JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

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	4th Quarter			Jan - Dec		
	2014	2013	Change	2014	2013	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	705,382	639,591	10%	2,947,468	2,697,331	9%
Cost of Sales	(579,541)	(546,540)	6%	(2,441,092)	(2,198,085)	11%
Gross Profit	125,841	93,051	35%	506,376	499,246	1%
Other Items of Income						
Interest Income	50	766	-93%	2,862	2,893	-1%
Gain on Disposal of Asset Held for Sale	-	-	n/m	9,571	-	n/m
Other Credits	1,326	731	81%	4,648	3,450	35%
Other Items of Expense						
Foreign Exchange Adjustments Losses	(4,630)	(6,398)	-28%	(8,103)	(30,123)	-73%
Marketing and Distribution Costs	(26,887)	(24,029)	12%	(106,893)	(95,000)	13%
Administrative Expenses	(52,275)	(52,555)	-1%	(208,028)	(202,474)	3%
Finance Costs	(19,639)	(19,642)	0%	(82,056)	(66,843)	23%
Other Charges	(3,587)	(1,234)	n/m	(4,031)	(2,606)	55%
Share of Loss After Tax of Joint Venture	(443)	-	n/m	(470)	-	n/m
Profit/(Loss) Before Tax and Changes in Fair Value of Biological Assets	**19,756**	**(9,310)**	**n/m**	**113,876**	**108,543**	**5%**
(Loss)/Gain from Changes in Fair Value of Biological Assets	(35,025)	7,726	n/m	(40,177)	6,273	n/m
Profit/(Loss) Before Tax from Continuing Operations	(15,269)	(1,584)	n/m	73,699	114,816	-36%
Income Tax Expense	(1,214)	(620)	96%	(14,512)	(33,390)	-57%
Profit/(Loss) from Continuing Operations, Net of Tax	(16,483)	(2,204)	n/m	59,187	81,426	-27%
Profit/(Loss) Attributable to Owners of the Parent, Net of Tax*	**(13,916)**	**(3,647)**	n/m	**31,228**	**41,785**	-25%
Profit/(Loss) Attributable to Non-Controlling Interests, Net of Tax	(2,567)	1,443	n/m	27,959	39,641	-29%
Profit/(Loss) , Net of Tax	(16,483)	(2,204)	n/m	59,187	81,426	-27%

Additional information:

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

Profit/(Loss) Attributable to Owners of the Parent, Net of Tax, without fair value changes of biological assets, net of tax ("**Core PATMI**")	**10,410**	**(1,538)**	n/m	**57,737**	**42,769**	35%

* We derived Core PATMI from "Profit/(Loss) Attributable to Owners of the Parent, Net of Tax" by excluding changes in fair value of biological assets attributable to owners of the parent (net of tax).

EBITDA	61,117	29,768	n/m	263,940	258,663	2%

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 gains/(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/(Loss) is arrived at after (charging)/ crediting the following :

	4th Quarter			Jan - Dec		
	2014 US$'000	2013 US$'000	Change %	2014 US$'000	2013 US$'000	Change %
Finance Costs	(19,639)	(19,642)	0%	(82,056)	(66,843)	23%
Foreign Exchange Adjustments Losses	(4,630)	(6,398)	-28%	(8,103)	(30,123)	-73%
Depreciation of Property, Plant and Equipment and Investment Properties	(16,693)	(13,163)	27%	(62,210)	(53,463)	16%
Amortisation of Intangible Assets	(237)	(726)	-67%	(911)	(1,297)	-30%
Interest Income	50	766	-93%	2,862	2,893	-1%
Gain/(Loss) from Changes in Fair Value of Biological Assets	(35,025)	7,726	n/m	(40,177)	6,273	n/m
Gain/(Loss) from Changes in Fair Value of Marketable Securities	(212)	85	n/m	354	(1,287)	n/m
Gain/(Loss) on Disposal of Property, Plant and Equipment and Investment Properties	(75)	85	n/m	118	483	-76%
Impairment Loss on Property, Plant and Equipment	-	(380)	n/m	-	(380)	n/m
Gain/(Loss) on Disposal of a Subsidiary	61	(586)	n/m	119	(586)	n/m
Write-off of Property, Plant and Equipment	(258)	(133)	94%	(258)	(133)	94%
Gain on Disposal of Asset Held for Sale	-	-	n/m	9,571	-	n/m

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.

	4th Quarter			Jan - Dec		
	2014 US$'000	2013 US$'000	Change %	2014 US$'000	2013 US$'000	Change %
Profit/(Loss) from Continuing Operations, Net of Tax	(16,483)	(2,204)	n/m	59,187	81,426	-27%
Other Comprehensive Income/(Loss):						
Items that may be reclassified subsequently to profit or loss:						
Remeasurement of the Net Defined Benefits Plan, Net of Tax	3,286	871	n/m	(4,519)	7,157	n/m
Exchange Differences on Translating Foreign Operations, Net of Tax	(11,488)	(24,429)	-53%	(11,382)	(117,244)	-90%
Other Comprehensive Loss for the Period, Net of Tax	(8,202)	(23,558)	-65%	(15,901)	(110,087)	-86%
Total Comprehensive Income/(Loss)	(24,685)	(25,762)	-4%	43,286	(28,661)	n/m
Total Comprehensive Income/(Loss) Attributable to Owners of Parent, Net of Tax	(20,503)	(22,241)	-8%	19,950	(35,265)	n/m
Total Comprehensive Income/(Loss) Attributable to Non-Controlling Interests, Net of Tax	(4,182)	(3,521)	19%	23,336	6,604	n/m
Total Comprehensive Income/(Loss)	(24,685)	(25,762)	-4%	43,286	(28,661)	n/m

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 31/12/2014	As at 31/12/2013	As at 31/12/2014	As at 31/12/2013
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	833,758	652,745	657	850
Investment Properties	2,670	2,275	-	-
Intangible Assets	9,440	10,056	-	-
Biological Assets	260,289	237,878	-	-
Investments in Subsidiaries	-	-	774,726	172,707
Investment in Joint Venture	3,054	-	-	-
Deferred Tax Assets	16,190	15,215	-	-
Other Receivables	367	-	-	-
Other Assets	17,579	9,819	-	-
Total Non-Current Assets	1,143,347	927,988	775,383	173,557
Current Assets				
Inventories	598,118	543,010	-	-
Biological Assets	62,393	48,504	-	-
Trade and Other Receivables	150,616	134,564	148,118	123,507
Other Financial Assets	2,849	2,689	2,831	2,444
Other Assets	83,026	79,610	314	876
Asset Held for Sale	-	2,203	-	-
Cash and Cash Equivalents	286,661	225,036	87,683	22,444
Total Current Assets	1,183,663	1,035,616	238,946	149,271
Total Assets	2,327,010	1,963,604	1,014,329	322,828
EQUITY AND LIABILITIES				
Equity				
Share Capital	937,614	163,377	937,614	163,377
Retained Earnings	238,601	214,852	22,029	35,270
Other Reserves	(398,931)	134,363	-	-
Translation Reserve	(115,416)	(106,795)	-	-
Equity Attributable to Owners of the				
Parent	661,868	405,797	959,643	198,647
Non-Controlling Interests	332,406	291,136	-	-
Total Equity	994,274	696,933	959,643	198,647
Non-Current Liabilities				
Provisions	81,316	67,376	-	-
Deferred Tax Liabilities	7,317	11,663	-	-
Other Financial Liabilities	506,878	468,748	-	-
Other Liabilities	2,408	1,074	-	-
Trade and Other Payables	352	636	-	-
Total Non-Current Liabilities	598,271	549,497	-	-
Current Liabilities				
Income Tax Payable	7,885	8,475	828	395
Trade and Other Payables	233,129	190,168	27,608	2,557
Other Financial Liabilities	485,693	509,277	26,250	121,229
Other Liabilities	7,758	9,254	-	-
Total Current Liabilities	734,465	717,174	54,686	124,181
Total Liabilities	1,332,736	1,266,671	54,686	124,181
Total Equity and Liabilities	2,327,010	1,963,604	1,014,329	322,828

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

	As at 31/12/2014 US$'000	As at 31/12/2013 US$'000
Amount due within one year		
Secured	485,693	456,907
Unsecured	-	52,370
Total	485,693	509,277
Amount due more than one year		
Secured	166,583	129,067
Unsecured	340,295	339,681
Total	506,878	468,748

The secured borrowings are secured by property, plant and equipment, share certificates of certain subsidiaries, receivables, inventories and biological assets.

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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	
	2014	2013
	US$'000	US$'000
Cash Flows From Operating Activities		
Profit Before Tax	73,699	114,816
Adjustment for:		
Amortisation of Intangible Assets	911	1,297
Amortisation of Land Use Rights	25	28
Depreciation of Property, Plant and Equipment and Investment Properties	62,210	53,463
Loss/(Gain) from Changes in Fair Value of Biological Assets	40,177	(6,273)
(Gain)/Loss from Changes in Fair Value of Marketable Securities	(354)	1,287
Gain on Disposal of Property, Plant and Equipment and Investment Properties	(118)	(483)
Gain on Disposal of Asset Held for Sale	(9,571)	-
Increase in Provision for Retirement Benefits	12,658	11,138
Interest Income	(2,862)	(2,893)
Interest Expense	82,056	66,843
Impairment Loss on Property, Plant and Equipment	-	380
(Gain)/Loss on Disposal of a Subsidiary	(119)	586
Net Effect of Exchange Rate Changes	(6,510)	(23,384)
Share Options Granted by Subsidiary	503	274
Share of Loss After Tax of Joint Venture	470	-
Write-off of Property, Plant and Equipment	258	133
Operating Cash Flows before Changes in Working Capital	253,433	217,212
Inventories	(55,114)	(42,494)
Biological Assets	(54,653)	(52,068)
Trade and Other Receivables	(16,419)	(1,004)
Other Assets	5,567	(12,656)
Trade and Other Payables	32,353	52,761
Provisions	(2,461)	(48)
Other Liabilities	(162)	2,677
Net Cash Flows From Operations	162,544	164,380
Income Taxes Paid	(37,825)	(34,840)
Net Cash Flows From Operating Activities	124,719	129,540
Cash Flows From Investing Activities		
Acquisition of Subsidiaries (Net of Cash Acquired)	(51,109)	(1,040)
Purchase of Property, Plant and Equipment	(249,949)	(206,633)
Purchase of Investment Properties	-	(26)
Purchase of Intangible Assets	(1,535)	(1,946)
Purchase of Other Financial Assets	(18)	(82)
Purchase of Biological Assets	(16,829)	(40,456)
Increase in Land Use Rights	-	(47)
Proceeds from Disposal of Property, Plant and Equipment	8,359	2,156
Proceeds from Disposal of Investment Properties	12	-
Proceeds from Disposal of Investment in Other Financial Assets	242	-
Proceeds from Disposal of Asset Held for Sale	11,774	-
Proceeds from Disposal of Subsidiaries, net of cash disposed of	651	-
Addition to Investment in Joint Venture	(3,003)	-
Interest Received	2,862	2,893
Net Cash Flows Used in Investing Activities	(298,543)	(245,181)

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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	
	2014	2013
	US$'000	US$'000
Cash Flows From Financing Activities		
Dividends Paid by Subsidiary to Non-Controlling Interests	(3,692)	(9,087)
Increase/ (Decrease) in Other Financial Liabilities	66,303	(27,719)
Increase in Bonds	-	224,609
Cash Restricted in Use	(1,793)	664
Proceeds from Issue of New Shares	176,321	77,098
Proceeds from Issue of New Shares by Subsidiary to Non-Controlling Interests	35,832	2,766
Acquisition of Non-Controlling Interests Without Change in Control	(19,235)	-
Interest Paid	(82,056)	(66,843)
Issue of New Shares by Combining Entities under Restructuring Exercise	21,976	54,113
Net Movements in Shareholders' Loans	40,000	(71,607)
Net Cash Flows From Financing Activities	233,656	183,994
Net Increase in Cash and Cash Equivalents	59,832	68,353
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	221,360	153,007
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	281,192	221,360

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

	2014	2013
	US$'000	US$'000
Cash and Bank Balances	286,661	225,036
Less: Bank Deposit Pledged	(5,469)	(3,676)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	281,192	221,360

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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$'000	Retained Earnings US$'000	Other Reserves US$'000	Translation Reserve US$'000	Non-Controlling Interests US$'000
Balance at 1 January 2014	696,933	405,797	163,377	214,852	134,363	(106,795)	291,136
Movements in Equity:							
Total Comprehensive Income/(Loss) for the Year	43,286	19,950	-	28,571	-	(8,621)	23,336
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	57,808	21,976	-	-	21,976	-	35,832
Acquisition of Non-Controlling Interests Without Change in Control	(19,235)	(5,029)	-	-	(5,029)	-	(14,206)
Grant of Share Options	503	503	-	-	503	-	
Issue of New Shares	774,237	774,237	774,237	-	-	-	-
Adjustment to Merger Reserves	(555,566)	(555,566)	-	-	(555,566)	-	-
Transfer to Statutory Reserves	-	-	-	(4,822)	4,822	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(3,692)	-	-	-	-	-	(3,692)
Balance at 31 December 2014	994,274	661,868	937,614	238,601	(398,931)	(115,416)	332,406
Balance at 1 January 2013	599,856	329,621	86,279	172,361	96,279	(25,298)	270,235
Movements in Equity:							
Total Comprehensive Income/(Loss) for the Year	(28,661)	(35,265)	-	46,232	-	(81,497)	6,604
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	2,766	-	-	-	-	-	2,766
Disposal of a Subsidiary	574	574	-	-	574	-	-
Transfer to Statutory Reserve	-	-	-	(3,741)	3,741	-	-
Grant of Share Options	274	274	-	-	274	-	-
Issue of New Shares by Subsidiary	54,113	33,495	-	-	33,495	-	20,618
Issue of New Shares	77,098	77,098	77,098	-	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(9,087)	-	-	-	-	-	(9,087)
Balance at 31 December 2013	696,933	405,797	163,377	214,852	134,363	(106,795)	291,136

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$'000	Attributable to Parent Sub-total US$'000	Share Capital US$'000	Retained Earnings US$'000
Balance at 1 January 2014	198,647	198,647	163,377	35,270
Movements in Equity:				
Total Comprehensive Loss for the Year	(13,241)	(13,241)	-	(13,241)
Issue of New Shares	774,237	774,237	774,237	-
Balance at 31 December 2014	959,643	959,643	937,614	22,029
Balance at 1 January 2013	118,453	118,453	86,279	32,174
Movements in Equity:				
Total Comprehensive Income for the Year	3,096	3,096	-	3,096
Issue of New Shares	77,098	77,098	77,098	-
Balance at 31 December 2013	198,647	198,647	163,377	35,270

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 2014	4th Quarter 2013
Issued and fully paid ordinary shares:		
As at beginning of year	1,764,670,391	208,967,552
As at end of year	1,764,670,391	208,967,552

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 31/12/2014	As at 31/12/2013
Number of issued shares	1,764,670,391	208,967,552

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 2013 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 2014, 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.

	4th Quarter		Jan - Dec	
	2014	2013	2014	2013
	US Cents	US Cents	US Cents	US Cents
(Loss)/Earnings per share for the year				
(a) Based on weighted average number of ordinary shares in issue	(0.79)	(0.25)	1.97	2.82
(b) Based on a fully diluted basis	(0.79)	(0.25)	1.97	2.82
Weighted Average Number of Ordinary Shares	1,764,670,391	1,479,470,391	1,585,634,775	1,479,470,391

The weighted average number of shares for 4th Quarter 2013 and 12 months period ended 31 December 2013 is based on 1,479,470,391 shares.

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 31/12/2014	As at 31/12/2013	As at 31/12/2014	As at 31/12/2013
	US$	US$	US$	US$
Net asset value per ordinary share	0.38	0.27	0.54	0.13

The net asset value per share is based on 1,764,670,391 shares as at 31 December 2014 and 1,479,470,391 shares as at 31 December 2013.

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

4Q 2014 vs 4Q 2013

Revenue

	4th Quarter 2014	4th Quarter 2013	Variance
	US$'000	US$'000	US$'000
Animal Protein	598,637	555,303	43,334
Dairy	59,881	37,025	22,856
Consumer Food	46,265	42,785	3,480
Others	599	4,478	(3,879)
Total	705,382	639,591	65,791

The Group revenue increased by US$65.8 million from US$639.6 million in 4Q 2013 to US$705.4 million in 4Q 2014 due to an increase of US$43.3 million from the animal protein segment, US$22.9 million from the dairy segment and US$3.5 million from the consumer food segment, partially offset by a decrease of US$3.9 million from the others segment.

The increase of revenue in the animal protein segment was generally due to volume increases across our operations in Vietnam and India. In addition, our new animal protein operations in Myanmar contributed US$21.5 million in revenue. The increase of revenue of the dairy segment was generally due to volume increases contributed from new farms. The increase of revenue of the consumer segment was generally due to sales volume increase from Real Good Milk products.

The Group gross profit increased by US$32.8 million from US$93.0 million in 4Q 2013 to US$125.8 million in 4Q 2014. This increase in gross profit was generally due to volume increases from animal protein, dairy and consumer food segments.

Foreign exchange adjustments losses were US$4.6 million in 4Q 2014 and US$6.4 million in 4Q 2013. The relatively higher foreign exchange adjustments losses in 4Q 2013 were primarily due to the unrealised exchange losses on the US Dollar-Denominated Senior Notes (Due 2018) caused by the depreciation of Rupiah against the US dollar in the second half of 2013.

Marketing and distribution costs increased by US$2.9 million from US$24.0 million in 4Q 2013 to US$26.9 million in 4Q 2014 in line with the increase in sales in 2014.

The Group recorded a loss after tax of US$16.5 million in 4Q 2014 as compared to US$2.2 million in 4Q 2013. The loss after tax in 4Q 2014 includes a loss from changes in fair value of biological assets. At the end of each financial year, an independent valuation of biological assets is conducted. The result of the independent valuation was a loss from changes in fair value of biological assets of US$35.0 million which was recorded in this quarter. If we exclude the fair value changes of biological assets, the adjusted profit after tax will be US$13.5 million in 4Q 2014 as compared to an adjusted loss after tax of US$8.4 million in 4Q 2013.

The loss attributable to owners of the parent was US$13.9 million in 4Q 2014 and US$3.6 million in 4Q 2013. If we exclude the fair value changes of biological assets, the adjusted profit attributable to owners of the parent ("Core PATMI") will be US$10.4 million in 4Q 2014 as compared to an adjusted loss attributable to owners of the parent of US$1.5 million in 4Q 2013.

FY 2014 vs FY 2013

Revenue

	FY 2014	FY 2013	Variance
	US$'000	US$'000	US$'000
Animal Protein	2,512,694	2.333,962	178,732
Dairy	225,456	122,496	102,960
Consumer Food	200,183	227,597	(27,414)
Others	9,135	13,276	(4,141)
Total	2,947,468	2,697,331	250,137

The Group revenue increased by US$250.2 million from US$2,697.3 million in FY 2013 to US$2,947.5 million in FY 2014 due to an increase of US$178.7 million from the animal protein segment and US$103.0 million from the dairy segment, partially offset by a decrease of US$27.4 million from the consumer food segment and US$4.1 million from the others segment.

The increase of revenue in the animal protein segment was generally due to volume increases across our operations in Indonesia, Vietnam and India. In addition, our new animal protein operations in Myanmar contributed US$78.7 million in revenue. The increase of revenue of the dairy segment was generally due to volume increases contributed from new farms. The decrease in the consumer food segment revenue was mainly due to the ending of the Greenfields distribution and beef trading operations during 2014. If we exclude these operations, there would be an increases in revenue, mainly from increased Frozen and Real Good Milk sales as compared to prior year.

The Group gross profit increased by US$7.2 million from US$499.2 million in FY 2013 to US$506.4 million in FY 2014 due to an increase of US$60.5 million from the dairy segment, partially offset by a decrease of US$6.9 million from the animal protein segment, US$3.3 million from the consumer food segment and US$43.1 million from the others segment.

The increase in gross profit of US$60.5 million in the dairy segment was mainly due to higher volumes of milk sold as we continue to roll out new dairy farms in Shandong, China. The decrease in gross profit of US$6.9 million in the animal protein segment was mainly due to decrease in profitability in the Indonesian operations, partially offset by an increase in profitability from other animal protein operations in Vietnam as well as the contribution from our new business in Myanmar. The decrease in gross profit of US$3.3 million in the consumer food segment was mainly due to the weaker purchasing power of the low income consumer across Indonesia resulting in the downward pressure on the selling prices of our products.

Foreign exchange adjustments losses were US$8.1 million in FY 2014 and US$30.1 million in FY 2013. The relatively higher foreign exchange adjustments losses in FY 2013 were primarily due to the unrealised exchange losses on the US Dollar-Denominated Senior Notes (Due 2018) caused by the depreciation of Rupiah against the US dollar in the second half of 2013.

Marketing and distribution costs increased by US$11.9 million from US$95.0 million in FY 2013 to US$106.9 million in FY 2014 in line with the increase in sales in 2014.

Administrative expenses increased by US$5.5 million from US$202.5 million in FY 2013 to US$208.0 million in FY 2014 primarily due to IPO expenses in 2014 and one-off bank charges of US$1.7 million for the reorganisation of bank facilities in dairy China.

Finance costs increased by US$15.3 million from US$66.8 million in FY 2013 to US$82.1 million in FY 2014. This was primarily due to an increase in borrowings, including the issuance of the US Dollar-Denominated Senior Notes (Due 2018) in May 2013 as compared to full year interest expense in FY 2014. There was also drawdown of the loan facilities in the dairy segment. In addition, there was an overall rise in the Indonesian bank loan interest rates in 2014.

Loss from changes in fair value of biological assets was US$40.2 million in FY 2014 as compared to a gain from changes in fair value of biological assets of US$6.3 million in FY 2013. The loss from changes in fair value of biological assets in FY 2014 are mainly from dairy China and swine Vietnam. The fair value loss of US$20.8 million from dairy China is due to the raw milk price drop at year end, which is used in the valuation of future income flows from the China dairy cattle herd. In Vietnam, immature swine are carefully selected to be classified as productive breeding swine based on a combination of the right age, body weight and physical / genetic qualities. At year end, there was a reassessment of the swine herd on this basis to determine productive swine (subject to valuation) as opposed to fattening and unproductive swine ("immature swine") which are carried at cost. As a result, the fair value loss of US$15.5 million in 2014 for the swine biological assets in Vietnam includes a one-off adjustment of US$16.9 million.

The Group recorded a profit after tax of US$59.2 million in FY 2014 and US$81.4 million in FY 2013. If we exclude the fair value changes of biological assets, the adjusted profit after tax will be US$94.8 million in FY 2014 and US$78.3 million in FY 2013.

The profit attributable to owners of the parent was US$31.2 million in FY 2014 as compared to US$41.8 million in FY 2013. If we exclude the fair value changes of biological assets, the adjusted profit attributable to owners of the parent ("Core PATMI") will be US$57.7 million in FY 2014 as compared to US$42.8 million in FY 2013.

Review of financial position

The Group's non-current assets as at 31 December 2014 increased by US$215.3 million from US$928.0 million to US$1,143.3 million primarily due to increase of US$181.0 million in property, plant and equipment and US$22.4 million in biological assets. The increase in property, plant and equipment mainly due to spending on infrastructure, purchase of buildings, machinery, equipment and land rights for our animal protein segment in Indonesia and construction of dairy farms 4 and 5 in China. The increase in biological assets is mainly due to increase in number of the dairy cows in China.

The Group's current assets as at 31 December 2014 increased by US$148.1 million from US$1,035.6 million to US$1,183.7 million primarily due to increase of US$55.1 million in inventories and US$61.6 million in cash and cash equivalents. The increase in inventories is mainly due to quantities of raw material purchased and increase in cash and cash equivalents is mainly from IPO proceeds.

The Group's non-current liabilities as at 31 December 2014 increased by US$48.8 million from US$549.5 million to US$598.3 million primarily due to increase of US$103.1 million in other financial liabilities. The increase in other financial liabilities is mainly due to increase in bank borrowings to finance the capital expenditure of the consumer food segment in Indonesia and the dairy segment in China.

The Group's current liabilities as at 31 December 2014 increased by US$17.3 million from US$717.2 million to US$734.5 million mainly due to conversion of shareholders' loan to equity of US$92.1 million, partially offset by increase of US$43.0 million in trade and other payables. The increase in trade and other payables is in line with the growth of business.

The conversion of shareholders' loan was conducted during the pre-IPO reorganization. In addition, there was an issue of new shares for the acquisition of AustAsia Investment Holdings Pte Ltd and the new shares issued from the IPO. This resulted in the increase in Group's share capital from US$163.4 million to US$937.6 million.

The decrease in Group's other reserves of US$134.4 million in FY 2013 to negative reserves of US$398.9 million in FY 2014 was due to the negative merger reserves arising from the excess of purchase consideration over the net assets acquired during the pre-IPO reorganisation.

Review of Group Cash Flow

The operating cash flows before changes in working capital was US$253.4 million in FY 2014, compared to US$217.2 million in FY 2013. Net cash flows from operating activities was US$124.7 million in FY 2014, compared to US$129.5 million in FY 2013, mainly due to higher operating cash flows, which were partially offset by working capital changes.

Net cash flows used in investing activities was US$298.5 million in FY 2014, compared to US$245.2 million in FY 2013. During the year, the Group made additions to property, plant and equipment of US$249.9 million, compared to US$206.6 million previously.
Net cash flows from financing activities was US$233.7 million in FY 2014, compared to US$184.0 million in FY 2013. This was mainly due to proceeds from IPO of US$176.3 million and net increase in bank borrowings for the Group of US$66.3 million in FY 2014 as compared to net repayment of bank borrowings of US$27.7 million offset by the proceeds of the US Dollar-Denominated Senior Notes (Due 2018) of US$224.6 million in FY 2013.

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.

Challenges for the Group are expected to persist in certain markets, including weak consumer demand and oversupply of day-old chicks in Indonesia. Milk prices in China have also come off their peak of the first half of 2014.

To mitigate some of these challenges, the Group has scaled back on day-old chick production and capital expenditure in Indonesia, while continuing to focus on improving operational efficiency and profitability. In China, the Group has entered into long-term milk contracts for a substantial part of its production.

With its 40-year experience in the animal protein business, the Group has gone through numerous business cycles. The Group is therefore confident of its integrated business model and growth strategy to diversify and replicate its success across multiple protein segments and countries.

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. 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 2014

	Animal Protein	Dairy	Consumer Food	Others	Group
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue by Segment					
Total revenue by segment	2,512,694	225,456	200,183	9,135	2,947,468
Total revenue	2,512,694	225,456	200,183	9,135	2,947,468
Segment results	165,689	48,642	10,351	(8,198)	216,484
Interest income	1,736	214	832	80	2,862
Finance costs	(63,354)	(7,345)	(5,877)	(5,480)	(82,056)
Depreciation	(47,291)	(9,639)	(5,008)	(272)	(62,210)
Amortisation	(109)	(248)	(79)	(475)	(911)
Share of results of joint venture	(90)	-	(380)	-	(470)
Profit/(Loss) before tax	56,581	31,624	(161)	(14,345)	73,699
Income tax expense	(9,750)	405	(3,941)	(1,226)	(14,512)
Profit/(Loss) after tax	46,831	32,029	(4,102)	(15,571)	59,187

Twelve Months Ended 31 December 2013

	Animal Protein	Dairy	Consumer Food	Others	Group
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue by Segment					
Total revenue by segment	2,333,961	122,496	227,599	13,275	2,697,331
Total revenue	2,333,961	122,496	227,599	13,275	2,697,331
Segment results	177,287	39,316	11,238	5,685	233,526
Interest income	2,203	-	638	52	2,893
Finance costs	(56,042)	(5,218)	(2,573)	(3,010)	(66,843)
Depreciation	(41,690)	(6,691)	(4,815)	(267)	(53,463)
Amortisation	(576)	(129)	(59)	(533)	(1,297)
Profit before tax	81,182	27,278	4,429	1,927	114,816
Income tax expense	(27,275)	(1,142)	(2,599)	(2,374)	(33,390)
Profit/(Loss) after tax	53,907	26,136	1,830	(447)	81,426

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		
		2014 US$'000	2013 US$'000	Change %
(a)	Sales reported for the first half year	1,457,422	1,377,899	6%
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	61,028	57,785	6%
(c)	Sales reported for second half year	1,490,046	1,319,432	13%
(d)	Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	(1,841)	23,641	n/m

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:

	2014 US$'000	2013 US$'000
Ordinary, first and final	-	-

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

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	24	Son of Director and Executive Deputy Chairman, Handojo Santosa	2011 Business Development Executive Creating long-term value through its network in various Agri Food companies accross the Group by developing and implementing growth opportunities by : - Continuous communicating with current customers to ensure strong deliverables - Managing deal pipeline of new business opportunities - Evaluating business opportunities beyond the existing scope - Developing and maintaining potential partnerships in agri-food space - Create long-term value through new opportunities for a strategic play to the Group - Understanding new markets for the Group to consider expansion	

19. Update on Use of IPO Proceeds

As at the date of this announcement, the net proceeds from the Company's initial public offering has been utilised as follows:

Use of IPO Proceeds	Estimated Amount US$'000	Amount Utilised US$'000	Balance US$'000
Investment in our China dairy business and the construction of a second five-farm hub in Inner Mongolia	90,000	36,259	53,741
Investment in our animal protein business in our target markets	14,000	5,500	8,500
Repayment or prepayment of borrowings, including the prepayment charges, of our Group	70,000	70,000	-
Total	174,000	111,759	62,241

By Order of the Board
Japfa Ltd

Tan Yong Nang
Executive Director and
Chief Executive Officer