PRESS RELEASE

JAPFA LTD
391B Orchard Road, #18-08, Ngee Ann City Tower B, Singapore 238874
Tel: (65) 6735 0031 Fax: (65) 6735 4465
Company Registration No: 200819599W

Japfa posts 35% growth in FY2014 Core PATMI[1] to US$57.7 million

- ***Bottomline boosted by strong performance in Myanmar, improved swine business in Vietnam, and increase in milk volumes in China***

- ***Core PATMI turned around from a loss in 4Q 2013 to a profit of US$10.4 million in 4Q 2014, despite weak performance in Indonesia's animal protein business***

- ***Notwithstanding near term challenges, long-term fundamentals remain favourable across all geographies***

Singapore, 27 February 2015 – Leading agri-food company, **Japfa Ltd** ("Japfa", or together with its subsidiaries, the "Group") today reported a 35% growth in its Group PATMI without biological assets[1] ("Core PATMI") to reach US$57.7 million for the full year ended 31 December 2014 ("FY2014"), on the back of a 9% increase in revenue to US$2.9 billion.

For the fourth quarter ended 31 December 2014 ("4Q 2014"), the Group posted a Core PATMI of US$10.4 million, reversing its loss of US$1.5 million in 4Q 2013. This was against a 10% rise in revenue to US$705.4 million in 4Q 2014.

Core PATMI, which excludes the fair value changes of biological assets, is an important measure of performance for the Group. In FY2014, loss from changes in fair value of biological assets amounted to US$40.2 million, mainly attributed to the Group's dairy business in China and swine business in Vietnam. This compares to a gain of US$6.3 million in fair value of biological assets in FY2013.

"The Group delivered a creditable performance in FY2014, despite the market challenges in Indonesia. Our diversification strategy across multiple proteins and geographies has served us well and will continue to be our mainstay, as we replicate our industrialized vertically-integrated business model across emerging Asia," explained Mr Tan Yong Nang, Chief Executive Officer of Japfa.

SEGMENTAL REVIEW

Animal Protein

In FY2014, revenue from the Group's Animal Protein business – which accounted for 85% of total Group revenue – increased by US$178.7 million to US$2.5 billion as sales volumes grew across Indonesia, Vietnam and India. The Group's new animal protein operations in Myanmar contributed a noteworthy US$78.7 million in revenue.

[1] Adjusted profit attributable to owners of the parent, net of tax, excluding fair value changes of biological assets

In 4Q 2014, PT Japfa Comfeed Indonesia Tbk ("Japfa Comfeed") reduced its production of day-old chicks ("DOCs") in Indonesia to mitigate the decline in DOC selling prices, brought about by an oversupply of DOCs throughout the breeding industry as well as lower consumer purchasing power arising from the weakening of the Indonesian Rupiah.

Nonetheless, on a full-year basis, the Animal Protein business contributed US$44.8 million in Core PATMI, driven by the Group's Myanmar operations which continue to reap the benefits of being the first mover in a newly opened fast-growing economy. The Group's Vietnam operations also improved as sales volume of its swine fattening business tripled, together with higher profitability as it focused on reducing costs and increasing productivity.

Dairy

The Group's revenue for the Dairy business grew by US$103.0 million in FY2014 to reach US$225.5 million, as a result of the increase in milk capacity from its new farms in China, improvements in milk yields and strong average selling prices of raw milk in the first half of the year.

While the Dairy business accounted for only 8% of the Group's FY2014 revenue, it contributed 18% of total gross profit. Core PATMI for the Dairy business also improved from US$12.7 million a year ago to US$32.4 million in FY2014.

Although average selling prices of the Group's raw milk decreased in tandem with the overall decline in milk prices across China in 4Q 2014, the impact was partly offset by higher milk yields and productivity from the Group's dairy farms. Moving into 2015, the Group will continue with efforts to improve milk yields and productivity, in order to mitigate the lower selling prices.

Consumer Food

The Group's Consumer Food business contributed 7% of the total revenue in FY2014. Sales from this segment declined by US$27.4 million to US$200.2 million in the reporting period, mainly due to the cessation of its Greenfields distribution and beef trading operations, which was partially offset by increase in sales of its frozen products and UHT milk. At the same time, the Group's operations in Vietnam are still in a start-up phase and have yet to contribute positively to the bottomline.

OUTLOOK

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

To mitigate some of these challenges, the Group has scaled back DOC 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.

Commenting on the Group's prospects, Mr Tan said, "With a 40-year track record in the animal protein business, the Group has gone through numerous business cycles. We are therefore confident of our integrated business model and growth strategy to diversify and replicate our success across multiple protein segments and countries."

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ABOUT JAPFA LTD

Japfa Ltd is a leading agri-food producer focused on feeding emerging Asian markets. The Group produces protein staples such as chicken, beef and milk, as well as protein-based consumer food products. From its headquarters in Singapore, Japfa operates its businesses in the fast growing economies of Indonesia, China, India and Indo-China. Backed by two generations of farming experience, it operates industrial-scale farms which are vertically integrated with its downstream food processing operations.

This press release is issued on behalf of Japfa Ltd by Kreab Singapore. For media queries, please contact:

CHIN May Nah / Stella TAN / YAP Meng Lee

Email: mchin@kreab.com / sttan@kreab.com / myap@kreab.com

Phone: +65 6339 9110

IMPORTANT NOTICE

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