JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2018

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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		
	2018	2017	Change	2018	2017	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	877,419	814,271	8%	2,623,976	2,340,643	12%
Cost of Sales	(692,544)	(662,434)	5%	(2,034,399)	(1,910,131)	7%
Gross Profit	184,875	151,837	22%	589,577	430,512	37%
Marketing and Distribution Costs	(34,580)	(34,377)	1%	(107,343)	(98,858)	9%
Administrative Expenses	(67,864)	(61,438)	10%	(217,783)	(187,093)	16%
Operating Profit	82,431	56,022	47%	264,451	144,561	83%
Interest Income	917	975	-6%	3,627	3,022	20%
Finance Costs	(20,206)	(17,651)	14%	(61,384)	(48,188)	27%
Other Gain	15,607	1,766	784%	30,189	698	n/m
Share of results of Joint Ventures	(113)	(57)	98%	29	(123)	n/m
Foreign Exchange Adjustments (Loss)/Gain	(17,080)	(1,112)	n/m	(41,989)	3,799	n/m
Loss from Changes in Fair Value of Biological Assets	(11,029)	(16,202)	-32%	(22,606)	(35,921)	-37%
Profit Before Tax from Continuing Operations	50,527	23,741	113%	172,317	67,848	154%
Income Tax Expense	(16,821)	(8,044)	109%	(47,475)	(26,718)	78%
Profit from Continuing Operations, Net of Tax	33,706	15,697	115%	124,842	41,130	204%
Profit Attributable to Owners of the Parent, Net of Tax*	**14,268**	**3,005**	375%	**60,496**	**1,678**	n/m
Profit Attributable to Non-Controlling Interests, Net of Tax	19,438	12,692	53%	64,346	39,452	63%
Profit, Net of Tax	33,706	15,697	115%	124,842	41,130	204%

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	29,288	12,147	141%	96,265	22,808	322%

* 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 attributable to the owners of the parent.

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. We have not made an estimate of the tax impact on foreign exchange gains/losses. This is because the majority of the gains/losses are unrealised and arise from the translation of USD bonds (from a subsidiary in Indonesia) and USD loans (from subsidiaries in China), which have no tax implication.

EBITDA	112,552	81,205	39%	356,415	220,043	62%

We define EBITDA as profit before tax from continuing operations, excluding interest income, finance costs, depreciation of property, plant and equipment, depreciation of investment properties and amortisation of intangible assets, and also excluding changes in fair value of biological assets and derivative relates to foreign exchange hedging and foreign exchange adjustments gains/(losses).

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

	3rd Quarter			Jan - Sep		
	2018 US$'000	2017 US$'000	Change %	2018 US$'000	2017 US$'000	Change %
Finance Costs	(20,206)	(17,651)	14%	(61,384)	(48,188)	27%
Foreign Exchange Adjustments (Loss)/Gain	(17,080)	(1,112)	n/m	(41,989)	3,799	n/m
Depreciation of Property, Plant and Equipment and Investment Properties	(25,044)	(23,563)	6%	(76,862)	(71,476)	8%
Amortisation of Intangible Assets	(605)	(511)	18%	(1,650)	(1,335)	24%
Interest Income	917	975	-6%	3,627	3,022	20%
Loss from Changes in Fair Value of Biological Assets	(11,029)	(16,202)	-32%	(22,606)	(35,921)	-37%
Fair Value Gain/(Loss) on Derivative Financial Instruments						
- Related to Forex	11,022	600	n/m	16,766	(2,096)	-900%
- Others	877	254	245%	2,742	112	n/m
Gain on Disposal of Property, Plant and Equipment and Investment Properties	307	703	-56%	331	1,422	-77%

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		
	2018 US$'000	2017 US$'000	Change %	2018 US$'000	2017 US$'000	Change %
Profit from Continuing Operations, Net of Tax	33,706	15,697	115%	124,842	41,130	204%
Other Comprehensive (Loss)/Income:						
Items that will not be reclassified to profit or loss:						
Remeasurement of the Net Defined Benefits Plan, Net of Tax	7,013	(2,094)	n/m	7,239	(9,857)	m/m
Items that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	(49,800)	(2,337)	n/m	(102,884)	12,500	n/m
Other Comprehensive (Loss)/Income for the Period, Net of Tax	(42,787)	(4,431)	866%	(95,645)	2,643	n/m
Total Comprehensive (Loss)/Income	(9,081)	11,266	n/m	29,197	43,773	-33%
Total Comprehensive (Loss)/Income Attributable to Owners of Parent, Net of Tax	(21,070)	1,002	n/m	(9,358)	5,238	n/m
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	11,989	10,264	17%	38,555	38,535	0%
Total Comprehensive (Loss)/Income	(9,081)	11,266	n/m	29,197	43,773	-33%

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 30/9/2018 US$'000	As at 31/12/2017 US$'000	As at 30/9/2018 US$'000	As at 31/12/2017 US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	966,378	1,010,925	285	346
Investment Properties	5,164	5,497	-	-
Intangible Assets	11,952	10,382	-	-
Investments in Subsidiaries	-	-	1,294,361	1,280,033
Investment in Joint Ventures	5,491	6,070	-	-
Biological Assets	344,502	351,343	-	-
Deferred Tax Assets	24,818	24,037	-	-
Other Receivables	14,485	14,595	-	-
Other Financial Assets	32,099	19,289	998	-
Other Assets	67,229	64,996	-	-
Total Non-Current Assets	1,472,118	1,507,134	1,295,644	1,280,379
Current Assets				
Inventories	810,142	670,634	-	-
Biological Assets	73,228	76,227	-	-
Trade and Other Receivables	183,455	179,015	19,386	13,068
Other Financial Assets	2,404	601	2,404	601
Other Assets	80,676	74,613	8,613	1,576
Cash and Cash Equivalents	127,814	234,867	20,861	5,608
Total Current Assets	1,277,719	1,235,957	51,264	20,853
Total Assets	2,749,837	2,743,091	1,346,908	1,301,232
EQUITY AND LIABILITIES				
Equity				
Share Capital	980,946	940,842	980,946	940,842
Treasury Shares	(5,570)	(4,759)	(5,570)	(4,759)
Retained Earnings	444,614	385,116	96,597	87,350
Other Reserves	(458,309)	(459,804)	(6,564)	21
Translation Reserve	(241,438)	(167,840)	-	-
Equity Attributable to Owners of the Parent	720,243	693,555	1,065,409	1,023,454
Non-Controlling Interests	325,807	329,236	-	-
Total Equity	1,046,050	1,022,791	1,065,409	1,023,454
Non-Current Liabilities				
Provisions	90,842	105,880	-	-
Deferred Tax Liabilities	5,064	3,586	-	-
Other Payables	630	901	-	-
Loans and Borrowings	831,947	626,513	252,768	-
Other Financial Liabilities	-	8,514	-	-
Other Liabilities	3,562	3,913	-	-
Total Non-Current Liabilities	932,045	749,307	252,768	-
Current Liabilities				
Income Tax Payable	36,461	19,691	-	-
Trade and Other Payables	368,229	623,016	10,346	265,778
Loans and Borrowings	353,707	317,691	18,385	12,000
Other Financial Liabilities	4,806	1,499	-	-
Other Liabilities	8,539	9,096	-	-
Total Current Liabilities	771,742	970,993	28,731	277,778
Total Liabilities	1,703,787	1,720,300	281,499	277,778
Total Equity and Liabilities	2,749,837	2,743,091	1,346,908	1,301,232

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

	As at 30/9/2018 US$'000	As at 31/12/2017 US$'000
Amount due within one year		
Secured	353,707	317,691
Unsecured	-	-
Total	353,707	317,691
Amount due more than one year		
Secured	454,618	237,415
Unsecured	377,329	389,098
Total	831,947	626,513

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	
	2018	2017
	US$'000	US$'000
Cash Flows From Operating Activities		
Profit Before Tax	172,317	67,848
Adjustment for:		
Amortisation of Intangible Assets	1,650	1,335
Amortisation of Land Use Rights	204	25
Depreciation of Property, Plant and Equipment and Investment Properties	76,862	71,476
Fair Value Loss on Biological Assets	22,606	35,921
Fair Value (Gain)/Loss on Derivative Financial Instruments	(19,508)	1,984
Gain on Disposal of Property, Plant and Equipment and Investment Properties	(331)	(1,422)
Increase in Provision for Retirement Benefits	13,378	11,380
Interest Income	(3,627)	(3,022)
Interest Expense	61,384	48,188
Share Options Granted by Subsidiary	432	377
Value of Employee Services received pursuant to Performance Share Plan	1,094	90
Value of Employee Services received pursuant to Performance Share Plan by Subsidiary	293	350
Share of (Gain)/Loss from Equity-Accounted Joint Ventures	(29)	123
Write-off of Property, Plant and Equipment	308	285
Net Effect of Exchange Rate Changes	(9,476)	(1,652)
Operating Cash Flows before Changes in Working Capital	317,557	233,286
Inventories	(136,193)	(70,516)
Biological Assets	(32,195)	(37,984)
Trade and Other Receivables	(3,398)	(29,742)
Other Assets	51,162	(45,444)
Trade and Other Payables	10,303	14,153
Provisions	(8,780)	(6,180)
Other Liabilities	(908)	(1,288)
Net Cash Flows From Operations	197,548	56,285
Income Taxes Paid	(44,557)	(30,018)
Net Cash Flows From Operating Activities	152,991	26,267
Cash Flows Used in Investing Activities		
Acquisition of Subsidiaries (Net of Cash Acquired)	(2,280)	-
Purchase of Property, Plant and Equipment	(155,101)	(151,634)
Purchase of Investment Properties	(274)	-
Purchase of Intangible Assets	(2,385)	(2,591)
Purchase of Land Use Rights	(2,144)	(2,440)
Purchase of Other Financial Assets	-	(5,047)
Purchase of Biological Assets	(7,026)	(17,683)
Proceeds from Disposal of Property, Plant and Equipment	1,089	2,278
Additional Investment in Joint Ventures	-	(2,307)
Interest Income Received	3,627	3,022
Net Cash Flows Used in Investing Activities	(164,494)	(176,402)

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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	
	2018	2017
	US$'000	US$'000
Cash Flows Used in Financing Activities		
(Decrease)/Increase in Working Capital loans	(17,783)	34,159
Proceeds from New Bank Loans	262,107	-
Decrease in Cash Restricted in Use	3,939	3,345
Purchase of Treasury Shares by the Company	(842)	(4,759)
Purchase of Treasury Shares by Subsidiary	-	(806)
Repayment of Bonds Payable	-	(314,775)
Proceeds from Issue of bonds	-	315,929
Proceeds from Issue of New Shares by Subsidiary to Non-Controlling Interests	-	7,607
Purchase Consideration Paid for Acquisition of Non-Controlling Interests	(223,000)	-
Dividends Paid to Equity holders of the Company	(6,545)	(12,533)
Dividends Paid by Subsidiary to Non-Controlling Interests	(42,308)	(24,664)
Interest Expense Paid	(61,384)	(48,188)
Net Cash Flows Used in Financing Activities	(85,816)	(44,685)
Net Decrease in Cash and Cash Equivalents	(97,319)	(194,820)
Effect of exchange rate changes on cash and cash equivalents	(5,795)	(227)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	230,471	331,086
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	127,357	136,039

Notes:

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

	2018	2017
	US$'000	US$'000
Cash and Bank Balances	127,814	137,761
Less: Bank Deposit Pledged	(457)	(1,722)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	127,357	136,039

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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 2018	1,022,791	693,555	940,842	(4,759)	385,116	(459,804)	(167,840)	329,236	-
Effects of adopting FRS 109	1,803	1,803	-	-	1,803	-	-	-	-
Balance at 1 January 2018, restated	1,024,594	695,358	940,842	(4,759)	386,919	(459,804)	(167,840)	329,236	-
Movements in Equity:									
Total Comprehensive Income for the Period	29,197	(9,358)	-	-	64,240	-	(73,598)	38,555	-
Non-Controlling Interests Arising from Acquisition of Subsidiary	31	-	-	-	-	-	-	31	-
Issue of New Shares by the Company	40,104	40,104	40,104	-	-	-	-	-	-
Grant of Share Options by Subsidiary	432	432	-	-	-	432	-	-	-
Purchase of Treasury Shares by the Company	(842)	(842)	-	(842)	-	-	-	-	-
Value of Employee Services Pursuant to Performance Share Plan	1,094	1,094	-	-	-	1,094	-	-	-
Reissued Treasury Shares by the Company under to Performance Share Plan	-	-	-	31	-	(31)	-	-	-
Reissued Treasury Shares by Subsidiary under Performance Share Plan	293	-	-	-	-	-	-	293	-
Dividend Paid to Equity Holders of the Company	(6,545)	(6,545)	-	-	(6,545)	-	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(42,308)	-	-	-	-	-	-	(42,308)	-
Balance at 30 September 2018	1,046,050	720,243	980,946	(5,570)	444,614	(458,309)	(241,438)	325,807	-

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(Registration Number: 200819599W)

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)

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 Pursuant to Performance Share Plan	90	90	-	-	-	90	-	-	-
Issued of shares by the Company under Performance Share Plan	-	-	3,228	-	-	(3,228)	-	-	-
Issued 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)

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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. (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 2018	1,023,454	940,842	(4,759)	87,350	21
Effects of adopting FRS 109	1,803	-	-	1,803	-
Balance at 1 January 2018, restated	1,025,257	940,842	(4,759)	89,153	21
Movements in Equity:					
Total Comprehensive Income for the Period	13,989	-	-	13,989	-
Issue of New Shares	40,104	40,104	-	-	-
Purchase of Treasury Shares	(842)	-	(842)	-	-
Difference in Value arising from Issuance of Consideration Shares	(7,648)	-	-	-	(7,648)
Reissued Treasury Shares by the Company under Performance Share Plan	-	-	31	-	(31)
Value of Employee Services Pursuant to Performance Share Plan	1,094	-	-	-	1,094
Dividend Paid to Equity Holders of the Company	(6,545)	-	-	(6,545)	-
Balance at 30 September 2018	1,065,409	980,946	(5,570)	96,597	(6,564)
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	(4,759)	-	(4,759)	-	-
Value of Employee Services Pursuant to Performance Share Plan	90	-	-	-	90
Issued 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	-

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 30-09-2018	3rd Quarter to 30-09-2017
Issued ordinary shares:		
As at beginning of period	1,859,525,591	1,769,525,591
Issued of new shares	-	-
As at end of period	1,859,525,591	1,769,525,591
Treasury shares:		
As at beginning of period	12,846,700	9,693,400
Purchase of treasury shares	429,300	1,420,700
As at end of period	13,276,000	11,114,100
Issued ordinary shares excluding treasury shares	1,846,249,591	1,758,411,491

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 30/9/2018	As at 30/9/2017
Number of issued shares excluding treasury shares	1,846,249,591	1,758,411,491

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 2017 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.

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the financial period ended 31 March 2018.

Other than those discussed below, the adoption of new SFRS(I) did not result in significant change to the Group's and Company's accounting policies and did not have material impact on the amounts reported for the current or prior financial years.

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. (Cont'd)

In previous years, the Group and the Company measured its investment in unquoted equity securities at cost less allowance for impairment. With the adoption of SFRS(I) 9 on 1 January 2018, the Group and the Company elect to measure such unquoted investment at fair value through other comprehensive income (FVOCI). The effect of this adoption results an adjustment of US$1,803,000 to the retained earnings as at 1 January 2018 which comprises of an impairment loss of US$536,000 previously recognised in statement of comprehensive income, and a difference of US$1,267,000 between the carrying amount and the fair value of the unquoted equity securities.

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	
	2018	2017	2018	2017
	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	0.77	0.17	3.35	0.10
(b) Based on a fully diluted basis	0.77	0.17	3.35	0.10
Weighted Average Number of Ordinary Shares	1,846,639,518	1,759,073,433	1,807,763,319	1,762,711,583

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 30/9/2018	As at 31/12/2017	As at 30/9/2018	As at 31/12/2017
Net asset value per ordinary share				
- in US$	0.39	0.39	0.58	0.58
- in S$	0.53	0.53	0.79	0.78

Net asset value per ordinary share is calculated based on the equity attributable to owners of the parent 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 2018 vs 3Q 2017

Revenue

	3Q 2018	3Q 2017	Variance
	US$ million	US$ million	US$ million
Animal Protein Indonesia	573.7	553.6	20.1
Animal Protein Other (APO)	151.8	118.9	32.9
Dairy	94.2	83.9	10.3
Consumer Food	53.6	57.7	(4.1)
Others	4.1	0.1	4.0
Total	877.4	814.2	63.2

The increase of revenue was driven mainly by higher average selling prices for both poultry in Animal Protein Indonesia and swine in APO-Vietnam as well as higher sales volumes from Dairy.

Operating Profit

	3Q 2018	3Q 2017	Variance
	US$ million	US$ million	US$ million
Animal Protein Indonesia	62.3	47.0	15.3
Animal Protein Other	11.7	(6.5)	18.2
Dairy	15.3	14.9	0.4
Consumer Food	(5.6)	(0.3)	(5.3)
Others	(1.3)	0.9	(2.2)
Total	82.4	56.0	26.4

Animal Protein Indonesia segment recorded higher operating profit driven by strong prevailing poultry average selling prices in Indonesia due to lack of DOC supply. APO turnaround to operating profit of US$11.7 million in 3Q2018 from operating loss of US$6.5 million in 3Q2017 on the back of higher average selling price for swine as well as higher sales volume for poultry feed. Dairy continues to generate consistent operating profits despite pressure on raw milk prices due to higher milk yields and volumes. Consumer Food recorded operating losses as a result of continued investment in advertising and promotion to drive higher sales volume amidst tight competition.

Foreign exchange adjustments losses was US$17.1 million in 3Q 2018 as compared to US$1.1 million in 3Q 2017. The foreign exchange adjustments losses in 3Q 2018 primarily due to the unrealised foreign exchange translation losses on USD bonds due to the weaker Indonesian Rupiah.

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. (Cont'd)

Loss from changes in fair value of biological assets was US$11.0 million in 3Q 2018 as compared to US$16.2 million in 3Q 2017. The fair value loss was a result of a lower population of heifers and calves as at the end of 3Q2018 compared to the previous quarter.

As a result of the above, the Group recorded a profit after tax of US$33.7 million in 3Q 2018 as compared to US$15.7 million in 3Q 2017. The profit attributable to owners of the parent was US$14.3 million loss in 3Q 2018 as compared to US$3.0 million in 3Q 2017.

Review of Financial Position

The Group's total assets as at 30 September 2018 increased by US$6.7 million from US$2,743.1 million to US$2,749.8 million primarily due to increase in inventories.

The Group's total liabilities as at 30 September 2018 decreased by US$16.5 million from US$1,720.3 million to US$1,703.8 million primarily due to decrease in trade and other payables.

The Group's translation reserves increased from negative US$167.8 million as at 31 December 2017 to negative US$241.4 million as at 30 September 2018 mainly due to translation losses arising from the Indonesian Rupiah and China Renminbi weakening against the US Dollar.

Review of Group Cash Flow

Net cash flows from operating activities were US$153.0 million in 3Q 2018, which mainly arose from operating cash flows before changes in working capital of US$317.6 million, changes in working capital of US$120.0 million and income tax paid of US$44.6 million.

Net cash flows used in investing activities were US$164.5 million in 3Q 2018 mainly represented by the purchase of property, plant and equipment of US$155.1 million.

Net cash flows used in financing activities were US$85.8 million in 3Q 2018 mainly arose from purchase consideration paid for acquisition of remaining non-controlling interests in subsidiaries of US$223.0 million, interest paid of US$61.4 million and partially offset by proceeds from new bank loans of US$262.1 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.

For the three months ended 30 September 2018 ("3Q2018"), the Group recorded higher revenue and profitability, driven by strong poultry ASPs in Indonesia during the quarter. Animal Protein Other ("APO") continued its recovery in 3Q2018 as a result of the re-balancing of demand-supply dynamics in the domestic Vietnam swine market, achieving strong segment operating profit.

The Group's revenue and profitability is directly impacted by cyclicality in the agri-business, which is dependent on a variety of external factors, including the seasonality of harvest and festivals, macroeconomic conditions that affect consumer purchasing power, government policies as well as changes to the market demand and supply situation which determine raw material costs and selling prices. Recent trade tensions between US and China may also result in near-term distortion of prices and physical flow of grains such as corn and soybean as well as animal protein products. The volatility in foreign exchange rates will affect the Group's financial results which are reported in USD terms. These uncertainties may impact the Group's operations and financial results.

While cyclical and macroeconomic factors are beyond the Group's control, the management will continue to focus on building on its strong business fundamentals and enhancing its operational efficiency across its four business segments. The Group aims to be one of the most efficient and lowest cost industrialised protein producers in the emerging Asian markets that it operates in and leverage the strength of its diversified and vertically-integrated business model to navigate industry cyclicality.

PT Japfa Tbk

In 3Q2018, PT Japfa Tbk saw higher ASPs for DOC and Broilers in Indonesia on the back of strong market demand given the shortage of supply in the market. Prices may ease in the quarters ahead following the re-balancing of demand-supply in the market. 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. The recent depreciation of the Indonesian Rupiah may delay the pass on of the higher imported raw material cost into our feed selling price. Chicken consumption may also be affected by such volatility of the Indonesian Rupiah.

With the recent strong chicken prices, there is a risk that the Indonesian government could introduce 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.

In the fourth quarter of 2016, KPPU ruled that PT Japfa Tbk and 11 poultry companies violated the law relating to cartels by collectively agreeing to cull 6 million parent-stock under the instructions of the Directorate General of Animal Livestock and Animal Health, Ministry of Agriculture and all 12 poultry companies were fined for this violation. The fine applicable to PT Japfa Tbk was approximately US$1.85 million. The Group and the 10 other poultry companies appealed against this decision of KPPU to the West Jakarta District Court which in November 2017, accepted the appeal and overruled the KPPU's decision. In December 2017, KPPU appealed to the Supreme Court against the West Jakarta District Court decision. The Supreme Court is the highest court in Indonesia. On 13 September 2018, the Supreme Court issued its judgment rejecting the KPPU's appeal and closing this issue in favour of the Company, and the 10 appellants.

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. (Cont'd)

In the second quarter of 2016, Indonesia's Business Competition Supervisory Commission ("KPPU") also ruled that 32 cattle companies (including two subsidiaries of PT Japfa Tbk), a principal subsidiary of the Company listed on Bursa Efek Indonesia (IDX) violated the law relating to cartels and production arrangements and all 32 cattle companies were fined. The aggregate fine applicable to the two subsidiaries of PT Japfa Tbk was approximately US$1 million. The Group appealed against this decision of the KPPU to the Central Jakarta District Court which on 1 August 2017 affirmed the KPPU decision. The Group appealed to the Indonesian Supreme Court against the decision of the Central Jakarta District Court on 14 August 2017. Based on the case status set out in the website of the Supreme Court, the Supreme Court affirmed the decision in favour of KPPU. However, pending receipt of the written judgment of the Supreme Court, the KPPU's decision does not yet have permanent legal force and the said fines are not yet payable.

It should also be noted that the People's Representative Council of the Republic of Indonesia ("DPR") is in the process of amending Indonesia's Anti-Monopoly Law. In the current draft, DPR is aiming to expand KPPU's authority, to introduce new sanctions including a significantly higher fine that may be based on turnover, and to require mandatory pre-merger notification. Should the proposed amendments come into force, the Group will face new requirements which may affect its business practices. It is uncertain when the new Anti-Monopoly Law will come into force as the new law is still under intense discussions between the President and DPR.

Animal Protein Other

Led by the recovery in swine prices, Vietnam recorded strong operating profit of US$13.5 million in 3Q2018, after returning to profitability in 2Q2018. Swine fattening prices in Vietnam recovered above cost in 2Q2018, and also above 4Q2016 price levels when China imposed an import ban on Vietnamese swine in November 2016. The current recovery in prices reflects the demand-supply re-balancing of Vietnam's domestic swine market, without any exports to China.

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 focus on lifting milk yields and volumes to mitigate raw milk price fluctuations.

Consumer Food

The Group's Consumer Food segment continued to record operating losses in 3Q2018, given the competitive operating landscape both in Indonesia and Vietnam. Should the high chicken prices persist in Indonesia, it will have an adverse impact on Indonesia's consumer food profits.

In Vietnam, it remains challenging to penetrate the local ambient food sector given the intense competition, especially against a strong market leader, as the Group continues its efforts to establish a foothold in the market. In the near term, the management will monitor the situation closely.

Conclusion

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, I, 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 2018 to be false or misleading in any material respect.

15. Confirmation by the company pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

16. Disclosure pursuant to Rule 704 (17)(c) of the SGX Listing Manual

Incorporation of Singapore subsidiary

The Company's subsidiary, Annona Pte Ltd which performs a group procurement function for certain commodities, has today incorporated a subsidiary, Annona Technical Services Pte Ltd ("ATS"), in Singapore, which will provide certain technical services.

The initial capital paid up capital of ATS is US$1/- and was funded through the Group's internal resources. The incorporation of ATS is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the financial year ending 31 December 2018.

None of the Directors or Controlling Shareholders of the Company has any interest, whether directly or indirectly, in the subject matter of this announcement, save through their shareholdings (if any) in the Company and its subsidiaries.

Update on incorporation of Vaksindo Animal Health Pvt Ltd

The Company had on 30 July 2018 announced that its subsidiary, PT Vaksindo Satwa Nusantara, which is in the business of manufacturing and distributing animal vaccines had commenced incorporation in India of a subsidiary, Vaksindo Animal Health Pvt Ltd ("Vaksindo India"), to carry on a similar business in India.

The Company is pleased to announce that Vaksindo India has been duly incorporated as of 28 August 2018.

By Order of the Board

Tan Yong Nang
Executive Director and
Chief Executive Officer
30 October 2018