


**Dairy Farm International Holdings Ltd**

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

To: Business Editor

29th July 2010

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 2010**
**Highlights**

- Earnings per share up 17%
- Profit growth in all regions
- Continued investment in business expansion

“Based on current market conditions, Dairy Farm is expected to continue to trade well in the second half of 2010 and to produce a satisfactory result for the full year.”

 Simon Keswick, *Chairman*

29th July 2010

**Results**

	(unaudited)		Change %
	Six months ended 30th June		
	2010 US\$m	Restated 2009 US\$m	
Sales			
- subsidiaries	<b>3,792</b>	3,353	+13
- including associates	<b>4,300</b>	3,815	+13
Profit attributable to shareholders	<b>182</b>	156	+17
PBIT to sales	<b>5.7%</b>	5.6%	
	<b>US¢</b>	US¢	%
Earnings per share	<b>13.52</b>	11.58	+17
Interim dividend per share	<b>5.00</b>	4.50	+11

The interim dividend of US¢5.00 per share will be payable on 13th October 2010 to shareholders on the register of members at the close of business on 20th August 2010. The ex-dividend date will be on 18th August 2010, and the share registers will be closed from 23rd to 27th August 2010, 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 2010**

**OVERVIEW**

Dairy Farm made good progress in the first half of 2010, achieving further growth in sales and profit and building its store network.

**PERFORMANCE**

Sales, including 100% of associates, increased by 13% to US\$4.3 billion in the first half of 2010, while net profit was 17% higher at US\$182 million. At constant exchange rates, the increases were 8% and 12%, respectively. Earnings per share for the period were US¢13.52, up 17%.

Net cash was US\$61 million at the 30th June, compared to US\$34 million at the previous year end.

The Board has declared an interim dividend of US¢5.00 per share, up by 11%.

**OPERATIONS**

The Group continued its expansion programme during the first half of 2010, adding 127 outlets to reach a total of 5,198 stores in operation. In the large format segment two new Giant hypermarkets were opened giving a total of 96 at the end of June, comprising 52 in Malaysia, 36 in Indonesia, seven in Singapore and one in Brunei. A new 150,000 sq. ft IKEA store was also opened in Hong Kong in June. In addition, acquisitions agreed in Malaysia and Singapore will add a further seven hypermarkets and 17 supermarkets in the second half of the year.

**North Asia**

In Hong Kong, Mannings health and beauty stores and IKEA produced strong profit growth. Wellcome traded acceptably, while 7-Eleven was affected by more challenging conditions in its market segment. In Taiwan, Wellcome supermarkets saw a decline in earnings in a very competitive market, whereas IKEA demonstrated further profitable growth.

In Southern China, 7-Eleven's sales and profits were adversely affected by the severe restrictions on the sale of tobacco products. The expansion of Mannings in mainland China progressed during the period with good growth in like-for-like sales and the number of stores in operation increasing to 139.

Hong Kong restaurant associate, Maxim's, reported an excellent result as the strong sales seen in the second half of 2009 continued into the current year. In Southern China, its new bakery is supporting the growth of the Maxim's cake shops, and the group has recently opened its first Genki Sushi outlet in Shenzhen. Maxim's is also operating a restaurant at the World Expo 2010 in Shanghai to promote Hong Kong's unique culinary culture.

### **East Asia**

The Group's Malaysian and Indonesian businesses achieved good growth in sales and profit, with all formats performing well. The financial results also benefited from favourable currency movements. The sale and lease-back of a Giant hypermarket development in Kota Damansara was completed in March.

In Brunei, the Giant hypermarket and Guardian health and beauty stores both performed steadily. Progress was made toward securing sites in Vietnam.

### **South Asia**

The Group's operations in Singapore also recorded good profit growth during the period, with positive trading performances enhanced by currency translation gains. While the improved economic conditions did lead to some shift of demand from supermarkets to the dining out sector, the Group's food businesses were able to increase both sales and profits.

In India, the Group's health and beauty joint venture operated profitably, while the supermarket business was able to reduce its operating loss as demand improved.

### **PEOPLE**

Howard Mowlem will retire as Group Finance Director at the end of August. The Board would like to thank him for his contribution to the Group. He will be succeeded by Alec Tong.

**PROSPECTS**

Based on current market conditions, Dairy Farm is expected to continue to trade well in the second half of 2010 and to produce a satisfactory result for the full year.

Simon Keswick

*Chairman*

29th July 2010

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


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	(unaudited) Six months ended 30th June Restated 2009 US\$m	Year ended 31st December Restated 2009 US\$m
	<b>2010 US\$m</b>	<b>2009 US\$m</b>
Sales <i>(note 2)</i>	<b>3,791.6</b>	3,353.3
Cost of sales	<b>(2,666.1)</b>	(2,348.5)
Gross margin	<b>1,125.5</b>	1,004.8
Other operating income	<b>53.6</b>	60.3
Selling and distribution costs	<b>(845.6)</b>	(766.0)
Administration and other operating expenses	<b>(117.3)</b>	(112.3)
Operating profit <i>(note 3)</i>	<b>216.2</b>	186.8
Financing charges	<b>(12.3)</b>	(11.5)
Financing income	<b>1.2</b>	2.0
Net financing charges	<b>(11.1)</b>	(9.5)
Share of results of associates and joint ventures <i>(note 4)</i>	<b>17.7</b>	10.4
Profit before tax	<b>222.8</b>	187.7
Tax <i>(note 5)</i>	<b>(41.4)</b>	(32.3)
Profit after tax	<b>181.4</b>	155.4
Attributable to:		
Shareholders of the Company	<b>182.3</b>	156.0
Minority interests	<b>(0.9)</b>	(0.6)
	<b>181.4</b>	155.4
	<b>US¢</b>	<b>US¢</b>
<b>Earnings per share <i>(note 6)</i></b>		
- basic	<b>13.52</b>	11.58
- diluted	<b>13.51</b>	11.57

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


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	(unaudited) Six months ended 30th June Restated <b>2010</b> US\$m	2009 US\$m	Year ended 31st December Restated 2009 US\$m
Profit for the period	<b>181.4</b>	155.4	362.8
Revaluation of other investments			
- gains arising during the period	-	-	0.8
Actuarial gains on employee pension plans	-	-	16.5
Net exchange translation differences			
- gains arising during the period	<b>6.6</b>	10.8	21.7
Cash flow hedges			
- gains/(losses) arising during the period	<b>3.7</b>	(2.1)	(2.5)
Share of other comprehensive income of associates and joint venture	-	-	3.8
Tax relating to components of other comprehensive income	<b>(0.9)</b>	0.5	(2.7)
Other comprehensive income for the period	<b>9.4</b>	9.2	37.6
Total comprehensive income for the period	<b>190.8</b>	164.6	400.4
Attributable to:			
Shareholders of the Company	<b>191.5</b>	164.9	400.8
Minority interests	<b>(0.7)</b>	(0.3)	(0.4)
	<b>190.8</b>	164.6	400.4

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

	(unaudited) At 30th June Restated 2009 US\$m	At 31st December Restated 2009 US\$m
<b>2010</b>		
<b>US\$m</b>		
<b>Net Operating Assets</b>		
Intangible assets	285.2	278.1
Tangible assets	818.3	732.7
Associates and joint ventures	152.6	145.8
Other investments	3.1	3.1
Non-current debtors	116.9	113.3
Deferred tax assets	17.5	19.1
Pension assets	26.9	24.8
Non-current assets	<u>1,420.5</u>	<u>1,316.9</u>
Stocks	712.6	709.9
Current debtors	148.6	139.9
Current tax assets	1.6	1.2
Bank balances and other liquid funds	500.4	532.8
	<u>1,363.2</u>	<u>1,383.8</u>
Non-current assets classified as held for sale ( <i>note 7</i> )	-	105.2
Current assets	<u>1,363.2</u>	<u>1,489.0</u>
Current creditors	(1,589.5)	(1,605.5)
Current borrowings	(89.4)	(133.8)
Current tax liabilities	(77.0)	(63.0)
Current provisions	(3.0)	(3.2)
Current liabilities	<u>(1,758.9)</u>	<u>(1,805.5)</u>
Net current liabilities	<b>(395.7)</b>	<b>(316.5)</b>
Long-term borrowings	(349.8)	(365.4)
Deferred tax liabilities	(42.4)	(40.6)
Pension liabilities	(25.9)	(31.1)
Non-current creditors	(15.5)	(16.9)
Non-current provisions	(19.6)	(18.6)
Non-current liabilities	<u>(453.2)</u>	<u>(472.6)</u>
	<u>571.6</u>	<u>527.8</u>
<b>Total Equity</b>		
Share capital	75.0	74.9
Share premium and capital reserves	44.5	36.6
Revenue and other reserves	450.6	414.1
Shareholders' funds	<u>570.1</u>	<u>525.6</u>
Minority interests	1.5	2.2
	<u>571.6</u>	<u>527.8</u>

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

	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue reserves US\$m	Asset revaluation reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to minority interests US\$m	Total equity US\$m
<i>Six months ended 30th June 2010</i>										
As at 1st January 2010										
- as previously reported	74.9	9.9	26.7	436.3	15.8	(5.5)	(17.3)	540.8	2.2	543.0
- change in accounting policy for owner-occupied properties	-	-	-	(0.2)	(15.8)	-	0.8	(15.2)	-	(15.2)
- as restated	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
<b>At 30th June 2010</b>	<b>75.0</b>	<b>17.0</b>	<b>27.5</b>	<b>463.2</b>	<b>-</b>	<b>(2.5)</b>	<b>(10.1)</b>	<b>570.1</b>	<b>1.5</b>	<b>571.6</b>
<i>Six months ended 30th June 2009</i>										
As at 1st January 2009										
- as previously reported	74.8	7.4	25.2	248.8	16.8	(3.6)	(38.5)	330.9	2.6	333.5
- change in accounting policy for owner-occupied properties	-	-	-	0.8	(16.8)	-	1.1	(14.9)	-	(14.9)
- as restated	74.8	7.4	25.2	249.6	-	(3.6)	(37.4)	316.0	2.6	318.6
Total comprehensive income	-	-	-	156.0	-	(1.6)	10.5	164.9	(0.3)	164.6
Dividends paid by the Company (note 8)	-	-	-	(134.7)	-	-	-	(134.7)	-	(134.7)
Issue of shares	-	1.6	-	-	-	-	-	1.6	-	1.6
Employee share option schemes	-	-	0.8	-	-	-	-	0.8	-	0.8
<b>At 30th June 2009</b>	<b>74.8</b>	<b>9.0</b>	<b>26.0</b>	<b>270.9</b>	<b>-</b>	<b>(5.2)</b>	<b>(26.9)</b>	<b>348.6</b>	<b>2.3</b>	<b>350.9</b>

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

	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue reserves US\$m	Asset revaluation reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to minority interests US\$m	Total equity US\$m
<i>Year ended 31st December 2009</i>										
At 1st January 2009										
- as previously reported	74.8	7.4	25.2	248.8	16.8	(3.6)	(38.5)	330.9	2.6	333.5
- change in accounting policy for owner-occupied properties	-	-	-	0.8	(16.8)	-	1.1	(14.9)	-	(14.9)
- as restated	74.8	7.4	25.2	249.6	-	(3.6)	(37.4)	316.0	2.6	318.6
Total comprehensive income	-	-	-	381.8	-	(1.9)	20.9	400.8	(0.4)	400.4
Dividends paid by the Company	-	-	-	(195.3)	-	-	-	(195.3)	-	(195.3)
Issue of shares	0.1	2.5	-	-	-	-	-	2.6	-	2.6
Employee share option schemes	-	-	1.5	-	-	-	-	1.5	-	1.5
At 31st December 2009	74.9	9.9	26.7	436.1	-	(5.5)	(16.5)	525.6	2.2	527.8

Total comprehensive income for the six months ended 30th June 2010 included in revenue reserves represents profit attributable to shareholders of the Company of US\$182.3 million (2009: US\$156.0 million) and adjustment on deferred tax on actuarial valuation of employee benefit plans of US\$0.2 million (2009: nil) due to tax rate change.

Total comprehensive income for the year ended 31st December 2009 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$364.0 million, fair value gain on revaluation of other investments of US\$0.7 million and actuarial gains on employee benefit plans of US\$17.1 million.

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


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	(unaudited) Six months ended 30th June Restated <b>2010</b> US\$m	2009 US\$m	Year ended 31st December Restated 2009 US\$m
<b>Operating activities</b>			
Operating profit <i>(note 3)</i>	<b>216.2</b>	186.8	423.7
Depreciation and amortization	<b>78.8</b>	68.5	143.4
Other non-cash items	<b>2.0</b>	2.3	9.2
Increase in working capital	<b>(18.2)</b>	(33.7)	(28.2)
Interest received	<b>1.1</b>	2.4	3.6
Interest and other financing charges paid	<b>(12.5)</b>	(11.4)	(24.0)
Tax paid	<b>(26.0)</b>	(25.9)	(70.9)
	<b>241.4</b>	189.0	456.8
Dividends from associates and joint ventures	<b>10.3</b>	9.0	24.5
Cash flows from operating activities	<b>251.7</b>	198.0	481.3
<b>Investing activities</b>			
Purchase of tangible assets	<b>(95.5)</b>	(120.3)	(262.2)
Purchase of land use rights	<b>(2.7)</b>	(9.4)	(19.1)
Purchase of other intangible assets	<b>(3.7)</b>	(4.3)	(7.9)
Purchase of associates and joint ventures	-	-	(2.6)
Sale of properties <i>(note 7)</i>	<b>37.3</b>	-	47.0
Sale of other tangible assets	<b>0.4</b>	0.4	0.6
Cash flows from investing activities	<b>(64.2)</b>	(133.6)	(244.2)
<b>Financing activities</b>			
Issue of shares	<b>7.2</b>	1.6	2.6
Drawdown of borrowings	<b>731.7</b>	610.7	1,202.4
Repayment of borrowings	<b>(799.6)</b>	(569.5)	(1,181.9)
Dividends paid by the Company <i>(note 8)</i>	<b>(155.0)</b>	(134.7)	(195.3)
Cash flows from financing activities	<b>(215.7)</b>	(91.9)	(172.2)
Effect of exchange rate changes	<b>0.8</b>	0.5	2.7
Net (decrease)/increase in cash and cash equivalents	<b>(27.4)</b>	(27.0)	67.6
Cash and cash equivalents at beginning of period	<b>520.8</b>	453.2	453.2
Cash and cash equivalents at end of period	<b>493.4</b>	426.2	520.8

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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.

There have been no changes to the accounting policies described in the 2009 annual financial statements except for the change in accounting policy on owner-occupied properties and the adoption of the amendments and interpretations, described in the paragraphs below.

Previously, the Group's freehold land and buildings, and the building component of owner-occupied leasehold properties were stated at valuation. Independent valuations were performed every three years on an open market basis, and in the case of the building component of leasehold properties, on the basis of depreciated replacement cost. In the intervening years, the Directors reviewed the carrying values and adjustments were made where there were material changes. Revaluation surpluses and deficits were recognized in other comprehensive income and accumulated in equity under asset revaluation reserves, except for movements on individual properties below depreciated cost which were recognized in profit and loss. Leasehold land was carried at amortized cost.

With effect from 1st January 2010, the Group revised its accounting policy in respect of its freehold land and buildings and the building component of owner-occupied leasehold properties to the cost model, under which these assets are carried at cost less any accumulated depreciation and impairment. This change harmonises the treatment of land and buildings, both freehold and leasehold, and aligns the Group's accounting policy with industry practice, enhancing the comparability of the Group's financial statements with those of its international peers. The Directors believe that the new policy provides reliable and more relevant financial information to the users of the financial statements.

This change in accounting policy has been accounted for retrospectively, and the comparative financial statements have been restated.

The following amendments and interpretation to existing standards which are effective in the current accounting period and relevant to the Group's operations are adopted in 2010:

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Amendment to IAS 39	Eligible Hedged Items
Improvements to IFRSs (2009)	
IFRIC 17	Distributions of Non-cash Assets to Owners

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

With the exception of the amendment to IAS 17 'Leases' included in the 2009 improvement project, adoption of the other amendments and interpretation do not have any significant impact on the results of the Group.

The adoption of the amendment to IAS 17 has resulted in a change in accounting policy for the classification of certain leasehold land of the Group. Previously, all leasehold land was grouped under land use rights in intangible assets and stated at cost less accumulated amortization. In accordance with the amendment, certain long-term interests in leasehold land have been classified as finance leases and grouped under tangible assets if substantially all risks and rewards relating to the land have been transferred to the Group. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

Effect of change in accounting policies:

## (a) On the consolidated profit and loss account

There is no material impact on the consolidated profit and loss account arising from the change to the cost model for owner-occupied properties or the amendment to IAS 17 for the six months ended 30th June 2010 and 2009.

## (b) On the consolidated balance sheet at 1st January

	Effect of					
	Change to		Adopting		Total	
	2010	2009	2010	2009	2010	2009
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
<b>Increase/(decrease) in assets</b>						
Intangible assets	-	-	(41.2)	(61.3)	(41.2)	(61.3)
Tangible assets	(18.2)	(18.1)	41.2	61.3	23.0	43.2
<b>Decrease in equity/liabilities</b>						
Revenue and other reserves	(15.2)	(14.9)	-	-	(15.2)	(14.9)
Deferred tax liabilities	(3.0)	(3.2)	-	-	(3.0)	(3.2)

Improvements to International Financial Reporting Standards 2010 were issued in May 2010 and have not been early adopted. The effective dates vary standard by standard and most are effective from 1st January 2011.

Certain comparative figures have been restated to conform with the current period presentation.

## 2. SALES

	Including associates and joint ventures		Subsidiaries	
	Six months ended 30th June			
	2010 US\$m	2009 US\$m	2010 US\$m	2009 US\$m
<i>Analysis by operating segment:</i>				
North Asia	1,916.1	1,757.6	1,916.1	1,757.6
East Asia	1,129.6	915.7	1,129.6	915.7
South Asia	777.1	706.0	745.9	680.0
	<b>3,822.8</b>	3,379.3	<b>3,791.6</b>	3,353.3
Maxim's	476.8	436.0	-	-
	<b>4,299.6</b>	3,815.3	<b>3,791.6</b>	3,353.3
<i>Analysis by format:</i>				
Supermarkets/hypermarkets	2,323.1	2,079.6	2,303.1	2,062.6
Health and beauty stores	685.4	568.3	674.2	559.3
Convenience stores	674.0	614.4	674.0	614.4
Home furnishings stores	140.3	117.0	140.3	117.0
	<b>3,822.8</b>	3,379.3	<b>3,791.6</b>	3,353.3
Restaurants	476.8	436.0	-	-
	<b>4,299.6</b>	3,815.3	<b>3,791.6</b>	3,353.3

*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	
	2010 US\$m	2009 US\$m
<i>Analysis by operating segment:</i>		
North Asia	97.1	95.4
East Asia	86.6	65.9
South Asia	45.3	39.3
	<b>229.0</b>	200.6
Support office	(12.8)	(13.8)
	<b>216.2</b>	186.8
<i>Analysis by format:</i>		
Supermarkets/hypermarkets	127.4	112.1
Health and beauty stores	61.0	49.2
Convenience stores	23.7	27.3
Home furnishings stores	11.4	4.7
Other	5.5	7.3
	<b>229.0</b>	200.6

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

	Six months ended 30th June	
	2010	2009
	US\$m	US\$m
<i>Analysis by operating segment:</i>		
Maxim's	18.5	11.9
South Asia	(0.8)	(1.5)
	<b>17.7</b>	<b>10.4</b>
<i>Analysis by format:</i>		
Restaurants	18.5	11.9
Supermarkets	(1.0)	(1.4)
Health and beauty stores	0.2	(0.1)
	<b>17.7</b>	<b>10.4</b>

*Results are shown after tax and minority interests in the associates and joint ventures.*

## 5. TAX

	Six months ended 30th June	
	2010	2009
	US\$m	US\$m
<i>Tax charged to profit and loss is analyzed as follows:</i>		
Current tax	38.9	31.8
Deferred tax	2.5	0.5
	<b>41.4</b>	<b>32.3</b>
<i>Geographical analysis:</i>		
North Asia	15.9	13.9
East Asia	17.6	12.2
South Asia	7.9	6.2
	<b>41.4</b>	<b>32.3</b>
<i>Tax relating to components of other comprehensive income is analyzed as follows:</i>		
Cash flow hedges	(0.7)	0.5
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\$4.4 million (2009: US\$2.9 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\$182.3 million (2009: US\$156.0 million) and on the weighted average number of 1,348.2 million (2009: 1,346.9 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\$182.3 million (2009: US\$156.0 million), and on the weighted average number of 1,350.0 million (2009: 1,348.3 million) shares in issue after adjusting for 1.8 million (2009: 1.4 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.

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

At 31st December 2009, the non-current assets classified as held for sale represented a retail property and a distribution centre in Malaysia. The retail property was sold to a third party for cash in March 2010 for US\$37.3 million, which approximated to its carrying value. The distribution centre with a carrying value of US\$72.0 million remained unsold at 30th June 2010 and was reclassified to tangible assets.

## 8. DIVIDENDS

	Six months ended 30th June	
	2010	2009
	US\$m	US\$m
Final dividend in respect of 2009 of US¢11.50 (2008: US¢10.00) per share	<b>155.0</b>	134.7

*An interim dividend in respect of 2010 of US¢5.00 (2009: US¢4.50) per share amounting to a total of US\$67.5 million (2009: US\$60.6 million) is declared by the Board, and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2010.*

## 9. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2010 and 31st December 2009 amounted to US\$361.7 million and US\$283.4 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

There were no 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**  
**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 2009, 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  
Howard Mowlem

*Directors*

29th July 2010

*The interim dividend of US\$5.00 per share will be payable on 13th October 2010 to shareholders on the register of members at the close of business on 20th August 2010. The ex-dividend date will be on 18th August 2010, and the share registers will be closed from 23rd to 27th August 2010, 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 2010 interim dividend by notifying the United Kingdom transfer agent in writing by 24th September 2010. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 29th September 2010. 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 2010, the Group and its associates operated some 5,200 outlets; employed over 77,000 people in the region; and had total annual sales in 2009 exceeding US\$8 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, Taiwan and Hong Kong, Cold Storage in Singapore and Malaysia, Giant in Malaysia and Indonesia, Shop N Save in Singapore, Hero in Indonesia, and Foodworld in India;
- Hypermarkets – Giant in Malaysia, Singapore, Indonesia and Brunei;
- Health and beauty stores – Mannings in Hong Kong, Macau and mainland China, Guardian in Singapore, Malaysia, Indonesia and Brunei, and Health and Glow in India;
- Convenience stores – 7-Eleven in Hong Kong, Macau, Southern China and Singapore, 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:

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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.