JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2017

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

1 (a) (i) Income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income Statement

	3rd Quarter			Jan - Sep		
	2017	2016	Change	2017	2016	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	814,271	787,961	3%	2,340,643	2,287,675	2%
Cost of Sales	(662,434)	(600,662)	10%	(1,910,131)	(1,763,544)	8%
Gross Profit	151,837	187,299	-19%	430,512	524,131	-18%
Marketing and Distribution Costs	(34,377)	(29,085)	18%	(98,858)	(89,462)	11%
Administrative Expenses	(61,438)	(52,811)	16%	(187,093)	(166,307)	12%
Operating Profit	56,022	105,403	-47%	144,561	268,362	-46%
Interest Income	975	853	14%	3,022	2,047	48%
Finance Costs	(17,651)	(14,742)	20%	(48,188)	(46,487)	4%
Other Gains	1,766	4,307	-59%	698	8,261	-92%
Share of results of Joint Ventures	(57)	27	n/m	(123)	(172)	-28%
Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets	**41,055**	**95,848**	-57%	**99,970**	**232,011**	-57%
Foreign Exchange Adjustments (Loss)/Gain	(1,112)	1,611	n/m	3,799	6,576	-42%
(Loss)/Gain from Changes in Fair Value of Biological Assets	(16,202)	5,746	n/m	(35,921)	(6,663)	439%
Profit Before Tax from Continuing Operations	23,741	103,205	-77%	67,848	231,924	-71%
Income Tax Expense	(8,044)	(24,187)	-67%	(26,718)	(46,208)	-42%
Profit from Continuing Operations, Net of Tax	15,697	79,018	-80%	41,130	185,716	-78%
Profit Attributable to Owners of the Parent, Net of Tax*	**3,005**	**48,020**	-94%	**1,678**	**116,046**	-99%
Profit Attributable to Non-Controlling Interests, Net of Tax	12,692	30,998	-59%	39,452	69,670	-43%
Profit, Net of Tax	15,697	79,018	-80%	41,130	185,716	-78%

n/m : not meaningful

Additional information:

Management believes that Core PATMI w/o forex and EBITDA are important measures of performance, although these are not standard measures under FRS.

Core PATMI w/o forex	12,147	42,035	-71%	22,808	114,606	-80%

* We derived Core PATMI from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding changes in fair value of biological assets (net of tax) and derivatives and by excluding extraordinary items (namely the gain/loss from the buyback of USD bonds).

We define Core PATMI w/o forex is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. As the majority of the foreign exchange gains/losses are unrealised and arises from the translation of USD bonds from a subsidiary in Indonesia, which has no tax implication, we have not made an estimate of the tax impact on foreign exchange gains/losses.

EBITDA	81,805	130,558	-37%	217,948	339,781	-36%

We define EBITDA as profit before tax from continuing operations, excluding interest income, changes in fair value of biological assets and marketable securities, foreign exchange adjustments losses, finance costs, depreciation of property, plant and equipment, depreciation of investment properties and amortisation of intangible assets.

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1 (a) (ii) Net Profit is arrived at after (charging)/ crediting the following :

	3rd Quarter			Jan - Sep		
	2017 US$'000	2016 US$'000	Change %	2017 US$'000	2016 US$'000	Change %
Finance Costs	(17,651)	(14,742)	20%	(48,188)	(46,487)	4%
Foreign Exchange Adjustments (Loss)/Gain	(1,112)	1,611	n/m	3,799	6,576	-42%
Depreciation of Property, Plant and Equipment and Investment Properties	(23,563)	(20,722)	14%	(71,476)	(61,898)	15%
Amortisation of Intangible Assets	(511)	(325)	57%	(1,335)	(957)	39%
Interest Income	975	853	14%	3,022	2,047	48%
(Loss)/Gain from Changes in Fair Value of Biological Assets	(16,202)	5,746	n/m	(35,921)	(6,663)	439%
Gain/(Loss) from Changes in Fair Value of Financial Assets	-	226	-100%	-	(473)	-100%
Gain on Disposal of Property, Plant and Equipment and Investment Properties	703	3,625	-81%	1,422	3,388	-58%

n/m : not meaningful

1 (a) (iii) Statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income

	3rd Quarter			Jan - Sep		
	2017 US$'000	2016 US$'000	Change %	2017 US$'000	2016 US$'000	Change %
Profit from Continuing Operations, Net of Tax	15,697	79,018	-80%	41,130	185,716	-78%
Other Comprehensive (Loss)/Income:						
Items that will not be reclassified to profit or loss:						
Remeasurement of the Net Defined Benefits Plan, Net of Tax	(2,094)	(2,481)	-16%	(9,857)	(12,647)	-22%
Items that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	(2,337)	4,212	n/m	12,500	28,813	-57%
Other Comprehensive (Loss)/Income for the Period, Net of Tax	(4,431)	1,731	n/m	2,643	16,166	-84%
Total Comprehensive Income	11,266	80,749	-86%	43,773	201,882	-78%
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	1,002	47,697	-98%	5,238	127,506	-96%
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	10,264	33,052	-69%	38,535	74,376	-48%
Total Comprehensive Income	11,266	80,749	-86%	43,773	201,882	-78%

n/m : not meaningful

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1 (b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/9/2017 US$'000	As at 31/12/2016 US$'000	As at 30/9/2017 US$'000	As at 31/12/2016 US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	970,490	897,809	371	555
Investment Properties	9,950	10,568	-	-
Intangible Assets	9,625	8,384	-	-
Biological Assets	316,742	299,552	-	-
Investments in Subsidiaries	-	-	976,425	947,206
Investment in Joint Ventures	6,066	3,825	-	-
Deferred Tax Assets	25,686	15,714	-	-
Other Receivables	1,835	1,797	-	-
Other Financial Assets	16,522	11,164	2,948	2,948
Other Assets	17,976	15,530	-	-
Total Non-Current Assets	1,374,892	1,264,343	979,744	950,709
Current Assets				
Inventories	682,423	611,907	-	-
Biological Assets	78,115	63,597	-	-
Trade and Other Receivables	191,132	161,428	33,411	41,495
Other Financial Assets	4,577	791	601	546
Other Assets	130,035	86,965	64	59
Cash and Cash Equivalents	137,761	336,153	5,257	10,166
Total Current Assets	1,224,043	1,260,841	39,333	52,266
Total Assets	2,598,935	2,525,184	1,019,077	1,002,975
EQUITY AND LIABILITIES				
Equity				
Share Capital	940,842	937,614	940,842	937,614
Treasury Shares	(4,759)	-	(4,759)	-
Retained Earnings	392,281	408,167	66,569	60,199
Other Reserves	(377,265)	(374,504)	-	3,138
Translation Reserve	(171,023)	(179,614)	-	-
Equity Attributable to Owners of the Parent	780,076	791,663	1,002,652	1,000,951
Non-Controlling Interests	488,527	467,505	-	-
Put Option Reserve	(171,441)	(169,979)	-	-
Total Equity	1,097,162	1,089,189	1,002,652	1,000,951
Non-Current Liabilities				
Put Option Financial Liabilities	171,441	169,979	-	-
Provisions	107,130	89,525	-	-
Deferred Tax Liabilities	4,740	3,817	-	-
Other Payables	1,893	2,107	-	-
Loans and Borrowings	624,903	520,093	-	-
Other Liabilities	9,666	3,208	-	-
Total Non-Current Liabilities	919,773	788,729	-	-
Current Liabilities				
Income Tax Payable	16,074	16,812	-	-
Trade and Other Payables	300,005	301,507	2,425	2,024
Loans and Borrowings	258,166	319,715	14,000	-
Other Financial Liabilities	986	274	-	-
Other Liabilities	6,769	8,958	-	-
Total Current Liabilities	582,000	647,266	16,425	2,024
Total Liabilities	1,501,773	1,435,995	16,425	2,024
Total Equity and Liabilities	2,598,935	2,525,184	1,019,077	1,002,975

1 (b) (ii) Aggregate amount of group's borrowings and debt securities.

	As at 30/9/2017 US$'000	As at 31/12/2016 US$'000
Amount due within one year		
Secured	258,166	208,075
Unsecured	-	111,640
Total	258,166	319,715
Amount due more than one year		
Secured	235,575	251,507
Unsecured	389,328	268,586
Total	624,903	520,093

The secured borrowings are secured by property, plant and equipment, share certificates of certain subsidiaries, cash and cash equivalents, receivables, inventories, biological assets, assessment of insurance policies and corporate guarantees of subsidiaries.

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1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Jan - Sep	
	2017	2016
	US$'000	US$'000
Cash Flows From Operating Activities		
Profit Before Tax	67,848	231,924
Adjustment for:		
Amortisation of Intangible Assets	1,335	957
Amortisation of Land Use Rights	25	46
Depreciation of Property, Plant and Equipment and Investment Properties	71,476	61,898
Loss from Changes in Fair Value of Biological Assets	35,921	6,663
Gain on Disposal of Other Financial Assets	-	(149)
Loss/(Gain) from Changes in Fair Value of Derivative Financial Instruments	1,984	(860)
Loss from Changes in Fair Value of Financial Assets	-	473
Gain on Disposal of Property, Plant and Equipment and Investment Properties	(1,422)	(3,388)
Gain on Buyback of Bonds Payable	-	(634)
Increase in Provision for Retirement Benefits	11,380	6,527
Interest Income	(3,022)	(2,047)
Interest Expense	48,188	46,487
Share Options Granted by Subsidiary	377	311
Value of Employee Services received pursuant to Performance Share Plan	90	-
Value of Employee Services received pursuant to Performance Share Plan by Subsidiary	350	-
Share of Loss from Equity-Accounted Joint Ventures	123	172
Write-off of Property, Plant and Equipment	285	245
Net Effect of Exchange Rate Changes	(1,652)	11,951
Operating Cash Flows before Changes in Working Capital	233,286	360,576
Inventories	(70,516)	(52,094)
Biological Assets	(37,984)	(15,855)
Trade and Other Receivables	(29,742)	(32,683)
Other Assets	(45,444)	(24,159)
Trade and Other Payables	14,153	23,030
Provisions	(6,180)	(3,487)
Other Liabilities	(1,288)	(1,493)
Net Cash Flows From Operations	56,285	253,835
Income Taxes Paid	(30,018)	(16,957)
Net Cash Flows From Operating Activities	26,267	236,878
Cash Flows Used in Investing Activities		
Purchase of Property, Plant and Equipment	(151,634)	(109,171)
Purchase of Intangible Assets	(2,591)	(593)
Purchase of Land Use Rights	(2,440)	(117)
Purchase of Other Financial Assets	(5,047)	(1,985)
Purchase of Biological Assets	(17,683)	(20,208)
Proceeds from Disposal of Property, Plant and Equipment and Investment Properties	2,278	22,253
Proceeds from Disposal of Investment in Other Financial Assets	-	3,222
Addition of Investment in Joint Venture	(2,307)	(679)
Interest Received	3,022	2,047
Net Cash Flows Used in Investing Activities	(176,402)	(105,231)

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1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	Jan - Sep	
	2017	2016
	US$'000	US$'000
Cash Flows From Used in Financing Activities		
Increase/(Decrease) in Working Capital loans	34,159	(113,900)
Cash Restricted in Use	3,345	1,831
Purchase of Treasury Shares by the Company	(4,759)	-
Purchase of Treasury Shares by Subsidiary	(806)	-
Buy Back of Bonds Payable	-	(3,285)
Repayment of Bonds Payable	(314,775)	-
Net Proceeds from Issue of bonds	315,929	-
Proceeds from Issue of New Shares by Subsidiary to Non-Controlling Interests	7,607	60,022
Proceeds from Disposal of Shares in Subsidiary to Non-Controlling Interests Without Change in Control	-	28,994
Acquisition of Non-Controlling Interests Without Change in Control	-	(4,396)
Dividend Paid to Equity Holders of the Company	(12,533)	(6,464)
Dividends Paid by Subsidiary to Non-Controlling Interests	(24,664)	(11,055)
Interest Paid	(48,188)	(46,487)
Net Cash Flows Used in Financing Activities	(44,685)	(94,740)
Net (Decrease)/Increase in Cash and Cash Equivalents	(194,820)	36,907
Effect of exchange rate changes on cash and cash equivalents	(227)	1,041
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	331,086	140,769
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	136,039	178,717

Notes:

(i) For the purpose of the Consolidated Statement of Cash Flows, the Consolidated Cash and Cash Equivalents comprise the following:

	2017	2016
	US$'000	US$'000
Cash and Bank Balances	137,761	184,052
Less: Bank Deposit Pledged	(1,722)	(5,335)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	136,039	178,717

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1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholder, together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

Group	Total Equity US$'000	Attributable to Parent Sub-total US$'000	Share Capital US$'000	Treasury Shares US$'000	Retained Earnings US$'000	Other Reserves US$'000	Translation Reserve US$'000	Non-Controlling Interests US$'000	Put Option Reserve US$'000
Balance at 1 January 2017	1,089,189	791,663	937,614	-	408,167	(374,504)	(179,614)	467,505	(169,979)
Movements in Equity:									
Total Comprehensive Income for the Period	43,773	5,238	-	-	(3,353)	-	8,591	38,535	-
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	7,607	-	-	-	-	-	-	7,607	-
Grant of Share Options by Subsidiary	377	377	-	-	-	377	-	-	-
Purchase of Treasury Shares by the Company	(4,759)	(4,759)	-	(4,759)	-	-	-	-	-
Purchase of Treasury Shares by Subsidiary	(806)	-	-	-	-	-	-	(806)	-
Value of Employee Services Received of Performance Share Plan	90	90	-	-	-	90	-	-	-
Issue of shares by the Company under Performance Share Plan	-	-	3,228	-	-	(3,228)	-	-	-
Issue of shares by Subsidiary under Performance Share Plan	350	-	-	-	-	-	-	350	-
Dividend Paid to Equity Holders of the Company	(12,533)	(12,533)	-	-	(12,533)	-	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(24,664)	-	-	-	-	-	-	(24,664)	-
Changes in Present Value of the Put Option Financial Liabilities	(1,462)	-	-	-	-	-	-	-	(1,462)
Balance at 30 September 2017	1,097,162	780,076	940,842	(4,759)	392,281	(377,265)	(171,023)	488,527	(171,441)
Balance at 1 January 2016, restated	827,670	670,545	937,614	-	301,022	(396,315)	(171,776)	338,071	(180,946)
Movements in Equity:									
Total Comprehensive Income for the Period	201,882	127,506	-	-	109,078	-	18,428	74,376	-
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	6,612	-	-	-	-	-	-	6,612	-
Disposal of Shares in Subsidiary to Non-Controlling Interests Without Change in Control	28,994	7,876	-	-	-	7,876	-	21,118	-
Deemed Disposal of Shares in Subsidiary to Non-Controlling Interests Without Change in Control	53,410	10,660	-	-	-	10,660	-	42,750	-
Acquisition of Non-Controlling Interests Without Change in Control	(4,396)	(1,770)	-	-	-	(1,770)	-	(2,626)	-
Grant of Share Options by Subsidiary	311	311	-	-	-	311	-	-	-
Dividend Paid to Equity Holders of the Company	(6,464)	(6,464)	-	-	(6,464)	-	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(11,055)	-	-	-	-	-	-	(11,055)	-
Balance at 30 September 2016	1,096,964	808,664	937,614	-	403,636	(379,238)	(153,348)	469,246	(180,946)

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholder, together with a comprehensive statement for the corresponding period of the immediately preceding financial year. (Cont'd)

Company	Total Equity US$'000	Share Capital US$'000	Treasury Shares US$'000	Retained Earnings US$'000	Other Reserves US$'000
Balance at 1 January 2017	1,000,951	937,614	-	60,199	3,138
Movements in Equity:					
Total Comprehensive Income for the Period	18,903	-	-	18,903	-
Purchase of Treasury Shares by the Company	(4,759)	-	(4,759)	-	-
Value of Employee Services Received of Performance Share Plan	90	-	-	-	90
Issue of shares by the Company under Performance Share Plan	-	3,228	-	-	(3,228)
Dividend Paid to Equity Holders of the Company	(12,533)	-	-	(12,533)	-
Balance at 30 September 2017	1,002,652	940,842	(4,759)	66,569	-
Balance at 1 January 2016	963,707	937,614	-	26,093	-
Movements in Equity:					
Total Comprehensive Income for the Period	36,820	-	-	36,820	-
Dividend Paid to Equity Holders of the Company	(6,464)	-	-	(6,464)	-
Balance at 30 September 2016	994,063	937,614	-	56,449	-

1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	
	3rd Quarter to 30/9/2017	3rd Quarter to 30/9/2016
Issued ordinary shares:		
As at beginning of period	1,769,525,591	1,764,670,391
Issued during the period	-	-
As at end of period	1,769,525,591	1,764,670,391
Treasury shares:		
As at beginning of period	9,693,400	-
Purchase of treasury shares	1,420,700	-
As at end of period	11,114,100	-
Issued ordinary shares excluding treasury shares	1,758,411,491	1,764,670,391

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30/9/2017	As at 30/9/2016
Number of issued shares	1,758,411,491	1,764,670,391

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computations applied by the Group are consistent with those used in its audited financial statements as at 31 December 2016 except for those as disclosed under item 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3rd Quarter		Jan - Sep	
	2017	2016	2017	2016
	US Cents	US Cents	US Cents	US Cents
Earnings per share for the period				
(a) Based on weighted average number of ordinary shares in issue	0.17	2.72	0.09	6.58
(b) Based on a fully diluted basis	0.17	2.72	0.09	6.58
Weighted Average Number of Ordinary Shares	1,769,525,591	1,764,670,391	1,768,476,299	1,764,670,391

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and immediately preceding financial year.

	Group		Company	
	As at 30/9/2017	As at 31/12/2016	As at 30/9/2017	As at 31/12/2016
Net asset value per ordinary share				
- in US$	0.44	0.45	0.57	0.57
- in S$	0.60	0.65	0.77	0.82

Net asset value per ordinary share is based on the issued share capital of the Company at the end of the financial period.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group Performance

3Q 2017 vs 3Q 2016

Revenue

	3Q 2017	3Q 2016	Variance
	US$ million	US$ million	US$ million
Animal Protein Indonesia	553.6	523.3	30.3
Animal Protein Other	118.9	144.5	(25.6)
Dairy	83.9	66.2	17.7
Consumer Food	57.7	52.2	5.5
Others	0.1	1.8	(1.7)
Total	814.2	788.0	26.2

The increase of revenue was generally due to sales volume increases in our operations in the Animal Protein Indonesia, Dairy and Consumer Food segments. This was offset by the decrease in the revenue in the Animal Protein Other segment because of the decline in selling prices for swine in Vietnam.

Operating Profit

	3Q 2017	3Q 2016	Variance
	US$ million	US$ million	US$ million
Animal Protein Indonesia	47.0	79.6	(32.6)
Animal Protein Other	(6.4)	11.4	(17.8)
Dairy	14.9	10.4	4.5
Consumer Food	(0.3)	3.2	(3.5)
Others	0.9	0.9	-
Total	56.0	105.4	(49.4)

Animal Protein Indonesia segment recorded lower operating profit in 3Q 2017 as compared to 3Q 2016 mainly due to margin shrinkage across its poultry and beef businesses, as well as a one-off US$13.0 million gain in 3Q2016 from the sale of beef cattle in Australia. The feed business continued to generate healthy profits, albeit at levels lower than 3Q 2016 which saw exceptionally high feed margins. Animal Protein Other's swine fattening business in Vietnam continued to incur operating losses as swine prices remained below costs in 3Q 2017. Dairy segment continued to deliver strong performance from higher sales volume and milk yields.

The "Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets" was US$41.1 million in 3Q 2017 as compared to US$95.8 million in 3Q 2016.

Loss from changes in fair value of biological assets was US$16.2 million in 3Q 2017 as compared to a gain from changes in fair value of biological assets of US$5.7 million in 3Q 2016. The loss from changes in fair value of biological assets in 3Q 2017 was a result of lower market price of raw milk, heifers and calves.

As a result of the above, the Group recorded a profit after tax of US$15.7 million in 3Q 2017 as compared to US$79.0 million in 3Q 2016. The profit attributable to owners of the parent was US$3.0 million loss in 3Q 2017 as compared to US$48.0 million in 3Q 2016.

Review of Financial Position

The Group's total assets as at 30 September 2017 increased by US$73.7 million from US$2,525.2 million to US$2,598.9 million primarily due to increase in property, plant and equipment, other assets and inventories.

The Group's total liabilities as at 30 September 2017 increased by US$65.8 million from US$1,436.0 million to US$1,501.8 million primarily due to issuance of new bonds.

The Group's translation reserves improved from negative US$179.6 million as at 31 December 2016 to negative US$171.0 million as at 30 September 2017 mainly due to translation gains arising from the China Renminbi strengthening against the US Dollar.

Review of Group Cash Flow

Net cash flows from operating activities were US$26.3 million in 3Q 2017, which mainly arose from operating cash flows before changes in working capital of US$233.3 million, changes in working capital of US$177.0 million and income tax paid of US$30.0 million.

Net cash flows used in investing activities were US$176.4 million in 3Q 2017 mainly represented by the purchase of property, plant and equipment of US$151.6 million.

Net cash flows used in financing activities were US$44.7 million in 3Q 2017 mainly arose from repayment of bonds payable of US$314.8 million, interest paid of US$48.2 million, dividend paid of US$37.2 million and partially offset by the increase in working capital loans of US$34.2 million and net proceeds from issue of bonds of US$315.9 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In the third quarter of 2017 ("3Q2017"), the Group recorded stable revenue but lower profitability due to the losses in Vietnam. Although swine average selling prices ("ASPs") picked up from 2Q2017, they remained at levels below costs.

The agri-food business is subjected to cyclicality which directly impacts the Group's revenue and profitability. Cyclicality is dependent on a variety of external factors, including the seasonality of harvest and festivals, and macroeconomic conditions which affect consumer purchasing power, such as government policies and currency fluctuations. In addition, the industry may also be impacted by fluctuations in raw material costs and selling prices, which are determined by market demand and supply. Cyclicality affects the ASPs for the Group's breeding and fattening livestock products in particular.

While cyclical and macroeconomic factors are beyond the Group's control, the management will continue to focus on areas where it can influence, including building on its strong business fundamentals and leveraging the strength of its diversified and vertically integrated business model to navigate the industry cyclicality. The Group will also strive to continually improve its operational efficiency and stay the course in establishing itself as one of the most efficient and lowest cost industrialised protein producers in the emerging Asian markets that it operates in.

PT Japfa Tbk

In Indonesia, the ASPs of livestock, including DOC and broiler prices are expected to fluctuate, due to the seasonality and cyclical nature of the livestock industry. In addition, the Group expects the Indonesian Rupiah to remain volatile in the near term which may affect chicken consumption.

In early 2016, Indonesia's Business Competition Supervisory Commission ("KPPU") issued a guilty verdict on 32 beef companies, including two subsidiaries of PT Japfa Tbk, of cartel and production arrangements, and imposed a fine of approximately US$1 million. The Group has appealed against the decision and will make further disclosures as required.

In the third quarter of 2016, the KPPU also issued a guilty verdict on PT Japfa Tbk and 11 poultry companies in relation to the industry's culling of 6 million parent stock. The total fine imposed by KPPU is approximately US$2 million. The Group has appealed against the decision and will make further disclosures as required.

Furthermore, the People's Representative Council of the Republic of Indonesia ("DPR") is currently in the process of amending the Anti-Monopoly Law. In the current draft, DPR is aiming to amend the prevailing provisions under the Anti-Monopoly Law to expand KPPU's authority. Should this amendment come through, the Group may face new requirements which may affect its business practices.

In addition, the Indonesian government has been introducing more measures to regulate the agri-food sector. This may affect the market supply and demand dynamics and create uncertainties within the agri-food value chain in the future.

Animal Protein Other

In Vietnam, swine ASPs picked up from 2Q2017 but remained at levels below costs, and the low swine price environment has resulted in an adverse impact on Vietnam's profits. Due to the life cycle of swine, the effect of a market supply readjustment will take time. If China does not adjust its policy and if the Vietnam supply market readjustment is not effective, they will continue to negatively impact Animal Protein Other's financial results.

Dairy
In China, although raw milk prices continue to be under pressure, the Group has been able to mitigate the impact through improvements in milk yields and growth in sales volume. Going forward, the Group will continue to improve efficiency to lift operational performance.

Consumer Food
The demand for the Group's Frozen Food, Ambient and Real Good UHT products is dependent on the purchasing power in Indonesia and Vietnam. A weak purchasing power may negatively impact Consumer Food's financial results.

The five emerging markets that the Group operates in continue to witness growing animal protein consumption. Against this backdrop, the Group is confident that its core competencies in large-scale farming and food production, diversified strategy across multiple proteins and geographies, together with its track record in replicating its industrialised and scalable business across the region, will sustain its growth in the mid- to long-term.

11. Dividend

(a) Current Financial Period Reported on
Nil

(b) Corresponding Period of the Immediately Preceding Financial Year
Nil

(c) Date Payable
Not Applicable

(d) Books Closure Date
Not Applicable

12. If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate for interested person transaction(s) from the shareholders.

14. Negative Confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited third quarter financial results for the period ended 30 September 2017 to be false or misleading in any material respect.

15. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

By Order of the Board

Tan Yong Nang
Executive Director and
Chief Executive Officer
26 October 2017