



Dairy Farm International Holdings Ltd

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

29th July 2020

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 2020**

Highlights

- Sales from subsidiaries down 9%
- Underlying profit 40% lower due to reduced contributions from Health and Beauty, Maxim's and Convenience Stores
- Strong performances in Grocery Retail and Home Furnishings
- Ongoing execution of multi-year transformation plan

“Overall profits were significantly lower in the first half due to reduced contributions from Health and Beauty, Maxim's and Convenience Stores as a result of COVID-19 and its impact on customer behaviours. There were, however, strong performances from the Grocery Retail and Home Furnishings businesses. Trading conditions in the second half are expected to continue to be challenging, but we are confident in the strength of Dairy Farm's businesses and remain committed to its multi-year transformation plan.”

Ben Keswick
Chairman

Results

	(unaudited)		Change %
	Six months ended 30th June		
	2020 US\$m	2019 US\$m	
Combined total sales including 100% of associates and joint ventures	14,547	13,781	+6
Sales	5,240	5,761	-9
Underlying profit attributable to shareholders*	105	177	-40
Profit attributable to shareholders	115	178	-35
	US¢	US¢	%
Underlying earnings per share*	7.77	13.05	-40
Basic earnings per share	8.53	13.16	-35
Interim dividend per share	5.00	6.50	-23

* 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¢5.00 per share will be payable on 14th October 2020 to shareholders on the register of members at the close of business on 21st August 2020.

- 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 2020

OVERVIEW

The Group's overall profits were significantly lower in the period due to reduced contributions from Health and Beauty, Maxim's and Convenience Stores as a result of COVID-19 and restrictions imposed by governments to contain it, as well as the impact of the pandemic on customer behaviours. There were, however, strong performances from the Grocery Retail and Home Furnishings businesses.

RESULTS

Combined sales, including 100% of associates and joint ventures, rose by 6% to US\$14.5 billion, due to higher contributions from Robinsons Retail and Yonghui.

Sales by the Group's subsidiaries in the first half reduced by 9%, primarily due to the annualised impact of the stores closures in 2019 under the Group's space optimisation plan in Southeast Asia, as well as reduced revenues from Convenience Stores and Health and Beauty as a result of pandemic-related restrictions.

Within the Group's subsidiaries, the Grocery Retail and Home Furnishings businesses saw improved profits, which were offset by reduced profitability for the Health and Beauty and Convenience Stores businesses. Underlying profit for subsidiaries in the period was US\$101 million, compared to US\$105 million in the same period last year.

The contribution to underlying profit by the Group's associates and joint ventures fell significantly primarily due to the underperformance of Maxim's in the period. Consequently, the total underlying profit for the Group was US\$105 million, a 40% reduction from the US\$177 million recorded in the same period last year.

The benefits of the Group's transformation plan, including cost improvement programmes, stronger retail execution and improved ways of working, together with the diversity of the Group's business portfolio, supported the performance of the Group's subsidiaries, despite the significant challenges faced as a result of the pandemic.

Operating cash flow, after lease payments, for the period was a net inflow of US\$76 million, compared with US\$273 million in the first half of 2019. As at 30th June 2020, the Group's net debt was US\$1,091 million, compared with US\$821 million at 31st December 2019. The Group's financial position remains robust and at 30th June 2020 it had access to US\$756 million of liquidity, consisting of US\$275 million of cash reserves and US\$481 million of unused, committed debt facilities. An interim dividend of US¢5.00 per share has been declared, 23% lower than the 2019 interim dividend.

OPERATING PERFORMANCE

The Group's Grocery Retail business reported strong like-for-like sales and strong profit growth during the period. The strong performance was underpinned by the ongoing execution of the Group's transformation plan and improvement programmes, as well as changing customer behaviours as a result of the pandemic.

Grocery Retail in Singapore and Malaysia maintained its strong turnaround momentum as the execution of improvement programmes and the Group's space optimisation plan both made a positive contribution. The performance of new upscale formats and refreshed stores in Southeast Asia was also encouraging. Market conditions in Indonesia remain challenging.

The Group's Convenience Stores business was impacted in the first half by movement restrictions and physical distancing requirements, as well as temporary store closures on the Chinese mainland and reduced customer numbers in Hong Kong and Singapore.

Performance, however, improved over the course of the first half in Hong Kong and the Chinese mainland in particular, as various lockdown restrictions eased. Recovery in Singapore has lagged behind North Asia.

The Health and Beauty business was impacted significantly by the pandemic and the various restrictions to contain it. Within North Asia, the performance of Mannings was materially affected by a continuing lack of overseas tourist custom in Hong Kong, despite the business seeing an initial surge in demand for personal protection equipment. In Southeast Asia, the business performed well in the first quarter but was then impacted as social distancing requirements began to take effect towards the end of the first quarter.

Sales in the Home Furnishings business were higher than the equivalent period last year, as strong e-commerce growth and the annualised impact of new stores opened in the prior year more than compensated for the impact on customer visits of pandemic-related restrictions, including temporary store closures. Profitability grew strongly due to the contribution from new stores, enhancements in margin mix and lower cost of goods.

Maxim's, the Group's 50%-owned associate, was significantly affected by a substantial reduction in restaurant customers and some temporary closures of its outlets. The business reported a loss for the period. Performance has progressively improved over the course of the second quarter, in line with the easing of social distancing restrictions, but any return of restrictions which reduce customer levels or require further closures of its outlets will impact future performance.

Yonghui reported strong sales and underlying profit growth in the first quarter of 2020, but has not yet released its half year results. Robinsons Retail reported strong growth in profitability in the first quarter. Second quarter results will be included in the Group's results for the second half.

BUSINESS DEVELOPMENTS

The Group announced in June that it had entered into an agreement to sell Wellcome Taiwan to Carrefour. Completion of this transaction is expected to take place later in 2020, after the appropriate regulatory approvals have been granted.

The launch of *Yuu*, expected to become Hong Kong's largest loyalty programme, at the end of July 2020 represents a critical milestone in driving Dairy Farm's modernisation and digital transformation. *Yuu* will support a more customer-centric approach across all the Dairy Farm banners and drive an enhanced level of customer engagement.

During the period, Dairy Farm also launched Meadows, its new own-brand offering. Over 300 items have already been launched across banners and markets at lower prices. The future growth of own-brand will allow the Group to leverage scale and gain competitive advantage.

IKEA opened its first store in Macau during the period and opened a larger replacement store in Taoyuan, Taiwan in July.

PEOPLE

Given the extraordinary operating circumstances, we would like to express our deep gratitude for the continuing dedication and resolve of our team members in putting our customers first during these difficult times.

Support from governments in a number of our key markets has helped maintain employment.

We were pleased to welcome Clive Schlee as a Non-executive Director of the Company with effect from 6th May 2020. I stepped down as Managing Director on 15th June 2020 and was succeeded by John Witt. I will continue as Chairman.

OUTLOOK

The pandemic and measures to contain it continue to create uncertainty and volatility. Trading conditions in the second half are expected to continue to be challenging. With a strong balance sheet and funding position, we are confident in the strength of Dairy Farm's businesses and remain committed to its multi-year transformation plan, which is delivering sustainable improvements to the business over time, and its continuing pursuit of the strategic initiatives which will drive medium- to long-term growth.

Ben Keswick
Chairman

Dairy Farm International Holdings Limited
Consolidated Profit and Loss Account

	(unaudited)						Year ended 31st December		
	2020			2019			2019		
	Underlying business performance US\$m	Non-trading items US\$m	Total US\$m	Underlying business performance US\$m	Non-trading items US\$m	Total US\$m	Underlying business performance US\$m	Non-trading items US\$m	Total US\$m
Sales (<i>note 2</i>)	5,239.9	-	5,239.9	5,760.8	-	5,760.8	11,192.3	-	11,192.3
Cost of sales	(3,640.9)	-	(3,640.9)	(3,988.8)	-	(3,988.8)	(7,658.5)	-	(7,658.5)
Gross margin	1,599.0	-	1,599.0	1,772.0	-	1,772.0	3,533.8	-	3,533.8
Other operating income	136.6	-	136.6	98.2	-	98.2	189.8	19.3	209.1
Selling and distribution costs	(1,269.6)	-	(1,269.6)	(1,358.1)	-	(1,358.1)	(2,700.7)	-	(2,700.7)
Administration and other operating expenses	(255.0)	(1.2)	(256.2)	(277.7)	(0.5)	(278.2)	(586.4)	(30.2)	(616.6)
Operating profit (<i>note 3</i>)	211.0	(1.2)	209.8	234.4	(0.5)	233.9	436.5	(10.9)	425.6
Financing charges	(76.2)	-	(76.2)	(88.0)	-	(88.0)	(164.9)	-	(164.9)
Financing income	1.8	-	1.8	3.7	-	3.7	6.7	-	6.7
Net financing charges (<i>note 4</i>)	(74.4)	-	(74.4)	(84.3)	-	(84.3)	(158.2)	-	(158.2)
Share of results of associates and joint ventures (<i>note 5</i>)	4.4	11.3	15.7	71.9	1.9	73.8	114.9	11.4	126.3
Profit before tax	141.0	10.1	151.1	222.0	1.4	223.4	393.2	0.5	393.7
Tax (<i>note 6</i>)	(37.5)	0.1	(37.4)	(43.7)	-	(43.7)	(69.5)	0.8	(68.7)
Profit after tax	103.5	10.2	113.7	178.3	1.4	179.7	323.7	1.3	325.0
Attributable to:									
Shareholders of the Company	105.1	10.2	115.3	176.6	1.4	178.0	320.9	2.9	323.8
Non-controlling interests	(1.6)	-	(1.6)	1.7	-	1.7	2.8	(1.6)	1.2
	103.5	10.2	113.7	178.3	1.4	179.7	323.7	1.3	325.0
	US¢		US¢	US¢		US¢	US¢		US¢
Earnings per share (<i>note 7</i>)									
- basic	7.77		8.53	13.05		13.16	23.72		23.93
- diluted	7.77		8.52	13.05		13.15	23.71		23.92

- more -

Dairy Farm International Holdings Limited
Consolidated Statement of Comprehensive Income

	2020 US\$m	(unaudited) Six months ended 30th June 2019 US\$m	Year ended 31st December 2019 US\$m
Profit for the period	113.7	179.7	325.0
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	-	(0.7)	15.9
Tax relating to items that will not be reclassified	(0.1)	0.2	(2.4)
	(0.1)	(0.5)	13.5
Share of other comprehensive (expense)/income of associates and joint ventures	(1.0)	-	0.7
	(1.1)	(0.5)	14.2
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
- net (loss)/gain arising during the period	(8.4)	24.9	25.5
- transfer to profit and loss	-	-	3.4
	(8.4)	24.9	28.9
Cash flow hedges			
- net (loss)/gain arising during the period	(5.2)	2.9	(2.6)
- transfer to profit and loss	1.5	(3.8)	(5.5)
	(3.7)	(0.9)	(8.1)
Tax relating to items that may be reclassified	0.7	0.1	1.6
Share of other comprehensive (expense)/income of associates and joint ventures	(0.9)	-	2.8
	(12.3)	24.1	25.2
Other comprehensive (expense)/income for the period, net of tax	(13.4)	23.6	39.4
Total comprehensive income for the period	<u>100.3</u>	<u>203.3</u>	<u>364.4</u>
Attributable to:			
Shareholders of the Company	102.4	201.0	362.1
Non-controlling interests	(2.1)	2.3	2.3
	<u>100.3</u>	<u>203.3</u>	<u>364.4</u>

Dairy Farm International Holdings Limited
Consolidated Balance Sheet

	2020 US\$m	(unaudited) At 30th June 2019 US\$m	At 31st December 2019 US\$m
Net operating assets			
Intangible assets	579.9	587.1	589.2
Tangible assets	800.9	749.0	820.2
Right-of-use assets	3,140.1	3,331.2	3,186.3
Associates and joint ventures	2,080.3	2,078.3	2,101.9
Other investments	6.0	6.9	6.8
Non-current debtors	135.9	156.1	142.4
Deferred tax assets	18.0	7.7	18.2
Non-current assets	<u>6,761.1</u>	<u>6,916.3</u>	<u>6,865.0</u>
Stocks	841.8	848.3	896.1
Current debtors	294.1	320.3	281.3
Current tax assets	25.9	24.0	26.1
Cash and bank balances	274.9	313.3	301.4
Current assets	<u>1,436.7</u>	<u>1,505.9</u>	<u>1,504.9</u>
Current creditors	(2,022.9)	(2,274.0)	(2,315.4)
Current borrowings	(1,218.1)	(834.3)	(938.2)
Current lease liabilities	(748.2)	(782.7)	(728.3)
Current tax liabilities	(82.8)	(113.4)	(126.5)
Current provisions	(57.6)	(86.2)	(56.0)
Current liabilities	<u>(4,129.6)</u>	<u>(4,090.6)</u>	<u>(4,164.4)</u>
Net current liabilities	<u>(2,692.9)</u>	<u>(2,584.7)</u>	<u>(2,659.5)</u>
Long-term borrowings	(147.7)	(299.1)	(184.0)
Non-current lease liabilities	(2,520.9)	(2,672.4)	(2,577.5)
Deferred tax liabilities	(30.6)	(15.6)	(34.9)
Pension liabilities	(33.9)	(47.7)	(31.3)
Non-current creditors	(87.8)	(39.2)	(13.2)
Non-current provisions	(114.6)	(108.3)	(125.1)
Non-current liabilities	<u>(2,935.5)</u>	<u>(3,182.3)</u>	<u>(2,966.0)</u>
	<u>1,132.7</u>	<u>1,149.3</u>	<u>1,239.5</u>

(Consolidated Balance Sheet continued on page 9)

Dairy Farm International Holdings Limited
Consolidated Balance Sheet *(continued)*

	2020	(unaudited) At 30th June 2019	At 31st December 2019
	US\$m	US\$m	US\$m
Total equity			
Share capital	75.1	75.1	75.1
Share premium and capital reserves	59.4	59.5	59.2
Revenue and other reserves	<u>970.0</u>	<u>976.9</u>	<u>1,074.9</u>
Shareholders' funds	1,104.5	1,111.5	1,209.2
Non-controlling interests	<u>28.2</u>	<u>37.8</u>	<u>30.3</u>
	<u>1,132.7</u>	<u>1,149.3</u>	<u>1,239.5</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 and other reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to non-controlling interests US\$m	Total equity US\$m
<i>Six months ended 30th June 2020 (unaudited)</i>							
At 1st January 2020	75.1	34.1	25.1	1,074.9	1,209.2	30.3	1,239.5
Total comprehensive income	-	-	-	102.4	102.4	(2.1)	100.3
Dividends paid by the Company (note 9)	-	-	-	(196.1)	(196.1)	-	(196.1)
Share-based long-term incentive plans	-	-	0.7	-	0.7	-	0.7
Change in interest in a subsidiary	-	-	-	(0.2)	(0.2)	-	(0.2)
Change in interests in associates and joint ventures	-	-	-	(11.5)	(11.5)	-	(11.5)
Transfer	-	-	(0.5)	0.5	-	-	-
At 30th June 2020	75.1	34.1	25.3	970.0	1,104.5	28.2	1,132.7
<i>Six months ended 30th June 2019 (unaudited)</i>							
At 1st January 2019	75.1	33.9	24.4	993.0	1,126.4	35.5	1,161.9
Total comprehensive income	-	-	-	201.0	201.0	2.3	203.3
Dividends paid by the Company (note 9)	-	-	-	(196.1)	(196.1)	-	(196.1)
Share-based long-term incentive plans	-	-	1.2	-	1.2	-	1.2
Change in interests in associates and joint ventures	-	-	-	(21.0)	(21.0)	-	(21.0)
Transfer	-	0.2	(0.2)	-	-	-	-
At 30th June 2019	75.1	34.1	25.4	976.9	1,111.5	37.8	1,149.3

(Consolidated Statement of Changes in Equity continued on page 11)

- more -

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 and other reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to non- controlling interests US\$m	Total equity US\$m
<i>Year ended 31st December 2019</i>							
At 1st January 2019	75.1	33.9	24.4	993.0	1,126.4	35.5	1,161.9
Total comprehensive income	-	-	-	362.1	362.1	2.3	364.4
Dividends paid by the Company	-	-	-	(284.0)	(284.0)	-	(284.0)
Unclaimed dividends forfeited	-	-	-	0.1	0.1	-	0.1
Share-based long-term incentive plans	-	-	0.9	-	0.9	-	0.9
Change in interests in subsidiaries	-	-	-	0.8	0.8	(7.5)	(6.7)
Change in interests in associates and joint ventures	-	-	-	2.9	2.9	-	2.9
Transfer	-	0.2	(0.2)	-	-	-	-
At 31st December 2019	<u>75.1</u>	<u>34.1</u>	<u>25.1</u>	<u>1,074.9</u>	<u>1,209.2</u>	<u>30.3</u>	<u>1,239.5</u>

Revenue and other reserves at 30th June 2020 comprised revenue reserves of US\$1,297.1 million (2019: US\$1,291.0 million), hedging reserves of US\$5.1 million loss (2019: US\$3.7 million gain) and exchange reserves of US\$322.0 million loss (2019: US\$317.8 million loss).

Revenue and other reserves at 31st December 2019 comprised revenue reserves of US\$1,388.5 million, hedging reserves of US\$0.7 million gain and exchange reserves of US\$314.3 million loss.

Dairy Farm International Holdings Limited
Consolidated Cash Flow Statement

	(unaudited) Six months ended 30th June 2020 US\$m	2019 US\$m	Year ended 31st December 2019 US\$m
Operating activities			
Operating profit (<i>note 3</i>)	209.8	233.9	425.6
Depreciation and amortisation	496.7	522.7	1,002.2
Other non-cash items	15.1	6.7	33.2
Increase in working capital	(115.3)	(26.6)	(76.7)
Interest received	2.8	3.8	7.1
Interest and other financing charges paid	(76.7)	(88.3)	(166.7)
Tax paid	(84.9)	(4.0)	(25.1)
	447.5	648.2	1,199.6
Dividends from associates and joint ventures	15.4	24.2	88.5
Cash flows from operating activities	462.9	672.4	1,288.1
Investing activities			
Purchase of subsidiaries (<i>note 11(a)</i>)	(21.4)	-	(2.6)
Purchase of associates and joint ventures	-	-	(3.8)
Purchase of intangible assets	(8.0)	(23.6)	(53.2)
Purchase of tangible assets	(126.0)	(114.2)	(233.3)
Additions to right-of-use assets	-	(18.3)	(18.4)
Sale of properties	-	-	22.6
Sale of tangible assets	3.9	1.1	5.7
Cash flows from investing activities	(151.5)	(155.0)	(283.0)
Financing activities			
Change in interests in subsidiaries	(0.2)	-	(6.7)
Drawdown of borrowings	728.6	874.4	1,778.4
Repayment of borrowings	(501.6)	(801.9)	(1,662.6)
Net increase/(decrease) in other short-term borrowings	5.1	22.7	(42.4)
Principal elements of lease payments	(386.9)	(399.2)	(790.3)
Dividends paid by the Company (<i>note 9</i>)	(196.1)	(196.1)	(284.0)
Cash flows from financing activities	(351.1)	(500.1)	(1,007.6)
Net (decrease)/increase in cash and cash equivalents	(39.7)	17.3	(2.5)
Cash and cash equivalents at beginning of period	288.3	284.5	284.5
Effect of exchange rate changes	(2.1)	2.6	6.3
Cash and cash equivalents at end of period (<i>note 11(b)</i>)	246.5	304.4	288.3

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' and 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.

The Group had early adopted the 'Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7' (effective 1st January 2020) for the Group's annual reporting period commencing 1st January 2019.

There are no changes to the accounting policies as described in the 2019 annual financial statements other than the following changes in relation to rent concessions and government grants. Other amendments, which are effective in 2020 and relevant to the Group's operations, do not have a significant effect on the Group's accounting policies. The Group has not early adopted any other standard or amendments that have been issued but not yet effective.

COVID-19 Related Rent Concessions: Amendment to IFRS 16 'Leases'

The Group has early adopted the Amendment, which is effective for annual reporting periods beginning on or after 1st June 2020, for the Group's annual reporting period commencing 1st January 2020. Where the Group is a lessee, the practical expedient is applied to account for the change in lease payments resulting from rent concessions granted as a direct consequence of the COVID-19 pandemic and elects not to assess these concessions as lease modifications when all of the following conditions are met:

- (i) the revised lease payments are substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) reduction in lease payments relates to payment due on or before 30th June 2021; and
- (iii) there is no substantive change to the other terms and conditions of the lease.

Rent concessions fulfilling the above conditions are recognised in the profit and loss over the period in which they cover.

Government grants

Grants from government are recognised at their fair values where there is reasonable assurance that the grants will be received, and the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognised in the profit and loss as other operating income on a systematic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other operating income when they become receivable.

Grants related to assets are deducted in arriving at the carrying value of the related assets.

2. Sales

	Including associates and joint ventures		Subsidiaries	
	Six months ended 30th June			
	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m
<i>Analysis by operating segment:</i>				
Food	11,550.4	9,955.1	3,812.1	3,758.1
- Grocery retail	10,480.8	8,820.9	2,809.2	2,676.8
- Convenience stores	1,069.6	1,134.2	1,002.9	1,081.3
Health and Beauty	1,248.8	1,793.1	1,038.4	1,632.0
Home Furnishings	389.4	370.7	389.4	370.7
Restaurants	873.3	1,230.3	-	-
Other Retailing	485.3	432.3	-	-
	<u>14,547.2</u>	<u>13,781.5</u>	<u>5,239.9</u>	<u>5,760.8</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 five segments: Food, Health and Beauty, Home Furnishings, Restaurants and Other Retailing. Food comprises grocery retail and convenience store businesses (including the Group's associate, Yonghui, a leading grocery retailer in mainland China). Health and Beauty comprises the health and beauty businesses. Home Furnishings is the Group's IKEA businesses. Restaurants is the Group's food and beverage associate, Maxim's, a leading Hong Kong restaurant chain. Other Retailing represents the department stores, specialty and Do-It-Yourself ('DIY') stores of the Group's Philippines associate, Robinsons Retail.

Sales and share of results of Yonghui represent six months from October 2019 to March 2020 (2019: October 2018 to March 2019) and that of Robinsons Retail represent six months from October 2019 to March 2020 (2019: five months from date of acquisition, November 2018 to March 2019). The results are based on their latest published announcements (note 5).

2. Sales (*continued*)

Set out below is an analysis of the Group's sales by geographical locations:

	Including associates and joint ventures		Subsidiaries	
	Six months ended 30th June			
	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m
<i>Analysis by geographical area:</i>				
North Asia	10,769.8	10,324.4	3,369.6	3,743.0
Southeast Asia	3,777.4	3,457.1	1,870.3	2,017.8
	<u>14,547.2</u>	<u>13,781.5</u>	<u>5,239.9</u>	<u>5,760.8</u>

The geographical areas covering North Asia and Southeast Asia, are determined by the geographical location of customers. North Asia comprises Hong Kong, mainland China, Macau and Taiwan. Southeast Asia comprises Singapore, Cambodia, the Philippines, Thailand, Malaysia, Indonesia, Vietnam and Brunei.

3. Operating Profit

	Six months ended 30th June	
	2020 US\$m	2019 US\$m
<i>Analysis by operating segment:</i>		
Food	148.6	59.1
- Grocery retail	147.9	25.9
- Convenience stores	0.7	33.2
Health and Beauty	42.4	170.8
Home Furnishings	25.1	19.2
	216.1	249.1
Selling, general and administrative expenses	(47.4)	(67.6)
Underlying operating profit before IFRS 16*	168.7	181.5
IFRS 16 adjustment^	42.3	52.9
Underlying operating profit	211.0	234.4
Non-trading items:		
- business restructuring costs	(0.4)	-
- fair value loss on equity investments	(0.8)	(0.5)
	<u>209.8</u>	<u>233.9</u>

3. Operating Profit *(continued)*

Set out below is an analysis of the Group's underlying operating profit by geographical locations:

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
<i>Analysis by geographical area:</i>		
North Asia	155.3	234.6
Southeast Asia	60.8	14.5
	216.1	249.1
Selling, general and administrative expenses	(47.4)	(67.6)
Underlying operating profit before IFRS 16*	168.7	181.5
IFRS 16 adjustment [^]	42.3	52.9
Underlying operating profit	211.0	234.4

Included in other operating income were government grants, the majority of which were in support of employee retention, and rent concessions of US\$32.4 million and US\$32.4 million, respectively, in relation to the COVID-19 pandemic for the six months ended 30th June 2020.

* Property lease payments and depreciation of reinstatement costs under the lease contracts were included in the Group's analysis of operating and geographical segments' results.

[^] Represented the reversal of lease payments which are accounted for on a straight-line basis, adjusted by the lease contracts recognised under IFRS 16 'Leases', primarily for the charge of depreciation on right-of-use assets.

4. Net Financing Charges

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
Interest expense on bank loans and advances	(17.7)	(21.6)
Interest expense on lease liabilities	(56.6)	(64.4)
Commitment and other fees	(1.9)	(2.0)
Financing charges	(76.2)	(88.0)
Financing income	1.8	3.7
	(74.4)	(84.3)

5. Share of Results of Associates and Joint Ventures

	Six months ended 30th June	
	2020 [†] US\$m	2019 [†] US\$m
<i>Analysis by operating segment:</i>		
Food	38.9	36.0
- Grocery retail	39.3	36.0
- Convenience stores	(0.4)	-
Health and Beauty	0.1	(0.6)
Restaurants	(25.0)	36.5
Other Retailing	1.7	1.9
	<u>15.7</u>	<u>73.8</u>

Share of results of associates and joint ventures included the following gains/(losses) from non-trading items (*note 8*):

	Six months ended 30th June	
	2020 [†] US\$m	2019 [†] US\$m
Share of Yonghui's fair value gain/(loss) on equity investments	4.4	(6.3)
Share of Robinsons Retail's fair value gain on equity investments	0.1	-
Share of net gains from divestments of an investment/ a subsidiary by Yonghui	6.8	8.2
	<u>11.3</u>	<u>1.9</u>

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

Included in share of results of associates and joint ventures were the Group's share of the government grants, the majority of which were in support of employee retention, and rent concessions of US\$20.7 million and US\$16.1 million, respectively, in relation to the COVID-19 pandemic for the six months ended 30th June 2020.

[†] Included Yonghui's six months results from October 2019 to March 2020 (*2019: October 2018 to March 2019*) and Robinsons Retail's six months results from October 2019 to March 2020 (*2019: five months results from November 2018 to March 2019*) (*note 2*).

6. Tax

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
Tax charged to profit and loss is analysed as follows:		
Current tax	(40.1)	(44.7)
Deferred tax	<u>2.7</u>	<u>1.0</u>
	<u>(37.4)</u>	<u>(43.7)</u>
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	(0.1)	0.2
Cash flow hedges	<u>0.7</u>	<u>0.1</u>
	<u>0.6</u>	<u>0.3</u>

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\$3.1 million (2019: US\$17.7 million) is included in share of results of associates and joint ventures.

7. Earnings per Share

Basic earnings per share are calculated on profit attributable to shareholders of US\$115.3 million (2019: US\$178.0 million), and on the weighted average number of 1,352.7 million (2019: 1,352.7 million) shares in issue during the period.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$115.3 million (2019: US\$178.0 million), and on the weighted average number of 1,353.3 million (2019: 1,353.5 million) shares in issue after adjusting for 0.6 million (2019: 0.8 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					
	2020			2019		
	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	115.3	8.53	8.52	178.0	13.16	13.15
Non-trading items (note 8)	(10.2)			(1.4)		
Underlying profit attributable to shareholders	105.1	7.77	7.77	176.6	13.05	13.05

8. 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 fair value gains and losses on equity investments which are measured at fair value through profit and loss; 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	
	2020 US\$m	2019 US\$m
Business restructuring costs	(0.3)	-
Fair value loss on equity investments	(0.8)	(0.5)
Share of Yonghui's fair value gain/(loss) on equity investments	4.4	(6.3)
Share of Robinsons Retail's fair value gain on equity investments	0.1	-
Share of net gains from divestments of an investment/ a subsidiary by Yonghui	6.8	8.2
	10.2	1.4

9. Dividends

	Six months ended 30th June	
	2020 US\$m	2019 US\$m
Final dividend in respect of 2019 of US¢14.50 (2018: US¢14.50) per share	196.1	196.1

An interim dividend in respect of 2020 of US¢5.00 (2019: US¢6.50) per share amounting to a total of US\$67.6 million (2019: 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 2020.

10. Financial Instruments

Financial instruments by category

The carrying amounts of financial assets and financial liabilities at 30th June 2020 and 31st December 2019 are as follows:

	Fair value of hedging instruments US\$m	Fair value through profit and loss US\$m	Financial assets at amortised cost US\$m	Other financial liabilities US\$m	Total carrying amounts US\$m
<i>At 30th June 2020</i>					
Financial assets measured at fair value					
Other investments					
- equity investments	-	6.0	-	-	6.0
Derivative financial instruments	-	0.1	-	-	0.1
	-	6.1	-	-	6.1
Financial assets not measured at fair value					
Debtors	-	-	263.3	-	263.3
Cash and bank balances	-	-	274.9	-	274.9
	-	-	538.2	-	538.2
Financial liabilities measured at fair value					
Derivative financial instruments	(6.3)	(0.7)	-	-	(7.0)
	(6.3)	(0.7)	-	-	(7.0)
Financial liabilities not measured at fair value					
Borrowings	-	-	-	(1,365.8)	(1,365.8)
Lease liabilities	-	-	-	(3,269.1)	(3,269.1)
Trade and other payables excluding non-financial liabilities	-	-	-	(1,982.7)	(1,982.7)
	-	-	-	(6,617.6)	(6,617.6)

10. Financial Instruments (*continued*)Financial instruments by category (*continued*)

	Fair value of hedging instruments US\$m	Fair value through profit and loss US\$m	Financial assets at amortised cost US\$m	Other financial liabilities US\$m	Total carrying amounts US\$m
<i>At 31st December 2019</i>					
Financial assets measured at fair value					
Other investments					
- equity investments	-	6.8	-	-	6.8
Derivative financial instruments	0.3	-	-	-	0.3
	<u>0.3</u>	<u>6.8</u>	<u>-</u>	<u>-</u>	<u>7.1</u>
Financial assets not measured at fair value					
Debtors	-	-	280.3	-	280.3
Cash and bank balances	-	-	301.4	-	301.4
	<u>-</u>	<u>-</u>	<u>581.7</u>	<u>-</u>	<u>581.7</u>
Financial liabilities measured at fair value					
Derivative financial instruments					
	(3.3)	(0.7)	-	-	(4.0)
	<u>(3.3)</u>	<u>(0.7)</u>	<u>-</u>	<u>-</u>	<u>(4.0)</u>
Financial liabilities not measured at fair value					
Borrowings	-	-	-	(1,122.2)	(1,122.2)
Lease liabilities	-	-	-	(3,305.8)	(3,305.8)
Trade and other payables excluding non-financial liabilities	-	-	-	(2,187.7)	(2,187.7)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,615.7)</u>	<u>(6,615.7)</u>

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 are based on quoted prices in active markets at the balance sheet date.

(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 derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and forward foreign exchange contracts are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted equity investments, mainly include club debentures, are determined using prices quoted by brokers 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 equity investments 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 or discounted cash flow by projecting the cash inflow from these investments.

There were no changes in valuation techniques during the six months ended 30th June 2020 and the year ended 31st December 2019.

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

The table below analyses financial instruments carried at fair value at 30th June 2020 and 31st December 2019, measured by observable current market transactions.

	At 30th June 2020 US\$m	At 31st December 2019 US\$m
Assets		
Other investments		
- equity investments	6.0	6.8
Derivative financial instruments at fair value		
- through other comprehensive income	-	0.3
- through profit and loss	0.1	-
	6.1	7.1
Liabilities		
Derivative financial instruments at fair value		
- through other comprehensive income	(6.3)	(3.3)
- through profit and loss	(0.7)	(0.7)
	(7.0)	(4.0)

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

The fair values of current debtors, cash and bank balances, current creditors, current borrowings and current lease liabilities 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 and non-current lease liabilities 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 subsidiaries

Net cashflow for purchase of a subsidiary in 2020 represented the settlement of deferred consideration for the Group's acquisition of the 100% interest in San Miu Supermarket Limited, which operates a supermarket chain in Macau, in 2015.

(b) Analysis of balances of cash and cash equivalents

	At 30th June	
	2020	2019
	US\$m	US\$m
Cash and bank balances	274.9	313.3
Bank overdrafts	(28.4)	(8.9)
	<u>246.5</u>	<u>304.4</u>

12. Capital Commitments and Contingent Liabilities

Total capital commitments at 30th June 2020 and 31st December 2019 amounted to US\$213.2 million and US\$338.8 million, respectively.

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses.

The Group has tax litigation with the Hong Kong Inland Revenue Department relating to the tax treatment of intra-group royalties for the tax years from 2012/13 to 2014/15 and a dispute for the same subject matter from 2015 to June 2020. The amount in dispute for the period from 2012 to June 2020 is approximately US\$101 million. The exposure, net of amounts provided, is estimated to be US\$69 million. Having taken legal advice, the Directors are of the opinion that the Group has strong grounds to support its position.

Apart from the above, 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 ('JM'). Both companies are incorporated in Bermuda.

In the normal course of business, the Group undertakes a variety of transactions with JM and certain of its subsidiaries, associates and joint ventures. The more significant of such transactions are described below.

13. Related Party Transactions *(continued)*

Under the terms of a Management Services Agreement, the management fee payable by the Group was US\$0.6 million *(2019: US\$0.9 million)* for the first six months of 2020 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\$0.4 million *(2019: US\$0.4 million)* to JML for the same period in 2020.

The Group rents properties from Hongkong Land Holdings Limited ('HKL'), a subsidiary of JMH. The lease payments paid by the Group to HKL for the first six months of 2020 were US\$1.6 million *(2019: US\$1.7 million)*. The Group's 50%-owned associate, Maxim's Caterers Limited ('Maxim's'), also paid lease payments of US\$5.2 million *(2019: US\$7.0 million)* to HKL for the first six months of 2020.

The Group also obtains repairs and maintenance services from Jardine Engineering Corporation ('JEC'), a subsidiary of JMH. The total fees paid by the Group to JEC for the first six months of 2020 amounted to US\$0.7 million *(2019: US\$1.8 million)*.

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. For the first six months of 2020, these amounted to US\$11.3 million *(2019: US\$13.3 million)*.

There were no other related party transactions that might be considered to have a material effect on the financial position or performance of the Group that were entered into or changed during the first six months of the current financial year.

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate.

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 133 and 134 of the Company's 2019 Annual Report, a copy of which is available on the Company's website www.dairyfarmgroup.com.

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

Ian McLeod
Clem Constantine

Directors

Dairy Farm International Holdings Limited
Dividend Information for Shareholders

The interim dividend of US\$5.00 per share will be payable on 14th October 2020 to shareholders on the register of members at the close of business on 21st August 2020. The shares will be quoted ex-dividend on 20th August 2020, and the share registers will be closed from 24th to 28th August 2020, inclusive.

Shareholders will receive their cash dividends in United States Dollars, except when elections are made for alternate currencies in the following circumstances.

Shareholders on the Jersey branch register

Shareholders registered on the Jersey branch register will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2020 interim dividend by notifying the United Kingdom transfer agent in writing by 25th September 2020. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 30th September 2020.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in Sterling only as calculated above.

Shareholders on the Singapore branch register who hold their shares through The Central Depository (Pte) Limited ('CDP')

Shareholders who are on CDP's Direct Crediting Service ('DCS')

For those shareholders who are on CDP's DCS, they will receive their cash dividends in Singapore Dollars unless they opt out of CDP Currency Conversion Service, through CDP, to receive United States Dollars.

Shareholders who are **not on** CDP's DCS

For those shareholders who are not on CDP's DCS, they 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 21st August 2020, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, by no later than 5.00 p.m. (local time) on 20th August 2020.

About Dairy Farm

Dairy Farm is a leading pan-Asian retailer. At 30th June 2020, the Group and its associates and joint ventures operated over 10,000 outlets and employed some 240,000 people. The Group had total annual sales in 2019 exceeding US\$27 billion.

The Group provides quality and value to Asian consumers by offering leading brands, a compelling retail experience and great service; all delivered through a strong store network supported by efficient supply chains.

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

Food

- Grocery retail – Wellcome in Hong Kong S.A.R. and Taiwan; Yonghui in Chinese mainland; Cold Storage in Malaysia and Singapore; Giant in Indonesia, Malaysia and Singapore; Hero in Indonesia; and Robinsons in the Philippines.
- Convenience stores – 7-Eleven in Hong Kong and Macau S.A.R., Singapore and Southern China.

Health and Beauty

- Mannings in Greater China; Guardian in Brunei, Cambodia, Indonesia, Malaysia, Singapore and Vietnam; and Rose Pharmacy in the Philippines.

Home Furnishings

- IKEA in Hong Kong and Macau S.A.R., Indonesia, and Taiwan.

Restaurants

- Maxim's in Cambodia, Chinese mainland, Hong Kong and Macau S.A.R., Malaysia, Singapore, Thailand and Vietnam (directly and via various joint ventures or franchises).

Other Retailing

- Robinsons in the Philippines operating department stores, specialty and DIY stores.

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:

Dairy Farm Management Services Limited

Kirsten Molyneux

(852) 2299 1884

Marjorie Law

(852) 2299 1788

Brunswick Group Limited

David Ashton

(852) 3512 5063

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.