

JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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

	Jan - Dec		
	2017	2016	Change
	US$'000	US$'000	%
Revenue	3,189,930	3,032,944	5%
Cost of Sales	(2,615,715)	(2,367,575)	10%
Gross Profit	574,215	665,369	-14%
Marketing and Distribution Costs	(137,297)	(120,669)	14%
Administrative Expenses	(248,272)	(233,282)	6%
Operating Profit	188,646	311,418	-39%
Interest Income	4,087	3,580	14%
Finance Costs	(67,261)	(60,035)	12%
Other Gains	20,424	27,017	-24%
Share of results of Joint Ventures	(134)	(367)	-63%
Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets	**145,762**	**281,613**	-48%
Foreign Exchange Adjustments Gain/(Loss)	5,138	(8,284)	n/m
Loss from Changes in Fair Value of Biological Assets	(22,124)	(18,703)	18%
Profit Before Tax from Continuing Operations	128,776	254,626	-49%
Income Tax Expense	(51,280)	(56,905)	-10%
Profit from Continuing Operations, Net of Tax	77,496	197,721	-61%
Profit Attributable to Owners of the Parent, Net of Tax*	**22,580**	**118,784**	-81%
Profit Attributable to Non-Controlling Interests, Net of Tax	54,916	78,937	-30%
Profit, Net of Tax	77,496	197,721	-61%

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	15,700	130,226	-88%

* 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 and the gain on disposal of asset held for sale).

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	306,622	423,307	-28%

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 :

	Jan - Dec		
	2017	2016	Change
	US$'000	US$'000	%
Finance Costs	(67,261)	(60,035)	12%
Foreign Exchange Adjustments Gain/(Loss)	5,138	(8,284)	n/m
Depreciation of Property, Plant and Equipment and Investment Properties	(95,827)	(83,270)	15%
Amortisation of Intangible Assets	(1,859)	(1,496)	24%
Interest Income	4,087	3,580	14%
Loss from Changes in Fair Value of Biological Assets	(22,124)	(18,703)	18%
Loss from Changes in Fair Value of Financial Assets	-	(473)	-100%
Gain on Disposal of Property, Plant and Equipment and Investment Properties	1,553	2,915	-47%

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

	Jan - Dec		
	2017	2016	Change
	US$'000	US$'000	%
Profit from Continuing Operations, Net of Tax	77,496	197,721	-61%
Other Comprehensive Income/(Loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement of the Net Defined Benefits Plan, Net of Tax	(10,230)	(5,589)	83%
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	16,792	(12,068)	n/m
Share of Other Comprehensive Income of Joint Ventures	(4)	(4)	0%
Other Comprehensive Income/(Loss) for the Year, Net of Tax	6,558	(17,661)	n/m
Total Comprehensive Income	84,054	180,060	-53%
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	28,552	107,162	-73%
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	55,502	72,898	-24%
Total Comprehensive Income	84,054	180,060	-53%

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 31/12/2017 US$'000	As at 31/12/2016 US$'000	As at 31/12/2017 US$'000	As at 31/12/2016 US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1,010,925	897,809	346	555
Investment Properties	5,497	10,568	-	-
Intangible Assets	10,382	8,384	-	-
Biological Assets	351,343	299,552	-	-
Investments in Subsidiaries	-	-	1,280,033	947,206
Investment in Joint Ventures	6,070	3,825	-	-
Deferred Tax Assets	24,037	15,714	-	-
Other Receivables	14,595	1,797	-	-
Other Financial Assets	19,289	11,164	-	2,948
Other Assets	64,996	15,530	-	-
Total Non-Current Assets	1,507,134	1,264,343	1,280,379	950,709
Current Assets				
Inventories	670,634	611,907	-	-
Biological Assets	76,227	63,597	-	-
Trade and Other Receivables	179,015	161,428	13,068	41,495
Other Financial Assets	601	791	601	546
Other Assets	74,613	86,965	1,576	59
Cash and Cash Equivalents	234,867	336,153	5,608	10,166
Total Current Assets	1,235,957	1,260,841	20,853	52,266
Total Assets	2,743,091	2,525,184	1,301,232	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	406,375	408,167	87,350	60,199
Other Reserves	(481,063)	(374,504)	21	3,138
Translation Reserve	(167,840)	(179,614)	-	-
Equity Attributable to Owners of the Parent	693,555	791,663	1,023,454	1,000,951
Non-Controlling Interests	329,236	467,505	-	-
Put Option Reserve	-	(169,979)	-	-
Total Equity	1,022,791	1,089,189	1,023,454	1,000,951
Non-Current Liabilities				
Put Option Financial Liabilities	-	169,979	-	-
Provisions	105,880	89,525	-	-
Deferred Tax Liabilities	3,586	3,817	-	-
Other Payables	901	2,107	-	-
Loans and Borrowings	626,513	520,093	-	-
Other Financial Liabilities	8,514	-	-	-
Other Liabilities	3,913	3,208	-	-
Total Non-Current Liabilities	749,307	788,729	-	-
Current Liabilities				
Income Tax Payable	19,691	16,812	-	-
Trade and Other Payables	623,016	301,507	265,778	2,024
Loans and Borrowings	317,691	319,715	12,000	-
Other Financial Liabilities	1,499	274	-	-
Other Liabilities	9,096	8,958	-	-
Total Current Liabilities	970,993	647,266	277,778	2,024
Total Liabilities	1,720,300	1,435,995	277,778	2,024
Total Equity and Liabilities	2,743,091	2,525,184	1,301,232	1,002,975

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

	As at 31/12/2017 US$'000	As at 31/12/2016 US$'000
Amount due within one year		
Secured	317,691	208,075
Unsecured	-	111,640
Total	317,691	319,715
Amount due more than one year		
Secured	237,415	251,507
Unsecured	389,098	268,586
Total	626,513	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 the Company and its 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 - Dec	
	2017	2016
	US$'000	US$'000
Cash Flows From Operating Activities		
Profit Before Tax	128,776	254,626
Adjustment for:		
Amortisation of Intangible Assets	1,859	1,496
Amortisation of Land Use Rights	284	238
Depreciation of Property, Plant and Equipment and Investment Properties	95,827	83,270
Fair Value Loss on Biological Assets	22,124	18,703
Gain on Disposal of Other Financial Assets	-	(149)
Fair Value Loss on Derivative Financial Instruments	3,557	278
Fair Value Loss on Financial Assets	-	473
Gain on Disposal of Property, Plant and Equipment and Investment Properties	(1,553)	(2,915)
Fair value Gain on Call Option Assets	(19,907)	(2,948)
Gain on Buyback of Bonds Payable	-	(589)
Increase in Provision for Retirement Benefits	16,001	10,500
Interest Income	(4,087)	(3,580)
Interest Expense	67,261	60,035
Share Options Granted by Subsidiary	416	491
Value of Employee Services received pursuant to Performance Share Plan	111	3,138
Value of Employee Services received pursuant to Performance Share Plan by Subsidiary	350	-
Share of Loss from Equity-Accounted Joint Ventures	134	367
Write-off of Property, Plant and Equipment	299	699
Net Effect of Exchange Rate Changes	(4,754)	8,101
Operating Cash Flows before Changes in Working Capital	306,698	432,234
Inventories	(58,727)	(2,470)
Biological Assets	(44,502)	(27,026)
Trade and Other Receivables	(30,385)	(30,495)
Other Assets	(8,095)	(1,306)
Trade and Other Payables	67,049	36,228
Provisions	(12,231)	(5,123)
Other Liabilities	843	1,673
Net Cash Flows From Operations	220,650	403,715
Income Taxes Paid	(80,176)	(40,773)
Net Cash Flows From Operating Activities	140,474	362,942
Cash Flows Used in Investing Activities		
Purchase of Property, Plant and Equipment	(211,627)	(168,421)
Purchase of Intangible Assets	(3,163)	(1,121)
Purchase of Land Use Rights	(2,873)	(4,900)
Purchase of Other Financial Assets	(5,031)	(3,200)
Purchase of Biological Assets	(26,629)	(26,726)
Proceeds from Disposal of Property, Plant and Equipment	2,600	22,524
Proceeds from Disposal of Investment Properties	8,105	511
Proceeds from Disposal of Investment in Other Financial Assets	-	3,222
Additional Investment in Joint Ventures	(2,297)	(666)
Interest Income Received	4,087	3,580
Net Cash Flows Used in Investing Activities	(236,828)	(175,197)

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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 - Dec	
	2017	2016
	US$'000	US$'000
Cash Flows (Used in)/From Financing Activities		
Increase/(Decrease) in Working Capital Loans	95,524	(74,331)
Cash Restricted in Use	671	2,099
Purchase of Treasury Shares by the Company	(4,759)	-
Purchase of Treasury Shares by Subsidiary	(462)	-
Buy Back of Bonds Payable	-	(5,323)
Repayment of Bonds Payable	(314,775)	-
Net Proceeds from Issue of bonds	320,012	73,709
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	-	(4,634)
Transaction Cost Paid for Acquisition of Non-Controlling Interests	(513)	-
Dividend Paid to Equity Holders of the Company	(12,533)	(6,464)
Dividends Paid by Subsidiary to Non-Controlling Interests	(24,689)	(11,055)
Interest Expense Paid	(67,261)	(60,035)
Net Cash Flows (Used in)/From Financing Activities	(1,178)	2,982
Net (Decrease)/Increase in Cash and Cash Equivalents	(97,532)	190,727
Effect of exchange rate changes on cash and cash equivalents	(3,083)	(410)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	331,086	140,769
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	230,471	331,086

Notes:

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

	2017	2016
	US$'000	US$'000
Cash and Bank Balances	234,867	336,153
Less: Bank Deposit Pledged	(4,396)	(5,067)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	230,471	331,086

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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 Year	84,054	28,552	-	-	16,778	-	11,774	55,502	-
Issue of New Shares by Subsidiary to Non-Controlling Interests									
Without a Change in Control	7,607	-	-	-	-	-	-	7,607	-
Acquisition of Non-Controlling Interests Without Change in Control	(286,472)	(109,895)	-	-	-	(109,895)	-	(176,577)	-
Grant of Share Options by Subsidiary	416	416	-	-	-	416	-	-	-
Reversal in Present Value of the Put Option Financial Liabilities	169,979	-	-	-	-	-	-	-	169,979
Purchase of Treasury Shares by the Company	(4,759)	(4,759)	-	(4,759)	-	-	-	-	-
Purchase of Treasury Shares by Subsidiary	(462)	-	-	-	-	-	-	(462)	-
Value of Employee Services Received Pursuant to Performance Share Plan	111	111	-	-	-	111	-	-	-
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	(24,689)	-	-	-	-	-	-	(24,689)	-
Transfer to Statutory Reserve	-	-	-	-	(6,037)	6,037	-	-	-
Balance at 31 December 2017	1,022,791	693,555	940,842	(4,759)	406,375	(481,063)	(167,840)	329,236	-
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 Year	180,060	107,162	-	-	115,000	-	(7,838)	72,898	-
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	(4,634)	(1,745)	-	-	-	(1,745)	-	(2,889)	-
Grant of Share Options by Subsidiary	491	491	-	-	-	491	-	-	-
Changes in Present Value of the Put Option Financial Liabilities	10,967	-	-	-	-	-	-	-	10,967
Value of Employee Services Received Pursuant to Performance Share Plan	3,138	3,138	-	-	-	3,138	-	-	-
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)	-
Transfer to Statutory Reserve	-	-	-	-	(1,391)	1,391	-	-	-
Balance at 31 December 2016	1,089,189	791,663	937,614	-	408,167	(374,504)	(179,614)	467,505	(169,979)

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 Year	39,684	-	-	39,684	-
Purchase of Treasury Shares by the Company	(4,759)	-	(4,759)	-	-
Value of Employee Services Received Pursuant to Performance Share Plan	111	-	-	-	111
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 31 December 2017	1,023,454	940,842	(4,759)	87,350	21
Balance at 1 January 2016	963,707	937,614	-	26,093	-
Movements in Equity:					
Total Comprehensive Income for the Year	40,570	-	-	40,570	-
Value of Employee Services Received Pursuant to Performance Share Plan	3,138	-	-		3,138
Dividend Paid to Equity Holders of the Company	(6,464)	-	-	(6,464)	-
Balance at 31 December 2016	1,000,951	937,614	-	60,199	3,138

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	
	4th Quarter to 31/12/2017	4th Quarter to 31/12/2016
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	11,114,100	-
Purchase of treasury shares	-	-
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 31/12/2017	As at 31/12/2016
Total number of issued shares excluding treasury 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.

	2017 US Cents	2016 US Cents
Earnings per share for the year		
(a) Based on weighted average number of ordinary shares in issue	1.28	6.73
(b) Based on a fully diluted basis	1.28	6.73
Weighted Average Number of Ordinary Shares	1,768,740,778	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 31/12/2017	As at 31/12/2016	As at 31/12/2017	As at 31/12/2016
Net asset value per ordinary share				
- in US$	0.39	0.45	0.58	0.57
- in S$	0.53	0.65	0.78	0.82

Net assets value per ordinary share is based on the total number of issued shares excluding treasury shares of the Company at the end of the financial year.

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

FY 2017 vs FY 2016

Revenue

	FY2017	FY2016	Variance
	US$'000	US$'000	US$'000
Animal Protein Indonesia	2,167,096	1,986,595	180,501
Animal Protein Other	475,359	562,045	(86,686)
Dairy	345,235	282,529	62,706
Consumer Food	200,641	198,677	1,964
Others	1,599	3,098	(1,499)
Total	3,189,930	3,032,944	156,986

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 low swine price environment in Vietnam.

Operating profit

	FY2017	FY2016	Variance
	US$'000	US$'000	US$'000
Animal Protein Indonesia	157,077	216,665	(59,588)
Animal Protein Other	(26,900)	42,484	(69,384)
Dairy	66,959	51,389	15,570
Consumer Food	(15,957)	2,970	(18,927)
Others	7,467	(2,090)	9,557
Total	188,646	311,418	(122,772)

Animal Protein Indonesia segment recorded lower operating profit in FY2017 as compared to FY2016 mainly due to the exceptionally high poultry feed operating margin in FY2016, given the particular market circumstances during the year. In FY2017, the poultry feed business continued to generate healthy profits despite the high domestic corn price environment in Indonesia. The drop in average selling prices of day-old-chicks also contributed to the decline in Animal Protein Indonesia segment's operating profit. Animal Protein Other's swine fattening business in Vietnam continued to incur operating losses as swine prices remained below costs throughout FY2017. Dairy segment continued to deliver strong performance from higher sales volume and milk yields. Consumer Food segment recorded an operating loss in FY2017 due to heightened competition in the ambient food sector in Indonesia.

The "Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets" was US$145.8 million in FY2017 as compared to US$281.6 million in FY2016.

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$22.1 million in FY2017 as compared to US$18.7 million in FY2016. The loss from changes in fair value of biological assets in FY2017 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$77.5m in FY2017 as compared to US$197.7m in FY2016. The profit attributable to owners of the parent was US$22.6 million in FY2017 and US$118.8 million in FY2016.

Review of Financial Position

The Group's total assets as at 31 December 2017 increased by US$217.9 million from US$2,525.2 million to US$2,743.1 million primarily due to increase in property, plant and equipment and biological assets.

The Group's total liabilities as at 31 December 2017 increased by US$284.3 million from US$1,436.0 million to US$1,720.3 million primarily due to increase in other payables. The other payables as at 31 December 2017 include a purchase consideration payable of US$263.1 million relating to the acquisition of remaining interest in Dairy Business (AustAsia Investment Holdings Pte Ltd and AIH2 Pte Ltd).

In December 2017, the Group entered into a share purchase agreement to acquire the remaining shares in AustAsia Investment Holdings Pte Ltd ("AIH") and AIH2 Pte Ltd ("AIH2") from Black River Funds with the aggregate consideration of US$263.1 million. Following this transaction, the Group recorded a capital reserve of US$109.9 million as a result of an increase in its ownership in AIH and AIH2 from 61.87% and 64.45% to 100% respectively.

Review of Group Cash Flow

Net cash flows from operating activities were US$140.5 million in FY2017, which mainly arose from operating cash flows before changes in working capital of US$306.7 million, changes in working capital of US$86.0 million and income tax paid of US$80.2 million.

Net cash flows used in investing activities were US$236.8 million in FY2017 mainly represented by the purchase of property, plant and equipment of US$211.6 million.

Net cash flows used in financing activities were US$1.2 million in FY2017 mainly arose from repayment of bonds payable of US$314.8 million, interest paid of US$67.3 million, dividend paid of US$37.2 million and partially offset by the increase in working capital loans of US$95.5 million and net proceeds from issue of bonds of US$320.0 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 year ended 31 December 2017 ("FY2017"), the Group recorded higher revenue but lower profits mainly due to (i) Animal Protein Other's losses in Vietnam as average selling prices ("ASPs") of swine remained at levels below cost; and (ii) PT Japfa Tbk's lower poultry feed margins as compared to FY2016 which recorded exceptionally high feed margins.

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. The industry may also be impacted by fluctuations in raw material costs and selling prices, which are determined by market demand and supply. In addition, 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 for its four business segments – PT Japfa Tbk, Animal Protein Other, Dairy and Consumer Food – 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.

<u>PT Japfa Comfeed Indonesia Tbk ("PT Japfa")</u>

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, chicken consumption may be affected by factors such as any volatility in the Indonesian Rupiah.

In the second quarter of 2016, Indonesia's Business Competition Supervisory Commission ("KPPU") ruled that 32 cattle companies (including two subsidiaries of PT Japfa), a principal subsidiary of the Company listed on Bursa Efek Indonesia (IDX)) violated the law relating to cartel and production arrangements and all 32 cattle companies were fined. The aggregate fine applicable to the two subsidiaries of PT Japfa Comfeed Indonesia 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 KKPU decision. The Group appealed to the Indonesian Supreme Court against the decision of the Central Jakarta District Court on 14 August 2017. Pending the decision of the Supreme Court on this appeal, KPPU's decision does not yet have permanent legal force and the said fines are not yet payable.

In the fourth quarter of 2016, KPPU also ruled that PT Japfa and 11 poultry companies violated the law relating to cartel by collectively agreeing to cull 6 million parent-stock and all 11 poultry companies were fined for this violation. The fine applicable to PT Japfa 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. However, in December 2017, KPPU appealed to the Supreme Court against the West Jakarta District Court decision. Until the issuance of the Supreme Court decision on such further appeal, the KPPU's decision does not have permanent legal force and the applicable fines are not yet payable.

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)

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.

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 were at levels below cost throughout FY2017, and the low swine price environment had resulted in Vietnam recording a loss. Due to the life cycle of swine, the effect of a market demand and supply readjustment will take time. If China does not adjust its policy and the market readjustment in Vietnam is not effective, it will continue to 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 focus on lifting milk yields and volumes to mitigate raw milk price fluctuations.

Consumer Food

The demand for the Group's frozen and ambient food products and "Real Good" brand of UHT products is dependent on the purchasing power in Indonesia and Vietnam, and the level of market competition. Heightened competition in these markets have negatively impacted 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

Final dividend
In relation to the financial year ended 31 December 2017, the Board of Directors has proposed a final dividend of 0.50 Singapore cents per ordinary share (tax exempt one-tier).

(b) Corresponding Period of the Immediately Preceding Financial Year

Final dividend
In relation to the financial year ended 31 December 2016, the Board of Directors has proposed a final dividend of 1.0 Singapore cents per ordinary share (tax exempt one-tier).

(c) Date Payable
The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be announced at a later date.

(d) Books Closure Date
The books closure date will be announced at a later date.

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. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Twelve Months Ended 31 December 2017

	Animal Protein Indonesia US$'000	Animal Protein Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Consumer Food US$'000	Others US$'000	Group US$'000
Revenue by Segment							
External revenue	2,167,096	475,359	2,642,455	345,235	200,641	1,599	3,189,930
Inter-segment revenue	38,847	-	38,847	2,043	684	(41,574)	-
Total revenue	2,205,943	475,359	2,681,302	347,278	201,325	(39,975)	3,189,930
Segment results	217,079	(22,733)	194,346	75,110	(7,689)	28,003	289,770
Interest income	2,573	1,016	3,589	355	6	137	4,087
Finance costs	(37,792)	(6,217)	(44,009)	(15,959)	(5,749)	(1,544)	(67,261)
Depreciation	(55,562)	(9,139)	(64,701)	(23,951)	(6,925)	(250)	(95,827)
Amortisation	(1,149)	(77)	(1,226)	(343)	(290)	-	(1,859)
Share of results of joint venture	-	17	17	-	(151)	-	(134)
Profit/(Loss) before tax	125,149	(37,133)	88,016	35,212	(20,798)	26,346	128,776
Income tax expense	(47,146)	(320)	(47,466)	(1,529)	849	(3,134)	(51,280)
Profit/(Loss) after tax	78,003	(37,453)	40,550	33,683	(19,949)	23,212	77,496

Twelve Months Ended 31 December 2016

	Animal Protein Indonesia US$'000	Animal Protein Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Consumer Food US$'000	Others US$'000	Group US$'000
Revenue by Segment							
External revenue	1,986,595	562,045	2,548,640	282,529	198,677	3,098	3,032,944
Inter-segment revenue	42,004	-	42,004	2,322	1,325	(45,651)	-
Total revenue	2,028,599	562,045	2,590,644	284,851	200,002	(42,553)	3,032,944
Segment results	289,875	50,344	340,219	46,260	8,772	964	396,215
Interest income	1,972	1,255	3,227	247	19	86	3,579
Finance costs	(38,295)	(3,977)	(42,272)	(9,589)	(6,140)	(2,034)	(60,035)
Depreciation	(49,557)	(7,475)	(57,032)	(19,527)	(6,413)	(298)	(83,270)
Amortisation	(915)	(75)	(990)	(278)	(228)	-	(1,496)
Share of results of joint venture	-	(86)	(86)	-	(281)	-	(367)
Profit/(Loss) before tax	203,080	39,986	243,066	17,113	(4,271)	(1,282)	254,626
Income tax expense	(48,997)	(2,766)	(51,763)	(2,063)	(1,692)	(1,387)	(56,905)
Profit/(Loss) after tax	154,083	37,220	191,303	15,050	(5,963)	(2,669)	197,721

Note:
Others includes corporate office, central purchasing office and consolidation adjustments which are not directly attributable to a particular business segment above.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to notes 8 and 14.

16. A breakdown of sales

		GROUP		
		2017 US$'000	2016 US$'000	Change %
(a)	Sales reported for the first half year	1,526,372	1,499,714	2%
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	25,433	106,698	-76%
(c)	Sales reported for second half year	1,663,558	1,533,230	9%
(d)	Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	52,063	91,023	-43%

n/m : not meaningful

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	2017 US$'000	2016 US$'000
Ordinary, first and final	-	12,533

18. Disclosures pursuant to Chapter 7 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual").

(A) Pursuant to Rule 704(10) of the Listing Manual, the persons occupying a managerial position in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company are as follows:

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Renaldo Santosa	27	Son of Executive Director and Deputy Chairman Handojo Santosa Nephew of Non-Executive Director, Mr Hendrick Kolonas. Renaldo is also a deemed Substantial Shareholder of the Company by virtue of his being a beneficiary of the Scuderia Trust.	Head of Business Development & Strategy Position held since 1 March 2017 Duties: Reports to Executive Deputy Chairman and Chief Executive Officer to: - Investigate, identify and propose potential market segments and opportunities. - Develop and propose new business, partnerships, strategies, and models aligned to the Company's strategy to expand and grow the business where possible. - Develop negotiating strategies and positions to ensure alignment with company strategies and operations. - Assessment of business deals by analysing market strategies, deal requirements, potential and financials. - Identify appropriate technologies/ trends to improve business. - Review existing operations and operational procedures to achieve greater efficiencies and effectiveness. - Manage strategic projects and initiatives.	Renaldo was promoted from Business Development Manager to Head of Business Development & Strategy on 1 March 2017. Duties before promotion: - Locating or proposing potential business opportunities; discovering and exploring new growth areas. - Expanding our network and partnerships in the Agri-food space. - Explore new venture potential in both new growth areas and existing operations. - Focus resources to support technological efficiencies and innovation in current operational processes.

18. Disclosures pursuant to Chapter 7 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual"). (Cont'd)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Gabriella Santosa	25	Daughter of Executive Director and Deputy Chairman Handojo Santosa Niece of Non-Executive Director, Mr Hendrick Kolonas. Gabriella is also a deemed Substantial Shareholder of the Company by virtue of her being a beneficiary of the Scuderia Trust.	Business Development Manager Position held since 1 March 2017 Duties: - Expand our network and partnerships mainly in animal health and technology. - Explore new venture potential in both new growth areas and existing operations. - Focus resources to support technological efficiencies and innovation in current operational process. - Manage deal pipeline of new business opportunities. - Understand new markets for the Group to consider expansion.	Gabriella was promoted from Business Development Executive Duties to Business Development Manager on 1 March 2017 Duties before promotion: - Evaluate business opportunities beyond the existing scope - Develop and maintain potential partnerships in agri-food space - Understand new markets for the Group to consider expansion - Manage deal pipelines of new business opportunities

B. Pursuant to Rule 704(10) of the Listing Manual, the Company wishes to announce that as of 1 March 2018, Gabriella Santosa, daughter of Handojo Santosa, Executive Deputy Chairman of the Company has been promoted by one staff grade. There is no change to her job title or duties.

C. Pursuant to Rule 704(29) of the Listing Manual the Company wishes to announce the following details of the grant of share awards ("Share Awards") under the Japfa Ltd Performance Share Plan:

(a)	Date of grant	1 March 2018
(b)	Number of shares which are the subject of the Share Awards	73,800 ordinary shares
(c)	Market price of shares on the date of grant	S$ 0.47
(d)	Number of shares which are the subject of the Share Awards granted to eligible participants are as follows: Employees of the Company and its subsidiaries	 73,800 ordinary shares
	Directors of the Company	Nil
	Controlling Shareholders (and their associates) of the Company	Nil

In fulfilment of the Share Awards, the Company will on or about 12 March 2018, transfer 73,800 treasury shares ("Treasury Shares") to the relevant Employees in accordance with the terms of the Japfa Ltd Performance Share Plan.

A separate announcement of the Notice of Transfer of Treasury Shares will be released at such time.

18. Disclosures pursuant to Chapter 7 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual"). (Cont'd)

D. Pursuant to Rule 704(29) of the Listing Manual the Company wishes to announce that the number of conditional share awards granted under Japfa Ltd Performance Share Plan (previously announced on 21 December 2017) has been reduced from 21,650,000 ordinary shares to 21,275,000 ordinary shares.

19. 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.

By Order of the Board
Japfa Ltd

Tan Yong Nang
Executive Director and
Chief Executive Officer
1 March 2018