



JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE SECOND QUARTER AND HALF YEAR
ENDED 30 JUNE 2016

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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

	2nd Quarter			Jan - Jun		
	2016	2015		2016	2015	
	US\$'000	US\$'000	Change	US\$'000	US\$'000	Change
Revenue	782,053	704,256	11%	1,499,714	1,379,928	9%
Cost of Sales	(591,389)	(582,283)	2%	(1,162,882)	(1,150,760)	1%
Gross Profit	190,664	121,973	56%	336,832	229,168	47%
Marketing and Distribution Costs	(30,794)	(28,228)	9%	(60,377)	(54,768)	10%
Administrative Expenses	(52,040)	(49,642)	5%	(113,496)	(98,843)	15%
Operating Profit	107,830	44,103	144%	162,959	75,557	116%
Interest Income	560	651	-14%	1,194	1,449	-18%
Finance Costs	(15,791)	(18,605)	-15%	(31,745)	(36,323)	-13%
Other Gains, Net	2,779	997	179%	3,954	1,841	115%
Share of results of Joint Ventures	(71)	(222)	-68%	(199)	(455)	-56%
Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets	95,307	26,924	254%	136,163	42,069	224%
Foreign Exchange Adjustments (Losses)/Gains	(3,746)	(5,980)	-37%	4,965	(19,895)	n/m
Loss from Changes in Fair Value of Biological Assets	(10,798)	(17,501)	-38%	(12,409)	(10,115)	23%
Profit Before Tax from Continuing Operations	80,763	3,443	n/m	128,719	12,059	967%
Income Tax Expense	(11,165)	(1,999)	459%	(22,021)	(5,642)	290%
Profit from Continuing Operations, Net of Tax	69,598	1,444	n/m	106,698	6,417	n/m
Profit Attributable to Owners of the Parent, Net of Tax*	44,636	2,964	n/m	68,026	9,961	583%
Profit/(Loss) Attributable to Non-Controlling Interests, Net of Tax	24,962	(1,520)	n/m	38,672	(3,544)	n/m
Profit, Net of Tax	<u>69,598</u>	<u>1,444</u>	<u>n/m</u>	<u>106,698</u>	<u>6,417</u>	<u>n/m</u>

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	<u>51,873</u>	<u>17,619</u>	194%	<u>72,570</u>	<u>26,987</u>	169%
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* We derived Core PATMI from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding changes in fair value of biological assets and derivative attributable to owners of the parent (net of tax), and excluding extraordinary items (attributable to owners of the parent, net of tax) namely, a gain from the buyback of USD bonds.

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. As the majority of the foreign exchange gains/losses are unrealised and arises from the translation of USD bonds from a subsidiary in Indonesia, which has no tax implication, we have not made an estimate of the tax impact on foreign exchange gains/losses.

EBITDA	<u>132,147</u>	<u>62,434</u>	112%	<u>209,221</u>	<u>112,761</u>	86%
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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 :

	2nd Quarter			Jan - Jun		
	2016 US\$'000	2015 US\$'000	Change	2016 US\$'000	2015 US\$'000	Change
Finance Costs	(15,791)	(18,605)	-15%	(31,745)	(36,323)	-13%
Foreign Exchange Adjustments (Losses)/Gains	(3,746)	(5,980)	-37%	4,965	(19,895)	n/m
Depreciation of Property, Plant and Equipment and Investment Properties	(21,413)	(17,868)	20%	(41,176)	(35,608)	16%
Amortisation of Intangible Assets	(343)	(373)	-8%	(632)	(685)	-8%
Interest Income	560	651	-14%	1,194	1,449	-18%
Loss from Changes in Fair Value of Biological Assets	(10,798)	(17,501)	-38%	(12,409)	(10,115)	23%
Gain/(Loss) from Changes in Fair Value of Financial Assets	147	685	-79%	(699)	475	n/m
(Loss)/Gain on Disposal of Property, Plant and Equipment and Investment Properties	171	(13)	n/m	(237)	257	n/m

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

	2nd Quarter			Jan - Jun		
	2016 US\$'000	2015 US\$'000	Change	2016 US\$'000	2015 US\$'000	Change
Profit from Continuing Operations, Net of Tax	69,598	1,444	n/m	106,698	6,417	n/m
<u>Other Comprehensive Income/(Loss):</u>						
Items that will not be reclassified to profit or loss:						
Remeasurement of the Net Defined Benefits Plan, Net of Tax	(10,898)	283	n/m	(10,166)	(659)	n/m
Items that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	(3,871)	(10,613)	-64%	24,601	(37,188)	n/m
Other Comprehensive Income/(Loss) for the Period, Net of Tax	(14,769)	(10,330)	43%	14,435	(37,847)	n/m
Total Comprehensive Income/(Loss)	54,829	(8,886)	n/m	121,133	(31,430)	n/m
Total Comprehensive Income/(Loss)						
Attributable to Owners of Parent, Net of Tax	36,189	(4,771)	n/m	79,809	(15,313)	n/m
Total Comprehensive Income/(Loss)						
Attributable to Non-Controlling Interests, Net of Tax	18,640	(4,115)	n/m	41,324	(16,117)	n/m
Total Comprehensive Income/(Loss)	54,829	(8,886)	n/m	121,133	(31,430)	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 30/6/2016	As at 31/12/2015	As at 30/6/2016	As at 31/12/2015
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	852,296	834,952	291	416
Investment Properties	10,749	924	-	-
Intangible Assets	8,627	8,525	-	-
Biological Assets	288,865	290,064	-	-
Investments in Subsidiaries	-	-	941,033	790,075
Investment in Joint Ventures	3,754	3,476	-	-
Deferred Tax Assets	19,264	12,729	-	-
Other Receivables	2,039	349	-	-
Other Assets	12,339	15,065	-	-
Total Non-Current Assets	1,197,933	1,166,084	941,324	790,491
<u>Current Assets</u>				
Inventories	604,450	609,437	-	-
Biological Assets	57,017	51,917	-	-
Trade and Other Receivables	193,731	132,381	27,814	177,177
Other Financial Assets	10,305	9,529	2,466	4,092
Other Assets	104,031	95,304	90	58
Asset Held for Sale	31,749	-	-	-
Cash and Cash Equivalents	131,294	147,935	3,133	14,258
Total Current Assets	1,132,577	1,046,503	33,503	195,585
Total Assets	2,330,510	2,212,587	974,827	986,076
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share Capital	937,614	937,614	937,614	937,614
Retained Earnings	356,828	301,022	35,804	26,093
Other Reserves	(397,769)	(396,315)	-	-
Translation Reserve	(154,237)	(171,776)	-	-
Equity Attributable to Owners of the Parent	742,436	670,545	973,418	963,707
Non-Controlling Interests	369,126	338,071	-	-
Total Equity	1,111,562	1,008,616	973,418	963,707
<u>Non-Current Liabilities</u>				
Provisions	92,460	74,801	-	-
Deferred Tax Liabilities	4,744	4,512	-	-
Trade and Other Payables	434	642	-	-
Other Financial Liabilities	348,217	510,436	-	-
Other Liabilities	3,098	3,267	-	-
Total Non-Current Liabilities	448,953	593,658	-	-
<u>Current Liabilities</u>				
Income Tax Payable	18,847	13,045	-	-
Trade and Other Payables	247,446	259,971	1,409	2,119
Other Financial Liabilities	498,048	330,071	-	20,250
Other Liabilities	5,654	7,226	-	-
Total Current Liabilities	769,995	610,313	1,409	22,369
Total Liabilities	1,218,948	1,203,971	1,409	22,369
Total Equity and Liabilities	2,330,510	2,212,587	974,827	986,076

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

	As at 30/6/2016 US\$'000	As at 31/12/2015 US\$'000
Amount due within one year		
Secured	383,863	329,905
Unsecured	113,711	-
Total	<u>497,574</u>	<u>329,905</u>
Amount due more than one year		
Secured	152,183	204,008
Unsecured	196,034	306,428
Total	<u>348,217</u>	<u>510,436</u>

The secured borrowings are secured by property, plant and equipment, share certificates of certain subsidiaries, cash and cash equivalents, receivables, inventories, biological assets, assessment of insurance policies and corporate guarantees of subsidiaries.

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1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Jan - Jun	
	2016 US\$'000	2015 US\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	128,719	12,059
Adjustment for:		
Amortisation of Intangible Assets	632	685
Amortisation of Land Use Rights	35	12
Depreciation of Property, Plant and Equipment and Investment Properties	41,176	35,608
Loss from Changes in Fair Value of Biological Assets	12,409	10,115
Gain on Disposal of Other Financial Assets	(38)	-
Gain from Changes in Fair Value of Derivative Financial Instruments	(530)	(162)
Loss/(Gain) from Changes in Fair Value of Financial Assets	699	(475)
Loss/(Gain) on Disposal of Property, Plant and Equipment and Investment Properties	237	(257)
Gain on Buyback of Bonds Payable	(634)	-
Increase in Provision for Retirement Benefits	2,982	4,460
Interest Income	(1,194)	(1,449)
Interest Expense	31,745	36,323
Share Options Granted by Subsidiary	209	255
Share of Loss from Equity-Accounted Joint Ventures	199	455
Write-off of Property, Plant and Equipment	180	3
Net Effect of Exchange Rate Changes	9,296	6,519
Operating Cash Flows before Changes in Working Capital	226,122	104,151
Inventories	4,880	7,296
Biological Assets	(22,361)	(17,694)
Trade and Other Receivables	(63,040)	(5,765)
Other Assets	(17,533)	(26,117)
Trade and Other Payables	(13,321)	(14,693)
Provisions	(2,459)	(615)
Other Liabilities	(1,741)	(1,843)
Net Cash Flows From Operations	110,547	44,720
Income Taxes Paid	(7,522)	(3,511)
Net Cash Flows From Operating Activities	103,025	41,209
<u>Cash Flows From Investing Activities</u>		
Acquisition of Subsidiaries (Net of Cash Acquired)	-	6
Purchase of Property, Plant and Equipment	(61,289)	(76,423)
Purchase of Intangible Assets	(346)	(830)
Land Use Rights	(125)	-
Purchase of Other Financial Assets	(1,577)	-
Purchase of Biological Assets	(8,355)	(1,777)
Proceeds from Disposal of Property, Plant and Equipment	1,156	823
Proceeds from Disposal of Investment in Other Financial Assets	967	-
Addition to Investment in Joint Venture	(373)	(1,170)
Interest Received	1,194	1,449
Net Cash Flows Used in Investing Activities	(68,748)	(77,922)

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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 - Jun	
	2016	2015
	US\$'000	US\$'000
Cash Flows From Financing Activities		
Increase/ (Decrease) in Other Financial Liabilities	2,133	(33,815)
Increase from New Bank Loans	-	46,767
Cash Restricted in Use	894	2,464
Buy Back of Bonds Payable	(3,285)	-
Disposal of Shares in Subsidiary to Non-Controlling Interests Without Change in Control	462	-
Proceeds from Issue of New Shares by Subsidiary to Non-Controlling Interests	3,057	116
Acquisition of Non-Controlling Interests Without Change in Control	(4,396)	(5,700)
Dividend Paid to Equity Holders of the Company	(6,464)	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(11,055)	-
Interest Paid	(31,745)	(36,323)
Net Cash Flows Used in Financing Activities	(50,399)	(26,491)
Net Decrease in Cash and Cash Equivalents	(16,122)	(63,204)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	375	(2,810)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	140,769	281,192
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	125,022	215,178

Notes:

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

	As at 30/6/2016	As at 30/6/2015
	US\$'000	US\$'000
Cash and Bank Balances	131,294	218,183
Less: Bank Deposit Pledged	(6,272)	(3,005)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	125,022	215,178

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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 2016	1,008,616	670,545	937,614	301,022	(396,315)	(171,776)	338,071
Movements in Equity:							
Total Comprehensive Income for the Period	121,133	79,809	-	62,270	-	17,539	41,324
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	3,057	-	-	-	-	-	3,057
Disposal of Shares in Subsidiary to Non-Controlling Interests Without Change in Control	462	107	-	-	107	-	355
Acquisition of Non-Controlling Interests Without Change in Control	(4,396)	(1,770)	-	-	(1,770)	-	(2,626)
Grant of Share Options	209	209	-	-	209	-	-
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)
Balance at 30 June 2016	1,111,562	742,436	937,614	356,828	(397,769)	(154,237)	369,126

Balance at 1 January 2015	994,274	661,868	937,614	238,601	(398,931)	(115,416)	332,406
Movements in Equity:							
Total Comprehensive Loss for the Period	(31,430)	(15,313)	-	9,601	-	(24,914)	(16,117)
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	116	-	-	-	-	-	116
Acquisition of Non-Controlling Interests Without Change in Control	(5,700)	(1,147)	-	-	(1,147)	-	(4,553)
Grant of Share Options	255	255	-	-	255	-	-
Non-Controlling Interests arising from Acquisition of Subsidiary	15	-	-	-	-	-	15
Balance at 30 June 2015	957,530	645,663	937,614	248,202	(399,823)	(140,330)	311,867

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1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholder, together with a comprehensive statement for the corresponding period of the immediately preceding financial year. (Cont'd)

Company

Balance at 1 January 2016

Movements in Equity:

Total Comprehensive Income for the Period

Dividend Paid to Equity Holders of the Company

Balance at 30 June 2016

Total Equity US\$'000	Share Capital US\$'000	Retained Earnings US\$'000
963,707	937,614	26,093
16,175	-	16,175
(6,464)	-	(6,464)
973,418	937,614	35,804

Balance at 1 January 2015

Movements in Equity:

Total Comprehensive Income for the Period

Balance at 30 June 2015

959,643	937,614	22,029
2,026	-	2,026
961,669	937,614	24,055

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	
	2nd Quarter to 30/6/2016	2nd Quarter to 30/6/2015
Issued and fully paid ordinary shares:		
As at beginning of period	1,764,670,391	1,764,670,391
Issued during the period	-	-
As at end of period	<u>1,764,670,391</u>	<u>1,764,670,391</u>

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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.

	<u>As at 30/6/2016</u>	<u>As at 30/6/2015</u>
Number of issued shares	<u>1,764,670,391</u>	<u>1,764,670,391</u>

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 computation applied by the Group are consistent with those used in its audited financial statements as at 31 December 2015 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 2016, 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 periods.

JAPFA LTD.**(Registration Number: 200819599W)****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.**

	2nd Quarter		Jan - Jun	
	2016	2015	2016	2015
	US Cents	US Cents	US Cents	US Cents
Earnings per share for the period				
(a) Based on weighted average number of ordinary shares in issue	2.53	0.17	3.85	0.56
(b) Based on a fully diluted basis	2.53	0.17	3.85	0.56
Weighted Average Number of Ordinary Shares	<u>1,764,670,391</u>	<u>1,764,670,391</u>	<u>1,764,670,391</u>	<u>1,764,670,391</u>

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and immediately preceding financial year.

	Group		Company	
	As at 30/6/2016	As at 31/12/2015	As at 30/6/2016	As at 31/12/2015
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	<u>0.42</u>	<u>0.38</u>	<u>0.55</u>	<u>0.55</u>

Net asset value per ordinary share is based on the issued share capital of the Company at the end of the financial period.

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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

2Q 2016 vs 2Q 2015

Revenue

	2nd Quarter 2016	2nd Quarter 2015	Variance
	US\$'000	US\$'000	US\$'000
Animal Protein Indonesia	523,177	461,960	61,217
Animal Protein Other	140,619	131,657	8,962
Dairy	65,509	64,060	1,449
Consumer Food	52,748	46,579	6,169
Total	782,053	704,256	77,797

All business segments showed an improvement in revenue mainly due to the improved poultry market from the Indonesia operations in the animal protein segment and also higher sales volumes across all business segments.

Operating Profit

	2nd Quarter 2016	2nd Quarter 2015	Variance
	US\$'000	US\$'000	US\$'000
Animal Protein Indonesia	75,805	17,637	58,168
Animal Protein Other	16,859	11,825	5,034
Dairy	13,919	11,448	2,471
Consumer Food	340	2,376	(2,036)
Others	907	817	90
Total	107,830	44,103	63,727

The increase in operating profit was mainly due to improvement in the profitability from the Indonesia operations in the animal protein segment. The poultry business in Indonesia turned around in second half of 2015, mainly due to improvement in poultry market leading to better pricing environment. In addition, the lower costs of feed resulted in healthy margins.

The "Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets" was US\$95.3 million in 2Q 2016 as compared to US\$26.9 million in 2Q 2015.

Loss from changes in fair value of biological assets was US\$10.8 million in 2Q 2016 as compared to US\$17.5 million in 2Q 2015. The loss from changes in fair value of biological assets in 2Q 2016 was mainly from China dairy cattle. This is mainly due to the drop in raw milk prices at the end of 2Q 2016, which is used in the valuation of future income flows from the China dairy cattle herd.

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As a result of the above, the Group recorded a profit after tax of US\$69.6m in 2Q 2016 as compared to US\$1.4m in 2Q 2015.

The profit attributable to owners of the parent was US\$44.6 million in 2Q 2016 and US\$3.0 million in 2Q 2015. If we exclude the fair value changes of biological assets and derivative, extraordinary items and foreign exchange gains/losses, the adjusted profit attributable to owners of the parent ("Core PATMI w/o forex") will be US\$51.9 million in 2Q 2016 as compared to US\$17.6 million in 2Q 2015.

6M 2016 vs 6M 2015

Revenue

	Jan - Jun 2016	Jan - Jun 2015	Variance
	US\$'000	US\$'000	US\$'000
Animal Protein Indonesia	989,339	910,085	79,254
Animal Protein Other	277,338	258,410	18,928
Dairy	134,589	123,835	10,754
Consumer Food	98,448	87,598	10,850
Total	1,499,714	1,379,928	119,786

All business segments showed an improvement in revenue mainly due to the improved poultry market from the Indonesia operations in the animal protein segment and also higher sales volumes across all business segments.

Operating Profit

	Jan - Jun 2016	Jan - Jun 2015	Variance
	US\$'000	US\$'000	US\$'000
Animal Protein Indonesia	103,786	25,485	78,301
Animal Protein Other	26,877	20,846	6,031
Dairy	28,939	24,684	4,255
Consumer Food	772	3,113	(2,341)
Others	2,585	1,429	1,156
Total	162,959	75,557	87,402

The increase in operating profit was mainly due to improvement in the profitability from the Indonesia operations in the animal protein segment. The poultry business in Indonesia turned around in second half of 2015, mainly due to improvement in poultry market leading to better pricing environment.

The "Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets" was US\$136.2 million in 6M 2016 as compared to US\$42.1 million in 6M 2015.

Loss from changes in fair value of biological assets was US\$12.4 million in 6M 2016 as compared to US\$10.1 million in 6M 2015. The loss from changes in fair value of biological assets in 6M 2016 was mainly from the China dairy cattle. This is mainly due to the drop in raw milk prices at the end of 6M 2016, which is used in the valuation of future income flows from the China dairy cattle herd.

As a result of the above, the Group recorded a profit after tax of US\$106.7 million in 6M 2016 as compared to US\$6.4 million in 6M 2015.

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The profit attributable to owners of the parent was US\$68.0 million in 6M 2016 and US\$10.0 million in 6M 2015. If we exclude the fair value changes of biological assets and derivative, extraordinary items and foreign exchange gains/losses, the adjusted profit attributable to owners of the parent ("Core PATMI") will be US\$72.6 million in 6M 2016 as compared to US\$27.0 million in 6M 2015.

Review of Financial Position

The Group's total assets as at 30 June 2016 increased by US\$117.9 million from US\$2,212.6 million to US\$2,330.5 million primarily due to increase in property, plant and equipment, biological assets and trade receivables.

The Group's total liabilities as at 30 June 2016 increased by US\$14.9 million from US\$1,204.0 million to US\$1,218.9 million primarily due to increase in retirement benefit obligations from the Indonesia operations in the animal protein segment.

The Group's translation reserves improved from negative US\$171.8 million as at 31 December 2015 to negative US\$154.2 million as at 30 June 2016 mainly due to translation gain arising from the Indonesian Rupiah strengthening against the US Dollar.

Review of Group Cash Flow

Net cash flows from operating activities were US\$103.0 million in 6M 2016, which mainly arose from operating cash flows before changes in working capital of US\$226.1 million offset by changes in working capital of US\$115.6 million and income tax paid of US\$7.5 million.

Net cash flows used in investing activities were US\$68.7 million in 6M 2016 mainly represented by the purchase of property, plant and equipment of US\$61.3 million.

Net cash flows used in financing activities were US\$50.4 million in 6M 2016 mainly arose from interest paid of US\$31.7 million, dividend paid of US\$17.5 million and consideration paid for the acquisition of non-controlling interests of US\$4.4 million and partially offset by increase in other financial liabilities of US\$2.1 million.

Additional information

Following the KKR Jade Investments Pte Ltd ("KKR") transaction which was completed on 4 August 2016, KKR has invested US\$81 million in PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk"), a listed subsidiary in Indonesia through a combination of primary and secondary share purchase (a 3.87% stake in PT Japfa Tbk purchased from the Company for US\$28 million and a 6.57% stake via a private placement in PT Japfa Tbk for US\$53 million). The Company maintains a 51.0% stake in PT Japfa Tbk after this transaction.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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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.

In the second quarter of 2016 ("2Q 2016"), the Group reported a strong set of quarterly results, driven by contributions from PT Japfa Tbk in Indonesia, as well as the Group's Animal Protein operations in Vietnam and India.

Having turned the corner in the second half of 2015, the poultry industry in Indonesia continued to recover which enabled the Group to register strong quarterly sales volume for animal feed and day-old chicks ("DOCs"). In addition, prices of DOCs and broiler chickens have improved since the beginning of 2016, and PT Japfa Tbk has also benefited from Ramadan which is traditionally a strong period of consumption for poultry. However, DOC and broiler prices are expected to fluctuate, as part of the poultry business, due to the seasonality and cyclical nature of the poultry industry.

While the Indonesian Rupiah continued to strengthen in 2Q 2016, the Group expects the Indonesian Rupiah to remain volatile in the near term, which may affect consumer consumption. Nonetheless, the Group is confident that PT Japfa Tbk's 40-year track record and leading position in the poultry industry will enable it to mitigate challenges as the Group continues to tap on Indonesia's rising middle class, favourable urbanization trends and increasing protein consumption.

The Group will also closely monitor ongoing policy shifts, which can potentially impact its Indonesian operations, and will remain vigilant and ready to respond to any changes in the competitive and regulatory landscape. In the first quarter of 2016, Indonesia's Business Competition Supervisory Commission ("KPPU") issued a guilty verdict on 32 beef companies, including two subsidiaries of PT Japfa Tbk, of cartel and production arrangements. The total fine imposed is approximately US\$1 million, and the Group plans to appeal against the decision to the District Court. This case is not expected to have a material effect on the Group's operations and business.

In addition, the KPPU decided to progress the case against PT Japfa Tbk and another 11 poultry companies to the Advanced Examination state in relation to the culling programme of 6 million parent stock. To date, the authorities have not issued any further update, but as the culling programme was stopped because of the KPPU case, this may bring back an imbalance in supply and demand of DOCs in the Indonesian market.

In general, the Group's performance is impacted by the macroeconomic environment and currency fluctuations of the countries it operates in, as well as the market environment of the various animal protein industries. While raw milk prices continue to be under pressure in China, the Group was able to mitigate it through improvements in milk yield and growth in sales volume. Separately, feed raw material costs are expected to soften, and the rest of the Asian markets could also continue to see fluctuations in raw material costs and selling prices, which are determined by supply and demand.

Notwithstanding market volatilities, the Group believes in the long-term growth prospects of the emerging markets it operates in. The Group also remain confident that its 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 long-term growth momentum.

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11. Dividend

- (a) *Current Financial Period Reported on*
Nil
- (b) *Corresponding Period of the Immediately Preceding Financial Year*
Nil
- (c) *Date Payable*
Not Applicable
- (d) *Books Closure Date*
Not Applicable

12. If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate for interested person transaction(s) from the shareholders.

14. Negative Confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited first quarter financial results for the period ended 30 June 2016 to be false or misleading in any material respect.

15. Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

By Order of the Board

Tan Yong Nang
Executive Director and
Chief Executive Officer
12 August 2016