shares, respectively, issued pursuant to the Company's share-based long-term incentive plans.

Substantial Shareholders

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

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Holdings Limited ('Jardine Strategic') and its subsidiary undertakings, which are directly and indirectly interested in 1,049,589,171 ordinary shares carrying 77.62% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the issued ordinary share capital of the Company as at 3rd March 2016.

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

Corporate Governance

Governance Principles

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

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

1. When assessing a significant transaction, being a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules, the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.

2. In the event of a related party transaction, being a transaction with a related party which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, the Company will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.

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

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

5. The Company will continue to adhere to its Securities Dealing Rules, which follow the UK Model Code as then applied to the Company.

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

Related Party Transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 33 to the financial statements on pages 106 and 107.

Securities Purchase Arrangements

The Directors have the power under the Bermuda Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased shall be treated as cancelled. When the Board reviews the possibility for share repurchases, it will take into consideration the potential for the enhancement of earnings or asset values per share. When purchasing such shares, the Company is subject to the UK market abuse regime.

Takeover Code

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

Annual General Meeting

The 2016 Annual General Meeting will be held at Rosewood Tucker's Point, Bermuda on 4th May 2016. The full text of the resolutions and explanatory notes in respect of the meeting are contained in the Notice of Meeting which accompanies this Report. A corporate website is maintained containing a wide range of information of interest to investors at www.dairyfarmgroup.com.

Power to Amend Bye-laws

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

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk is set out in more detail on page 116 of the Corporate Governance section of this Report. The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Rules and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Group Chief Executive's Review.

Economic Risk

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

Commercial Risk and Financial Risk

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

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

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

The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on page 42 and note 2 to the financial statements on pages 63 to 69.

Concessions, Franchises and Key Contracts

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

Regulatory and Political Risk

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

Terrorism, Pandemic and Natural Disasters

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

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

Shareholder Information

Financial Calendar

2015 full-year results announced	3rd March 2016
Shares quoted ex-dividend on the Singapore Exchange	16th March 2016
Shares quoted ex-dividend on the London Stock Exchange	17th March 2016
Share registers closed	21st to 25th March 2016
Annual General Meeting to be held	4th May 2016
2015 final dividend payable	11th May 2016
2016 half-year results to be announced	28th July 2016*
Shares quoted ex-dividend on the Singapore Exchange	17th August 2016*
Shares quoted ex-dividend on the London Stock Exchange	18th August 2016*
Share registers to be closed	22nd to 26th August 2016*
2016 interim dividend payable	12th October 2016*

* Subject to change

Dividends

Shareholders will receive their cash dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2015 final dividend by notifying the United Kingdom transfer agent in writing by 22nd April 2016. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 27th April 2016. Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends only in sterling. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States dollars unless they elect, through CDP, to receive Singapore dollars.

Registrars and Transfer Agent

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

Principal Registrar
Jardine Matheson International Services Limited
P.O. Box HM 1068
Hamilton HM EX
Bermuda

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

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

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

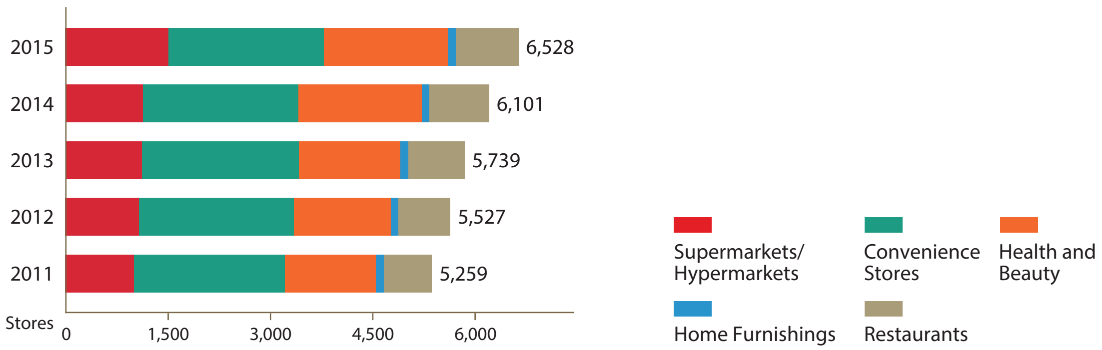
Press releases and other financial information can be accessed through the internet at www.dairyfarmgroup.com.

Retail Outlets Summary

2015	Food			Health and Beauty	Home Furnishings	Restaurants	Total	Net addition
	Supermarkets	**Hypermarkets**	**Convenience Stores**					
Hong Kong	319	–	933	365	3	705	**2,325**	38
Macau	15	–	47	17	–	11	**90**	20
China	99	283	747	230	–	179	**1,538**	474
Singapore	110	8	458	136	–	–	**712**	(49)
Indonesia	154	53	84	318	1	–	**610**	(94)
Malaysia	76	79	–	434	–	–	**589**	7
Brunei	–	1	–	21	–	–	**22**	(1)
Taiwan	247	–	–	–	5	–	**252**	(3)
The Philippines	43	13	–	250	–	–	**306**	14
Vietnam	–	1	–	38	–	18	**57**	19
Cambodia	10	–	–	6	–	11	**27**	2
Total	**1,073**	**438**	**2,269**	**1,815**	**9**	**924**	**6,528**	**427**
Net change over 2014	97	282	(10)	15	–	43	427	

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

Store Network by Division



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

Management and Offices

LEADERSHIP TEAM

Graham Allan	*Group Chief Executive*
Neil Galloway	*Group Finance Director*
Tongwen Zhao	*Group Human Resources Director*
Sam Oh	*Group CIO*
Charlie Wood	*Group Counsel*
Caroline Mak	*Group Director, Health and Beauty*
Tim Ashdown	*Regional Director, Malaysia and Brunei (Food)*
Choo Peng Chee	*Regional Director, North Asia (Food)*
Pierre-Olivier Deplanck	*Chief Executive Officer, Rustan*
Stéphane Deutsch	*President Director, PT Hero*
Mark Herbert	*Chief Executive Officer, Singapore (Food)*
Martin Lindström	*Group Director, IKEA*

CORPORATE OFFICE

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979 King's Road, Quarry Bay
Hong Kong
P.O. Box 286, G.P.O.
Tel : (852) 2299 1888
Fax : (852) 2299 4888
Website : www.dairyfarmgroup.com

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

Cambodia
DFI Lucky Private Ltd
#01, Street 55P
Sangkat Tuek Thla
Khan Sen Sok
Phnom Penh
Tel : (855 23) 885 722
Website: www.dfilucky.com

Hong Kong and Macau
The Dairy Farm Company, Ltd
5/F Devon House
Taikoo Place
979 King's Road
Quarry Bay
Tel : (852) 2299 3888
Fax : (852) 2299 2888

Maxim's Caterers Ltd*
18/F Maxim's Centre
17 Cheung Shun Street
Cheung Sha Wan
Kowloon
Tel : (852) 2523 4107
Fax : (852) 2845 0715
Website: www.maxims.com.hk

Indonesia
PT Hero Supermarket Tbk
Graha Hero
KO. Komersial CBD Bintaro
Sektor VII B.7/A.7, Pondok Jaya
Pondok Aren, Tangerang Selatan
Banten 15224
Tel : (62 21) 8378 8000
Website: www.hero.co.id

Mainland China
Guangdong Sai Yi Convenience Stores Ltd
3/F Guangdong Mechanical Sub-Building
185 Yue Hua Road
Yue Xiu District
Guangzhou 510030
Tel : (86 20) 8364 7118
Fax : (86 20) 8364 7436
Website: www.7-11.cn

Mannings Guangdong Retail Company Ltd
2/F Guangdong Mechanical Main-Building
185 Yue Hua Road
Yue Xiu District
Guangzhou 510030
Tel : (86 20) 8318 1388
Fax : (86 20) 8318 2388
Website: www.mannings.com.cn

Yonghui Superstores Co., Ltd*
436 W 2nd Ring Road
Fuzhou 350002
Tel : (86 591) 8376 2200
Fax : (86 591) 8376 2990
Website: www.yonghui.com.cn

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

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

The Philippines
Rustan Supercenters, Inc.
4/F to 6/F Morning Star Center
347 Sen. Gil Puyat Avenue
Makati City 1200
Tel : (63 2) 899 1055
Fax : (63 2) 899 6341
Website: www.shopwise.com.ph
www.rustansfresh.com

Rose Pharmacy, Inc.*
#16 E. Osmeña cor. L. Bacayo Street
Guadalupe
Cebu City 6000
Tel : (63 32) 230 5000
Fax : (63 32) 416 5882
Website: www.rosepharmacy.com

Singapore
Cold Storage Singapore (1983) Pte Ltd
21 Tampines North Drive 2
#03-01
Singapore 528765
Tel : (65) 6891 8000
Fax : (65) 6784 3623

Taiwan
Wellcome Taiwan Company Ltd
2/F 175 Hua Ling Street
Shi Lin
Taipei
Tel : (886 2) 2883 9489
Fax : (886 2) 2881 7050
Website: www.wellcome.com.tw

DFI Home Furnishings Taiwan Ltd
4/F 1 Zhong Zheng Road
XinZhuang District
New Taipei City 24243
Tel : (886 2) 8069 9005
Fax : (886 2) 2992 0586
Website: www.ikea.com.tw

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

* Associates or joint ventures

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