



Dairy Farm International Holdings Ltd

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

To: Business Editor

3rd August 2017
For immediate release

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

**DAIRY FARM INTERNATIONAL HOLDINGS LIMITED
HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2017**

Highlights

- Consolidated sales flat in constant currency
- Underlying profit up 6%
- Strong performances from Yonghui and Maxim's
- Operating margins improve
- Continued progress on key strategic initiatives

“Solid profit growth was achieved in the first half despite lower sales seen in the Group’s supermarkets and hypermarkets operations. While the outlook for the remainder of the year is expected to remain challenging for the supermarket and hypermarket activities in Southeast Asia, the Group’s other businesses continue to make steady progress.”

Ben Keswick
Chairman

Results

	(unaudited) Six months ended 30th June		Change
	2017 US\$m	2016 US\$m	%
Combined total sales including 100% of associates and joint ventures	10,448	10,110	+3
Sales	5,505	5,562	-1
Underlying profit attributable to shareholders*	211	199	+6
Profit attributable to shareholders	213	199	+7
	US¢	US¢	%
Underlying earnings per share*	15.63	14.74	+6
Basic earnings per share	15.73	14.74	+7
Interim dividend per share	6.50	6.50	-
* the Group uses ‘underlying profit’ in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 7 to the condensed financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group’s underlying business performance.			

The interim dividend of US¢6.50 per share will be payable on 19th October 2017 to shareholders on the register of members at the close of business on 25th August 2017.

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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 2017

OVERVIEW

Dairy Farm's sales were maintained in the first half as declines within supermarkets and hypermarkets in the Food Division were offset by good sales growth in all other Divisions. Overall profits increased with strong results from Yonghui and Maxim's in addition to good performances from the Health and Beauty and Home Furnishings Divisions more than compensating for the lower earnings in the Food Division.

RESULTS

Sales for the period by the Group's subsidiaries of US\$5.5 billion were marginally behind last year, but flat at constant exchange rates. Total sales, including 100% of associates and joint ventures, were 3% higher at US\$10.4 billion. Underlying net profit was US\$211 million, up 6%, while underlying earnings per share were also 6% higher at US¢15.63.

Operating cash flow for the period was a net inflow of US\$306 million, compared with US\$181 million in the first half of 2016. The improvement was mainly due to changes in working capital management. As at 30th June 2017, the Group's net debt was US\$685 million, as compared to US\$641 million at 31st December 2016 principally due to continued investment in the business.

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

PERFORMANCE

In the Food Division, sales within supermarkets and hypermarkets were 3% lower at constant exchange rates and profits declined due to continuing softness in certain key markets. The Hong Kong operations continued to trade steadily in line with last year, but difficult trading conditions in Singapore, Malaysia and Taiwan led to reduced sales and profits. In Indonesia, better margin management enabled profits to be maintained despite lower sales, while profitability improved in the Philippines, even though sales were flat following the closure of a large hypermarket.

Yonghui reported a strong 15% growth in revenue and a 57% increase in profit due to both higher store numbers and margin improvement from more effective merchandising.

The Group's convenience store operations performed well. Hong Kong and Macau were ahead of last year, supported in part by a modest increase in tourist numbers. In Singapore, sales were lower as a number of stores were closed, although earnings benefited as several had been unprofitable. Store expansion in mainland China continued to underpin sales growth.

In the Health and Beauty Division, good sales and profit growth were achieved in Hong Kong, Macau and Indonesia. In Singapore and Malaysia, sales and profits were reduced as consumer confidence remained low. In mainland China, sales were enhanced with successful promotions. In the Philippines, operational improvements put into place following the integration of Rose Pharmacy are beginning to yield positive results.

In Home Furnishings, IKEA performed well driven by strong sales in Taiwan and Indonesia, although the performance in Hong Kong was soft. Store expansion continues with a fourth IKEA store in Hong Kong opening later this year and a site for a second store in Jakarta having been secured. Meanwhile, e-commerce activities are showing encouraging results in all three markets.

In the Restaurants Division, Maxim's delivered a strong performance as it continues to expand its presence. Maxim's now has over one thousand outlets across Greater China and Southeast Asia.

BUSINESS DEVELOPMENTS

Dairy Farm is continuing its programme of investment in its technology backbone, supply chain infrastructure, stores and people. These initiatives are supporting the expansion of the range of fresh produce and own brand products on offer, together with the introduction of enhanced e-commerce offers in many of its businesses and the innovation of new store formats in most markets. By improving the shopping experience of its customers and meeting their changing requirements, the Group is underpinning its future growth.

In July, the Group agreed to increase its ownership in Rustan's in the Philippines to 100% with the acquisition of the remaining 34% interest from its joint venture partner.

In May, Maxim's opened its first The Cheesecake Factory in Hong Kong and in July, they announced the franchise to operate Shake Shack, an American burger-and-fries restaurant format, in Hong Kong and Macau with the first store opening in 2018.

At 30th June, Dairy Farm, including associates and joint ventures, operated over 6,600 outlets across all formats, compared with 6,548 at 31st December 2016.

PEOPLE

Graham Allan will step down as Group Chief Executive at the end of August after five years of introducing change initiatives that have laid the foundation for growth. We would like to thank him for his contribution. Graham will be succeeded by Ian McLeod, who brings over 30 years of experience in the retail sector.

PROSPECTS

Solid profit growth was achieved in the first half despite lower sales seen in the Group's supermarkets and hypermarkets operations. While the outlook for the remainder of the year is expected to remain challenging for the supermarket and hypermarket activities in Southeast Asia, the Group's other businesses continue to make steady progress.

Ben Keswick

Chairman

Dairy Farm International Holdings Limited
Consolidated Profit and Loss Account

	(unaudited)								
	Six months ended 30th June			Year ended 31st December			2016		
	2017			2016			2016		
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	Total US\$m
Sales (note 2)	5,505.3	-	5,505.3	5,561.9	-	5,561.9	11,200.7	-	11,200.7
Cost of sales	(3,849.5)	-	(3,849.5)	(3,913.8)	-	(3,913.8)	(7,815.2)	-	(7,815.2)
Gross margin	1,655.8	-	1,655.8	1,648.1	-	1,648.1	3,385.5	-	3,385.5
Other operating income	87.6	0.6	88.2	86.4	-	86.4	171.8	6.2	178.0
Selling and distribution costs	(1,315.9)	-	(1,315.9)	(1,322.2)	-	(1,322.2)	(2,634.9)	-	(2,634.9)
Administration and other operating expenses	(227.4)	-	(227.4)	(215.4)	-	(215.4)	(469.8)	-	(469.8)
Operating profit (note 3)	200.1	0.6	200.7	196.9	-	196.9	452.6	6.2	458.8
Financing charges	(13.2)	-	(13.2)	(9.6)	-	(9.6)	(23.3)	-	(23.3)
Financing income	0.8	-	0.8	0.6	-	0.6	1.5	-	1.5
Net financing charges	(12.4)	-	(12.4)	(9.0)	-	(9.0)	(21.8)	-	(21.8)
Share of results of associates and joint ventures (note 4)	61.3	0.7	62.0	46.5	-	46.5	114.5	3.7	118.2
Profit before tax	249.0	1.3	250.3	234.4	-	234.4	545.3	9.9	555.2
Tax (note 5)	(40.0)	-	(40.0)	(37.4)	-	(37.4)	(85.1)	-	(85.1)
Profit after tax	209.0	1.3	210.3	197.0	-	197.0	460.2	9.9	470.1
Attributable to:									
Shareholders of the Company	211.4	1.3	212.7	199.3	-	199.3	460.2	8.8	469.0
Non-controlling interests	(2.4)	-	(2.4)	(2.3)	-	(2.3)	-	1.1	1.1
	209.0	1.3	210.3	197.0	-	197.0	460.2	9.9	470.1
	US¢		US¢	US¢		US¢	US¢		US¢
Earnings per share (note 6)									
- basic	15.63		15.73	14.74		14.74	34.03		34.69
- diluted	15.62		15.72	14.73		14.73	34.02		34.68

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Dairy Farm International Holdings Limited
Consolidated Statement of Comprehensive Income

	(unaudited) Six months ended 30th June 2017 US\$m	2016 US\$m	Year ended 31st December 2016 US\$m
Profit for the period	210.3	197.0	470.1
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	(2.5)	(5.7)	20.9
Tax relating to items that will not be reclassified	0.6	1.4	(4.4)
	(1.9)	(4.3)	16.5
Share of other comprehensive expense of associates and joint ventures	(0.1)	-	(1.1)
	(2.0)	(4.3)	15.4
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences - net gain/(loss) arising during the period	26.5	40.0	(7.3)
Revaluation of other investments - gain/(loss) arising during the period	0.5	(0.9)	(0.9)
Cash flow hedges			
- net (loss)/gain arising during the period	(2.3)	(2.4)	2.0
- transfer to profit and loss	0.3	(0.4)	(0.4)
	(2.0)	(2.8)	1.6
Tax relating to items that may be reclassified	0.3	0.6	(0.1)
Share of other comprehensive income/(expense) of associates and joint ventures	25.1	(22.1)	(76.4)
	50.4	14.8	(83.1)
Other comprehensive income/(expense) for the period, net of tax	48.4	10.5	(67.7)
Total comprehensive income for the period	258.7	207.5	402.4
Attributable to:			
Shareholders of the Company	260.6	207.2	398.0
Non-controlling interests	(1.9)	0.3	4.4
	258.7	207.5	402.4

Dairy Farm International Holdings Limited
Consolidated Balance Sheet

	2017 US\$m	(unaudited) At 30th June 2016 US\$m	At 31st December 2016 US\$m
Net operating assets			
Intangible assets	793.2	760.7	765.1
Tangible assets	1,115.1	1,142.4	1,099.5
Associates and joint ventures	1,496.9	1,279.2	1,461.8
Other investments	6.4	5.9	5.9
Non-current debtors	159.6	169.8	150.8
Deferred tax assets	27.5	34.8	29.0
Non-current assets	<u>3,598.7</u>	<u>3,392.8</u>	<u>3,512.1</u>
Stocks	967.5	982.4	983.1
Current debtors	267.3	229.2	290.5
Current tax assets	22.9	14.2	16.8
Bank balances and other liquid funds	299.1	259.7	323.8
	<u>1,556.8</u>	<u>1,485.5</u>	<u>1,614.2</u>
Non-current assets held for sale (<i>note 8</i>)	2.7	0.5	2.6
Current assets	<u>1,559.5</u>	<u>1,486.0</u>	<u>1,616.8</u>
Current creditors	(2,253.8)	(2,251.4)	(2,327.9)
Current borrowings	(471.8)	(344.7)	(369.6)
Current tax liabilities	(74.1)	(70.2)	(58.6)
Current provisions	(14.5)	(10.5)	(14.8)
Current liabilities	<u>(2,814.2)</u>	<u>(2,676.8)</u>	<u>(2,770.9)</u>
Net current liabilities	<u>(1,254.7)</u>	<u>(1,190.8)</u>	<u>(1,154.1)</u>
Long-term borrowings	(512.2)	(517.4)	(595.0)
Deferred tax liabilities	(56.2)	(52.0)	(56.6)
Pension liabilities	(54.8)	(76.9)	(52.4)
Non-current creditors	(43.6)	(45.9)	(42.9)
Non-current provisions	(33.3)	(35.6)	(31.7)
Non-current liabilities	<u>(700.1)</u>	<u>(727.8)</u>	<u>(778.6)</u>
	<u>1,643.9</u>	<u>1,474.2</u>	<u>1,579.4</u>
Total equity			
Share capital	75.1	75.1	75.1
Share premium and capital reserves	61.3	61.7	59.4
Revenue and other reserves	1,435.8	1,264.1	1,370.8
Shareholders' funds	<u>1,572.2</u>	<u>1,400.9</u>	<u>1,505.3</u>
Non-controlling interests	71.7	73.3	74.1
	<u>1,643.9</u>	<u>1,474.2</u>	<u>1,579.4</u>

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 2017 (unaudited)</i>									
At 1st January 2017	75.1	31.1	28.3	1,777.2	1.7	(408.1)	1,505.3	74.1	1,579.4
Total comprehensive income	-	-	-	210.4	(1.7)	51.9	260.6	(1.9)	258.7
Dividends paid by the Company (note 9)	-	-	-	(196.1)	-	-	(196.1)	-	(196.1)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(0.5)	(0.5)
Unclaimed dividends forfeited	-	-	-	0.5	-	-	0.5	-	0.5
Employee share option schemes	-	-	1.9	-	-	-	1.9	-	1.9
Transfer	-	1.4	(1.4)	-	-	-	-	-	-
At 30th June 2017	75.1	32.5	28.8	1,792.0	-	(356.2)	1,572.2	71.7	1,643.9
<i>Six months ended 30th June 2016 (unaudited)</i>									
At 1st January 2016	75.1	31.1	30.2	1,561.3	0.3	(322.2)	1,375.8	79.4	1,455.2
Total comprehensive income	-	-	-	194.5	(2.2)	14.9	207.2	0.3	207.5
Dividends paid by the Company (note 9)	-	-	-	(182.5)	-	-	(182.5)	-	(182.5)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(2.0)	(2.0)
Employee share option schemes	-	-	0.4	-	-	-	0.4	-	0.4
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	(4.4)	(4.4)
At 30th June 2016	75.1	31.1	30.6	1,573.3	(1.9)	(307.3)	1,400.9	73.3	1,474.2

(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 2016</i>									
At 1st January 2016	75.1	31.1	30.2	1,561.3	0.3	(322.2)	1,375.8	79.4	1,455.2
Total comprehensive income	-	-	-	482.5	1.4	(85.9)	398.0	4.4	402.4
Dividends paid by the Company	-	-	-	(270.4)	-	-	(270.4)	-	(270.4)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(3.1)	(3.1)
Unclaimed dividends forfeited	-	-	-	0.6	-	-	0.6	-	0.6
Employee share option schemes	-	-	1.3	-	-	-	1.3	-	1.3
Change in interest in a subsidiary	-	-	-	-	-	-	-	(2.2)	(2.2)
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	(4.4)	(4.4)
Transfer	-	-	(3.2)	3.2	-	-	-	-	-
At 31st December 2016	<u>75.1</u>	<u>31.1</u>	<u>28.3</u>	<u>1,777.2</u>	<u>1.7</u>	<u>(408.1)</u>	<u>1,505.3</u>	<u>74.1</u>	<u>1,579.4</u>

Total comprehensive income for the six months ended 30th June 2017 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$212.7 million (2016: US\$199.3 million) and net fair value loss on other investments of US\$0.7 million (2016: US\$1.2 million). Cumulative net fair value gain on other investments amounted to US\$4.1 million.

Total comprehensive income for the year ended 31st December 2016 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$469.0 million and net fair value loss on other investments of US\$0.6 million. Cumulative net fair value gain on other investments amounted to US\$4.8 million.

Dairy Farm International Holdings Limited
Consolidated Cash Flow Statement

	(unaudited)	Year ended	
	Six months ended	31st	
	30th June	December	
	2017	2016	
	US\$m	US\$m	
Operating activities			
Operating profit (<i>note 3</i>)	200.7	196.9	458.8
Depreciation and amortization	107.1	107.2	212.8
Other non-cash items	6.7	5.5	8.4
Increase in working capital	(24.5)	(130.6)	(97.1)
Interest received	0.8	0.5	1.3
Interest and other financing charges paid	(13.1)	(8.9)	(22.0)
Tax paid	(28.9)	(28.2)	(85.3)
	248.8	142.4	476.9
Dividends from associates and joint ventures	56.8	38.9	66.0
Cash flows from operating activities	305.6	181.3	542.9
Investing activities			
Purchase of associates and joint ventures (<i>note 11(a)</i>)	(4.9)	(3.7)	(197.0)
Purchase of intangible assets	(32.0)	(13.2)	(32.1)
Purchase of tangible assets	(118.3)	(97.2)	(212.5)
Sale of convenience stores in Indonesia and restaurants in Cambodia	-	-	5.1
Sale of properties (<i>note 11(b)</i>)	1.5	-	7.2
Sale of tangible assets	0.4	1.6	1.3
Cash flows from investing activities	(153.3)	(112.5)	(428.0)
Financing activities			
Change in interest in a subsidiary	-	-	(2.2)
Capital repayment to non-controlling interests	-	(4.4)	(4.4)
Drawdown of borrowings	325.6	972.6	1,769.7
Repayment of borrowings	(430.4)	(1,033.5)	(1,660.6)
Net increase in other short-term borrowings (<i>note 11(c)</i>)	113.6	152.9	128.5
Dividends paid by the Company (<i>note 9</i>)	(196.1)	(182.5)	(270.4)
Dividends paid to non-controlling interests	(0.5)	(2.0)	(3.1)
Cash flows from financing activities	(187.8)	(96.9)	(42.5)
Net (decrease)/increase in cash and cash equivalents	(35.5)	(28.1)	72.4
Cash and cash equivalents at beginning of period	322.6	256.7	256.7
Effect of exchange rate changes	3.1	3.6	(6.5)
Cash and cash equivalents at end of period (<i>note 11(d)</i>)	290.2	232.2	322.6

Dairy Farm International Holdings Limited
Notes to Condensed Financial Statements

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The condensed financial statements have been prepared on a going concern basis. The condensed financial statements have not been audited or reviewed by the Group's auditors pursuant to the UK Auditing Practices Board guidance on the review of interim financial information.

There are no new standards or amendments, which are effective in the current accounting period and relevant to the Group's operations, that have a significant effect on the Group's accounting policies. There have been no changes to the accounting policies described in the 2016 annual financial statements.

2. SALES

	Including associates and joint ventures		Subsidiaries	
	Six months ended 30th June			
	2017 US\$m	2016 US\$m	2017 US\$m	2016 US\$m
<i>Analysis by operating segment:</i>				
Food	7,849.4	7,634.3	3,972.7	4,086.1
- Supermarkets/hypermarkets	6,878.1	6,694.2	3,001.4	3,146.0
- Convenience stores	971.3	940.1	971.3	940.1
Health and Beauty	1,320.8	1,289.5	1,229.0	1,193.6
Home Furnishings	303.6	282.2	303.6	282.2
Restaurants	974.1	904.4	-	-
	<u>10,447.9</u>	<u>10,110.4</u>	<u>5,505.3</u>	<u>5,561.9</u>

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

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

3. OPERATING PROFIT

	Six months ended 30th June	
	2017	2016
	US\$m	US\$m
<i>Analysis by operating segment:</i>		
Food	105.7	115.8
- Supermarkets/hypermarkets	71.3	88.6
- Convenience stores	34.4	27.2
Health and Beauty	88.6	79.7
Home Furnishings	33.4	31.2
	227.7	226.7
Support office	(27.6)	(29.8)
	200.1	196.9
Non-trading item:		
- profit on sale of a property	0.6	-
	200.7	196.9

4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Six months ended 30th June	
	2017	2016
	US\$m	US\$m
<i>Analysis by operating segment:</i>		
Food - Supermarkets/hypermarkets	31.1	20.0
Health and Beauty	(3.2)	(3.7)
Restaurants	34.1	30.2
	62.0	46.5

Share of results of associates and joint ventures included our share of a net gain of US\$0.7 million on the disposal of an investment by Yonghui Superstores Co., Ltd ('Yonghui') (note 7).

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

5. TAX

	Six months ended 30th June	
	2017	2016
	US\$m	US\$m
	<hr/>	<hr/>
Tax charged to profit and loss is analyzed as follows:		
Current tax	(38.1)	(38.8)
Deferred tax	(1.9)	1.4
	<hr/> (40.0) <hr/>	<hr/> (37.4) <hr/>
Tax relating to components of other comprehensive income/(expense) is analyzed as follows:		
Remeasurements of defined benefit plans	0.6	1.4
Revaluation of other investments	(0.1)	0.1
Cash flow hedges	0.4	0.5
	<hr/> 0.9 <hr/>	<hr/> 2.0 <hr/>

Tax on profit has been calculated at rates of taxation prevailing in the territories in which the Group operates. Share of tax charge of associates and joint ventures of US\$15.8 million (2016: US\$11.9 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\$212.7 million (2016: US\$199.3 million), and on the weighted average number of 1,352.4 million (2016: 1,352.2 million) shares in issue during the period.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$212.7 million (2016: US\$199.3 million), and on the weighted average number of 1,353.1 million (2016: 1,352.3 million) shares in issue after adjusting for 0.7 million (2016: 0.1 million) shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the period.

Additional basic and diluted earnings per share are also calculated based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

	Six months ended 30th June					
	2017			2016		
	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	212.7	15.73	15.72	199.3	14.74	14.73
Non-trading items (<i>note 7</i>)	(1.3)			-		
Underlying profit attributable to shareholders	211.4	15.63	15.62	199.3	14.74	14.73

7. NON-TRADING ITEMS

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

An analysis of non-trading items after interest, tax and non-controlling interests is set out below:

	Six months ended 30th June	
	2017 US\$m	2016 US\$m
Profit on sale of a property	0.6	-
Share of net gain from disposal of an investment by Yonghui	0.7	-
	1.3	-

8. NON-CURRENT ASSETS HELD FOR SALE

At 30th June 2017, the non-current assets held for sale represented a retail property in Taiwan and two apartments in Indonesia brought forward from 31st December 2016. The sale of these properties is expected to complete in 2017 at amounts not materially different from their carrying values.

At 30th June 2016, the non-current assets held for sale represented the same apartments in Indonesia.

9. DIVIDENDS

	Six months ended 30th June	
	2017 US\$m	2016 US\$m
Final dividend in respect of 2016 of US¢14.50 (2015: US¢13.50) per share	196.1	182.5

An interim dividend in respect of 2017 of US¢6.50 (2016: US¢6.50) per share amounting to a total of US\$87.9 million (2016: US\$87.9 million) is declared by the Board, and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2017.

10. FINANCIAL INSTRUMENTS

Financial instruments by category

The carrying amounts of financial assets and financial liabilities at 30th June 2017 and 31st December 2016 are as follows:

	Loans and receivables US\$m	Derivatives used for hedging US\$m	Available- for-sale US\$m	Other financial instruments at amortized cost US\$m	Total carrying amounts US\$m
30th June 2017					
Assets					
Other investments	-	-	6.4	-	6.4
Debtors	81.1	3.2	-	-	84.3
Bank balances and other liquid funds	299.1	-	-	-	299.1
	380.2	3.2	6.4	-	389.8
Liabilities					
Borrowings	-	-	-	(984.0)	(984.0)
Trade and other payables excluding non-financial liabilities	-	(3.1)	-	(2,292.3)	(2,295.4)
	-	(3.1)	-	(3,276.3)	(3,279.4)
31st December 2016					
Assets					
Other investments	-	-	5.9	-	5.9
Debtors	125.3	3.0	-	-	128.3
Bank balances and other liquid funds	323.8	-	-	-	323.8
	449.1	3.0	5.9	-	458.0
Liabilities					
Borrowings	-	-	-	(964.6)	(964.6)
Trade and other payables excluding non-financial liabilities	-	(0.6)	-	(2,367.7)	(2,368.3)
	-	(0.6)	-	(3,332.3)	(3,332.9)

The fair values of financial assets and financial liabilities approximate their carrying amounts.

10. FINANCIAL INSTRUMENTS *(continued)*

Fair value estimation

(i) Financial instruments that are measured at fair value

For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities ('quoted prices in active markets')

The fair values of listed securities, which are classified as available-for-sale, are based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')

The fair values of all interest rate swaps and caps, and forward foreign exchange contracts are determined using rates quoted by the Group's bankers at the balance sheet date which are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted investments, which are classified as available-for-sale and mainly include club debentures, are determined by market prices quoted by a broker at the balance sheet date.

(c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')

The fair values of other unlisted securities, which are classified as available-for-sale, are determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity specific estimates.

There were no changes in valuation techniques during the six months ended 30th June 2017 and the year ended 31st December 2016.

10. FINANCIAL INSTRUMENTS *(continued)*Fair value estimation *(continued)*(i) Financial instruments that are measured at fair value *(continued)*

The table below analyzes financial instruments carried at fair value at 30th June 2017 and 31st December 2016, measured by observable current market transactions.

	At 30th June 2017 US\$m	At 31st December 2016 US\$m
Assets		
Available-for-sale financial assets		
- unlisted investments	6.4	5.9
Derivatives designated at fair value		
- through other comprehensive income	3.0	3.0
- through profit and loss	0.2	-
	9.6	8.9
Liabilities		
Derivatives designated at fair value		
- through other comprehensive income	(3.1)	(0.6)
	(3.1)	(0.6)

(ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances and other liquid funds, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates.

11. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

- (a) Purchase of associates and joint ventures for the six months ended 30th June 2017 mainly related to the Group's capital injection of US\$1.5 million in Rose Pharmacy, Inc. ('Rose') which operates a health and beauty business in the Philippines and US\$3.4 million in the business in Vietnam.

Purchase of associates and joint ventures in 2016 mainly related to the Group's capital injection of US\$2.4 million in Rose and US\$1.3 million in the business in Vietnam.

- (b) Sale of properties

Sale of properties in 2017 included mainly the sale of a piece of land in Malaysia for a total cash consideration of US\$1.5 million.

- (c) Net increase in other short-term borrowings

The Group has implemented a global liquidity cash pooling facility, which enhances daily cash flow management. The movements in other short-term borrowings represent the aggregated net drawdown and repayment movement under this facility.

- (d) Analysis of balances of cash and cash equivalents

	At 30th June	
	2017	2016
	US\$m	US\$m
Bank balances and other liquid funds	299.1	259.7
Bank overdrafts	(8.9)	(27.5)
	<u>290.2</u>	<u>232.2</u>

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Total capital commitments at 30th June 2017 and 31st December 2016 amounted to US\$358.8 million and US\$298.1 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.

13. RELATED PARTY TRANSACTIONS

The parent company of the Group is Jardine Strategic Holdings Limited and the ultimate parent company is Jardine Matheson Holdings Limited ('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\$1.1 million (2016: US\$1.0 million) for the first six months of 2017 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\$0.3 million (2016: US\$0.2 million) to JML for the same period in 2017.

The Group rents properties from Hongkong Land Holdings Limited ('HKL'), a subsidiary of JMHS. The gross rentals paid by the Group to HKL for the first six months of 2017 were US\$1.4 million (2016: US\$1.4 million). The Group's 50%-owned associate, Maxim's Caterers Limited ('Maxim's'), also paid gross rentals of US\$5.9 million (2016: US\$5.5 million) to HKL for the first six months of 2017.

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 of 2017 were US\$1.0 million (2016: US\$1.2 million).

The Group sources information technology infrastructure and related services from Jardine OneSolution ('JOS'), a subsidiary of JMHS. The total fees paid by the Group to JOS for the first six months of 2017 amounted to US\$4.6 million (2016: US\$4.8 million).

The Group also obtains repairs and maintenance services from Jardine Engineering Corporation ('JEC'), a subsidiary of JMHS. The total fees paid by the Group to JEC for the first six months of 2017 amounted to US\$3.7 million (2016: US\$1.9 million).

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. For the first six months of 2017, these amounted to US\$11.4 million (2016: US\$11.1 million).

In addition, Gammon Construction ('GC'), a joint venture of JMHS, was engaged by Maxim's to provide construction and renovation works. The total fees paid by Maxim's to GC for the first six months of 2017 amounted to US\$4.8 million (2016: US\$18.5 million).

13. RELATED PARTY TRANSACTIONS *(continued)*

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.

14. POST BALANCE SHEET EVENT

In July 2017, the Group agreed to increase its shareholding in Rustan Supercenters, Inc. in the Philippines to 100% with the purchase of the remaining 34% interest. The transaction is targeted to complete in August.

Dairy Farm International Holdings Limited

Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The following have been identified previously as the areas of principal risk and uncertainty facing the Company, and they remain relevant in the second half of the year.

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

For greater detail, please refer to pages 116 and 117 of the Company's Annual Report for 2016, a copy of which is available on the Company's website www.dairyfarmgroup.com.

Dairy Farm International Holdings Limited
Responsibility Statement

The Directors of the Company confirm to the best of their knowledge that:

- a. the condensed financial statements have been prepared in accordance with IAS 34; and
- b. the interim management report includes a fair review of all information required to be disclosed by the Disclosure Guidance and Transparency Rules 4.2.7 and 4.2.8 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Graham Allan
Neil Galloway

Directors

The interim dividend of US\$6.50 per share will be payable on 19th October 2017 to shareholders on the register of members at the close of business on 25th August 2017. The shares will be quoted ex-dividend on the Singapore Exchange and the London Stock Exchange on 23rd and 24th August 2017, respectively. The share registers will be closed from 28th August to 1st September 2017, inclusive.

Shareholders will receive their cash dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2017 interim dividend by notifying the United Kingdom transfer agent in writing by 29th September 2017. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 4th October 2017.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in sterling only as calculated above. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States dollars unless they elect, through CDP, to receive Singapore dollars.

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 25th August 2017, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, no later than 5.00 p.m. (local time) on 24th August 2017.

Dairy Farm

Dairy Farm is a leading pan-Asian retailer. At 30th June 2017, the Group and its associates and joint ventures operated over 6,600 outlets and employed over 180,000 people. It had total annual sales in 2016 exceeding US\$20 billion.

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

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

Food

- Supermarkets – Wellcome in Hong Kong, Taiwan and the Philippines, Yonghui in mainland China, Cold Storage in Singapore and Malaysia, Giant in Malaysia, Indonesia and Singapore, Hero in Indonesia;
- Hypermarkets – Giant in Malaysia, Indonesia, Singapore, Brunei and Vietnam, Yonghui in mainland China;
- Convenience stores – 7-Eleven in Hong Kong, Singapore, Southern China and Macau;

Health and Beauty

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

Home Furnishings

- IKEA in Hong Kong, Taiwan and Indonesia; and

Restaurants

- Maxim's in Hong Kong, mainland China, Vietnam, Cambodia and Thailand.

Dairy Farm International Holdings Limited is incorporated in Bermuda and has a standard 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 Guidance and Transparency Rules of the Financial Conduct Authority in the United Kingdom, the Company will not be posting a printed version of the Half-Yearly Results announcement to shareholders. The Half-Yearly Results announcement will remain available on the Company's website, www.dairyfarmgroup.com, together with other Group announcements.