


**Dairy Farm International Holdings Ltd**

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

To: Business Editor

26th July 2012

For immediate release

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

**DAIRY FARM INTERNATIONAL HOLDINGS LIMITED  
 HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2012**
**Highlights**

- Underlying earnings up 12%
- Hong Kong and Indonesia trading strongly
- Acquisitions in Cambodia and the Philippines
- Awarded IKEA franchise in Indonesia

“Despite continuing challenges in the global economy, Dairy Farm is expected to perform satisfactorily in the second half of the year.”

 Simon Keswick, *Chairman*

26th July 2012

**Results**

	(unaudited)		Change %
	Six months ended 30th June		
	2012 US\$m	2011 US\$m	
Sales			
- subsidiaries	<b>4,769</b>	4,399	+8
- including associates and joint ventures*	<b>5,469</b>	4,978	+10
Underlying profit attributable to shareholders	<b>243</b>	216	+12
Non-trading items	<b>2</b>	10	-80
Profit attributable to shareholders	<b>245</b>	226	+8
*on a 100% basis			
	US¢	US¢	%
Underlying earnings per share	<b>17.98</b>	15.99	+12
Basic earnings per share	<b>18.13</b>	16.77	+8
Interim dividend per share	<b>6.50</b>	6.00	+8

The interim dividend of US¢6.50 per share will be payable on 10th October 2012 to shareholders on the register of members at the close of business on 17th August 2012. The ex-dividend date will be on 15th August 2012, and the share registers will be closed from 20th to 24th August 2012, inclusive.

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 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 2012**

**OVERVIEW**

Dairy Farm achieved further earnings growth in the first half of 2012 while continuing to expand its store network and invest in new markets.

**PERFORMANCE**

Sales, including 100% of associates, increased by 10% to US\$5.5 billion in the first six months of 2012. Underlying net profit grew 12% to US\$243 million, while underlying earnings per share were up 12% at US¢17.98. The profit attributable to shareholders of US\$245 million included a non-trading gain of US\$2 million arising from the disposal of a small retail property in Singapore, while the comparable results in 2011 benefited from a non-trading gain of US\$10 million.

The Group's financial position remains healthy and at 30th June 2012 it had net cash of US\$231 million. This follows the payment of US\$202 million in respect of the 2011 final dividend and US\$289 million for capital expenditure, including acquisitions in Cambodia and the Philippines.

The Board has declared an interim dividend of US¢6.50 per share, up 8%.

**BUSINESS DEVELOPMENTS**

In March 2012, a 70% shareholding was acquired in a Cambodian business that operates six supermarkets, and in May the Group purchased a 50% interest in Rustan Supercenters, Inc. in the Philippines, which has ten hypermarkets and 22 supermarkets. These acquisitions provide good opportunities for growth in new markets alongside local partners. PT Hero has also been awarded the franchise right to operate IKEA stores in Indonesia, and the first store is expected to open in 2014.

**OPERATIONS**

Further expansion of the Group's operations took place during the first half of 2012 with a net addition of 149 stores, increasing the total network to 5,555. In the larger format segment, eight new Giant hypermarkets were opened, and by the end of June 2012 the Group operated

74 Giant stores in Malaysia, 43 in Indonesia, eight in Singapore, one each in Brunei and Vietnam, and ten Shopwise hypermarkets in the Philippines. The Group is continuing to invest in its retail business processes and supply chain management.

The Group's businesses continued to trade well. In Hong Kong, Mannings health and beauty stores achieved another excellent result with strong Chinese New Year sales and successful promotion campaigns. Wellcome supermarkets also saw strong sales during the Chinese New Year period, and benefited from the remodelling of stores. Results from Taiwan reflected continued improvement in Wellcome supermarkets and IKEA. In Southern China, 7-Eleven produced good growth in sales, and will continue its stores expansion plan. Further management resources have been made available and additional costs incurred to support the repositioning of Mannings in mainland China.

Restaurant associate, Maxim's, produced a fine first half result with increased contributions from its Japanese restaurant chains, Starbucks operations and Chinese restaurants in Hong Kong. The group also achieved improved performances from its cake shops in Southern China.

In Malaysia, the Giant hypermarkets and supermarkets made a steady contribution and there was a good result from the Guardian health and beauty chain. In Indonesia, PT Hero showed impressive growth in sales and profits in all formats, particularly its Giant hypermarkets.

In Singapore, the overall result was little changed from the first half of 2011, although there were increased contributions from Cold Storage supermarkets and Guardian health and beauty stores.

## **PEOPLE**

Michael Kok is to retire as Group Chief Executive at the end of 2012 after over five years in the role. I am pleased that he will remain as a non-executive Director of the Company. We welcome Graham Allan, who joined the Group as Chief Operating Officer on 1st June 2012 from Yum! Brands and is to succeed Michael Kok on his retirement.

**PROSPECTS**

Despite continuing challenges in the global economy, Dairy Farm is expected to perform satisfactorily in the second half of the year.

Simon Keswick

*Chairman*

26th July 2012

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

	(unaudited)						Year ended 31st December		
	Six months ended 30th June			2011			2011		
	2012			2011			2011		
	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)	<b>4,768.7</b>	-	<b>4,768.7</b>	4,399.4	-	4,399.4	9,134.4	-	9,134.4
Cost of sales	<b>(3,350.5)</b>	-	<b>(3,350.5)</b>	(3,100.9)	-	(3,100.9)	(6,451.9)	-	(6,451.9)
Gross margin	<b>1,418.2</b>	-	<b>1,418.2</b>	1,298.5	-	1,298.5	2,682.5	-	2,682.5
Other operating income	<b>67.9</b>	<b>2.4</b>	<b>70.3</b>	60.9	-	60.9	132.9	-	132.9
Selling and distribution costs	<b>(1,044.5)</b>	-	<b>(1,044.5)</b>	(972.0)	-	(972.0)	(1,971.4)	-	(1,971.4)
Administration and other operating expenses	<b>(160.9)</b>	<b>(0.3)</b>	<b>(161.2)</b>	(134.4)	-	(134.4)	(308.7)	-	(308.7)
Operating profit (note 3)	<b>280.7</b>	<b>2.1</b>	<b>282.8</b>	253.0	-	253.0	535.3	-	535.3
Financing charges	<b>(7.7)</b>	-	<b>(7.7)</b>	(11.9)	-	(11.9)	(21.1)	-	(21.1)
Financing income	<b>1.4</b>	-	<b>1.4</b>	1.7	-	1.7	3.6	-	3.6
Net financing charges	<b>(6.3)</b>	-	<b>(6.3)</b>	(10.2)	-	(10.2)	(17.5)	-	(17.5)
Share of results of associates and joint ventures (note 4)	<b>23.1</b>	-	<b>23.1</b>	20.8	10.5	31.3	55.6	10.5	66.1
Profit before tax	<b>297.5</b>	<b>2.1</b>	<b>299.6</b>	263.6	10.5	274.1	573.4	10.5	583.9
Tax (note 5)	<b>(54.0)</b>	-	<b>(54.0)</b>	(47.8)	-	(47.8)	(99.3)	-	(99.3)
Profit after tax	<b>243.5</b>	<b>2.1</b>	<b>245.6</b>	215.8	10.5	226.3	474.1	10.5	484.6
Attributable to:									
Shareholders of the Company	<b>242.7</b>	<b>2.1</b>	<b>244.8</b>	215.9	10.5	226.4	473.8	10.5	484.3
Non-controlling interests	<b>0.8</b>	-	<b>0.8</b>	(0.1)	-	(0.1)	0.3	-	0.3
	<b>243.5</b>	<b>2.1</b>	<b>245.6</b>	215.8	10.5	226.3	474.1	10.5	484.6
	<b>US¢</b>		<b>US¢</b>	US¢		US¢	US¢		US¢
Earnings per share (note 6)									
- basic	<b>17.98</b>		<b>18.13</b>	15.99		16.77	35.09		35.87
- diluted	<b>17.95</b>		<b>18.10</b>	15.97		16.75	35.05		35.83

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


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	(unaudited) Six months ended 30th June <b>2012</b> US\$m	2011 US\$m	Year ended 31st December 2011 US\$m
Profit for the period	<b>245.6</b>	226.3	484.6
Revaluation of other investments - gains arising during the period	<b>0.8</b>	0.3	0.7
Net actuarial loss on employee benefit plans	-	-	(33.4)
Net exchange translation differences - (losses)/gains arising during the period	<b>(14.7)</b>	10.4	(17.0)
Cash flow hedges - net gain arising during the period	<b>0.2</b>	1.3	5.6
Share of other comprehensive income/ (expense) of associates and joint ventures	<b>4.2</b>	0.2	(1.1)
Tax relating to components of other comprehensive (expense)/income ( <i>note 5</i> )	<b>(0.2)</b>	(0.3)	5.0
Other comprehensive (expense)/income for the period	<u><b>(9.7)</b></u>	<u>11.9</u>	<u>(40.2)</u>
Total comprehensive income for the period	<u><b>235.9</b></u>	<u>238.2</u>	<u>444.4</u>
Attributable to:			
Shareholders of the Company	<u><b>235.5</b></u>	238.0	444.6
Non-controlling interests	<u><b>0.4</b></u>	<u>0.2</u>	<u>(0.2)</u>
	<u><b>235.9</b></u>	<u>238.2</u>	<u>444.4</u>

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

	2012 US\$m	(unaudited) At 30th June 2011 US\$m	At 31st December 2011 US\$m
<b>Net operating assets</b>			
Intangible assets	391.2	354.2	352.4
Tangible assets	911.9	927.4	896.0
Associates and joint ventures	316.9	183.2	193.5
Other investments	4.8	3.6	4.0
Non-current debtors	130.8	126.2	126.9
Deferred tax assets	18.4	18.5	20.6
Pension assets	1.9	27.6	0.7
Non-current assets	<u>1,775.9</u>	1,640.7	1,594.1
Stocks	932.2	830.1	949.1
Current debtors	218.2	171.7	217.8
Current tax assets	1.6	2.1	0.9
Bank balances and other liquid funds	436.7	563.5	729.7
	<u>1,588.7</u>	1,567.4	1,897.5
Non-current assets classified as held for sale ( <i>note 8</i> )	47.2	3.8	47.4
Current assets	<u>1,635.9</u>	1,571.2	1,944.9
Current creditors	(2,035.5)	(1,895.8)	(2,140.2)
Current borrowings	(174.9)	(86.8)	(130.2)
Current tax liabilities	(82.1)	(85.8)	(80.6)
Current provisions	(5.0)	(4.1)	(6.2)
Current liabilities	<u>(2,297.5)</u>	(2,072.5)	(2,357.2)
Net current liabilities	<b>(661.6)</b>	(501.3)	(412.3)
Long-term borrowings	(31.3)	(221.6)	(133.4)
Deferred tax liabilities	(43.8)	(51.3)	(43.5)
Pension liabilities	(31.9)	(30.2)	(36.1)
Non-current creditors	(16.4)	(17.4)	(16.8)
Non-current provisions	(22.3)	(22.2)	(21.7)
Non-current liabilities	<u>(145.7)</u>	(342.7)	(251.5)
	<b>968.6</b>	796.7	930.3
<b>Total equity</b>			
Share capital	75.0	75.0	75.0
Share premium and capital reserves	51.7	49.0	50.2
Revenue and other reserves	830.5	671.4	797.5
Shareholders' funds	<u>957.2</u>	795.4	922.7
Non-controlling interests	11.4	1.3	7.6
	<b>968.6</b>	796.7	930.3

**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 2012 (unaudited)</i>									
At 1st January 2012	75.0	19.6	30.6	815.0	1.1	(18.6)	922.7	7.6	<b>930.3</b>
Total comprehensive income	-	-	-	245.5	0.1	(10.1)	235.5	0.4	<b>235.9</b>
Dividends paid by the Company (note 9)	-	-	-	(202.5)	-	-	(202.5)	-	<b>(202.5)</b>
Employee share option schemes	-	-	1.5	-	-	-	1.5	-	<b>1.5</b>
Subsidiary acquired	-	-	-	-	-	-	-	3.4	<b>3.4</b>
At 30th June 2012	<b>75.0</b>	<b>19.6</b>	<b>32.1</b>	<b>858.0</b>	<b>1.2</b>	<b>(28.7)</b>	<b>957.2</b>	<b>11.4</b>	<b>968.6</b>
<i>Six months ended 30th June 2011 (unaudited)</i>									
At 1st January 2011	75.0	18.0	28.4	617.7	(3.6)	(2.4)	733.1	1.1	734.2
Total comprehensive income	-	-	-	226.7	1.0	10.3	238.0	0.2	238.2
Dividends paid by the Company (note 9)	-	-	-	(175.5)	-	-	(175.5)	-	(175.5)
Issue of shares	-	1.5	-	-	-	-	1.5	-	1.5
Employee share option schemes	-	-	1.1	-	-	-	1.1	-	1.1
Change in interests in associates	-	-	-	(2.8)	-	-	(2.8)	-	(2.8)
At 30th June 2011	<b>75.0</b>	<b>19.5</b>	<b>29.5</b>	<b>666.1</b>	<b>(2.6)</b>	<b>7.9</b>	<b>795.4</b>	<b>1.3</b>	<b>796.7</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 2011</i>									
At 1st January 2011	75.0	18.0	28.4	617.7	(3.6)	(2.4)	733.1	1.1	734.2
Total comprehensive income	-	-	-	456.1	4.7	(16.2)	444.6	(0.2)	444.4
Dividends paid by the Company	-	-	-	(256.5)	-	-	(256.5)	-	(256.5)
Unclaimed dividends forfeited	-	-	-	0.5	-	-	0.5	-	0.5
Issue of shares	-	1.6	-	-	-	-	1.6	-	1.6
Employee share option schemes	-	-	2.2	-	-	-	2.2	-	2.2
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	6.7	6.7
Change in interests in associates	-	-	-	(2.8)	-	-	(2.8)	-	(2.8)
At 31st December 2011	<u>75.0</u>	<u>19.6</u>	<u>30.6</u>	<u>815.0</u>	<u>1.1</u>	<u>(18.6)</u>	<u>922.7</u>	<u>7.6</u>	<u>930.3</u>

Total comprehensive income for the six months ended 30th June 2012 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$244.8 million (2011: US\$226.4 million) and net fair value gain on other investments of US\$0.7 million (2011: US\$0.3 million). Cumulative net fair value gain on other investments and net actuarial loss on employee benefit plans amounted to US\$3.8 million and US\$21.5 million, respectively.

Total comprehensive income for the year ended 31st December 2011 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$484.3 million, net fair value gain on other investments of US\$0.6 million and net actuarial loss on employee benefit plans of US\$28.8 million. Cumulative net fair value gain on other investments and net actuarial loss on employee benefit plans amounted to US\$3.1 million and US\$21.5 million, respectively.

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


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	(unaudited) Six months ended 30th June <b>2012</b> US\$m	2011 US\$m	Year ended 31st December 2011 US\$m
<b>Operating activities</b>			
Operating profit ( <i>note 3</i> )	<b>282.8</b>	253.0	535.3
Depreciation and amortization	<b>92.4</b>	88.9	181.4
Other non-cash items	<b>1.4</b>	3.6	8.3
(Increase)/decrease in working capital	<b>(81.2)</b>	7.1	72.6
Interest received	<b>1.7</b>	1.7	3.5
Interest and other financing charges paid	<b>(8.2)</b>	(12.1)	(21.7)
Tax paid	<b>(51.3)</b>	(31.4)	(88.3)
	<b>237.6</b>	310.8	691.1
Dividends from associates and joint ventures	<b>15.5</b>	12.8	39.2
Cash flows from operating activities	<b>253.1</b>	323.6	730.3
<b>Investing activities</b>			
Purchase of tangible assets	<b>(126.1)</b>	(103.0)	(213.5)
Purchase of subsidiaries ( <i>note 10(a)</i> )	<b>(32.1)</b>	-	(0.4)
Purchase of associates and joint ventures ( <i>note 10(b)</i> )	<b>(111.5)</b>	(6.8)	(9.9)
Purchase of intangible assets	<b>(18.9)</b>	(4.3)	(18.7)
Sale of tangible assets	<b>0.9</b>	0.7	1.0
Cash flows from investing activities	<b>(287.7)</b>	(113.4)	(241.5)
<b>Financing activities</b>			
Issue of shares	<b>-</b>	1.5	1.6
Capital contributions from non-controlling interests	<b>-</b>	-	6.7
Drawdown of borrowings	<b>632.6</b>	695.9	1,293.4
Repayment of borrowings	<b>(691.5)</b>	(854.0)	(1,492.5)
Dividends paid by the Company ( <i>note 9</i> )	<b>(202.5)</b>	(175.5)	(256.5)
Cash flows from financing activities	<b>(261.4)</b>	(332.1)	(447.3)
Net (decrease)/increase in cash and cash equivalents	<b>(296.0)</b>	(121.9)	41.5
Cash and cash equivalents at beginning of period	<b>718.7</b>	679.9	679.9
Effect of exchange rate changes	<b>1.2</b>	3.8	(2.7)
Cash and cash equivalents at end of period	<b>423.9</b>	561.8	718.7

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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 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.

There have been no changes to the accounting policies described in the 2011 annual financial statements.

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			
	<b>2012</b> US\$m	2011 US\$m	<b>2012</b> US\$m	2011 US\$m
<i>Analysis by operating segment:</i>				
North Asia	<b>2,420.6</b>	2,156.4	<b>2,420.6</b>	2,156.4
East Asia	<b>1,401.7</b>	1,353.1	<b>1,397.8</b>	1,353.1
South Asia	<b>1,017.5</b>	926.0	<b>950.3</b>	889.9
	<b>4,839.8</b>	4,435.5	<b>4,768.7</b>	4,399.4
Maxim's	<b>629.3</b>	542.6	-	-
	<b>5,469.1</b>	4,978.1	<b>4,768.7</b>	4,399.4
<i>Analysis by format:</i>				
Supermarkets/hypermarkets	<b>2,880.4</b>	2,676.8	<b>2,825.4</b>	2,655.5
Health and beauty stores	<b>973.5</b>	828.7	<b>957.4</b>	813.9
Convenience stores	<b>811.9</b>	762.9	<b>811.9</b>	762.9
Home furnishings stores	<b>174.0</b>	167.1	<b>174.0</b>	167.1
	<b>4,839.8</b>	4,435.5	<b>4,768.7</b>	4,399.4
Restaurants	<b>629.3</b>	542.6	-	-
	<b>5,469.1</b>	4,978.1	<b>4,768.7</b>	4,399.4

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

2. SALES (*continued*)

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: North Asia, East Asia, South Asia and Maxim's. 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. Maxim's is the Group's major associate, a leading Hong Kong restaurant chain. No operating segments have been aggregated to form the reportable segments.

## 3. OPERATING PROFIT

	Six months ended 30th June	
	<b>2012</b>	2011
	<b>US\$m</b>	US\$m
	<hr/>	<hr/>
<i>Analysis by operating segment:</i>		
North Asia	<b>140.7</b>	113.3
East Asia	<b>105.7</b>	102.4
South Asia	<b>53.0</b>	52.2
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Support office	<b>299.4</b>	267.9
	<b>(18.7)</b>	(14.9)
	<hr/>	<hr/>
	<b>280.7</b>	253.0
Non-trading items in South Asia:		
- Profit on sale of a property	<b>2.4</b>	-
- Acquisition-related costs in business combination	<b>(0.3)</b>	-
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	<b>282.8</b>	253.0
	<hr/>	<hr/>
<i>Analysis by format:</i>		
Supermarkets/hypermarkets	<b>147.8</b>	141.1
Health and beauty stores	<b>92.2</b>	73.9
Convenience stores	<b>30.7</b>	28.7
Home furnishings stores	<b>17.0</b>	16.2
Other	<b>11.7</b>	8.0
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	<b>299.4</b>	267.9
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## 4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Six months ended 30th June	
	2012	2011
	US\$m	US\$m
<i>Analysis by operating segment:</i>		
Maxim's	24.5	31.6
East Asia	(0.8)	-
South Asia	(0.6)	(0.3)
	<b>23.1</b>	<b>31.3</b>
<i>Analysis by format:</i>		
Restaurants	24.5	31.6
Supermarkets/hypermarkets	(1.4)	(0.7)
Health and beauty stores	-	0.4
	<b>23.1</b>	<b>31.3</b>

In 2011, share of results of associates and joint ventures included our share of a net gain in Maxim's of US\$10.5 million classified as non-trading item (*note 7*).

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

## 5. TAX

	Six months ended 30th June	
	2012	2011
	US\$m	US\$m
<i>Tax charged to profit and loss is analyzed as follows:</i>		
Current tax	51.9	45.6
Deferred tax	2.1	2.2
	<b>54.0</b>	<b>47.8</b>
<i>Geographical analysis:</i>		
North Asia	22.0	18.1
East Asia	22.7	20.8
South Asia	9.3	8.9
	<b>54.0</b>	<b>47.8</b>

## 5. TAX (continued)

Tax relating to components of other comprehensive income or expense is analyzed as follows:

	Six months ended 30th June	
	2012 US\$m	2011 US\$m
Cash flow hedges	0.1	0.3
Revaluation of other investments	0.1	-
	<b>0.2</b>	<b>0.3</b>

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\$5.6 million (2011: US\$6.4 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\$244.8 million (2011: US\$226.4 million), and on the weighted average number of 1,350.2 million (2011: 1,349.9 million) shares in issue during the period.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$244.8 million (2011: US\$226.4 million), and on the weighted average number of 1,352.5 million (2011: 1,351.8 million) shares in issue after adjusting for 2.3 million (2011: 1.9 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					
	2012			2011		
	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	244.8	18.13	18.10	226.4	16.77	16.75
Non-trading items (note 7)	(2.1)			(10.5)		
Underlying profit attributable to shareholders	<b>242.7</b>	<b>17.98</b>	<b>17.95</b>	<b>215.9</b>	15.99	15.97

## 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	
	2012	2011
	US\$m	US\$m
Profit on sale of a property	2.4	-
Acquisition-related costs in business combination	(0.3)	-
Share of net gain from sale of 30% interests in the Starbucks operations in China by Maxim's	-	10.5
	<u>2.1</u>	<u>10.5</u>

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

At 30th June 2012 and 31st December 2011, the non-current assets classified as held for sale represented two retail properties in Malaysia and one retail property in Singapore. The sale of these properties is expected to be completed in the second half of 2012 at amounts not materially different from their carrying values.

## 9. DIVIDENDS

	Six months ended 30th June	
	2012	2011
	US\$m	US\$m
Final dividend in respect of 2011 of US¢15.00 (2010: US¢13.00) per share	<u>202.5</u>	<u>175.5</u>

An interim dividend in respect of 2012 of US¢6.50 (2011: US¢6.00) per share amounting to a total of US\$87.8 million (2011: US\$81.0 million) is declared by the Board, and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2012.

## 10. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

## (a) Purchase of subsidiaries

	Six months ended 30th June 2012 US\$m
Intangible assets	2.7
Tangible assets	2.8
Current assets	6.0
Current liabilities	<u>(0.2)</u>
Provisional fair value of identifiable net assets acquired	11.3
Adjustment for non-controlling interests	(3.4)
Goodwill	<u>25.3</u>
Total consideration	33.2
Cash and cash equivalents acquired	<u>(1.1)</u>
Net cash outflow	<u>32.1</u>

In March 2012, the Group acquired a 70% interest in the Lucky supermarket chain in Cambodia for a total cash consideration of US\$33.2 million. The fair value of the identifiable assets and liabilities at the acquisition date is provisional and will be finalized at the year end.

The goodwill arising from the acquisition is attributable to the leading market position and retail network. The goodwill is not expected to be deductible for tax purposes.

Sales and profit after tax since acquisition in respect of the subsidiary acquired during the six months ended 30th June 2012 amounted to US\$15.7 million and US\$0.8 million, respectively. Had the acquisition occurred on 1st January 2012, consolidated sales and consolidated profit after tax for the six months ended 30th June 2012 would have been US\$4,777.6 million and US\$245.8 million, respectively.

- (b) Purchase of associates and joint ventures for the six months ended 30th June 2012 mainly related to the Group's acquisition of a 50% interest in Rustan Supercenters, Inc. which operates hypermarkets and supermarkets in the Philippines.

Purchase of associates and joint ventures for the six months ended 30th June 2011 mainly related to the Group's capital injection in Foodworld India.



## 11. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2012 and 31st December 2011 amounted to US\$276.0 million and US\$266.7 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.

## 12. RELATED PARTY TRANSACTIONS

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

In the normal course of business the Group undertakes a variety of transactions with JMHS 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 (*2011: US\$1.1 million*) for the first six months in 2012 to Jardine Matheson Limited ('JML'), a wholly-owned subsidiary of JMHS, 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 for the same period in 2012 (*2011: US\$0.2 million*) to JML.

The Group rents properties from Hongkong Land Holdings Limited ('HKL'), a subsidiary of JMHS. The gross annual rentals paid by the Group to HKL for the first six months in 2012 were US\$2.8 million (*2011: US\$2.8 million*). The Group's 50%-owned associate, Maxim's Caterers Limited ('Maxim's'), also paid gross rentals of US\$4.1 million (*2011: US\$3.5 million*) to HKL for the first six months in 2012.

The Group uses Jardine Lloyd Thompson Limited ('JLT'), an associate of JMHS, to place certain of its insurance. Brokerage fees and commissions, net of rebates, paid by the Group to JLT for the first six months in 2012 were US\$0.8 million (*2011: US\$0.8 million*).

In addition, Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. For the first six months in 2012, these amounted to US\$7.5 million (*2011: US\$7.5 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.

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**Dairy Farm International Holdings Limited**  
**Going Concern Statement**

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The Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company and the Group are going concerns. The Group prepares comprehensive financial forecasts and, based on these forecasts, cash resources and existing credit facilities, the Directors consider that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

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**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 61 of the Company's Annual Report for 2011, 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 Services Authority of the United Kingdom.

For and on behalf of the Board

Michael Kok  
Alec Tong

*Directors*

26th July 2012

*The interim dividend of US\$6.50 per share will be payable on 10th October 2012 to shareholders on the register of members at the close of business on 17th August 2012. The ex-dividend date will be on 15th August 2012, and the share registers will be closed from 20th to 24th August 2012, 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 2012 interim dividend by notifying the United Kingdom transfer agent in writing by 21st September 2012. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 26th September 2012. 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 2012, the Group and its associates operated over 5,500 outlets; employed over 90,000 people and had total annual sales in 2011 exceeding US\$10 billion.

The Group operates supermarkets, hypermarkets, health and beauty stores, convenience stores and home furnishings stores under well-known brands, including:

- Supermarkets – Wellcome in Hong Kong, Taiwan and Vietnam, ThreeSixty and Oliver's The Delicatessen in Hong Kong, Jasons MarketPlace in Singapore, Hong Kong and Taiwan, Cold Storage in Singapore and Malaysia, Giant in Malaysia, Indonesia and Brunei, Shop N Save in Singapore, Hero in Indonesia, Lucky in Cambodia, Rustan's and Shopwise in the Philippines, and Foodworld in India;
- Hypermarkets – Giant in Malaysia, Indonesia, Singapore, Brunei and Vietnam, and Shopwise in the Philippines;
- Health and beauty stores – Mannings in Hong Kong, mainland China and Macau, Guardian in Malaysia, Singapore, Indonesia, Brunei and Vietnam, and Health and Glow in India;
- Convenience stores – 7-Eleven in Hong Kong, Singapore, Southern China and Macau, and Starmart in Indonesia; and
- Home furnishings stores – IKEA in Hong Kong and Taiwan.

The Group has a 50% interest in Maxim's, Hong Kong's leading restaurant chain.

Dairy Farm International Holdings Limited is incorporated in Bermuda and has a premium listing on the London Stock Exchange, 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

Michael Kok

(852) 2299 1881

Alec Tong

(852) 2299 1896

GolinHarris

Kennes Young

(852) 2501 7987

As permitted by the Disclosure and Transparency Rules of the Financial Services Authority of 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.