



**Jardines**

Jardine Matheson Limited  
48th Floor Jardine House  
Central, Hong Kong  
Tel (852) 2843 8288 Fax (852) 2845 9005  
gsd@jardines.com

**DAIRY FARM INTERNATIONAL HOLDINGS LIMITED**  
Securities and Exchange Commission File No.82-2962

Group Secretariat

29th July 2003



Securities and Exchange Commission  
Office of International Corporate Finance  
Division of Corporate Finance  
450 Fifth Street, N.W.  
Washington D.C. 20549  
U.S.A.

03 AUG -5 AM 7:21

SUPPL

Dear Sirs

Dairy Farm International Holdings Limited (the "Company")

We enclose for your information a copy of the Company's 2003 Interim Results issued today.

Yours faithfully  
JARDINE MATHESON LIMITED

Neil M McNamara  
Group Corporate Secretary

PROCESSED

AUG 12 2003

THOMSON  
FINANCIAL

encl.



**Dairy Farm International Holdings Ltd**

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

**DAIRY FARM INTERNATIONAL HOLDINGS LIMITED**  
Securities and Exchange Commission File No.82-2962

To: Business Editor

29th July 2003  
For immediate release

The following announcement was today issued to the London Stock Exchange.

03 AUG -5 AM 7:21

**DAIRY FARM INTERNATIONAL HOLDINGS LIMITED**  
**INTERIM REPORT 2003**

**Highlights**

- Strong performance in major markets
- Acquisitions in Taiwan, Malaysia and Indonesia
- Maxim's results impacted by SARS
- Special dividend declared

"Dairy Farm is well positioned to build on its recent good results and achieve further profit growth for the full year. These prospects should be viewed against the background of mixed economic conditions in the region and an uncertain rate of recovery in Hong Kong."

Simon Keswick, *Chairman*

29th July 2003

**Results**

Prepared in accordance with IFRS as modified by revaluation of leasehold properties*	(unaudited)		
	Six months ended 30th June		Change %
	2003 US\$m	2002 US\$m	
Sales from continuing operations			
- subsidiaries	1,660	1,435	+16
- including associates	2,125	1,889	+13
Underlying net profit	44	30	+47
Net profit	44	265	-83
Underlying EBITDA to sales	5.7%	4.8%	+0.9%
	US¢	US¢	%
Underlying earnings per share	3.16	1.92	+65
Interim dividend per share	1.40	1.00	+40
Special dividend per share	30.00	-	n/a

\* The Group's financial statements are prepared under International Financial Reporting Standards ('IFRS') which do not permit leasehold interests in land to be carried at valuation. This treatment does not reflect the generally accepted accounting practice in the territories in which the Group has significant leasehold interests, nor how management measures the performance of the Group. Accordingly, the Group has presented supplementary financial information prepared in accordance with IFRS as modified by the revaluation of leasehold properties in addition to the IFRS financial statements. The figures included in the above summary and the Chairman's Statement are based on this supplementary financial information unless otherwise stated.

The interim dividend of US¢1.40 per share and the special dividend of US¢30.00 per share will be payable on 15th October 2003 to shareholders on the register of members at the close of business on 22nd August 2003. The ex-dividend date will be on 20th August 2003, and the share registers will be closed from 25th to 29th August 2003, inclusive.

- more -

Issued by: **Dairy Farm Management Services Ltd**

*Incorporated in Bermuda with limited liability*

## **DAIRY FARM INTERNATIONAL HOLDINGS LIMITED INTERIM REPORT 2003**

### **OVERVIEW**

The Group continued to build on the improved performance achieved over the past two years despite the disruption the SARS outbreak caused in a number of its key markets.

Opportunities have also been taken to return value to shareholders while at the same time maintaining the Group's development programme in its core Asian operations.

### **PERFORMANCE**

The Group's underlying net profit for the first half of 2003 increased by 47% to US\$44 million. Net profit for the same period in 2002 was US\$265 million, which included an exceptional gain of US\$225 million arising from the disposal of Woolworths New Zealand. The good underlying profit growth was achieved despite a significant decrease in earnings from the Group's 50% associate Maxim's, where profits fell by 47% due to the impact of the SARS outbreak. Other major businesses generally performed well. Underlying earnings per share for the six months were further enhanced by the effect of share repurchases and rose 65% to US¢3.16.

The Board has declared an interim dividend of US¢1.40 per share, compared with US¢1.00 per share in the prior year, payable on 15th October 2003.

### **CORPORATE DEVELOPMENTS**

In February, the Company launched a share repurchase tender offer and acquired 158.3 million shares, representing 10.3% of the issued share capital. In view of the Company's continuing strong cash flow, the Board has now decided to declare a special dividend of US¢30.00 per share, payable together with the interim dividend.

### **GROUP REVIEW**

Southeast Asian operations achieved growth in sales of 21% and in operating profit of 28%, continuing their strong performance over the last four years. In Malaysia, 34 Tops supermarkets were acquired and are currently being re-branded as either Giant or Cold Storage. The acquisition furthers the successful expansion of the Giant business and extends its coverage into East Malaysia.

All the major Singapore-based businesses again performed well despite difficult economic conditions. The Group's Indonesian associate, Hero, was affected by strong competition. While market conditions will remain challenging in the short-term, Hero's acquisition of 22 Tops supermarkets and the roll-out of the Giant hypermarket concept should help improve the results in the medium-term.

In Hong Kong, Wellcome continued its improving trend during the first half. Further operating cost reductions were achieved and there was a sales boost as consumers diverted expenditure from restaurants to shopping for meals for home consumption. Mannings continued its good sales and earnings growth, but 7-Eleven's sales were disappointing. In Southern China, the Group continued to expand the 7-Eleven convenience stores chain with a further 20 outlets added, bringing the total to 147.

In Taiwan, Wellcome continued to perform strongly, and the store network was expanded with the acquisition and integration of 22 supermarkets.

The IKEA business, acquired in late 2002, is proceeding broadly in line with plan, and will benefit from any improvement in consumer sentiment in Hong Kong and Taiwan. In South Korea, the Group's 50% associate Olive Young is continuing to expand its health and beauty chain with encouraging results.

Maxim's was the business most severely affected by the SARS outbreak during the second quarter, but Dairy Farm is hopeful of a recovery in the second half.

## **OUTLOOK**

In conclusion, the Chairman, Simon Keswick said, "Dairy Farm is well positioned to build on its recent good results and achieve further profit growth for the full year. These prospects should be viewed against the background of mixed economic conditions in the region and an uncertain rate of recovery in Hong Kong."

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

Prepared in accordance with IFRS			Prepared in accordance with IFRS as modified by revaluation of leasehold properties*		
Year ended 31st December 2002	(unaudited) Six months ended 2002	(unaudited) 30th June 2003		(unaudited) Six months ended 2003	Year ended 31st December 2002
US\$m	US\$m	US\$m	Note	US\$m	US\$m
3,354.0	1,801.8	1,659.6	3	1,659.6	3,354.0
(2,375.3)	(1,286.7)	(1,166.6)		(1,166.6)	(2,375.3)
978.7	515.1	493.0		493.0	978.7
8.4	2.8	4.8		4.8	8.4
(728.8)	(390.8)	(376.5)		(376.3)	(728.4)
(161.9)	(85.2)	(72.5)		(72.5)	(161.9)
230.9	224.6	-	4&11	-	230.9
(4.0)	-	-		-	(4.0)
5.2	-	-		-	5.2
328.5	266.5	48.8	4	49.0	328.9
(3.8)	(4.0)	(1.4)		(1.4)	(3.8)
33.7	15.4	6.7	4	6.3	33.7
358.4	277.9	54.1		53.9	358.8
(16.2)	(12.8)	(10.2)	5	(10.2)	(16.2)
0.6	0.2	0.6		0.6	0.6
342.8	265.3	44.5		44.3	343.2
US¢	US¢	US¢		US¢	US¢
22.41	16.82	3.17	6	3.16	22.43
22.33	16.78	3.15		3.14	22.36
6.64	1.91	3.17	6	3.16	6.66
6.62	1.90	3.15		3.14	6.64

\* The basis of preparation of this supplementary financial information is set out in note 1 on page 8.

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

Prepared in accordance with IFRS				Prepared in accordance with IFRS as modified by revaluation of leasehold properties*			
At 31st December 2002	2002	(unaudited) At 30th June 2003	Note		(unaudited) At 30th June 2002	At 31st December 2002	
US\$m	US\$m	US\$m			US\$m	US\$m	US\$m
79.0	68.4	85.8	7	<b>Net operating assets</b>	85.8	68.4	79.0
479.0	447.0	471.8	7	Goodwill	617.3	600.9	624.9
42.0	41.7	41.5		Tangible assets	-	-	-
135.6	123.4	133.7		Leasehold land payments	140.9	132.5	143.1
10.7	3.3	10.6		Associates and joint ventures	10.6	3.3	10.7
31.1	29.6	31.1		Deferred tax assets	31.1	29.6	31.1
				Other non-current assets			
<b>777.4</b>	<b>713.4</b>	<b>774.5</b>		<b>Non-current assets</b>	<b>885.7</b>	<b>834.7</b>	<b>888.8</b>
260.2	218.8	259.8		Stocks	259.8	218.8	260.2
79.6	101.9	73.6		Debtors and prepayments	73.6	101.9	79.6
608.4	596.6	457.3		Bank balances	457.3	596.6	608.4
<b>948.2</b>	<b>917.3</b>	<b>790.7</b>		<b>Current assets</b>	<b>790.7</b>	<b>917.3</b>	<b>948.2</b>
(738.2)	(662.6)	(699.7)		Creditors and accruals	(699.7)	(662.6)	(738.2)
(2.0)	(50.5)	(34.1)		Borrowings	(34.1)	(50.5)	(2.0)
(14.8)	(9.8)	(15.0)		Current tax liabilities	(15.0)	(9.8)	(14.8)
<b>(755.0)</b>	<b>(722.9)</b>	<b>(748.8)</b>		<b>Current liabilities</b>	<b>(748.8)</b>	<b>(722.9)</b>	<b>(755.0)</b>
193.2	194.4	41.9		<b>Net current assets</b>	<b>41.9</b>	194.4	193.2
(205.9)	(207.6)	(205.3)		Long-term borrowings	(205.3)	(207.6)	(205.9)
(18.4)	(20.9)	(19.3)		Deferred tax liabilities	(19.3)	(20.9)	(18.4)
(6.8)	(5.1)	(6.5)		Other non-current liabilities	(6.5)	(5.1)	(6.8)
<b>739.5</b>	<b>674.2</b>	<b>585.3</b>		<b>696.5</b>	<b>795.5</b>	<b>850.9</b>	
82.3	82.6	73.7	8	<b>Capital employed</b>	73.7	82.6	82.3
24.6	29.1	0.3	8	Share capital	0.3	29.1	24.6
631.1	560.7	510.4		Share premium	621.6	682.0	742.5
				Revenue and other reserves			
<b>738.0</b>	<b>672.4</b>	<b>584.4</b>		<b>Shareholders' funds</b>	<b>695.6</b>	<b>793.7</b>	<b>849.4</b>
1.5	1.8	0.9		Minority interests	0.9	1.8	1.5
<b>739.5</b>	<b>674.2</b>	<b>585.3</b>		<b>696.5</b>	<b>795.5</b>	<b>850.9</b>	

\* The basis of preparation of this supplementary financial information is set out in note 1 on page 8.

**Dairy Farm International Holdings Limited**  
**Consolidated Statement of Changes in Shareholders' Funds**

Prepared in accordance with IFRS				Prepared in accordance with IFRS as modified by revaluation of leasehold properties*		
Year ended 31st December 2002	(unaudited) Six months ended 2002	(unaudited) 30th June 2003		(unaudited) Six months ended 2003	(unaudited) 30th June 2002	Year ended 31st December 2002
US\$m	US\$m	US\$m		US\$m	US\$m	US\$m
524.5	524.5	738.0	At beginning of period	849.4	645.3	645.3
6.9	-	-	Revaluation of properties	-	-	(2.3)
0.9	-	(0.2)	- net revaluation surplus/(deficit)	(0.2)	-	0.9
			- deferred tax			
18.6	17.1	3.0	Net exchange translation differences	3.0	17.5	18.0
(2.0)	(2.0)	-	- amount arising in period	-	(2.0)	(2.0)
			- disposal of Woolworths			
(4.8)	(3.2)	0.5	Cash flow hedges	0.5	(3.2)	(4.8)
			- fair value gains/(losses)			
19.6	11.9	3.3	Net gains not recognized in consolidated profit and loss account	3.3	12.3	9.8
342.8	265.3	44.5	Net profit	44.3	265.4	343.2
(14.8)	-	(26.5)	Dividends	(26.5)	-	(14.8)
(135.2)	(129.8)	(177.7)	Repurchase of shares	(177.7)	(129.8)	(135.2)
1.1	0.5	2.8	Exercise of share options	2.8	0.5	1.1
<u>738.0</u>	<u>672.4</u>	<u>584.4</u>	At end of period	<u>695.6</u>	<u>793.7</u>	<u>849.4</u>

\* The basis of preparation of this supplementary financial information is set out in note 1 on page 8.

## Dairy Farm International Holdings Limited

### Consolidated Cash Flow Statement

Prepared in accordance with IFRS			Prepared in accordance with IFRS as modified by revaluation of leasehold properties*			
Year ended 31st December 2002 US\$m	(unaudited) Six months ended 30th June 2002 US\$m	(unaudited) Six months ended 30th June 2003 US\$m	Note	(unaudited) Six months ended 30th June 2003 US\$m	(unaudited) Six months ended 30th June 2002 US\$m	Year ended 31st December 2002 US\$m
<b>Operating activities</b>						
328.5	266.5	48.8	4	49.0	266.6	328.9
104.7	52.8	45.6		45.4	52.7	104.3
(217.1)	(218.5)	3.3		3.3	(218.5)	(217.1)
63.6	21.6	(11.9)		(11.9)	21.6	63.6
8.4	4.0	3.5		3.5	4.0	8.4
(12.7)	(8.4)	(4.8)		(4.8)	(8.4)	(12.7)
(12.9)	(9.2)	(8.5)		(8.5)	(9.2)	(12.9)
262.5	108.8	76.0		76.0	108.8	262.5
23.8	8.4	10.6		10.6	8.4	23.8
286.3	117.2	86.6		86.6	117.2	286.3
<b>Investing activities</b>						
(118.4)	(59.2)	(41.8)		(41.8)	(59.2)	(118.4)
(23.8)	-	-		-	-	(23.8)
(0.6)	-	(26.5)	10	(26.5)	-	(0.6)
(6.0)	-	(1.0)		(1.0)	-	(6.0)
2.4	1.8	0.5		0.5	1.8	2.4
275.9	274.1	-	11	-	274.1	275.9
129.5	216.7	(68.8)		(68.8)	216.7	129.5
<b>Financing activities</b>						
1.1	0.5	2.8		2.8	0.5	1.1
(135.2)	(129.8)	(177.7)		(177.7)	(129.8)	(135.2)
201.8	227.0	141.2		141.2	227.0	201.8
(352.5)	(327.9)	(107.7)		(107.7)	(327.9)	(352.5)
(14.8)	-	(26.5)	9	(26.5)	-	(14.8)
(299.6)	(230.2)	(167.9)		(167.9)	(230.2)	(299.6)
4.0	2.7	0.5		0.5	2.7	4.0
120.2	106.4	(149.6)		(149.6)	106.4	120.2
486.7	486.7	606.9		606.9	486.7	486.7
606.9	593.1	457.3		457.3	593.1	606.9

\* The basis of preparation of this supplementary financial information is set out in note 1 on page 8.

---

**Dairy Farm International Holdings Limited**  
**Notes**


---

**1. ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The unaudited interim condensed financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

There have been no changes to the accounting policies described in the 2002 annual financial statements. As in 2002, the Group is required to account for leasehold land in respect of leasehold properties at amortized cost in order to comply with IFRS. This treatment does not reflect the generally accepted accounting practice in the territories in which the Group has significant leasehold interests, nor how management measures the performance of the Group. Accordingly, the Group has presented supplementary financial information on pages 4 to 7 prepared in accordance with IFRS as modified by the revaluation of leasehold properties.

The Group's reportable segments are set out in notes 3 and 4.

**2. PROFIT AND CASH FLOW FROM CONTINUING OPERATIONS**

Prepared in accordance with IFRS  
Six months ended 30th June

	2003	2002		Total US\$m
	Total US\$m	Continuing operations US\$m	Discontinued operations US\$m	
<b>(a) Profit and Loss Account</b>				
Sales	1,659.6	1,435.1	366.7	1,801.8
Cost of sales	(1,166.6)	(1,016.0)	(270.7)	(1,286.7)
Gross margin	493.0	419.1	96.0	515.1
Other operating income	4.8	2.8	-	2.8
Selling and distribution costs	(376.5)	(323.9)	(66.9)	(390.8)
Administration and other operating expenses	(72.5)	(72.6)	(12.6)	(85.2)
Net profit on sale of Woolworths	-	-	224.6	224.6
Operating profit	48.8	25.4	241.1	266.5
Net financing charges	(1.4)	(2.5)	(1.5)	(4.0)
Share of results of associates and joint ventures	6.7	15.4	-	15.4
Profit before tax	54.1	38.3	239.6	277.9
Tax	(10.2)	(8.4)	(4.4)	(12.8)
Minority interests	0.6	0.2	-	0.2
Net profit	44.5	30.1	235.2	265.3

## 2. PROFIT AND CASH FLOW FROM CONTINUING OPERATIONS (continued)

Prepared in accordance with IFRS  
Six months ended 30th June

	2003	2002		Total US\$m
	Total US\$m	Continuing operations US\$m	Discontinued operations US\$m	
<b>(b) Cash Flow Statement</b>				
<i>Operating activities</i>				
Operating profit	48.8	25.4	241.1	266.5
Depreciation and amortization	45.6	42.9	9.9	52.8
Other non-cash items	3.3	5.5	(224.0)	(218.5)
(Increase)/decrease in working capital	(11.9)	38.8	(17.2)	21.6
Interest received	3.5	3.8	0.2	4.0
Interest and other financing charges paid	(4.8)	(6.7)	(1.7)	(8.4)
Tax paid	(8.5)	(6.7)	(2.5)	(9.2)
	76.0	103.0	5.8	108.8
Dividends from associates and joint ventures	10.6	8.4	-	8.4
Cash flows from operating activities	86.6	111.4	5.8	117.2
<i>Investing activities</i>				
Purchase of tangible assets	(41.8)	(51.1)	(8.1)	(59.2)
Store acquisitions	(26.5)	-	-	-
Purchase of associates and joint ventures	(1.0)	-	-	-
Sale of tangible assets and leasehold land	0.5	0.3	1.5	1.8
Sale of Woolworths	-	-	274.1	274.1
Cash flows from investing activities	(68.8)	(50.8)	267.5	216.7
<i>Financing activities</i>				
Issue of shares	2.8	0.5	-	0.5
Repurchase of shares	(177.7)	(129.8)	-	(129.8)
Drawdown of borrowings	141.2	227.0	-	227.0
Repayment of borrowings	(107.7)	(327.9)	-	(327.9)
Intercompany transfers	-	292.7	(292.7)	-
Dividends paid by the Company	(26.5)	-	-	-
Cash flows from financing activities	(167.9)	62.5	(292.7)	(230.2)
Effect of exchange rate changes	0.5	0.9	1.8	2.7
Net (decrease)/increase in cash and cash equivalents	(149.6)	124.0	(17.6)	106.4
Cash and cash equivalents at beginning of period	606.9	469.1	17.6	486.7
Cash and cash equivalents at end of period	457.3	593.1	-	593.1

## 3. SALES

Prepared in accordance with IFRS  
Six months ended 30th June

	2003 US\$m	2002 US\$m
<b>Analysis by geographical area:</b>		
<i>Company and subsidiaries</i>		
North Asia	1,088.9	963.3
South Asia	570.7	471.8
	<u>1,659.6</u>	<u>1,435.1</u>
<i>Discontinued operations</i>		
New Zealand	-	366.7
	<u>1,659.6</u>	<u>1,801.8</u>
<b>Analysis by business:</b>		
<i>Company and subsidiaries</i>		
Supermarkets/hypermarkets	1,048.2	940.6
Convenience stores	279.5	268.9
Health and beauty stores	269.1	218.5
Other	62.8	7.1
	<u>1,659.6</u>	<u>1,435.1</u>
<i>Discontinued operations</i>		
Supermarkets	-	366.7
	<u>1,659.6</u>	<u>1,801.8</u>

*The Group operates in two regions: North Asia and South Asia. North Asia comprises Hong Kong, Mainland China, Taiwan and South Korea. South Asia comprises Singapore, Malaysia, Indonesia and India.*

4. SEGMENT OPERATING PROFIT AND SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	Prepared in accordance with IFRS Six months ended 30th June				
	<i>North Asia US\$m</i>	<i>South Asia US\$m</i>	<i>New Zealand US\$m</i>	<i>Support Office US\$m</i>	<i>Total US\$m</i>
<b>Analysis by geographical area:</b>					
<b>2003</b>					
<i>Company and subsidiaries</i>					
Segment operating profit	29.2	26.4	-	(6.8)	48.8
<i>Associates and joint ventures</i>					
Share of operating results	8.5	(1.8)	-	-	6.7
	<b>37.7</b>	<b>24.6</b>	<b>-</b>	<b>(6.8)</b>	<b>55.5</b>
<b>2002</b>					
<i>Company and subsidiaries</i>					
Operating results	11.5	19.5	-	(5.6)	25.4
<i>Discontinued operations</i>					
Operating results	-	-	16.5	-	16.5
Net profit on sale of Woolworths	-	-	224.6	-	224.6
Segment operating profit	11.5	19.5	241.1	(5.6)	266.5
<i>Associates and joint ventures</i>					
Share of operating results	15.7	(0.3)	-	-	15.4
	<b>27.2</b>	<b>19.2</b>	<b>241.1</b>	<b>(5.6)</b>	<b>281.9</b>

*Associates' and joint ventures' results include goodwill amortization of US\$0.6 million (2002: US\$0.6 million).*

4. SEGMENT OPERATING PROFIT AND SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES (continued)

	Prepared in accordance with IFRS Six months ended 30th June	
	2003 US\$m	2002 US\$m
<b>Analysis by business:</b>		
Supermarkets/hypermarkets	29.0	10.1
Convenience stores	6.0	7.8
Health and beauty stores	18.3	12.2
Restaurants	8.6	15.1
Other	0.4	1.2
	<hr/>	<hr/>
	62.3	46.4
Support office	(6.8)	(5.6)
	<hr/>	<hr/>
	55.5	40.8
Discontinued operations		
- Operating results	-	16.5
- Net profit on sale of Woolworths	-	224.6
	<hr/>	<hr/>
	55.5	281.9
	<hr/>	<hr/>

5. TAX

	Prepared in accordance with IFRS Six months ended 30th June	
	2003 US\$m	2002 US\$m
Company and subsidiaries	8.9	10.0
Associates and joint ventures	1.3	2.8
	<hr/>	<hr/>
	10.2	12.8
	<hr/>	<hr/>

*Tax on profits has been calculated at rates of tax prevailing in the territories in which the Group operates. The Group has no tax payable in the United Kingdom (2002: nil).*

## 6. EARNINGS PER SHARE

Basic earnings per share are calculated on net profit of US\$44.5 million (2002: US\$265.3 million) and on the weighted average number of 1,402.7 million (2002: 1,577.4 million) ordinary shares in issue during the period. The weighted average number excludes the Company's shares held by the Trustee under the Senior Executive Share Incentive Schemes.

Diluted earnings per share are calculated on the weighted average number of shares after adjusting for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the period. The number of shares for basic and diluted earnings per share is reconciled as follows:

	Prepared in accordance with IFRS	
	Six months ended 30th June	
	Ordinary shares in millions	
	2003	2002
Weighted average number of shares in issue	1,402.7	1,577.4
Adjustment for shares deemed to be issued for no consideration	9.4	4.1
Weighted average number of shares for diluted earnings per share	<u>1,412.1</u>	<u>1,581.5</u>

Additional basic and diluted earnings per share reflecting the revaluation of leasehold properties are calculated on net profit of US\$44.3 million (2002: US\$265.4 million) as shown in the supplementary financial information.

Additional basic and diluted earnings per share are also calculated based on underlying earnings. The difference between underlying net profit and net profit is reconciled as follows:

	Six months ended 30th June	
	2003	2002
	US\$m	US\$m
Net profit	44.5	265.3
Discontinued operations (note 2)	-	(235.2)
Underlying net profit - IFRS basis	<u>44.5</u>	<u>30.1</u>
Additional amortization of leasehold land payments	0.2	0.1
Additional loss on disposal of leasehold property by an associate	(0.4)	-
Underlying net profit - IFRS modified basis	<u>44.3</u>	<u>30.2</u>

## 7. CAPITAL EXPENDITURE AND COMMITMENTS

	Prepared in accordance with IFRS	
	Tangible assets US\$m	Goodwill US\$m
<b>Six months ended 30th June 2003</b>		
Opening net book amount	479.0	79.0
Exchange rate adjustments	(0.6)	(0.1)
Additions	39.7	9.6
Disposals	(3.7)	-
Depreciation/amortization	(42.6)	(2.7)
Closing net book amount	<b>471.8</b>	<b>85.8</b>
Capital commitments as at 30th June 2003	<b>95.1</b>	-
Capital commitments as at 31st December 2002	<b>58.8</b>	-

## 8. SHARE CAPITAL AND SHARE PREMIUM

	Prepared in accordance with IFRS		
	No. of shares in millions	Share capital US\$m	Share premium US\$m
At 1st January 2003	1,532.7	85.2	69.9
Issued under share incentive schemes	1.0	-	1.0
Repurchased and cancelled	(158.3)	(8.8)	(26.9)
At 30th June 2003	1,375.4	76.4	44.0
Outstanding under share incentive schemes	(49.2)	(2.7)	(43.7)
	<b>1,326.2</b>	<b>73.7</b>	<b>0.3</b>

*On 31st March 2003, the Company repurchased and cancelled 158.3 million ordinary shares pursuant to a tender offer at the strike price of US\$1.10 per share for a total cost of US\$177.7 million.*

## 9. ORDINARY DIVIDENDS

	Prepared in accordance with IFRS	
	Six months ended 30th June	
	2003	2002
	US\$m	US\$m
	<hr/>	
Final dividend in respect of 2002 of US¢2.00 per share (2001: nil)	26.5	-
	<hr/>	<hr/>

*An interim dividend of US¢1.40 (2002: US¢1.00) per share amounting to a total of US\$18.6 million (2002: US\$14.8 million) and a special dividend of US¢30.00 (2002: nil) per share amounting to a total of US\$398 million (2002: nil) are declared by the Board. These amounts will be accounted for as appropriation of revenue reserves in the year ending 31st December 2003.*

## 10. STORE ACQUISITIONS

During the first half of 2003, Wellcome Taiwan Company Limited, a wholly-owned subsidiary of the Company, acquired the store operating assets of 22 supermarkets and seven related properties from a third party for cash consideration of US\$26.5 million, of which US\$9.6 million was attributable to goodwill.

## 11. SALE OF WOOLWORTHS

	Prepared in accordance with IFRS	
	Six months ended 30th June	
	2002	
	US\$m	
	<hr/>	
Tangible assets	100.8	
Other non-current assets	4.9	
Current assets	62.3	
Current liabilities	(63.3)	
Long-term borrowings	(48.9)	
	<hr/>	
Net assets disposed of	55.8	
Cumulative translation differences	(2.0)	
Net gain on disposal	224.6	
	<hr/>	
Sales proceeds	278.4	
Cost on disposal, net of balance of consideration receivable	4.5	
Less: Bank balances (net of borrowings)	(8.8)	
	<hr/>	
Net cash inflow on sale	274.1	
	<hr/>	

*In June 2002, the Group completed the sale of its 100% interest in Woolworths, New Zealand to a third party at a net profit of US\$224.6 million.*

## 12. POST BALANCE SHEET EVENT

In May 2003, Giant TMC Bhd, a wholly-owned subsidiary of the Company, announced the acquisition of the store operating assets of 34 supermarkets, one distribution centre and certain stocks from a third party, subject to necessary regulatory approvals. This transaction is expected to be completed during the third quarter of 2003.

*The interim dividend of US¢1.40 per share and the special dividend of US¢30.00 per share will be payable on 15th October 2003 to shareholders on the register of members at the close of business on 22nd August 2003. The ex-dividend date will be on 20th August 2003, and the share registers will be closed from 25th to 29th August 2003, inclusive. Shareholders will receive their dividends in United States Dollars, unless they are registered on the Jersey branch register where they will have the option to elect for Sterling. These shareholders may make new currency elections by notifying the United Kingdom transfer agent in writing by 25th September 2003. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 2nd October 2003. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive United States Dollars unless they elect, through CDP, to receive Singapore Dollars.*

- end -

For further information, please contact:

Dairy Farm Management Services Limited

Ronald J Floto

(852) 2299 1881

Howard Mowlem

(852) 2299 1896

Golin/Harris Forrest

John Morgan

(852) 2501 7939

This and other Group announcements can be accessed through the Internet at 'www.dairyfarmgroup.com'.

## NOTE TO EDITORS

Dairy Farm is a leading pan-Asian retailer. At 30th June 2003, the Group and its associates operated 2,400 outlets – including supermarkets, hypermarkets, health and beauty stores, convenience stores, home furnishings stores and restaurants; employed 52,500 people in the region; and had 2002 total sales from continuing operations of US\$4.0 billion.

The Group operates under well-known local brands, including:

- Supermarkets – Wellcome in Hong Kong and Taiwan, Cold Storage in Singapore and Malaysia, Giant in Malaysia, Hero in Indonesia, and Foodworld in India;
- Hypermarkets – Giant in Malaysia, Singapore and Indonesia;
- Health and beauty stores – Mannings in Hong Kong, Guardian in Singapore, Malaysia and Indonesia, Health and Glow in India, and Olive Young in South Korea;
- Convenience stores – 7-Eleven in Hong Kong, Southern China and Singapore; and
- Home furnishings stores – IKEA in Hong Kong and Taiwan.

The Group has a 50% interest in Maxim's, Hong Kong's leading restaurant chain.

Dairy Farm International Holdings Limited is incorporated in Bermuda and has its primary share listing on the London Stock Exchange, and secondary listings on the Singapore and Bermuda stock exchanges. It has a sponsored American Depositary Receipt programme. 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.