



Dairy Farm International Holdings Ltd

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To: Business Editor

25th July 2014
For immediate release

**PT HERO SUPERMARKET TBK
2014 HALF YEAR RESULTS**

The following announcement was issued today by the Company's 80.8%-owned subsidiary, PT Hero Supermarket Tbk.

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Incorporated in Bermuda with limited liability

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PT HERO SUPERMARKET TBK 2014 HALF YEAR RESULTS

Highlights

- Net revenue up 17%
- Gross profit up 17%
- Underlying operating income down 72% to Rp 55 billion
- Underlying profit down 41% to Rp 71 billion, helped by lower interest expenses
- 23 net new stores opened to reach 705 stores
- Ongoing commitment to store expansion despite immediate cost pressures

“The first half results were impacted by competitive conditions and cost pressures. However, with continuing sales gains in all formats throughout the first half of 2014, we remain cautiously optimistic about the trading outlook for the second half.”

Stephane Deutsch
President Director

Results

	First Half (Unaudited)		Change %	
	2014 Rp billion	2013 Rp billion		
Net revenue	6,500	5,550	+17	
Gross profit	1,543	1,324	+17	
Operating income	- Underlying	55 *	199	-72
	- Reported	79	199	-60
Profit for the period	- Underlying	71 *	121	-41
	- Reported	95	121	-22
		Rp	Rp	%
Earnings per share	- Underlying	18 *	35	-49
	- Basic	23	35	-34

* Excluding the residual gain on sale of the Company's head property in 2014

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PRESIDENT DIRECTOR'S STATEMENT

Overview

The Group's results were disappointing in the first half of 2014 despite all formats achieving growth in net revenue and the addition of 23 outlets. The results were impacted by competitive conditions and cost pressures, as well as an increase in pre-opening costs for the first IKEA store. The overall profit decline was partly offset by reduced interest expenses following repayment of borrowings from the proceeds of the Company's rights issue in June 2013.

Performance

Net revenue for the first half of 2014 grew by 17% to Rp 6,500 billion, while gross profit also increased by 17% to Rp 1,543 billion. Underlying operating income was 72% lower at Rp 55 billion in the face of competitive conditions and severe cost pressures, including a significant year on year increase in the minimum wage and increases in electricity charges, as well as costs associated with an expanded store base.

The Company ended the period with net cash of Rp 370 billion, Rp 957 billion lower than the end of 2013, mainly due to capital expenditure during the period.

Business Activities

In Food, there is an increased focus on the fresh produce offerings. Giant continues to gain market share as it expands in cities outside of Java. In a rising cost environment, Giant's ability to maintain competitive pricing has enhanced its low price image and led to improved sales. Hero continues to focus on improving its offer across its fresh, imported and exclusive ranges.

Giant Ekspres faced a disappointing 2.5% growth in like-for-like sales. Although an enhanced supply chain and further merchandising investment, combined with the development of the fresh food offerings, are expected to enhance sales growth in the second half of the year.

The opening of new distribution centre hubs at Medan, Lampung and Kalimantan and the introduction of decentralized buying teams will strengthen the assortment and the quality of fresh offerings as well as improving logistics costs. The lack of electricity capacity in certain cities, however, has led to either a slowdown in expansion or a temporary substantial increase in costs.

Starmart's new convenience concept, with increasing focus on Ready-to-Eat, is gradually being rolled out in both new and existing stores.

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In Health & Beauty, Guardian's store expansion programme is progressing well alongside the commencement of a rollout programme for a fresh brand look.

In Home Furnishings, the construction of the first IKEA store in Indonesia at Tangerang is progressing well. It is expected to open as planned in the fourth quarter of 2014.

A total 23 net new stores opened in the first half 2014 including three Giant Ekstra, nine Giant Ekspres, and 16 Guardians, partly offset by a net reduction of five Starmarts. As of 30th June 2014, the Company operated 705 stores, comprising 54 Giant Ekstra, 167 Hero Supermarket and Giant Ekspres, 332 Guardian health and beauty stores and 152 Starmart convenience stores.

People

I was appointed as the President Director of the Company with effect from 1st July 2014, following the approval of Shareholders at the Annual General Meeting of the Company held in May 2014.

Prospects

The first half results were impacted by competitive conditions and cost pressures. However, with continuing sales gains in all formats throughout the first half of 2014, we remain cautiously optimistic about the trading outlook for the second half.

Stephane Deutsch

President Director

25th July 2014

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