JAPFA



Feeding Emerging Asia

JAPFA LTD • ANNUAL REPORT 2015

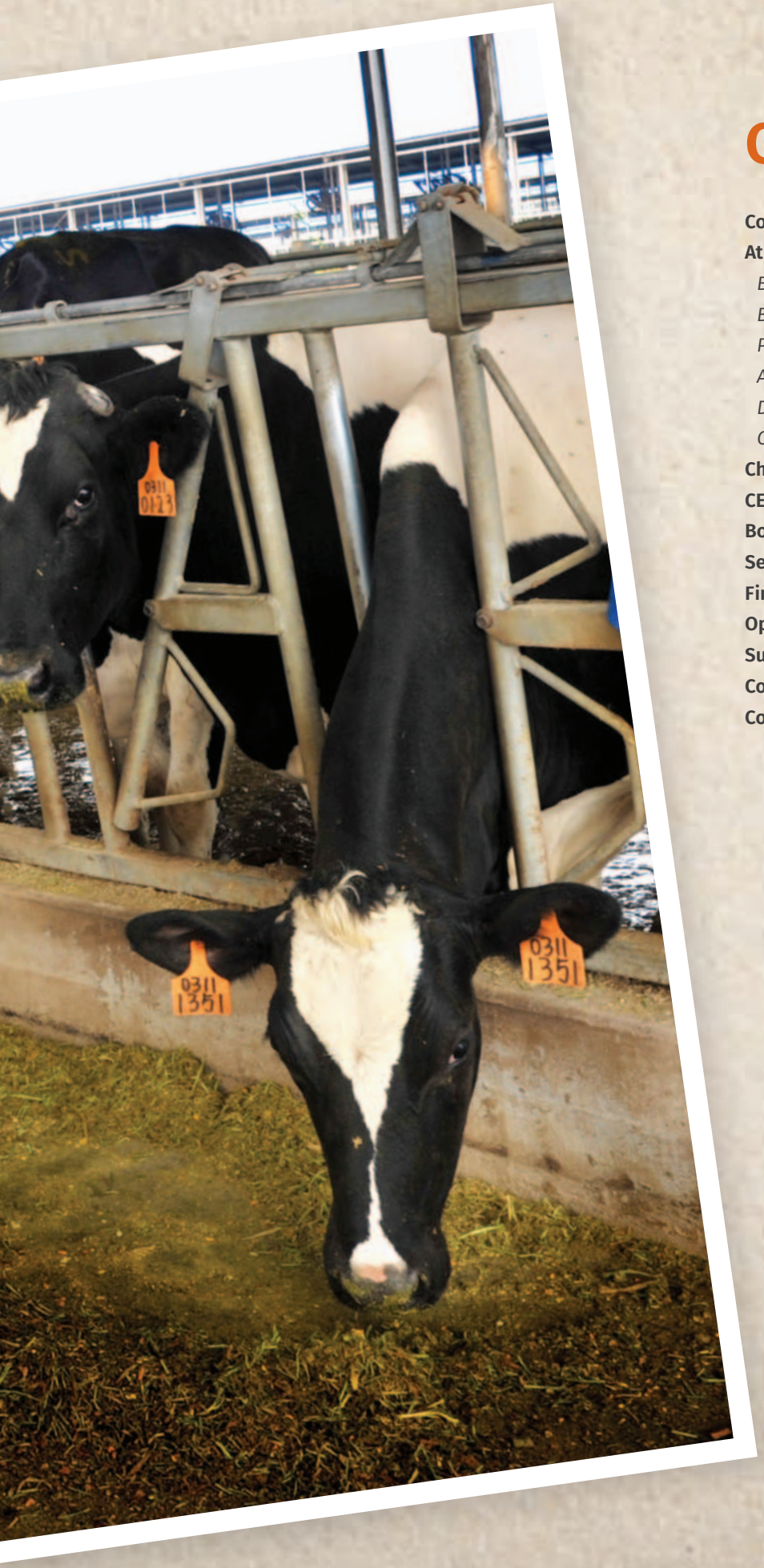


Our Ethos

Growing Towards Mutual Prosperity

Our Mission

To be the leading dependable provider of affordable protein foods in emerging Asia by building on the foundation of our excellent teamwork and proven experience for the benefit of all stakeholders



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Feeding Emerging Asia

We operate in five large emerging Asian markets – Indonesia, China, Vietnam, Myanmar and India – which have compelling fundamentals that will drive the long-term consumption of protein foods.



Corporate Profile
Creating Value for Asia

Japfa Ltd ("Japfa", or together with its subsidiaries, the "Group") is a leading, pan-Asian, industrialised agri-food company dedicated to feeding emerging Asia with essential proteins.

Headquartered in Singapore, we employ over 30,000 people across an integrated network of modern farming, processing and distribution facilities in Indonesia, Vietnam, Myanmar, India and China. We specialise in producing quality dairy, protein staples (poultry, beef, swine and aquaculture) and packaged food that nourish millions of people.

For over 40 years, we have grown in scale to become leaders in multiple protein foods, by embracing an integrated industrialised approach to farming and food production across the entire value chain. We created large-scale standardised operations which allow us to consistently produce high quality proteins and to replicate our business model across different markets and protein types.

In addition, our business is vertically integrated from animal feed production and breeding to commercial farming and food processing. This not only creates opportunities for us to capture value at different points in the agri-food chain but also provides our customers with greater food security and traceability.

We pride ourselves on our use of superior breeds, and a sophisticated approach to animal husbandry, animal health, nutrition and welfare – all of which reinforce the quality of our products and the high production yields.

We place a strong focus on bio-security with stringent operating procedures, while building strategic alliances with global leaders in breeding research.

Today, we are one of the two largest producers of poultry in Indonesia. We have also replicated our industrialised, vertically integrated business model for poultry production in Vietnam, Myanmar and India, as well as swine operations in Vietnam.

On top of this, we have successfully replicated our Indonesian dairy business in China, where we are now amongst the leading producers of premium raw milk in the country. Our raw milk in Indonesia and China is also of the highest quality in terms of nutritional standards.

We leverage the high quality of our raw materials to produce premium and mass market consumer branded food products under leading brands such as *So Good* and *Greenfields*.

Given the growing affluence of our target middle- and lower-income consumer groups, we expect protein food consumption in these markets to rise. Well-poised to capitalise on this trend, we plan to forge ahead with our strategy of expanding across multiple protein segments in our five high-growth emerging Asian markets.

Singapore

CORPORATE HEAD OFFICE

- International procurement for feed operations
- Regional marketing and distribution for *Greenfields* dairy products

Indonesia

Dairy[1]

- Dairy farming
- Milk processing
- Distribution of branded premium milk and dairy products

Animal Protein[2]

- Poultry feed manufacturing, breeding, and commercial farming and poultry slaughterhouses
- Beef cattle breeding, fattening and processing
- Aquaculture feed manufacturing, hatcheries and processing

Consumer Food

- Branded ready-to-eat poultry, beef and milk-based food
- Branded ready-to-cook poultry, beef and seafood-based food
- Food manufacturing, sales and distribution and consumer marketing

China

Dairy[1]

- Dairy farming
- Raw milk production

Animal Protein

- Beef cattle rearing and fattening



India

Animal Protein

- Poultry feed manufacturing, breeding and commercial farming

Myanmar

Animal Protein

- Poultry feed manufacturing, breeding and commercial farming

Vietnam

Animal Protein

- Poultry feed manufacturing, breeding and commercial farming
- Swine feed manufacturing, breeding and fattening

Consumer Food

- Branded ready-to-eat meat-based food products
- Food manufacturing, sales and distribution and consumer marketing

Australia

Animal Protein

- Beef cattle breeding

LEGEND

- Corporate Head Office
- Dairy
- Animal Protein
- Consumer Food

1 Dairy: As at 31 December 2015, 61.9% owned through AustAsia Investment Holdings Pte. Ltd.
2 Animal Protein Indonesia: As at 31 December 2015, Japfa Ltd's shareholding in PT Japfa Comfeed Indonesia Tbk is 58.0%.

Feeding Emerging Asia



With three billion people living in our target markets, there are significant growth opportunities for the Group as their appetite for proteins continues to grow.

CONSUMPTION OF MEAT PER CAPITA
FROM 2012 TO 2014

ASIA AND PACIFIC	NORTH AMERICA
8.4 kg of poultry Per person/year	**43.0 kg** of poultry Per person/year
12.7 kg of pork Per person/year	**20.5 kg** of pork Per person/year

CONSUMPTION OF FRESH DAIRY PRODUCTS PER CAPITA
FROM 2012 TO 2014

CHINA	NORTH AMERICA
23.0 kg	**77.8 kg**

Source: OECD-FAO Agricultural Outlook 2015.



At A Glance
Business Segments

We are a market leader across multiple classes of protein foods, with an emphasis on poultry, milk and swine, complemented by growing businesses in beef and aquaculture across emerging Asian markets.

PT Japfa Tbk



In Indonesia, we carry out our animal protein operations through IDX-listed PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk"), which we own 58.0% of the share capital. We produce specially-formulated premium animal feed, and multiple high-quality animal proteins, namely, poultry, beef and aquaculture.

Animal Protein Other



We have wholly-owned animal protein operations in Vietnam, Myanmar and India, which produce premium animal feed, poultry and swine. We have successfully replicated our industrialised, vertically integrated business model for poultry production in Vietnam, Myanmar and India, as well as established our swine operations in Vietnam.

Dairy



We carry out our dairy operations through AustAsia Investment Holdings Pte. Ltd., which we own 61.9% of the share capital. In China, we focus on upstream dairy farming to produce premium raw milk for downstream customers, while in Indonesia, we operate a vertically integrated dairy business which produces premium raw milk that is used further downstream for our *Greenfields* dairy products.

Consumer Food



We use our animal protein products as raw materials for our own downstream consumer food segment. Our *So Good*, *So Good Sozzis* and *So Nice* brands are leading brands in Indonesia for processed meats, such as chicken nuggets, meat balls and shelf-stable sausages. We also manufacture and market small-pack UHT liquid milk under the *Real Good* brand in Indonesia, and branded shelf-stable sausages under the *So Yumm* brand in Vietnam.

At A Glance
Business Model

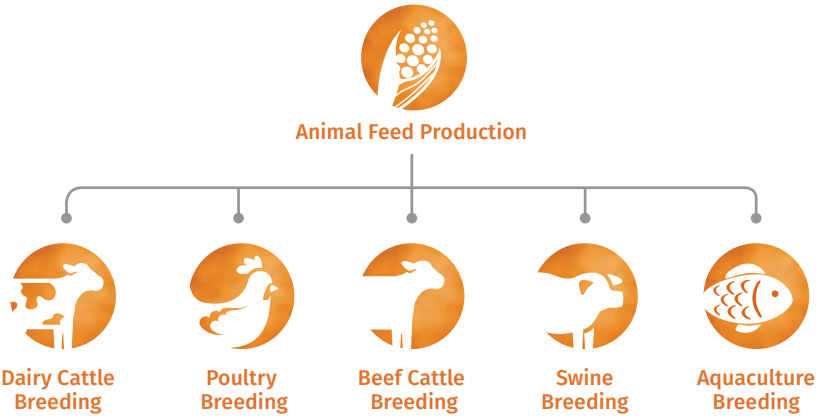
We have a vertically integrated business model that covers the entire value chain for many of our protein products, from feed production and breeding to commercial farming and processing. In addition, we are able to leverage our premium protein production operations through our downstream consumer food business.

Our business model, linking three distinct stages of the value chain, is replicated across the product categories in our target markets, where protein consumption is fuelled by economic and urban population expansion.

VERTICALLY INTEGRATED BUSINESS MODEL

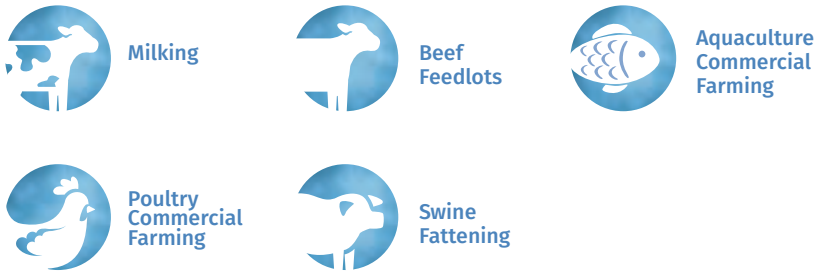
UPSTREAM
Animal Feed & Breeding

We consistently produce quality animal feed on an industrial scale. We use world class genetics supported by advance farming technology to maximise efficiency in our breeding operations in dairy cattle, poultry, beef cattle, swine, and aquaculture.



MIDSTREAM
Milking & Fattening

We operate dairy milking plants and commercial livestock fattening farms where we are able to achieve quality and productivity gains through a combination of superior livestock genetics, quality feed nutrition, and international bio-security standards.



DOWNSTREAM
Processing & Distribution

We enhance the value of our brands by producing high quality consumer dairy, meat, and aquaculture products with traceability and food safety assurance across the entire supply chain.



At A Glance
PT Japfa Tbk

Produce high-quality animal proteins and premium animal feed in Indonesia







We produce high-quality animal proteins (poultry, beef and aquaculture) and premium specially-formulated animal feed in Indonesia. Our animal protein operations are vertically integrated and cover the entire value chain of animal protein production, and we partner with world-leading genetics companies to breed high performance parent livestock in modern farm facilities using advanced management systems.

In addition, we help thousands of farmers succeed commercially with a full range of customised animal nutrition, quality breeder livestock and technical assistance. We also engage in commercial farming and further processing of livestock products in markets where we have established downstream distribution.

Poultry

We produce premium-quality animal feed in Indonesia, both for our own poultry and aquaculture operations, as well as for sale to third parties. Our production capacity was 4.3 million tons in 2015. Our feed brands are among the most recognised in Indonesia, backed by feed conversion ratios (i.e. total amount of feed required per bird kilogram) that are among the best in the industry.

We began our poultry business in Indonesia 40 years ago, and we are now the second largest integrated company in Indonesia. In collaboration with Aviagen, a world-leading poultry genetics company, we are able to deliver high performance day-old chicks which are adapted to tropical conditions. To combat the threat of disease, we have PT Vaksindo Satwa Nusantara, a leading animal vaccine company in Indonesia, to conduct research, and produce autogenous vaccines on a timely basis.

Aquaculture

Feed manufacturing is the core activity of our aquaculture business. Our five aqua-feedmills produce a wide range of feed products for commercial fish and shrimp farms which are sold directly to local farmers and independent distributors throughout Indonesia. We also operate marine fish, fresh water fish and shrimp hatcheries to support our customers who require commercial quality seeds.

Beef

We are the leading integrated beef company in Indonesia with a capacity of over 150,000 heads of cattle per year for domestic consumption. We also have two cattle stations in Northern Territory, Australia which supply about 8,000 heads of cattle per year to our four feedlots in Indonesia for fattening. To meet the growing domestic demand for speciality beef products, we built our own deboning and processing plant in Indonesia to produce speciality cuts and Wagyu beef products for grocery chain retailers, modern food services, hotels and restaurants.

POULTRY

13 poultry feedmills
3 specialised feedmills
65 breeding farms
Over 100 company farms

24 hatcheries
8 slaughterhouses and primary processing plants
Over 9,200 contract farms

AQUACULTURE

5 aqua-feedmills
4 centres for aqua-feed research

BEEF

4 cattle fattening farms
2 cattle breeding farms
1 beef processing operation

At A Glance
Animal Protein Other

Successfully replicated animal protein operations across emerging Asia markets





We have successfully replicated our large-scale and industrialised animal protein operations across emerging Asia markets. In recent years, we have established poultry operations in Vietnam, Myanmar and India, swine operations in Vietnam, as well as beef cattle operations in China.

Vietnam

We produce premium-quality animal feed in Vietnam, both for our own poultry and swine operations, as well as for sale to third parties. Our customers appreciate our ability to customise our feed, as specifically formulated feed has been proven to enhance growth rates, while being cost efficient.

We operate a network of over 30 company farms and over 230 contract farms for poultry across Vietnam, and we also own poultry processing facilities in the country. Commercial broiler farming operations are carried out through our company farms (farms that we either own or operate on lease), or contract farms (farms that are operated by external commercial farmers).

In addition, we manufacture specially formulated swine feed and produce a high-performance breed of piglets for our external customers and our company/contract fattening farms. We also partner with Hypor, one of the world's leading suppliers of swine genetics, to operate a great grandparent breeding farm. Japfa on its own, then operates the entire chain from grandparent and parent breeding farms to swine fattening farms for domestic consumption.

Myanmar

We produce premium-quality animal feed in Myanmar, which is used for our own poultry operations and/or sale to third-party customers. In addition, we operate a network of over 120 company farms and over 80 contract farms across the country, where we carry out commercial broiler farming operations.

India

We operate six poultry feedmills in India, which consist of four company feedmills and two toll processing feedmills. In addition, we carry out commercial broiler farming operations through an extensive network of over 500 contract farms. To cater to the growing demand for premium-quality animal feed in India, we have acquired a new property to build a new poultry feedmill.

China

In 2014, we established feedlot operations in China, comprising a 10,000-head carrying capacity feedlot spread over 200 hectares in the Hekou district in the Shandong Province of China, with an additional 500 hectares for cultivation. The bull calves born at our dairy farms in China provide the source of cattle for our beef feedlot, thereby providing integration across our dairy and animal protein beef segments.



VIETNAM

5 poultry and swine feedmills

10 poultry breeding farms

4 hatcheries

Over 30 company farms

Over 230 contract farms

Swine Farms

- 1 great grandparent farm
- 5 grandparent farms
- 16 parent farms
- 3 nursery farms
- Over 50 contract farms
- 12 fattening farms
- Over 80 contract farms

MYANMAR

1 poultry feedmill

2 poultry breeding farms

2 hatcheries

Over 120 company farms

Over 80 contract farms

INDIA

6 poultry feedmills

1 poultry breeding farm

2 hatcheries

Over 500 contract farms

CHINA

1 cattle rearing and fattening farm

At A Glance
Dairy



We pioneered the first "grass-to-glass" vertically integrated modern dairy in Indonesia in 1998, and we now own, in Indonesia and China, seven world-class fully operational dairy farms and a processing plant that are designed, equipped and managed to meet and exceed international standards in productivity and bio-security.

Our large-scale industrialised dairy farms in China, with a standardised 10,000-head farm design, maximise operational efficiency and quality, and generate high yields from our milking cows which surpass both local and international nutritional and safety standards.

Our success is largely due to the scale and design of our farms, experienced farm managers, advanced and industrialised farm management practices, high-yielding livestock, as well as the strategic locations of our farms where environmental factors are ideal.

China

We have a five-farm hub of dairy farms in Dongying city, Shandong Province, with close to 55,000 heads of Holstein cattle. In China, we focus on producing premium raw milk that is sold to leading milk producers such as Yili, Mengniu and New Hope.

With rising consumer demand for traceable, premium dairy products, we have plans to grow our capacity by building a new five-farm hub in Inner Mongolia. We have completed the construction of our sixth farm in Inner Mongolia, and it has commenced milking operations in the first quarter of 2016.

Since mid-2014, we have also appointed a third party contract packer in China to pack the premium raw milk from our dairy farms under our *Greenfields* brand for distribution in China.

In support of our future downstream business, in 2015, we entered into a joint venture with Food Union (Asia) Limited ("Food Union"), an European-based dairy and milk processing company, to build, own and operate a premium milk processing plant in Shandong Province, China. We currently own a 19% share in the joint venture company, Food Union AustAsia Holdings Pte Ltd. We will also supply raw milk to the plant, which will in turn manufacture high value-added dairy products for the Group, Food Union, as well as leading third party international food companies.

Indonesia

In Malang, East Java, Indonesia, we operate a vertically integrated dairy business, where our dairy farm is the largest dairy farm operation in the country by volume of premium fresh milk produced. The farm is linked to our downstream dairy processing plant, and this production model enables us to seal in the maximum amount of natural nutrients in all our fresh dairy products.

In 2000, we launched our consumer brand *Greenfields* for the premium segment, and subsequently introduced other value-added dairy products to target affluent consumers. Today, *Greenfields* is Indonesia's number one brand for fresh quality milk, and is also exported to neighbouring Southeast Asian countries, including Singapore, Malaysia and the Philippines.

CHINA

30,301 heads of milkable cows[1]

54,900 heads of Holstein cattle in five-farm hub in Shandong province[2]

9,000 heads of cattle in sixth farm in Inner Mongolia[2]

INDONESIA

4,158 heads of milkable cows[1]

7,900 heads of Holstein cattle in Malang, East Java[2]

1 As at 31 December 2015.
2 Approximate numbers only.



At A Glance
Consumer Food



Indonesia

We process quality ingredients sourced directly from our upstream animal protein operations into a wide range of branded ready-to-eat and value-added meat and dairy products, so as to cater to the trend towards urbanisation and subsequent adoption of westernised diets in emerging Asia.

In 2000, we completed our downstream integration in Indonesia and launched our consumer food business to cater to the growing number of middle income consumers. In 2015, we completed one new value-added meat plant in Boyolali and one ready-to-eat meat processing plant in Makassar.

We now have manufacturing and processing facilities strategically located across the country, which are supported by a network of sales branches and sales depots. All our facilities in Indonesia are Halal-compliant with quality protein ingredients sourced directly from our upstream operations.

We make ambient-temperature and chilled/frozen food products from chicken, beef and seafood. In the ready-to-eat category, we produce ambient temperature protein snacks, such as sausages and flavoured milk drinks that are popular with school children. Our ready-to-cook range consists of chilled or frozen poultry, beef and seafood products designed for convenient home cooking.

We adopt a multi-target marketing strategy to reach high-growth consumer groups. The underlying strength of our products is the assurance of quality and traceability through the vertical integration with our upstream animal protein operations. Today, our *So Good*, *Sozzis* and *So Nice* brands are award-winning household names in Indonesia's leading urban centres.

We also manufacture and market small-pack UHT liquid milk under the *Real Good* brand in Indonesia. Our ready-to-eat, ready-to-cook packaged food and flavoured milk drinks are distributed to over 50,000 points of sale in supermarkets, convenience stores nation-wide and selected grocery shops in traditional markets.

Vietnam

In 2011, we launched ready-to-eat shelf-stable sausages under our *So Yumm* brand in Vietnam where we already have a significant footprint in livestock production. Our new sausage processing and packaging plant is strategically located in Binh Duong Province, about 45 km from Ho Chi Minh City, home to the country's largest urban consumer market.

We have also started exporting *So Yumm* sausages to Myanmar, with plans to build a new factory in Vietnam producing processed meat for the Indochina market.



INDONESIA

5 meat processing plants
5 poultry slaughterhouses
1 UHT milk processing plant
7 regional sales branches
58 regional sales depots

VIETNAM

1 meat processing plant

Chairman's Message
Feeding Emerging Asia

"We are steadfast in our mission to build a leading pan-Asian, industrialised agri-food company dedicated to feeding emerging Asia."

GOH GEOK KHIM
Chairman



Dear Shareholders,

I am pleased to present to you Japfa's annual report for the financial year ended 31 December 2015, which is the Group's first full year as a public-listed company.

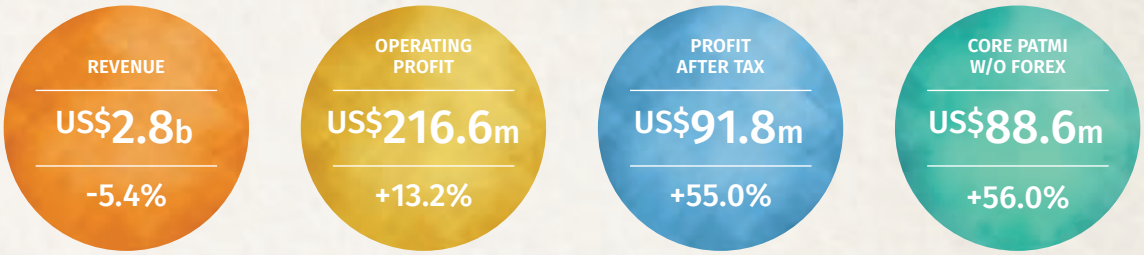
DIVERSIFICATION DELIVERS RESULTS

Since the second half of 2014, the Group has faced a difficult external environment, with unprecedented macroeconomic challenges, severe currency fluctuations and headwinds in certain of its business segments.

Amidst a slowing world economy and volatile industry conditions, the Group managed to deliver another commendable performance. In FY2015, the Group's Core PATMI without Forex[1] grew by 56.0% from US$56.8 million in FY2014 to US$88.6 million in FY2015, despite a marginal 5.4% decline in the Group's revenue to US$2.8 billion.

The improvement in the Group's profitability was mainly due to PT Japfa Tbk's poultry business turning around in the second half of 2015, on the back of a more balanced supply and demand situation, leading to better selling prices in Indonesia's poultry market.

1. *We derived Core PATMI from "Profit 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), and excluded extraordinary items (attributable to owners of the parent, net of tax) namely, a one-off gain from the disposal of asset held for sale in 2Q 2014 and a gain from the buyback of USD bonds in PT Japfa Tbk in FY2015. "Core PATMI without 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 in PT Japfa Tbk, which has no tax implication, we have not made an estimate of the tax impact on foreign exchange gains/losses.*



The robustness of the Group's business fundamentals continues to validate the Group's strategy of diversification across different protein and geographical segments, and allows it to maintain and reinforce its leading positions across the markets in which the Group operates.

In view of the improved results and in appreciation of shareholders' support, the Board of Directors has recommended a final dividend of half a Singapore cent per share for FY2015.

STAYING VIGILANT AND FOCUSED

We are steadfast in our mission to build a leading pan-Asian, industrialised agri-food company dedicated to feeding emerging Asia with essential proteins. We continue to look forward to the future with confidence, in view of the long term growth prospects of our markets, which feature large population bases but low protein consumption.

Nonetheless, the dynamic and competitive environment in which we operate requires us to keep a close watch on ongoing shifts in government policies. We remain vigilant and ready to respond to any changes in the competitive and regulatory landscape. We will closely monitor both market opportunities as well as risks.

Though 2016 is anticipated to be another challenging year for global and regional economies, we are resolutely focused on executing our strategy and unwavering in our aim to deliver long-term shareholder value.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank all our shareholders, business partners and customers for their confidence in the Group, as well as our management team and employees for their hard work and dedicated efforts.

In addition, I would like to thank the Board of Directors ("Board") for their stewardship and guidance. On behalf of the Board, I would also like to express the Board's appreciation to our independent director, Mr Liu Chee Ming, for his valuable contributions.

Mr Liu, who is retiring from the Board, has decided not to seek re-election due to his other commitments. Mr Liu's roles in the audit and nominating committees will be assumed by the other independent directors.

We thank you and look forward to your continued support in the years ahead.

GOH GEOK KHIM
Chairman

CEO's Message
Strengthening Our Capabilities



"We firmly believe our strategy of replication across different geographies and animal protein groups will put us in good stead to ride out market cycles and to capitalise on opportunities as they arise."

TAN YONG NANG
Chief Executive Officer

Dear Shareholders,

STRENGTH IN DIVERSITY, OVERCOMING ADVERSITY

We finished the year strongly, with a marked improvement in profitability across the board, even in the face of macroeconomic challenges and market volatilities.

In spite of industry headwinds, our diversification strategy across multiple geographies and animal proteins, combined with our improved operational efficiencies, enabled us to navigate adversity to emerge stronger and better.

One of our key success factors lies in our industrialised approach to agri-food production, which we have diligently honed over the past 40 years. By leveraging our core competencies in large-scale operations, technology and genetics know-how, bio-security and standardisation of best practices, we have been able to replicate our poultry business for other animal protein staples, and to expand beyond Indonesia into China, Vietnam, Myanmar and India.

As a result, the Group now has a solid foundation and operating base, built upon three key pillars of growth – PT Japfa Tbk, Animal Protein Other and Dairy. Together, our three business pillars create a whole that is greater than the sum of its parts.

STRONG FINANCIAL PERFORMANCE

According to a tally by The Business Times published on 4 March 2016, Japfa Ltd was the 43rd most profitable SGX-listed company for the financial year ended 31 December 2015. Our robust financial performance in FY2015 is a reflection of the core fundamental strengths of our business.

On a topline basis, the Group's consolidated sales declined marginally by 5.4% year-on-year to US$2.8 billion in FY2015, mainly due to a 10% decline in sales at PT Japfa Tbk in USD terms, which was compensated by a growth in sales in the other two business pillars.

Operationally, the Group's focus on executing its business strategies delivered a healthy 13.2% growth in operating profit to US$216.6 million and 12.7% growth in EBITDA to US$297.5 million in FY2015.

Even with a foreign exchange loss of US$42.0 million (of which US$24 million was an unrealised foreign exchange loss from the translation of PT Japfa Tbk's outstanding US$203 million USD bond), the Group still generated a significant 55.0% improvement in profit after tax to US$91.8 million for FY2015.

After removing the effects of foreign exchange, the Group's Core PATMI without Forex grew at a robust pace of 56.0% from US$56.8 million in FY2014 to US$88.6 million in FY2015.

As at 31 December 2015, the Group's total assets stood at US$2.2 billion, with cash and cash equivalents of US$147.9 million. The Group also generated a positive cash flow of US$256.6 million from its operating activities.

BALANCED CONTRIBUTION ACROSS THREE PILLARS

In FY2015, our diversification strategy continued to come through and we saw a balanced contribution from our three main pillars. Our strong and stable animal feed operations in Indonesia – which provide stability to our profitability even during market downturns – further bolstered our performance.

Turnaround in PT Japfa Tbk

PT Japfa Tbk has gone through a difficult patch in the fourth quarter of FY2014 and the first half of FY2015. Its poultry business, however, turned around in the second half of FY2015 ("2H 2015") against improved market conditions. An industry-wide culling of parent stock coordinated by the Indonesian government led to stability in the average selling prices of day-old chicks and broilers in 2H 2015.

Feed operations, which contributed over 50% of PT Japfa Tbk's revenue in FY2015, continued to provide a stable



Animal feed business continues to be one of our core stable strengths



PT Japfa Tbk's poultry business turned around in 2H 2015, mainly due to improvement in Indonesian's poultry market leading to better pricing environment



Significant improvement in Vietnam's swine business



Improvement in milk volume and yields helped offset lower milk prices

base of operating profits. Operating margins for the feed business in FY2015 were consistent with prior years, even in the face of market volatility, Rupiah depreciation and industry headwinds in Indonesia.

Despite the challenges in Indonesia last year, PT Japfa Tbk still delivered quality earnings to the Group, contributing US$34.7 million or close to 40% of the Group's Core PATMI without Forex in FY2015.

Good Growth Trajectory in Animal Protein Other

Beyond Indonesia, the Group's second pillar – Animal Protein Other – has also firmly entrenched itself as a key peg in our diversified growth story. Over the past three years, the profitability of our Animal Protein Other business has been strengthening, particularly in Vietnam where we successfully replicated a swine business using our industrialised approach to farming and food production.

The strong growth in Vietnam was in part due to its swine business which has gained traction and turned profitable in FY2015. Our business in Myanmar continued to contribute consistently to the Group's revenue and profitability, and we believe this market provides growth opportunity for us in the medium term. In the longer term, we see India as another key market, where we are currently focused on growing its feed business.

As with our animal protein business in Indonesia, feed operations in our Animal Protein Other business provided a stable earnings base, contributing more than half of our revenue for this segment.

Strong Yields in Dairy Mitigate Low Prices

In FY2015, contribution from the Group's Dairy operations slowed due to the ongoing downward pressure on raw milk prices in China. Subdued by the low raw milk price environment in China, Core PATMI without Forex for this third pillar amounted to US$22.4 million in FY2015.

With Farm 4 fully milking and Farm 5 generating sales in China since March 2015, the Group registered record revenues from the dairy segment. Our focus on operational efficiencies resulted in substantial improvements in our milk yield, which we believe is one of the highest in China.

In the first quarter of 2016, the Group's newest Farm 6, located in Inner Mongolia, started milking and is expected to be fully milking by the end of this year. Improving our milk yields and volumes in China would remain our approach to mitigate the low raw milk price environment.

BUILDING A SUSTAINABLE FUTURE

While the poultry industry in Indonesia showed signs of recovery in 2H 2015, the industry is not completely out of the woods. We are acutely aware that fluctuations in DOCs and broiler prices are expected as part of the Group's business, due to the seasonality and cyclical nature of the poultry industry.

Although we expect the volatility of the Indonesian Rupiah to persist in the near term and potentially suppress consumer consumption, we are confident that PT Japfa Tbk's track record and leading position in the poultry industry will enable the Group to mitigate these challenges, and to tap on the eventual recovery of growth in consumption in Indonesia.

Considering the market challenges, the Group has made good progress in positioning it for future growth. We are now enjoying the fruits of our investments in markets like Vietnam and Myanmar where we have an early-mover advantage and distinct opportunities to expand further.

Moving forward, we will continue to build on the foundation we have established over the years. We firmly believe our strategy of replication across different geographies and animal protein groups will put us in good stead to ride out market cycles and to capitalise on opportunities as they arise.

ACKNOWLEDGMENTS

The Group's achievements in FY2015 were made possible by all stakeholders working together to surmount a challenging year. It is certainly no mean feat to record a year of good quality earnings against the headwinds, and due recognition must be given to our management team and over 30,000 employees for their dedication and perseverance.

We are also thankful for all our shareholders for standing by us through thick and thin. With your support, I am confident that we can build a foundation for sustainable long-term growth and bring the Group to even greater heights.

TAN YONG NANG
Chief Executive Officer

Board of Directors
Building on Experience & Expertise

Our board of directors is entrusted with the responsibility for the group's overall management and direction.



Goh Geok Khim
Non-Executive
Independent Chairman

Mr Goh was appointed to our Board on 30 June 2014. He is currently Chairman of the Board of Directors of G. K. Goh Holdings Limited, Boardroom Limited, Temasek Foundation CLG Limited and Federal Iron Works Sdn Bhd.

Mr Goh started his career in his family's business, which was active in trading, rubber, property and manufacturing steel products. He left in 1968 to join the stockbroking industry, and in 1979, he established the G. K. Goh stockbroking group.

Mr Goh had previously served as a Non-Executive Director of Lam Soon (M) Bhd, a member of the National Heritage Board and Chairman of the National Museum of Singapore. He was also a member of the SGX-ST Disciplinary Committee from 1998 to 2006.

Mr Goh graduated with a Bachelor of Science degree in Civil Engineering from the University of Colorado.



Handojo Santosa @ Kang Kiem Han
Executive Deputy Chairman

Mr Santosa was appointed as an Executive Director on 19 December 2008. He is in charge of the overall management of our Group's business and operations, including making any major corporate decisions. He oversees the formulation of our Group's corporate planning, strategic direction, business and corporate policies.

Mr Santosa joined our Group in 1986 as a manager in the edible oil division at Nilam in Surabaya where he was in charge of the edible oil division's day-to-day operations. From 1989 to 1997, he served as Vice-President Director of our subsidiary, PT Japfa Comfeed Indonesia Tbk.

In 1997, he was appointed as President Director of PT Japfa Comfeed Indonesia Tbk, a role in which he has oversight of the PT Japfa Group's operations. His responsibilities include overseeing the entire operations of the PT Japfa Group including the Aquaculture Division, Trading Division and the Beef Cattle Division.



Hendrick Kolonas

Non-Executive
Non-Independent Director

Mr Kolonas was appointed as an Non-Executive Director on 18 February 2013. He joined our Group in 2012 as Vice-President Commissioner of our subsidiary, PT Japfa Comfeed Indonesia Tbk. Prior to joining our Group, Mr Kolonas was the branch manager at the Head Office (Operational) of Bank Dagang Nasional Indonesia. During his time there from 1983 to 1988, he was involved in organising and managing various departments of the branch.

Mr Kolonas has also served on the board of Bank Tiara Asia, where he was President Director from 1989 to 1997 and Vice-President Commissioner from 1997 to 1998. Mr Kolonas founded PT Celebes Artha Ventura in 1996 and spearheaded investments into various financial services businesses. He has been the President Commissioner of PT Celebes Artha Ventura since 2010.

Mr Kolonas graduated from Middlesex University, United Kingdom ("UK") in 1982 with a Bachelor of Arts (Hons) degree in Accounting and Finance. He also has a Masters degree in Business Administration from Schiller International University, UK and a Masters of Arts degree in Banking Administration from University of Hull, UK, which he attained in 1983 and 1989, respectively.



Tan Yong Nang

Executive Director and
Chief Executive Officer

Mr Tan was appointed as an Executive Director on 1 June 2009. As the Group's Chief Executive Officer ("CEO"), he is in charge of leading the development and execution of our long-term strategy and is also responsible for all day-to-day management decisions.

Mr Tan joined our Group in 2007 as an assistant to the CEO and Chief Operating Officer ("COO") of Corporate Services before taking on the position of COO of our Group in 2011. Mr Tan was involved in the growth of our Group's operations in the region such as the expansion of our swine and dairy business segments, and had oversight of the management functions across our Group's businesses. Mr Tan is also involved in the management of our Group's financial liabilities and has assisted our Group in diversifying our financial relationships to include regional and international banking organisations.

Mr Tan started his career as a statistician at the Department of Statistics, Singapore in 1985 and went on to become a research economist with Singapore's Ministry of Trade and Industry in 1986. He joined the Prudential group in 1988 as an investment analyst and was based in Hong Kong and the USA.

From 1991 to 2003, Mr Tan was employed by the PAMA Group Inc.'s group of companies ("PAMA Group"), becoming a partner of PAMA BVI in 2001. He was involved in setting up several equity funds of the PAMA Group and handling the funds' investment portfolio in South East Asia. He was also an Investment Committee member of PAMA BVI from 1997 to 2003. In 2003, Mr Tan joined Delifrance Asia Ltd as its CEO, and in 2005, he joined Li & Fung Group in 2005 as its Project Director and COO.

Mr Tan graduated with a Bachelor of Arts (Economics) degree from the University of Cambridge, UK in 1983. He was also registered as a Chartered Financial Analyst with The Institute of Chartered Financial Analysts, USA in 1992 and is currently a member of Mensa International.

Board of Directors (cont'd)



Kevin John Monteiro
Executive Director and Chief Financial Officer

Mr Monteiro was appointed as an Executive Director on 16 April 2014. As Chief Financial Officer ("CFO"), his key roles are to develop a balanced capital structure, to source adequate funding for our Group, and to ensure the integrity of the Group's financial data. He has oversight over all the financial operations of our Group.

Mr Monteiro is currently also the Head of Corporate Finance of our subsidiary, PT Japfa Comfeed Indonesia Tbk and has over 14 years of experience of working in the agri-food industry, having joined PT Japfa Comfeed Indonesia Tbk in 1999. His responsibilities in this position include overseeing its capital structure and managing equity-related matters such as investor relations, annual reports and IDX-compliance. He also oversees merger and acquisition activities and fund-raising activities of the PT Japfa Group which included a SGX-listed US$225 million Senior Notes issuance in 2013 and three mergers by PT Japfa Comfeed Indonesia Tbk of which two involved public-listed targets.

Prior to joining PT Japfa Comfeed Indonesia Tbk, Mr Monteiro was a financial advisor to another IDX-listed company, PT Trafindo Perkasa Tbk ("Trafindo") between 1995 and 1999.

Between 1985 and 1995, Mr Monteiro practised as a chartered accountant, first as a sole practitioner, and later as a partner of Callaway & Hecht in Melbourne. Whilst in practice, Mr Monteiro was a registered tax agent and registered company auditor in Australia.

Mr Monteiro obtained a Bachelor of Economics degree from Monash University, Australia in 1979 and has been a member of the Institute of Chartered Accountants in Australia since 1982.



Ng Quek Peng
Independent Director

Mr Ng was appointed to our Board on 29 July 2014. He has more than 30 years of experience in the corporate finance and securities industry in Singapore and Malaysia, advising clients on corporate restructuring, mergers and acquisitions and fund raising. During his career, he has held positions in foreign and local financial institutions, including Citicorp Investment Bank (Singapore) Ltd, OCBC Securities Pte Ltd, ABN Amro Bank and CIMB Bank Berhad, Singapore Branch.

Mr Ng was also with Temasek Holdings Private Ltd as a Managing Director of its Portfolio Management division and as Chief Representative China. He was also a Director of GMR Infrastructure (Singapore) Pte. Limited (part of the India-based GMR Group) and was involved in the development of their infrastructure projects in South East Asia.

Mr Ng is currently the Independent Director of ZICO Holdings Inc., and Otto Marine Limited which are listed on the SGX-ST.

Mr Ng graduated with a degree in Civil Engineering from the University of London in 1976 and has been a member of the Institute of Chartered Accountants in England and Wales since 1980.



Lien Siaou-Sze
Independent Director

Ms Lien was appointed to our Board on 29 July 2014. She is currently a Senior Executive Coach at Mobley Group Pacific, a management consulting firm which she joined in 2006.

Ms Lien joined Hewlett-Packard Singapore (Private) Limited ("HP") in 1978. During her time at HP, she headed its Technology Solutions Group Asia Pacific and Japan and retired from HP in 2007 as a Senior Vice President.

Ms Lien has served on the board of Elekta AB, a company listed on the Nordic Stock Exchange, since 2011. She is also a member of the Compensation Committee for Elekta AB.

Ms Lien has also served as a member of the Board of the Confucius Institute at Nanyang Technological University ("NTU") since 2008 and a member on the Board of Trustees at NTU.

Ms Lien graduated with a Bachelor of Science degree in Physics from the former Nanyang University in 1971 and attained a Masters degree in Computer Science from London University, Imperial College Science and Technology in 1973. In 2011, she was awarded the Bintang Bakti Masyarakat (Public Service Star) for valuable public service by the Singapore Government and was also appointed a Justice of the Peace by the President of Singapore in 2013.



Liu Chee Ming
Independent Director

Mr Liu was appointed to our Board on 29 July 2014. He is currently the Managing Director of Platinum Holdings Company Limited, which he established in 1996, and oversees its day-to-day business operations.

He has been an non-executive director of Kader Holdings Company Limited (a company listed on the Hong Kong Stock Exchange) since 2013 and an independent non-executive director of StarHub Ltd. (a company listed on the SGX-ST) since 2004. He has been an independent non-executive director of Haitong Securities Co., Ltd. (a company listed on the Hong Kong and Shanghai stock exchanges) since 2011. He has been an independent non-executive director of Founder BEA Trust Co., Ltd. (a company regulated by the China Banking Regulatory Commission and domiciled in Wuhan, China) since 2013 and appointed as an independent supervisor of the Supervisory Committee of Dalian Wanda Commercial Properties Co., Ltd. (a company listed on Hong Kong Stock Exchange) since May 2015. He is also an independent non-executive Director in STT GDC Pte. Ltd. since October 2015.

In 2013, Mr Liu was appointed as an independent non-executive director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd., which are the REIT Manager and Trustee-Manager of OUE Hospitality Trust (listed on the SGX-ST), respectively. Mr Liu has been a member of the Takeovers Appeal Committee of the Securities and Futures Commission in Hong Kong since 1995, and was appointed as a Deputy Chairman of the Takeovers and Mergers Panel since 2008.

Mr Liu graduated with a Bachelor's degree in Business Administration from the former University of Singapore in 1976.

Senior Management
Upholding the Highest Standards

Our senior management team, together with our executive directors, are responsible for our day-to-day management and operations, as well as the implementation of our operational policies.



Bambang Budi Hendarto

Head of Poultry

Mr Hendarto oversees the entire poultry operations of our Group, including the feed, breeding and commercial aspects, and is responsible for establishing corporate objectives, strategies and plans for our Group's poultry operations.

Mr Hendarto joined our Group in 1978 as a Nutrition Manager in the Production Planning Control Department where he was involved in supervising and coordinating the activities for the production of formula feed. He became a Vice Director (Deputy Director) of PT Comfeed Indonesia in 1981 and led the Feed Division of our Group's operations in Indonesia.

Over the years with our Group, he was promoted several times and was appointed the Vice-President Director of PT Japfa Comfeed Indonesia Tbk in 1997. He holds this position till today and his roles and responsibilities in this position include leading the breeding and commercial poultry operations of our Group and to oversee and ensure that our Group's corporate objectives and strategies relating to such operations are met.

Mr Hendarto graduated from Brawijaya University in 1972 with an Engineering degree in Animal Husbandry.



Edgar Dowse Collins

Head of Dairy

Mr Collins is responsible for the day-to-day operations of our Group's Dairy Division and is in charge of formulating, developing and implementing both strategic and long-term business plans for our Group's Dairy operations.

Having been involved in beef and cattle operations throughout his career, Mr Collins has accumulated many years of industry experience. He has been with AustAsia Food Pte. Ltd. since 1999 and is currently its Managing Director. Before joining AustAsia Food Pte. Ltd., he was Head of Operations of PT Santosa Agrindo, currently a subsidiary of our Group, where he was involved in the development of a cattle and beef business in Indonesia.

Mr Collins was also a General Manager for approximately two years at BxE Commodities Pty Ltd ("BxE"), a company engaged in the business of import and trading of cattle feed commodities in Australia's and New Zealand's dairy industries. During his time at BxE, he was involved in the establishment of a system for the importation, trading and distribution of feed products such as copra meal and palm kernel extract to commercial farmers and feedmills.



Peter Chin Chi Kee

Head of Consumer Food[1]

1. *Mr Chin has retired at the end of FY2015, and Mr Handojo Santosa is covering this role while the replacement is being sought.*

Mr Chin has oversight of the performance of our Group's consumer branded foods business in Indonesia and its expansion beyond Indonesia to other developing Asian countries such as Vietnam, Myanmar and India.

He was previously responsible for expanding our Group's poultry businesses beyond Indonesia to other markets such as China, India, Myanmar and Vietnam and was Head of International Poultry and Head of International Dairy up till 2008.

Mr Chin has over 30 years of experience in the food industry. Prior to joining our Group, he worked for several national and multi-national corporations including Eta Foods (part of Nabisco New Zealand), Fonterra Co-operative Group Limited and Goodman Fielder Wattie Ltd where he was engaged in different roles including sales, marketing, quality assurance and general management.

Mr Chin graduated with a Bachelor of Technology (Food Technology) degree from Massey University, New Zealand in 1979 and attained his Masters degree in Agricultural Business and Administration in Marketing from Massey University in 1982.



Christina Chua Sook Ping

Head of Legal and Compliance

Ms Chua oversees all legal, compliance and secretarial functions of our Group's operations. She joined our Group in 2010.

Ms Chua has more than 20 years of experience in legal practice. She joined Drew & Napier LLC in 1990 and later joined Rajah & Tann LLP in 2007. During her time in practice, Ms Chua was a partner in the corporate and tax departments of both firms and was recommended in the 2003/2004, 2004/2005 and 2006/2007 editions of The Asia Pacific Legal 500 for Mergers & Acquisitions with a technology specialisation, for her role in advising in the Bharti Changi Consortium in respect of the modernisation and restructuring of the Mumbai and Delhi airports and as a leading individual, respectively.

She was also named in both Who's Who—Legal (Singapore) for Mergers & Acquisitions and the International Tax Review 2004 as a leading tax practitioner in Singapore. She was highly recommended for tax (particularly infrastructure and cross border) transactions in PLC Which Lawyer? Yearbook Singapore 2008/2009 edition and was also named as a highly recommended tax lawyer in PLC Tax on Transactions Handbook 2009/2010 edition.

Ms Chua graduated with a Bachelor of Laws (Honours) degree from the National University of Singapore in 1989 and was admitted as an advocate and solicitor of the Supreme Court of the Republic of Singapore in 1989. She has been a member of both the Law Society of Singapore and the Singapore Academy of Law since 1990.



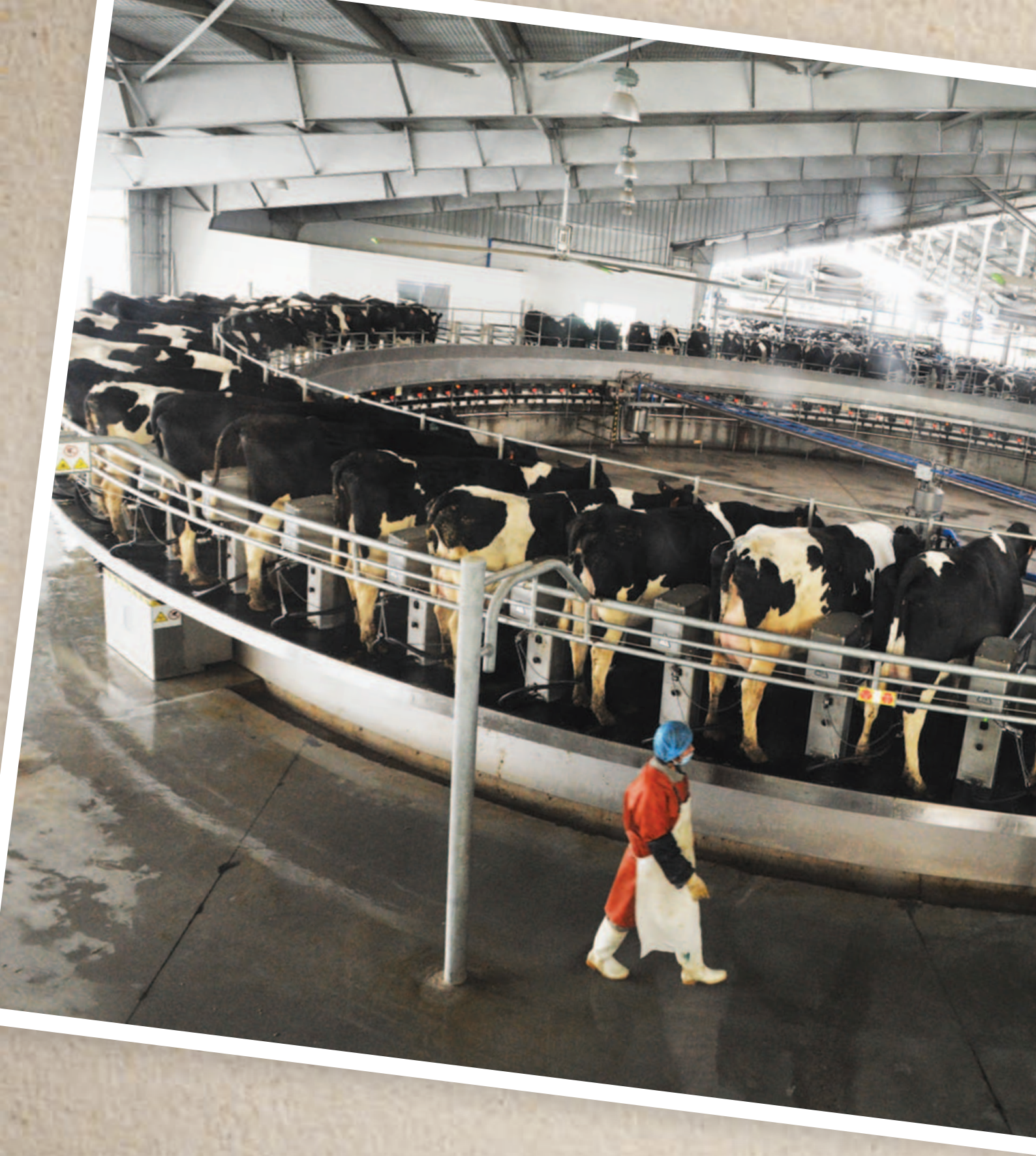
Jasper Tan Kai Loon

Head of Human Resource

Mr Tan is in charge of all human resource matters in our Group and is responsible for human resource management, policy governance and administration.

Prior to joining our Group in 2012, Mr Tan was employed by the Singapore Ministry of Defense from 1998 to 2012. He was engaged in various positions including Head of the Singapore Armed Forces Careers Centre and Head of Mindef Scholarship Centre. He was appointed as the Head of the Human Resource Department of the Ministry of Defense in 2009 and was responsible for all human resource matters for all non-uniformed personnel of the Ministry of Defense and Singapore Armed Forces.

Mr Tan graduated with a Bachelor of Arts and Social Sciences degree from the National University of Singapore in 1997.



LARGE-SCALE OPERATIONS

Over 30,000 employees manage mega-scale farms across geographies

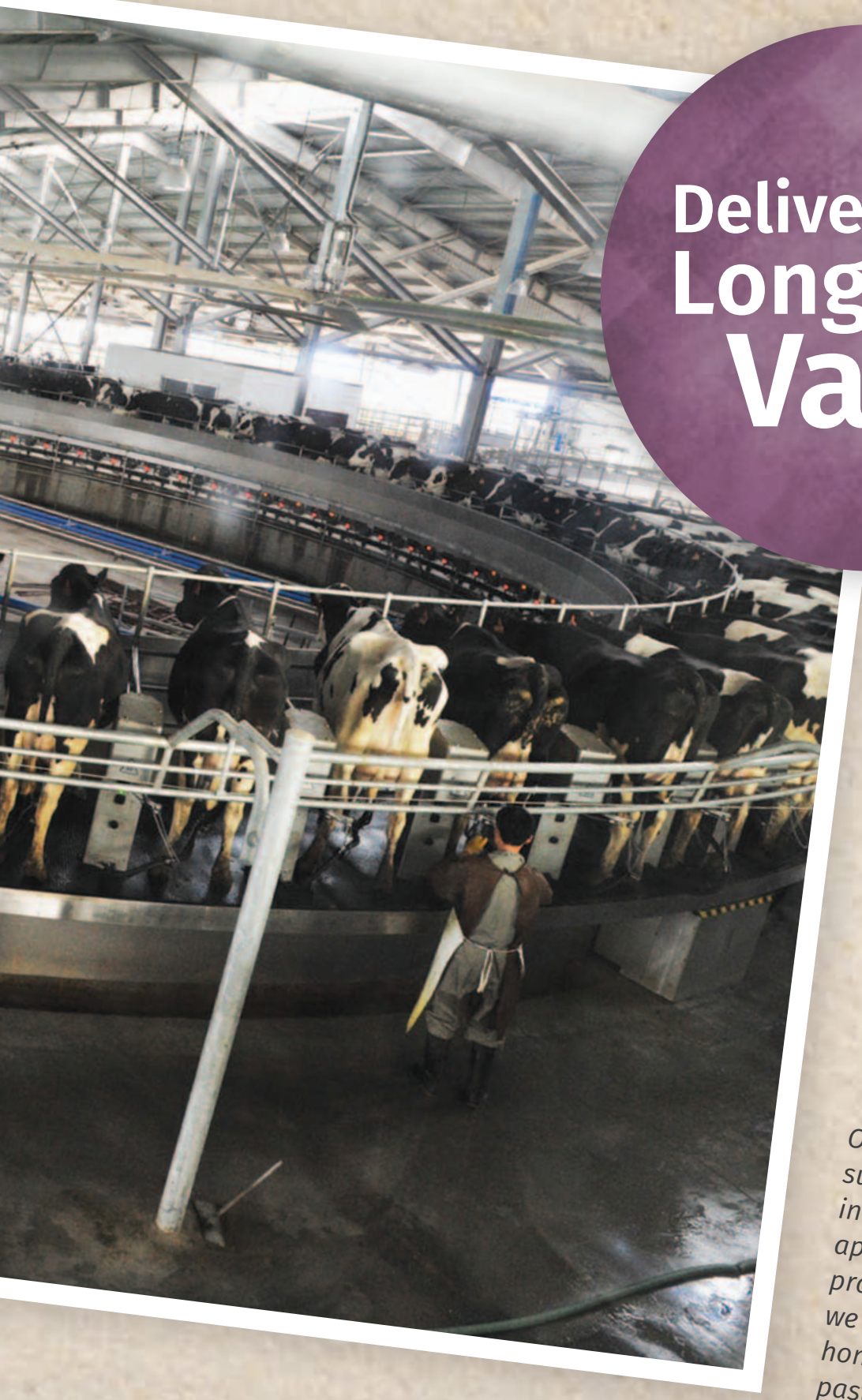
TECHNOLOGY AND GENETICS KNOW-HOW

Joint ventures with Aviagen and Hypor for superior breeding and genetics

BIO-SECURITY

Stringent operating procedures and in-house vaccine production firm

Delivering Long-Term Value



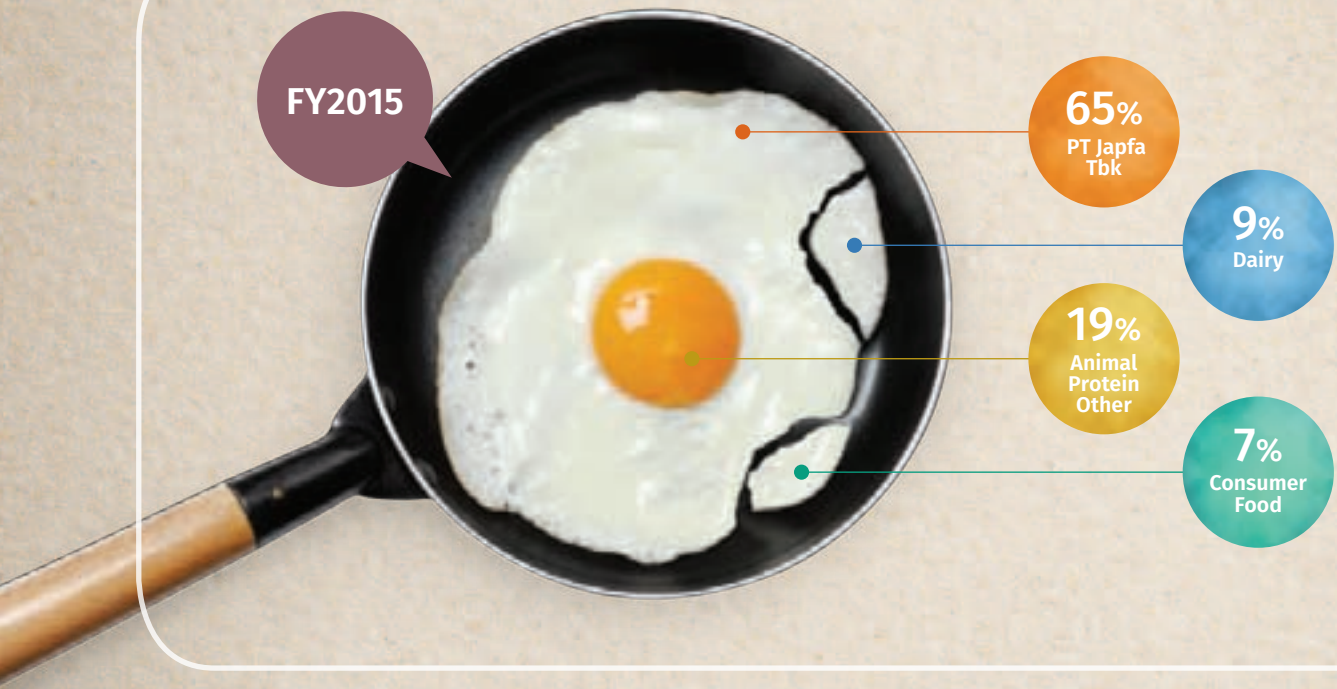
One of our key success factors lies in our industrialised approach to agri-food production, which we have diligently honed over the past 40 years.

STANDARDISATION OF BEST PRACTICES

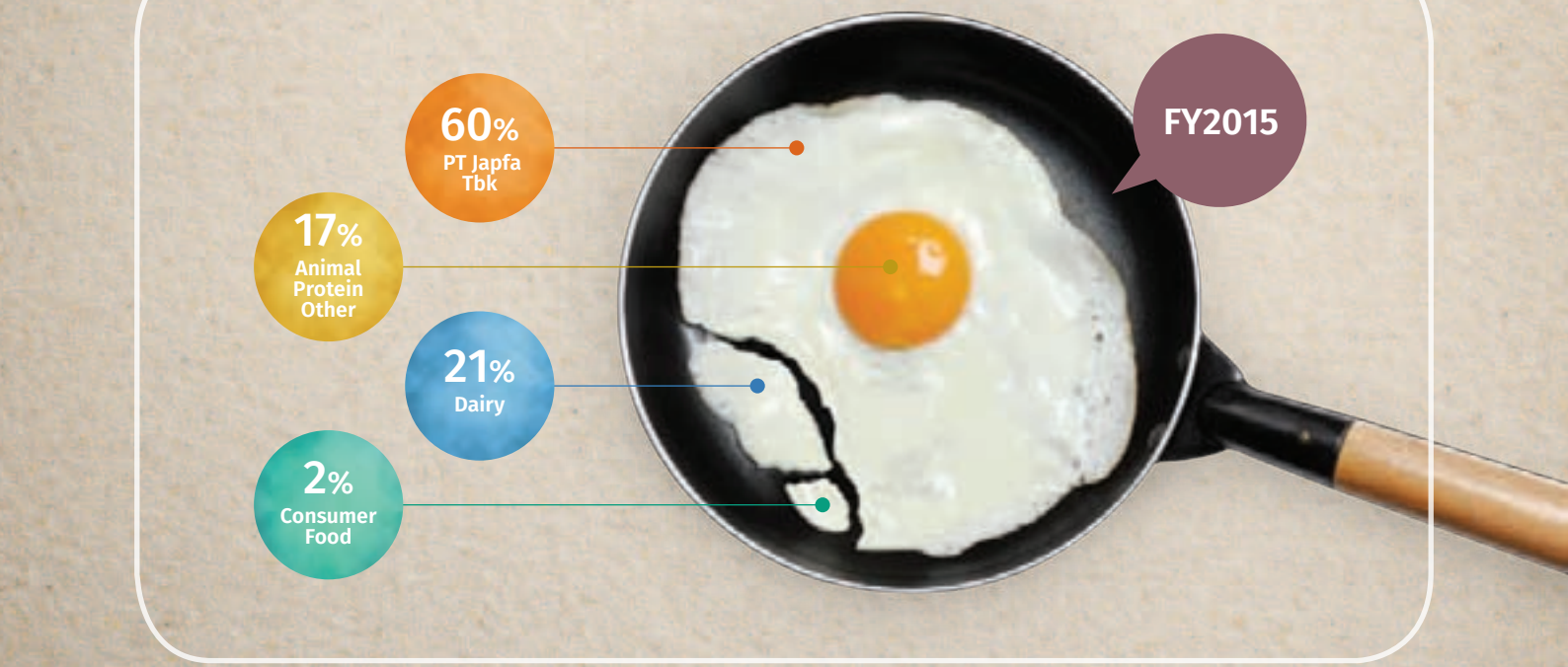
Replicate best farm management practices and design across business pillars

Financial Highlights
Delivering Resilient Results

REVENUE COMPOSITION (%)



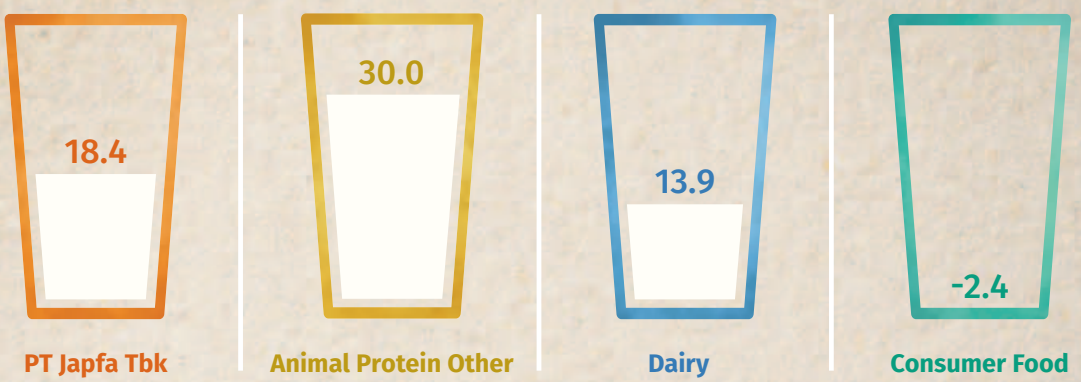
OPERATING PROFIT COMPOSITION (%)



Note: Operational segments shown exclude central purchasing subsidiary, headquarter costs and elimination adjustments between segments.

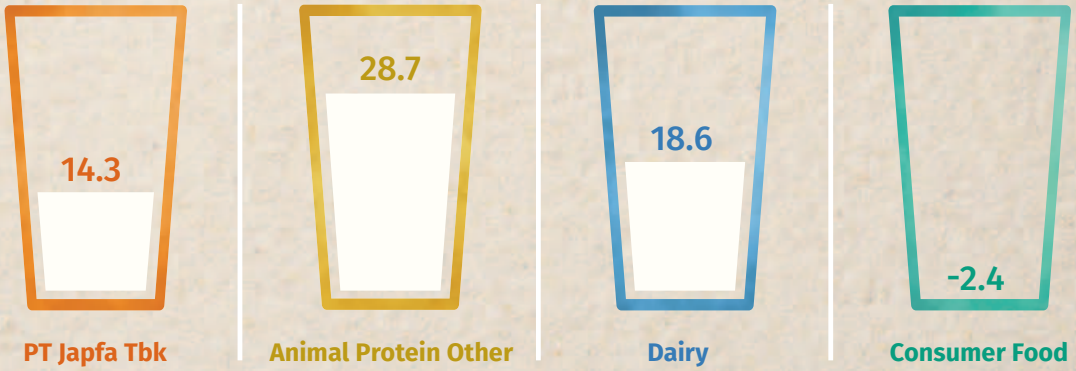
PATMI BREAKDOWN (US$M)

FY2015



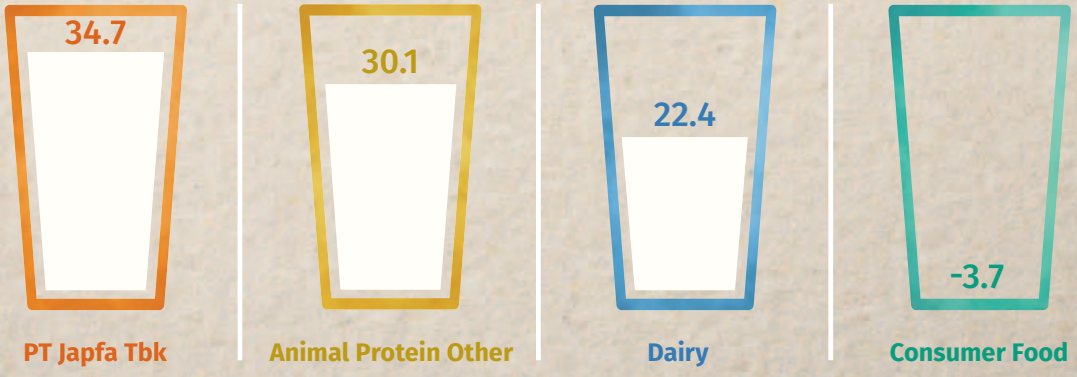
CORE PATMI BREAKDOWN (US$M)

FY2015



CORE PATMI WITHOUT FOREX BREAKDOWN (US$M)

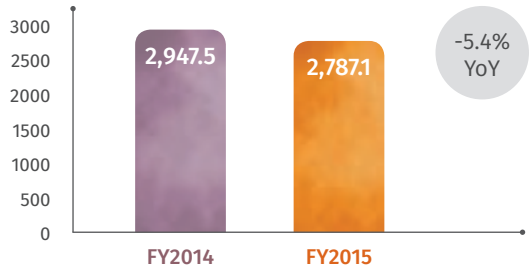
FY2015



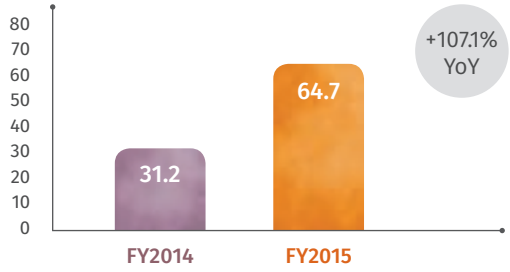
Note: Operational segments shown exclude central purchasing subsidiary, headquarter costs and elimination adjustments between segments.

Financial Summary

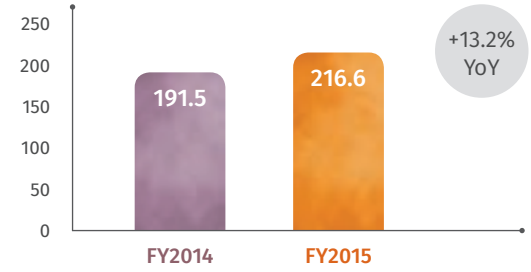
REVENUE (US$M)



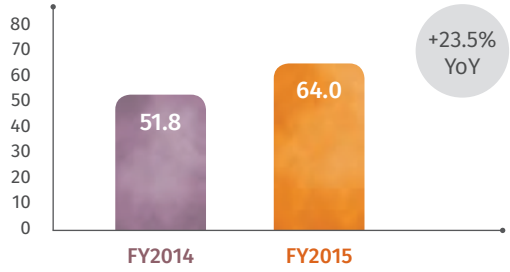
PATMI (US$M)



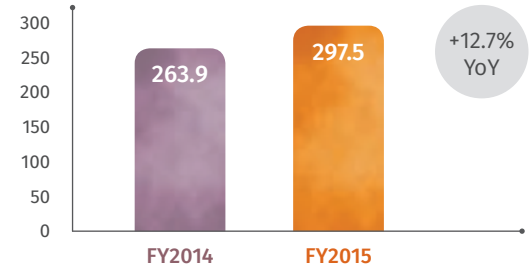
OPERATING PROFIT (US$M)



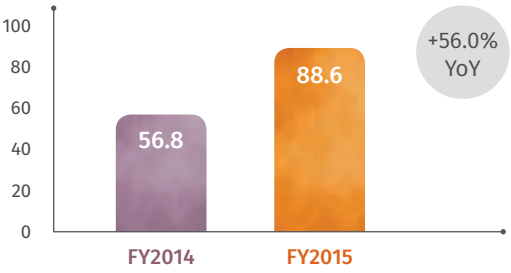
CORE PATMI (US$M)



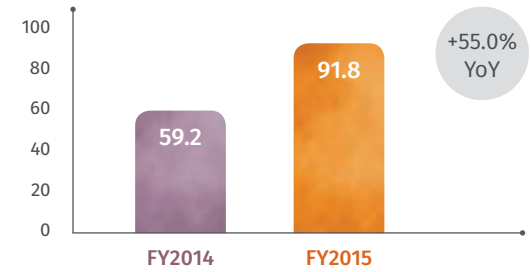
EBITDA (US$M)



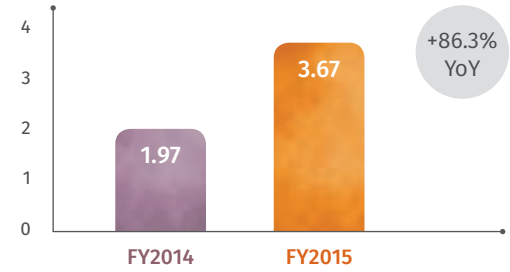
CORE PATMI WITHOUT FOREX (US$M)



PROFIT AFTER TAX (US$M)



EARNINGS PER SHARE (US$Cents)



GROUP FINANCIAL HIGHLIGHTS (US$M)	FY2014	FY2015	% CHANGE	
Revenue	2,947.5	2,787.1	-5.4%	▼
Operating Profit	191.5	216.6	+13.2%	▲
Operating Profit Margin	*6.5%*	*7.8%*	*+1.3ppt*	▲
EBITDA[1]	263.9	297.5	+12.7%	▲
Profit After Tax	59.2	91.8	+55.0%	▲
PATMI	31.2	64.7	+107.1%	▲
CORE PATMI[2]	51.8	64.0	+23.5%	▲
Core PATMI w/o Forex[3]	**56.8**	**88.6**	**+56.0%**	▲

SEGMENTAL FINANCIAL HIGHLIGHTS (US$M)	FY2014	FY2015	% CHANGE	
PT Japfa Tbk[4]				
Revenue[5]	2,056.3	1,854.6	-9.8%	▼
Operating Profit	105.3	126.4	+20.0%	▲
Operating Profit Margin	*5.1%*	*6.8%*	*+1.7ppt*	▲
EBITDA	149.8	179.9	+20.1%	▲
Profit After Tax	27.2	36.0	+32.5%	▲
PATMI	13.1	18.4	+40.3%	▲
CORE PATMI	14.9	14.3	-3.9%	▼
Core PATMI w/o Forex	**18.6**	**34.7**	**+86.3%**	▲
Animal Protein Other[6]				
Revenue[5]	506.7	534.1	+5.4%	▲
Operating Profit	36.4	35.8	-1.7%	▼
Operating Profit Margin	*7.2%*	*6.7%*	*-0.5ppt*	▼
EBITDA	41.4	42.5	+2.7%	▲
Profit After Tax	19.6	30.8	+56.8%	▲
PATMI	17.8	30.0	+68.4%	▲
CORE PATMI	29.9	28.7	-4.1%	▼
Core PATMI w/o Forex	**29.1**	**30.1**	**+3.2%**	▲
Dairy[7]				
Revenue[8]	227.7	259.4	+14.0%	▲
Operating Profit	52.7	45.1	-14.5%	▼
Operating Profit Margin	*23.2%*	*17.4%*	*-5.8ppt*	▼
EBITDA	70.4	60.7	-13.8%	▼
Profit After Tax	32.0	22.7	-29.3%	▼
PATMI	19.8	13.9	-30.0%	▼
CORE PATMI	26.5	18.6	-29.7%	▼
Core PATMI w/o Forex	**27.1**	**22.4**	**-17.5%**	▼
Consumer Food[9]				
Revenue[10]	209.0	186.3	-10.9%	▼
Operating Profit	4.1	4.3	+5.5%	▲
Operating Profit Margin	*2.0%*	*2.3%*	*+0.3ppt*	▲
EBITDA	9.1	8.8	-4.1%	▲
Loss After Tax	-4.1	-2.4	+42.1%	▲
PATMI	-4.1	-2.4	+42.0%	▲
CORE PATMI	-4.1	-2.4	+41.9%	▲
Core PATMI w/o Forex	**-4.9**	**-3.7**	**+24.3%**	▲

The Group Financial Highlights include all the Segmental Financial Highlights, and include corporate office, central purchasing office in Singapore and consolidation adjustments between segments.

1. *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.*
2. *We derive Core PATMI from "Profit 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), and excluded extraordinary items (attributable to owners of the parent, net of tax) namely, a one-off gain from the disposal of asset held for sale in 2Q 2014 and a gain from the buyback of USD bonds in PT Japfa Tbk in FY2015.*
3. *"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 in PT Japfa Tbk, which has no tax implication, we have not made an estimate of the tax impact on foreign exchange gains/losses.*
4. *PT Japfa Tbk – PT Japfa Tbk is shown separately from Animal Protein Other. As at 31 December 2015, the Group's shareholding in PT Japfa Tbk is 58.0%.*
5. *The combined revenue for PT Japfa Tbk and Animal Protein Other includes inter-segment revenue of US$40.1 million in FY2015 (FY2014: US$50.3 million).*
6. *Animal Protein Other – includes the Group's animal protein operations in Vietnam, India, Myanmar and China.*
7. *Dairy – includes the Group's operations in China, Indonesia and South East Asia.*
8. *The Dairy segment revenue includes inter-segment revenue of US$2.0 million in FY2015 (FY2014: US$2.2 million).*
9. *Consumer Food – includes the operations in Indonesia and Vietnam.*
10. *The Consumer Food segment revenue includes inter-segment revenue of US$5.2 million in FY2015 (FY2014: US$8.8 million).*

Operating & Financial Review
Group Overview

DIVERSIFICATION STRATEGY ACROSS THREE PILLARS

In FY2015, the Group registered a broad-based improvement in profitability, driven by better market conditions, its continued focus on diversification and higher operational efficiencies.

The significant improvement in the Group's profitability was mainly due to PT Japfa Tbk's poultry business turning around in the second half of FY2015 ("2H 2015"), on the back of a more balanced supply and demand of day-old chicks ("DOCs") and broiler chickens in Indonesia, which led to better selling prices in the poultry market. It was also a result of the Group's diversified business strategy, as reflected in the balanced contribution from its three main business pillars – PT Japfa Tbk, Animal Protein Other and Dairy.

Notwithstanding market volatilities, the Group believes in the long-term growth prospects of the emerging markets it operates in, which have a large population base but low protein consumption.

On a topline basis, the Group's consolidated sales decreased marginally by 5.4% year-on-year to US$2.8 billion, mainly due to a 10% decline in sales at PT Japfa Tbk in USD terms. In Indonesian Rupiah terms, however, sales at PT Japfa Tbk had increased by 2%. The decline in sales from PT Japfa Tbk was compensated by a growth in sales in the Group's Animal Protein Other and Dairy segments.

With the turnaround in PT Japfa Tbk, operating profit grew by a healthy 13.2% to US$216.6 million, while EBITDA increased 12.7% to US$297.5 million in FY2015.

In terms of extraordinary items, there was a gain of US$6.4 million from the buyback of USD bonds in PT Japfa Tbk in FY2015. In FY2014, there was a one-off gain of US$9.6 million from the sale of an office in Kallang in Singapore.

During the year, a 12% depreciation of the Rupiah against the US Dollar ("USD") resulted in a foreign exchange loss of US$42.0 million, as compared to US$8.1 million in FY2014. Of these losses, US$24.0 million are unrealised translation losses on PT Japfa Tbk's USD-denominated bond which is due in 2018.

Despite the foreign exchange loss of US$42.0 million and biological asset valuation losses of US$5.6 million, the Group still generated a significant 55.0% improvement in profit after tax to US$91.8 million for FY2015.



Operating & Financial Review

Group Overview

The Group's PATMI, which includes foreign exchange and biological asset valuation losses, registered a significant 107.1% increase from US$31.2 million in FY2014 to US$64.7 million in FY2015. The increase was mainly due to broad-based improvements across most of the business segments, as well as a much lower biological asset valuation loss in FY2015 compared to FY2014.

In terms of profits attributable to the Group, the management believes that Core PATMI[1], which excludes the fair value changes of biological assets, is an important measure of income attributable to shareholders, while Core PATMI without foreign exchange ("Core PATMI w/o Forex)[2] is a reflection of the Group's operating performance.

During the year, the Group recorded a 23.5% growth in Core PATMI from US$51.8 million in FY2014 to US$64.0 million in FY2015. After removing the effects of foreign exchange, the Group's Core PATMI w/o Forex grew by 56.0% from US$56.8 million in FY2014 to US$88.6 million in FY2015.

LOOKING AHEAD

In the near term, the Group expects the volatility of the Indonesian Rupiah to persist, which may potentially affect consumer consumption. Due to the seasonality and cyclical nature of the poultry industry, fluctuations in DOC and broiler prices are expected as part of the Group's business.

Nonetheless, the Group will remain vigilant and ready to respond to any changes in the competitive and regulatory landscape, which can potentially impact the way the Group operates. The Group is also confident that PT Japfa Tbk's 40-year track record in the poultry business positions it well to mitigate market challenges, and to tap on the eventual recovery of growth in consumption in Indonesia.

In view of the slowdown of the China economy, raw milk prices in China are expected to remain sluggish in the near term. The rest of the Asian markets could also continue to see seasonal fluctuations in raw material costs and selling prices, which are determined by supply and demand. The Group will continue to keep a close watch on the macro-economic performance and currency fluctuations of the countries it operates in, as well as the market environment of the various protein industries, to anticipate and mitigate any challenges.

Notwithstanding market volatilities, the Group believes in the long-term growth prospects of the emerging markets it operates in, which have a large population base but low protein consumption. The Group remains 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.

1. *We derived Core PATMI from "Profit 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), and excluded extraordinary items (attributable to owners of the parent, net of tax) namely, a one-off gain from the disposal of asset held for sale in 2Q 2014 and a gain from the buyback of USD bonds in PT Japfa Tbk in FY2015.*
2. *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 in PT Japfa Tbk, which has no tax implication, we have not made an estimate of the tax impact on foreign exchange gains/losses.*

PT Japfa Tbk

32.5%

GROWTH IN PROFIT AFTER TAX TO US$36.0 MILLION

Animal Protein Other

5.4%

INCREASE IN SALES TO US$534.1 MILLION

Dairy

5.6%

IMPROVEMENT IN MILK YIELD IN CHINA TO 36.1 KG/HEAD/DAY

Consumer Food

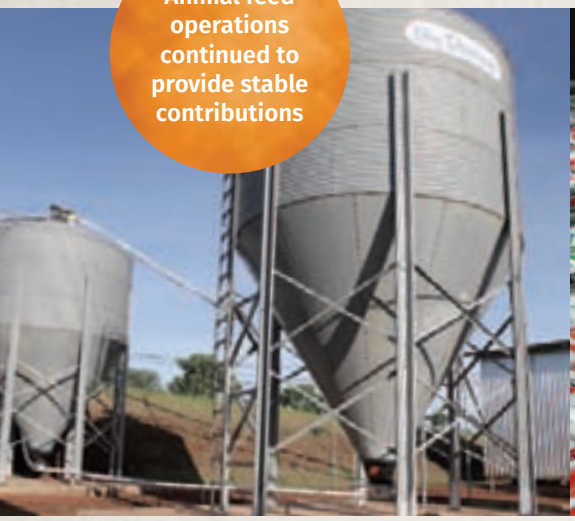
30%

GROWTH IN SALES VOLUME OF *REAL GOOD* MILK IN INDONESIA

Operating & Financial Review

PT Japfa Tbk

Animal feed operations continued to provide stable contributions





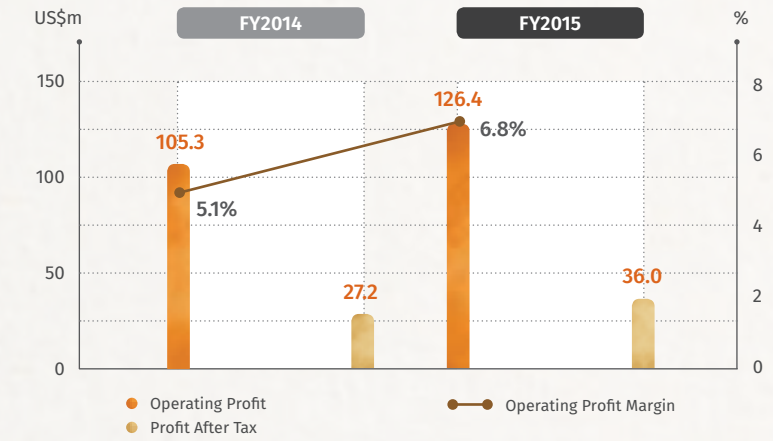
In Indonesia, the Group carries out its animal protein operations through its IDX-listed subsidiary, PT Japfa Tbk, which is one of the market leaders in producing premium animal feed and multiple high-quality animal proteins, namely, poultry, beef and aquaculture.

During the year, revenue for PT Japfa Tbk declined by 10% from US$2.1 billion in FY2014 to US$1.9 billion in FY2015. However, in Indonesian Rupiah terms, sales at PT Japfa Tbk had increased by 2%, mainly due to the turnaround in the poultry business in Indonesia.

In 2H 2015, the Indonesian government coordinated an industry-wide culling of an initial 4 million parent stock which resulted in lower DOC production across the industry. This has led to an improvement and stability in the average selling prices of DOC and broilers in 2H 2015, which in turn helped to boost the performance of PT Japfa Tbk.

In addition, PT Japfa Tbk's animal feed operations continued to provide stable contributions to its profitability and operating cash flow in FY2015. The animal feed operations contributed more than 50% of the gross revenue (before inter-segment eliminations), and over 80% of operating profit, for PT Japfa Tbk.

PT JAPFA TBK: Segmental Profitability Overview



Against an improved poultry market environment, its breeding operations managed to reduce its loss from US$29.4 million last year to a loss of US$9.6 million, while its commercial farming improved considerably from a loss of US$3.6 million to a profit of US$28.4 million. Overall, PT Japfa Tbk's feed and commercial farming operations were more than able to cover the operating loss of its breeding operations, resulting in a 20.0% growth in operating profit to US$126.4 million.

During the year in review, the Indonesian Rupiah depreciated 12% against the USD from Rp12,410 as at 31 December 2014 to Rp13,858 as at 31 December 2015. In spite of a foreign exchange loss of US$35.5 million, PT Japfa Tbk still recorded a 32.5% growth in profit after tax to US$36.0 million.

Notwithstanding the challenging and volatile conditions in Indonesia, PT Japfa Tbk generated positive operating cash flow and EBITDA, contributing close to 40% to the Group's Core PATMI w/o Forex in FY2015.

Operating & Financial Review
Animal Protein Other



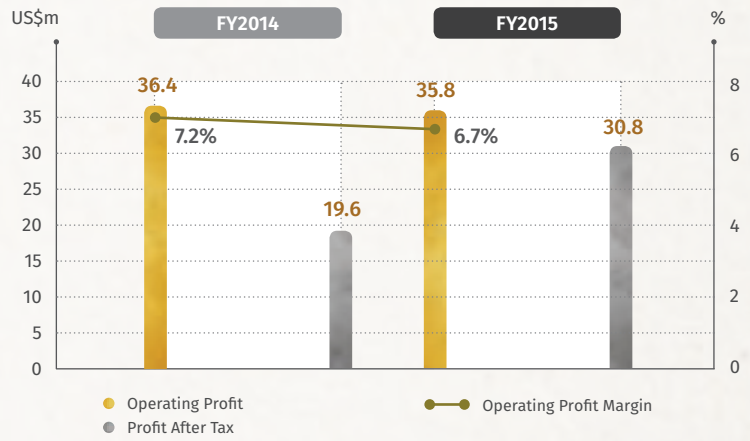


Strong contributions from Vietnam and Myanmar

In recent years, the Group has replicated its large-scale, industrialised animal protein operations in key emerging Asian markets. It currently produces high-quality protein staples in Vietnam (poultry and swine), Myanmar (poultry), India (poultry) and China (beef), which are collectively reported under its Animal Protein Other segment.

The Animal Protein Other operations constitute a key part of the Group's diversification strategy to ensure long-term sustainable earnings, and is one of the Group's main growth pillars. Over the past three years, profitability of this segment has been strengthening, with strong contributions from the operations in Vietnam and Myanmar.

ANIMAL PROTEIN OTHER: Segmental Profitability Overview



The strong growth in Vietnam's operations was in part due to the turnaround of its swine business. Replicating the success model of the poultry business, the Group entered into the swine market in Vietnam in FY2013. Since then, the Group's swine business has gained traction and turned profitable in FY2015.

In FY2015, the Group's Animal Protein Other segment achieved a 5% increase in sales to US$534.1 million, mainly attributable to Vietnam's business where its poultry feed and swine feed sales volume grew by 18% and its swine fattening volume was significantly higher by 62%.

This marked improvement in Vietnam's operations, together with positive contribution from Myanmar, was, however, offset by a weaker performance in India mainly due to lower selling prices of poultry in 2015, as well as continuing start-up losses for China's beef operations.

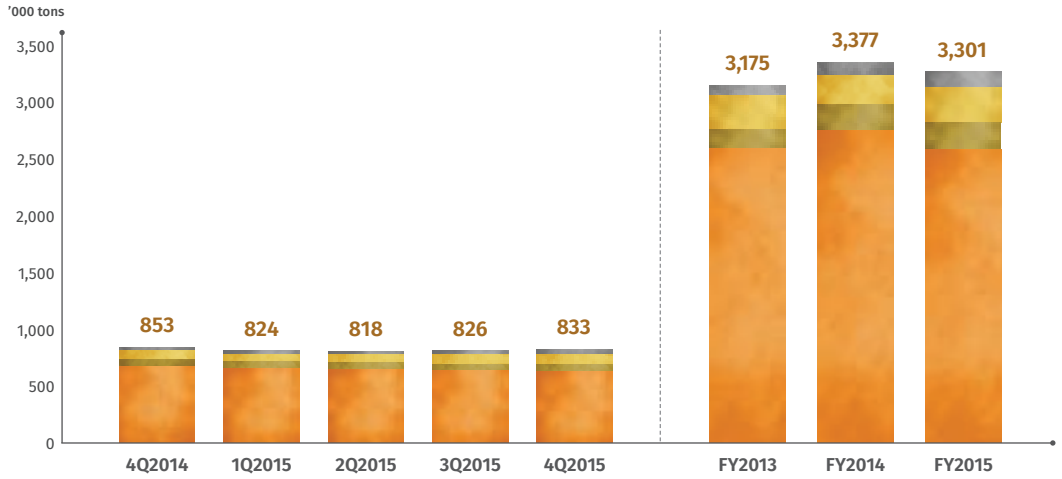
In the fourth quarter of 2015, Vietnam's poultry market also experienced a softening in selling prices for DOCs and broilers, compared to exceptionally high prices in the same period last year, which weighed down this segment's overall operating profit. To gain greater market share, the Group had also strategically lowered its feed selling prices.

On the whole, the consolidated Animal Protein Other segment contributed a Core PATMI w/o Forex of US$30.1 million in FY2015.

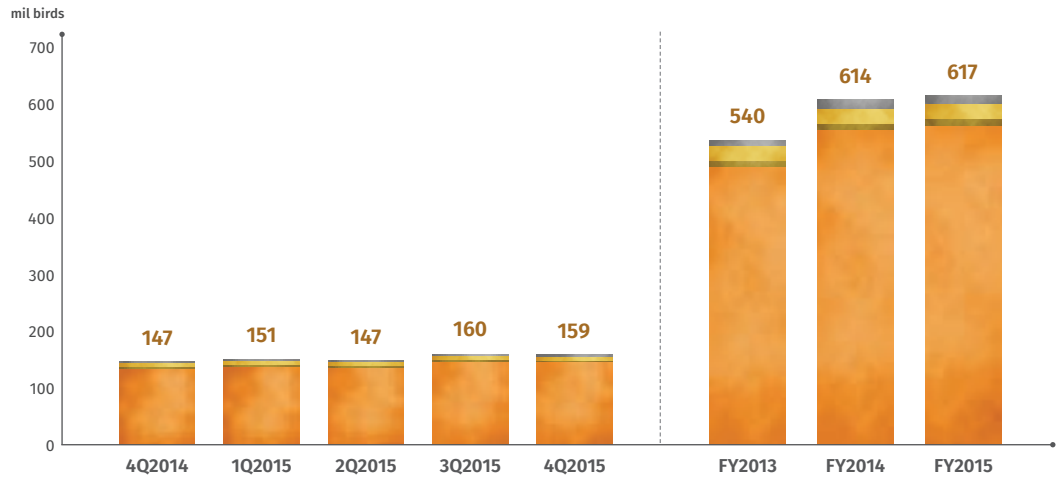
Operating & Financial Review

Animal Protein – Operational Performance

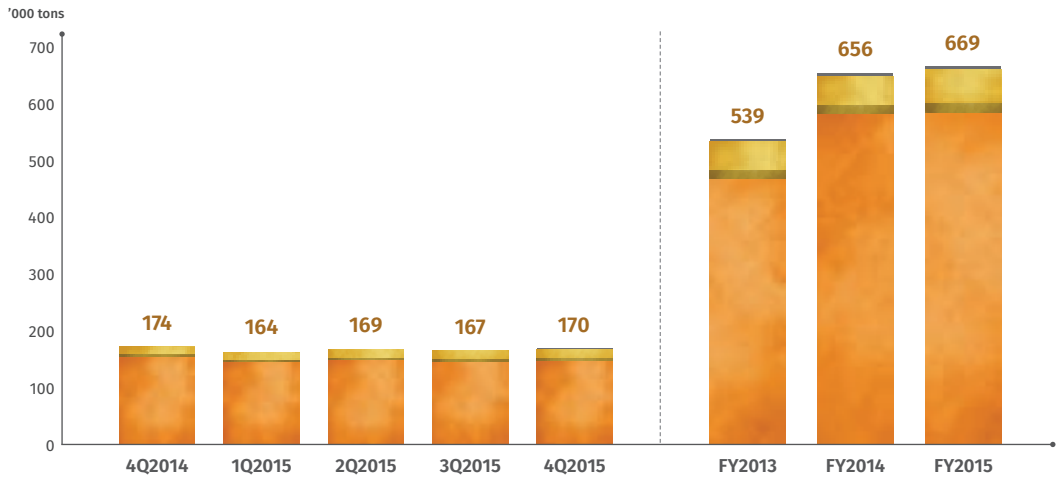
ANIMAL FEED – POULTRY: SALES VOLUME ('000 tons)



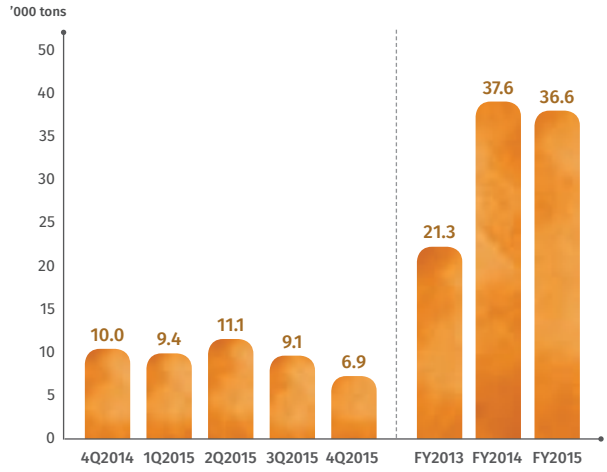
DOC – BROILER: SALES VOLUME (mil birds)



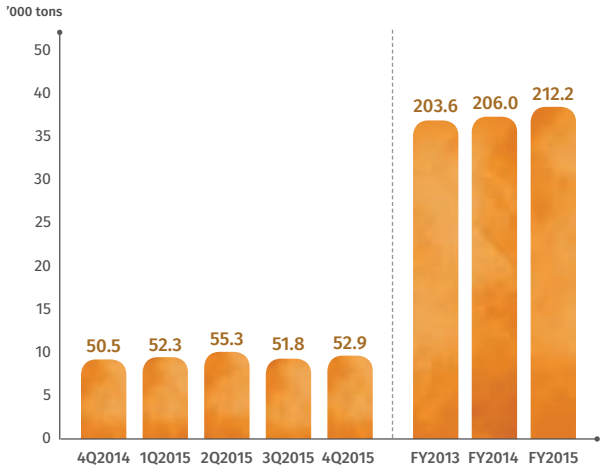
COMMERCIAL FARM – LIVE BIRDS: SALES VOLUME ('000 tons)



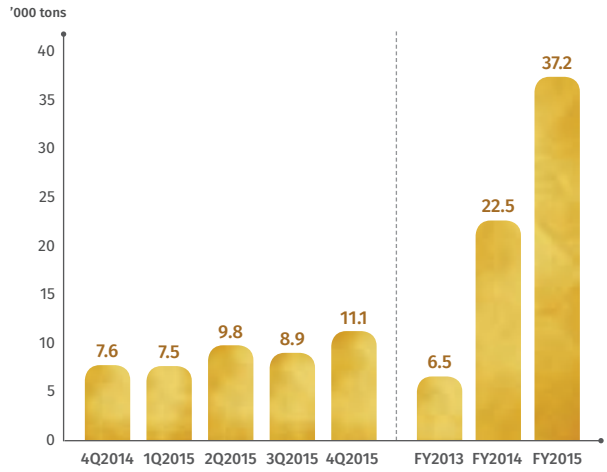
BEEF – LIVE CATTLE: SALES VOLUME ('000 tons)



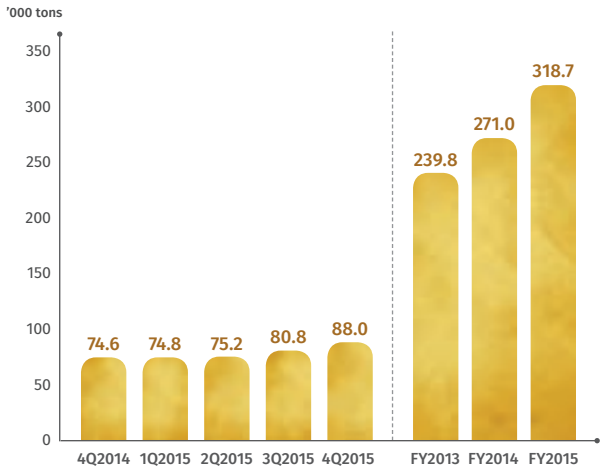
AQUACULTURE – AQUA-FEED: SALES VOLUME ('000 tons)



SWINE FATTENING: SALES VOLUME ('000 tons)



ANIMAL FEED – SWINE: SALES VOLUME ('000 tons)



- PT Japfa Tbk
- Japfa India
- Japfa Vietnam
- Japfa Myanmar

Operating & Financial Review

Dairy



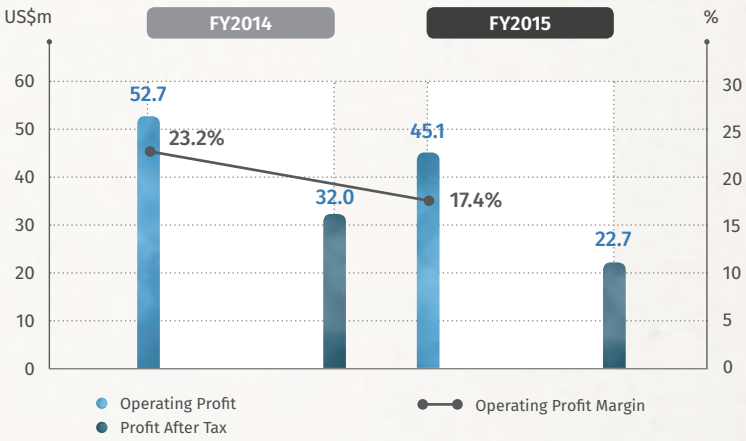


The Group is a leading, industrialised producer of premium raw milk in Indonesia and China, which are of high quality in terms of nutritional and safety standards. In China, the Group sells its raw milk to leading milk producers further downstream, while in Indonesia, the Group operates a vertically integrated dairy business which produces raw milk for its own downstream *Greenfields* dairy products that are distributed to countries in South East Asia ("SEA").

Revenue and profitability growth for the Group's Dairy business are primarily driven by its operations in China. In FY2015, revenue from the Dairy segment increased by 14% to US$259.4 million, due to its Farm 4 fully milking and Farm 5 generating sales since March 2015.

The size of the Group's dairy operations grew year-on-year, with the total milkable cows in China and Indonesia farms increasing from 28,557 as at 31 December 2014 to 34,459 as at 31 December 2015. More importantly, the Group successfully improved its milk yield by 5.6% from 34.2 Kg/head/day to 36.1 Kg/head/day for its China farms, and from 27.0 Kg/head/day to 30.1 Kg/head/day for its Indonesian farm.

DAIRY: Segmental Profitability Overview



The significant improvement in milk yields, together with the growth in sales volumes, helped to mitigate the full impact of lower raw milk prices in China, resulting in the Group's Dairy segment achieving a strong EBITDA of US$60.7 million with an EBITDA margin of 23%.

In FY2015, loss from changes in fair value of biological assets amounted to US$8.2 million, as compared to US$20.8 million in FY2014. There was also a foreign exchange loss of US$6.0 million in FY2015, compared to US$1.0 million in FY2014.

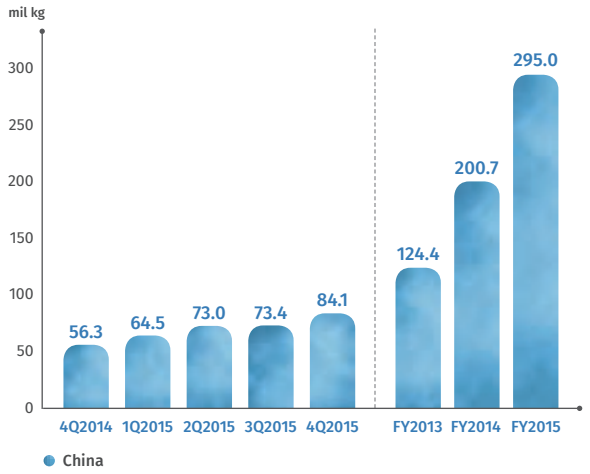
Subdued by the low raw milk price environment in China, the overall contribution of the Dairy operations to the Group's profits slowed, with Core PATMI w/o Forex for this segment amounting to US$22.4 million in FY2015.

The Group's newest Farm 6, located in Inner Mongolia, has started milking recently and is expected to be fully milking by the end of 2016.

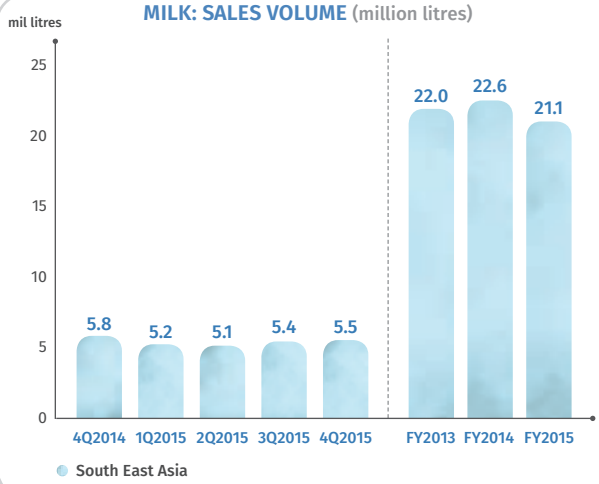
Operating & Financial Review

Dairy – Operational Performance

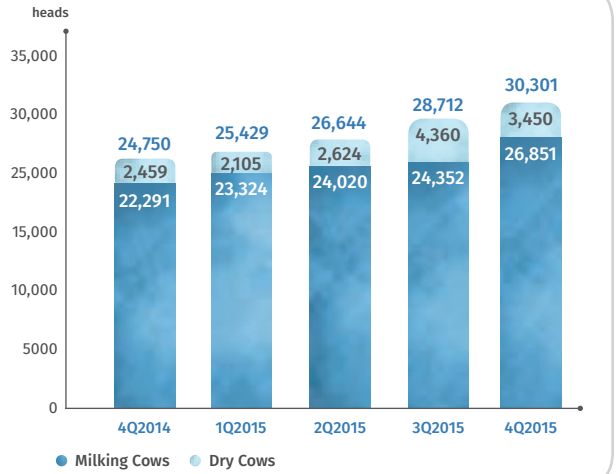
CHINA RAW MILK: SALES VOLUME (million kg)



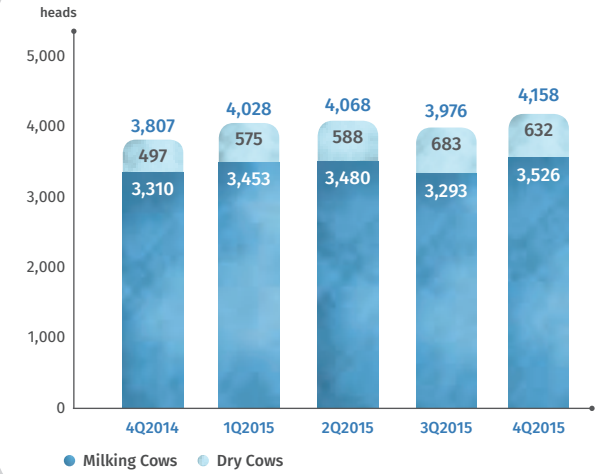
SEA EXTENDED SHELF LIFE BRANDED MILK: SALES VOLUME (million litres)



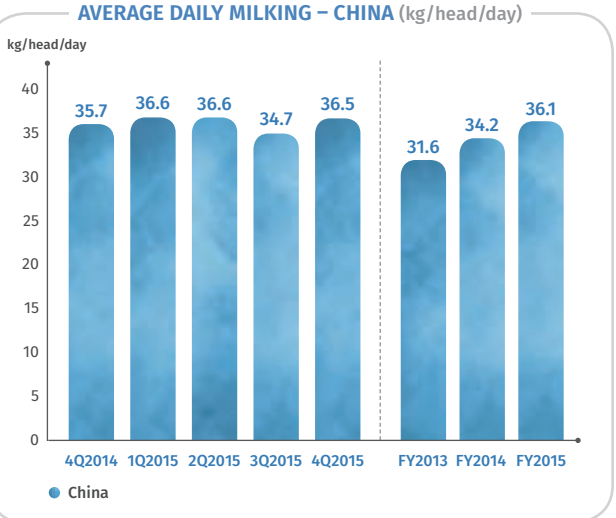
MILKABLE COWS – CHINA (heads)[1]



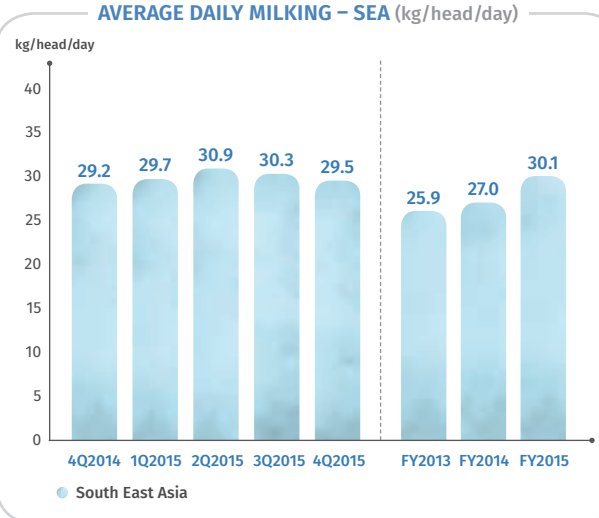
MILKABLE COWS – SEA (heads)[1]



AVERAGE DAILY MILKING – CHINA (kg/head/day)



AVERAGE DAILY MILKING – SEA (kg/head/day)



1. *Number of milkable cows as at end of the quarter*

Operating & Financial Review

Consumer Food



on-year in USD terms mainly due to the depreciation of the Indonesian Rupiah. Sales volume of *Real Good* milk in Indonesia posted a healthy 30% improvement, which compensated the decline in sales volume for frozen food products.

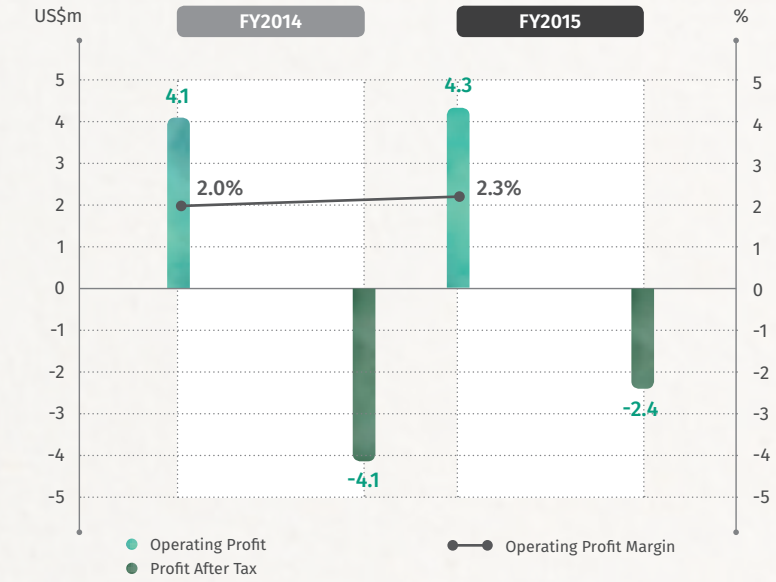
While the Consumer Food operations in Indonesia continued to be profitable, the overall Consumer Food segment recorded a negative Core PATMI without Forex of US$3.7 million in FY2015 due to the start-up losses of Consumer Food operations in Vietnam.

The Group uses some of its animal protein products that it produces in-house as raw materials for its own downstream Consumer Food segment. These ambient-temperature and chilled/frozen food products made from chicken, beef and seafood are subsequently sold in Indonesia and Vietnam markets.

In recent years, the Group's consumer food products, marketed under the *So Good*, *So Good Sozzis* and *So Nice* brands have become leading brands in Indonesia for premium processed meats, and the Group currently has a strong market share in frozen consumer food and ambient temperature food in Indonesia.

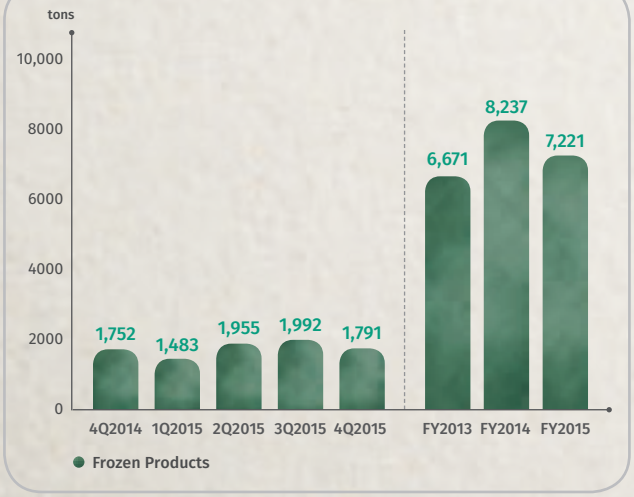
The Group's Consumer Food segment contributed sales of US$186.3 million in FY2015, which dipped 10.9% year-

CONSUMER FOOD: Segmental Profitability Overview

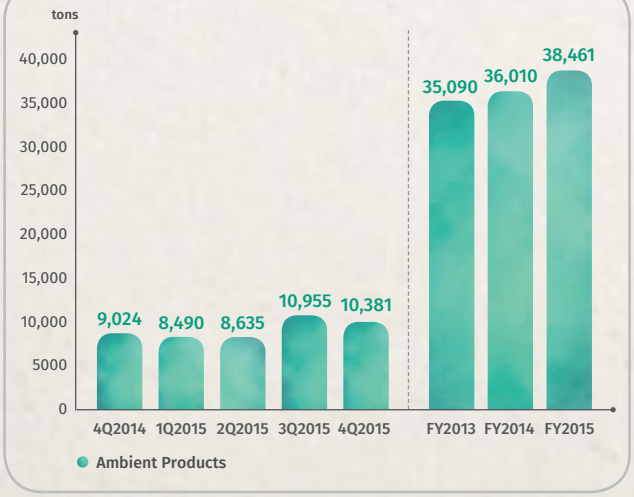


Consumer Food – Operational Performance

FROZEN PRODUCTS: SALES VOLUME (tons)



AMBIENT PRODUCTS: SALES VOLUME (tons)



Other Financial Information

OTHER FINANCIAL INFORMATION (US$M)	FY2014	FY2015
Balance Sheet		
Total Assets	2,327.0	2,212.6
Cash	286.7	147.9
Inventory	598.1	609.4
Total Liabilities	1,332.7	1,204.0
Financial liabilities	992.6	840.3
Total Equity	994.3	1,008.6
Net Debt / Equity Ratio (times)	0.7	0.7
Inventory Turnover Days	88.2	97.3
Cash Flows		
Net Cash Flows from Operating Activities	126.2	256.6
Net Cash Flows used in Investing Activities	(298.5)	(188.3)
Net Cash Flows (used in) / from Financing Activities	232.5	(203.3)
Net (Decrease) / Increase in Cash and Cash Equivalents	**60.2**	**(135.0)**

BALANCE SHEET

As at 31 December 2015, the Group's total assets stood at US$2,212.6 million, with cash and cash equivalents of US$147.9 million. Total assets were lower as compared to US$2,327.0 million as at 31 December 2014, primarily due to the decrease in cash and cash equivalents arising from the use of initial public offering proceeds, construction of Farm 6 for China's dairy business, and reduction in bank borrowings.

The Group's total liabilities as at 31 December 2015 decreased to US$1,204.0 million, as compared to US$1,332.7 million a year ago, primarily due to the decrease in other financial liabilities following the repayment of bank borrowings and the buyback of USD-Denominated Senior Notes (Due 2018).

Group shareholders' funds increased to US$670.5 million as at 31 December 2015, from US$661.9 million as at 31 December 2014. The total equity of the Group rose in tandem from US$994.3 million to US$1.0 billion in the same period.

CASH FLOW AND LIQUIDITY

Cash flows from operating activities were US$256.6 million in FY2015, as compared to US$126.2 million in FY2014, which mainly arose from operating cash flows before working capital of US$270.5 million, changes in working capital of US$4.3 million and income tax paid of US$18.2 million.

Net cash flows used in investing activities was US$188.3 million in FY2015, as compared to US$298.5 million in FY2014, mainly represented by the purchase of property, plant and equipment of US$152.9 million.

In FY2015, the Group had significantly reduced its capital expenditure for PT Japfa Tbk's operations, in light of the market volatilities. About 47% of the overall capital expenditure of US$150 million in the year was spent on Dairy, followed by 35% for PT Japfa Tbk, 16% for Animal Protein Other and 2% for Consumer Food.

Net cash flows used in financing activities were US$203.3 million in FY2015, mainly due to the decrease in other financial liabilities of US$211.3 million, interest paid of US$70.1 million and consideration paid for the acquisition of non-controlling interests of US$7.7 million, and partially offset by the drawdown of new bank loans of US$93.2 million.

USE OF IPO PROCEEDS

As at 31 December 2015, 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	53,016	53,016	-
Investment in our animal protein business in our target markets	14,000	14,000	-
Repayment or prepayment of borrowings, including the prepayment charges, of our Group	70,000	70,000	-
Investment, reduction of liabilities, working capital and general corporate purposes beneficial to the Group	36,984	29,500	7,484
TOTAL	**174,000**	**166,516**	**7,484**

SUSTAINABLE DEVELOPMENT

Continuously grow and evolve with the community to create harmonious relationships

CORPORATE GOVERNANCE

Committed to Good Corporate Governance and continually implement initiatives and frameworks across various business functions



Upholding Sustainable Practices

In line with Japfa's ethos of ***Growing Towards Mutual Prosperity,*** *we take actions through real programmes that are aligned and implemented to support our business continuity.*



Sustainability and Responsibility
Upholding Sustainable Practices





This section of the annual report describes the Group's contributions to responsible and sustainable development through its business, economic, social and environmental performance. [G4-30]

This report contains Standard Disclosures from the Global Reporting Initiative ("GRI")'s Sustainability Reporting Guidelines G4 Core criteria. It covers the Group's sustainability performance and efforts during FY2015. The codes in square brackets throughout this section refer to the appropriate section of the GRI's Reporting Principles and Standard Disclosures guidance.

SUSTAINABLE DEVELOPMENT

At Japfa, we wish to continuously grow and evolve with the community to create harmonious relationships. In this way we can benefit and meet the expectations of our stakeholders, namely customers, business partners, governments, shareholders, employees and the community.

Sustainable development means that activities undertaken to meet the needs of the present generation should be implemented without prejudicing the interests of future generations. We believe that a balanced approach between economic performance, environmental performance and social performance will support our role in bringing about sustainable development.

Japfa realises our commitment by carrying out Corporate Social Responsibility ("CSR") programmes. We have put aside part of our profits for the benefit of human development and the environment in a sustainable, proper and professional manner.

In line with Japfa's ethos of *Growing Towards Mutual Prosperity*, we take actions through real programmes that are aligned and implemented to support our business continuity with the following commitments:

1. Responsibility for labour practices, including occupational health and safety, gender equality, and employment opportunities
2. Responsibility for quality products
3. Responsibility for social, public and the surrounding community development
4. Responsibility for the environment

The programmes described in this annual report mainly refer to the programmes carried out by PT Japfa Tbk in Indonesia, where most of our operations are located and where we employ the most number of staff. We intend to roll out various programmes for our offices in other countries progressively.



Since 2008, PT Japfa Tbk has developed its *JAPFA4Kids* programme, which focuses on nutrition and health campaigns for elementary school students throughout Indonesia.

By 2015, *JAPFA4Kids* activities had reached

- 87,913 students
- 5,370 teachers
- 497 primary schools
- 20 provinces in Indonesia

CORPORATE GOVERNANCE

Japfa is committed to Good Corporate Governance ("GCG") and continually strives to enhance our GCG implementation. GCG initiatives and frameworks have been implemented across various business functions, from recruitment, internal control systems and risk management to performance evaluation and rewards. In addition, we continually work to improve our efforts in the management and monitoring of our business and operations so that they are as environmentally friendly as possible.

We have also listed out, in a subsequent section of this annual report, Japfa's corporate governance framework, with specific reference to the principles and guidelines of the revised Code of Corporate Governance 2012 ("2012 Code") issued by the Monetary Authority of Singapore on 2 May 2012. Japfa has complied in all material aspects with the main principles and supporting guidelines of the 2012 Code, and will regularly review its governance policies and practices to track developments in market best practices and regulations.

Commitment to the Prevention of Corruption

The prevention of corruption is one of Japfa's most important GCG commitments. Japfa undertakes every effort to eradicate corruption and criminal misconduct and works continually to improve our employees' understanding of our anti-corruption position and tools. To measure the effectiveness of our anti-corruption programmes, Japfa has established Internal Control mechanisms across our business units and headquarters, tested by our Internal Audit Unit. [G4-SO4]

In order to ensure ethical, healthy and high integrity business practices, Japfa has implemented a Violation Reporting System, also known as a Whistle-blowing System ("WBS"), a vehicle for employees, customers, vendors, and other parties to report allegations and incidents related to fraud, crimes or violations of Company Regulations and Codes. We have implemented the Japfa Alert System, which covers Internal Control Procedures and Principles, Accounting and Finance Principles and Anti-Corruption Regulations. This is accessible by our employees through the website www.japfalert.com and regular emails.

The whistleblower has the choice of informing his or her hierarchical or functional manager, his or her business unit representative or through the Japfa Alert System. The information disclosed using Japfalert will be kept confidential. Any whistleblower using this alert system is not at risk of any sanction, in relation to the matter disclosed, from his or her employer or the Group.

In the enforcement of employee discipline, we take firm actions against perpetrators of regulatory violations by imposing sanctions as provided for in our Company's Regulations. If any employee is found to be involved in a criminal matter, they will be surrendered to law enforcement officers. [G4-SO8]

Application of Prevention and Prudence Principle [G4-14]

Our prevention and prudence principle is reflected in our attention to

environmental sustainability issues and risk management. Japfa aims to monitor, manage and mitigate risks that may adversely affect us while taking calculated risks to take advantage of growth opportunities.

We are, during the normal course of business, exposed to various types of market risks, including interest rate risk, credit risk and liquidity risk, among others. Our risk management strategy aims to minimise the adverse effects of financial risk on our financial performance.

Currency Risk

The substantial majority of our business and sales are conducted in Indonesia, whose official currency is the Rupiah. We also have substantial operations in China and Vietnam, whose official currency is the Renminbi and Vietnam Dong, respectively. In Indonesia, while we source most of the raw materials locally for our animal feed business, we also import a certain amount of corn and all of the soybean meal for our animal feed business from sources outside of Indonesia.

Our foreign currency denominated liabilities as of 31 December 2015 include borrowings and trade payables denominated in USD, Rupiah, Renminbi and Vietnam Dong. We also pay interest on our USD-denominated Notes. As a result, we have certain exposure to foreign exchange fluctuations and market risk associated with such exchange rate movements against the SGD, our functional currency; the USD, the Group's presentation currency; Renminbi, the functional currency of our China operations; and Rupiah, the functional currency of our Indonesian operations.

We manage our foreign exchange risks by performing regular review and by monitoring our foreign exchange exposures.

In Indonesia, we hedge or hold USD cash in aggregate, an amount which represents at least one-third of the principal outstanding on our USD-denominated Bonds.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to the fluctuation of the prevailing market interest rate confined to bank deposits, which is immaterial to our profit before tax from continuing operations and equity.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities (primarily for trade receivables) and from our financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

We face concentration customer credit risk in our China dairy business. As of 31 December 2015, our top three customers in our China dairy business accounts for a significant proportion of our total sales of raw milk in China.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. We manage liquidity risk by monitoring forecast and actual cash flows continuously and keeping sufficient cash and cash equivalents.

Commodity Price Risk

We are exposed to commodity price risk resulting from changes in the prices of corn, soybean meal and alfalfa, which are some of our principal raw materials for our animal feed business. We mitigate our commodity price risk by typically passing on any increases in the cost of such raw materials to customers.

Operational Risk

In our business, key operational risks include outbreaks of diseases which may affect the livestock at our farms, as well as product safety and quality-related risks which may harm our business and reputation. The various sub-sections of this Sustainability and Responsibility report outline our efforts in quality and safety control.

STAKEHOLDER MANAGEMENT [G4-26]

Japfa's operational activities are wide-ranging, meaning that we need to interact with a large number of diverse stakeholders. We approach stakeholder management on the basis of transparent, accurate and timely communications and disclosures.

We nurture our relationships with internal and external stakeholders to ensure that we are constantly aware of their expectations and interests. Where possible, we make efforts to align our work programme with the needs and dynamics of interested parties.

Investor Relations

As a listed company, we are a firm believer of regular engagement with all our stakeholders, including our shareholders, the investment community and members of the media.

The Investor Relations ("IR") team for the Group, led by our CEO, believes in having effective and regular communication with all our stakeholders, and remains committed to making timely and accurate disclosure to the market. In FY2015, we have provided fair and equal attention to all our stakeholders in our IR outreach programme, with the support of an external IR agency.

As part of our communications, we have a corporate website (www.japfa.com) which has up-to-date information on our financials, operations and regulatory announcements that existing or potential investors can easily access. Investors can also easily contact our IR team via email.

During the year, we actively participated in equity conferences, which were held in Singapore and the region. To date, our IR team has met over 170 investors from 124 companies in 30 meetings and conferences, while PT Japfa Tbk has met over 350 investors from 267 companies in 72 meetings and conferences. We also attended local and international non-deal roadshows, which were organised by the various broking houses.

Every quarter, we will organise face-to-face or teleconference meetings to update the investment community on the Group's financial results and key corporate developments in FY2015. These sessions typically cover topics including key financial indicators, performance of the Group's key business pillars, agri-food market developments, industry trends and growth strategies.

In FY2016, we will continue to enhance our communication with all our stakeholders, so as to solicit and understand their feedback, in particular, through analyst briefings, investor roadshows, equity conferences, as well as the Annual General Meeting.

Supply Chain [G4-12]

As a reputable, public-listed company, committed to social responsibility and sustainability, Japfa takes supply chain management seriously. We are always careful when selecting suppliers, ensuring that no regulations are violated. **[G4-EN32]**

For suppliers of general goods and services such as office stationery, spare parts, and supporting supplies, there is less requirement for us to apply stringent sustainability criteria. This is due to such suppliers' low dependence on Japfa and vice versa. For suppliers of more strategic and specialised goods and services, such as animal feed and security personnel, Japfa applies a selection process using sustainability criteria in addition to legal documentation requirements.

Manpower



In manpower, Japfa strives to comply with all applicable laws and regulations. We are committed to gender equality, job training for employee professionalism enhancement and a commensurate reward system. Japfa provides fair and equal treatment in competency improvement and development to all employees. There is no gender difference in employment, and all employees have the same right to develop their career in Japfa.

Japfa operates in various countries and regions with a diversity of religions, cultures, traditions, customs, and social conditions. Nevertheless, we prioritise equality and justice by providing equal opportunities to all employees in developing their careers. The principle of equality does not distinguish between gender, origin, religion and beliefs. Each employee is assessed and measured by a system that is transparent, scalable, and focuses on a merit system and performance achievement. Fair and equal treatment for every employee aims to foster motivation, positive mentality and togetherness in order to strengthen Japfa's position as one of the leading players in the agribusiness industry.

As part of career development, our employees undergo various types of training. Every new staff is required to undertake induction and basic skills training. Our technical staff is required to attend an in-house Total Productive Maintenance training programme, which includes specific training in relation to machinery and our management staff receive communication and leadership skills training. We also send our employees to seminars and training sessions held by external institutions.

To improve employees' competency and boost the operations of each business unit, PT Japfa Tbk has implemented numerous training programs in 2015, comprising internal training by the Training and Communication Department (Traincomm) and the operational units, combined with training organized by external agencies as well. During 2015, the Traincomm Department conducted 150 training classes with 22 training modules which were attended by 3,923 employees.

With such a large talent pool, we have established a system of employee cooperatives, which work closely together with our management team to ensure that the welfare of our employees is protected. We also conduct regular bipartite forums between employees and management to encourage open communication.

PRESERVING THE ENVIRONMENT

Environmental Management

As an agri-food company, Japfa observes prevailing environmental provisions. A cornerstone of our approach is the implementation of an ISO 14001 compliant Environmental Management System ("EMS") in selected Business Units.

Developed by the International Organisation for Standardization ("ISO"), the ISO 14000 family of standards provides practical tools for companies and organisations looking to manage their environmental responsibilities. Our EMS provides the guidelines to ensure that our company remains environmentally friendly.

Japfa seeks to create a balance between business sustainability and environmental sustainability. We strive to make improvements to our operational performance not only to better help people meet their nutritional needs, but also to enable us to play our part in preserving the environment which is home to all living things.

Commitment to Environmental Protection

Our commitment to environmental protection is demonstrated through PT Japfa Tbk's 'JAPFA Go Green' programme, which was first launched in Indonesia in 2013. Through this programme, PT Japfa Tbk manages waste, uses manure separators to minimise unused waste, manages biogas and distributes it to communities in need.

PT Japfa Tbk also plants trees and distributes compost to the communities. Its waste management processes emphasise the principle of the 3 Rs (Reduce, Reuse, Recycle) and ensures separate treatment of poisonous and dangerous wastes. In addition, PT Japfa Tbk incorporates widespread use of 'bio-pores' and infiltration wells.

In order to ensure a smooth implementation of the 'JAPFA Go Green' programme, PT Japfa Tbk strives to continuously improve the awareness of its employees on the importance of environmental sustainability, by organising environmental workshops in cooperation with the environmental agencies in the areas where we operate.

To monitor PT Japfa Tbk's environmental management performance, it periodically participates in Indonesia's Programme for Pollution Control, Evaluation, and Rating ("PROPER"), a national-level public environmental reporting initiative led by Indonesia's Ministry of the Environment. Seven of PT Japfa Tbk's business units participated in PROPER in 2015, with the Poultry Division, Poultry Feed Division, and Beef Division being ranked "Blue", which signifies full compliance with all national regulatory standards.

Due to the scale of our operations in breeding, farming and production, we produce a certain amount of solid waste and other environmental waste. Dairy cows, for example, produce huge amounts of waste in the form of excrement and urine. To reduce the environmental impact of the discharged waste, we have designed a comprehensive recycling system in each farm in China and Indonesia.



For our Dairy business, waste water, following filtration, is recycled for cleaning and flushing barns. Manure is dried and utilised by surrounding farmers as fertilizers for cropping which is used for our feed production. Our farm design utilises efficient and effective ways of effluent management using specialised separation units. We have also undertaken the construction of bio-gas and waste water treatment facilities, as well as a large-scale waste water lagoon, rain water separation system and the roofing of heifer barns to complete our environmental protection facilities.

Sources and Uses of Water [G4-EN8] [G4-EN9]

In addition to water used in our production processes, water is also used for production supporting activities and by our business operation facilities. Japfa uses both groundwater and surface water, and has a clear policy to use water in an efficient and controlled manner. This policy is applied for the use of water in production activities and also for other operational needs. Japfa also pays attention to the disposal of water from the production processes, especially in the slaughterhouse business units, by using a Wastewater Treatment Plant ("WWTP") System in Indonesia that every month controls water disposal to meet quality standards.

Maintaining Regulatory Compliance

To comply with the applicable regulations, Japfa always strives to meet license requirements in every activity, for example, the recommendations for Environmental Management Effort ("UKL") and Environmental Monitoring Effort ("UPL") in Indonesia.

Our compliance with and concern for environmental protection and management are reflected in PT Japfa Tbk's success in securing several PROPER "Blue" awards from Indonesia's Ministry of Environment. These awards are testament to Japfa's commitment, effort and dedication in maintaining high standards of regulatory compliance and environmental sustainability at our business sites.

PROMOTING GENERAL WELFARE

Promoting General Welfare (SO1)

Japfa makes strong efforts to promote the welfare of our staff, as well as of the residents of the communities in which we operate. We believe that human welfare is critically dependent on establishing positive and healthy lifestyles from a young age. Hence, we pay great attention to children's education and nutritional development.

Promoting Education

In 2015, PT Japfa Tbk, through the JAPFA Foundation, started a school development programme for three elementary schools and one *pesantren* (Islamic boarding school) in four different provinces in Indonesia. This programme focused on the development of school management capacities, building on the physical school renovations carried out by corporations after the earthquake and tsunami disasters over the last decade.



In 2015, financial aid for education was provided to 1,000 students who could not afford to pay for their education. In 2016 and beyond, PT Japfa Tbk will help more students through donations and scholarships. We are proud to help highly motivated young people to access quality education.

Children's Health Improvement

Since 2008, PT Japfa Tbk has developed its *JAPFA4Kids* programme, which focuses on nutrition and health campaigns for elementary school students throughout Indonesia. By 2015, *JAPFA4Kids* activities had reached 497 primary schools, involving 87,913 students and 5,370 teachers from 20 provinces in Indonesia.

The success of this nutrition campaign programme relies on agents of change from the respective schools. Some students are selected to attend 'little doctors' training. Together with their teachers, these students become pioneers of the School Health Units called 'UKS' (Usaha Kesehatan Sekolah). The *JAPFA4Kids* nutrition campaign also encourages students to recognise and be able to produce nutritious and easy-to-make traditional foods. For that reason, PT Japfa Tbk organises 'little chef' competitions. The nutrition campaign also includes health screening and distribution of nutritious food as well as training of teachers, principals, and school administrators to foster a culture of cleanliness, health and neatness at schools.

As a token of appreciation to the *JAPFA4Kids* programme participants for their participation and hard work, PT Japfa Tbk has held *JAPFA4Kids* Awards since 2010. In 2015, the *JAPFA4Kids* Awards reached 95 elementary schools throughout Indonesia with more than 16,500 students.

To get an overall view of the latest nutritional condition in Indonesia and facilitate partnerships across sectors, in November 2015, the JAPFA Foundation invited 160 academics, nutritionists, business leaders and government officials to come together and formulate accurate, accountable and sustainable programmes based on the latest scientific findings and policies, in the *Annual Conference on Nutrition for Children and Teenagers*.



Based on this, PT Japfa Tbk, together with its partners and guided by a number of nutritionists, is launching a series of community development initiatives to improve nutrition, one of which was started in an integrated, measurable and sustainable manner at the end of 2015. All results of this conference will be published to the public, so as to raise support from private parties and the Indonesian government for the implementation of this Nutrition Improvement Programme nationally.

PT Japfa Tbk also takes part in efforts to make the country healthy through its JAPFA Chess Club ("JCC"). Chess is a sport that teaches many important values in achieving success. These values include intelligence, accuracy, diligence, tenaciousness, and industriousness. These are the values that drive Japfa to be actively involved in chess dissemination in the country.

JCC is the organiser of an annual international chess tournament named JAPFA Chess Festival ("JCF"), which was held in 2003, 2005, 2007, 2008, and 2010 up to 2014, and was attended by hundreds of national and international players. In 2015, JCC held the JAPFA Grandmaster Tournament on 15 to 21 April, which saw the participation of six players from overseas, namely, GM Sergey Tiviakov (Netherlands), GM Rogelio Antonio (The Philippines), GM Nguyen Anh Dung (Vietnam), GM GN Gopal (India), IM Sophie Milliet (France) and WGM Alina L'Ami (Romania). In terms of achievement, JCC has won the First Class Team Championship 11 times in 2003, 2004, 2006, and from 2008 to 2015. The First Class Team Championship is a prestigious championship as it is attended by top class chess clubs in Jakarta.

Social Investment and Other Social Contributions

Established in July 2015, the JAPFA Foundation has a vision to maximise youth potential through Education, Nutrition and Sports. In pursuing its vision, the Foundation has developed strategic and measurable programmes designed to achieve maximum results.

Fulfilling its motto of "Growing Together Towards Prosperity", the JAPFA Foundation aims to ensure that Japfa's growth is in line with the economic growth of the surrounding communities. It focuses on the potential of young people as they are the ones who will mobilise their communities towards progress.

Each programme conducted by the JAPFA Foundation is planned, calculated, executed and monitored like a business activity, in order to deliver tangible results in the form of socio-economic advancement, measured through various improvements.

The front line of this Social Investment approach is the "JAPFA Healthy Home" initiative which provides open spaces and facilities for a wide range of social programmes for community advancement. The Healthy Homes spaces can be used

by various parties to meet, collaborate, exchange best practices, and generate ideas that can be immediately used to solve community problems.

As a company operating in emerging Asian countries, Japfa pays great attention to education. We believe that good education is the key to a brighter future. Hence, we are committed to continuously promote the advancement of education in Indonesia and the countries where we operate in.

Our tangible contribution to education in Indonesia is to improve the quality of the education infrastructure. "Rebuild School" is a programme to renovate school buildings in order to enable smoother teaching and learning activities. The programme is implemented on an ongoing basis in, among others, Jogjakarta, Padang and Banda Aceh. We believe that a more improved educational infrastructure will also improve the quality of education.

As an integrated agri-food company, Japfa also encourages the people surrounding its operational areas to operate their farms in a good and proper manner. To that end, we provide training for the community and local cooperatives in Indonesia that are interested in the farm business. The programme aims to improve the economy of communities around Japfa's operational areas.

Through these and similar initiatives, the JAPFA Foundation works with a range of stakeholders to improve the quality of life of local communities in a sustainable manner.

Natural Disaster Management

Many of our operations are located in natural disaster-prone regions, hence, we take an active role in disaster management, particularly in the Preparedness and Recovery phases. Preparedness means having plans and resources in place to ensure quick and safe evacuation from all facilities should disaster strike. In Indonesia, we also plan for and participate in Recovery efforts as guided by the relevant National Disaster Management Agencies.

Partnership Programme (SO1)

Over the years, we have worked with a variety of stakeholders in our community empowerment programmes. Only by working closely with governments, non-governmental organisations, educational institutions and other social institutions can we, through the JAPFA Foundation, develop sustainable partnership patterns. Most importantly, to maximise the benefit of the programmes, we continuously involve local people in analysing the needs of the community.

PT Japfa Tbk also actively participates in several associations as member and/or administrator, including [G4-16]:

1. Employers' Association of Indonesia (APINDO) – DKI Jakarta and each business unit respectively, as administrator and member
2. Animal Feed Association (GPMT) – as member
3. Poultry Association (GPPU) – as member
4. Asian Venture Philanthropy Network (AVPN) – as member
5. Community Company Partnership For Health Indonesia (CCPHI) – as member
6. Scaling Up Nutrition (SAN) – as member

PARTICIPATING IN GREENHOUSE GAS MITIGATION EFFORTS

Energy Management [G4-EN8] [G4-EN9]

We depend on energy to run our operations. The volume of carbon dioxide emissions is positively correlated with the use of the energy for operating activities in each business unit. Hence, we constantly strive to improve efficiencies and reduce the energy dependency of our operations. For example, in Indonesia, we are committed to replacing all mercury-containing fluorescent lamps in all business units with LED lamps which are more environmentally friendly. We support various official initiatives related to the efficient management of energy and conduct energy audits on a regular basis.

Management of Greenhouse Gas Emissions [G4-EN15] [G4-EN16] [G4-EN19]

Japfa also supports official programmes to reduce greenhouse gas ("GHG") emissions. One of PT Japfa Tbk's programmes, directly related to GHG mitigation, is its reforestation initiative, which takes place inside and outside its business unit areas. The initiative focuses on plants that are able to efficiently absorb carbon dioxide (CO2), such as tamarind trees.

We also try to reduce GHG emissions through a variety of innovations applied in the production processes. For example, we periodically test all of our generators and boiler flues for efficiency. To reduce emissions, several business units are connected to public gas installation/piping.

We encourage the use of natural gas as a fuel in the production processes, especially in the process of steaming animal feed and food processing. We also encourage business units not connected to public gas systems to replace diesel with palm oil or candlenut shells in the steaming process. For waste transportation using a third party, we strictly supervise the transport activities in accordance with the manifests and governing regulations.

PUTTING OCCUPATIONAL HEALTH AND SAFETY FIRST

Occupational Safety [G4-LA6]

Japfa is committed and continuously strives to maintain occupational safety practices and the health of its employees. Occupational Health and Safety is a shared responsibility of management and employees, hence the management of

occupational health and safety at Japfa is planned and carried out together, with the aim of providing a sense of security to all employees and all parties before, during and after involvement in Japfa work processes.

Regarding the employee safety aspect, we have prepared HSE provisions and included HSE-related provisions in the Employment Agreements between Japfa and its employees. As for HSE practices in selected workplaces, we have implemented an Occupational Health and Safety Management System. This system is part of an overall system that includes organisational structure, planning, responsibility, implementation, procedures, processes and resources needed for the development, implementation, assessment and maintenance of the Occupational Health and Safety policy. This system was built in a way to control the risks related to work activities.

For the implementation of the Occupational Health and Safety Management System, PT Japfa Tbk has formed Occupational Health and Safety Committees in almost all its business units in Indonesia where the workforce is more than 5% of the total group. This organisation is a form of cooperation between Japfa's management and its employees in enhancing the Occupational Health and Safety Management System and ensures compliance with the provisions of 1970 Law No. 1 and 2012 Government Regulation No. 50, which are aimed at companies that employ more than 100 persons or companies with high hazard potential. To support the safety programme, we regularly hold HSE trainings at both basic and advanced levels, as well as conduct a regular HSE Internal Audit.

Japfa routinely conducts HSE inspections and patrol activities and make improvements on an ongoing basis through various activities, including enhancing HSE facilities and infrastructure in accordance with the results of hazard identification and risk assessment, such as protection equipment, hazard warning signs and emergency response tools, and regular training to raise awareness of the importance of occupational health and safety.

As a result of this dedication and consistent commitment, PT Japfa Tbk's business units have successfully received Zero Accident Awards in occupational health and safety from the Indonesian Ministry of Manpower.

Occupational Health [G4-LA7]



Regarding the occupational health aspect, we have in place a policy to prevent occupational diseases and continue to keep our employees and their families healthy. We have adopted some measures in the prevention of diseases through promotional and preventive programmes, such as health counselling, mothers and children health programmes and community health service centres. Japfa makes efforts in employee healthcare, for instance, by registering its employees in Indonesia in Employment and Health Insurance Programmes, in accordance with the legislation in force, providing maternity allowances and employee healthcare and treatment.

We have also implemented comprehensive occupational health protection and hygiene measures at our processing plants, including protective clothing and comprehensive cleansing and disinfection procedures for all processing staff, as well as temperature-controlled environments. We also conduct ongoing staff training in bio-security measures, which is important to ensure safe and hygienic operation of our business.

SUSTAINABLE ECONOMIC GROWTH [G4-EC1]

Japfa benefits from large economies of scale that enable integrated and extensive production and marketing coverage. In terms of national economic development, Japfa has taken a role and contributed directly to the people in the countries it operates in, especially in providing animal protein staples, encouraging entrepreneurship, improving partnerships with farmers, creating jobs and paying taxes.

From an economic aspect, Japfa continues to grow and evolve, as reflected in the economic values distributed and gained. In 2015, Japfa was able to maintain profitability amid unfavourable local economic conditions and the weakening of regional currencies against the USD. The unfavourable economic situation also impacted Japfa's revenue, however, Japfa continued to make substantial tax payments to the State in all its operating markets.

Besides actively making tax payments, Japfa also contributed in terms of job creation. The Group currently has more than 19,000 employees in Indonesia alone. PT Japfa Tbk has also entered into strategic partnerships with farmers, providing employment opportunities for many more beyond its own farms. Our relationships with breeder partners often form the basis for our local community economic development programmes. With these programmes, local farmers also contribute to the economic growth of their regions through the provision of food protein, job creation and local tax contributions. [G4-EC8]

PRIORITISING CUSTOMERS

Delivering Best Services to Customers

Customer satisfaction is a fundamental and important aspect of Japfa's core values, and we aim to achieve this by simply providing the best service to customers. We do this in three ways: by building partnerships with customers, by being responsive in handling complaints, and by enhancing our human resources' competencies.

In order to establish partnerships with customers, Japfa provides customers with detailed and transparent company information. The Group's development performance and other corporate information such as independent auditors' reports, annual reports, press releases, corporate activities and events can be widely accessed through Japfa's official website: www.japfa.com.

Other company information, such as PT Japfa Tbk's contributions to the environment and community, especially *JAPFA4KIDS* and Japfa Chess Club, can be accessed through www.japfa4kids.com, and information on sustainable social programmes in youth education and nutrition can be accessed through www.japfafoundation.org.

In terms of customer complaints handling, PT Japfa Tbk has implemented a complaints mechanism for its products. Questions, feedback, criticism and requests for information can be made through written requests to PT Japfa Tbk's Head Office for the attention of the Corporate Secretary, addressed to Wisma Millenia, 7th Floor Jl. M.T. Haryono Kav. 16 Jakarta 12810 – Indonesia; Phone: (62 21) 285 45 680; Fax: (62 21) 831 0309; E-mail: mayap@japfacomfeed.co.id; and Web: www.japfacomfeed.co.id.

Maintaining Product Quality (PR3)

In an effort to maintain the quality of our products, we implement quality and standardised production processes. Currently, several divisions within PT Japfa Tbk have passed an audit process conducted by the Certification Agency of TUV Rheinland and SAI Global, as well as obtained ISO 9001: 2008 certification.

In Indonesia, these divisions are as follows:

1. The Poultry Division for the Feed Units located in Medan, Padang, Lampung, Cikande, Tangerang, Cirebon, Sragen, Gedangan, Surabaya, Sidoarjo, Makassar, Grobogan, Pare-Pare, Banjarmasin and the grandparent breeding unit located in Wanayasa-Purwakarta.
2. The Aquaculture Division for the fish and shrimp feed units located in Medan, Lampung, Gresik and Banyuwangi.
3. The Beef Division for the beef cattle feedlot units located in Bekri-Lampung, Jabung-Lampung and Probolinggo.
4. The Trading and Other Businesses Division for the woven plastic bag factory units located in Wonoayu, and the Animal Vaccines units managed by PT Vaksindo Satwa Nusantara located in Gunung Putri, Bogor.

Some of PT Japfa Tbk's divisions have also obtained the Certificate of Good Fish Hatchery (CPIB). This certificate is issued by the Ministry of Marine and Fisheries Directorate General of Aquaculture. PT Japfa Tbk has also received the Certificate of Good Fish Farming Method (CBIB), which is awarded based on an assessment of its compliance in maintaining, raising, and harvesting fish in a controlled environment. These certifications provide assurances on the food produced at aquaculture farms, giving particular attention to sanitation, feed fish medication and chemicals, as well as biological materials.

In addition to CPIB and CBIB, PT Japfa Tbk also applies responsible aquaculture practices. In the past year, CAB IMOswiss AG (IMO) assessed that PT Japfa Tbk's Tilapia Fish Farming Unit in Simalungun, North Sumatra, had met all required standards, and was entitled to receive ASC Certificate for Tilapia Fish. This ASC certification is a standard for feedmills, farms, aquaculture facilities, and processing plants, and formulated by the Global Aquaculture Alliance ("GAA") coordinating with Best Aquaculture Practices ("BAP").



PT Japfa Tbk has also formed a technical services team which is in charge of monitoring, guiding and fostering farmers. This team ensures that farmers are continually able to produce quality farm products for our customers.

In addition, PT Japfa Tbk also ensures that its products are safe and permissible to be consumed by anybody. We have received Halal Certification issued by the Indonesia Ulama Council (MUI) for our Chicken Slaughterhouse unit. We also apply the ISO 9001:2008 Quality Management System in most of our Poultry Feedmills, Fish and Shrimp Feed Units, as well as Beef Cattle Fattening Units. Accordingly, PT Japfa Tbk also operates its Beef Division animal slaughterhouses according to ISO 22000:2005.

In April 2012, we entered into a joint venture with Hypor, one of the world's leading suppliers of swine genetics, which allows us to produce a high-performance breed of pigs with high productivity of grandparent and parent stock.

Maintaining Customer Satisfaction

To support our customer base and maintain customer satisfaction, Japfa has established a wide customer service network. In Indonesia, this is supported by more than 1,400 technical and

marketing staff offering a full range of support services to help customers. We believe that this strategy has succeeded in maintaining Japfa's operational performance throughout 2015.

Currently, PT Japfa Tbk has established its position with the second largest market share in Indonesia of approximately 24% share in the animal feed business and approximately 22% share in the chicken breeding business. Meanwhile, in the beef business, PT Japfa Tbk is one of the largest beef feedlotters in Indonesia with approximately 10.6% market share. For the aquaculture business, it has the second largest aquafeed market share in Indonesia approximately 22.4%.

Customer Health & Safety (PR1, PR3)

Japfa is committed to maintaining consumer health and safety. To realize this commitment, PT Japfa Tbk has successfully implemented ISO 22000:2005 and passed the certification audit process of the global certification body. The ISO certification in food safety was recently achieved by the Beef Division for its slaughterhouse unit in Serang, Banten.

PT Japfa Tbk has also received a Veterinary Control Number ("NKV"). The NKV is a certificate for business eligibility for the slaughtering, processing, and marketing of farm products. It also serves as a validation of our fulfilment of hygiene and sanitation requirements as a basic qualification in the quality of animal protein products. PT Japfa Tbk has obtained NKVs for the Poultry Division and Beef Division in Indonesia.



PT Japfa Tbk also makes efforts to maintain customer security and safety by asking the GLOBAL G.A.P. to standardise our production process. This standardisation aims to provide extra assurances to customers that the food processing is environmentally-friendly, and safe for worker's health and animal welfare. One of our subsidiaries, PT Indojaya Agrinusa in Tanjung Morawa, Medan, has received this GLOBAL G.A.P certification.

PT Japfa Tbk is also committed to obtaining the Certificate of Good Manufacturing Practice ("CPOHB"), which is a guideline on manufacturing veterinary medicine for the veterinary medicine industry in Indonesia. This certificate also ensures that the medicine is manufactured and processed according to standards, and it is issued by the Ministry of Agriculture. Japfa's subsidiaries that have obtained the CPOHB include:

1. PT Vaksindo Satwa Nusantara obtained this certificate in 2006 and 2011. An audit by the CPHOB team from the Ministry of Agriculture is conducted every two years and the validation is renewed every 10 years.
2. PT Agrinusa Jaya Sentosa (AJS) obtained this certificate on 17 February 2012, and its validation is renewed every five years.

In addition to ensuring that our products are safe for consumption, we also provide assurance that our products can be consumed by all consumers. For that purpose, PT Japfa Tbk has asked the Indonesian Council of Ulama ("MUI") to conduct audits and issue "Halal" certification for its slaughterhouse unit in Indonesia. As a result, PT Japfa Tbk obtained a permit to place the "Halal" label on its product packaging. Besides the Chicken Slaughterhouse, this MUI Halal Certificate is also needed as a requirement to obtain a Veterinary Control Number ("NKV") published by the Local Farming Office.

Animal Health & Safety

Cattle Welfare and Disease Control

For our dairy business, it is our philosophy to give priority to cattle welfare. Cows produce more milk, have fewer health problems and live longer if they live in a comfortable environment.

As part of our efforts to make our cattle happy and hence more productive, we engaged Mr Mark Deesing, a custom design consultant for Grandin Livestock Handling Systems, during the development stage of our cattle feedlots in China. Our processing yards incorporate the famous S-shape design of livestock handling expert, Temple Grandin.



According to Ms Grandin, during a facility inspection in 2014, she noted in particular that "bull calves were friendly and willing to approach people, which showed that the people are doing an excellent job handling the animals." Ms Grandin also described our dairy Farm 3 as a "first rate and world class dairy farm", noting that from an animal welfare standpoint it was excellent. We will continue to conduct continuous measurement of critical control points to maintain the high standards, as we grow our operations.

We equip our dairy farms with free-stall ventilated barns, which allow the cows to walk freely between the bedding and

the feeding area. As bedding material, we use high quality sand, which is believed to be the most comfortable material for cows. To prevent cows from slipping and incurring feet injury, we utilise non-slip grooves in cow barns and non-slip matting in milking halls and passways. Furthermore, we house our female calves in naturally ventilated barns in China, which are heated during the winter months to keep them warm.

We have implemented a strict and effective disease control policy to maintain the overall health of our herd. Routine checks are performed on our dairy cows twice daily. In addition, extra monitoring is undertaken during the colder months in China from mid-November to mid-May.

The incidence and prevalence of lameness and mastitis, the two most common diseases affecting dairy farms, is relatively low in our farms. This is due to our good hygiene practices, our well-managed free stalls, the clean environment of our facilities and our attention to the health and welfare of our cattle.

We have adopted several infectious disease control measures at our dairy farms, including regular administration, typically on a quarterly basis, of the foot and mouth disease ("FMD") vaccination and regular testing for brucellosis and bovine tuberculosis ("TB").



We vaccinate our female calves that are over three months of age and the whole herd four times a year as part of our FMD prevention measures. Because there is no vaccine to prevent bovine TB, we conduct regular herd testing. We also require our employees to conduct regular testing to make sure they do not carry the disease to the farm. To prevent brucellosis, we regularly examine the herds at all of our farms.

Strict Farm and Production Facility Protocol

Employees are required to change and disinfect themselves before entering the production facilities, and vehicles must be disinfected before entering the farm. In addition, unauthorised vehicles, persons, animals and equipment are prohibited from entering the farm. We also disinfect our staff living quarters, milking halls and our veterinary hospital regularly.

Quality Control and Environmental Safety

Good quality control is critical for us to maintain our reputation as a leading company producing premium agri-food products.



For our feed production, we conduct checks on all incoming raw materials for our feed production segment, so that only raw materials that meet the quality standards determined by our quality control department are unloaded into our warehouses. We operate an advanced feed technology system which includes a stringent quality assurance programme. In addition, we conduct regular bench-marking activities, including laboratory tests.

For our swine operations, we follow stringent quality control measures for our raw materials and test our raw materials for quality compliance on delivery. In particular, for piglet and breeder feed, we follow higher quality standards for raw materials, as the raw materials for piglet and breeder feed have to be of a higher quality than other swine feed.

Our dairy farm in Indonesia has received ISO 22000 certification for systematic procedure from Good Manufacturing Practice and Hazard Analysis and Critical Control Point ("HACCP") in November 2007.



We have implemented strict monitoring and quality control systems to manage our operations and to ensure the safety and high quality of our raw milk. Our control over the quality of our dairy cows and our efforts to keep a clean living environment enable us to produce raw milk with low microbe count and low somatic cell count.

As a result, our raw milk in China and Indonesia surpasses local and international nutritional and safety standards, including the EU raw milk standard, which is among the most stringent industrial standards for raw milk and other dairy products in the world.

Besides our efforts in cattle welfare and disease control, as outlined above, we adopt strict disinfection procedures during milking and carry out the extraction of raw milk in an automated and sanitary environment to minimise the chance of contamination with microbes. After the milk is milked from dairy cows, we cool the raw milk immediately and transport it through pipes directly to our central milk tank, which is temperature-controlled – all of which helps to minimise the risk of external contamination and to eliminate human contact with our raw milk.

At different stages of our production process, we perform a number of quality inspections and testing procedures, including sensory testing, physicochemical index evaluation, total bacterial count testing, veterinary drug residue testing, somatic cell testing and pathogenetic bacteria testing, to ensure that our raw milk complies with applicable Chinese and Indonesian health and safety regulations for food products.

In China, our customers, who are mainly dairy products manufacturers, are required by law to carry out melamine contamination tests before their dairy products are sold on the market. Our customers also carry out melamine contamination tests when our raw milk is delivered to them. Across our dairy farms, we do not add any additive or chemical substances in our raw milk for any purpose.

Each of our dairy farms is equipped with a laboratory to closely monitor our production process. Reports on the safety and quality of our raw milk are generated in our laboratory centres and submitted to the enterprise management department and the quality control managers.

Bio-security

We believe that we have one of the most stringent bio-security systems in the animal protein industry. We also believe that in animal protein production, prevention is the most viable and economically feasible approach to the control of infectious disease agents.

Our bio-security measures are premised on three components: (1) isolation (i.e. the process of keeping our livestock confined and protected in specialised areas); (2) sanitation and disinfection; and (3) traffic control (i.e. the control of traffic in and out of our premises).

In addition, we undertake modern farming practices, vaccination and medication, ongoing monitoring, auditing and education of our staff, suppliers and customers. In line with our policy of isolation, our DOC breeding farms, in particular, are located in separate, isolated locations, in order to minimise the risk of the spread of infection.

Further, we have stringent sanitation and disinfection procedures at our farms. We also follow strict traffic control procedures to prevent infections at our farms.

We are the only company in Indonesia with specialised breeder feedmills. These feedmills ensure no mixing of different types of feeds, thus enhancing bio-security by minimising cross contamination from broiler feeds.

To increase operational efficiency within our breeding business, we have implemented a bio-security system that focuses on sanitation and disinfection (including full immersion sanitation), ensuring optimal flock health. Our DOC breeding facilities and hatcheries are enclosed and climate controlled, and are typically located in isolated areas, which offer improved levels of bio-security.

As a result, we believe our farms enjoy higher productivity of grandparent and parent stock, lower mortality rates, reduced losses from mishandling and greater consistency in DOC size and weight.

In 2008, we acquired PT Vaksindo Satwa Nusantara, one of only three Indonesian companies with research capabilities on the H5N1 (avian flu) virus. This acquisition has enabled our breeding operations to develop vaccines internally which are also used by our operations in other jurisdictions.

We believe that we are the only integrated poultry company in Indonesia able to produce autogenous vaccines to protect our animals. Disease prevention through vaccination is one of the aspects of bio-security measures which we observe religiously.

Our veterinary diagnostic laboratories and PT Vaksindo Satwa Nusantara are set up to carry out diagnostics and vaccine development. PT Vaksindo Satwa Nusantara engages with scientists at Erasmus MC, University of Rotterdam, NL; Institute of Zoology, University of Cambridge, UK; University of Maryland, USA; and Agricultural Research Service (ARS), Athens, GA, USA to conduct research and development on vaccination and the prevention of poultry diseases.

Through our modern processing plants, we are able to meet stringent customer demand for traceability, consistency, freshness and hygiene. Our products have been certified as having met the highest quality standards within the industry.

For our beef operations, every cattle that enters the production system is tagged via an individual identification system, which allows us to track the movement of each cattle throughout the production process. Beef cuts are randomly tested for bacteria count and residue to ensure levels are better than safety levels. All beef facilities comply with local environmental regulations and discharged water is monitored regularly to ensure compliance.

Indonesia is among several countries that are free from foot and mouth disease and mad-cow disease. To ensure Indonesia maintains its disease-free status, importation of livestock, especially cattle, and beef are restricted to countries that have the same animal health status. Our beef operations import feeder cattle only from Australia.

Corporate Information

BOARD OF DIRECTORS

GOH GEOK KHIM • Non-Executive Independent Chairman
HANDOJO SANTOSA @ KANG KIEM HAN • Executive Deputy Chairman
HENDRICK KOLONAS • Non-Executive Non-Independent Director
TAN YONG NANG • Executive Director and Chief Executive Officer
KEVIN JOHN MONTEIRO • Executive Director and Chief Financial Officer
NG QUEK PENG • Independent Director
LIEN SIAOU-SZE • Independent Director
LIU CHEE MING • Independent Director

AUDIT COMMITTEE

NG QUEK PENG • Chairman
HENDRICK KOLONAS
LIU CHEE MING

NOMINATING COMMITTEE

LIEN SIAOU-SZE • Chairwoman
HANDOJO SANTOSA @ KANG KIEM HAN
LIU CHEE MING

REMUNERATION COMMITTEE

LIEN SIAOU-SZE • Chairwoman
HENDRICK KOLONAS
NG QUEK PENG

COMPANY SECRETARIES

CHRISTINA CHUA SOOK PING • LLB (Hons)
CHENG SAI HONG • ACIS

AUDITOR

RSM CHIO LIM LLP
8 Wilkie Road #03-08
Wilkie Edge
Singapore 228095
Partner-in-charge:
Peter Jacob (Chartered Accountant of Singapore)
Effective from reporting year ended 31 December 2011

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS

DBS BANK LTD.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. (trading as Rabobank International), Singapore Branch
38 Beach Road #31-11
South Beach Tower
Singapore 189767

PT BANK CENTRAL ASIA TBK
Menara BCA
Jl. MH Thamrin No. 1
Jakarta 10310
Indonesia

PT BANK MANDIRI (PERSERO) TBK
Jl. Jenderal Gatot Subroto Kav. 36-38
Jakarta 12190
Indonesia

PT BANK RAKYAT INDONESIA (PERSERO) TBK
Kantor Pusat Gedung BRI 1
Jl. Jenderal Sudirman Kav. 44-46
Jakarta 10210
Indonesia

REGISTERED OFFICE

391B Orchard Road #18-08
Ngee Ann City, Tower B
Singapore 238874

STOCK CODES

SGX	JAPFA
Bloomberg	JAP:SP
Reuters	JAPF:SI

WEBSITE

www.japfa.com

Corporate Governance

Japfa Ltd ("Japfa" or the "Company", and together with its subsidiaries, the "Group") is committed to maintaining good corporate governance and business integrity in the Group's business activities, so as to deliver long-term and sustained value for its stakeholders.

This report lists out Japfa's corporate governance framework, with specific reference to the principles and guidelines of the revised Code of Corporate Governance 2012 ("2012 Code") issued by the Monetary Authority of Singapore on 2 May 2012.

Japfa has complied in all material aspects with the main principles and supporting guidelines of the 2012 Code, and will regularly review its governance policies and practices to track developments in market best practices and regulations.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The principal functions of the Board of Directors (the "Board") are to:

- Supervise the management of the business and affairs of the Company;
- Approve the Group's strategic plans, major investments, disposals and funding decisions;
- Identify the Group's business risks;
- Review on the implementation of appropriate systems to manage identified risks;
- Monitor and review the Group's financial performance; and
- Review management's performance.

To assist in the execution of its responsibilities, the Board is supported by the Executive Director Committee ("Exco"), Nominating Committee ("NC"), the Remuneration Committee ("RC"), and the Audit Committee ("AC"). Each Board Committee has clear terms of reference of its duties, responsibilities and authority.

The Board will meet at least four times a year to consider and resolve major financial and business matters of the Group. Where necessary, informal meetings will be held to deliberate on various issues. Between scheduled meetings, material matters which exceed the authority conferred to the Exco are put to the Board for its decision by way of circular resolutions.

Management of the day-to-day operations and the implementation of internal control systems are delegated to the Exco comprising the Deputy Chairman, Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company. The Exco operates under a set of authority matrix as set by the Board and the CEO periodically reports to the entire Board on material decisions and actions taken by the Exco in the previous quarter, or that are foreseen for the next quarter.

Material transactions requiring board approval include corporate restructuring, joint venture, mergers and acquisition, debt or capital market transaction, change of the Company's constitutional documents and commencement of any litigation by the Company.

Our Directors generally keep themselves familiar with new laws and regulations as well as changing commercial risks and developments in order to keep abreast of changes in the industry and general economic environment. The Company has also engaged external lawyers to brief the Board on their statutory duties and to update them on relevant changes in law and regulations. External seminars and conferences are arranged for the Directors when required.

New Directors joining the Company will be given an orientation (which includes site visits to our operating subsidiaries) by the Executive Directors and senior management to help new Directors to familiarize themselves with the Group's operations.

Attendance of Board and Committee meetings in 2015:

	Board Meetings	AC Meetings	NC Meetings	RC Meetings
Number of meetings held post listing	**4**	**4**	**1**	**1**
Name of Directors			**Number of meetings attended post listing**	
Goh Geok Khim (Chairman)	4	4^	–	–
Handojo Santosa @ Kang Kiem Han (Deputy Chairman)	3	3^	–	–
Hendrick Kolonas	4	3	–	1
Tan Yong Nang	4	4^	–	–
Kevin John Monteiro	4	4^	–	–
Ng Quek Peng	4	4	–	1
Lien Siaou-Sze	4	4^	1	1
Liu Chee Ming	4	4	1	–

^ By invitation of the AC.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this Annual Report, the Board comprises eight Directors of whom four are Independent Directors. The nature of the Directors' appointment and committee membership is set out below:

Board Composition Table

Name	Date of Appointment	Date of re-election	Board Membership	AC	NC	RC
Goh Geok Khim	30 June 2014	15 April 2015	Independent, Chairman	–	–	–
Handojo Santosa @ Kang Kiem Han	19 December 2008	15 April 2015	Executive, Non-Independent Deputy Chairman	–	Member	–
Hendrick Kolonas	18 February 2013	15 April 2015	Non-executive, Non-Independent	Member	–	Member
Tan Yong Nang	1 June 2009	15 April 2015	Executive	–	–	–
Kevin John Monteiro	16 April 2014	15 April 2015	Executive	–	–	–
Ng Quek Peng	29 July 2014	15 April 2015	Independent	Chairman	–	Member
Lien Siaou-Sze	29 July 2014	15 April 2015	Independent	–	Chairwoman	Chairwoman
Liu Chee Ming	29 July 2014	15 April 2015	Independent	Member	Member	–

The Board has examined its size and is satisfied that its current board size is appropriate for the Company.

PRINCIPLE 3: CHAIRMAN AND CEO

The Chairman and the CEO of the Company are separate persons and are not related to each other.

The Chairman is a Non-Executive Independent Director while the CEO is an Executive Director.

The roles of the Chairman and the CEO are kept separate and the division of responsibilities between them are set out in writing.

The Chairman is primarily responsible for the workings of the Board. He leads the Board in its discussions and deliberation, facilitates effective contribution by Directors and exercises control over the timeliness of information flow between the Board and management.

The CEO manages the business of the Company, implements the Board's decisions and is responsible for the day-to-day operations of the Company.

PRINCIPLE 4: BOARD MEMBERSHIP
PRINCIPLE 5: BOARD PERFORMANCE

NC Composition and Role

The NC comprises three Directors, the majority of whom, including the NC Chairwoman, are Independent Directors.

Please refer to the Board Composition Table for the names and composition of the NC.

The NC is responsible for:

1. making recommendations to the Board on matters relating to:

   (i) the review of board succession plans for Directors, in particular, the Chairman of the Board and the CEO;

   (ii) the reviewing of training and professional development programs for the Board; and

   (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

2. reviewing and determining annually, and as and when circumstances require, whether a Director is independent, in accordance with the 2012 Code and any other salient factors;

3. reviewing the composition of the Board annually to ensure that the Board and its committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of the Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;

4. (where a Director has multiple board representations), deciding whether the Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representation and other principal commitments;

5. making recommendations to the Board on the development of a process for evaluation and performance of the Board, its committees and Directors; and

6. implementing process for assessing the effectiveness of the Board as a whole and its Board Committees and the contributions of each individual Director to the effectiveness of the Board.

The Board evaluates its effectiveness by completing an evaluation questionnaire that covers topics on: (1) Board Composition and Structure, (2) Board Processes and Information, (3) Corporate Strategy and Planning, (4) Internal Control and Risk Management (5) Management Interface and (6) Communication with Shareholders.

The evaluation results are compiled by the NC and tabled for review by the Board collectively.

The NC having considered the results of the Board evaluation and the following factors:

(i) the number of listed company directorships by each Independent Director;

(ii) the principal commitments of Independent Directors;

(iii) the confirmations by Independent Directors stating that they are each able to devote sufficient time and attention to the matters of the Company;

(iv) the confirmations by Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholder, has no relationship with the Company, its related corporations or with any Director of these corporations, its 10% Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgment with a view to the best interests of the Company;

(v) the Independent Directors' working experience and expertise in different areas of specialization; and

(vi) the composition of the Board,

is of the view that:

(i) each Director is individually and collectively suitable and possess relevant experience to act as Directors of the Company;

(ii) the Independent Directors, as a whole, represent a strong and independent element on the Board which is able to exercise objective judgment on corporate affairs independently from the Controlling Shareholders; and

(iii) there is no requirement to set the limitation of board representations as the Directors are able to devote sufficient time to the discharge of their duties.

Directors retire from office at the Annual General Meeting and will submit themselves for re-nomination and re-election each year. Save for Mr Liu Chee Ming, all Directors have submitted themselves for re-election at the forthcoming Annual General Meeting ("AGM").

PRINCIPLE 6: ACCESS TO INFORMATION

All members of the Board have separate and independent access to the Company's senior management and the Company Secretary at all times.

Prior to the Board meetings, all Directors are provided with board papers so that the Directors have complete, adequate, and timely information to enable them to be adequately prepared for the meeting.

Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operation.

The Company Secretary attends all Board and Board Committee meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with and is also responsible for advising the Board on all matters relating to corporate governance. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively and such costs are borne by the Company.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

RC Composition and Role

The RC comprises three Directors, the majority of whom, including the RC Chairwoman, are Independent Directors.

Please refer to the Board Composition Table for the names and composition of the RC.

The RC is responsible for:

1. reviewing and recommending to the Board for endorsement, a comprehensive remuneration policy framework and guidelines for the Directors, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("Key Management Personnel");

2. reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each Directors and Key Management Personnel;

3. reviewing and approving the design of all share option plans, performance share plans and/or other equity based plans;

4. in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance;

5. approving performance targets for assessing the performance of each of the Key Management Personnel and recommending such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board; and

6. considering and reviewing the remuneration packages periodically in order to maintain their attractiveness, to retain and motivate the Directors and Key Management Personnel and to align the level and structure of remuneration with the long-term interests and risk policies of the Company.

Executive Directors who are employees of the Company do not receive Directors' fees.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level of remuneration takes into consideration the Company's ability to attract, retain and motivate our directors and key executives to run the Company well. When determining the remuneration of each key executive, the following factors are also considered:

- Remuneration and compensation conditions in the market and in comparable companies within our industry;
- The Company's relative performance against the performance of the key executives; and
- Remuneration that reflects the key executives' roles and responsibilities within the Company.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Directors' Remuneration

Directors' fees comprise a basic fee and additional fees for other duties, such as holding the appointment of Chairman of the Board or a Committee. Shareholders approved the payment of FY2015 Directors' fees at the previous Annual General Meeting held on 15 April 2015.

The fee structure for Non-Executive Directors is as follows:

Fee Structure

Appointment	Fees (Per Annum) S$
Board Chairman	150,000.00
Board Member	80,000.00
Audit Committee Chairman	30,000.00
Other Committee Chairman	20,000.00
Committee Member	10,000.00

Directors Fee

Name	BOARD	AC	RC	NC	TOTAL
Goh Geok Khim	150,000	–	–	–	150,000
Hendrick Kolonas	80,000	10,000	10,000	–	100,000
Ng Quek Peng	80,000	30,000	10,000	–	120,000
Lien Siaou-Sze	80,000	–	20,000	20,000	120,000
Liu Chee Ming	80,000	10,000	–	10,000	100,000
SUB TOTAL	**470,000**	**50,000**	**40,000**	**30,000**	**590,000**

Executive Directors do not receive Directors' fees.

The breakdown (in percentage terms) of the Directors' remuneration for FY2015 is set out below:

Name of Director	Directors' Fees %	Salary* %	Allowances/ Benefits %	Variable Bonus %	Total %
Non-Executive Independent Directors					
Below S$250,000					
Goh Geok Khim	100	-	-	-	100
Ng Quek Peng	100	-	-	-	100
Lien Siaou-Sze	100	-	-	-	100
Liu Chee Ming	100	-	-	-	100
Non-Executive Non Independent Director					
S$1,250,000 to S$1,500,000					
Hendrick Kolonas	7	73	4	16	100
Executive Directors					
S$750,001 to S$1,000,000					
Kevin John Monteiro	-	71	18	11	100
S$2,500,001 to S$2,750,000					
Tan Yong Nang	-	60	1	39	100
S$3,000,001 to S$3,250,000					
Handojo Santosa	-	75	2	23	100

* Salary includes Central Provident Fund ("CPF") Contributions and Annual Wage Supplement ("AWS") where applicable.

Key Executives' Remuneration for FY2015

The breakdown (in percentage terms) of the Key Executives' remuneration for FY2015 is set out below:

Name of Key Executive	Salary* %	Allowances/ Benefits %	Variable Bonus %	Total %
S$500,001 to S$750,000				
Ms Christina Chua Sook Ping	79	3	18	100
Mr Jasper Tan Kai Loon	75	2	23	100
S$750,001 to S$1,000,000				
Mr Edgar Dowse Collins	46	31	23	100
S$1,250,001 to S$1,500,000				
Mr Peter Chin Chee Kee	42	54	4	100
S$2,000,001 to S$2,250,000				
Mr Bambang Budi Hendarto	18	78	4	100

* Salary includes CPF Contributions and AWS where applicable.

The remuneration of Directors and Executives are set out in incremental bands of S$250,000. The Company believes that it is not in the Group's interest to disclose their remuneration to the full extent recommended due to confidentiality of remuneration, and such disclosure may hamper its ability to retain the Group's talent pool in a competitive environment.

Renaldo Santosa is the son of the Group's Executive Deputy Chairman, Handojo Santosa, and is receiving an annual total compensation in the remuneration band of S$150,000 to S$200,000 as a Business Development Manager.

Share Based Incentives

The Company had implemented a performance share plan known as the "Japfa Performance Share Plan" which came into effect on 23 July 2014. For details of this employee share option scheme, please refer to Note 27F of the financial statements.

No share options were granted under the Japfa Performance Share Plan during FY2015.

One of the Group's subsidiaries, AustAsia Investment Holdings Pte Ltd had also implemented a share option scheme known as the "AustAsia Subsidiaries Employee Share Option Scheme" which came into effect on 1 January 2010.

575,000 share options were granted under the AustAsia Subsidiaries Employee Share Option Scheme during FY2015 and duly announced on SGXNET on 30 April 2015.

Information on the share options granted by the subsidiary can be found in Note 27D of the financial statements.

PRINCIPLE 10: ACCOUNTABILITY
PRINCIPLE 14: SHAREHOLDER RIGHTS
PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Company respects the rights of shareholders and aims to promote fair and equitable treatment of all shareholders by keeping shareholders sufficiently informed of its corporate development and activities, on a timely basis. In particular, new information relating to the Group, which are material and price sensitive, are released through SGXNET before any media or analyst meetings or conference update calls are conducted. This ensures fair and non-selective disclosure of information to all investors.

The Company actively engages its shareholders and investors through regular and non-discriminatory communication, and provides regular and timely information to the investment community regarding the Group's performance and prospects as well as major industry and corporate developments.

This is done via analyst and media face-to-face briefings and teleconferences throughout the year, which are typically held in conjunction with the release of the financial results. In addition, the management takes an active role in engaging investors by holding regular meetings with institutional investors through local and international roadshows and conferences which are organised by the major brokerage firms.

The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters will be released to the shareholders within 45 days of the reporting period while the full-year results will be released to the shareholders within 60 days of the financial year-end. In presenting the financial reports, the Board aims to provide a balanced and understandable assessment of the Group's financial performance and prospects.

For FY2015, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements of the Company and its subsidiaries.

The Company recognises that timely information is central to good corporate governance and is necessary for shareholders to make informed investment decisions. Shareholders are kept informed of developments and performances of the Group regularly through timely announcements and press releases (where appropriate) via the SGXNET, as well as the annual report. At the same time, shareholders and investors can contact the Company or access information on the Company at its website at www.japfa.com.

Active participation from shareholders at general meetings is welcomed by the Company.

The Company's Articles of Association allow a shareholder to appoint one or two proxies to attend and vote in his place at general meetings.

The Chairman will be exercising his right under Article 85(a) of the Articles of Association of the Company to demand a poll for all resolutions to be put to the vote at AGM and Extraordinary General Meeting ("EGM") and at any adjournment thereof. Accordingly, all resolutions at AGM and EGM will be voted on by way of a poll.

The Company issues its notice of general meetings together with its annual report and circular to shareholders at least 14 days prior to the scheduled general meetings. This is aimed at providing ample time for shareholders to review the notice of meetings, annual report and circular before the meetings, and if required, appoint their proxies to attend the AGM and/or EGM.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS
PRINCIPLE 12: AUDIT COMMITTEE
PRINCIPLE 13: INTERNAL AUDIT

AC Composition and Role

The AC comprise three non-Executive Directors, the majority of whom, including the AC Chairman, are Independent Directors.

Please refer to the Board Composition Table for the names and composition of the AC.

The AC is responsible for:

1. assisting the Board in discharging its statutory responsibilities on financing and accounting matters;

2. reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

3. reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

4. reviewing the external auditor's audit plan and audit report and any recommendations to address any control weaknesses highlighted by the external auditor;

5. reviewing the key financial risk areas, including the Company's hedging practices in respect of its exposure to fluctuations in foreign exchange and raw material costs;

6. reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

7. reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of the Company's risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls;

8. reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Listing Manual, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;

9. reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy and effectiveness of the internal audit function and where deemed necessary, expand the internal audit function to ensure its effectiveness within the Company;

10. approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced;

11. appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information;

12. making recommendations to the Board on the proposals to Shareholders on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

13. reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with the objects of ensuring that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken;

14. undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

15. undertaking generally such other functions and duties as may be required by law or the Listing Manual, and by amendments made thereto from time to time.

Board members (who are not AC members) are invited by the AC Chairman to attend the AC meetings.

AC has reviewed the aggregate fees paid to the auditors, and a breakdown of the fees paid for audit and non audit services provided by the auditors, is of the opinion that the independence of the auditors have not been affected by the provision of the non-audit services. For details of fees paid to auditors, please refer to Note 9 of the financial statement.

AC noted that the appointment of the external auditors for the Company, its subsidiaries and associated companies are in compliance with Rules 712 and 715 of the SGX-ST Listing manual and recommended that Messrs RSM Chio Lim LLP be nominated for re-appointment as the external auditors at the forthcoming AGM.

Internal Controls

The Group's internal controls structure consists of the policies and procedures established, to provide reasonable assurance that the organization's related objectives would be achieved. Business Units ("BU") Management have primary responsibility for implementation and continuous improvement of their internal control system. Policies are established at the BU or corporate level, depending on the context of operations.

At the corporate level, there is a Systems and Procedure department that assists the BUs to create the Standard Operating Procedures ("SOPs") for business processes such as production, sales etc. For some large BUs (in Indonesia and Vietnam), there is an in-house Internal Control function for design and implementation of the internal controls system

ERM Process

The Group's risk management framework comprises a repeatable interaction process that facilitates active involvement by the Board in risk evaluation of strategic alternatives and operational decisions. These processes serve as a forum for the Management to highlight both favorable and adverse factors affecting the business.

Assurance from the CEO and CFO

In addition to the above, the Board has received assurance from the CEO and the CFO that:

(a) the financial records of the Group for FY2015 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and

(b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Opinion on Adequacy and Effectiveness of Internal Control and Risk Management Systems

The AC is responsible for making the necessary recommendations to the Board such that the Board may make an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. The Management is responsible for assuring the Board as to the adequacy and effectiveness of the risk management systems and ensuring the quality and timeliness of information.

Based on the assurance received from the CEO and CFO and the work performed by the internal audit function, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, were adequate to meet the needs of the Group in its current business environment.

The Board notes that the system of internal controls maintained by the Group's management provides reasonable, but not absolute, assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, the compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk. The Board further notes that no system of internal controls can provide absolute assurance against human errors including, without limitation, errors in judgment in the course of decision-making. In addition, no such controls can provide absolute protection against fraud or similar misconduct.

Internal Audit

The Group has an in-house Internal Audit ("IA") function, based in Singapore and Indonesia. The Chief Audit Executive ("CAE"), is based in Singapore and reports functionally to the AC Chairman and administratively, to the CEO, as per the IA Charter.

The CAE has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The annual internal audit plan is established by the CAE in consultation with, but independent of, Management, and is reviewed and approved by the AC. On a quarterly basis, the AC and Management review and discuss internal audit findings, recommendations and status of remediation, at AC meetings.

The internal auditors have unfettered access to the Group's documents, records, properties and personnel, including access to the AC.

Whistleblowing

The Group has implemented a whistleblowing avenue called Japfalert. Any employee/supplier/business associate who is aware of a violation of internal control, accounting and financial principles or anti-corruption regulations/procedures is encouraged to report it. The whistleblower can use the Japfalert internet site www.japfalert.com or send a letter to the dedicated postal address 391B Orchard Road #18-08, Ngee Ann City Tower B, Singapore 238874, with attention to Japfalert Committee. The information disclosed using Japfalert will be kept confidential. Any whistleblower using this alert system is not at risk of any sanction, in relation to the matter disclosed, from his or her employer or the Group.

LISTING RULE 1207(19) – DEALING IN SECURITIES

Company has adopted a security dealing policy similar to Rule 1207(19) of the SGX-ST's Listing Manual with respect to dealings in securities.

The security trading policy is applicable to:

1) Directors of the Company and its principal subsidiaries;

2) Key Executives of the Company, its principal subsidiaries;

3) All Financial Controllers of the Company, its principal subsidiaries and operating division;

4) Senior Financial Officers the Company and its principal subsidiaries who have access to financial results; and

5) Family members of Directors of the Company, its principal subsidiaries and operating division,

where the above listed persons are not allowed to deal in the Company's securities and of its listed subsidiary's securities two weeks before quarterly results are announced and one month before full year results are announced or while they are in possession of unpublished price-sensitive information.

Directors and officers are also discouraged from dealing in the Company's and its listed subsidiary's securities on short-term consideration.

INTERESTED PERSON TRANSACTIONS

The Company has put in place internal procedures to ensure compliance with the requirement of Chapter 9 of the Listing Manual on interested person transactions

Under the procedures, the Group Financial Controller maintains a register of all interested person transactions. The register will be updated on submission by designated persons for review by the AC to ensure that such transactions are carried out on commercial business terms and are not prejudicial to the interests of the Company or its minority shareholders.

The aggregate value of interested person transactions entered into by the Group in FY2015 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)[1] US$'000
Associates of Handojo Santosa		
– Lease of vehicles	476	–
– Provision of services and supply of goods (including construction and advertising services and supply of parts)	13,717	–
– Group club membership fees	94	–
Associates of Hendrick Kolonas		
Provision of IT/telecommunications /insurance services	1,423	–
Associates of both Handojo Santosa, Hendrick Kolonas		
Lease of office / recreational facilities	540	–

MATERIAL CONTRACTS

Saved as disclosed in the Interested Person Transactions section above, there were no material contracts entered into by the Group involving the interest of the Directors.

1 The Group has not obtained a general mandate from shareholders for interested person transactions under Rule 920 of the Listing Manual.

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Statement by Directors

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2015.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS IN OFFICE AT DATE OF STATEMENT

The directors of the Company in office at the date of this statement are:

Goh Geok Khim
Handojo Santosa @ Kang Kiem Han
Hendrick Kolonas
Tan Yong Nang
Kevin John Monteiro
Ng Quek Peng
Lien Siaou-Sze
Liu Chee Ming

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

	Direct interest			Deemed interest		
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**As at 21 January 2016**	**At beginning of the reporting year**	**At end of the reporting year**	**As at 21 January 2016**
	Number of shares of no par value					
Japfa Ltd (The Company)						
Goh Geok Khim	500,000	1,500,000	1,500,000	–	–	–
Handojo Santosa @ Kang Kiem Han	–	–	–	1,136,082,615	1,154,048,615	1,154,418,615
Hendrick Kolonas	–	–	–	282,527,085	282,527,085	282,527,085
Tan Yong Nang	–	–	–	61,260,691	62,110,691	62,110,691
Kevin John Monteiro	–	–	–	1,500,000	2,000,000	2,000,000
Ng Quek Peng	–	–	–	500,000	500,000	500,000
Lien Siaou-Sze	–	–	–	625,000	625,000	625,000
Liu Chee Ming	300,000	300,000	300,000	–	–	–

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Name of directors and companies in which interests are held	Direct interest			Deemed interest		
	At beginning of the reporting year	At end of the reporting year	As at 21 January 2016	At beginning of the reporting year	At end of the reporting year	As at 21 January 2016
	Number of shares of no par value					
Japfa Comfeed Indonesia Tbk (Related corporation)						
Kevin John Monteiro	–	–	–	1,070,000	1,070,000	1,070,000
	Principal amount of bonds (US$)					
Comfeed Finance B.V. (Related corporation)						
Goh Geok Khim	–	–	–	–	3,000,000	3,000,000
Tan Yong Nang	–	–	–	–	600,000	600,000

Mr Handojo Santosa @ Kang Kiem Han, by virtue of section 7 of the Act, is deemed to have an interest in all the related body corporates of the Company.

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5. OPTIONS

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

Note 27F of the financial statements provides the details of the Company's share option scheme.

Information on the options granted by a subsidiary can be found in Note 27D of the financial statements.

6. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

Statement by Directors

7. REPORT OF AUDIT COMMITTEE

The members of the audit committee ("AC") at the date of this statement are as follows:

Mr Ng Quek Peng (Chairman of audit committee)
Mr Hendrick Kolonas
Mr Liu Chee Ming

The AC performs the functions specified in section 201B (5) of the Act. The principal responsibility of the AC is to assist the Board of Directors in fulfilling its oversight responsibilities. The Board is of the opinion that the members of the AC have sufficient accounting, financial and management expertise and experience to discharge their duties.

The AC has recommended to the Board of Directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

Further details regarding the AC and its functions are disclosed in the report on corporate governance included in the annual report of the Company.

8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

The directors' opinion on the adequacy of internal controls is detailed in the report on corporate governance.

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 29 February 2016, which would materially affect the Group's and the Company's operating and financial performance as of the date of this statement.

On behalf of the directors

.....	.....
Tan Yong Nang	Kevin John Monteiro
Director	Director

17 March 2016

Independent Auditor's Report

TO THE MEMBERS OF JAPFA LTD. (Registration No: 200819599W)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Japfa Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

TO THE MEMBERS OF JAPFA LTD. (Registration No: 200819599W)

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM CHIO LIM LLP
Public Accountants and
Chartered Accountants
Singapore

17 March 2016

Partner in charge of audit: Peter Jacob
Effective from reporting year ended 31 December 2011

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 DECEMBER 2015

	Notes	Group 2015 US$'000	2014 US$'000
Revenue	5	2,787,061	2,947,468
Cost of sales		(2,266,806)	(2,441,092)
Gross profit		520,255	506,376
Interest income	6	2,859	2,862
Other gains	7	12,810	3,704
Gain on disposal of asset held for sale	32	–	9,571
Foreign exchange adjustments losses		(41,954)	(8,103)
Decrease in fair value of biological assets	20	(5,633)	(40,177)
Marketing and distribution costs	8	(109,049)	(106,893)
Administrative expenses	9	(194,561)	(208,028)
Other losses	7	(1,925)	(3,087)
Finance costs	10	(70,079)	(82,056)
Share of loss from equity-accounted joint ventures	19	(798)	(470)
Profit before tax from continuing operations		111,925	73,699
Income tax expense	12	(20,159)	(14,512)
Profit from continuing operations, net of tax		91,766	59,187
Other comprehensive income / (loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement of the net defined benefits plan, net of tax	28	2,763	(4,519)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(82,402)	(11,382)
Other comprehensive loss for the year, net of tax:		(79,639)	(15,901)
Total comprehensive income		12,127	43,286
Profit attributable to owners of the parent, net of tax		64,696	31,228
Profit attributable to non-controlling interests, net of tax		27,070	27,959
Profit net of tax		91,766	59,187
Total comprehensive income attributable to owners of the parent		10,100	19,950
Total comprehensive income attributable to non-controlling interests		2,027	23,336
Total comprehensive income		12,127	43,286
Earnings per share (cents) basic and diluted	13	3.67	1.97

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

AS AT 31 DECEMBER 2015

	Notes	Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	834,952	833,758	416	657
Investment properties	15	924	2,670	–	–
Intangible assets	16	8,525	9,440	–	–
Investments in subsidiaries	17	–	–	790,075	774,726
Investments in joint ventures	19	3,476	3,054	–	–
Biological assets, non-current	20	290,064	260,289	–	–
Deferred tax assets	12	12,729	16,190	–	–
Trade and other receivables, non-current	23	349	367	–	–
Other assets, non-current	21	15,065	17,579	–	–
Total non-current assets		1,166,084	1,143,347	790,491	775,383
Current assets					
Inventories	22	609,437	598,118	–	–
Biological assets, current	20	51,917	62,393	–	–
Trade and other receivables, current	23	132,381	150,616	177,177	148,118
Other financial assets, current	24	9,529	2,849	4,092	2,831
Other assets, current	21	95,304	83,026	58	314
Cash and cash equivalents	25	147,935	286,661	14,258	87,683
Total current assets		1,046,503	1,183,663	195,585	238,946
Total assets		2,212,587	2,327,010	986,076	1,014,329
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	26	937,614	937,614	937,614	937,614
Retained earnings		301,022	238,601	26,093	22,029
Other reserves	27	(396,315)	(398,931)	–	–
Translation reserve	27	(171,776)	(115,416)	–	–
Equity, attributable to owners of the parent		670,545	661,868	963,707	959,643
Non-controlling interests		338,071	332,406	–	–
Total equity		1,008,616	994,274	963,707	959,643
Non-current liabilities					
Provisions, non-current	28	74,801	81,316	–	–
Deferred tax liabilities	12	4,512	7,317	–	–
Trade and other payables, non-current	31	642	352	–	–
Other financial liabilities, non-current	29	510,436	506,878	–	–
Other liabilities, non-current	30	3,267	2,408	–	–
Total non-current liabilities		593,658	598,271	–	–
Current liabilities					
Income tax payable		13,045	7,885	–	828
Trade and other payables, current	31	259,971	233,129	2,119	27,608
Other financial liabilities, current	29	330,071	485,693	20,250	26,250
Other liabilities, current	30	7,226	7,758	–	–
Total current liabilities		610,313	734,465	22,369	54,686
Total liabilities		1,203,971	1,332,736	22,369	54,686
Total equity and liabilities		2,212,587	2,327,010	986,076	1,014,329

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2015

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
Current year:							
Opening balance at 1 January 2015	994,274	661,868	937,614	238,601	(398,931)	(115,416)	332,406
Movements in equity:							
Total comprehensive income / (loss) for the year	12,127	10,100	–	66,460	–	(56,360)	2,027
Issue of new shares by subsidiaries to non-controlling interests without a change in control	9,590	–	–	–	–	–	9,590
Acquisition of non-controlling interests without a change in control (Note 17)	(7,692)	(1,725)	–	–	(1,725)	–	(5,967)
Acquisition of non-controlling interests with a change in control (Note 18)	15	–	–	–	–	–	15
Grant of share options (Note 27D)	302	302	–	–	302	–	–
Transfer to statutory reserves (Note 27C)	–	–	–	(4,039)	4,039	–	–
Closing balance at 31 December 2015	1,008,616	670,545	937,614	301,022	(396,315)	(171,776)	338,071
Previous year:							
Opening 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 shares pursuant to restructuring exercise (Note 26)	505,784	505,784	505,784	–	–	–	–
Issue of new shares (Note 26)	92,132	92,132	92,132	–	–	–	–
Issue of shares pursuant to initial public offering ("IPO") (Note 26)	159,196	159,196	159,196	–	–	–	–
Issue of shares pursuant to the over-allotment option granted in connection with the IPO (Note 26)	23,734	23,734	23,734	–	–	–	–
Share issue expenses (Note 26)	(6,609)	(6,609)	(6,609)	–	–	–	–
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 a change in control	(19,235)	(5,029)	–	–	(5,029)	–	(14,206)
Grant of share options (Note 27D)	503	503	–	–	503	–	–
Adjustment to capital reserves (Note 27B)	(555,566)	(555,566)	–	–	(555,566)	–	–
Transfer to statutory reserves (Note 27C)	–	–	–	(4,822)	4,822	–	–
Dividends paid by subsidiary to non-controlling interests	(3,692)	–	–	–	–	–	(3,692)
Closing balance at 31 December 2014	994,274	661,868	937,614	238,601	(398,931)	(115,416)	332,406

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2015

Company	Total equity US$'000	Share capital US$'000	Retained earnings US$'000
Current year:			
Opening balance at 1 January 2015	959,643	937,614	22,029
Movements in equity:			
Total comprehensive income for the year	4,064	–	4,064
Closing balance at 31 December 2015	963,707	937,614	26,093
Previous year:			
Opening balance at 1 January 2014	198,647	163,377	35,270
Movements in equity:			
Total comprehensive loss for the year	(13,241)	–	(13,241)
Issue of new shares (Note 26)	774,237	774,237	–
Closing balance at 31 December 2014	959,643	937,614	22,029

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015 US$'000	2014 US$'000
Cash flows from operating activities		
Profit before tax	111,925	73,699
Adjustments for:		
Amortisation of other intangible assets	1,254	911
Amortisation of land use rights	23	25
Depreciation of property, plant and equipment	71,892	62,000
Depreciation of investment properties	115	210
Fair value gain on financial assets	(2,497)	(354)
Fair value (gain) / loss on derivative financial instruments	(544)	1,144
Fair value loss on biological assets	5,633	40,177
Loss on disposal of other financial assets	63	–
Gain on disposal of property, plant and equipment	(317)	(118)
Gain on disposal of asset held for sale (Note 32)	–	(9,571)
Gain on buyback of bonds payable	(6,400)	–
Increase in provision for retirement benefits	12,836	12,658
Interest income	(2,859)	(2,862)
Interest expense	70,079	82,056
Gain on disposal of a subsidiary	–	(119)
Net effect of exchange rate changes	8,103	(6,144)
Share options granted by subsidiary	302	503
Share of loss from equity-accounted joint ventures	798	470
Write-off of property, plant and equipment	119	258
Operating cash flows before changes in working capital	270,525	254,943
Inventories	(11,319)	(55,114)
Biological assets	(17,938)	(54,653)
Trade and other receivables	18,253	(16,419)
Other assets	(10,553)	6,485
Trade and other payables	32,624	32,353
Provisions	(7,110)	(2,461)
Other liabilities	326	(162)
Net cash flows from operations before tax	274,808	164,972
Income taxes paid	(18,221)	(38,743)
Net cash flows from operating activities	256,587	126,229
Cash flows from investing activities		
Acquisition of subsidiaries	6	(51,109)
Investments in joint ventures	(1,460)	(3,003)
Purchase of property, plant and equipment (Note 25B)	(152,866)	(249,949)
Proceeds from disposal of property, plant and equipment	958	8,360
Proceeds from disposal of investment properties	–	13
Proceeds from disposal of investment in other financial assets	1,173	241
Proceeds from disposal of asset held for sale	–	11,774
Proceeds from disposal of subsidiary, net of cash disposed of (Note 18)	–	651
Purchase of financial assets	(5,000)	(18)
Purchase of biological assets	(31,782)	(16,829)
Purchase of intangible assets	(1,150)	(1,535)
Land use rights	(1,016)	–
Interest received	2,859	2,862
Net cash flows used in investing activities	(188,278)	(298,542)

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015 US$'000	2014 US$'000
Cash flows from financing activities		
Dividends paid by subsidiary to non-controlling interests	–	(3,692)
Proceeds from issue of shares	–	176,321
Issue of new shares by combining entities under restructuring exercise	–	21,976
Proceeds from issue of new shares by subsidiary to non-controlling interests	9,590	35,832
Acquisition of non-controlling interests without change in control	(7,692)	(19,235)
Cash restricted in use	(1,697)	(1,793)
Buy back of bonds payable	(15,385)	–
Net movements in shareholders' loans	–	40,000
Increase from new bank loans	93,246	164,145
Decrease in other financial liabilities	(211,319)	(98,987)
Interest paid	(70,079)	(82,056)
Net cash flows (used in) from financing activities	(203,336)	232,511
Net (decrease) increase in cash and cash equivalents	(135,027)	60,198
Effect of exchange rate changes on cash and cash equivalents	(5,396)	(366)
Cash and cash equivalents, statement of cash flows, beginning balance	281,192	221,360
Cash and cash equivalents, statement of cash flows, ending balance (Note 25A)	140,769	281,192

The accompanying notes form an integral part of these financial statements.

1. GENERAL

The Company

The Company is incorporated in Singapore with limited liability. The financial statements are presented in United States dollars and they cover the Company (referred to as "parent") and the subsidiaries.

The Board of Directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the Company are those of services, trading and investment holding. It is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in the notes to the financial statements below.

The registered office is: 391B Orchard Road, #18-08 Ngee Ann City Tower B, Singapore 238874. The Company is situated in Singapore.

The restructuring exercise

The Group was formed through the restructuring exercise in 2014 which involved a series of acquisitions and the rationalisation of the corporate and shareholding structure for the purposes of the initial public offering on the mainboard of the Singapore Exchange Securities Trading Limited. Pursuant to the restructuring exercise, the Company became the holding company of the Group.

The exercise is more fully disclosed in the financial statements for the reporting year ended 31 December 2014.

The restructuring exercise included the following steps:

Acquisition of AustAsia Investment Holdings Pte Ltd ("AIH")

On 2 April 2014, the Company entered into a sale and purchase agreement with Progressive Investment Inc. ("PII"), Foxbar Investments Ltd. ("Foxbar") and Viva Sino Investments Limited ("Viva") (collectively, the "Progressive Group") for the purchase of 61.9% of the issued shares in the capital of AustAsia Investment Holdings Pte Ltd ("AIH") by the Company. The Executive Deputy Chairman, Mr Handojo Santosa, has controlling interests in PII, Foxbar and Viva. The Non-Executive Director Mr Hendrick Kolonas has non-controlling interests in PII and Foxbar and the Executive Director and Chief Executive Officer Mr Tan Yong Nang has non-controlling interests in Foxbar and Viva.

Following the completion of the above-mentioned transaction, the Company held 61.9% of the issued shares in AIH.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

1. GENERAL (CONTINUED)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest income or expense is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Employee benefits

Certain subsidiaries of the Group are required to provide for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees as required under existing manpower regulations in Indonesia. Short-term employee benefits are recognised at an undiscounted amount where employees have rendered their services to the Group during the accounting periods. Post employment benefits are recognised at discounted amounts when the employees have rendered their services to the Group during the accounting periods. Liabilities and expenses are measured using actuarial techniques which include constructive obligations that arise from the Group's common practices. In calculating the liabilities, the benefits are discounted by using the projected unit credit method. Termination benefits are recognised when, and only when, the Group is committed to either; (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Certain subsidiaries operate defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund are held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. Contributions are charged to profit or loss in the period to which they relate. These plans are in addition to the contributions to government managed retirement benefit plans such as the Central Provident Fund in Singapore which specifies the employer's obligations which are dealt with as defined contribution retirement benefit plans. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Share-based compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value is measured using a binomial option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each end of the reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Foreign currency transactions

The functional currency is the United States dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Property, plant and equipment

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Buildings and site facilities	–	2% – 25%
Machinery and equipment	–	3.3% – 33.3%
Office furniture and fixtures	–	4.75% – 50%
Motor vehicles	–	9.5% – 33.3%
Leasehold land	–	Over the remaining lease terms
Freehold land	–	Not depreciated

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is computed on a straight-line basis over the investment properties useful lives of 4 to 20 years. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are determined by management.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Formula and technology	–	20 years
Non-compete fees	–	5 years
Customer relationships	–	6 years
Computer software	–	5 to 7 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Biological assets

Biological assets include dairy cows and breeding livestock. Breeding livestock includes breeding chickens, breeding cattle and breeding swine.

Dairy cows, including milkable cows, heifers and calves are measured on initial recognition and at the end of the reporting year at their fair value less costs to sell, with any resultant gain or loss recognised in profit or loss for the year in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation costs and excluding finance costs and income taxes. The fair value of dairy cows is determined based on its present location and condition and is determined independently by professional valuers. The fair value of dairy cows for which there are active markets is determined by reference to the quoted market prices. For dairy cows where there is no active market, fair value is determined by valuation techniques, for example discounted cash flow techniques, etc.

The feeding costs and other related costs including the depreciation charge, utilities cost and consumables incurred for raising of heifers and calves are capitalised, until such time as the heifers and calves begin to produce milk.

Breeding chickens include grandparent stocks that produce hatchable eggs for parent stocks, and parent stocks that produce hatchable eggs for trade livestock inventories. Breeding chickens are classified as productive breeding chickens and unproductive breeding chickens. Unproductive breeding chickens are stated at acquisition costs plus accumulated growing costs. The accumulated costs of unproductive breeding chickens are reclassified to productive breeding chickens at the optimal production age. In general, unproductive broiler breeding chickens reach the optimal production age after 25 weeks and unproductive layer breeding chickens reach the optimal production age after 20 weeks. Productive breeding chickens are stated at cost at the time of reclassification from unproductive breeding chickens and are amortised over the economic egg-laying lives of the breeding chickens (42 – 52 weeks) after considering residual values.

Breeding cattle are cattle that are being nurtured for production of calves. Breeding cattle are classified as productive breeding cattle and unproductive cattle. Unproductive cattle are stated at acquisition costs plus accumulated growing costs. The accumulated costs of unproductive cattle are reclassified to productive cattle at the optimal productive age. In general, unproductive cattle reach the average optimal production age after 15 months. Productive cattle are measured on initial recognition and at the end of the reporting year at fair value less costs to sell, with any resultant gain or loss recognised in profit or loss for the year in which it arises.

Breeding swine are swine that are being nurtured for production of piglets. Breeding swine are classified as productive breeding swine and unproductive swine. Unproductive swine are stated at acquisition costs plus accumulated growing costs. The accumulated costs of unproductive swine are reclassified to productive swine at the optimal productive age. In general, 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. Productive swine are measured on initial recognition and at the end of the reporting year at fair value less costs to sell, with any resultant gain or loss recognised in profit or loss for the year in which it arises.

Forage plants are immature corn and sorghum plantation costs which consist of field preparation, planting, fertilising and maintenance and an allocation of other related cost. In general, a corn plantation and a sorghum plantation take about three months to reach maturity from the time the seedings are planted. Plantations in initial stages of growth are stated at cost as market-determined prices or values are not available. Plantations close to harvest and the harvested product of the Group's wet corn and sorghum are measured at fair value less estimated point-of-sale costs. The fair value was determined based on the actual selling prices in the local market at the point of harvest and less estimated point-of-sale costs. Gains or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and from the change in fair value less estimated point-of-sale costs of plantations at each reporting date are recognised in profit or loss for the year in which they arise. Upon harvest, the forage plants are transferred to inventories for feeding of the dairy cows.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Joint arrangements – joint venture

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with FRS 28 Investments in Associates and Joint Ventures.

Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets.

In the consolidated financial statements, the accounting for investments in a joint venture is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of a joint venture in excess of the reporting entity's interest in the relevant joint venture are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and a joint venture is recognised in the financial statements only to the extent of unrelated reporting entity's interests in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be a joint venture and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture is measured at fair value at the date that it ceases to be a joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Joint arrangements – joint venture (continued)

In the Company's separate financial statements, an investment in a joint venture is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a joint venture is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

As disclosed in Note 1 of the financial statements, a restructuring exercise was undertaken in 2014. The business combination involved entities or businesses under common control that is, a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The business combination in such situation is accounted for under the pooling-of-interests or merger method. Such manner of presentation reflects the economic substance of the combined entities as a single economic enterprise.

For entities not under common control, business combinations are accounted for by applying the acquisition method.

Where the fair values are estimated on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of acquisition method at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Goodwill (continued)

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or an intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Assets classified as held for sale

Identifiable assets, liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

#1. Financial assets at fair value through profit or loss:
Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

#2. Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Financial assets (continued)

#3. Held-to-maturity financial assets:
These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity. Financial assets that upon initial recognition are designated as at fair value through profit or loss or available-for-sale and those that meet the definition of loans and receivables are not classified in this category. These assets are carried at amortised costs using the effective interest method minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. Impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. Non-current investments in bonds and debt securities are usually classified in this category.

#4. Available-for-sale financial assets:
As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Derivatives

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

#1. Liabilities at fair value through profit or loss:
Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

#2. Other financial liabilities:
All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Fair value measurement (continued)

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2B. Other explanatory information

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Fair value of biological assets:
Biological assets are measured at fair value less costs to sell. In measuring the fair value of the biological assets, such as dairy cows, breeding cattle and swine, the fair value is measured based on either the market determined prices as at the end of the reporting year adjusted with reference to the species, age, growing condition, costs incurred and expected yield to reflect differences in characteristics and/or stages of growth of the biological assets; or the present value of expected net cash flows from the biological assets discounted at a current market-determined rate, when market-determined prices are unavailable. Any change in the estimates may affect the fair value of the biological assets significantly. The professional valuers and management review the assumptions and estimates to identify any significant change in the fair value of the biological assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2C. Critical judgements, assumptions and estimation uncertainties (continued)

Impairment of and useful lives of biological assets:
The Group assesses annually whether its biological assets that are not measured at fair value less costs to sell have any indication of impairment. In instances where there are indicators of impairment, the recoverable amounts of the biological assets will be determined based on value-in-use calculations. These calculations require the use of management judgements and estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

The Group reviews the estimated useful lives of breeding chickens at the end of each reporting year. Where useful lives are less than previously estimated lives, the amortisation charge is increased.

The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by these assumptions is disclosed in the note on biological assets.

Allowance for doubtful trade accounts:
An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible, impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Net realisable value of inventories:
A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

Useful lives of property, plant and equipment:
The estimates for the useful lives and related depreciation charges for property, plant and equipment, which includes leasehold land, buildings and site facilities, machinery and equipment, office furniture and fixtures, motor vehicles and assets not in use, are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or assets that have been abandoned. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is US$778,002,000 (2014: US$735,340,000).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2C. Critical judgements, assumptions and estimation uncertainties (continued)

Property, plant and equipment:
An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is US$834,952,000 (2014: US$833,758,000).

Income taxes:
The Group has exposure to income taxes in a number of jurisdictions, including Indonesia, China, India, Vietnam, Myanmar and Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate determination is uncertain during the ordinary course of business. The administration and enforcement of tax laws and regulations may be subject to uncertainty and a certain degree of discretion by the tax authorities in these countries. Although the Group believes the amounts recognised for income and deferred taxes are adequate, these amounts may be insufficient based on the respective countries' tax authorities interpretation and application of these laws and regulations and the Group may be required to pay more as a result. It is impracticable to determine the extent of the possible effects of the above, if any, on the consolidated financial statements of the Group. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will have an impact on the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income taxes:
Management judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgemental and not susceptible to precise determination. The amounts of the deferred tax assets and deferred tax liabilities at the end of the reporting year are disclosed in the note on income tax.

Pension and employee benefits:
The determination of the Group's obligations and cost for pension and employee benefits liability is dependent on its selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, expected rates of return of assets, future annual salary increases, annual employee turnover rates, disability rates, retirement age and mortality rates. Actual results that differ from the assumptions are recognised immediately in profit or loss as and when they occur. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the assumptions may materially affect its estimated liabilities for pensionable and employee benefits and net employee benefits expense. The carrying amount of the estimated liabilities for employee benefits at the end of the reporting year are disclosed in the note on provisions.

In determining the appropriate discount rate, management considers the Indonesian Government Securities Yield Curve (risk free) with the year of expected remaining working period of the employees.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases are based on expected future inflation rates for the specific country.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2C. Critical judgements, assumptions and estimation uncertainties (continued)

Determination of functional currency:
Judgement is required to determine the functional currencies of the entities in the Group. Management considers economic environment in which the reporting entity operates and factors such as the currency that mainly influences sales prices for goods and services; the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services; and the currency that mainly influences labour, material and other costs of providing goods or services. It also considers other relevant factors that may also provide evidence of an entity's functional currency.

Environmental regulations:
Environmental regulations and social practices in some of the countries the Group operates tend to be less stringent than in developed countries. It is possible that these regulations could become more stringent in the future and compliance with them may involve incurring significant costs. This may consequently have an adverse effect on the Group's operations. Any failure to comply with the laws and regulations could subject the Group to further liabilities. It is impracticable to disclose the extent of the possible effects of the above matters on the consolidated financial statements of the Group.

Measurement of impairment of subsidiaries:
Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is US$637,870,804 (2014:US$634,855,013).

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group:

Name	Relationship	Country of incorporation
Rangi Management Limited	Parent company	British Virgin Islands
Fusion Investment Holdings Limited	Ultimate parent company	British Virgin Islands

Related companies in these financial statements include the members of the ultimate parent company's group of companies. Associates also include those that are associates of members of the above group.

The ultimate controlling party is Handojo Santosa @ Kang Kiem Han, a director and significant shareholder.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantee if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	2015 US$'000	2014 US$'000
Other related parties		
Revenue	(542)	(870)
Purchases of goods	5,637	5,130
Rendering of services expense	10,169	15,074
Rental of premises	1,758	1,684
Rental of boat	381	540
Purchase of property, plant and equipment	1,337	265
Construction of property, plant and equipment	6,551	17,470
Others	541	–

The related parties are companies associated with the Executive Deputy Chairman, Mr Handojo Santosa @ Kang Kiem Han and the Non-Executive Director, Mr Hendrick Kolonas. The transactions were made at prevailing market rates or conducted on a fair basis and on substantially the same terms for similar transactions with unrelated third parties.

3C. Key management compensation:

	2015 US$'000	2014 US$'000
Salaries and other short-term employee benefits	26,212	28,822

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	2015 US$'000	2014 US$'000
Remuneration and fees of directors and commissioners of the Group	12,357	13,526

Key management personnel of the Group are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly. The above amounts for key management compensation are for all directors and commissioners of the Indonesian subsidiaries.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported performance or financial position of the reporting entity.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) animal protein, (2) dairy, (3) consumer food and (4) others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Two or more operating segments may be aggregated into a single operating segment if in the judgement of management the segments have similar economic characteristics, and the segments are similar in some aspects such as the nature of the products and services; production processes; type or class of customer; distribution methods.

The segments and the types of products and services are as follows:

The animal protein segment includes production of multiple high-quality animal proteins, including poultry, swine, beef and aquaculture, as well as high-quality animal feed, across the Group's target markets as follows:

(a) "Animal Protein Indonesia" refers to the animal protein operations of its public listed subsidiary, PT Japfa Comfeed Indonesia Tbk; and

(b) "Animal Protein Other" refers to the animal protein operations in Vietnam, India, Myanmar and China.

The dairy segment includes production of premium raw milk in China and Indonesia and premium downstream milk products such as premium fresh milk, premium UHT milk and premium cheeses to consumers in Indonesia and other countries in Asia.

The consumer food segment uses the animal protein products that are produced in-house as raw materials for downstream consumer food segment.

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

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on operating profit or loss and is measured in the same way as operating profit or loss in the consolidated financial statements.

The following tables illustrate the information about the reportable segment profit or loss, and assets and liabilities.

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

4B. Profit or loss from continuing operations and reconciliations

2015	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	1,814,482	534,064	2,348,546	257,431	181,084	–	2,787,061
Inter-segment revenue	40,107	–	40,107	2,015	5,209	(47,331)	–
Total revenue	1,854,589	534,064	2,388,653	259,446	186,293	(47,331)	2,787,061
Segment results	145,333	43,470	188,803	46,451	10,327	7,623	253,204
Interest income	1,340	801	2,141	440	159	119	2,859
Finance costs	(50,480)	(3,288)	(53,768)	(8,607)	(5,216)	(2,488)	(70,079)
Depreciation	(44,710)	(6,788)	(51,498)	(15,486)	(4,739)	(284)	(72,007)
Amortisation	(564)	(88)	(652)	(261)	(84)	(257)	(1,254)
Share of loss of equity-accounted joint ventures	–	(584)	(584)	–	(214)	–	(798)
Profit before tax	50,919	33,523	84,442	22,537	233	4,713	111,925
Income tax (expense) / income	(14,877)	(2,702)	(17,579)	122	(2,607)	(95)	(20,159)
Profit / (Loss) after tax	36,042	30,821	66,863	22,659	(2,374)	4,618	91,766

2014	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	2,005,969	506,725	2,512,694	225,456	200,183	9,135	2,947,468
Inter-segment revenue	50,311	–	50,311	2,206	8,808	(61,325)	–
Total revenue	2,056,280	506,725	2,563,005	227,662	208,991	(52,190)	2,947,468
Segment results	138,876	26,813	165,689	48,642	10,351	(8,198)	216,484
Interest income	1,349	387	1,736	214	832	80	2,862
Finance costs	(58,358)	(4,996)	(63,354)	(7,345)	(5,877)	(5,480)	(82,056)
Depreciation	(42,045)	(5,246)	(47,291)	(9,639)	(5,008)	(272)	(62,210)
Amortisation	(5)	(104)	(109)	(248)	(79)	(475)	(911)
Share of loss of equity-accounted joint ventures	–	(90)	(90)	–	(380)	–	(470)
Profit / (Loss) before tax	39,817	16,764	56,581	31,624	(161)	(14,345)	73,699
Income tax (expense) / income	(12,636)	2,886	(9,750)	405	(3,941)	(1,226)	(14,512)
Profit / (Loss) after tax	27,181	19,650	46,831	32,029	(4,102)	(15,571)	59,187

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

4C. Assets and reconciliations

2015	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
Segment assets	1,145,999	284,565	1,430,564	598,454	107,295	19,974	2,156,287
Unallocated assets	48,213	3,362	51,575	2,964	1,732	29	56,300
Total Group assets	1,194,212	287,927	1,482,139	601,418	109,027	20,003	2,212,587

2014	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
Segment assets	1,223,162	247,386	1,470,548	603,348	124,289	67,196	2,265,381
Unallocated assets	53,887	2,471	56,358	2,211	2,809	251	61,629
Total Group assets	1,277,049	249,857	1,526,906	605,559	127,098	67,447	2,327,010

4D. Liabilities and reconciliations

2015	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
Segment liabilities	786,681	210,800	997,481	216,103	152,088	(179,258)	1,186,414
Unallocated liabilities	11,863	1,874	13,737	1,893	803	1,124	17,557
Total Group liabilities	798,544	212,674	1,011,218	217,996	152,891	(178,134)	1,203,971

2014	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
Segment liabilities	870,778	178,951	1,049,729	160,484	246,213	(138,891)	1,317,535
Unallocated liabilities	7,984	1,112	9,096	1,265	3,266	1,574	15,201
Total Group liabilities	878,762	180,063	1,058,825	161,749	249,479	(137,317)	1,332,736

4E. Other material items and reconciliations

	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
Capital expenditure							
2015	53,769	21,289	75,058	69,772	3,483	198	148,511
2014	131,084	31,770	162,854	84,530	14,911	55	262,350

There are no customers with revenue transactions of over 10% of the Group revenue in 2014 and 2015.

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

4F. Geographical information

	Group	
	2015 US$'000	2014 US$'000
Revenue		
Indonesia	1,987,154	2,227,782
Vietnam	347,694	326,746
China	227,128	176,321
India	103,422	104,343
Myanmar	80,620	87,821
Others	32,299	13,251
Subtotal for all foreign countries	2,778,317	2,936,264
Singapore	8,744	11,204
Total continuing operations	2,787,061	2,947,468

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services.

	Group	
	2015 US$'000	2014 US$'000
Non-current assets		
Indonesia	575,644	634,480
Vietnam	87,046	88,808
China	452,153	375,353
India	21,064	14,426
Myanmar	14,634	12,563
Others	25	416
Subtotal for all foreign countries	1,150,566	1,126,046
Singapore	2,789	1,111
Total continuing operations	1,153,355	1,127,157

The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any deferred tax assets.

5. REVENUE

	Group	
	2015 US$'000	2014 US$'000
Animal protein	2,348,546	2,512,694
Dairy	257,431	225,456
Consumer food	181,084	200,183
Others	–	9,135
Total revenue	2,787,061	2,947,468

6. INTEREST INCOME

	Group	
	2015 US$'000	2014 US$'000
Interest income	2,859	2,862

7. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2015 US$'000	2014 US$'000
Gain on disposal of property, plant and equipment	317	118
Rental income from investment properties	77	51
Other rental income	9	109
Gain on fair value of financial assets	2,497	354
Gain / (Loss) on fair value of derivative financial instruments	544	(1,144)
Write-off of property, plant and equipment	(119)	(258)
Payables written off	24	–
Bad debts written off trade receivables	–	(119)
Insurance reimbursement	901	445
Scrap sales	1,574	2,309
Gain on disposal of investment in subsidiary	–	119
Government grant income	467	199
Provision for out of stock penalty	(557)	(1,114)
Gain on buyback of bonds payable (Note 29D)	6,400	–
Loss on disposal of other financial assets	(63)	–
Others	(1,186)	(452)
Net	10,885	617
Presented in profit or loss as:		
Other gains	12,810	3,704
Other losses	(1,925)	(3,087)
Net	10,885	617

8. MARKETING AND DISTRIBUTION COSTS

The major components include the following:

	Group	
	2015 US$'000	2014 US$'000
Advertising and promotion expense	26,210	28,897
Employee benefits expense	24,347	23,845
Freight charges	28,272	22,853

9. ADMINISTRATIVE EXPENSES

The major components include the following:

	Group	
	2015 US$'000	2014 US$'000
Employee benefits expense and related payroll costs	115,016	120,652
Depreciation	11,373	11,045

In addition to the profit and loss items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2015 US$'000	2014 US$'000
Audit fees to the independent auditor of the Company	172	201
Audit fees to the other independent auditors	910	1,015
Other fees to the independent auditor of the Company	1	16
Other fees to the other independent auditors	91	27
Other fees to the independent auditor of the Company in connection with the initial public offering	–	482
Other fees to the other independent auditors in connection with the initial public offering	–	363

10. FINANCE COSTS

	Group	
	2015 US$'000	2014 US$'000
Interest expense	70,079	82,056

11. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015 US$'000	2014 US$'000
Employee benefits expense	207,139	189,094
Defined benefits post employment expenses (Note 28A)	12,836	12,658
Total employee benefits expense included in cost of sales, marketing and distribution costs and administrative expenses	219,975	201,752

12. INCOME TAX

12A. Components of tax expense (income) recognised in profit or loss include:

	Group	
	2015 US$'000	2014 US$'000
Current tax expense:		
Current tax expense	20,502	20,046
Under adjustments in respect of prior periods	648	3
Subtotal	21,150	20,049
Deferred tax income:		
Deferred tax income	(991)	(5,537)
Subtotal	(991)	(5,537)
Total income tax expense	20,159	14,512

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2015 US$'000	2014 US$'000
Profit before tax	111,925	73,699
Income tax expense at the above rate	19,027	12,529
Expenses not deductible for tax purposes	9,612	23,901
Income not subject to tax	(11,431)	(22,718)
Effect of different tax rates in different countries	6,183	2,319
Deferred tax assets not recognised / (Previously unrecognised assets recognised)	2,501	(2,328)
Under adjustments in respect of prior periods	648	3
Withholding tax	1,030	506
Tax incentives	(6,754)	(219)
Others	(657)	519
Total tax expense	20,159	14,512
Effective rate	18.0%	19.7%

There are no income tax consequences of dividends to owners of the Company.

The amount of income tax payable outstanding as at end of the reporting year was US$13,045,000 (2014: US$7,885,000). Such an amount is net of tax advances, which, according to the tax rules, was paid before the end of the reporting year.

12. INCOME TAX (CONTINUED)

12B. Deferred tax (income) expense recognised in profit or loss includes:

	Group	
	2015 US$'000	2014 US$'000
Excess of net book value of plant and equipment over tax values	465	(104)
Fair value of biological assets	(500)	(3,148)
Losses of subsidiaries	(1,851)	1,663
Provision for employee obligations	711	(1,445)
Others	184	(2,503)
Total deferred tax income recognised in profit or loss	(991)	(5,537)

12C. Deferred tax expense (income) recognised in other comprehensive income includes:

	Group	
	2015 US$'000	2014 US$'000
Remeasurement of the net defined benefits plan	800	(1,122)
Exchange differences on translating foreign operations	847	1,338
Total deferred income tax expense recognised in other comprehensive income	1,647	216

12D. Deferred tax balance in the statement of financial position:

	Group	
	2015 US$'000	2014 US$'000
Deferred tax assets (liabilities) are as follows:		
Excess of net book value of plant and equipment over tax values	(3,115)	(2,650)
Fair value of biological assets	(2,857)	(3,357)
Losses of subsidiaries	1,851	–
Provision for employee obligations	11,490	13,001
Others	848	1,879
Total	8,217	8,873
Presented in the statement of financial position as follows:		
Deferred tax assets	12,729	16,190
Deferred tax liabilities	(4,512)	(7,317)
Net balance	8,217	8,873

12. INCOME TAX (CONTINUED)

12D. Deferred tax balance in the statement of financial position (continued):

It is impracticable to estimate the amount expected to be settled or used within one year.

A deferred tax asset of approximately US$Nil (2014: US$4,358,000) in respect of unused tax losses and unutilised tax incentives has not been recognised as the future profit streams are not probable. The realisation of the future income tax benefits from unused tax losses and unutilised tax incentives is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

A deferred tax liability of approximately US$23,014,000 (2014: US$19,771,000) has not been recognised for taxes that would be payable on the undistributed earnings of the Group's foreign subsidiaries as the Group has determined that these undistributed earnings will not be distributed in the foreseeable future.

13. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

	Group	
	2015 US$'000	**2014 US$'000**
Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	64,696	31,228
	2015 '000	**2014 '000**
Denominators: weighted average number of equity shares	1,764,670	1,585,635

The weighted average number of equity shares refers to shares in circulation during the reporting year.

There is no dilution of earnings per share as there are presently no dilutive shares outstanding as at the end of the reporting year. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land US$'000	Freehold land US$'000	Buildings & site facilities US$'000	Machinery & equipment US$'000	Office furniture & fixtures US$'000	Construction in progress US$'000	Motor vehicles US$'000	Assets not in use US$'000	Total US$'000
At cost:									
At 1 January 2014	138,045	934	296,114	306,186	56,064	65,792	57,913	751	921,799
Additions	17,625	212	20,019	19,616	13,090	183,664	5,734	855	260,815
Disposals / Write-off	(228)	(64)	(1,741)	(1,231)	(1,345)	(6,173)	(1,126)	(16)	(11,924)
Reclassifications *	(417)	7	76,042	63,562	887	(145,041)	3,060	192	(1,708)
Foreign exchange adjustments	(3,219)	(22)	(4,291)	(4,045)	(869)	(891)	(840)	(12)	(14,189)
At 31 December 2014	151,806	1,067	386,143	384,088	67,827	97,351	64,741	1,770	1,154,793
Additions	7,451	–	6,566	10,797	6,977	111,222	2,881	1,464	147,358
Additions through business combination	–	–	–	–	1	–	16	–	17
Disposals / Write-off	(333)	–	(852)	(2,084)	(784)	(37)	(760)	(576)	(5,426)
Reclassifications *	(3,681)	–	82,626	58,314	1,789	(142,964)	305	7,866	4,255
Foreign exchange adjustments	(15,786)	(51)	(34,581)	(36,108)	(6,814)	(9,638)	(5,932)	(186)	(109,096)
At 31 December 2015	139,457	1,016	439,902	415,007	68,996	55,934	61,251	10,338	1,191,901
Accumulated depreciation:									
At 1 January 2014	21,609	–	65,189	119,827	31,513	–	30,849	67	269,054
Depreciation for the year	3,137	–	16,474	26,610	8,360	–	7,419	–	62,000
Disposals / Write-off	–	–	(428)	(751)	(579)	–	(904)	–	(2,662)
Reclassifications *	–	–	(441)	(582)	(14)	–	(3)	–	(1,040)
Foreign exchange adjustments	(475)	–	(1,486)	(2,757)	(826)	–	(772)	(1)	(6,317)
At 31 December 2014	24,271	–	79,308	142,347	38,454	–	36,589	66	321,035
Depreciation for the year	3,608	–	19,742	32,184	9,170	–	7,188	–	71,892
Additions through business combination	–	–	–	–	–	–	1	–	1
Disposals / Write-off	(1,352)	–	(462)	(1,637)	(597)	–	(618)	–	(4,666)
Reclassifications *	946	–	1,881	(641)	3	–	(214)	–	1,975
Foreign exchange adjustments	(2,601)	–	(8,118)	(14,628)	(4,127)	–	(3,807)	(7)	(33,288)
At 31 December 2015	24,872	–	92,351	157,625	42,903	–	39,139	59	356,949
Net book value:									
At 1 January 2014	116,436	934	230,925	186,359	24,551	65,792	27,064	684	652,745
At 31 December 2014	127,535	1,067	306,835	241,741	29,373	97,351	28,152	1,704	833,758
At 31 December 2015	114,585	1,016	347,551	257,382	26,093	55,934	22,112	10,279	834,952

* Included in the reclassifications are certain assets reclassified from / to investment properties (Note 15), other intangible assets (Note 16B) and other assets (Note 21).

Depreciation is included in cost of sales, marketing and distribution costs and administrative expenses.

Certain items of property, plant and equipment are pledged as security for banking facilities (Note 29A).

Certain land are held in trust by employees of the Group.

Certain items are under finance lease agreements (see Note 29B).

The movement of property, plant and equipment of the Company has not been disclosed as it is not material.

15. INVESTMENT PROPERTIES

	Group	
	2015 US$'000	2014 US$'000
At cost:		
At beginning of the year	7,712	6,810
Additions	3	–
Disposals	(5)	(26)
Reclassifications (to) / from property, plant and equipment	(4,265)	1,038
Foreign exchange adjustments	(806)	(110)
At end of the year	2,639	7,712
Accumulated depreciation and impairment:		
At beginning of the year	5,042	4,535
Depreciation for the year	115	210
Disposals	(1)	(13)
Reclassifications (to) / from property, plant and equipment	(2,911)	393
Foreign exchange adjustments	(530)	(83)
At end of the year	1,715	5,042
Net book value:		
At beginning of the year	2,670	2,275
At end of the year	924	2,670

	Group	
	2015 US$'000	2014 US$'000
Rental income	77	51
Direct operating expenses (including repair and maintenance) arising from investment properties that generated rental income during the year	115	210

The investment properties are leased out as operating leases. Also see Note 36 on operating lease income commitments. The management has not entered into contractual obligations for the maintenance or enhancement of the investment properties.

Investment properties are carried at cost less accumulated depreciation at the statement of financial position date. The fair value of investment properties was not determined as it is not expected to be significantly different from the carrying value.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

16. INTANGIBLE ASSETS

	Group	
	2015 US$'000	2014 US$'000
Goodwill (Note 16A)	5,061	5,652
Other intangible assets (Note 16B)	3,464	3,788
	8,525	9,440

16A. Goodwill

	Group	
	2015 US$'000	2014 US$'000
Balance at beginning of the year	5,652	6,549
Disposal of subsidiary (Note 18)	–	(814)
Foreign exchange adjustments	(591)	(83)
Balance at end of the year	5,061	5,652

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in a subsidiary as follows:

	Group Animal Protein Segment	
	2015 US$'000	2014 US$'000
Name of subsidiary:		
PT Ciomas Adisatwa	5,061	5,652
Total	5,061	5,652

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs have been measured based on the value in use method as appropriate. The value in use is measured by management. The value in use is a recurring fair value measurement (Level 3). The quantitative information and key assumptions about the value in use measurement using significant unobservable inputs for cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

	Group Animal Protein Segment	
	2015	2014
PT Ciomas Adisatwa		
Valuation technique and unobservable inputs		
Discounted cash flow method:		
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.	12%	12%
2. Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	5 years	5 years

16. INTANGIBLE ASSETS (CONTINUED)

16A. Goodwill (continued)

Relationship of unobservable inputs to value in use:
Discount rate – the higher the discount rate, the lower the value in use.

Sensitivity analysis:
Favourable (adverse) changes in discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows will increase (decrease) value in use.

16B. Other intangible assets

	Customer relation-ships US$'000	Formula and technology US$'000	Non-compete fees US$'000	Computer software US$'000	Total US$'000
Group					
At cost:					
At 1 January 2014	3,163	–	214	3,096	6,473
Additions	–	–	–	1,535	1,535
Foreign exchange adjustments	(310)	5	(5)	652	342
At 31 December 2014	2,853	5	209	5,283	8,350
Reclassification	–	20	–	80	100
Additions	–	–	–	1,150	1,150
Disposals	–	–	–	(1)	(1)
Foreign exchange adjustments	–	–	(10)	(492)	(502)
At 31 December 2015	2,853	25	199	6,020	9,097
Accumulated amortisation:					
At 1 January 2014	2,109	–	214	643	2,966
Amortisation for the year	475	1	–	435	911
Foreign exchange adjustments	11	1	(5)	678	685
At 31 December 2014	2,595	2	209	1,756	4,562
Reclassification	–	1	–	–	1
Amortisation for the year	257	1	–	996	1,254
Disposals	–	–	–	(1)	(1)
Foreign exchange adjustments	–	–	(10)	(173)	(183)
At 31 December 2015	2,852	4	199	2,578	5,633
Net book value:					
At 1 January 2014	1,054	–	–	2,453	3,507
At 31 December 2014	258	3	–	3,527	3,788
At 31 December 2015	1	21	–	3,442	3,464

The amortisation expense is charged as administrative expenses.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 US$'000	2014 US$'000
Movements during the year. At cost:		
Balance at the beginning of the year	774,726	172,707
Additions	18,749	599,988
Allowance for impairment	(3,400)	–
Foreign exchange adjustments	–	2,031
Balance at the end of the year	790,075	774,726
Carrying value in the books of the Company comprising:		
Quoted equity shares at cost	95,934	93,942
Unquoted equity shares at cost	697,541	680,784
Allowance for impairment	(3,400)	–
Total at cost	790,075	774,726
Fair value of quoted equity shares	283,089	469,312

	Company	
	2015 US$'000	2014 US$'000
Analysis of above amount denominated in non-functional currency:		
Indonesian Rupiah	95,934	93,942
Indian Rupee	4,230	4,230

	Company	
	2015 US$'000	2014 US$'000
Movements in allowance for impairment:		
Balance at the beginning of the year	–	–
Impairment loss charge to profit or loss	3,400	–
Balance at the end of the year	3,400	–

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Certain investments in subsidiaries were tested for impairment at the end of the reporting year where the cost of investments exceeded the net asset values of these subsidiaries. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs have been measured based on the value in use method as appropriate. The value in use is measured by management. The value in use is a recurring fair value measurement (Level 3). The quantitative information and key assumptions about the value in use measurement using significant unobservable inputs for CGUs are consistent with those used for the measurement last performed and is analysed as follows:

	2015:	**JFS (*)**	**JII (*)**	**JC (*)**	**AIH (*)**
	Valuation technique and unobservable inputs				
	Discounted cash flow method:				
1.	Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.	13.1% – 16.6%	14.3%	11.5%	9.8%
2.	Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	5 years	5 years	5 years	5 years

	2014:	**JFS (*)**	**JII (*)**	**JC (*)**	**AIH (*)**
	Valuation technique and unobservable inputs				
	Discounted cash flow method:				
1.	Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.	9.3% – 14.1%	10.1%	9.2%	8.6%
2.	Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	5 years	5 years	5 years	5 years

(*) The details of the subsidiaries are in the listing below.

Relationship of unobservable inputs to value in use:

Discount rate – the higher the discount rate, the lower the value in use.

Sensitivity analysis:

2015:	**JFS US$'000**	**JII US$'000**	**JC US$'000**	**AIH US$'000**
A hypothetical increase in discount rates by 1 % would decrease recoverable amounts by	(16,227)	(4,461)	(2,697)	(91,528)
A hypothetical decrease in discount rates by 1 % would increase recoverable amounts by	20,263	5,617	3,617	122,840

The impairment tests described above resulted in the recognition of a loss of US$3,400,000 in relation to JC.

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The major subsidiaries held by the Group are listed below:

Name of subsidiaries and principal activities (and independent auditor)	Country of incorporation	Effective percentage of equity held by Group 2015 %	2014 %
Held by the Company:			
PT Japfa Comfeed Indonesia Tbk ("JCI") [b] [e] Processing of materials for the manufacture / production of animal feed, engaging in breeding, poultry and other farms and engaging in domestic and international trading (Mulyamin Sensi Suryanto & Lianny)	Indonesia	58.0	57.5
Annona Pte Ltd [a] Import and export of raw materials	Singapore	100	100
Jupiter Foods Pte Ltd ("JFS") [a] Investment holding	Singapore	100	100
Japfa India Investments Pte Ltd ("JII") [a] Investment holding	Singapore	100	100
Japfa Vietnam Investments Pte Ltd ("JVI") [a] Investment holding	Singapore	100	100
Japfa China Investments Pte Ltd ("JC") [a] Investment holding	Singapore	100	100
Japfa Myanmar JV Pte Ltd ("JMJV") [a] Investment holding	Singapore	100	100
AustAsia Investment Holdings Pte Ltd ("AIH") [b] Investment holding (Ernst and Young LLP ("EY LLP"))	Singapore	61.9	61.9
AIH2 Pte Ltd ("AIH2") [b] [f] (incorporated on 3 July 2014) Providing business and management consultancy services (EY LLP)	Singapore	64.5	64.5
Major subsidiaries held through JCI:			
PT Suri Tani Pemuka [b] Production of shrimp feed, shrimp farming, cold storage and shrimp hatchery (Mulyamin Sensi Suryanto & Lianny)	Indonesia	58.0	57.5

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries and principal activities (and independent auditor)	Country of incorporation	Effective percentage of equity held by Group 2015 %	2014 %
Major subsidiaries held through JCI (continued):			
Comfeed Finance B.V. [c] Provision of treasury services (RSM Netherlands B.V.)	Netherlands	58.0	57.5
PT Ciomas Adisatwa [b] Trading, commercial farm and chicken slaughter house (Mulyamin Sensi Suryanto & Lianny)	Indonesia	58.0	57.5
PT Indojaya Agrinusa [b] [d] Animal feeds manufacturing and chicken breeding (Mulyamin Sensi Suryanto & Lianny)	Indonesia	29.0	28.8
PT Santosa Agrindo [b] Trading, beef processing unit and cattle slaughter house (Mulyamin Sensi Suryanto & Lianny)	Indonesia	58.0	57.5
Major subsidiary held through JII:			
Japfa Comfeed India Private Ltd ("JCIPL") [c] Poultry (Suresh Surana & Associates LLP)	India	100	100
Major subsidiary held through JFS:			
PT So Good Food [b] Trading (Mulyamin Sensi Suryanto & Lianny)	Indonesia	100	100
Major subsidiary held through JVI:			
Japfa Comfeed Vietnam Limited Company [c] Breeding farm and poultry (RSM Vietnam)	Vietnam	100	100
Major subsidiary held through Japfa China Investments Pte Ltd:			
Dongying Japfa Beef Co Ltd. [b] Beef cattle breeding, grass forage production, import and export of beef cattle and related products (Hui Xin Certified Public Accountants)	China	100	100
Major subsidiary held through JMJV:			
Japfa Comfeed Myanmar Pte Ltd ("JCM") [b] Poultry and feedmill business (EY UTW (Myanmar) Ltd)	Myanmar	100	85

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries and principal activities (and independent auditor)	Country of incorporation	Effective percentage of equity held by Group 2015 %	2014 %
Major subsidiaries held through AIH:			
PT Greenfields Indonesia [(b)] Production and sales of milk (Purwantono, Suherman & Surja)	Indonesia	61.9	61.9
Dongying AustAsia Modern Dairy Farm Co., Ltd [(b)] Production and sales of milk (Ernst & Young Hua Ming LLP)	China	61.9	61.9
Taian AustAsia Modern Dairy Farm Co., Ltd [(b)] Production and sales of milk (Ernst & Young Hua Ming LLP)	China	61.9	61.9
Dongying Xianhe AustAsia Modern Dairy Farm Co., Ltd [(b)] Production and sales of milk (Ernst & Young Hua Ming LLP)	China	61.9	61.9
Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd [(b)] Production and sales of milk (Ernst & Young Hua Ming LLP)	China	61.9	61.9
Major subsidiaries held through AIH2:			
Chifeng Austasia Modern Dairy Farm Co., Ltd [(b)(g)] (Incorporated on 1 September 2014) Production and sales of milk (Ernst & Young Hua Ming LLP)	China	64.5	–

(a) Audited by RSM Chio Lim LLP, Singapore.
(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.
(c) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.
(d) The entity is regarded as a subsidiary as the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of the entity, and it is able to obtain control through potential voting rights.
(e) Listed on a stock exchange.
(f) On 1 December 2014, the Company contributed US$12,000,000 for 36,258,790 shares issued partially paid-up. On 5 February 2015, the Company made full payment for the remaining unpaid subscription monies amounting to US$24,258,790 following the capital call by AIH2. The Company made a further capital injection amounting to US$16,757,000 in the capital of AIH2 during the year.
(g) The entity was incorporated and registered in China on 1 September 2014 with AIH2 being the sole shareholder. The capital injection into the entity by AIH2 was completed on 27 January 2015.

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

PT Jakamitra Indonesia

An interest of 30% in JCI's subsidiary, PT Jakamitra Indonesia was acquired on 1 April 2014 for US$19,188,000 (Rp 220,000,000,000) in cash. This increased the equity interest from 70% to 100%. Changes in the ownership interest in a subsidiary that do not result in change in control are accounted for as transactions with owners in their capacity as owners (as equity transactions). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. The schedule below shows the effects of the changes.

	2014 US$'000
Group:	
Proportionate share of the carrying amount of the net assets of PT Jakamitra Indonesia has been transferred from non-controlling interests	10,443
Loss included in capital reserves	8,745

Japfa Comfeed Myanmar Pte Ltd

An interest of 15% in subsidiary, JCM, was acquired by JMJV on 1 June 2015 for US$5,700,000 in cash. This increased the equity interest from 85% to 100%. Changes in the ownership interest in a subsidiary that do not result in change in control are accounted for as transactions with owners in their capacity as owners (as equity transactions). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. The schedule below shows the effects of the changes.

	2015 US$'000
Group:	
Proportionate share of the carrying amount of the net assets of JCM has been transferred from non-controlling interests	4,553
Loss included in capital reserves	1,147

PT Japfa Comfeed Indonesia Tbk

An interest of 0.44% in subsidiary, JCI, was acquired during December 2015 for US$1,992,000 in cash. This increased the equity interest from 57.51% to 57.95%. Changes in the ownership interest in a subsidiary that do not result in change in control are accounted for as transactions with owners in their capacity as owners (as equity transactions). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. The schedule below shows the effects of the changes.

	2015 US$'000
Group:	
Proportionate share of the carrying amount of the net assets of JCI has been transferred from non-controlling interests	1,414
Loss included in capital reserves	578

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

There are subsidiaries that have non-controlling interests ("NCI") that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

	Group	
	2015 US$'000	2014 US$'000
Name of the subsidiary: PT Japfa Comfeed Indonesia Tbk		
#1. The profit allocated to NCI of the subsidiary during the reporting year	13,461	9,676
#2. Accumulated NCI of the subsidiary at the end of the reporting year	141,016	124,748
#3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	693,038	701,798
Non-current assets	545,193	565,763
Current liabilities	386,250	396,168
Non-current liabilities	411,104	445,124
Revenues	1,854,690	2,056,405
Profit for the reporting year	38,875	32,356
Total comprehensive income	68,594	31,216
Operating cash flows, increase	107,690	132,044
Net cash flows, increase / (decrease)	7,742	(82,615)
Name of the subsidiary: AustAsia Investment Holdings Pte Ltd		
#1. The profit allocated to NCI of the subsidiary during the reporting year	10,175	12,231
#2. Accumulated NCI of the subsidiary at the end of the reporting year	117,132	114,160
#3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	102,107	142,675
Non-current assets	417,873	406,545
Current liabilities	90,273	98,925
Non-current liabilities	122,496	150,422
Revenues	275,648	227,663
Profit for the reporting year	26,687	32,080
Total comprehensive income	6,939	30,916
Operating cash flows, increase	28,635	40,746
Net cash flows, (decrease) / increase	(46,209)	42,897

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

There are subsidiaries that have non-controlling interests ("NCI") that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below (continued).

	Group	
	2015 US$'000	2014 US$'000
Name of the subsidiary: AIH2 Pte Ltd		
#1. The loss allocated to NCI of the subsidiary during the reporting year	(1,432)	(18)
#2. Accumulated NCI of the subsidiary at the end of the reporting year	27,093	19,982
#3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	19,355	56,335
Non-current assets	66,947	5
Current liabilities	10,091	132
Non-current liabilities	–	–
Revenues	–	–
Loss for the reporting year	(4,028)	(51)
Total comprehensive loss	(1,969)	–
Operating cash flows, increase / (decrease)	34,124	(18,677)
Net cash flows, (decrease) / increase	(22,351)	32,023

AustAsia Group Undertakings and Put Options

AustAsia Investment Holdings Pte Ltd ("AIH") Undertaking

As part of the Company's pre-IPO restructuring, on 2 April 2014, the Company entered into a sale and purchase agreement with Progressive Investment Inc. ("PII"), Foxbar Investments Ltd. ("Foxbar") and Viva Sino Investments Limited ("Viva") (collectively, the "Progressive Group") for the purchase by the Company of an aggregate of 134,953,572 fully paid ordinary shares and 6,343,571 partially paid ordinary shares (in total comprising 61.9% of the issued shares in the capital of AIH) and the undertakings defined below, for a consideration of US$554,456,870, comprising US$50,000,000 in cash and 168,256,634 new shares in the capital of the Company.

US$36,189,108 of the aggregate consideration of US$554,456,870 was for the assignment of the rights of the Progressive Group in respect of (i) the Deed of Undertaking dated July 19, 2012 entered into between BR Fund 1, Foxbar, and AIH ("Foxbar Undertaking"), under which BR Fund 1 had undertaken to Foxbar to pay 30.0% of its realisation value in cash/kind/AIH shares upon a realisation event (including AIH IPO or sale of its shares) less its cost of investment, and (ii) the Deed of Undertaking dated August 13, 2010 entered between BR Fund 1, PII and AIH (as amended on August 10, 2011) ("PII Undertaking"), under which BR Fund 1 had undertaken to PII to pay 20.0% of its realisation value in cash/kind/AIH shares upon any Realisation Event (including, AIH IPO or sale of its shares) less its cost of investment. Alternatively, Foxbar and PII have the option to purchase 14,014,286 AIH shares from BR Fund 1 for an aggregate consideration of US$15,214,000 being BR Fund 1's cost of investment.

The Company has not recognised the US$15,214,000 as a financial liability and as such, has not recognised the corresponding investment in subsidiary or the corresponding share of profit, which in any case is not significant.

It would not be prudent to recognise the ownership (and share of profit) because, until the shares are acquired, the Company is not entitled to dividend on the shares or liable to capital call on the shares.

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

AIH2 Pte Ltd ("AIH2") Undertaking

On 2 April 2014, the Company entered into an agreement with BR Fund 2 ("AIH2 Shareholder's Agreement") to establish AIH2. Under the agreement, BR Fund 2 granted an undertaking to the Company in respect of its shareholding from time to time in AIH2 on substantially the same terms as those set out in the AIH Undertakings above, except for the operative percentage, which will be 10% of all shares held by BR Fund 2.

The Company has not recognised any financial liability and as such, has not recognised the corresponding investment in subsidiary or the corresponding share of profit, which in any case is not significant. The subscription value of 10% of BR Fund 2's existing shares is US$2,924,300 as at 31 December 2015.

It would not be prudent to recognise the ownership (and share of profit) because, until the shares are acquired, the Company is not entitled to dividend on the shares or liable to capital call on the shares.

AIH's Put Option

Under the AIH Shareholder's Agreement, the BR Group and the Company (the "AIH Shareholders") have agreed that they shall each, subject to profitability, viability and satisfactory reviews and recommendations by competent financial advisers and prevailing market conditions at the time, use all reasonable endeavors to procure that application be made by AIH for the admission of AIH to an internationally recognised securities exchange on or before 17 August 2017 ("AIH IPO Target Date"). In the event an initial public offering of shares in, or assets and businesses of, AIH ("AIH IPO") does not take place on or before the AIH IPO Target Date, the BR Group shall be entitled at any time between August 12, 2017 and September 12, 2017 to require the Company to purchase from the BR Group the shares in AIH ("AIH Shares") owned by the BR Group ("Option Shares") as at the date of the notice ("AIH Put Option").

The price at which the AIH Put Option is exercisable ("Put Option Purchase Price") shall be determined by multiplying the Group's Average Price Earning Ratio ("PER") by AIH's Net Profit After Tax ("NPAT").

Average PER is defined as: volume weighted average price of the shares for the six months prior to the exercise of the AIH Put Option multiplied by the total number of issued shares in the Company as at the date of such exercise / net profits after tax, excluding (i) any biological assets valuation gain or loss; and (ii) minority interests, of AIH for the last 4 completed quarters prior to the exercise of the AIH Put Option, determined by reference to the latest available audited and unaudited financial statements of the Company (rounded to the nearest two decimal places).

AIH NPAT is defined as: net profits after tax, excluding (i) any biological assets valuation gain or loss; and (ii) minority interests, of AIH for the last 4 completed quarters prior to the exercise of the AIH Put Option, determined by reference to the latest available audited and unaudited financial statements of AIH.

The BR Group shall have the option to elect to receive payment of the Put Option Purchase Price by way of a combination of cash and/or shares in the Company, where an election for shares in the Company will be subject to a maximum of 14.9% of the issued and paid-up share capital being held by the BR Group, BR Fund 2 and their associates, on the AIH IPO Target Date.

In the event the AIH Put Option is exercised, an asset and liability will arise. The liability is the obligation to pay the Put Option Purchase Price to BR Group and the asset received in return would be the AIH Shares, which would increase the Company's ownership interest in AIH from 61.9% to a 100% wholly owned subsidiary.

The fair value of the AIH Put Option cannot be reliably measured because (a) the variability in the range of reasonable fair value measurements is significant and (b) the probabilities of the various estimates within the range cannot be reasonably assessed.

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

AIH2's Put Option

Under the AIH2 Shareholder's Agreement, BR Fund 2 has the option to require the Company to purchase the shares in AIH2 owned by the BR Fund 2 ("AIH2 Option Shares") in the event an initial public offering of shares in AIH2 ("AIH2 IPO") does not take place by the AIH2 IPO target date ("AIH2 Put Option"). The AIH2 Put Option is substantially on the same terms as those set out in AIH Put Option except for the AIH2 IPO target date of 12 August 2018 and AIH2 Put Option will lapse on 12 September 2018.

In the event the AIH2 Put Option is exercised, an asset and liability will arise. The liability is the obligation to pay the AIH2 Put Option Purchase Price to BR Fund 2 and the asset received in return would be the AIH2 Shares, which would increase the Company's ownership interest in AIH2 from 64.5% to a 100% wholly owned subsidiary.

The fair value of the AIH2 Put Option cannot be reliably measured because (a) the variability in the range of reasonable fair value measurements is significant and (b) the probabilities of the various estimates within the range cannot be reasonably assessed.

18. ACQUISITION AND DISPOSALS OF SUBSIDIARIES

For the reporting year ended 31 December 2015

On 1 April 2015, the Group acquired 70% of the share capital in PT Multi Makanan Permai ("MMP") for a purchase consideration of US$37,000. From that date, the Group gained control and MMP became a subsidiary. The principal activities of MMP are trading of animal feed and raw materials. The transaction was accounted for by the acquisition method of accounting.

The net assets acquired and the related fair values are as follows:

	2015 Acquiree's carrying amount Before combination US$'000	At fair values US$'000
Property, plant and equipment	15	15
Other assets	11	11
Cash and cash equivalents	43	43
Trade and other payables	(16)	(16)
Other liabilities	(1)	(1)
Net assets	52	52
Less: Non-controlling interests		(15)
Purchase consideration paid		37
Less: cash taken over		(43)
Net cash inflow on acquisition		(6)
Revenues		7,688
Loss for the reporting year		(138)
Total comprehensive loss		(139)

18. ACQUISITION AND DISPOSALS OF SUBSIDIARIES (CONTINUED)

For the reporting year ended 31 December 2014

On 19 June 2014, the Group entered into a joint venture agreement to dispose 50% of the share capital in Central India Poultry Breeders Private Limited ("CIPB"), a company incorporated in India at a consideration of US$716,000. After the disposal, CIPB became a joint venture of the Group.

The following table summarises the carrying value of the assets and liabilities of CIPB disposed:

	At date of disposal in 2014 US$'000
Property, plant and equipment	762
Other assets	6
Inventories	6
Trade and other receivables	20
Cash and cash equivalents	65
Deferred tax liabilities	(26)
Trade and other payables	(542)
Goodwill (Note 16A)	814
Other reserve	6
Net assets	1,111
Reclassification from investment in subsidiary to joint venture (Note 19)	(514)
Net assets disposed of	597
Gain on disposal of subsidiary (Note 7)	119
Total consideration	716
Less: Cash and cash equivalents in subsidiary disposed	(65)
Net cash inflow on disposal	651

19. INVESTMENTS IN JOINT VENTURES

	Group	
	2015 US$'000	2014 US$'000
Movements to carrying value:		
Balance at beginning of the year	3,054	–
Transfer from subsidiary (Note 18)	–	514
Additions	1,460	3,003
Share of loss for the year	(798)	(470)
Foreign exchange adjustments	(240)	7
Balance at end of the year	3,476	3,054
Carrying value comprising:		
Unquoted equity shares, at cost	4,977	3,517
Share of post-acquisition losses, net of dividends	(1,268)	(470)
Foreign exchange adjustments	(233)	7
	3,476	3,054

The listing of and information on the joint ventures is given below:

Name of joint ventures and principal activities (and independent auditor)	Country of incorporation	Effective percentage of equity held by Group	
		2015 %	2014 %
Held through JCIPL:			
CIPB [a] [c] Animal feed production and poultry (Ashok Patil & Associates, Chartered Accountants)	India	50	50
Held through PT So Good Food:			
PT Intan Kenkomayo Indonesia ("IKI") [b] [c] Production and sales of mayonnaise and dressing sauce products (Mulyamin Sensi Suryanto & Lianny)	Indonesia	51	51

(a) On 19 June 2014, the Group entered into a joint venture agreement to dispose 50% of the share capital in CIPB. After the disposal, CIPB became a joint venture of the Group.

(b) On 2 April 2014, PT So Good Food, a subsidiary of the Group, entered into a joint venture agreement with PT Intan Tata Buana Persada, a related party, for the purchase of 30,600 shares in IKI comprising 51.0% of the issued shares at a consideration of US$2,600,000. The objective of IKI is to engage in the production and sales of mayonnaise and dressing sauce products in Indonesia. The entity is regarded as a joint venture as the joint venture agreement establishes joint control of the activities of IKI and the decisions on economic activities of the entity are made jointly by the joint venturers. The parties recognise their rights to the net assets of IKI as investments and account for them using the equity method.

(c) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The joint ventures are not considered material to the reporting entity.

The summarised financial information of the joint ventures (and not the reporting entity's share of those amounts) based on the financial statements of the joint ventures are as follows:

	Group	
	2015 US$'000	2014 US$'000
Aggregate for all non-material joint ventures:		
Revenues	1,575	1,694
Loss for the reporting year	(1,585)	(1,423)
Total comprehensive loss	(1,585)	(1,423)
Depreciation and amortisation	(33)	(76)
Interest income	60	53
Interest expense	(250)	(50)
Income tax income (expense)	18	(4)
Current assets	3,661	2,387
Cash and cash equivalents	1,682	701
Non-current assets	2,800	2,802
Current liabilities	648	288
Non-current liabilities	17	368
Non-current financial liabilities (excluding trade and other payables and provisions)	8	343
Reconciliation:		
Net assets of the joint ventures	5,796	4,533
Proportion of the reporting entity's interest in the joint ventures	50% and 51%	50% and 51%
Goodwill	537	788
Carrying amount of the interest in the joint ventures	3,476	3,054

20. BIOLOGICAL ASSETS

	Group	
	2015 US$'000	2014 US$'000
Breeding chickens (Note 20A)	51,917	62,393
Breeding cattle (Note 20B)	26,147	30,152
Breeding swine (Note 20C)	16,569	20,683
Dairy cows (Note 20D)	247,172	209,261
Others	176	193
	341,981	322,682
Presented as:		
Biological assets, current	51,917	62,393
Biological assets, non-current	290,064	260,289
	341,981	322,682

20. BIOLOGICAL ASSETS (CONTINUED)

The (decrease) / increase in fair value less estimated point of sale costs for biological assets are as follows:

	Level	Group 2015 US$'000	Group 2014 US$'000
Productive breeding cattle	3	904	(3,889)
Productive breeding swine	3	1,703	(15,514)
Heifers and calves	2	8,185	879
Milkable cows	3	(13,477)	(21,653)
Forage plants (Note 20E)	2	(2,948)	–
		(5,633)	(40,177)

20A. Breeding chickens:

	Group 2015 US$'000	Group 2014 US$'000
Productive breeding chickens:		
Balance at beginning of the year	32,141	27,382
Purchase of breeding chickens	–	1,279
Reclassification from unproductive breeding chickens	72,875	68,245
Sales / mortality of chickens	(1,360)	(1,645)
Reclassification to inventories	(71,125)	(65,276)
Foreign exchange adjustments	(3,326)	2,156
Balance at end of the year	29,205	32,141
Unproductive breeding chickens:		
Balance at beginning of the year	30,252	21,122
Growing costs for the year	65,970	75,645
Purchase of growing chickens	2,478	2,325
Sales / mortality of chickens	(68)	(256)
Reclassification to productive breeding chickens	(72,875)	(68,245)
Foreign exchange adjustments	(3,045)	(339)
Balance at end of the year	22,712	30,252
Total breeding chickens	51,917	62,393

In general, the productive lives of the breeding chickens are approximately a year. Therefore, the fair value of the biological assets is regarded to approximate the carrying amount of biological assets stated at cost less accumulated amortisation and impairment losses.

20. BIOLOGICAL ASSETS (CONTINUED)

20B. Breeding cattle:

	Group	
	2015 US$'000	2014 US$'000
Productive breeding cattle:		
Balance at beginning of the year	23,144	30,316
Growing costs for the year	3,984	3,996
Purchase of breeding cattle	1,352	668
Reclassification from unproductive breeding cattle	2,656	3,949
Reclassification from parent to calves	(2,661)	(3,995)
Reclassification to inventories	(304)	(348)
Increase / (Decrease) in fair value less estimated point of sale costs	904	(3,889)
Sales / mortality of cattle	(7,925)	(6,534)
Foreign exchange adjustments	(2,125)	(1,019)
Balance at end of the year	19,025	23,144
Unproductive breeding cattle:		
Balance at beginning of the year	7,008	6,723
Growing costs for the year	2,008	2,696
Purchase of breeding cattle	–	620
Reclassification to productive breeding cattle	(2,656)	(3,949)
Reclassification from parent to calves	2,661	3,995
Sales / mortality of cattle	(1,264)	(2,749)
Foreign exchange adjustments	(635)	(328)
Balance at end of the year	7,122	7,008
Total breeding cattle	26,147	30,152

20C. Breeding swine:

	Group	
	2015 US$'000	2014 US$'000
Productive breeding swine:		
Balance at beginning of the year	13,987	25,931
Growing costs for the year	26,671	30,517
Purchase of swine	216	–
Reclassification from unproductive breeding swine	4,758	5,689
Increase / (Decrease) in fair value less estimated point of sale costs	1,703	(15,514)
Sales / mortality of swine	(6,796)	(5,154)
Reclassification to inventories	(20,652)	(1,559)
Reclassifications to unproductive breeding swine	(6,228)	(31,490)
Foreign exchange adjustments	(687)	5,567
Balance at end of the year	12,972	13,987

20. BIOLOGICAL ASSETS (CONTINUED)

20C. Breeding swine (continued):

	Group	
	2015 US$'000	2014 US$'000
Unproductive breeding swine:		
Balance at beginning of the year	6,696	403
Growing costs for the year	7,818	29,130
Reclassification to productive breeding swine	(4,758)	(5,689)
Sales / mortality of swine	(8,936)	(30,527)
Reclassifications from productive breeding swine	6,228	31,490
Transfer to inventories	(3,341)	(18,107)
Foreign exchange adjustments	(110)	(4)
Balance at end of the year	3,597	6,696
Total breeding swine	16,569	20,683

Breeding livestock are pledged as security for the bank facilities (Note 29A).

20D. Dairy cows

A. Nature of activities

The quantity of dairy cows owned by the Group at end of the reporting period is shown below:

	Group	
	2015 Head	2014 Head
Dairy cows:		
Milkable cows	34,459	28,557
Heifers and calves	37,041	30,396
	71,500	58,953

The Group is exposed to fair value risks arising from changes in price of the dairy products. The Group does not anticipate that the price of the dairy products will decline significantly in the foreseeable future and management is of the view that there is no available cost effective derivative or other contracts which the Group can enter into to manage the risk of a decline in the price of the dairy products.

In general, the heifers are inseminated when heifers reach an age of approximately 14 months old. After an approximately 9 month pregnancy term, a calf is born and the dairy cow begins to produce raw milk and the lactation period begins.

20. BIOLOGICAL ASSETS (CONTINUED)

20D. Dairy cows (continued)

B. Value of dairy cows

The value of dairy cows at end of the reporting year was:

	Group	
	2015 US$'000	2014 US$'000
Milkable cows:		
Balance at beginning of the year	125,635	96,751
Purchase of cows	–	1,627
Growing costs for the year	–	252
Sales / mortality of cows	(10,487)	(7,798)
Reclassification from unproductive heifers and calves	61,628	56,899
Decrease in fair value less estimated point of sale costs	(13,477)	(21,653)
Foreign exchange adjustments	(9,134)	(443)
Balance at end of the year	154,165	125,635
Heifers and calves:		
Balance at beginning of the year	83,626	77,563
Purchase of heifers and calves	27,736	10,310
Growing costs for the year	61,832	55,839
Sales / mortality of cows	(21,018)	(3,470)
Reclassification to productive milkable cows	(61,628)	(56,899)
Increase in fair value less estimated point of sale costs	8,185	879
Foreign exchange adjustments	(5,726)	(596)
Balance at end of the year	93,007	83,626
Total value of dairy cows	247,172	209,261

The principal valuation assumptions adopted in applying the discounted cash flow approach are as follows:

Culling rate	Determined based on the estimated culling rate of the biological assets in the forecasted years due to natural or unnatural factors.
Natural birth rate	Determined based on the estimated natural birth rate of the biological assets in the forecasted years.
Discount rate	Represents the pre-tax discount rate related to the specific risks of the relevant assets group.
Expected average prices of milk	Determined after taking into account certain percentage growth, future demand and inflation.
Inflation rate of the raw materials	Determined based on the estimated inflation index in the raw materials sourcing locations in the forecasted years.

The amounts of the culling rates, natural birth rates, discount rates and inflation rates of the raw materials are in line with the public information.

Certain dairy cows are pledged as security for general banking facilities granted to the Group (Note 29A).

20. BIOLOGICAL ASSETS (CONTINUED)

20E. Forage plants

Forage plants are usually sown in spring and harvested in autumn of the same year for feeding dairy cows. Loss arising from changes in fair value of forage plants amounted to US$2,948,000 (2014: Nil).

20F. Fair value measurement recognised in the statement of financial position

#A Fair value hierarchy

Biological assets measured at fair value and their categorisation in the fair value hierarchy are as follows:

		Group	
	Level	2015 US$'000	2014 US$'000
Productive breeding cattle	3	19,025	23,144
Productive breeding swine	3	12,972	13,987
Heifers and calves	2	93,007	83,626
Milkable cows	3	154,165	125,635
		279,169	246,392

Productive breeding cattle, productive breeding swine, and heifers and calves:
The Group's productive breeding cattle, productive breeding swine, and heifers and calves were independently valued by Jones Lang LaSalle Sallmanns Limited ("Sallmanns"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in valuation of biological assets. The fair value less costs to sell the productive breeding swine and cattle and heifers and calves are determined with reference to the market-determined prices (either derived from sales invoices or from comparable market transactions) of items with similar age, breed and genetic merit, if the market-determined prices are available.

Milkable cows:
The Group's milkable cows were independently valued by Jones Lang LaSalle Sallmanns Limited ("Sallmanns"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in valuation of biological assets. Due to the fact that the market-determined prices of milkable cows are not available, Sallmanns has applied the discounted cash flow approach to calculate the fair value less costs to sell these items.

#B Level 2 fair value measurements

For fair value measurements categorised within Level 2 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Description	Valuation techniques	Observable inputs
Heifers and calves	Market comparable approach	Market-transacted prices
Forage plants	Market comparable approach	Market-transacted prices

20. BIOLOGICAL ASSETS (CONTINUED)

20F. Fair value measurement recognised in the statement of financial position (continued)

#C Level 3 fair value measurements

For fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation techniques and information about the significant unobservable inputs used in the fair value measurement are as follows:

Description	Fair value US$'000	Valuation techniques	Significant unobservable inputs	Range
Recurring fair value measurements				
31 December 2015				
Productive breeding cattle	19,025	Market comparable approach	Market-transacted prices determined based on price per head and their weight	US$422 to US$2,885 per head
Productive breeding swine	12,972	Market comparable approach	Market-transacted prices determined based on price per head and their weight	US$277 to US$3,012 per head
Milkable cows	154,165	Income approach	Culling rate	10% to 100% depending on lactation period
31 December 2014				
Productive breeding cattle	23,144	Market comparable approach	Market-transacted prices determined based on price per head and their weight	US$492 to US$2,645 per head
Productive breeding swine	13,987	Market comparable approach	Market-transacted prices determined based on price per head and their weight	US$299 to US$2,896 per head
Milkable cows	125,635	Income approach	Culling rate	10% to 100% depending on lactation period

Relationship of significant unobservable inputs to fair value:
Market-transacted prices – A significant increase or decrease in the market – transacted prices would result in a significant lower or higher fair value measurement.

Culling rate – A significant increase or decrease in the culling rate based on management's assumptions would result in a significantly lower or higher fair value measurement.

21. OTHER ASSETS

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Non-current:				
Deposits to secure services	4,798	3,452	–	–
Deferred charges	4,031	4,478	–	–
Land use rights (Note 21A)	1,293	335	–	–
Advances*	351	6,337	–	–
Tax recoverable	1,170	1,005	–	–
Others	3,422	1,972	–	–
	15,065	17,579	–	–
Current:				
Advances	45,815	32,694	–	–
Prepayments	12,150	11,550	46	58
Prepaid taxes	37,339	38,782	12	256
	95,304	83,026	58	314

* In 2015, there was an amount of US$1,025,000 transferred to property, plant and equipment.

21A. Land use rights

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Balance at beginning of the year	335	249	–	–
Additions	1,016	–	–	–
Reclassifications from property, plant and equipment	–	23	–	–
Amortisation for the year	(23)	(25)	–	–
Foreign exchange adjustments	(35)	88	–	–
Balance at end of the year	1,293	335	–	–

The land use rights refer to land owned by third parties rented by the Group for its container business in Indonesia and feedmill business in Myanmar. These rights are amortised over the period of the lease term on the straight line basis. The land use rights in Indonesia and Myanmar expire in 2031 to 2040 and 2085 respectively. The land use rights are not transferable.

22. INVENTORIES

	Group	
	2015 US$'000	2014 US$'000
Finished goods	135,867	140,986
Work in process	45,480	46,211
Raw materials	391,573	373,361
Others	36,517	37,560
	609,437	598,118
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	350	129
Charge to profit or loss included in cost of sales	5,200	3,471
Amount written off	(4,816)	(3,109)
Foreign exchange adjustments	(99)	(141)
Balance at end of the year	635	350

The amount of inventories is included in cost of sales.

Certain inventories are pledged as security for the bank facilities (Note 29A).

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Non-current:				
Other receivables:				
Joint venture (Note 3)	349	367	–	–
Total trade and other receivables, non-current	349	367	–	–
Current:				
Trade receivables:				
Third parties	127,673	138,380	–	–
Joint venture (Note 3)	82	–	–	–
Less: allowance for impairment	(3,905)	(709)	–	–
Sub-total	123,850	137,671	–	–
Other receivables:				
Subsidiaries (Note 3)	–	–	177,027	147,956
Others	8,531	12,945	150	162
Sub-total	8,531	12,945	177,177	148,118
Total trade and other receivables, current	132,381	150,616	177,177	148,118

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Movements in above allowance:				
Balance at beginning of the year	709	524	–	–
Charged for trade receivables to profit or loss included in administrative expenses	3,500	317	–	–
Bad debts written off	(161)	(110)	–	–
Foreign exchange adjustments	(143)	(22)	–	–
Balance at end of the year	3,905	709	–	–

Amount due from joint venture is an unsecured loan, with no fixed terms of repayment and interest is charged at 13.25% (2014: 14.25%) per annum.

Amounts due from subsidiaries are unsecured, have no fixed terms of repayment and are interest free, except for an amount of US$40,745,000 (2014: US$23,050,000) which bears interest ranging from 2.39% to 6.83% (2014: 2.26% to 5.29%) per annum and is repayable on demand. The fair value is not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

Certain trade receivables are pledged as security for the bank facilities (Note 29A).

24. OTHER FINANCIAL ASSETS

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Balance is made up of:				
#A. Investments at fair value through profit or loss	3,546	2,285	3,546	2,285
#B. Unquoted investments at cost less allowance for impairment	5,563	564	546	546
#C. Derivative financial instruments	420	–	–	–
	9,529	2,849	4,092	2,831

24A. Movements in other financial assets

#A. Investments at fair value through profit or loss:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Movement during the year:				
Fair value at beginning of the year	2,285	1,905	2,285	1,905
Disposals	(1,173)	–	(1,173)	–
Loss on disposals through profit or loss under other losses (Note 7)	(63)	–	(63)	–
Increase in fair value through profit or loss under other gains (Note 7)	2,497	354	2,497	354
Foreign exchange adjustments	–	26	–	26
Fair value at end of the year	3,546	2,285	3,546	2,285

24. OTHER FINANCIAL ASSETS (CONTINUED)

24A. Movements in other financial assets (continued)

#B. Unquoted investments at cost less allowance for impairment:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Movement during the year:				
Unquoted equity shares at cost	564	539	546	539
Additions	5,000	18	–	–
Foreign exchange adjustments	(1)	7	–	7
Cost at end of the year	5,563	564	546	546

#C. Derivative financial instruments

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Derivatives not designated as hedging instruments:				
Forward currency contracts	420	–	–	–

24B. Disclosures relating to investments

The information gives a summary of the significant sector concentrations within the investment portfolio including Level 1, 2 and 3 securities:

#A. Investments at fair value through profit or loss:

		Group		Company	
	Level	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
A. Quoted equity shares:					
Commodities industry					
Sri Lanka	1	3,546	2,285	3,546	2,285
Total # A. Investments at fair value through profit or loss		3,546	2,285	3,546	2,285

24. OTHER FINANCIAL ASSETS (CONTINUED)

24B. Disclosures relating to investments (continued)

#B. Unquoted investments at cost less allowance for impairment:

		Group		Company	
	Level	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
B. Unquoted investments at cost less allowance for impairment:					
Unquoted equity shares, Singapore	NA	5,546	546	546	546
Indonesia	NA	17	18	–	–
Total # B. Unquoted investments at cost less allowance for impairment		5,563	564	546	546

As far as unquoted equity instruments are concerned, in cases where it is not possible to reliably measure the fair value, such instruments are carried at cost less accumulated allowance for impairment. Impairment losses recognised in profit or loss for equity investments are not reversed.

These are investments in equity shares or similar instruments. Such instruments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities. Sensitivity analysis: The effect on pre-tax profit is not expected to be significant.

#C. Derivative financial instruments

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

		Principal		Fair value	
	Reference currency	'000	'000	2015 US$'000	2014 US$'000
Forward currency contracts	USD	90,095	–	420	–
				420	–

In 2015, forward currency contracts are used to hedge foreign currency risk arising from the Group's bank loans denominated in USD for which firm commitments existed at 31 December 2015.

Foreign currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique includes forward pricing model, using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates (Level 2).

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Not restricted in use	140,769	281,192	14,258	87,683
Cash restricted in use and pledged for bank facilities	7,166	5,469	–	–
Cash at end of the year	147,935	286,661	14,258	87,683
Interest earning balances	29,567	50,283	–	–

The interest rate for the cash on interest earning accounts is insignificant.

25A. Cash and cash equivalents in the statement of cash flows:

	Group	
	2015 US$'000	2014 US$'000
Amount as shown above	147,935	286,661
Cash pledged for bank facilities (Note 29A)	(7,166)	(5,469)
Cash and cash equivalents for statement of cash flows purposes at end of the year	140,769	281,192

25B. Non-cash transactions:

In 2014, a total of 115,932,611 ordinary shares of no par value amounting to US$92,132,000 were issued to offset against the shareholders' loan. Also see Notes 26 and 29C.

On 1 May 2014, the Company issued 168,256,634 ordinary shares at S$3.77 each of no par value amounting to US$505,784,071 for the purchase of AustAsia Investment Holdings Pte Ltd pursuant to the restructuring exercise. Also see Notes 1, 17 and 26.

The net cash incurred for the purchase of property, plant and equipment is as follows:

	Group	
	2015 US$'000	2014 US$'000
Additions of property, plant and equipment (Note 14)	147,358	260,815
Less: net movements in liability for purchase of plant and equipment and construction cost payables (Note 31)	5,508	(10,866)
Purchase of property, plant and equipment per statement of cash flows	152,866	249,949

26. SHARE CAPITAL

	Group and Company	
	Number of shares issued '000	Share capital US$'000
Ordinary shares of no par value:		
Balance at beginning of the year 1 January 2014	208,968	163,377
Issue of shares pursuant to restructuring exercise (Note 1) [(a)]	168,257	505,784
Issue of shares [(b)]	115,932	92,132
Share split [(c)]	986,313	–
Issue of shares pursuant to initial public offering ("IPO") [(d)]	248,000	159,196
Issue of shares pursuant to the over-allotment option granted in connection with the IPO [(e)]	37,200	23,734
Share issue expenses [(f)]	–	(6,609)
Balance at 31 December 2014, 1 January 2015 and 31 December 2015	1,764,670	937,614

(a) On 1 May 2014, the Company issued 168,256,634 ordinary shares at S$3.77 each of no par value for the purchase of AustAsia Investment Holdings Pte Ltd pursuant to the restructuring exercise (Notes 1 and 17).

(b) On 19 May 2014, the Company issued 115,932,611 ordinary shares at S$1 each of no par value to offset the loans from shareholders (Notes 25B and 29C).

(c) On 31 July 2014, the Company issued 986,313,594 ordinary shares at no par value by a way of share split of 1 existing ordinary share of the Company into 3 shares.

(d) On 15 August 2014, 248,000,000 new ordinary shares were issued to the public at S$0.80 per share pursuant to the Company's IPO. All new ordinary shares were fully subscribed and paid.

(e) On 3 September 2014, the over-allotment option in respect of the 37,200,000 shares granted in connection with the IPO was fully exercised.

(f) The IPO related expenses totaled US$11,300,000, of which US$6,609,000 was charged to equity and US$4,691,000 was charged to profit or loss. The amount charged to equity includes fees paid to independent auditors of the Company and the Group in connection with the initial public offering of US$132,000.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity.

26. SHARE CAPITAL (CONTINUED)

Capital management (continued):

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2015 US$'000	2014 US$'000
Net debt:		
All current and non-current borrowings including finance leases	840,341	992,475
Less cash and cash equivalents	(147,935)	(286,661)
Net debt	692,406	705,814
Total equity	1,008,616	994,274
Debt-to-adjusted capital ratio	0.69 times	0.71 times

There are significant borrowings but these are secured by specific assets. The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

27. RESERVES

	Group	
	2015 US$'000	2014 US$'000
Other reserve (Note 27A)	19,139	19,139
Capital reserve (adverse balance) (Note 27B)	(430,524)	(428,799)
Statutory reserve (Note 27C)	13,852	9,813
Share option reserve (Note 27D)	1,218	916
Sub-total	(396,315)	(398,931)
Translation reserve (Note 27E)	(171,776)	(115,416)
Balance at end of the year	(568,091)	(514,347)

27A. Other reserve

The other reserve relates mainly to revaluation surplus attributed to the initial interest held in PT Japfa Comfeed Indonesia Tbk.

27B. Capital reserve (adverse balance)

The capital reserve arises from the acquisition of non-controlling interests in a subsidiary and from the effects of business combination between entities under common control.

27. RESERVES (CONTINUED)

27B. Capital reserve (adverse balance) (continued)

The capital reserve relates mainly to the share capital of the following components which are assumed to be subsidiaries of the Company with effect from 1 January 2011:

(a) AustAsia Investment Holdings Pte Ltd
(b) PT Greenfields Indonesia
(c) PT AustAsia Food
(d) AustAsia Food Pte Ltd
(e) AustAsia Food (M) Sdn Bhd
(f) AustAsia Food HK Limited.

In applying merger accounting, financial statement items of the combining entities for the reporting period in which the common control combination occurs, and for the comparative periods disclosed, are included in the consolidated financial statements of the Group as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties. The share capital of the combining entities have been reclassified to capital reserve in the consolidated financial statements of the Group.

Upon completion of the restructuring exercise on 1 May 2014, the investment in AustAsia Investment Holdings Pte Ltd of US$555,566,000 has been adjusted against the capital reserve in the consolidated financial statements.

27C. Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a statutory reserve. At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to a statutory reserve until the cumulative total of the statutory reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The statutory reserve is not available for dividend distribution to shareholders.

27D. Share Option reserve

Share Option Plan

The share option plan is of one of the subsidiaries, AustAsia Investment Holdings Pte Ltd ("AIH").Under this plan, share options are granted to employees of the PRC and Singapore subsidiaries of AIH with four years' service. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if and when AIH's initial public offering is completed and the employees fulfil continuous employment of four years. The share options granted will not vest if the initial public offering is not completed.

The total number of share options granted under the plan should not exceed 2% of the total number of shares issued by AIH before the date of grant.

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The contractual term of each option granted is ten years. There are no cash settlement alternatives.

27. RESERVES (CONTINUED)

27D. Share option reserve (continued)

Share Option Plan (continued)

The expenses recognised for employees services received during the year is shown in the following table:

	Group	
	2015 US$'000	2014 US$'000
Expense arising from equity-settled share-based payment transactions	302	503

There were no cancellations or modifications to the awards in 2014 and 2015.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2015		2014	
	Number	WAEP US$/share	Number	WAEP US$/share
Outstanding at 1 January	1,690,000	1.29	1,690,000	1.29
Granted during the year	575,000	1.45	–	–
Forfeited during the year	(140,000)	1.40	–	–
Outstanding at 31 December	2,125,000	1.33	1,690,000	1.29

The following table list the inputs to the models used for the plan for the years ended 31 December 2014 and 2015:

	2015	2014
Dividend yield (%)	–	–
Expected volatility (%)	39.60	46.40
Risk-free interest rate (%)	1.39	1.79
Expected life of share options (years)	4.67	6.09
Weighted average share price (US$)	1.78	2.84
Model used	Binomial	Binomial

The expected life of the share option is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

27E. Translation reserve

The currency translation reserve accumulates all foreign exchange differences.

27. RESERVES (CONTINUED)

27F. Share option scheme

The Company has an employee share option scheme known as the "Japfa Performance Share Plan" (the "PSP"). The PSP, which forms an integral component of its compensation plan, is designed to foster an ownership culture within the Group which aligns the interests of the participants with interests of the shareholders' of the Company. It provides an opportunity to motivate participants to achieve the Group's key financial and operational goals and makes total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Group's ambition.

Under the rules of the PSP, the directors and employees of the Group who have attained the age of twenty-one years and hold such rank as may be designated by the remuneration committee from time to time are eligible to participate in the PSP. Controlling shareholders or their associates are also eligible to participate in the PSP subject to the approval of independent shareholders in the form of separate resolutions for each participant and each option granted.

The remuneration committee is charged with the administration of the PSP in accordance with the rules of the PSP. The number of shares to be offered to a participant shall be determined at the discretion of the remuneration committee who shall take into account criteria such as the rank, performance, seniority, potential for future development and length of service of the participant provided that: (a) the total number of shares which may be offered during the entire operation of the PSP (including adjustments under the rules) shall not exceed 15% of the shares of the total number of issued shares of the Company (excluding shares held by the Company as treasury shares); (b) the aggregate number of shares which may be offered to participants who are controlling shareholders and their associates during the entire operation of the PSP (including adjustments under the rules) shall not exceed 25% of the shares in respect of which the Company may grant under the PSP; and (c) the number of shares which may be offered to each participant who is a controlling shareholder or his associate during the entire operation of the PSP shall not exceed 10% of the shares in respect of which the Company may grant under the PSP.

As at the date of this report, no options under the PSP have been issued.

28. PROVISIONS

	Group	
	2015 US$'000	2014 US$'000
Retirement benefit obligations	74,801	81,316

28A. Retirement benefit obligations

Defined benefit plan:

The Group operates a defined benefit plan for qualifying employees of its subsidiaries in Indonesia, in accordance with Indonesian Labour Laws. Amounts are determined based on years of service and salaries of the employees at the time of the pension.

The principal actuarial assumptions used for the purpose of the actuarial valuation at 31 December 2014 and 2015 were as follows:

Discount rate	2015: 8.89% - 9.45%; 2014: 8.64% - 8.80%;
Withdrawal / resignation rate	2014 and 2015: 10% at age of 25 and decreasing linearly to 0% at age 45 and thereafter
Expected rate of salary increases	2015: 9% - 12%; 2014: 9.5% - 12%
Expected rate of mortality rate	2014 and 2015: Based on Indonesian Mortality Table (TMI-III) - 2011

28. PROVISIONS (CONTINUED)

28A. Retirement benefit obligations (continued)

Defined benefit plan (continued):

The assumptions relating to longevity used to compute the defined benefit obligation liabilities are based on published mortality tables commonly used by the actuarial profession in each territory concerned.

The cost of providing post-employment benefits was calculated based on actuarial valuations performed by PT Dayamandiri Dharmakonsilindo, an independent actuary.

Movements of the defined benefit post-employment provision recognised in statement of financial position are as follows:

	Group	
	2015 US$'000	2014 US$'000
Balance at beginning of the year	81,316	67,376
Net benefit expense recognised in profit or loss (Note 11)	12,836	12,658
Remeasurement (income) / loss included in other comprehensive income	(3,563)	5,641
Payments for the year	(2,493)	(2,421)
Foreign exchange adjustments	(8,678)	(1,898)
Contributions to plan made	(4,328)	–
Others	(289)	(40)
Balance at end of the year	74,801	81,316

The remeasurement (income) / loss of net defined benefits plan is presented in other comprehensive income as follows:

	Group	
	2015 US$'000	2014 US$'000
Remeasurement (income) / loss as above	(3,563)	5,641
Income tax effect	800	(1,122)
Remeasurement of the net defined benefits plan, net of tax	(2,763)	4,519

29. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Non-current:				
Financial instruments with floating interest rates:				
Bank loans (Note 29A)	195,801	165,277	–	–
Financial instruments with fixed interest rates:				
Bank loans (Note 29A)	7,232	–	–	–
Finance leases (Note 29B)	975	1,306	–	–
Bonds payable (Note 29D)	306,428	340,295	–	–
Non-current, total	510,436	506,878	–	–
Current:				
Financial instruments with floating interest rates:				
Bank loans (Note 29A)	295,641	472,825	20,250	26,250
Financial instruments with fixed interest rates:				
Bank loans (Note 29A)	33,159	11,627	–	–
Finance leases (Note 29B)	1,105	1,145	–	–
Derivative financial instruments (Note 29E)	166	96	–	–
Current, total	330,071	485,693	20,250	26,250
Total	840,507	992,571	20,250	26,250
The non-current portion is repayable as follows:				
Due within 2-5 years	491,458	481,939	–	–
After 5 years	18,978	24,939	–	–

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
The range of fixed interest rates paid were as follows:				
Bank loans	4.1 – 10.25	10.14	–	–
Bonds payable	6 – 9.9	6 – 9.9	–	–
Finance leases	4.4 – 6.5	2.27 – 12.5	–	–
The range of floating interest rates paid were as follows:				
Bank loans	2.34 – 12.5	2.27 – 14.0	5.38	5.29

29A. Bank loans

The bank loans 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. The bank loans will be repayable between 2016 and 2023.

The above loans are for working capital purposes and repayment of restructured debts. The loan agreements generally include covenants that require the maintenance of certain financial ratios. Any non-compliance with these covenants will result in these loans becoming repayable upon service of notice of default of the lenders.

The bank loans (secured) totaling US$491,442,000 (2014: US$638,102,000) are at floating rates of interest. The fair value (Level 2) is a reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

29. OTHER FINANCIAL LIABILITIES (CONTINUED)

29A. Bank loans (continued)

The bank loans (secured) totaling US$40,391,000 (2014: US$11,627,000) are at fixed rates of interest. The fair value (Level 2) is a reasonable approximation of the carrying amount due to their short term nature or that they are fixed rate instruments that are frequently re-priced to market interest rates.

On 10 April 2014, a bridging loan facility of US$30 million was obtained by the Company from a bank. This facility was fully drawn down on 30 June 2014 and the proceeds from the facility were used to finance the Company's working capital and general corporate requirements. The bridging loan was repaid in full on 20 August 2014 from the net proceeds of the IPO.

29B. Finance Leases

2015 Group	Minimum payments US$'000	Finance charges US$'000	Present value US$'000
Minimum lease payments payable:			
Due within one year	1,146	(41)	1,105
Due within 2 to 5 years	998	(23)	975
Total	2,144	(64)	2,080
Net book value of plant and equipment under finance leases			6,552

2014 Group	Minimum payments US$'000	Finance charges US$'000	Present value US$'000
Minimum lease payments payable:			
Due within one year	1,211	(66)	1,145
Due within 2 to 5 years	1,346	(40)	1,306
Total	2,557	(106)	2,451
Net book value of plant and equipment under finance leases			5,884

There are leases for certain of the Group's plant and equipment. The average lease term is 3 to 5 years (2014: 3 to 7 years). The fixed rate of interest for finance leases is about 4.4% to 6.5% (2014: 2.27% to 12.5%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The carrying amount of the lease liabilities is not significantly different from the fair value.

29C. Shareholders loans payable

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Movements during the year:				
Balance at beginning of the year	–	52,370	–	51,229
Additions at cost	–	40,000	–	40,000
Converted to share capital	–	(92,132)	–	(92,133)
Foreign exchange adjustments	–	(238)	–	904
Balance at end of the year	–	–	–	–

The agreements for the loans provide that they are unsecured, with zero rate of interest and are repayable on demand.

29. OTHER FINANCIAL LIABILITIES (CONTINUED)

29D. Bonds payable

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Bond payable A	90,200	100,725	–	–
Bond payable B	18,040	20,145	–	–
Bond payable C	202,478	225,544	–	–
Less: unamortised transaction costs	(4,290)	(6,119)	–	–
Bond payable at amortised cost at end of the year	306,428	340,295	–	–

Bonds payable A and B

In January 2012 and February 2012, the subsidiary, PT Japfa Comfeed Indonesia Tbk issued bonds denominated in Rupiah with a nominal value of Rp 1,250 billion and Rp 250 billion respectively. The bonds have a fixed interest rate of 9.9% per annum and are listed on the Indonesian Stock Exchange, with amongst others, the following terms:

(a) Repayable in January 2017.

(b) Interest will be payable quarterly.

Bond payable C

In May 2013, the subsidiary, Comfeed Finance B.V., issued US$225,000,000, 6% senior notes traded on the Singapore Stock Exchange, with amongst others, the following terms:

(a) Repayable in May 2018.

(b) Interest will be payable semi-annually.

(c) Guaranteed by the parent company of the subsidiary, PT Japfa Comfeed Indonesia Tbk and certain subsidiaries under PT Japfa Comfeed Indonesia Tbk.

On various dates in 2015, JCI, a subsidiary of the Company purchased from the market US$22,000,000 (nominal value) of Comfeed Finance B.V.'s outstanding bonds with net book value of US$21,785,000 for US$15,385,000. The purchases resulted in a gain amounting to US$6,400,000 which is included in other gains (Note 7).

Effective interest rates:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Bond payable A	10.12	10.12	–	–
Bond payable B	10.12	10.12	–	–
Bond payable C	6.98	6.98	–	–

29. OTHER FINANCIAL LIABILITIES (CONTINUED)

29D. Bonds payable (continued)

Fair value of financial instruments stated at amortised cost in the statements of financial position

		Group		Company	
	Level	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Bond payable A	1	89,143	100,027	–	–
Bond payable B	1	17,829	20,006	–	–
Bond payable C	1	164,187	219,838	–	–
Fair value at end of the year		271,159	339,871	–	–

29E. Derivative financial instruments

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Derivatives not designated as hedging instruments:				
Interest rate swaps	166	–	–	–
Currency options	–	96	–	–
	166	96	–	–

Interest rate swaps

In 2015, the Group entered into interest rate swap contracts amounting to US$43,666,000 to hedge interest rate risk arising from floating rate USD long-term bank loans. The interest rate swap received floating interest rate equal to LIBOR x 111% and pays a fixed rate of 1.53% p.a. The interest rate swap will mature on 20 December 2018.

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique includes swap model using present value calculations. The model incorporates various inputs including interest rate curves and forward rate curves (Level 2).

Currency options

There are options to purchase United States Dollars equivalent to an amount of approximately US$60 million as a hedge against bonds payable denominated in United States Dollars.

The currency option is not traded in an active market. As a result, the fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price (Level 2).

30. OTHER LIABILITIES

	Group	
	2015 US$'000	2014 US$'000
Advances received	7,038	7,618
Government grants (Note 30A)	3,315	2,548
Others	140	–
	10,493	10,166
Presented as:		
Other liabilities, current	7,226	7,758
Other liabilities, non-current	3,267	2,408
	10,493	10,166

30A. Government grants

	Group	
	2015 US$'000	2014 US$'000
Balance at beginning of the year	2,548	1,153
Received during the year	1,330	1,551
Released during the year	(387)	(153)
Foreign exchange adjustments	(176)	(3)
Balance at end of the year	3,315	2,548
Presented as:		
Government grants, current	188	140
Government grants, non-current	3,127	2,408
	3,315	2,548

Government grants have been received for the construction of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Non-current:				
Other payables:				
Liability for purchase of plant and equipment	642	352	–	–
Total trade and other payables, non-current	642	352	–	–
Current:				
Trade payables:				
Joint venture (Note 3)	38	70	–	–
Related parties (Note 3)	556	945	–	–
Third parties and accrued liabilities	172,408	143,026	18	13
Subtotal	173,002	144,041	18	13
Other payables:				
Subsidiaries (Note 3)	–	–	–	24,550
Other payables and accrued liabilities	69,483	65,804	2,101	3,045
Construction cost payables	16,082	22,155	–	–
Liability for purchase of plant and equipment	1,404	1,129	–	–
Subtotal	86,969	89,088	2,101	27,595
Total trade and other payables, current	259,971	233,129	2,119	27,608

Liabilities for purchase of plant and equipment pertain to outstanding balances in relation to the purchase of machineries and equipment.

Construction cost payables pertain to progressive billings from suppliers for the construction of building offices, infrastructure and cowsheds.

32. ASSET HELD FOR SALE UNDER FRS 105

On 13 November 2013, the Group entered into an agreement for the sale of its leasehold building at 3 Kallang Junction, Singapore 339265. This property, which was erected on a piece of land of JTC Corporation, required approval from JTC Corporation on the transfer of the land lease. The approval was obtained on 10 April 2014.

As at 31 December 2013, the leasehold building of approximately US$2,203,000 was presented in the statement of financial position as "Asset held for sale". The sale of the leasehold building was completed in April 2014 with sales proceeds of US$11,774,000. The Group recorded a gain on disposal of US$9,571,000.

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

33A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Financial assets:				
Cash and cash equivalents	147,935	286,661	14,258	87,683
Trade and other receivables	132,730	150,983	177,177	148,118
Financial assets at fair value through profit or loss	3,546	2,285	3,546	2,285
Derivative financial instruments at fair value through profit or loss	420	–	–	–
Unquoted investments	5,563	564	546	546
At end of the year	290,194	440,493	195,527	238,632
Financial liabilities:				
Financial liabilities measured at amortised cost	840,341	992,475	20,250	26,250
Derivative financial instruments at fair value through profit or loss	166	96	–	–
Trade and other payables at amortised cost	260,613	233,481	2,119	27,608
At end of the year	1,101,120	1,226,052	22,369	53,858

Further quantitative disclosures are included throughout these financial statements.

33B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. Enter into derivatives or any other similar instruments solely for hedging purposes.
4. All financial risk management activities are carried out and monitored at central level.
5. All financial risk management activities are carried out following good market practices.
6. May consider investing in shares or similar instruments.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The main risk arising from the Group's biological assets is business risk. The Group has institutionalised a comprehensive health management and quarantine system for all its operations to ensure a consistently high standard of good healthcare management and hygiene for its breeding livestock and dairy cows.

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

33D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 25 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 7 – 60 days (2014: 7 – 60 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Trade receivables:				
Less than 60 days	35,484	32,492	–	–
61 to 90 days	2,885	3,005	–	–
91 to 120 days	2,605	1,503	–	–
Over 120 days	7,854	7,920	–	–
Total	48,828	44,920	–	–

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33D. Credit risk on financial assets (continued)

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Trade receivables:				
Less than 60 days	–	–	–	–
61 to 90 days	15	17	–	–
91 to 120 days	4	69	–	–
Over 120 days	3,886	623	–	–
Total	3,905	709	–	–

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling US$3,905,000 (2014: US$709,000). These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivables customers as at the end of the reporting year:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Top 1 customer	3,079	5,329	–	–
Top 2 customers	5,618	9,443	–	–
Top 3 customers	8,035	13,302	–	–

Quoted and unquoted equity shares in corporations have no fixed maturity dates.

33E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year US$'000	2 – 5 years US$'000	Over 5 years US$'000	Total US$'000
2015:				
Gross borrowing commitments	387,765	538,021	22,574	948,360
Gross finance lease commitments	1,146	998	–	2,144
Trade and other payables	259,971	642	–	260,613
At end of the year	648,882	539,661	22,574	1,211,117
2014:				
Gross borrowing commitments	510,849	583,473	30,202	1,124,524
Gross finance lease commitments	1,211	1,346	–	2,557
Trade and other payables	233,129	352	–	233,481
At end of the year	745,189	585,171	30,202	1,360,562

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33E. Liquidity risk – financial liabilities maturity analysis (continued)

Company	Less than 1 year US$'000	Total US$'000
2015:		
Gross borrowing commitments	21,339	21,339
Trade and other payables	2,119	2,119
Financial guarantee contracts – in favour of subsidiaries	295,334	295,334
At end of the year	318,792	318,792
2014:		
Gross borrowing commitments	27,639	27,639
Trade and other payables	27,608	27,608
Financial guarantee contracts – in favour of subsidiaries	295,545	295,545
At end of the year	350,792	350,792

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year US$'000	Total US$'000
2015:		
Interest rate swaps	166	166
At end of the year	166	166
2014:		
Currency options	96	96
At end of the year	96	96

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statements of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 – 60 days (2014: 30 – 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33E. Liquidity risk – financial liabilities maturity analysis (continued)

Bank facilities:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Undrawn borrowing facilities	321,581	214,891	–	–

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided to management to assist them in monitoring the liquidity risk.

33F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Financial liabilities:				
Fixed rates	348,899	354,373	–	–
Floating rates	491,442	638,102	20,250	26,250
Total at end of the year	840,341	992,475	20,250	26,250
Financial assets:				
Fixed rates	25,854	43,003	–	–
Floating rates	3,713	7,280	40,745	23,050
Total at end of the year	29,567	50,283	40,745	23,050

The floating rate debt obligations are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes. When considered appropriate, in order to manage the interest rate risk, interest rate swaps are entered into to mitigate the fair value risk relating to fixed-interest assets or liabilities and the cash flow risk related to variable interest rate assets and liabilities. Note 29E illustrates the interest rate hedging activities in place at the end of the reporting year.

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33F. Interest rate risk (continued)

Sensitivity analysis:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
A hypothetical increase in interest rates by 50 basis points would have a (decrease) / increase effect on profit before tax of	(2,439)	(3,154)	102	(16)
A hypothetical increase in interest rates by 100 basis points would have a (decrease) / increase effect on profit before tax of	(4,877)	(6,308)	205	(32)
A hypothetical increase in interest rates by 150 basis points would have a (decrease) / increase effect on profit before tax of	(7,316)	(9,462)	307	(48)
A hypothetical increase in interest rates by 200 basis points would have a (decrease) / increase effect on profit before tax of	(9,755)	(12,616)	410	(64)

The analysis has been performed separately for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

33G. Foreign currency risks

Analysis of significant amounts denominated in non-functional currency:

Group 2015	Singapore Dollar US$'000	US Dollar US$'000	Sri Lanka Rupee US$'000	Australia Dollar US$'000	Total US$'000
Financial assets:					
Cash and cash equivalents	758	35,816	1,155	22	37,751
Trade and other receivables	179	1,008	–	–	1,187
Other financial assets	546	–	3,547	–	4,093
Total financial assets	1,483	36,824	4,702	22	43,031
Financial liabilities:					
Borrowings	–	303,594	–	15,008	318,602
Trade and other payables	675	57,392	–	149	58,216
Total financial liabilities	675	360,986	–	15,157	376,818
Net financial assets / (liabilities) at end of the year	5,808	(324,162)	4,702	(15,135)	(333,787)

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33G. Foreign currency risks (continued)

Group 2014	Singapore Dollar US$'000	US Dollar US$'000	Sri Lanka Rupee US$'000	Australia Dollar US$'000	Total US$'000
Financial assets:					
Cash and cash equivalents	19,004	25,442	2	–	44,448
Trade and other receivables	191	1,405	–	–	1,596
Other financial assets	546	–	2,285	–	2,831
Total financial assets	19,741	26,847	2,287	–	48,875
Financial liabilities:					
Borrowings	–	327,882	–	17,691	345,573
Trade and other payables	747	16,000	–	135	16,882
Total financial liabilities	747	343,882	–	17,826	362,455
Net financial assets / (liabilities) at end of the year	18,994	(317,035)	2,287	(17,826)	(313,580)

Company 2015	Sri Lanka Rupee US$'000	Singapore Dollar US$'000	Total US$'000
Financial assets			
Cash and cash equivalents	1,155	117	1,272
Trade and other receivables	–	1,572	1,572
Other financial assets	3,546	546	4,092
Total financial assets	4,701	2,235	6,936
Financial liabilities:			
Trade and other payables	–	42	42
Total financial liabilities	–	42	42
Net financial assets at end of the year	4,701	2,193	6,894

Company 2014	Sri Lanka Rupee US$'000	Singapore Dollar US$'000	Total US$'000
Financial assets:			
Cash and cash equivalents	2	9,409	9,411
Trade and other receivables	–	1,624	1,624
Other financial assets	2,285	546	2,831
Total financial assets	2,287	11,579	13,866
Financial liabilities:			
Trade and other payables	–	40	40
Total financial liabilities	–	40	40
Net financial assets at end of the year	2,287	11,539	13,826

There is exposure to foreign currency risk as part of its normal business.

33. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

33G. Foreign currency risks (continued)

Sensitivity analysis:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency against US$ with all other variables held constant would have a favourable effect on pre-tax profit of	32,416	31,704	–	–
A hypothetical 10% strengthening in the exchange rate of the functional currency against all other currencies with all other variables held constant would have a favourable / (adverse) effect on pre-tax profit of	963	(346)	(689)	(1,383)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure. The analysis above has been carried out on the basis there are no hedged transactions.

33H. Commodity risks

Commodity risk is the risk of fluctuations in the price of raw material feed production such as corn and soybean, which are commodities. Management's policies to mitigate this risk are to use a formula that allows the use of raw material substitutes for the raw materials commodities without reducing the quality of the products, and the transfer of price increases to customers.

Besides the Group is continuously overseeing the optimal inventory level by entering in a purchase agreement when there are cheaper prices with reference to the production plan and materials requirements.

34. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Commitments to purchase property, plant and equipment	8,256	1,171	–	–
Construction costs	4,880	13,133	–	–

35. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Not later than one year	18,577	20,294	571	621
Later than one year but not later than five years	61,318	79,512	622	1,305
More than five years	97,938	114,831	–	–
Rental expense for the year	18,415	19,039	560	552

Operating lease payments are for rentals payable mainly for several land leases in China and Vietnam, office premises and storage in the countries which the subsidiaries operate in. These leases have tenures ranging from 1 to 40 years.

36. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

At the end of the reporting year the total of future minimum lease income commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Not later than one year	121	60	–	–
Later than one year but not later than five years	25	–	–	–
Rental income for the year	77	51	–	–

Operating lease income is for rentals receivable for investment properties.

37. CONTINGENT LIABILITIES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Corporate guarantees in favour of subsidiaries	–	–	295,334	295,545
Claims against the Group	519	551	–	–

38. EVENTS AFTER THE END OF THE REPORTING YEAR

Subsequent to the end of the financial year, the directors of the Company recommended that a tax-exempt one-tier final dividend of 0.5 Singapore cents per ordinary share, equivalent to approximately US 0.35 cents (2014: Nil) with a total of US$6,168,000 (2014: US$ Nil) be paid for the financial year ended 31 December 2015. The dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and hence the proposed dividend has not been accrued as a liability in these financial statements.

In addition, there was a capital call of US$5,542,700 by AIH2 Pte Ltd ("AIH2"), a subsidiary of the Company. On 14 March 2016, US$3,000,000 has been injected into AIH2 and a further US$2,542,700 will be injected into AIH2 before 31 March 2016. The Company's shareholding in AIH2 remains unchanged at 64.45% following the capital call.

39. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
FRS 19	Amendments to FRS 19: Defined Benefit Plans: Employee Contributions
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share-based Payment FRS 103 Business Combinations FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations FRS 113 Fair Value Measurement FRS 40 Investment Property

40. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
Various	Improvements to FRSs (November 2014) FRS 19 Employee Benefits - Discount rate: regional market issue FRS 34 Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018

Analysis of Shareholdings

AS AT 2 MARCH 2016

Issued and Paid-up Share Capital	:	S$1,187,095,123
Number of Shares	:	1,764,670,391
Class of Shares	:	ordinary shares
Voting Rights	:	one vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.05	60	0.00
100 - 1,000	656	31.54	644,504	0.03
1,001 - 10,000	798	38.36	5,076,900	0.29
10,001 - 1,000,000	609	29.28	33,137,660	1.88
1,000,001 AND ABOVE	16	0.77	1,725,811,267	97.80
TOTAL	**2,080**	**100.00**	**1,764,670,391**	**100.00**

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 2 March 2016, approximately 14.31% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LIMITED	1,175,702,006	66.62
2	HSBC (SINGAPORE) NOMINEES PTE LTD	446,877,860	25.32
3	CITIBANK NOMINEES SINGAPORE PTE LTD	25,328,400	1.44
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	16,531,300	0.94
5	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	15,100,000	0.86
6	UOB KAY HIAN PRIVATE LIMITED	10,865,700	0.62
7	DBS NOMINEES (PRIVATE) LIMITED	10,410,615	0.59
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,054,250	0.40
9	ABN AMRO NOMINEES SINGAPORE PTE LTD	4,529,300	0.26
10	BANK OF SINGAPORE NOMINEES PTE. LTD.	4,339,600	0.25
11	DB NOMINEES (SINGAPORE) PTE LTD	2,531,600	0.14
12	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,671,986	0.09
13	GOH GEOK KHIM	1,500,000	0.09
14	OCBC SECURITIES PRIVATE LIMITED	1,244,150	0.07
15	BAMBANG WIDJAJA	1,097,500	0.06
16	STARICH INVESTMENTS PTE LTD	1,027,000	0.06
17	CIMB SECURITIES (SINGAPORE) PTE. LTD.	881,060	0.05
18	LIM CHAP HUAT	800,000	0.05
19	FLORENCE LIM KIM NEE	600,000	0.03
20	CHIA CHEE KONG	520,000	0.03
	TOTAL	**1,728,612,327**	**97.97**

Analysis of Shareholdings

AS AT 2 MARCH 2016

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 2 March 2016

	NO. OF SHARES			
SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	INDIRECT INTEREST	TOTAL INTEREST	%
Mr Handojo Santosa @ Kang Kiem Han[1]	–	1,154,523,315	1,154,523,315	65.42
Rangi Management Limited[1][2][4]	928,368,240	–	928,368,240	52.61
Fusion Investment Holdings Limited[2][4]	–	928,368,240	928,368,240	52.61
Tasburgh Limited[1][3][4]	126,714,375	–	126,714,375	7.18
Morze International Limited[5]	282,527,085	–	282,527,085	16.01
Coutts & Co Trustees (Jersey) Limited[3][4][5][6]	–	1,337,609,700	1,337,609,700	75.80
Scuderia Trust[4]	–	1,055,082,615	1,055,082,615	59.79
Capital Two Trust[5]	–	282,527,085	282,527,085	16.01
Ms Rachel Anastasia Kolonas[5][7]	–	282,527,085	282,527,085	16.01
Mdm Farida Gustimego Santosa[8]	–	1,073,523,315	1,073,523,315	60.83

(1) Mr Handojo Santosa is the settlor of the Scuderia Trust. Under the terms of the Scuderia Trust, he is entitled, as an investment power holder, to direct the trustee of the Scuderia Trust to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with his instructions in relation to the investments of the Scuderia Trust. See Note (4) below. As the sole shareholder of Rangi Management Limited, Fusion Investment Holdings Limited is entitled to determine the composition of the board of directors of Rangi Management Limited. Accordingly, Mr Handojo Santosa can control the exercise of the rights of the shares held by Fusion Investment Holdings Limited in Rangi Management Limited and through the board of directors appointed by Fusion Investment Holdings Limited, control the exercise of the rights of the Shares held by Rangi Management Limited under the Scuderia Trust. By virtue of Section 4 of the SFA, Mr Handojo Santosa is deemed to have an interest in the Shares held by Rangi Management Limited and Tasburgh Limited. Tallowe Services Inc holds 81,000,000 Shares. The Shares of Tallowe Services Inc are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for Mr Handojo Santosa. By virtue of Section 4 of the SFA, Mr Handojo Santosa is also deemed to have an interest in the Shares held by Tallowe Services Inc. In addition, Mr Handojo Santosa is also deemed to have an interest in 18,440,700 Shares held in a joint account with his wife (through their client account with a financial institution).

(2) Fusion Investment Holdings Limited holds the entire issued and paid-up capital of Rangi Management Limited. By virtue of Section 4 of the SFA, Fusion Investment Holdings Limited is deemed to have an interest in the Shares held by Rangi Management Limited.

(3) The shares in each of Fusion Investment Holdings Limited, Tasburgh Limited and Morze International Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Coutts & Co Trustees (Jersey) Limited, as trustee of the Scuderia Trust and the Capital Two Trust. By virtue of Section 4 of the SFA, Coutts & Co Trustees (Jersey) Limited is deemed to have an interest in the Shares held by Rangi Management Limited, Tasburgh Limited and Morze International Limited. Coutts & Co Trustees (Jersey) Limited is a professional trustee and part of The Royal Bank of Scotland Group.

(4) Coutts & Co Trustees (Jersey) Limited is the trustee of the Scuderia Trust which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. The settlor of Scuderia Trust is Mr Handojo Santosa. The beneficiaries of the Scuderia Trust are Mr Handojo Santosa's spouse (Farida Gustimego Santosa), children (Renaldo Santosa, Gabriella Santosa, Mikael Santosa and Raffaela Santosa) and remoter issue. Pursuant to Section 4 of the SFA, the beneficiaries of the Scuderia Trust are deemed to have an interest in the Shares held by Rangi Management Limited and Tasburgh Limited.

(5) Coutts & Co Trustees (Jersey) Limited is the trustee of the Capital Two Trust which is a reserved power discretionary trust. The Shares held by Morze International Limited are assets of the Capital Two Trust. The settlor of Capital Two Trust is Ms Rachel Anastasia Kolonas, the daughter of Mr Hendrick Kolonas. The beneficiaries of the Capital Two Trust are Mr Hendrick Kolonas' spouse (Mieke Santosa), children (Aldrian Irvan Kolonas, Marcellina Claudia Kolonas and Rachel Anastasia Kolonas) and issue and remoter issue of Aldrian Irvan Kolonas, Marcellina Claudia Kolonas and Rachel Anastasia Kolonas. Pursuant to Section 4 of the SFA, the beneficiaries of the Capital Two Trust are deemed to have an interest in the Shares held by Morze International Limited.

(6) The Royal Bank of Scotland Group plc is the ultimate holding company of Coutts & Co Trustees (Jersey) Limited, through its wholly-owned subsidiaries, The Royal Bank of Scotland plc, National Westminster Bank plc, RBSG International (Holdings) Limited, National Westminster International Holdings BV and The Royal Bank of Scotland International (Holdings) Limited. By virtue of Section 4 of the SFA, each of The Royal Bank of Scotland Group plc and its aforementioned subsidiaries is deemed to be indirectly interested in the Shares that Coutts & Co Trustees (Jersey) Limited is interested in.

(7) Ms Rachel Anastasia Kolonas is the settlor of the Capital Two Trust. Under the terms of the Capital Two Trust, she is entitled, as an investment power holder, to direct the trustee of the Capital Two Trust to procure to the best of its ability that the directors of Morze International Limited act in accordance with her instructions in relation to the investments of the Capital Two Trust. Accordingly she can control the exercise of the rights of the Shares held under the Capital Two Trust. By virtue of Section 4 of the SFA, Ms Rachel Anastasia Kolonas is deemed to have an interest in the Shares held by Morze International Limited.

(8) Mdm Farida Gustimego Santosa is a beneficiary under the Scuderia Trust. See Note (4) above. Mdm Farida Gustimego Santosa is also deemed to have an interest in 18,440,700 Shares held in a joint account with her husband (through their client account with a financial institution).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the second Annual General Meeting ("AGM") of Japfa Ltd (the "Company") will be held at Suntec Singapore Convention & Exhibition Centre, Meeting Room 300 – 302 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 14 April 2016 at 2.00 p.m. to transact the following businesses:

A) ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2015, together with the Auditors' Report. **Resolution 1**

2. To declare a first and final one-tier tax exempt dividend of Singapore 0.5 cents per ordinary share for the financial year ended 31 December 2015. **Resolution 2**

3. (i) To re-elect the following Directors, retiring pursuant to Article 114 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

Goh Geok Khim (see Note 4) **Resolution 3**

Handojo Santosa @ Kang Kiem Han (see Note 5) **Resolution 4**

Hendrick Kolonas (see Note 6) **Resolution 5**

Tan Yong Nang (see Note 7) **Resolution 6**

Kevin John Monteiro (see Note 8) **Resolution 7**

Ng Quek Peng (see Note 9) **Resolution 8**

Lien Siaou-Sze (see Note 10) **Resolution 9**

(ii) To note the retirement of Mr Liu Chee Ming following the completion of his appointment term and has decided not to seek re-election.

4. To approve payment of Directors' fees of up to S$510,000 for the financial year ending 31 December 2016. (FY2015 Directors fee = S$590,000) **Resolution 10**

5. To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 11**

B) SPECIAL BUSINESS

6. That pursuant to Section 161 of the Companies Act Cap 50, the Directors of the Company be authorised and empowered to: **Resolution 12**

(i) (a) issue Shares whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, the "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(ii) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution is in force.

PROVIDED THAT:

(1) the aggregate number of Shares issued pursuant to this resolution (including Shares issued in pursuance to any Instruments made or granted pursuant to this resolution), does not exceed 50 per cent. of the total number of issued Shares excluding treasury Shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuant of Instruments made or granted pursuant to this resolution) does not exceed 20 per cent. of the total number of issued Shares excluding treasury Shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company at the time this resolution is passed (excluding treasury shares), after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Companies Act, the Listing Manual of the SGX-ST (including supplemental measures thereto) for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

7. That approval be and is hereby given to the Directors to: **Resolution 13**

(i) offer and grant Awards in accordance with the provisions of Japfa Performance Share Plan ("Share Plan") and pursuant to Section 161 of the Companies Act (Cap. 50):

(a) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to the vesting of the Awards under the Share Plan; and

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to any Awards granted by the Directors in accordance with the Share Plan awarded while the authority conferred by this resolution was in force, and

(ii) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury shares) towards the satisfaction of Awards granted under the Share Plan,

PROVIDED THAT the aggregate number of Shares to be issued or transferred pursuant to the Awards under the Share Plan on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company (excluding treasury Shares) the day preceding that date.

Notice of Annual General Meeting

8. To transact any other business of an Annual General Meeting.

By Order of the Board of Directors

Tan Yong Nang
Executive Director and Chief Executive Officer
30 March 2016

Credit Suisse (Singapore) Limited and DBS Bank Ltd. were the joint global coordinators, joint issue managers, joint bookrunners and underwriters ("**Joint Global Coordinators, Joint Issue Managers, Joint Bookrunners and Underwriters**") for the initial public offering of Japfa Ltd. The Joint Global Coordinators, Joint Issue Managers, Joint Bookrunners and Underwriters assume no responsibility for the contents of this Notice.

Notice of Annual General Meeting

NOTES:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. Where a member of the Company appoints more than one proxy, he/she must specify the proportion of his/her Shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified the first named proxy may be treated as representing 100% of the Shareholding and any subsequent named proxy as an alternate to the earlier named.

3. The instrument appointing a proxy or proxies must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the AGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the AGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

4. Mr Goh Geok Khim will, upon re-election, continue to serve as the Chairman of the Board of Directors. Mr Goh is an independent Director.

5. Mr Handojo Santosa @ Kang Kiem Han will, upon re-election, continue to serve as Deputy Chairman and a Member of the Nominating Committee.

6. Mr Hendrick Kolonas will, upon re-election, continue to serve as a Member of the Audit and Remuneration Committees.

7. Mr Tan Yong Nang will, upon re-election, continue to serve as an Executive Director and the Chief Executive Officer of the Company.

8. Mr Kevin John Monteiro will, upon re-election, continue to serve as an Executive Director and the Chief Financial Officer of the Company.

9. Mr Ng Quek Peng will, upon re-election, continue to serve as the Chairman of the Audit Committee and a member of the Remuneration Committee. He will also replace Mr Liu Chee Ming as a member of the Nominating Committee. Mr Ng is an independent Director.

10. Ms Lien Siaou-Sze will, upon re-election, continue to serve as the Chairwoman of the Nominating and Remuneration Committees. She will also replace Mr Liu Chee Ming as a member of the Audit Committee. Ms Lien is an independent Director.

11. Ordinary Resolution 12 is to empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue Shares and Instruments in the Company, up to a number not exceeding 50% of the total number of Shares (excluding treasury Shares) (with a sub-limit of 20% of the total number of Shares (excluding treasury Shares) in respect of Shares to be issued other than on a pro rata basis to shareholders).

12. Ordinary Resolution 13 is to empower the Directors to offer and grant awards pursuant to the Japfa Performance Share Plan ("Share Plan") and to issue shares in the capital of the Company pursuant to the vesting of awards granted pursuant to Share Plan provided that: (a) the aggregate number of new shares which may be issued under the Share Plan does not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time, (b) The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Share Plan to Participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Share Plan, and (c) The number of Shares which may be issued or transferred pursuant to Awards under the Plan to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the Share Plan.

Notice of Annual General Meeting

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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JAPFA LTD
(Incorporated in the Republic of Singapore)
(Company Registration No. 200819599W)

IMPORTANT:
This Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be use by them. CPF Investors must submit their instructions to their CPF approved Nominees

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 March 2016.

PROXY FORM
ANNUAL GENERAL MEETING

*I/We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a *member/ members of Japfa Ltd ("the **Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/them, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend and vote for me/us on my/our behalf and if necessary, to demand a poll at the AGM to be held at Suntec Singapore Convention & Exhibition Centre, Meeting Room 300 – 302 (Level 3), 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 14 April 2016 at 2.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolution to be proposed at the AGM as indicated hereunder. If no specified direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

NOTE: The Chairman of the AGM will be exercising his right under Article 85(a) of the Articles of Association of the Company to demand a poll in respect of the Ordinary Resolution to be put to the vote at the AGM and at any adjournment thereof. Accordingly, the Ordinary Resolution at the AGM will be voted on by way of a poll.

	For *	Against *
Ordinary Business		
Ordinary Resolution 1 Adoption of the Directors' Report, the Audited Financial Statements and the Auditor's Report		
Ordinary Resolution 2 Declaration of a first and final one-tier tax exempt dividend of Singapore 0.5 cents per ordinary share		
Ordinary Resolution 3 Re-election of Goh Geok Khim as a Director		
Ordinary Resolution 4 Re-election of Handojo Santosa @ Kang Kiem Han as a Director		
Ordinary Resolution 5 Re-election of Hendrick Kolonas as a Director		
Ordinary Resolution 6 Re-election of Tan Yong Nang as a Director		
Ordinary Resolution 7 Re-election of Kevin John Monteiro as a Director		
Ordinary Resolution 8 Re-election of Ng Quek Peng as a Director		
Ordinary Resolution 9 Re-election of Lien Siaou-Sze as a Director		
Ordinary Resolution 10 Approval of Directors' fees of up to S$510,000 for the financial year ending 31 December 2016		
Ordinary Resolution 11 Re-appointment of Auditors and authorise the Directors to fix their remuneration		
Special Business		
Ordinary Resolution 12 Authority for Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Cap 50		
Ordinary Resolution 13 Authority for Directors to offer and grant awards and issue shares in accordance with the provision of Japfa Performance Share Plan		

* If you wish to exercise all your votes "For" or "Against" the Ordinary Resolution, please indicate with a "✓" within the box provided. Otherwise, please indicate the number of votes "For" or "Against" the Ordinary Resolution.

Dated this _____ day of _____ 2016

Total Number of Shares Held

_____
Signature of member(s) or Common Seal

NOTES:-

1. A member of the Company entitled to attend the AGM and vote is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the AGM.

2. Where a member of the Company appoints more than one proxy, he/she must specify the proportion of his/her Shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified the first named proxy may be treated as representing 100% of the Shareholding and any subsequent named proxy as an alternate to the earlier named.

3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the AGM.

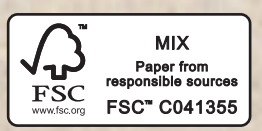
4. If the member has Shares entered against his name in the Depository Register (as defined in [Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore]) he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If the member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney duly authorised.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a copy thereof certified by a notary public (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM.

8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.



This annual report is printed on
environmentally-friendly paper.



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