


**Dairy Farm International Holdings Ltd**

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

To: Business Editor

28th July 2011

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 2011**
**Highlights**

- Underlying earnings up 18%
- Profit growth in all regions
- Continued investment in business expansion

“Despite inflationary cost pressures, Dairy Farm’s major businesses are expected to continue to trade well and produce a satisfactory result for the full year.”

 Simon Keswick, *Chairman*

28th July 2011

**Results**

	(unaudited)		
	Six months ended 30th June		
	2011	2010	Change
	US\$m	US\$m	%
Sales			
- subsidiaries	<b>4,399</b>	3,792	+16
- including associates	<b>4,978</b>	4,300	+16
Underlying profit attributable to shareholders	<b>216</b>	182	+18
Non-trading items	<b>10</b>	-	n/a
Profit attributable to shareholders	<b>226</b>	182	+24
PBIT to sales	<b>5.8%</b>	5.7%	
	<b>US¢</b>	US¢	%
Underlying earnings per share	<b>15.99</b>	13.52	+18
Basic earnings per share	<b>16.77</b>	13.52	+24
Interim dividend per share	<b>6.00</b>	5.00	+20

The interim dividend of US¢6.00 per share will be payable on 12th October 2011 to shareholders on the register of members at the close of business on 19th August 2011. The ex-dividend date will be on 17th August 2011, and the share registers will be closed from 22nd to 26th August 2011, 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 2011**

**OVERVIEW**

Dairy Farm benefited from stable trading conditions in its principal markets across Asia in the first half of 2011 enabling the Group to achieve further growth in sales and profit.

**PERFORMANCE**

Sales, including 100% of associates, increased by 16% to US\$5.0 billion in the first six months of 2011, while underlying net profit grew at 18% to US\$216 million. At constant rates of exchange, sales and net profit rose 11% and 13%, respectively. Underlying earnings per share for the period were US¢15.99, up 18%. The profit attributable to shareholders of US\$226 million included a non-trading gain of US\$10 million arising from the disposal by Maxim's of its remaining interest in Starbucks China.

The Board has declared an interim dividend of US¢6.00 per share, up by 20%.

**OPERATIONS**

The number of stores operated by the Group declined during the period, primarily reflecting the exclusion of Starbucks in mainland China. Dairy Farm, however, remains in a strong financial position enabling it to consider acquisition opportunities in existing and new markets in Asia while continuing to invest in organic growth.

**North Asia**

In Hong Kong, Mannings health and beauty stores and IKEA produced strong profit growth. Wellcome supermarkets traded reasonably, but 7-Eleven continued to operate in a challenging market segment. In Taiwan, Wellcome's business stabilized, while IKEA performed well. In Southern China, 7-Eleven achieved higher sales and an improved result. Mannings continues to expand its network on the Mainland, which now stands at 179 stores.

Hong Kong restaurant associate, Maxim's, enjoyed a good first half with improved sales and profits in all divisions, except its Genki Sushi restaurant chain which encountered some negative sentiment following the nuclear incident in Japan. At the end of May, Maxim's restructured its Starbucks business in conjunction with the franchisor. Maxim's sold its 30%

minority interests in the Central, South and Western China Starbucks operations, and acquired the remaining interests in the Hong Kong and Macau operations, making them wholly owned.

### **South Asia**

The operations in Singapore achieved steady growth, with higher sales and profit contributions being enhanced by the strong Singapore dollar. In India, the Group's health and beauty joint venture continued to trade profitably, while the supermarket business made further progress in reducing its losses from existing operations and in opening new stores.

### **East Asia**

Good performances were seen in the Malaysian operations, including newly acquired stores, while the favourable exchange rate enhanced the reported results. In Indonesia, where expansion continued in all formats, higher sales and profit were achieved despite a competitive market. The Group's first hypermarket in Vietnam is targeted to open in early 2012.

### **PEOPLE**

R C Kwok retired from the Board in May 2011. We would like to thank him for his significant contribution to the Group.

### **PROSPECTS**

Despite inflationary cost pressures, Dairy Farm's major businesses are expected to continue to trade well and produce a satisfactory result for the full year.

Simon Keswick

*Chairman*

28th July 2011

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


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	(unaudited) Six months ended 30th June <b>2011</b> US\$m	2010 US\$m	Year ended 31st December 2010 US\$m
Sales ( <i>note 2</i> )	<b>4,399.4</b>	3,791.6	7,970.5
Cost of sales	<b>(3,100.9)</b>	(2,666.1)	(5,595.5)
Gross margin	<b>1,298.5</b>	1,125.5	2,375.0
Other operating income	<b>60.9</b>	53.6	120.7
Selling and distribution costs	<b>(972.0)</b>	(845.6)	(1,755.2)
Administration and other operating expenses	<b>(134.4)</b>	(117.3)	(271.2)
Operating profit ( <i>note 3</i> )	<b>253.0</b>	216.2	469.3
Financing charges	<b>(11.9)</b>	(12.3)	(25.5)
Financing income	<b>1.7</b>	1.2	2.9
Net financing charges	<b>(10.2)</b>	(11.1)	(22.6)
Share of results of associates and joint ventures ( <i>note 4</i> )	<b>31.3</b>	17.7	47.1
Profit before tax	<b>274.1</b>	222.8	493.8
Tax ( <i>note 5</i> )	<b>(47.8)</b>	(41.4)	(83.5)
Profit after tax	<b>226.3</b>	181.4	410.3
Attributable to:			
Shareholders of the Company	<b>226.4</b>	182.3	411.4
Non-controlling interests	<b>(0.1)</b>	(0.9)	(1.1)
	<b>226.3</b>	181.4	410.3
	<b>US¢</b>	US¢	US¢
<b>Earnings per share (<i>note 6</i>)</b>			
- basic	<b>16.77</b>	13.52	30.50
- diluted	<b>16.75</b>	13.51	30.46

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


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	(unaudited)	Year ended	
	Six months ended	31st	
	30th June	December	
	2011	2010	
	US\$m	US\$m	
	US\$m	US\$m	
Profit for the period	<b>226.3</b>	181.4	410.3
Revaluation of other investments			
- gains arising during the period	<b>0.3</b>	-	0.2
Net actuarial loss on employee benefit plans	-	-	(5.2)
Net exchange translation differences			
- gains arising during the period	<b>10.4</b>	6.6	13.6
Cash flow hedges			
- net gain arising during the period	<b>1.3</b>	3.7	2.6
Share of other comprehensive income of associates and joint venture	<b>0.2</b>	-	(2.7)
Tax relating to components of other comprehensive income	<b>(0.3)</b>	(0.9)	0.2
Other comprehensive income for the period	<b>11.9</b>	9.4	8.7
Total comprehensive income for the period	<b>238.2</b>	190.8	419.0
Attributable to:			
Shareholders of the Company	<b>238.0</b>	191.5	420.1
Non-controlling interests	<b>0.2</b>	(0.7)	(1.1)
	<b>238.2</b>	190.8	419.0

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

	(unaudited) At 30th June <b>2011</b> US\$m	2010 US\$m	At 31st December 2010 US\$m
<b>Net Operating Assets</b>			
Intangible assets	354.2	285.2	343.9
Tangible assets	927.4	818.3	920.8
Associates and joint ventures	183.2	152.6	160.6
Other investments	3.6	3.1	3.3
Non-current debtors	126.2	116.9	123.5
Deferred tax assets	18.5	17.5	19.2
Pension assets	27.6	26.9	27.1
Non-current assets	<b>1,640.7</b>	1,420.5	1,598.4
Stocks	<b>830.1</b>	712.6	816.3
Current debtors	<b>171.7</b>	148.6	160.4
Current tax assets	<b>2.1</b>	1.6	0.9
Bank balances and other liquid funds	<b>563.5</b>	500.4	681.8
	<b>1,567.4</b>	1,363.2	1,659.4
Non-current assets classified as held for sale	<b>3.8</b>	-	-
Current assets	<b>1,571.2</b>	1,363.2	1,659.4
Current creditors	<b>(1,895.8)</b>	(1,589.5)	(1,869.9)
Current borrowings	<b>(86.8)</b>	(89.4)	(120.5)
Current tax liabilities	<b>(85.8)</b>	(77.0)	(69.0)
Current provisions	<b>(4.1)</b>	(3.0)	(5.8)
Current liabilities	<b>(2,072.5)</b>	(1,758.9)	(2,065.2)
Net current liabilities	<b>(501.3)</b>	(395.7)	(405.8)
Long-term borrowings	<b>(221.6)</b>	(349.8)	(337.9)
Deferred tax liabilities	<b>(51.3)</b>	(42.4)	(48.8)
Pension liabilities	<b>(30.2)</b>	(25.9)	(33.9)
Non-current creditors	<b>(17.4)</b>	(15.5)	(16.4)
Non-current provisions	<b>(22.2)</b>	(19.6)	(21.4)
Non-current liabilities	<b>(342.7)</b>	(453.2)	(458.4)
	<b>796.7</b>	571.6	734.2
<b>Total Equity</b>			
Share capital	<b>75.0</b>	75.0	75.0
Share premium and capital reserves	<b>49.0</b>	44.5	46.4
Revenue and other reserves	<b>671.4</b>	450.6	611.7
Shareholders' funds	<b>795.4</b>	570.1	733.1
Non-controlling interests	<b>1.3</b>	1.5	1.1
	<b>796.7</b>	571.6	734.2

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

	Attributable to shareholders of the Company						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			Total US\$m
<i>Six months ended 30th June 2011</i>									
As at 1st January 2011	75.0	18.0	28.4	617.7	(3.6)	(2.4)	733.1	1.1	<b>734.2</b>
Total comprehensive income	-	-	-	226.7	1.0	10.3	238.0	0.2	<b>238.2</b>
Dividends paid by the Company (note 8)	-	-	-	(175.5)	-	-	(175.5)	-	<b>(175.5)</b>
Issue of shares	-	1.5	-	-	-	-	1.5	-	<b>1.5</b>
Employee share option schemes	-	-	1.1	-	-	-	1.1	-	<b>1.1</b>
Changes in interests in associates	-	-	-	(2.8)	-	-	(2.8)	-	<b>(2.8)</b>
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>
<i>Six months ended 30th June 2010</i>									
As at 1st January 2010	74.9	9.9	26.7	436.1	(5.5)	(16.5)	525.6	2.2	527.8
Total comprehensive income	-	-	-	182.1	3.0	6.4	191.5	(0.7)	190.8
Dividends paid by the Company (note 8)	-	-	-	(155.0)	-	-	(155.0)	-	(155.0)
Issue of shares	0.1	7.1	-	-	-	-	7.2	-	7.2
Employee share option schemes	-	-	0.8	-	-	-	0.8	-	0.8
At 30th June 2010	<b>75.0</b>	<b>17.0</b>	<b>27.5</b>	<b>463.2</b>	<b>(2.5)</b>	<b>(10.1)</b>	<b>570.1</b>	<b>1.5</b>	<b>571.6</b>

**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 2010</i>									
At 1st January 2010	74.9	9.9	26.7	436.1	(5.5)	(16.5)	525.6	2.2	527.8
Total comprehensive income	-	-	-	404.1	1.9	14.1	420.1	(1.1)	419.0
Dividends paid by the Company	-	-	-	(222.5)	-	-	(222.5)	-	(222.5)
Issue of shares	0.1	8.1	-	-	-	-	8.2	-	8.2
Employee share option schemes	-	-	1.7	-	-	-	1.7	-	1.7
At 31st December 2010	75.0	18.0	28.4	617.7	(3.6)	(2.4)	733.1	1.1	734.2

Total comprehensive income for the six months ended 30th June 2011 included in revenue reserves represents profit attributable to shareholders of the Company of US\$226.4 million (2010: US\$182.3 million) and fair value gain on revaluation of other investments of US\$0.3 million (2010: nil). The balance for the six months ended 30th June 2010 also included an adjustment on deferred tax on actuarial valuation of employee benefit plans of US\$0.2 million due to tax rate change.

Total comprehensive income for the year ended 31st December 2010 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$411.4 million, net fair value gain on revaluation of other investments of US\$0.2 million and net actuarial loss on employee benefit plans of US\$7.5 million.



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


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	(unaudited)	Year ended	
	Six months ended	31st	
	30th June	December	
	2011	2010	
	US\$m	US\$m	
	US\$m	US\$m	
<b>Operating activities</b>			
Operating profit ( <i>note 3</i> )	<b>253.0</b>	216.2	469.3
Depreciation and amortization	<b>88.9</b>	78.8	167.3
Other non-cash items	<b>3.6</b>	2.0	6.0
Decrease/(increase) in working capital	<b>7.1</b>	(18.2)	100.5
Interest received	<b>1.7</b>	1.1	2.9
Interest and other financing charges paid	<b>(12.1)</b>	(12.5)	(25.5)
Tax paid	<b>(31.4)</b>	(26.0)	(73.6)
	<b>310.8</b>	241.4	646.9
Dividends from associates and joint ventures	<b>12.8</b>	10.3	29.6
Cash flows from operating activities	<b>323.6</b>	251.7	676.5
<b>Investing activities</b>			
Purchase of tangible assets	<b>(103.0)</b>	(95.5)	(210.8)
Purchase of subsidiaries	-	-	(52.2)
Purchase of associates and joint ventures	<b>(6.8)</b>	-	-
Purchase of intangible assets	<b>(4.3)</b>	(6.4)	(13.0)
Sale of properties	-	37.3	37.3
Sale of other tangible assets	<b>0.7</b>	0.4	0.8
Cash flows from investing activities	<b>(113.4)</b>	(64.2)	(237.9)
<b>Financing activities</b>			
Issue of shares	<b>1.5</b>	7.2	8.2
Drawdown of borrowings	<b>695.9</b>	731.7	1,480.4
Repayment of borrowings	<b>(854.0)</b>	(799.6)	(1,555.5)
Dividends paid by the Company ( <i>note 8</i> )	<b>(175.5)</b>	(155.0)	(222.5)
Cash flows from financing activities	<b>(332.1)</b>	(215.7)	(289.4)
Net (decrease)/increase in cash and cash equivalents	<b>(121.9)</b>	(28.2)	149.2
Cash and cash equivalents at beginning of period	<b>679.9</b>	520.8	520.8
Effect of exchange rate changes	<b>3.8</b>	0.8	9.9
Cash and cash equivalents at end of period	<b>561.8</b>	493.4	679.9

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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 auditor pursuant to the UK Auditing Practices Board guidance on the review of interim financial information.

The following amendments and interpretations to existing standards which are effective in the current accounting period and relevant to the Group's operations are adopted in 2011:

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Revised IAS 24	Related Party Disclosures
Amendment to IAS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs (2010)	

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There have been no changes to the accounting policies described in the 2010 annual financial statements upon the adoption of the above amendments and interpretations to existing standards.

Revised IAS 24 'Related Party Disclosures' supersedes IAS 24 (as revised in 2003). It simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

Amendment to IAS 32 'Classification of Rights Issues' clarifies that rights issues are equity instruments when they are denominated in a currency other than the issuer's functional currency and are issued pro-rata to an entity's existing shareholders for a fixed amount of currency.

Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement' require an entity to recognize an asset for a prepayment that will reduce future minimum funding contributions required by the entity.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' provides guidance on the application of IAS 39 and IAS 32 when an entity issues its own equity instruments to extinguish all or part of a financial liability.

The Improvements to IFRSs (2010) comprise a number of non-urgent but necessary amendments to IFRSs. The amendments which are relevant to the Group's operations include IFRS 3 (amendments) 'Business Combinations', IFRS 7 (amendments) 'Financial Instruments: Disclosures', IAS 1 (amendments) 'Presentation of Financial Statements', IAS 34 (amendments) 'Interim Financial Reporting' and IFRIC 13 (amendment) 'Customer Loyalty Programmes'.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

IFRS 3 (amendments) 'Business Combinations' clarify the transition requirements for contingent consideration from business combination that occurred before the effective date of the revised IFRS, the measurement of non-controlling interests and un-replaced and voluntarily replaced share-based payment awards.

IFRS 7 (amendments) 'Financial Instruments: Disclosures' emphasize the interaction between qualitative and quantitative disclosures and the nature and extent of risks associated with financial instruments.

IAS 1 (amendments) 'Presentation of Financial Statements' clarify that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

IAS 34 (amendments) 'Interim Financial Reporting' provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classifications, transfers of financial instruments between different levels of fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets.

IFRIC 13 (amendment) 'Customer Loyalty Programmes' clarifies that when the fair value of award credits is measured on the basis of the value of the awards for which they could be redeemed, the fair value of the award credits should take account of expected forfeitures as well as the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale.

## 2. SALES

	Including associates and joint ventures		Subsidiaries	
	Six months ended 30th June			
	2011 US\$m	2010 US\$m	2011 US\$m	2010 US\$m
<i>Analysis by operating segment:</i>				
North Asia	<b>2,156.4</b>	1,916.1	<b>2,156.4</b>	1,916.1
East Asia	<b>1,353.1</b>	1,129.6	<b>1,353.1</b>	1,129.6
South Asia	<b>926.0</b>	777.1	<b>889.9</b>	745.9
	<b>4,435.5</b>	3,822.8	<b>4,399.4</b>	3,791.6
Maxim's	<b>542.6</b>	476.8	-	-
	<b>4,978.1</b>	4,299.6	<b>4,399.4</b>	3,791.6
<i>Analysis by format:</i>				
Supermarkets/hypermarkets	<b>2,676.8</b>	2,323.1	<b>2,655.5</b>	2,303.1
Health and beauty stores	<b>828.7</b>	685.4	<b>813.9</b>	674.2
Convenience stores	<b>762.9</b>	674.0	<b>762.9</b>	674.0
Home furnishings stores	<b>167.1</b>	140.3	<b>167.1</b>	140.3
	<b>4,435.5</b>	3,822.8	<b>4,399.4</b>	3,791.6
Restaurants	<b>542.6</b>	476.8	-	-
	<b>4,978.1</b>	4,299.6	<b>4,399.4</b>	3,791.6

Sales including associates and joint ventures comprising 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: 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 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	
	2011	2010
	US\$m	US\$m
<i>Analysis by operating segment:</i>		
North Asia	113.3	97.1
East Asia	102.4	86.6
South Asia	52.2	45.3
	<b>267.9</b>	229.0
Support office	(14.9)	(12.8)
	<b>253.0</b>	216.2
<i>Analysis by format:</i>		
Supermarkets/hypermarkets	141.1	127.4
Health and beauty stores	73.9	61.0
Convenience stores	28.7	23.7
Home furnishings stores	16.2	11.4
Other	8.0	5.5
	<b>267.9</b>	229.0

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

	Six months ended 30th June	
	2011	2010
	US\$m	US\$m
<i>Analysis by operating segment:</i>		
Maxim's	31.6	18.5
South Asia	(0.3)	(0.8)
	<b>31.3</b>	17.7
<i>Analysis by format:</i>		
Restaurants	31.6	18.5
Supermarkets	(0.7)	(1.0)
Health and beauty stores	0.4	0.2
	<b>31.3</b>	17.7

Share of results of associates and joint ventures included 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	
	<b>2011</b>	2010
	<b>US\$m</b>	US\$m
<i>Tax charged to profit and loss is analyzed as follows:</i>		
Current tax	<b>45.6</b>	38.9
Deferred tax	<b>2.2</b>	2.5
	<b>47.8</b>	41.4
<i>Geographical analysis:</i>		
North Asia	<b>18.1</b>	15.9
East Asia	<b>20.8</b>	17.6
South Asia	<b>8.9</b>	7.9
	<b>47.8</b>	41.4
 Tax relating to components of other comprehensive income is analyzed as follows:		
Cash flow hedges	<b>0.3</b>	(0.7)
Actuarial valuation of employee benefit plans	-	(0.2)

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates. Share of tax of associates and joint ventures of US\$6.4 million (2010: US\$4.4 million) related to Maxim's 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\$226.4 million (2010: US\$182.3 million), and on the weighted average number of 1,349.9 million (2010: 1,348.2 million) shares in issue during the period. The weighted average number excludes the shares held by the Trustee under the Senior Executive Share Incentive Schemes.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$226.4 million (2010: US\$182.3 million), and on the weighted average number of 1,351.8 million (2010: 1,350.0 million) shares in issue after adjusting for 1.9 million (2010: 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.

## 6. EARNINGS PER SHARE (continued)

Additional basic and diluted earnings per share are also calculated for the six months ended 30th June 2011 based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

	Six months ended 30th June 2011		
	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢
Profit attributable to shareholders	<b>226.4</b>	<b>16.77</b>	<b>16.75</b>
Non-trading items – net gain from sale of interests in associates in Maxim's ( <i>note 7</i> )	<b>(10.5)</b>		
Underlying profit attributable to shareholders	<b>215.9</b>	<b>15.99</b>	<b>15.97</b>

There were no non-trading items in 2010.

## 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.

In May 2011, Maxim's, a 50% associate, disposed of its 30% interests in the Starbucks operations in Central, South and Western China. The Group's share of the net gain was US\$10.5 million.

## 8. DIVIDENDS

	Six months ended 30th June	
	2011 US\$m	2010 US\$m
Final dividend in respect of 2010 of US¢13.00 (2009: US¢11.50) per share	<b>175.5</b>	155.0

An interim dividend in respect of 2011 of US¢6.00 (2010: US¢5.00) per share amounting to a total of US\$81.0 million (2010: US\$67.5 million) is declared by the Board, and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2011.

## 9. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2011 and 31st December 2010 amounted to US\$334.8 million and US\$261.8 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.

## 10. 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\$1.1 million (2010: US\$0.9 million) for the first six months in 2011 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 for the same period in 2011 (2010: US\$0.2 million) 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 in 2011 were US\$2.8 million (2010: US\$2.7 million). The Group's 50%-owned associate, Maxim's Caterers Limited ('Maxim's'), also paid US\$3.5 million (2010: US\$3.3 million) gross rentals to HKL for the first six months in 2011.



10. 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 in 2011 were US\$0.8 million (2010: *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 2011, these amounted to US\$7.5 million (2010: *US\$6.1 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.

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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 62 of the Company's Annual Report for 2010, 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*

28th July 2011

*The interim dividend of US\$6.00 per share will be payable on 12th October 2011 to shareholders on the register of members at the close of business on 19th August 2011. The ex-dividend date will be on 17th August 2011, and the share registers will be closed from 22nd to 26th August 2011, 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 2011 interim dividend by notifying the United Kingdom transfer agent in writing by 23rd September 2011. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 28th September 2011. 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 2011, the Group and its associates operated some 5,250 outlets; employed over 81,000 people and had total annual sales in 2010 exceeding US\$9 billion.

The Group operates supermarkets, hypermarkets, health and beauty stores, convenience stores and home furnishings stores under well-known local 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, and Foodworld in India;
- Hypermarkets – Giant in Malaysia, Indonesia, Singapore and Brunei;
- Health and beauty stores – Mannings in Hong Kong, mainland China and Macau, Guardian in Malaysia, Singapore, Indonesia and Brunei, 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

John Morgan

(852) 2501 7939

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.