Dairy Farm International Holdings Ltd
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To: Business Editor

28th July 2016
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 2016

Highlights

- Modest sales growth in constant currency
- Underlying profit 3% ahead of prior year, 5% in constant currency
- Cost challenges remain although some signs that margin pressures are easing
- Good progress on key business priorities

"While sales and profit performance in the first half have been encouraging in a challenging trading environment, the outlook remains uncertain with consumer confidence fragile in most markets. Our businesses are continuing to invest in their customer offerings and infrastructure, and are fully committed to enhancing their competitive positions."

Ben Keswick
Chairman

Results

	(unaudited) Six months ended 30th June		
	2016 **US$m**	2015 US$m	Change %
Combined total sales including associates and joint ventures+	**10,110**	8,011	+26
Sales	**5,562**	5,593	–1
Underlying profit attributable to shareholders*	**199**	193	+3
Profit attributable to shareholders	**199**	192	+4
	US¢	US¢	%
Underlying earnings per share*	**14.74**	14.25	+3
Basic earnings per share	**14.74**	14.16	+4
Interim dividend per share	**6.50**	6.50	-

\+ on a 100% basis.
* 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 12th October 2016 to shareholders on the register of members at the close of business on 19th August 2016.

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DAIRY FARM INTERNATIONAL HOLDINGS LIMITED
HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2016

OVERVIEW

Dairy Farm performed satisfactorily in the first half in the face of difficult trading conditions. A stronger second quarter produced improved like-for-like sales in most major businesses and enabled all Divisions to achieve modest sales growth at constant exchange rates. Underlying profit was slightly ahead as higher contributions from Food, Home Furnishings, Restaurants and Yonghui offset a lower contribution from the Health and Beauty Division. Operating margin pressure is gradually easing, and the Group is seeing the benefits from investments made in 2015.

RESULTS

Sales for the period, excluding associates and joint ventures, were 1% lower, although up 2% at constant exchange rates. Sales were impacted by the closure of a number of underperforming stores in Singapore and Indonesia. Underlying net profit at US$199 million was up 3%, and up 5% at constant exchange rates, as it benefited from a half year's results of Yonghui, compared to three months in 2015 following the acquisition of the shareholding interest in April of that year. Underlying earnings per share were also 3% higher at US¢14.74.

Operating cash flow for the period was a net inflow of US$181 million, compared with US$315 million in the first half of 2015. The reduction was mainly due to negative working capital movements driven by the timing of supplier payments. As at 30th June 2016, the Group's net debt was US$602 million, compared to US$482 million at 31st December 2015. The increased borrowings were principally due to higher supplier payments and continued investment in the business partly offset by stable operating profit at US$197 million, compared with US$201 million in the first half of 2015.

An unchanged interim dividend of US¢6.50 per share has been declared.

PERFORMANCE

In the Food Division, sales within supermarkets and hypermarkets were up 2% at constant exchange rates despite deflationary pressures. In Hong Kong, sales increased modestly but profits were impacted by higher rental and labour costs. In Singapore and Indonesia, profitability improved despite reduced sales following the closure of certain underperforming stores. Sales were flat but profits were lower in Malaysia. The Philippines enjoyed good sales growth and improved profitability.

The convenience store operations in Hong Kong and Macau performed satisfactorily in a difficult trading environment. While overall sales in Singapore were flat due to a reduced store base, like-for-like sales were positive and profits were higher. In mainland China, store expansion continued and there was good sales and profits growth.

In the Health and Beauty Division, sales improved in Hong Kong but Malaysia and Macau were behind the prior year. All three territories had lower profitability. In mainland China, like-for-like sales were positive. In Indonesia, encouraging improvements were made in sales and profits following the last year's store rationalization programme. In the Philippines, good progress continues to be made on the integration of Rose Pharmacy.

In Home Furnishings, IKEA performed well and produced growth in both sales and profits in all three of its markets. The group is pursuing store expansion opportunities in all its territories.

In the Restaurant Division, Maxim's maintained its impressive track record with increased sales and profits in Hong Kong and mainland China. The group is growing its presence in mainland China, and continues to expand its Starbucks network in Vietnam and Cambodia.

Yonghui reported a strong 18% revenue growth in the first half.

BUSINESS DEVELOPMENTS

In February, PT Hero agreed the sale of its remaining Starmart stores in Indonesia. The transfer of the stores is in progress and is expected to be completed in the fourth quarter.

In March, the Group refinanced its short-term borrowings through new bank loan facilities totalling US$900 million in a range of maturities up to five years. The new facilities will be used in part to finance the investment of a further US$191 million in Yonghui, which is expected to complete in the third quarter. The investment will maintain the Group's 19.99% interest following the placement by Yonghui of a 10% shareholding to JD.com.

In April, Maxim's completed the acquisition of the COVA patisserie and restaurant franchise in Hong Kong, which has ten commercial locations. Maxim's also opened its first The Cheesecake Factory in Shanghai Disney Town in June.

Dairy Farm is continuing to invest in the development of its businesses. Improvements are being made to existing stores to enhance the shopping experience of customers, and its private label range is being expanded to offer consumers a choice of high quality products at lower prices. Greater efficiencies and productivity is being achieved through investment in information systems and supply chain infrastructure.

At 30th June, Dairy Farm, including Yonghui, operated some 6,500 outlets across all formats and employed in excess of 180,000 people.

PEOPLE

James Riley stepped down as a Director on 31st March 2016, and we would like to thank him for his contribution. He was succeeded by John Witt on 1st April 2016. Y. K. Pang will join the Board on 1st August 2016. We were saddened by the death of Lord Leach in June 2016. He made a significant contribution to the Group and his wise counsel will be greatly missed.

PROSPECTS

While sales and profit performance in the first half have been encouraging in a challenging trading environment, the outlook remains uncertain with consumer confidence fragile in most markets. Our businesses are continuing to invest in their customer offerings and infrastructure, and are fully committed to enhancing their competitive positions.

Ben Keswick
Chairman

Dairy Farm International Holdings Limited
Consolidated Profit and Loss Account

	(unaudited) Six months ended 30th June						Year ended 31st December		
	2016			2015			2015		
	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 *(note 2)*	**5,561.9**	**-**	**5,561.9**	5,593.4	-	5,593.4	11,137.3	-	11,137.3
Cost of sales	**(3,913.8)**	**-**	**(3,913.8)**	(3,961.5)	-	(3,961.5)	(7,852.1)	-	(7,852.1)
Gross margin	**1,648.1**	**-**	**1,648.1**	1,631.9	-	1,631.9	3,285.2	-	3,285.2
Other operating income	**86.4**	**-**	**86.4**	79.6	-	79.6	170.5	0.5	171.0
Selling and distribution costs	**(1,322.2)**	**-**	**(1,322.2)**	(1,302.0)	-	(1,302.0)	(2,602.5)	-	(2,602.5)
Administration and other operating expenses	**(215.4)**	**-**	**(215.4)**	(207.7)	(1.2)	(208.9)	(417.9)	(4.7)	(422.6)
Operating profit *(note 3)*	**196.9**	**-**	**196.9**	201.8	(1.2)	200.6	435.3	(4.2)	431.1
Financing charges	**(9.6)**	**-**	**(9.6)**	(6.7)	-	(6.7)	(15.3)	-	(15.3)
Financing income	**0.6**	**-**	**0.6**	1.1	-	1.1	1.7	-	1.7
Net financing charges	**(9.0)**	**-**	**(9.0)**	(5.6)	-	(5.6)	(13.6)	-	(13.6)
Share of results of associates and joint ventures *(note 4)*	**46.5**	**-**	**46.5**	31.7	-	31.7	85.0	-	85.0
Profit before tax	**234.4**	**-**	**234.4**	227.9	(1.2)	226.7	506.7	(4.2)	502.5
Tax *(note 5)*	**(37.4)**	**-**	**(37.4)**	(39.5)	-	(39.5)	(84.4)	(0.1)	(84.5)
Profit after tax	**197.0**	**-**	**197.0**	188.4	(1.2)	187.2	422.3	(4.3)	418.0
Attributable to:									
Shareholders of the Company	**199.3**	**-**	**199.3**	192.7	(1.2)	191.5	428.1	(3.7)	424.4
Non-controlling interests	**(2.3)**	**-**	**(2.3)**	(4.3)	-	(4.3)	(5.8)	(0.6)	(6.4)
	197.0	**-**	**197.0**	188.4	(1.2)	187.2	422.3	(4.3)	418.0
	US¢		**US¢**	US¢		US¢	US¢		US¢
Earnings per share *(note 6)*									
- basic	**14.74**		**14.74**	14.25		14.16	31.66		31.39
- diluted	**14.73**		**14.73**	14.25		14.16	31.66		31.38

Dairy Farm International Holdings Limited
Consolidated Statement of Comprehensive Income

	(unaudited) Six months ended 30th June **2016** **US$m**	(unaudited) Six months ended 30th June 2015 US$m	Year ended 31st December 2015 US$m
Profit for the period	**197.0**	187.2	418.0
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	**(5.7)**	-	(31.9)
Tax relating to items that will not be reclassified	**1.4**	-	6.1
	(4.3)	-	(25.8)
Share of other comprehensive expense of associates and joint ventures	**-**	-	(3.7)
	(4.3)	-	(29.5)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
- net gain/(loss) arising during the period	**40.0**	(56.1)	(118.9)
Revaluation of other investments			
- (loss)/gain arising during the period	**(0.9)**	0.5	1.6
Cash flow hedges			
- net (loss)/gain arising during the period	**(2.4)**	(0.7)	0.4
- transfer to profit and loss	**(0.4)**	(1.1)	(1.9)
	(2.8)	(1.8)	(1.5)
Tax relating to items that may be reclassified	**0.6**	0.2	-
Share of other comprehensive (expense)/ income of associates and joint ventures	**(22.1)**	6.3	(43.9)
	14.8	(50.9)	(162.7)
Other comprehensive income/(expense) for the period, net of tax	**10.5**	(50.9)	(192.2)
Total comprehensive income for the period	**207.5**	136.3	225.8
Attributable to:			
Shareholders of the Company	**207.2**	146.8	242.8
Non-controlling interests	**0.3**	(10.5)	(17.0)
	207.5	136.3	225.8

Dairy Farm International Holdings Limited
Consolidated Balance Sheet

		(unaudited) At 30th June		At 31st December
	2016		2015	2015
	US$m		US$m	US$m
Net operating assets				
Intangible assets	**760.7**		742.6	744.4
Tangible assets	**1,142.4**		1,159.8	1,140.8
Associates and joint ventures	**1,279.2**		1,322.7	1,292.1
Other investments	**5.9**		5.6	6.8
Non-current debtors	**169.8**		174.3	161.5
Deferred tax assets	**34.8**		22.6	35.0
Non-current assets	**3,392.8**		3,427.6	3,380.6
Stocks	**982.4**		984.1	936.8
Current debtors	**229.2**		241.1	233.8
Current tax assets	**14.2**		7.5	10.8
Bank balances and other liquid funds	**259.7**		368.9	258.5
	1,485.5		1,601.6	1,439.9
Non-current assets held for sale *(note 8)*	**0.5**		1.8	0.4
Current assets	**1,486.0**		1,603.4	1,440.3
Current creditors	**(2,251.4)**		(2,389.4)	(2,354.5)
Current borrowings	**(344.7)**		(859.8)	(729.6)
Current tax liabilities	**(70.2)**		(63.2)	(56.0)
Current provisions	**(10.5)**		(6.3)	(10.6)
Current liabilities	**(2,676.8)**		(3,318.7)	(3,150.7)
Net current liabilities	**(1,190.8)**		(1,715.3)	(1,710.4)
Long-term borrowings	**(517.4)**		(98.3)	(10.6)
Deferred tax liabilities	**(52.0)**		(41.0)	(55.3)
Pension liabilities	**(76.9)**		(37.7)	(71.4)
Non-current creditors	**(45.9)**		(50.4)	(43.6)
Non-current provisions	**(35.6)**		(30.7)	(34.1)
Non-current liabilities	**(727.8)**		(258.1)	(215.0)
	1,474.2		1,454.2	1,455.2
Total equity				
Share capital	**75.1**		75.1	75.1
Share premium and capital reserves	**61.7**		60.6	61.3
Revenue and other reserves	**1,264.1**		1,231.1	1,239.4
Shareholders' funds	**1,400.9**		1,366.8	1,375.8
Non-controlling interests	**73.3**		87.4	79.4
	1,474.2		1,454.2	1,455.2

Dairy Farm International Holdings Limited
Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company							Attributable to non-controlling interests	Total equity
	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$m**	**US$m**	**US$m**
Six months ended 30th June 2016 (unaudited)									
At 1st January 2016	75.1	31.1	30.2	1,561.3	0.3	(322.2)	1,375.8	79.4	**1,455.2**
Total comprehensive income	-	-	-	194.5	(2.2)	14.9	207.2	0.3	**207.5**
Dividends paid by the Company *(note 9)*	-	-	-	(182.5)	-	-	(182.5)	-	**(182.5)**
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(2.0)	**(2.0)**
Employee share option schemes	-	-	0.4	-	-	-	0.4	-	**0.4**
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	(4.4)	**(4.4)**
At 30th June 2016	**75.1**	**31.1**	**30.6**	**1,573.3**	**(1.9)**	**(307.3)**	**1,400.9**	**73.3**	**1,474.2**
Six months ended 30th June 2015 (unaudited)									
At 1st January 2015	75.1	30.5	28.6	1,461.6	1.7	(168.8)	1,428.7	93.8	1,522.5
Total comprehensive income	-	-	-	191.9	(1.6)	(43.5)	146.8	(10.5)	136.3
Dividends paid by the Company *(note 9)*	-	-	-	(223.1)	-	-	(223.1)	-	(223.1)
Employee share option schemes	-	-	1.5	-	-	-	1.5	-	1.5
Change in interests in subsidiaries	-	-	-	12.9	-	-	12.9	4.1	17.0
Transfer	-	0.6	(0.6)	-	-	-	-	-	-
At 30th June 2015	75.1	31.1	29.5	1,443.3	0.1	(212.3)	1,366.8	87.4	1,454.2

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

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

	Attributable to shareholders of the Company							Attributable to non-controlling interests	
	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
Year ended 31st December 2015									
At 1st January 2015	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 2015	75.1	31.1	30.2	1,561.3	0.3	(322.2)	1,375.8	79.4	1,455.2

Total comprehensive income for the six months ended 30th June 2016 included in revenue reserves comprises profit attributable to shareholders of the Company of US$199.3 million *(2015: US$191.5 million)* and net fair value loss on other investments of US$1.2 million *(2015: net fair value gain of US$0.4 million)*. Cumulative net fair value gain on other investments amounted to US$4.2 million.

Total comprehensive income for the year ended 31st December 2015 included in revenue reserves comprises profit attributable to shareholders of the Company of US$424.4 million and net fair value gain on other investments of US$1.3 million. Cumulative net fair value gain on other investments amounted to US$5.4 million.

Dairy Farm International Holdings Limited
Consolidated Cash Flow Statement

	2016 **US$m**	(unaudited) Six months ended 30th June 2015 US$m	Year ended 31st December 2015 US$m
Operating activities			
Operating profit *(note 3)*	**196.9**	200.6	431.1
Depreciation and amortization	**107.2**	105.9	212.0
Other non-cash items	**5.5**	7.8	25.2
(Increase)/decrease in working capital	**(130.6)**	21.7	73.0
Interest received	**0.5**	1.1	1.8
Interest and other financing charges paid	**(8.9)**	(6.5)	(15.0)
Tax paid	**(28.2)**	(35.2)	(90.2)
	142.4	295.4	637.9
Dividends from associates and joint ventures	**38.9**	19.3	61.9
Cash flows from operating activities	**181.3**	314.7	699.8
Investing activities			
Purchase of subsidiaries *(note 11(a))*	**-**	(114.2)	(146.6)
Purchase of associates and joint ventures *(note 11(b))*	**(3.7)**	(913.9)	(918.4)
Purchase of intangible assets	**(13.2)**	(14.0)	(41.9)
Purchase of tangible assets	**(97.2)**	(133.0)	(261.9)
Sale of a property	**-**	-	1.7
Sale of tangible assets	**1.6**	0.3	1.7
Cash flows from investing activities	**(112.5)**	(1,174.8)	(1,365.4)
Financing activities			
Change in interests in subsidiaries *(note 11(c))*	**-**	16.9	15.7
Capital repayment to non-controlling interests	**(4.4)**	-	-
Drawdown of borrowings *(note 11(d))*	**2,339.6**	1,836.7	2,782.4
Repayment of borrowings	**(2,247.6)**	(1,061.3)	(2,209.3)
Dividends paid by the Company *(note 9)*	**(182.5)**	(223.1)	(311.0)
Dividends paid to non-controlling interests	**(2.0)**	-	-
Cash flows from financing activities	**(96.9)**	569.2	277.8
Net decrease in cash and cash equivalents	**(28.1)**	(290.9)	(387.8)
Cash and cash equivalents at beginning of period	**256.7**	656.6	656.6
Effect of exchange rate changes	**3.6**	(3.5)	(12.1)
Cash and cash equivalents at end of period *(note 11(e))*	**232.2**	362.2	256.7

Dairy Farm International Holdings Limited
Notes to Condensed Financial Statements

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 which are effective in the current accounting period and relevant to the Group's operations are adopted in 2016:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative: Presentation of Financial Statements
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Annual Improvements to IFRSs	2012 - 2014 Cycle

There have been no changes to the accounting policies described in the 2015 annual financial statements upon the adoption of the above amendments to existing standards. The adoption of these amendments does 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			
	2016	2015	**2016**	2015
	US$m	US$m	**US$m**	US$m
Analysis by operating segment:				
Food	**7,634.3**	5,602.9	**4,086.1**	4,131.2
- Supermarkets/hypermarkets	**6,694.2**	4,684.0	**3,146.0**	3,212.3
- Convenience stores	**940.1**	918.9	**940.1**	918.9
Health and Beauty	**1,289.5**	1,284.1	**1,193.6**	1,191.1
Home Furnishings	**282.2**	271.1	**282.2**	271.1
Restaurants	**904.4**	853.1	**-**	-
	10,110.4	8,011.2	**5,561.9**	5,593.4

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

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

3. OPERATING PROFIT

	Six months ended 30th June 2016 US$m	2015 US$m
Analysis by operating segment:		
Food	**115.8**	111.5
- Supermarkets/hypermarkets	**88.6**	85.1
- Convenience stores	**27.2**	26.4
Health and Beauty	**79.7**	89.4
Home Furnishings	**31.2**	26.0
	226.7	226.9
Support office	**(29.8)**	(25.1)
	196.9	201.8
Non-trading item:		
- acquisition-related costs in business combination	**-**	(1.2)
	196.9	200.6

4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Six months ended 30th June 2016 US$m	2015 US$m
Analysis by operating segment:		
Food - Supermarkets/hypermarkets	**20.0**	4.3
Health and Beauty	**(3.7)**	(2.1)
Restaurants	**30.2**	29.5
	46.5	31.7

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

5. TAX

	Six months ended 30th June	
	2016	2015
	US$m	US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**(38.8)**	(39.2)
Deferred tax	**1.4**	(0.3)
	(37.4)	(39.5)
Tax relating to components of other comprehensive income/(expense) is analyzed as follows:		
Remeasurements of defined benefit plans	**1.4**	-
Revaluation of other investments	**0.1**	(0.1)
Cash flow hedges	**0.5**	0.3
	2.0	0.2

Tax on profit 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$11.9 million *(2015: US$8.6 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$199.3 million *(2015: US$191.5 million)*, and on the weighted average number of 1,352.2 million *(2015: 1,352.1 million)* shares in issue during the period.

Diluted earnings per share are calculated on profit attributable to shareholders of US$199.3 million *(2015: US$191.5 million)*, and on the weighted average number of 1,352.3 million *(2015: 1,352.6 million)* shares in issue after adjusting for 0.1 million *(2015: 0.5 million)* 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 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					
	2016			2015		
	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	**199.3**	**14.74**	**14.73**	191.5	14.16	14.16
Non-trading item	**-**			1.2		
Underlying profit attributable to shareholders	**199.3**	**14.74**	**14.73**	192.7	14.25	14.25

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 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.

8. NON-CURRENT ASSETS HELD FOR SALE

At 30th June 2016, the non-current assets held for sale represented two apartments in Indonesia brought forward from 31st December 2015.

At 30th June 2015, the non-current assets held for sale represented a retail property in Taiwan and two apartments in Indonesia. The retail property in Taiwan was sold during 2015 at a profit of US$0.4 million while the apartments in Indonesia remained unsold.

9. DIVIDENDS

	Six months ended 30th June	
	2016	2015
	US$m	US$m
Final dividend in respect of 2015 of US¢13.50 *(2014: US¢16.50)* per share	**182.5**	223.1

An interim dividend in respect of 2016 of US¢6.50 *(2015: US¢6.50)* per share amounting to a total of US$87.9 million *(2015: 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 2016.

10. FINANCIAL INSTRUMENTS

Financial instruments by category

The carrying amounts of financial assets and financial liabilities at 30th June 2016 and 31st December 2015 are as follows:

	Loans and receivables US$m	Derivatives used for hedging US$m	Available-for-sale US$m	Other financial instruments at amortized cost US$m	Total carrying amounts US$m
30th June 2016					
Assets					
Other investments	-	-	5.9	-	**5.9**
Debtors	96.7	-	-	-	**96.7**
Bank balances and other liquid funds	259.7	-	-	-	**259.7**
	356.4	**-**	**5.9**	**-**	**362.3**
Liabilities					
Borrowings	-	-	-	(862.1)	**(862.1)**
Trade and other payables excluding non-financial liabilities	-	(2.5)	-	(2,291.9)	**(2,294.4)**
	-	**(2.5)**	**-**	**(3,154.0)**	**(3,156.5)**
31st December 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)

The fair values of financial assets and financial liabilities 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 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 six months ended 30th June 2016 and the year ended 31st December 2015.

10. FINANCIAL INSTRUMENTS *(continued)*

Fair value estimation *(continued)*

(i) Financial instruments that are measured at fair value *(continued)*

The table below analyzes financial instruments carried at fair value at 30th June 2016 and 31st December 2015, measured by observable current market transactions.

	At 30th June **2016** **US$m**	At 31st December 2015 US$m
Assets		
Available-for-sale financial assets		
- unlisted investments	**5.9**	6.8
Derivatives designated at fair value		
- through other comprehensive income/(expense)	**-**	0.5
	5.9	7.3
Liabilities		
Derivatives designated at fair value		
- through other comprehensive income/(expense)	**(2.5)**	(0.1)
	(2.5)	(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 subsidiaries

In March 2015, the Group acquired 100% interest in San Miu Supermarket Limited ('San Miu'), which operates a supermarket chain in Macau, for a total net cash consideration of US$114.2 million.

The provisional fair values of the identifiable assets and liabilities at the acquisition date were as follows:

	Six months ended 30th June 2015 Provisional fair values US$m
Tangible assets	4.6
Non-current debtors	0.7
Current assets	25.4
Current liabilities	(28.7)
Fair value of identifiable net assets acquired	2.0
Goodwill	185.4
Total consideration	187.4
Adjustment for deferred consideration	(56.8)
Cash and cash equivalents at the date of acquisition	(16.4)
Net cash outflow	114.2

At 31st December 2015, the Group had finalized its assessment of the fair values of the identifiable assets and liabilities of San Miu. The finalized goodwill was concluded at US$181.8 million as compared to the provisional goodwill of US$185.4 million, with an adjustment to decrease the goodwill by US$3.6 million.

The goodwill was attributable to its leading market position and retail network in Macau.

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

(b) Purchase of associates and joint ventures for the six months ended 30th June 2016 mainly related to the Group's capital injection of US$2.4 million to Rose Pharmacy, Inc., the health and beauty business in the Philippines and US$1.3 million to the business in Vietnam.

Purchase of associates and joint ventures in 2015 mainly related to the Group's acquisition of a 19.99% interest in Yonghui Superstores Company Limited ('Yonghui'), a Shanghai-listed hypermarket and supermarket operator in mainland China, by way of subscription of new shares.

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

(c) 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$33.8 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 first six months of 2015, the Group acquired an additional 2.49% interest in PT Hero Supermarket Tbk for a total consideration of US$16.9 million.

(d) Drawdown of borrowings

In March 2016, the Group completed the refinancing of its short-term facility through new term and revolving loan facilities totalling US$900 million with longer tenor facilities of up to five years. US$500 million of these facilities were drawn in 2016 to repay the previous short-term loan.

Drawdown of borrowings in 2015 included a US$800 million bank loan drawn to finance the acquisition of the 19.99% interest in Yonghui.

(e) Analysis of balances of cash and cash equivalents

	At 30th June	
	2016	2015
	US$m	US$m
Bank balances and other liquid funds	**259.7**	368.9
Bank overdrafts	**(27.5)**	(6.7)
	232.2	362.2

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2016 and 31st December 2015 amounted to US$203.3 million and US$178.3 million, respectively.

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$194.4 million) as part of capital injection involving two other investors. Following the adjustment for the one for one bonus issue of shares by Yonghui on its ex-dividend date in June 2016, the adjusted consideration was RMB1.27 billion (approximately US$191.2 million). Upon 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, and completion is expected in the third quarter of 2016.

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$1.0 million *(2015: US$1.0 million)* for the first six months of 2016 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 *(2015: US$0.2 million)* for the same period in 2016 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 2016 were US$1.4 million *(2015: US$1.2 million)*. The Group's 50%-owned associate, Maxim's Caterers Limited ('Maxim's'), also paid gross rentals of US$5.5 million *(2015: US$5.2 million)* to HKL for the first six months of 2016.

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 2016 were US$1.2 million *(2015: US$1.5 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 2016 amounted to US$4.8 million *(2015: US$4.9 million)*.

13. RELATED PARTY TRANSACTIONS *(continued)*

The Group also consumes repairs and maintenance services from Jardine Engineering Corporation ('JEC'), a subsidiary of JMH. The total fees paid by the Group to JEC for the first six months of 2016 amounted to US$1.9 million *(2015: US$1.6 million).*

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. For the first six months of 2016, these amounted to US$11.1 million *(2015: US$11.0 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 for the first six months of 2016 amounted to US$18.5 million *(2015: US$17.8 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.

Dairy Farm International Holdings Limited
Principal Risks and Uncertainties

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

For greater detail, please refer to pages 120 and 121 of the Company's Annual Report for 2015, a copy of which is available on the Company's website www.dairyfarmgroup.com.

Dairy Farm International Holdings Limited
Responsibility Statement

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 Rules 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

The interim dividend of US¢6.50 per share will be payable on 12th October 2016 to shareholders on the register of members at the close of business on 19th August 2016. The shares will be quoted ex-dividend on the Singapore Exchange and the London Stock Exchange on 17th and 18th August 2016, respectively. The share registers will be closed from 22nd to 26th August 2016, inclusive.

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 2016 interim dividend by notifying the United Kingdom transfer agent in writing by 23rd September 2016. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 28th September 2016.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in sterling only as calculated above. 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.

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 19th August 2016, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, no later than 5.00 p.m. (local time) on 18th August 2016.

Dairy Farm

Dairy Farm is a leading pan-Asian retailer. At 30th June 2016, the Group and its associates and joint ventures operated some 6,500 outlets and employed over 180,000 people. It had total annual sales in 2015 exceeding US$17 billion.

The Group aims to meet the changing needs of Asian consumers by offering the leading brands, a pleasant retail experience and great value, all provided through responsible operations supported by reliable and trusted supply chains.

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

<u>Food</u>

- Supermarkets – Wellcome in Hong Kong, Taiwan and the Philippines, Yonghui in mainland China, Cold Storage in Singapore and Malaysia, Giant in Malaysia, Indonesia and Singapore, Hero in Indonesia;

- Hypermarkets – Giant in Malaysia, Indonesia, Singapore, Brunei and Vietnam, Yonghui in mainland China;

- Convenience stores – 7-Eleven in Hong Kong, Singapore, Southern China and Macau;

<u>Health and Beauty</u>

- Mannings in Greater China, Guardian in the rest of Asia and Rose Pharmacy in the Philippines;

<u>Home Furnishings</u>

- IKEA in Hong Kong, Taiwan and Indonesia; and

<u>Restaurants</u>

- 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.

- end -

For further information, please contact:

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As permitted by the Disclosure Rules 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, together with other Group announcements.