JAPFA LTD.
(Company Registration Number: 200819599W)
(Incorporated in Singapore)

CHANGE IN BASIS OF PRESENTATION OF THE FAIR VALUE GAIN ON EXERCISE OF RIGHT TO PURCHASE SHARES IN AUSTASIA INVESTMENT HOLDINGS PTE LTD ("AIH") PURSUANT TO DEEDS OF UNDERTAKING

The board of directors (the "**Board**") of Japfa Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement made by the Company on 1 March 2018 in relation the Group's unaudited financial statements for the financial year ended 31 December 2017 ("**Unaudited FY2017 Results**").

As announced by the Company on 21 December 2017, the Company had on that day entered into a Sale & Purchase Agreement ("**SPA**") with Black River Capital Partners Fund (Food) LP and Black River CPF (Food AustAsia Co-Investment) LP (collectively the "**BR Funds**"), inter alia, to acquire all outstanding shares in AIH (a principal subsidiary of the Company) held by the BR Funds. As this amounted to a Realisation Event under the Deeds of Undertaking ("**Undertakings**") entered into between the Company and the BR Funds (as more particularly disclosed in the Company's Prospectus dated 7 August 2014 and in its annual reports for FY2015 and FY2016), the SPA included the Company's exercise of its right under the Undertakings to acquire certain AIH shares ("**Undertaking Shares**") held by the BR Funds at their cost.

The Group had recognised in its unaudited results for the financial year ended 31 December 2017 a US$21.3 million gain on the exercise of its right to acquire the said Undertaking Shares. As the accounting treatment of this transaction was complex, it had been discussed in detail with the Company's auditors prior to the finalization and issuance of the Group's Unaudited FY2017 Results which was announced on 1 March 2018.

However, the Company was subsequently advised by its auditors that the recognition of the gain in the Group's profit and loss accounts should be recorded in equity as a consequence of the election under the Undertakings made by the Company in November 2016, to receive its payment under the Undertakings on a Realisation Event in the form of the right to acquire the Undertaking Shares at cost. Following discussions with the Company's auditors, the Board has deliberated on the advice given by the Company's auditors and decided for prudence to adopt the same.

The reclassification of US$21.3 million from the profit and loss statement into equity does not impact the Group's total equity, the cash flow position nor the Core PATMI w/o Forex[1].

[1] We derive "**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 owners of the parent.

"**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 in PT Japfa Tbk and USD loans in Dairy, which have no tax implication.

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, particulars of the variance between the Unaudited FY2017 Results and the Audited FY2017 Results are set out in the table below. As set out in the consolidated balance sheet of the Group for the Audited FY2017 Results, the Accounting Adjustment does not have an impact on the total assets and total equity and liabilities of the Group. In addition, the Accounting Adjustment does not affect the cash flows for the Group.

Consolidated Income Statement

	Unaudited FY2017 Results US$'000	**Audited FY2017 Results US$'000**	**Difference US$'000**
Revenue	3,189,930	3,189,930	-
Cost of Sales	(2,615,715)	(2,615,715)	-
Gross Profit	574,215	574,215	-
Marketing and distribution costs	(137,297)	(137,297)	-
Administrative Expenses	(248,272)	(248,272)	-
Operating Profit	188,646	188,646	-
Interest Income	4,087	4,087	-
Finance Costs	(67,261)	(67,261)	-
Other Gains / (Losses)	20,424	(835)	(21,259)
Share of results of Joint Ventures	(134)	(134)	-
Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets	145,762	124,503	-
Foreign Exchange Adjustments Gain / Loss	5,138	5,138	-
Loss from Changes in Fair Value in Biological Assets	(22,124)	(22,124)	-
Profit Before Tax from Continuing Operations	128,776	107,517	(21,259)
Income Tax Expense	(51,280)	(51,280)	
Profit from Continuing Operations, Net of Tax	77,496	56,237	(21,259)
Profit Attributable to Owners of the Parent, Net of Tax	22,580	1,321	(21,259)
Profit Attributable to Non-Controlling Interests, Net of Tax	54,916	54,916	-
Profit, Net of Tax	77,496	56,237	(21,259)
Additional information:			
Core PATMI w/o Forex	15,700	15,700	-

Statement of Comprehensive Income

	Unaudited FY2017 Results US$'000	Audited FY2017 Results US$'000	Difference US$'000
Profit from Continuing Operations, Net of Tax	77,496	56,237	(21,259)
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)	(10,230)	-
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	16,792	16,792	-
Share of Other Comprehensive Income of Joint Ventures	(4)	(4)	-
Other Comprehensive Income / (Loss) for the Year, Net of Tax	6,558	6,558	-
Total Comprehensive Income	84,054	62,795	(21,259)
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	28,552	7,293	(21,259)
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	55,502	55,502	-
Total Comprehensive Income	84,054	62,795	(21,259)

Consolidated Balance Sheet

	Unaudited FY2017 Results US$'000	Audited FY2017 Results US$'000	Difference US$'000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1,010,925	1,010,925	-
Investment Properties	5,497	5,497	-
Intangible Assets	10,382	10,382	-
Biological Assets	351,343	351,343	-
Investment in Joint Ventures	6,070	6,070	-
Deferred Tax Assets	24,037	24,037	-
Other Receivables	14,595	14,595	-
Other Financial Assets	19,289	19,289	-
Other Assets	64,996	64,996	-
Total Non-Current Assets	1,507,134	1,507,134	-
Current Assets			
Inventories	670,634	670,634	-
Biological Assets	76,227	76,227	-
Trade and Other Receivables	179,015	179,015	-
Other Financial Assets	601	601	-
Other Assets	74,613	74,613	-
Cash and Cash Equivalents	234,867	234,867	-
Total Current Assets	1,235,957	1,235,957	-
Total Assets	2,743,091	2,743,091	-

Consolidated Balance Sheet

	Unaudited FY2017 Results US$'000	Audited FY2017 Results US$'000	Difference US$'000
EQUITY AND LIABILITIES			
Equity			
Share Capital	940,842	940,842	-
Treasury Shares	(4,759)	(4,759)	-
Retained Earnings	406,375	385,116	(21,259)
Other Reserves	(481,063)	(459,804)	21,259
Translation Reserve	(167,840)	(167,840)	-
Equity Attributable to Owners of the Parent	693,555	693,555	-
Non-Controlling Interests	329,236	329,236	-
Total Equity	1,022,791	1,022,791	-
Non-Current Liabilities			
Provisions	105,880	105,880	-
Deferred Tax Liabilities	3,586	3,586	-
Other Payables	901	901	-
Loans and Borrowings	626,513	626,513	-
Other Financial Liabilities	8,514	8,514	-
Other Liabilities	3,913	3,913	-
Total Non-Current Liabilities	749,307	749,307	-
Current Liabilities			
Income Tax Payable	19,691	19,691	-
Trade and Other Payables	623,016	623,016	-
Loans and Borrowings	317,691	317,691	-
Other Financial Liabilities	1,499	1,499	-
Other Liabilities	9,096	9,096	-
Total Current Liabilities	970,993	970,993	-
Total Liabilities	1,720,300	1,720,300	-
Total Equity and Liabilities	2,743,091	2,743,091	-

Please refer to the Company's Annual Report 2017 for the Group's Audited FY2017 Results. The Annual Report has been dispatched to shareholders ahead of the Annual General Meeting scheduled for 12 April 2018. A soft copy of the Annual Report has also been released via SGXnet announcement and uploaded onto the Company's website (www.japfa.com).

By Order of the Board

Japfa Ltd
Tan Yong Nang
Executive Director and Chief Executive Officer
Date: 28 March 2018