


**Dairy Farm International Holdings Ltd**

 Jardine House, 33-35 Reid Street  
 Hamilton HM EX, Bermuda

To: Business Editor

31st July 2014

For immediate release

The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.

**DAIRY FARM INTERNATIONAL HOLDINGS LIMITED  
 HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2014**
**Highlights**

- Sales up 5% with growth in all divisions
- Underlying profit marginally behind last year
- The Food business, especially in Southeast Asia, continues to experience cost pressures
- Good performances in Health and Beauty, Home Furnishings and Restaurants
- Ongoing investment in systems, store network, supply chain and people

“Trading conditions remain challenging in some key markets, especially the Food businesses in Southeast Asia, and this is likely to continue in the second half. Nevertheless, Dairy Farm is well placed to drive long-term growth with strong market positions in its major businesses, a sharper focus on customer needs and strengthening its brands, improved supply chain and systems capabilities, and its strong financial position.”

 Ben Keswick, *Chairman*

31st July 2014

**Results**

	(unaudited) Six months ended 30th June		Change %
	2014 US\$m	2013 US\$m	
Sales			
- subsidiaries	<b>5,299</b>	5,102	+4
- including associates and joint ventures <sup>+</sup>	<b>6,312</b>	6,033	+5
Underlying profit attributable to shareholders*	<b>224</b>	228	-2
Profit attributable to shareholders	<b>234</b>	229	+2
	<b>US¢</b>	US¢	%
Underlying earnings per share*	<b>16.56</b>	16.89	-2
Basic earnings per share	<b>17.28</b>	16.95	+2
Interim dividend per share	<b>6.50</b>	6.50	-
<sup>+</sup> on a 100% basis. <sup>*</sup> 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 7 to the condensed financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group’s underlying business performance.			

The interim dividend of US¢6.50 per share will be payable on 15th October 2014 to shareholders on the register of members at the close of business on 22nd August 2014. The ex-dividend date will be on 20th August 2014, and the share registers will be closed from 25th to 29th August 2014, inclusive.

- more -

 Issued by: **Dairy Farm Management Services Ltd**
*Incorporated in Bermuda with limited liability*

5/F Devon House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

**DAIRY FARM INTERNATIONAL HOLDINGS LIMITED**  
**HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2014**

**OVERVIEW**

Dairy Farm again achieved like-for-like sales growth in most of its major markets with all divisions reporting higher sales in the first half of 2014, while underlying profit was marginally behind prior year. The Health and Beauty, Home Furnishings and Restaurants divisions each achieved further growth in sales and profits. The profits of the Food division were lower due to challenging market conditions in Southeast Asia and increased costs. Less favourable exchange rates also affected the Group's results on translation into US dollars.

**RESULTS**

Sales, including 100% of associates and joint ventures, increased by 5% to US\$6.3 billion in the first six months of 2014. Underlying net profit at US\$224 million was marginally lower than the US\$228 million recorded last year, while underlying earnings per share were 2% lower at US¢16.56. The profit attributable to shareholders was US\$234 million, which included a net non-trading gain of US\$10 million mainly arising from the disposal of properties, compared with US\$229 million in the same period last year.

The Group's financial position remains healthy with net cash of US\$568 million at 30th June 2014. This follows the payment of the 2013 final dividend of US\$223 million and capital expenditure of US\$185 million in the first half of 2014.

The Board has maintained an unchanged interim dividend of US¢6.50 per share.

**TRADING PERFORMANCE**

The Group's Food businesses are focused on maintaining sales growth in more competitive market conditions and an environment of escalating costs, which has had an impact on margins and led to a decline in profits. The Hong Kong banners had a satisfactory first half, and in Malaysia both sales and profits were above the prior year. Singapore and Indonesia, however, each recorded lower profits. In Singapore, a challenging trading environment and construction activity impacting several key stores caused the profit decline. Giant and Hero in Indonesia achieved sales growth from new store development, but profits were depressed

by higher costs, and the contribution to the Group results suffered further from the weaker rupiah exchange rate.

The Group's Health and Beauty businesses produced higher sales and profits in the period with a continued good performance from Mannings in both Hong Kong and Macau. Mannings also achieved an improved result in mainland China following the rationalization of its store network and further range improvements. The Guardian businesses in Singapore, Malaysia and Indonesia produced lower profits in the face of more challenging trading conditions.

The IKEA businesses in Hong Kong and Taiwan traded well. The recently opened Tai Chung store in Taiwan continues to perform strongly.

Restaurant associate, Maxim's, has maintained its consistent performance with improved sales and profits in Hong Kong and mainland China.

## **BUSINESS DEVELOPMENTS**

Dairy Farm is investing significantly in existing stores to enhance the shopping experience for customers, in modernizing its IT infrastructure and supply chain, and in building its people capability to support its long-term growth objectives.

In May, Maxim's announced that it had entered into a new franchise relationship with The Cheesecake Factory to bring this leading U.S. casual dining concept to Asia.

At the end of June, Dairy Farm operated 5,891 outlets across all formats, and employed in excess of 100,000 colleagues.

In July, the Group sold its 49% interest in Foodworld and 50% interest in Health and Glow in India to its joint venture partner. Also in July, the Group agreed to increase its shareholding in Rustan Supercenters, Inc. in the Philippines to 66% with the purchase of an additional 16% interest, which is expected to complete in August 2014.

The construction of the first IKEA store in Indonesia is progressing well and is on schedule to open in the last quarter of 2014.

## **CORPORATE DEVELOPMENTS**

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

## **PROSPECTS**

Trading conditions remain challenging in some key markets, especially the Food businesses in Southeast Asia, and this is likely to continue in the second half. Nevertheless, Dairy Farm is well placed to drive long-term growth with strong market positions in its major businesses, a sharper focus on customer needs and strengthening its brands, improved supply chain and systems capabilities, and its strong financial position.

Ben Keswick

*Chairman*

31st July 2014

**Dairy Farm International Holdings Limited**  
**Consolidated Profit and Loss Account**

	(unaudited)						Year ended 31st December		
	2014			2013			2013		
	Underlying business performance US\$m	Non-trading items US\$m	Total US\$m	Underlying business performance US\$m	Non-trading items US\$m	Total US\$m	Underlying business performance US\$m	Non-trading items US\$m	Total US\$m
Sales ( <i>note 2</i> )	<b>5,299.0</b>	-	<b>5,299.0</b>	5,101.7	-	5,101.7	10,357.4	-	10,357.4
Cost of sales	<b>(3,721.5)</b>	-	<b>(3,721.5)</b>	(3,600.7)	-	(3,600.7)	(7,270.4)	-	(7,270.4)
Gross margin	<b>1,577.5</b>	-	<b>1,577.5</b>	1,501.0	-	1,501.0	3,087.0	-	3,087.0
Other operating income	<b>75.2</b>	<b>11.0</b>	<b>86.2</b>	74.7	0.8	75.5	149.6	29.0	178.6
Selling and distribution costs	<b>(1,213.0)</b>	-	<b>(1,213.0)</b>	(1,135.9)	-	(1,135.9)	(2,318.6)	-	(2,318.6)
Administration and other operating expenses	<b>(194.4)</b>	<b>(0.6)</b>	<b>(195.0)</b>	(182.9)	-	(182.9)	(395.7)	-	(395.7)
Operating profit ( <i>note 3</i> )	<b>245.3</b>	<b>10.4</b>	<b>255.7</b>	256.9	0.8	257.7	522.3	29.0	551.3
Financing charges	<b>(3.2)</b>	-	<b>(3.2)</b>	(6.9)	-	(6.9)	(10.7)	-	(10.7)
Financing income	<b>4.7</b>	-	<b>4.7</b>	1.7	-	1.7	7.6	-	7.6
Net financing income/(charges)	<b>1.5</b>	-	<b>1.5</b>	(5.2)	-	(5.2)	(3.1)	-	(3.1)
Share of results of associates and joint ventures ( <i>note 4</i> )	<b>21.6</b>	-	<b>21.6</b>	22.1	-	22.1	68.9	(2.2)	66.7
Profit before tax	<b>268.4</b>	<b>10.4</b>	<b>278.8</b>	273.8	0.8	274.6	588.1	26.8	614.9
Tax ( <i>note 5</i> )	<b>(43.6)</b>	<b>(0.3)</b>	<b>(43.9)</b>	(43.3)	-	(43.3)	(101.3)	(0.7)	(102.0)
Profit after tax	<b>224.8</b>	<b>10.1</b>	<b>234.9</b>	230.5	0.8	231.3	486.8	26.1	512.9
Attributable to:									
Shareholders of the Company	<b>224.0</b>	<b>9.7</b>	<b>233.7</b>	228.3	0.8	229.1	480.1	20.8	500.9
Non-controlling interests	<b>0.8</b>	<b>0.4</b>	<b>1.2</b>	2.2	-	2.2	6.7	5.3	12.0
	<b>224.8</b>	<b>10.1</b>	<b>234.9</b>	230.5	0.8	231.3	486.8	26.1	512.9
	<b>US¢</b>		<b>US¢</b>	US¢		US¢	US¢		US¢
Earnings per share ( <i>note 6</i> )									
- basic	<b>16.56</b>		<b>17.28</b>	16.89		16.95	35.52		37.05
- diluted	<b>16.56</b>		<b>17.28</b>	16.87		16.93	35.48		37.02

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**Dairy Farm International Holdings Limited**  
**Consolidated Statement of Comprehensive Income**

	(unaudited) Six months ended 30th June <b>2014</b> <b>US\$m</b>	2013 US\$m	Year ended 31st December 2013 US\$m
Profit for the period	<b>234.9</b>	231.3	512.9
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	<b>(8.8)</b>	7.2	19.5
Tax on items that will not be reclassified	<b>2.2</b>	(1.8)	(3.8)
	<b>(6.6)</b>	5.4	15.7
Share of other comprehensive expense of associates and joint ventures	<b>-</b>	-	(0.1)
	<b>(6.6)</b>	5.4	15.6
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences - net gain/(loss) arising during the period	<b>16.4</b>	(23.9)	(132.8)
Revaluation of other investments - (loss)/gain arising during the period	<b>(0.5)</b>	0.3	0.6
Cash flow hedges			
- net (loss)/gain arising during the period	<b>(0.3)</b>	0.9	0.4
- transfer to profit and loss	<b>-</b>	-	0.8
	<b>(0.3)</b>	0.9	1.2
Tax relating to items that may be reclassified	<b>0.1</b>	(0.2)	(0.1)
Share of other comprehensive income/ (expense) of associates and joint ventures	<b>1.1</b>	(6.0)	(7.9)
	<b>16.8</b>	(28.9)	(139.0)
Other comprehensive income/(expense) for the period, net of tax	<b>10.2</b>	(23.5)	(123.4)
Total comprehensive income for the period	<b>245.1</b>	207.8	389.5
Attributable to:			
Shareholders of the Company	<b>243.5</b>	206.4	396.7
Non-controlling interests	<b>1.6</b>	1.4	(7.2)
	<b>245.1</b>	207.8	389.5

**Dairy Farm International Holdings Limited**  
**Consolidated Balance Sheet**

	2014 US\$m	(unaudited) At 30th June 2013 US\$m	At 31st December 2013 US\$m
<b>Net operating assets</b>			
Intangible assets	429.7	434.1	407.5
Tangible assets	1,140.7	1,069.3	1,081.7
Associates and joint ventures	371.0	351.7	369.8
Other investments	5.3	5.6	5.8
Non-current debtors	139.3	133.4	138.2
Deferred tax assets	23.5	22.6	22.2
Pension assets	4.6	-	7.2
Non-current assets	<u>2,114.1</u>	<u>2,016.7</u>	<u>2,032.4</u>
Stocks	993.4	986.0	976.0
Current debtors	212.9	218.6	213.2
Current tax assets	4.9	21.4	6.6
Bank balances and other liquid funds	656.1	766.7	728.4
	<u>1,867.3</u>	<u>1,992.7</u>	<u>1,924.2</u>
Non-current assets classified as held for sale ( <i>note 8</i> )	3.7	3.7	6.9
Current assets	<u>1,871.0</u>	<u>1,996.4</u>	<u>1,931.1</u>
Current creditors	(2,291.8)	(2,196.5)	(2,309.3)
Current borrowings	(70.9)	(241.6)	(47.9)
Current tax liabilities	(72.2)	(62.0)	(58.2)
Current provisions	(9.4)	(4.6)	(11.0)
Current liabilities	<u>(2,444.3)</u>	<u>(2,504.7)</u>	<u>(2,426.4)</u>
Net current liabilities	(573.3)	(508.3)	(495.3)
Long-term borrowings	(17.1)	(104.5)	(42.9)
Deferred tax liabilities	(44.5)	(49.0)	(44.9)
Pension liabilities	(28.6)	(28.7)	(24.0)
Non-current creditors	(17.5)	(18.1)	(17.3)
Non-current provisions	(31.7)	(25.0)	(30.6)
Non-current liabilities	<u>(139.4)</u>	<u>(225.3)</u>	<u>(159.7)</u>
	<u>1,401.4</u>	<u>1,283.1</u>	<u>1,377.4</u>
<b>Total equity</b>			
Share capital	75.1	75.1	75.1
Share premium and capital reserves	58.5	55.6	56.5
Revenue and other reserves	1,169.8	1,047.0	1,149.4
Shareholders' funds	<u>1,303.4</u>	<u>1,177.7</u>	<u>1,281.0</u>
Non-controlling interests	98.0	105.4	96.4
	<u>1,401.4</u>	<u>1,283.1</u>	<u>1,377.4</u>

**Dairy Farm International Holdings Limited**  
**Consolidated Statement of Changes in Equity**

	Attributable to shareholders of the Company						Total US\$m	Attributable to non- controlling interests US\$m	Total equity US\$m
	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m			
<i>Six months ended 30th June 2014 (unaudited)</i>									
At 1st January 2014	75.1	30.5	26.0	1,281.1	0.3	(132.0)	1,281.0	96.4	<b>1,377.4</b>
Total comprehensive income	-	-	-	227.9	(0.3)	15.9	243.5	1.6	<b>245.1</b>
Dividends paid by the Company (note 9)	-	-	-	(223.1)	-	-	(223.1)	-	<b>(223.1)</b>
Employee share option schemes	-	-	2.0	-	-	-	2.0	-	<b>2.0</b>
At 30th June 2014	<b>75.1</b>	<b>30.5</b>	<b>28.0</b>	<b>1,285.9</b>	<b>-</b>	<b>(116.1)</b>	<b>1,303.4</b>	<b>98.0</b>	<b>1,401.4</b>
<i>Six months ended 30th June 2013 (unaudited)</i>									
At 1st January 2013	75.0	25.8	27.3	1,077.6	(0.9)	(11.6)	1,193.2	46.0	1,239.2
Total comprehensive income	-	-	-	233.7	0.7	(28.0)	206.4	1.4	207.8
Dividends paid by the Company (note 9)	-	-	-	(223.1)	-	-	(223.1)	-	(223.1)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(0.2)	(0.2)
Exercise of options	0.1	-	-	-	-	-	0.1	-	0.1
Employee share option schemes	-	-	2.5	-	-	-	2.5	-	2.5
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	58.5	58.5
Transaction costs in relation to capital contribution from non-controlling interests	-	-	-	(1.4)	-	-	(1.4)	(0.3)	(1.7)
Transfer	-	4.0	(4.0)	-	-	-	-	-	-
At 30th June 2013	<b>75.1</b>	<b>29.8</b>	<b>25.8</b>	<b>1,086.8</b>	<b>(0.2)</b>	<b>(39.6)</b>	<b>1,177.7</b>	<b>105.4</b>	<b>1,283.1</b>

(Consolidated Statement of Changes in Equity continued on page 9)

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**Dairy Farm International Holdings Limited**  
**Consolidated Statement of Changes in Equity** *(continued)*

	Attributable to shareholders of the Company						Total US\$m	Attributable to non- controlling interests US\$m	Total equity US\$m
	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m			
<i>Year ended 31st December 2013</i>									
At 1st January 2013	75.0	25.8	27.3	1,077.6	(0.9)	(11.6)	1,193.2	46.0	1,239.2
Total comprehensive income	-	-	-	515.9	1.2	(120.4)	396.7	(7.2)	389.5
Dividends paid by the Company	-	-	-	(311.0)	-	-	(311.0)	-	(311.0)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(0.2)	(0.2)
Exercise of options	0.1	-	-	-	-	-	0.1	-	0.1
Employee share option schemes	-	-	3.4	-	-	-	3.4	-	3.4
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	58.2	58.2
Transaction costs in relation to capital contribution from non-controlling interests	-	-	-	(1.5)	-	-	(1.5)	(0.3)	(1.8)
Change in interests in a subsidiary	-	-	-	0.1	-	-	0.1	(0.1)	-
Transfer	-	4.7	(4.7)	-	-	-	-	-	-
At 31st December 2013	<u>75.1</u>	<u>30.5</u>	<u>26.0</u>	<u>1,281.1</u>	<u>0.3</u>	<u>(132.0)</u>	<u>1,281.0</u>	<u>96.4</u>	<u>1,377.4</u>

Total comprehensive income for the six months ended 30th June 2014 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$233.7 million (2013: US\$229.1 million) and net fair value loss on other investments of US\$0.4 million (2013: gain of US\$0.3 million). Cumulative net fair value gain on other investments amounted to US\$4.2 million.

Total comprehensive income for the year ended 31st December 2013 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$500.9 million and net fair value gain on other investments of US\$0.5 million. Cumulative net fair value gain on other investments amounted to US\$4.6 million.

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**Dairy Farm International Holdings Limited**  
**Consolidated Cash Flow Statement**


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	(unaudited) Six months ended 30th June <b>2014</b> US\$m	2013 US\$m	Year ended 31st December 2013 US\$m
<b>Operating activities</b>			
Operating profit ( <i>note 3</i> )	255.7	257.7	551.3
Depreciation and amortization	95.9	96.5	196.1
Other non-cash items	(7.1)	5.8	0.2
Increase in working capital	(25.7)	(92.4)	(10.5)
Interest received	4.9	1.8	7.4
Interest and other financing charges paid	(3.2)	(7.0)	(11.0)
Tax paid	(27.8)	(43.7)	(95.1)
	<u>292.7</u>	<u>218.7</u>	<u>638.4</u>
Dividends from associates and joint ventures	20.6	20.0	44.5
Cash flows from operating activities	<b>313.3</b>	238.7	682.9
<b>Investing activities</b>			
Purchase of tangible assets	(162.5)	(152.6)	(296.2)
Purchase of a subsidiary ( <i>note 11(a)</i> )	(0.4)	-	-
Purchase of associates and joint ventures ( <i>note 11(b)</i> )	-	(17.7)	(17.7)
Purchase of intangible assets	(21.7)	(9.6)	(21.9)
Sale of properties ( <i>note 11(c)</i> )	21.3	4.6	49.8
Sale of tangible assets	0.5	0.5	1.0
Cash flows from investing activities	<b>(162.8)</b>	(174.8)	(285.0)
<b>Financing activities</b>			
Capital contribution from non-controlling interests ( <i>note 11(d)</i> )	-	56.8	56.4
Drawdown of borrowings	709.9	1,013.6	1,528.1
Repayment of borrowings	(716.0)	(838.0)	(1,589.1)
Dividends paid by the Company ( <i>note 9</i> )	(223.1)	(223.1)	(311.0)
Dividends paid to non-controlling interests	-	(0.2)	(0.2)
Cash flows from financing activities	<u>(229.2)</u>	<u>9.1</u>	<u>(315.8)</u>
Net (decrease)/increase in cash and cash equivalents	<b>(78.7)</b>	73.0	82.1
Cash and cash equivalents at beginning of period	711.2	664.9	664.9
Effect of exchange rate changes	4.4	(3.5)	(35.8)
Cash and cash equivalents at end of period ( <i>note 11(e)</i> )	<u><b>636.9</b></u>	<u>734.4</u>	<u>711.2</u>

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**Dairy Farm International Holdings Limited**  
**Notes to Condensed Financial Statements**

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1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The condensed financial statements have been prepared on a going concern basis. The condensed financial statements have not been audited or reviewed by the Group's auditors pursuant to the UK Auditing Practices Board guidance on the review of interim financial information.

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

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

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

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

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

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

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (*continued*)

There have been no changes to the accounting policies described in the 2013 annual financial statements upon the adoption of the above amendments and interpretation to existing standards. The adoption of these amendments and interpretation do not have any significant impact on the results or financial position of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 2. SALES

	Including associates and joint ventures		Subsidiaries	
	Six months ended 30th June			
	2014 US\$m	2013 US\$m	2014 US\$m	2013 US\$m
<i>Analysis by operating segment:</i>				
Food	<b>4,131.2</b>	4,082.6	<b>3,909.5</b>	3,851.9
- Supermarkets/hypermarkets	<b>3,226.9</b>	3,216.5	<b>3,005.2</b>	2,985.8
- Convenience stores	<b>904.3</b>	866.1	<b>904.3</b>	866.1
Health and Beauty	<b>1,185.1</b>	1,084.0	<b>1,163.3</b>	1,064.2
Home Furnishings	<b>226.2</b>	185.6	<b>226.2</b>	185.6
Restaurants	<b>769.0</b>	680.6	-	-
	<b><u>6,311.5</u></b>	<u>6,032.8</u>	<b><u>5,299.0</u></b>	<u>5,101.7</u>

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 operating segments: Food, Health and Beauty, Home Furnishings and Restaurants. Food comprises supermarket, hypermarket and convenience store businesses. Health and Beauty comprises the Group's health and beauty businesses. Home Furnishings is the Group's IKEA businesses. Restaurants is the Group's major associate, Maxim's, a leading Hong Kong restaurant chain.

## 3. OPERATING PROFIT

	Six months ended 30th June	
	2014	2013
	US\$m	US\$m
<i>Analysis by operating segment:</i>		
Food	148.3	161.8
- Supermarkets/hypermarkets	117.5	131.6
- Convenience stores	30.8	30.2
Health and Beauty	97.3	95.8
Home Furnishings	19.7	17.6
	265.3	275.2
Support office	(20.0)	(18.3)
	245.3	256.9
Non-trading items:		
- profit on sale of properties	11.0	0.8
- expenses relating to transfer of listing segment of Company's shares	(0.6)	-
	255.7	257.7

## 4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Six months ended 30th June	
	2014	2013
	US\$m	US\$m
<i>Analysis by operating segment:</i>		
Food	(5.4)	(3.5)
Health and Beauty	(0.2)	(0.2)
Restaurants	27.2	25.8
	21.6	22.1

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

## 5. TAX

	Six months ended 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	<b>43.5</b>	41.6
Deferred tax	<b>0.4</b>	1.7
	<b><u>43.9</u></b>	<u>43.3</u>
Tax relating to components of other comprehensive income is analyzed as follows:		
Remeasurements of employee benefit plans	<b>2.2</b>	(1.8)
Cash flow hedges	-	(0.1)
Revaluation of other investments	<b>0.1</b>	(0.1)
	<b><u>2.3</u></b>	<u>(2.0)</u>

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates. Share of tax charge of associates and joint ventures of US\$5.3 million (2013: US\$6.3 million) is included in share of results of associates and joint ventures.

## 6. EARNINGS PER SHARE

Basic earnings per share are calculated on profit attributable to shareholders of US\$233.7 million (2013: US\$229.1 million), and on the weighted average number of 1,352.1 million (2013: 1,351.4 million) shares in issue during the period.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$233.7 million (2013: US\$229.1 million), and on the weighted average number of 1,352.7 million (2013: 1,353.2 million) shares after adjusting for 0.6 million (2013: 1.8 million) shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the period.

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:

	Six months ended 30th June					
	2014			2013		
	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢
Profit attributable to shareholders	233.7	17.28	17.28	229.1	16.95	16.93
Non-trading items (note 7)	(9.7)			(0.8)		
Underlying profit attributable to shareholders	<u>224.0</u>	16.56	16.56	<u>228.3</u>	16.89	16.87

## 7. 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 or 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.

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

	Six months ended 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
Profit on sale of properties	<b>10.3</b>	0.8
Expenses relating to transfer of listing segment of Company's shares	<b>(0.6)</b>	-
	<b><u>9.7</u></b>	<u>0.8</u>

## 8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

At 31st December 2013, the non-current assets classified as held for sale mainly represented three retail properties in Singapore. Two of these properties were sold during the period at a profit of US\$7.9 million.

At 30th June 2014, the non-current assets classified as held for sale included a retail property in Singapore remained unsold.

## 9. DIVIDENDS

	Six months ended 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
Final dividend in respect of 2013 of US¢16.50 (2012: US¢16.50) per share	<b><u>223.1</u></b>	<u>223.1</u>

An interim dividend in respect of 2014 of US¢6.50 (2013: US¢6.50) per share amounting to a total of US\$87.9 million (2013: US\$87.9 million) is declared by the Board, and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2014.



## 10. FINANCIAL INSTRUMENTS

## Financial instruments by category

The carrying amounts of financial assets and financial liabilities at 30th June 2014 and 31st December 2013 are as follows:

	Loans and receivables US\$m	Derivatives US\$m	Available- for-sale US\$m	Other financial liabilities at amortized cost US\$m	Total carrying amount US\$m
<b>30th June 2014</b>					
Assets					
Other investments	-	-	5.3	-	<b>5.3</b>
Debtors	93.7	0.2	-	-	<b>93.9</b>
Bank balances and other liquid funds	656.1	-	-	-	<b>656.1</b>
	<b>749.8</b>	<b>0.2</b>	<b>5.3</b>	<b>-</b>	<b>755.3</b>
Liabilities					
Borrowings	-	-	-	(88.0)	<b>(88.0)</b>
Trade and other payables	-	(0.1)	-	(2,304.6)	<b>(2,304.7)</b>
	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>(2,392.6)</b>	<b>(2,392.7)</b>
<b>31st December 2013</b>					
Assets					
Other investments	-	-	5.8	-	5.8
Debtors	116.6	0.5	-	-	117.1
Bank balances and other liquid funds	728.4	-	-	-	728.4
	<b>845.0</b>	<b>0.5</b>	<b>5.8</b>	<b>-</b>	<b>851.3</b>
Liabilities					
Borrowings	-	-	-	(90.8)	(90.8)
Trade and other payables	-	(0.1)	-	(2,323.3)	(2,323.4)
	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>(2,414.1)</b>	<b>(2,414.2)</b>

The fair values of financial instruments approximate their carrying amounts.

## 10. FINANCIAL INSTRUMENTS *(continued)*

### Fair value estimation

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

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

##### (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')

The fair value of listed securities, which are classified as available-for-sale, is based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

##### (b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')

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

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

##### (c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')

The fair value of 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 a certain degree of entity specific estimates.

There were no changes in valuation techniques during the periods.

10. FINANCIAL INSTRUMENTS *(continued)*(i) Financial instruments that are measured at fair value *(continued)*

The table below analyzes financial instruments carried at fair value at 30th June 2014 and 31st December 2013, measured by observable current market transactions:

	At 30th June <b>2014</b> US\$m	At 31st December 2013 US\$m
<b>Assets</b>		
Available-for-sale financial assets		
- unlisted investments	<b>5.3</b>	5.8
Derivative financial instruments	<b>0.2</b>	0.5
	<b>5.5</b>	6.3
<b>Liabilities</b>		
Derivative financial instruments	<b>(0.1)</b>	(0.1)
	<b>(0.1)</b>	(0.1)

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

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

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

## 11. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

## (a) Purchase of a subsidiary

	Six months ended 30th June <b>2014</b> <b>US\$m</b>
	<hr/>
Intangible assets	<b>0.1</b>
Tangible assets	<b>1.2</b>
Current assets	<b>3.0</b>
Non-current provisions	<b>(0.1)</b>
Current liabilities	<b>(3.1)</b>
	<hr/>
Fair value of identifiable net assets acquired	<b>1.1</b>
Adjustment for fair value of previously held investment	<b>(0.8)</b>
	<hr/>
Net assets acquired	<b>0.3</b>
Goodwill	<b>1.9</b>
	<hr/>
Consideration paid	<b>2.2</b>
Cash and cash equivalents at the date of acquisition	<b>(1.8)</b>
	<hr/>
Net cash outflow	<b>0.4</b>
	<hr/>

In January 2014, the Group acquired the remaining 51% shareholding of Asia Investment and Supermarket Trading Company Limited, operating a Giant hypermarket, from the joint venture partner for a total net cash consideration of US\$0.4 million.

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

## (c) Sale of properties

Sale of properties in 2014 included mainly the sale of two properties in Singapore, a property in Taiwan, and partial proceeds received from disposal of a property in Malaysia last year for a total cash consideration of US\$21.3 million.

## (d) Capital contribution from non-controlling interests

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

11. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (*continued*)

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

	At 30th June	
	<b>2014</b>	2013
	<b>US\$m</b>	US\$m
Bank balances and other liquid funds	<b>656.1</b>	766.7
Bank overdrafts	<b>(3.6)</b>	(16.6)
Less: Bank deposits of three months or more	<b>(15.6)</b>	(15.7)
	<b><u>636.9</u></b>	<u>734.4</u>

## 12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2014 and 31st December 2013 amounted to US\$236.5 million and US\$181.7 million, respectively.

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 condensed financial statements.

## 13. 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\$1.2 million (2013: US\$1.1 million) for the first six months of 2014 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\$0.2 million (2013: US\$0.2 million) for the same period in 2014 to JML.

The Group rents properties from Hongkong Land Holdings Limited ('HKL'), a subsidiary of JMH. The gross rentals paid by the Group to HKL for the first six months of 2014 were US\$1.1 million (2013: US\$2.0 million). The Group's 50%-owned associate, Maxim's Caterers Limited ('Maxim's'), also paid gross rentals of US\$4.8 million (2013: US\$4.4 million) to HKL for the first six months of 2014.

### 13. 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 for the first six months of 2014 were US\$1.2 million (2013: US\$0.9 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 for the first six months of 2014 amounted to US\$4.4 million (2013: US\$3.5 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 for the first six months of 2014 amounted to US\$2.4 million (2013: US\$2.2 million).

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. For the first six months of 2014, these amounted to US\$9.9 million (2013: US\$8.6 million).

In addition, Gammon Construction ('GC'), a joint venture of JMH, has engaged in a building contract by Maxim's for a commercial building development in Cheung Sha Wan during the period. The total construction fees paid by Maxim's to GC for the first six months amounted to US\$10.7 million (2013: US\$1.8 million).

There were no other related party transactions that might be considered to have a material effect on the financial position or performance of the Group that were entered into or changed during the first six months of the current financial year.

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

### 14. POST BALANCE SHEET EVENT

In July 2014, the Group completed the disposal 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. The Group also agreed to increase its shareholding in Rustan Supercenters, Inc. in the Philippines to 66% with the purchase of an additional 16% interest. This is expected to complete in August 2014.

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**Dairy Farm International Holdings Limited**  
**Principal Risks and Uncertainties**

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The Board has overall responsibility for risk management and internal control. The following have been identified previously as the areas of principal risk and uncertainty facing the Company, and they remain relevant in the second half of the year.

- Economic Risk
- Commercial and Financial Risk
- Concessions, Franchises and Key Contracts
- Regulatory and Political Risk
- Terrorism, Pandemic and Natural Disasters

For greater detail, please refer to page 70 of the Company's Annual Report for 2013, a copy of which is available on the Company's website [www.dairyfarmgroup.com](http://www.dairyfarmgroup.com).

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**Responsibility Statement**

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

- a. the condensed financial statements have been prepared in accordance with IAS 34; and
- b. the interim management report includes a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.2.7 and 4.2.8 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Graham Allan  
Neil Galloway

*Directors*

31st July 2014

*The interim dividend of US\$6.50 per share will be payable on 15th October 2014 to shareholders on the register of members at the close of business on 22nd August 2014. The ex-dividend date will be on 20th August 2014, and the share registers will be closed from 25th to 29th August 2014, inclusive. Shareholders will receive their dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2014 interim dividend by notifying the United Kingdom transfer agent in writing by 26th September 2014. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 30th September 2014. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive United States dollars unless they elect, through CDP, to receive Singapore dollars.*

## **Dairy Farm**

Dairy Farm is a leading pan-Asian retailer. At 30th June 2014, the Group and its associates and joint ventures operated over 5,800 outlets and employed over 100,000 people. It had total annual sales in 2013 exceeding US\$12 billion.

The Group operates under a number of well-known brands across four divisions. The principal brands are:

### Food

- Supermarkets – Wellcome in Hong Kong, Taiwan and the Philippines, Cold Storage in Singapore and Malaysia, Giant in Malaysia, Indonesia, Singapore and Brunei, Hero in Indonesia;
- Hypermarkets – Giant in Malaysia, Indonesia, Singapore, Brunei and Vietnam;
- Convenience stores – 7-Eleven in Hong Kong, Singapore, Southern China and Macau;

### Health and Beauty

- Mannings in Greater China and Guardian in the rest of Asia;

### Home Furnishings

- IKEA in Hong Kong, Taiwan and Indonesia; and

### Restaurants

- Maxim's in Hong Kong, mainland China and Vietnam.

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.



For further information, please contact:

Dairy Farm Management Services Limited

Graham Allan

(852) 2299 1881

Neil Galloway

(852) 2299 1896

GolinHarris

Kennes Young

(852) 2501 7987

As permitted by the Disclosure and Transparency Rules of the Financial Conduct Authority in the United Kingdom, the Company will not be posting a printed version of the Half-Yearly Results announcement to shareholders. The Half-Yearly Results announcement will remain available on the Company's website, [www.dairyfarmgroup.com](http://www.dairyfarmgroup.com), together with other Group announcements.