


**Dairy Farm International Holdings Ltd**

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

To: Business Editor

 1st August 2019  
 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 2019**
**Highlights**

- Combined sales (including 100% of associates and joint ventures) up 13%
- Subsidiary sales down 3% driven by business change
- Underlying profit up 5%
- Continuing positive sales growth in four out of five Divisions
- Improving trends in Southeast Asia
- Multi-year transformation continues on track

“While the Group will begin to see some early benefits from its transformation programme during the remainder of the year, sales growth may be tempered by general market uncertainties. The Group remains firmly focused on the successful delivery of its transformation plan for the benefit of our customers, team members and shareholders.”

 Ben Keswick  
 Chairman

**Results**

	(unaudited) Six months ended 30th June		Change %
	2019 US\$m	2018 US\$m restated <sup>†</sup>	
Combined total sales including 100% of associates and joint ventures	<b>13,781</b>	12,215	+13
Sales	<b>5,761</b>	5,929	-3
Underlying profit attributable to shareholders*	<b>177</b>	168	+5
Profit attributable to shareholders	<b>178</b>	178	-
	<b>US¢</b>	US¢	%
Underlying earnings per share*	<b>13.05</b>	12.38	+5
Basic earnings per share	<b>13.16</b>	13.13	-
Interim dividend per share	<b>6.50</b>	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 accounts have been restated due to changes in accounting policies upon adoption of IFRS 16 ‘Leases’, as set out in note 1 to the condensed financial statements.			

The interim dividend of US¢6.50 per share will be payable on 17th October 2019 to shareholders on the register of members at the close of business on 23rd August 2019.

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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 2019**

**OVERVIEW**

The first half of the year saw a strong performance from the Health and Beauty Division, and solid sales performances from Convenience, Home Furnishings and Restaurants. The Group's underlying profit benefitted from higher contributions from Yonghui and Robinsons Retail partially offset by continuing business transformation costs.

Following the completion of the strategic review and the development of the multi-year transformation plan to reshape the business last year, Dairy Farm is implementing a range of programmes to improve business performance and achieve long-term sustainable growth.

**RESULTS**

Combined sales, including 100% of associates and joint ventures, rose by 13% over the same period last year to US\$13.8 billion, primarily due to the impact of the strategic investment in Robinsons Retail and a strong performance by Yonghui.

Sales by the Group's subsidiaries in the first half were 3% lower than the same period last year (1% lower at constant rates of exchange), predominantly as a result of the deconsolidation of the Rustan Supercenters business in the final quarter of 2018 and the space optimisation plan for the Food business currently taking place in Southeast Asia.

Underlying profit, restated following the adoption of the new lease accounting standard, IFRS 16, was US\$177 million, 5% higher than the same period last year. Results benefitted from improved profit margins at Yonghui, the deconsolidation of its associate business Yunchuang, and the additional profit contribution from the investment in the Robinsons Retail business in the Philippines.

While investment associated with the business transformation impacted overall profit growth, these costs are essential to ensure that we can strengthen the Group in areas such as people capability, IT infrastructure and digital development, in order to support future business improvement. The earnings impact of these important investments is expected to reduce over time. Underlying earnings per share were US¢13.05.

Operating cash flow for the period was a net inflow of US\$672 million, compared with US\$711 million in the first half of 2018. As at 30th June 2019, the Group's net debt was US\$820 million, compared to US\$744 million as at 31st December 2018. The movement in both operating cash flows and net debt was primarily due to the business change investments being made. An interim dividend of US¢6.50 per share has been declared, unchanged from the previous period.

## **OPERATING PERFORMANCE**

While both supermarket and hypermarket sales were impacted by the deconsolidation of Rustan Supercenters and the Southeast Asian Food space optimisation plan, the Division's operating profit remained in line with the previous year. Underlying sales performance has begun to show signs of growth, reflecting improvements in quality, availability, price competitiveness and general operating standards, notably in Southeast Asia. In North Asia, sales in Hong Kong continued to grow, particularly in the upscale stores, though Taiwan is increasingly under threat from the aggressive space expansion of local competitors.

Sales in all other Divisions within the Group delivered positive growth in the first half.

The Group's Convenience store operations achieved higher sales in all markets, with the strongest growth coming from our stores in mainland China. Overall profits were slightly lower than last year as investment in store space growth over the period exceeded the higher profits achieved in both Hong Kong and Macau.

In the Health and Beauty Division, strong sales were reported in North Asia, against significant sales growth in the same period last year, reinforcing the strength and resilience of the Mannings brand.

Guardian in Southeast Asia also reported an encouraging improvement in sales and profit performance during the period, with the delivery of much better overall operating standards, as well as improvements in service and product availability. A growing customer base in both Indonesia and Malaysia reflects the focus on delivering an improving product offer as well as better value.

IKEA achieved higher sales growth in all markets, both at a total sales level and on a like-for-like basis. However, profitability was lower due to a combination of an increased cost of goods and pre-opening expenses for new stores under development in Taiwan and Indonesia. E-commerce activities are growing, with positive results in all markets, and a successful relaunch of the Hong Kong website was completed in June, following a similar upgrade in Indonesia late last year. An upgrade in Taiwan will follow by the end of 2019.

Maxim's delivered good performances across all its key businesses, especially restaurants, where customers have shown strong engagement with new franchises.

Yonghui reported strong underlying sales and profit growth, mainly driven by the continuing expansion of its store network and healthy sales growth. Yonghui's profit also benefitted from the partial divestment of its associate, Yunchuang at the end of 2018.

The Group benefitted from a profit contribution from its new 20% investment in Robson's Retail, which was acquired in November 2018.

## **BUSINESS DEVELOPMENTS**

Every area of Dairy Farm's subsidiary businesses is undergoing some form of business transition and this scale of change will take time to execute successfully in a sustainable way. Within Southeast Asia Food, optimisation of the store portfolio is continuing which will have a positive effect on results in the second half. As part of our space realignment strategy in Indonesia, work is underway to transform a Giant Hypermarket into an IKEA store.

In May, Maxim's acquired the Starbucks franchise in Thailand, with 372 stores in operation, through a 64%-owned joint venture.

As at 30th June 2019, Dairy Farm, including associates and joint ventures, operated over 10,000 outlets across all formats, compared with some 9,700 at 31st December 2018. The total number of stores reflects the addition of the portfolio of Robson's Retail in the Philippines, as well as the impact of the Group's ongoing store change programme.

## **PEOPLE**

Neil Galloway stepped down as Group Finance Director at the end of March 2019. We would like to thank him for the contribution he made to the Company over more than five years. Michael Kok stepped down from the Board on 8th May 2019. We would like to express our gratitude for the significant contribution he made to the Group over many years.

## **OUTLOOK**

While the Group will begin to see some early benefits from its transformation programme during the remainder of the year, sales growth may be tempered by general market uncertainties. The Group remains firmly focused on the successful delivery of its transformation plan for the benefit of our customers, team members and shareholders.

Ben Keswick  
*Chairman*

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

	(unaudited)						Year ended 31st December		
	Six months ended 30th June			2018			2018		
	2019		Total US\$m	2018		Total US\$m restated	2018		Total US\$m restated
Underlying business performance US\$m	Non-trading items US\$m	Underlying business performance US\$m restated		Non-trading items US\$m	Underlying business performance US\$m restated		Non-trading items US\$m restated		
Sales (note 2)	5,760.8	-	5,760.8	5,928.7	-	5,928.7	11,749.3	-	11,749.3
Cost of sales	(3,988.8)	-	(3,988.8)	(4,126.1)	-	(4,126.1)	(8,100.5)	-	(8,100.5)
Gross margin	1,772.0	-	1,772.0	1,802.6	-	1,802.6	3,648.8	-	3,648.8
Other operating income	98.2	-	98.2	94.5	9.1	103.6	194.9	207.0	401.9
Selling and distribution costs	(1,358.1)	-	(1,358.1)	(1,409.2)	-	(1,409.2)	(2,817.7)	-	(2,817.7)
Administration and other operating expenses	(277.7)	(0.5)	(278.2)	(240.6)	-	(240.6)	(532.0)	(499.7)	(1,031.7)
Operating profit (note 3)	234.4	(0.5)	233.9	247.3	9.1	256.4	494.0	(292.7)	201.3
Financing charges	(88.0)	-	(88.0)	(87.4)	-	(87.4)	(177.5)	-	(177.5)
Financing income	3.7	-	3.7	1.6	-	1.6	5.1	-	5.1
Net financing charges	(84.3)	-	(84.3)	(85.8)	-	(85.8)	(172.4)	-	(172.4)
Share of results of associates and joint ventures (note 4)	71.9	1.9	73.8	51.6	1.0	52.6	112.7	1.2	113.9
Profit before tax	222.0	1.4	223.4	213.1	10.1	223.2	434.3	(291.5)	142.8
Tax (note 5)	(43.7)	-	(43.7)	(49.5)	-	(49.5)	(93.1)	(2.8)	(95.9)
Profit after tax	178.3	1.4	179.7	163.6	10.1	173.7	341.2	(294.3)	46.9
Attributable to:									
Shareholders of the Company	176.6	1.4	178.0	167.5	10.1	177.6	341.8	(277.2)	64.6
Non-controlling interests	1.7	-	1.7	(3.9)	-	(3.9)	(0.6)	(17.1)	(17.7)
	178.3	1.4	179.7	163.6	10.1	173.7	341.2	(294.3)	46.9
	US¢		US¢	US¢		US¢	US¢		US¢
Earnings per share (note 6)									
- basic	13.05		13.16	12.38		13.13	25.27		4.78
- diluted	13.05		13.15	12.38		13.13	25.26		4.77

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

	2019 US\$m	(unaudited) Six months ended 30th June 2018 US\$m restated	Year ended 31st December 2018 US\$m restated
Profit for the period	<b>179.7</b>	173.7	46.9
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	<b>(0.7)</b>	(0.1)	(12.0)
Tax relating to items that will not be reclassified	<b>0.2</b>	0.1	2.2
	<b>(0.5)</b>	-	(9.8)
Share of other comprehensive income of associates and joint ventures	<u>-</u>	<u>-</u>	<u>0.9</u>
	<b>(0.5)</b>	<u>-</u>	<u>(8.9)</u>
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
- net gain/(loss) arising during the period	<b>24.9</b>	(62.9)	(90.0)
- transfer to profit and loss	<u>-</u>	<u>1.0</u>	<u>45.1</u>
	<b>24.9</b>	(61.9)	(44.9)
Cash flow hedges			
- net gain arising during the period	<b>2.9</b>	5.6	3.1
- transfer to profit and loss	<b>(3.8)</b>	0.8	1.8
	<b>(0.9)</b>	6.4	4.9
Tax relating to items that may be reclassified	<b>0.1</b>	(1.2)	(1.0)
Share of other comprehensive expense of associates and joint ventures	<u>-</u>	<u>(0.4)</u>	<u>-</u>
	<b>24.1</b>	<u>(57.1)</u>	<u>(41.0)</u>
Other comprehensive income/(expense) for the period, net of tax	<u><b>23.6</b></u>	<u>(57.1)</u>	<u>(49.9)</u>
Total comprehensive income for the period	<u><b>203.3</b></u>	<u>116.6</u>	<u>(3.0)</u>
Attributable to:			
Shareholders of the Company	<b>201.0</b>	123.8	17.9
Non-controlling interests	<u><b>2.3</b></u>	<u>(7.2)</u>	<u>(20.9)</u>
	<u><b>203.3</b></u>	<u>116.6</u>	<u>(3.0)</u>

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

	2019 US\$m	(unaudited) At 30th June 2018 US\$m restated	At 31st December 2018 US\$m restated
<b>Net operating assets</b>			
Intangible assets	588.1	689.1	572.0
Tangible assets	749.0	1,023.5	756.6
Right-of-use assets	3,454.0	3,808.0	3,553.7
Associates and joint ventures	2,078.3	1,583.3	2,030.9
Other investments	6.9	54.8	7.4
Non-current debtors	155.8	156.8	151.0
Deferred tax assets	15.1	23.2	21.8
Non-current assets	<u>7,047.2</u>	<u>7,338.7</u>	<u>7,093.4</u>
Stocks	848.3	920.6	913.1
Current debtors	320.5	294.7	326.2
Current tax assets	24.0	27.4	35.2
Cash and bank balances	313.3	330.2	296.2
	<u>1,506.1</u>	<u>1,572.9</u>	<u>1,570.7</u>
Assets classified as held for sale	-	4.8	-
Current assets	<u>1,506.1</u>	<u>1,577.7</u>	<u>1,570.7</u>
Current creditors	(2,273.8)	(2,312.7)	(2,364.2)
Current borrowings	(834.3)	(829.7)	(1,025.7)
Current lease liabilities	(770.8)	(707.8)	(724.2)
Current tax liabilities	(113.4)	(104.7)	(84.3)
Current provisions	(86.6)	(54.6)	(84.6)
Current liabilities	<u>(4,078.9)</u>	<u>(4,009.5)</u>	<u>(4,283.0)</u>
Net current liabilities	<u>(2,572.8)</u>	<u>(2,431.8)</u>	<u>(2,712.3)</u>
Long-term borrowings	(299.1)	(170.8)	(14.5)
Non-current lease liabilities	(2,853.7)	(3,169.6)	(2,997.8)
Deferred tax liabilities	(18.1)	(28.4)	(25.9)
Pension liabilities	(47.7)	(34.7)	(47.6)
Non-current creditors	(39.2)	(42.4)	(39.7)
Non-current provisions	(113.1)	(134.6)	(139.5)
Non-current liabilities	<u>(3,370.9)</u>	<u>(3,580.5)</u>	<u>(3,265.0)</u>
	<u>1,103.5</u>	<u>1,326.4</u>	<u>1,116.1</u>

(Consolidated Balance Sheet continued on page 9)



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


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	<b>2019</b>	(unaudited) At 30th June 2018	At 31st December 2018
	<b>US\$m</b>	US\$m restated	US\$m restated
<b>Total equity</b>			
Share capital	<b>75.1</b>	75.1	75.1
Share premium and capital reserves	<b>59.5</b>	59.6	58.3
Revenue and other reserves	<b>931.7</b>	1,139.8	947.8
Shareholders' funds	<b>1,066.3</b>	1,274.5	1,081.2
Non-controlling interests	<b>37.2</b>	51.9	34.9
	<b><u>1,103.5</u></b>	<u>1,326.4</u>	<u>1,116.1</u>

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**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 and other reserves US\$m			
<b><i>Six months ended 30th June 2019 (unaudited)</i></b>							
At 1st January 2019							
- as previously reported	75.1	33.9	24.4	1,313.6	1,447.0	43.9	<b>1,490.9</b>
- change in accounting policy ( <i>note 1</i> )	-	-	-	(365.8)	(365.8)	(9.0)	<b>(374.8)</b>
- as restated	75.1	33.9	24.4	947.8	1,081.2	34.9	<b>1,116.1</b>
Total comprehensive income	-	-	-	201.0	201.0	2.3	<b>203.3</b>
Dividends paid by the Company ( <i>note 8</i> )	-	-	-	(196.1)	(196.1)	-	<b>(196.1)</b>
Share-based long-term incentive plans	-	-	1.2	-	1.2	-	<b>1.2</b>
Change in interests in associates and joint ventures	-	-	-	(21.0)	(21.0)	-	<b>(21.0)</b>
Transfer	-	0.2	(0.2)	-	-	-	-
At 30th June 2019	<b>75.1</b>	<b>34.1</b>	<b>25.4</b>	<b>931.7</b>	<b>1,066.3</b>	<b>37.2</b>	<b>1,103.5</b>
<b><i>Six months ended 30th June 2018 (unaudited)</i></b>							
At 1st January 2018							
- as previously reported	75.1	33.1	24.8	1,557.0	1,690.0	65.7	1,755.7
- change in accounting policy ( <i>note 1</i> )	-	-	-	(344.9)	(344.9)	(6.6)	(351.5)
- as restated	75.1	33.1	24.8	1,212.1	1,345.1	59.1	1,404.2
Total comprehensive income	-	-	-	123.8	123.8	(7.2)	116.6
Dividends paid by the Company ( <i>note 8</i> )	-	-	-	(196.1)	(196.1)	-	(196.1)
Share-based long-term incentive plans	-	-	1.7	-	1.7	-	1.7
Transfer	-	0.6	(0.6)	-	-	-	-
At 30th June 2018	<b>75.1</b>	<b>33.7</b>	<b>25.9</b>	<b>1,139.8</b>	<b>1,274.5</b>	<b>51.9</b>	<b>1,326.4</b>

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

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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 and other reserves US\$m			
<i>Year ended 31st December 2018</i>							
At 1st January 2018							
- as previously reported	75.1	33.1	24.8	1,557.0	1,690.0	65.7	1,755.7
- change in accounting policy <i>(note 1)</i>	-	-	-	(344.9)	(344.9)	(6.6)	(351.5)
- as restated	75.1	33.1	24.8	1,212.1	1,345.1	59.1	1,404.2
Total comprehensive income	-	-	-	17.9	17.9	(20.9)	(3.0)
Dividends paid by the Company	-	-	-	(284.0)	(284.0)	-	(284.0)
Dividends paid to non-controlling interests	-	-	-	-	-	(0.2)	(0.2)
Unclaimed dividends forfeited	-	-	-	0.4	0.4	-	0.4
Share-based long-term incentive plans	-	-	0.4	-	0.4	-	0.4
Change in interest in a subsidiary	-	-	-	(0.4)	(0.4)	(3.1)	(3.5)
Change in interests in associates and joint ventures	-	-	-	1.8	1.8	-	1.8
Transfer	-	0.8	(0.8)	-	-	-	-
At 31st December 2018	75.1	33.9	24.4	947.8	1,081.2	34.9	1,116.1

Revenue and other reserves at 30th June 2019 comprised revenue reserves of US\$1,244.8 million (2018: US\$1,492.3 million), hedging reserves of US\$3.7 million (2018: US\$5.2 million) and exchange reserves of US\$316.8 million loss (2018: US\$357.7 million loss).

Revenue and other reserves at 31st December 2018 comprised revenue reserves of US\$1,284.3 million, hedging reserves of US\$4.3 million and exchange reserves of US\$340.8 million loss.

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

	(unaudited) Six months ended 30th June <b>2019</b> US\$m	2018 US\$m restated	Year ended 31st December 2018 US\$m restated
<b>Operating activities</b>			
Operating profit ( <i>note 3</i> )	233.9	256.4	201.3
Depreciation and amortisation	522.7	555.0	1,106.6
Other non-cash items	6.7	0.6	323.4
Increase in working capital	(26.6)	(17.5)	(15.6)
Interest received	3.8	1.2	3.9
Interest and other financing charges paid	(88.3)	(85.0)	(174.0)
Tax paid	(4.0)	(23.1)	(96.0)
	<b>648.2</b>	687.6	1,349.6
Dividends from associates and joint ventures	24.2	23.0	94.2
Cash flows from operating activities	<b>672.4</b>	710.6	1,443.8
<b>Investing activities</b>			
Purchase of a subsidiary	-	-	(54.6)
Purchase of associates and joint ventures	-	(0.1)	(223.1)
Purchase of intangible assets	(23.6)	(8.8)	(33.2)
Purchase of tangible assets	(114.2)	(128.7)	(222.6)
Additions to right-of-use assets	(18.3)	-	(0.3)
Purchase of other investments	-	(47.2)	-
Sale of subsidiaries ( <i>note 10(a)</i> )	-	4.2	(1.6)
Sale of properties	-	-	32.6
Sale of tangible assets	1.1	1.0	1.9
Cash flows from investing activities	<b>(155.0)</b>	(179.6)	(500.9)
<b>Financing activities</b>			
Change in interest in a subsidiary	-	-	(3.5)
Drawdown of borrowings	874.4	416.9	998.2
Repayment of borrowings	(801.9)	(389.1)	(963.6)
Net increase in other short-term borrowings	22.7	36.6	67.1
Principal elements of lease payments	(399.2)	(398.5)	(800.4)
Dividends paid by the Company ( <i>note 8</i> )	(196.1)	(196.1)	(284.0)
Dividends paid to non-controlling interests	-	-	(0.2)
Cash flows from financing activities	<b>(500.1)</b>	(530.2)	(986.4)
Net increase/(decrease) in cash and cash equivalents	17.3	0.8	(43.5)
Cash and cash equivalents at beginning of period	284.5	334.5	334.5
Effect of exchange rate changes	2.6	(7.6)	(6.5)
Cash and cash equivalents at end of period ( <i>note 10(b)</i> )	<b>304.4</b>	327.7	284.5

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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'* 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.

There are no changes to the accounting policies as described in the 2018 annual financial statements except for the adoption of IFRS 16 *'Leases'* from 1st January 2019 as set out below.

The other amendments or interpretation, which are effective in 2019 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 standard or amendments that have been issued but not yet effective.

*IFRS 16 'Leases'*

The standard replaces IAS 17 *'Leases'* and related interpretations and introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The distinction between operating and finance leases is removed for lessee accounting, and is replaced by a model where a lease liability and a corresponding right-of-use asset have to be recognised on the balance sheet for almost all leases by the lessees. The Group's recognised right-of-use assets primarily relate to property leases, which are entered into for use as retail stores and offices. Prior to 2019, payments made under operating leases were charged to profit and loss on a straight-line basis over the period of the lease. From 1st January 2019, each lease payment is allocated between settlement of the lease liability and finance cost. The finance cost is charged to profit and loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In addition, leasehold land which represents payments to third parties to acquire interests in property, previously included in intangible assets and tangible assets, is now presented under right-of-use assets. Leasehold land is amortised over the useful life of the lease, which includes the renewal period if the lease is likely to be renewed by the Group without significant cost.

The accounting for lessors does not change significantly.

Changes to accounting policies on adoption of IFRS 16 have been applied retrospectively, and the comparative financial statements have been restated.

1. Accounting Policies and Basis of Preparation *(continued)*The effects of adopting IFRS 16

(a) On the consolidated profit and loss account for the six months ended 30th June 2018

	Increase/(decrease) US\$m
Selling and distribution costs	24.4
Administration and other operating expenses	5.3
Net financing charges	(70.6)
Share of results of associates and joint ventures	(9.8)
Tax	3.1
Profit after tax	<u>(47.6)</u>
Attributable to:	
Shareholders of the Company*	(47.3)
Non-controlling interests	<u>(0.3)</u>
	<u>(47.6)</u>
* Further analysed as:	
Underlying profit attributable to shareholders	(47.3)
Non-trading items	<u>-</u>
Profit attributable to shareholders	<u>(47.3)</u>
	US¢
Basic underlying earnings per share	<u>(3.50)</u>
Diluted underlying earnings per share	<u>(3.49)</u>
Basic earnings per share	<u>(3.50)</u>
Diluted earnings per share	<u>(3.49)</u>

1. Accounting Policies and Basis of Preparation *(continued)*The effects of adopting IFRS 16 *(continued)*

(b) On the consolidated statement of comprehensive income for the six months ended 30th June 2018

	Increase/(decrease) US\$m
	<hr/>
Profit for the period	(47.6)
Other comprehensive income	
Items that may be reclassified subsequently to profit or loss:	
Net exchange translation differences	
- net loss arising during the period	6.8
Other comprehensive expense for the period, net of tax	<hr/> 6.8
Total comprehensive income for the period	<hr/> <u>(40.8)</u>
Attributable to:	
Shareholders of the Company	(40.7)
Non-controlling interests	<hr/> (0.1)
	<hr/> <u>(40.8)</u>

1. Accounting Policies and Basis of Preparation *(continued)*The effects of adopting IFRS 16 *(continued)*

(c) On the consolidated balance sheet at 1st January

	Increase/(decrease)	
	2019	2018
	US\$m	US\$m
<b>Net operating assets</b>		
Intangible assets	(94.7)	(106.8)
Tangible assets	(91.4)	(97.5)
Right-of-use assets	3,553.7	3,747.9
Associates and joint ventures	(36.0)	(19.2)
Non-current debtors	(9.3)	(48.8)
Deferred tax assets	(2.0)	-
Non-current assets	3,320.3	3,475.6
Current debtors	(45.8)	(5.5)
Current assets	(45.8)	(5.5)
Current creditors	34.4	40.3
Current lease liabilities	(724.2)	(699.8)
Current provisions	19.5	(12.8)
Current liabilities	(670.3)	(672.3)
Net current liabilities	(716.1)	(677.8)
Non-current lease liabilities	(2,997.8)	(3,077.7)
Deferred tax liabilities	32.7	25.5
Non-current provisions	(13.9)	(97.1)
Non-current liabilities	(2,979.0)	(3,149.3)
	(374.8)	(351.5)
<b>Total equity</b>		
Revenue and other reserves	(365.8)	(344.9)
Shareholders' funds	(365.8)	(344.9)
Non-controlling interests	(9.0)	(6.6)
	(374.8)	(351.5)



1. Accounting Policies and Basis of Preparation *(continued)*The effects of adopting IFRS 16 *(continued)*

(d) On the consolidated cash flow statement for the six months ended 30th June 2018

	Inflows/(outflows) US\$m
	<hr/>
<b>Operating activities</b>	
Operating profit	29.7
Depreciation and amortisation	438.5
Increase in working capital	0.9
Interest and other financing charges paid	(70.6)
<b>Financing activities</b>	
Principal elements of lease payments	<hr/> (398.5)
Net change in cash and cash equivalents	<hr/> -

1. Accounting Policies and Basis of Preparation (*continued*)

The effects of adopting IFRS 16 (*continued*)

(e) Changes in principal accounting policies on adoption of IFRS 16

***Right-of-use assets***

Right-of-use assets are recognised at the commencement date of the lease, that is the date the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amount of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred, and restoration costs.

Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

Payments associated with short-term lease and leases of low-value assets (i.e. US\$5,000 or less) are recognised on a straight-line basis as an expense in profit and loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprised equipment and small items of furniture.

***Lease liabilities***

Lease liabilities are recognised at the commencement of the lease and are measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased by the interest costs on the lease liabilities and decreased by lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Interest is included as finance cost and charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

Lease liabilities are classified as non-current liabilities unless payments are within 12 months from the balance sheet date.

1. Accounting Policies and Basis of Preparation (*continued*)

The effects of adopting IFRS 16 (*continued*)

(f) Practical expedient

The Group has applied the practical expedient on property leases of not separating certain associated immaterial non-lease components, and accounted for these items as a single lease component.

(g) Critical accounting estimates and judgements

*(i) Determination of lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

*(ii) Determination of discount rates*

The Group uses the incremental borrowing rate at the lease commencement date as the discount rate to measure a lease liability if the interest rate implicit in the lease cannot be readily determinable. The Group applies the incremental borrowing rate with reference to the rate of interest that the Group would have to pay to borrow, over a similar term as that of the lease, the funds necessary to obtain an asset of a similar value to the right-of-use asset in the region where it is located.

## 2. Sales

	Including associates and joint ventures		Subsidiaries	
	Six months ended 30th June			
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
<i>Analysis by operating segment:</i>				
Food	9,955.1	9,140.0	3,758.1	4,101.4
- Supermarkets/hypermarkets	8,820.9	8,110.6	2,676.8	3,072.0
- Convenience stores	1,134.2	1,029.4	1,081.3	1,029.4
Health and Beauty	1,793.1	1,574.3	1,632.0	1,480.8
Home Furnishings	370.7	346.5	370.7	346.5
Restaurants	1,230.3	1,153.9	-	-
Other Retailing	432.3	-	-	-
	<b>13,781.5</b>	<b>12,214.7</b>	<b>5,760.8</b>	<b>5,928.7</b>

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 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. Other Retailing represents the department stores, speciality and Do-It-Yourself ('DIY') stores of the Group's newly acquired Philippines associate, Robinsons Retail.

Sales and share of results of Yonghui represent six months from October 2018 to March 2019 based on their latest published announcement (*2018: January to June results*) and that of Robinsons Retail represent five months from the date of acquisition, November 2018 to March 2019.

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			
	2019 US\$m	2018 US\$m	2019 US\$m	2018 US\$m
<i>Analysis by geographical area:</i>				
North Asia	<b>10,324.4</b>	9,747.7	<b>3,743.0</b>	3,645.2
Southeast Asia	<b>3,457.1</b>	2,467.0	<b>2,017.8</b>	2,283.5
	<b><u>13,781.5</u></b>	<u>12,214.7</u>	<b><u>5,760.8</u></b>	<u>5,928.7</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	
	2019 US\$m	2018 US\$m
<i>Analysis by operating segment:</i>		
Food	<b>59.1</b>	60.1
- Supermarkets/hypermarkets	<b>25.9</b>	26.2
- Convenience stores	<b>33.2</b>	33.9
Health and Beauty	<b>170.8</b>	152.0
Home Furnishings	<b>19.2</b>	33.9
	<b>249.1</b>	246.0
Selling, general and administrative expenses	<b>(67.6)</b>	(40.0)
Underlying operating profit before adopting IFRS 16 <sup>†</sup>	<b>181.5</b>	206.0
Effect of adopting IFRS 16	<b>52.9</b>	41.3
Underlying operating profit	<b>234.4</b>	247.3
Non-trading items:		
- profit on sale of a subsidiary	-	8.5
- fair value (loss)/gain on equity investments	<b>(0.5)</b>	0.6
	<b><u>233.9</u></b>	<u>256.4</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	
	2019	2018
	US\$m	US\$m
<i>Analysis by geographical area:</i>		
North Asia	234.6	240.4
Southeast Asia	14.5	5.6
	<b>249.1</b>	246.0
Selling, general and administrative expenses	(67.6)	(40.0)
Underlying operating profit before adopting IFRS 16 <sup>†</sup>	181.5	206.0
Effect of adopting IFRS 16	52.9	41.3
Underlying operating profit	<b>234.4</b>	247.3

<sup>†</sup> 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.

## 4. Share of Results of Associates and Joint Ventures

	Six months ended 30th June	
	2019 <sup>‡</sup>	2018
	US\$m	US\$m
<i>Analysis by operating segment:</i>		
Food - Supermarkets/hypermarkets	36.0	19.0
Health and Beauty	(0.6)	(2.5)
Restaurants	36.5	36.1
Other Retailing	1.9	-
	<b>73.8</b>	52.6

Share of results of associates and joint ventures included the following non-trading items:

	2019	2018
	US\$m	US\$m
Share of Yonghui's fair value (loss)/gain on equity investments	(6.3)	1.0
Share of a net gain from partial divestment of a subsidiary by Yonghui	8.2	-
	<b>1.9</b>	1.0

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

<sup>‡</sup> Included Yonghui's six months results from October 2018 to March 2019 (2018: January to June 2018) and Robinsons Retail's five months results from November 2018 to March 2019.

## 5. Tax

	Six months ended 30th June	
	<b>2019</b>	2018
	<b>US\$m</b>	US\$m
	<hr/>	<hr/>
Tax charged to profit and loss is analysed as follows:		
Current tax	<b>(44.7)</b>	(56.4)
Deferred tax	<b>1.0</b>	6.9
	<hr/> <b>(43.7)</b> <hr/>	<hr/> (49.5) <hr/>
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	<b>0.2</b>	0.1
Cash flow hedges	<b>0.1</b>	(1.2)
	<hr/> <b>0.3</b> <hr/>	<hr/> (1.1) <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\$17.7 million (2018: US\$14.2 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\$178.0 million (2018: US\$177.6 million), and on the weighted average number of 1,352.7 million (2018: 1,352.6 million) shares in issue during the period.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$178.0 million (2018: US\$177.6 million), and on the weighted average number of 1,353.5 million (2018: 1,353.3 million) shares in issue after adjusting for 0.8 million (2018: 0.7 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					
	2019			2018		
	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	<b>178.0</b>	<b>13.16</b>	<b>13.15</b>	177.6	13.13	13.13
Non-trading items (note 7)	<b>(1.4)</b>			<b>(10.1)</b>		
Underlying profit attributable to shareholders	<b><u>176.6</u></b>	<b>13.05</b>	<b>13.05</b>	<b><u>167.5</u></b>	12.38	12.38



## 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 fair value gains or losses on equity investments which are 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	
	2019 US\$m	2018 US\$m
Profit on sale of a subsidiary	-	8.5
Fair value (loss)/gain on equity investments	(0.5)	0.6
Share of Yonghui's fair value (loss)/gain on equity investments	(6.3)	1.0
Share of a net gain from partial divestment of a subsidiary by Yonghui	8.2	-
	<u>1.4</u>	<u>10.1</u>

## 8. Dividends

	Six months ended 30th June	
	2019 US\$m	2018 US\$m
Final dividend in respect of 2018 of US¢14.50 (2017: US¢14.50) per share	<u>196.1</u>	<u>196.1</u>

An interim dividend in respect of 2019 of US¢6.50 (2018: US¢6.50) per share amounting to a total of US\$87.9 million (2018: 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 2019.

## 9. Financial Instruments

## Financial instruments by category

The carrying amounts of financial assets and financial liabilities at 30th June 2019 and 31st December 2018 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 at amortised cost US\$m	Total carrying amounts US\$m
<b><i>At 30th June 2019</i></b>					
Financial assets measured at fair value					
Other investments					
- equity investments	-	6.9	-	-	<b>6.9</b>
Derivative financial instruments	5.6	0.5	-	-	<b>6.1</b>
	<b>5.6</b>	<b>7.4</b>	<b>-</b>	<b>-</b>	<b>13.0</b>
Financial assets not measured at fair value					
Debtors	-	-	130.8	-	<b>130.8</b>
Cash and bank balances	-	-	313.3	-	<b>313.3</b>
	<b>-</b>	<b>-</b>	<b>444.1</b>	<b>-</b>	<b>444.1</b>
Financial liabilities measured at fair value					
Derivative financial instruments	(0.4)	(0.4)	-	-	<b>(0.8)</b>
	<b>(0.4)</b>	<b>(0.4)</b>	<b>-</b>	<b>-</b>	<b>(0.8)</b>
Financial liabilities not measured at fair value					
Borrowings	-	-	-	(1,133.4)	<b>(1,133.4)</b>
Lease liabilities	-	-	-	(3,624.5)	<b>(3,624.5)</b>
Trade and other payables excluding non-financial liabilities	-	-	-	(2,199.6)	<b>(2,199.6)</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,957.5)</b>	<b>(6,957.5)</b>

9. 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 at amortised cost US\$m	Total carrying amounts US\$m
<i>At 31st December 2018</i>					
Financial assets measured at fair value					
Other investments					
- equity investments	-	7.4	-	-	7.4
Derivative financial instruments	6.2	0.1	-	-	6.3
	<u>6.2</u>	<u>7.5</u>	<u>-</u>	<u>-</u>	<u>13.7</u>
Financial assets not measured at fair value					
Debtors	-	-	153.4	-	153.4
Cash and bank balances	-	-	296.2	-	296.2
	<u>-</u>	<u>-</u>	<u>449.6</u>	<u>-</u>	<u>449.6</u>
Financial liabilities measured at fair value					
Derivative financial instruments	(0.3)	-	-	-	(0.3)
	<u>(0.3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.3)</u>
Financial liabilities not measured at fair value					
Borrowings	-	-	-	(1,040.2)	(1,040.2)
Lease liabilities	-	-	-	(3,722.0)	(3,722.0)
Trade and other payables excluding non-financial liabilities	-	-	-	(2,267.1)	(2,267.1)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,029.3)</u>	<u>(7,029.3)</u>

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

9. 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. 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 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 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 inflows from these investments.

There were no changes in valuation techniques during the six months ended 30th June 2019 and the year ended 31st December 2018.

9. 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 2019 and 31st December 2018, measured by observable current market transactions.

	At 30th June 2019 US\$m	At 31st December 2018 US\$m
<b>Assets</b>		
Other investments		
- equity investments	<b>6.9</b>	7.4
Derivative designated at fair value		
- through other comprehensive income	<b>5.6</b>	6.2
- through profit and loss	<b>0.5</b>	0.1
	<b>13.0</b>	13.7
<b>Liabilities</b>		
Derivative designated at fair value		
- through other comprehensive income	<b>(0.4)</b>	(0.3)
- through profit and loss	<b>(0.4)</b>	-
	<b>(0.8)</b>	(0.3)

## (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 are based on market prices or are estimated using the expected future payments discounted at market interest rates.

## 10. Notes to Consolidated Cash Flow Statement

## (a) Sale of subsidiaries

	Six months ended 30th June 2018 US\$m
	<u>          </u>
Intangible assets	1.7
Tangible assets	0.1
Current assets	3.3
Current liabilities	<u>(5.8)</u>
Net liabilities disposed of	(0.7)
Release of exchange reserve	1.0
Profit on disposal	<u>8.5</u>
Net sale proceeds	8.8
Deferred consideration	(2.0)
Cash and cash equivalents of the subsidiary disposed of	<u>(2.6)</u>
Net cash inflow	<u>4.2</u>

Sale of subsidiaries for the six months ended 30th June 2018 represented the Group's disposal of its 100% interest in Asia Investment and Supermarket Trading Company Limited, operating a hypermarket in Vietnam, to a third party in February 2018.

## (b) Analysis of balances of cash and cash equivalents

	At 30th June	
	<b>2019</b>	2018
	<b>US\$m</b>	US\$m
	<u>          </u>	<u>          </u>
Cash and bank balances	<b>313.3</b>	330.2
Bank overdrafts	<b>(8.9)</b>	(2.5)
	<u><b>304.4</b></u>	<u>327.7</u>

## 11. Capital Commitments and Contingent Liabilities

Total capital commitments at 30th June 2019 and 31st December 2018 amounted to US\$404.5 million and US\$408.5 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.

## 12. Related Party Transactions

The parent company of the Group is Jardine Strategic Holdings Limited and the ultimate parent company is Jardine Matheson Holdings Limited ('JMH'). Both companies are incorporated in Bermuda.

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

Under the terms of a Management Services Agreement, the Group paid a management fee of US\$0.9 million (2018: US\$1.1 million) for the first six months of 2019 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 (2018: US\$0.4 million) to JML for the same period in 2019.

The Group rents properties from Hongkong Land Holdings Limited ('HKL'), a subsidiary of JMH. The gross rentals paid by the Group to HKL for the first six months of 2019 were US\$1.7 million (2018: US\$1.6 million). The Group's 50%-owned associate, Maxim's Caterers Limited ('Maxim's'), also paid gross rentals of US\$7.0 million (2018: US\$6.1 million) to HKL for the first six months of 2019.

The Group sources information technology infrastructure and related services from Jardine Technology Holdings Limited ('JTH'), a subsidiary of JMH. The total fees paid by the Group to JTH for the first six months of 2019 amounted to US\$4.7 million (2018: US\$5.6 million). Maxim's also paid total fees of US\$3.7 million (2018: US\$2.0 million) to JTH for the same period in 2019.

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 2019 amounted to US\$1.8 million (2018: US\$3.1 million).

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. For the first six months of 2019, these amounted to US\$13.3 million (2018: US\$13.8 million).

## 12. 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.

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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 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 125 and 126 of the Company's 2018 Annual Report, a copy of which is available on the Company's website [www.dairyfarmgroup.com](http://www.dairyfarmgroup.com).



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**Dairy Farm International Holdings Limited**  
**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 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

*Director*

*The interim dividend of US\$6.50 per share will be payable on 17th October 2019 to shareholders on the register of members at the close of business on 23rd August 2019. The shares will be quoted ex-dividend on 22nd August 2019, and the share registers will be closed from 26th to 30th August 2019, inclusive.*

*Shareholders will receive their cash dividends in United States Dollars, unless they are registered on the Jersey branch register, in which case they will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2019 interim dividend by notifying the United Kingdom transfer agent in writing by 27th September 2019. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 2nd October 2019.*

*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 23rd August 2019, 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 22nd August 2019.*

## **Dairy Farm**

Dairy Farm is a leading pan-Asian retailer. At 30th June 2019, the Group and its associates and joint ventures operated over 10,000 outlets and employed over 230,000 people. The Group had total annual sales in 2018 exceeding US\$21 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

- Supermarkets/Hypermarkets – Wellcome in Hong Kong and Taiwan; Yonghui in mainland China; 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, Macau, 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, Indonesia, Macau and Taiwan.

### Restaurants

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

### Other Retailing

- Robinsons in the Philippines operating department stores, speciality 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.

- end -

For further information, please contact:

Dairy Farm Management Services Limited

Kirsten Molyneux

(852) 2299 1884

Sindy Wong

(852) 2299 3011

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](http://www.dairyfarmgroup.com), together with other Group announcements.