

# JAPFA LTD.

(Registration Number: 200819599W)

## UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

**1 (a) (i) Income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

### Income Statement

	2nd Quarter			Jan - Jun		
	2014	2013	Change	2014	2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	767,330	702,125	9%	1,457,422	1,377,899	6%
Cost of Sales	(626,300)	(574,994)	9%	(1,200,375)	(1,116,024)	8%
<b>Gross Profit</b>	141,030	127,131	11%	257,047	261,875	-2%
<b><u>Other Items of Income</u></b>						
Interest Income	1,091	638	71%	2,101	1,478	42%
Gain on Disposal of Asset Held for Sale	9,571	-	n/m	-	-	n/m
Other Credits	2,814	1,448	94%	13,154	1,798	n/m
<b><u>Other Items of Expense</u></b>						
Foreign Exchange Adjustments						
Gains/(Losses)	(7,749)	(570)	n/m	(142)	52	n/m
Gains/(Losses) from Fair Value Changes of Biological Assets	(5,769)	9,779	n/m	(3,340)	(829)	n/m
Marketing and Distribution Costs	(25,531)	(20,850)	22%	(51,622)	(45,808)	13%
Administrative Expenses	(48,879)	(55,133)	-11%	(104,102)	(105,536)	-1%
Finance Costs	(21,141)	(17,238)	23%	(40,404)	(31,973)	26%
Other Charges	(799)	(138)	n/m	(807)	(761)	6%
<b>Profit Before Tax from Continuing Operations</b>	44,638	45,067	-1%	71,885	80,296	-10%
Income Tax Expense	(5,568)	(12,657)	-56%	(10,857)	(22,511)	-52%
<b>Profit from Continuing Operation, Net of Tax</b>	39,070	32,410	21%	61,028	57,785	6%

n/m : not meaningful

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## 1 (a) (ii) Net Profit is arrived at after (charging)/ crediting the following :

	2nd Quarter			Jan - Jun		
	2014 US\$'000	2013 US\$'000	Change %	2014 US\$'000	2013 US\$'000	Change %
Finance Costs	(21,141)	(17,238)	23%	(40,404)	(31,973)	26%
Foreign Exchange Adjustments (Losses)/Gains	(7,749)	(570)	n/m	(142)	52	n/m
Depreciation of Property, Plant and Equipment and Investment Properties	(15,129)	(13,999)	8%	(29,976)	(27,281)	10%
Amortization of Intangible Assets	(237)	(185)	28%	(470)	(359)	31%
Interest Income	1,091	638	71%	2,101	1,478	42%
Gains/(Losses) from Fair Value Changes of Biological Assets	(5,769)	9,779	n/m	(3,340)	(829)	n/m
Increase/(Decrease) in Fair Value of Marketable Securities	306	(214)	n/m	302	(761)	n/m
Gain on Disposal of Asset Held for Sale	9,571	-	n/m	9,571	-	n/m

### Additional information :

EBITDA	93,266	66,856	40%	143,814	139,969	3%
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n/m : not meaningful

EBITDA is not a standard measure under FRS (Please refer to page 64 of the Prospectus). 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 amortization of intangible assets.

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**1 (a) (iii) Statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	2nd Quarter			Jan - Jun		
	2014	2013	Change	2014	2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Profit from Continuing Operations, Net of Tax</b>	<u>39,070</u>	<u>32,410</u>	21%	<u>61,028</u>	<u>57,785</u>	6%
<b>Other Comprehensive (Loss)/ Income:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Remeasurement of the Net Defined Benefits Plan, Net of Tax	1,718	11,606	-85%	(7,760)	4,374	n/m
<b>Items that will not be reclassified to profit or loss:</b>						
Exchange Differences on Translating Foreign Operations, Net of Tax	<u>(23,124)</u>	<u>(7,565)</u>	n/m	<u>14,488</u>	<u>(11,412)</u>	n/m
<b>Other Comprehensive (Loss)/ Income for the Period, Net of Tax</b>	<u>(21,406)</u>	<u>4,041</u>	n/m	<u>6,728</u>	<u>(7,038)</u>	n/m
<b>Total Comprehensive Income</b>	<u>17,664</u>	<u>36,451</u>	-52%	<u>67,756</u>	<u>50,747</u>	34%
Profit Attributable to Owners of the Parent, Net of Tax	20,784	15,675	33%	34,370	33,438	3%
profit Attributable to Non-Controlling Interests, Net of Tax	<u>18,286</u>	<u>16,735</u>	9%	<u>26,658</u>	<u>24,347</u>	9%
Profit , Net of Tax	<u>39,070</u>	<u>32,410</u>	21%	<u>61,028</u>	<u>57,785</u>	6%
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	10,560	14,612	n/m	44,029	23,118	n/m
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	<u>7,104</u>	<u>21,839</u>	-67%	<u>23,727</u>	<u>27,629</u>	-14%
Total Comprehensive Income	<u>17,664</u>	<u>36,451</u>	-52%	<u>67,756</u>	<u>50,747</u>	34%

n/m : not meaningful

# JAPFA LTD.

(Registration Number: 200819599W)

## 1 (b) (i) A statement of financial position ( for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/6/2014 US\$'000	As at 31/12/2013 US\$'000	As at 30/6/2014 US\$'000	As at 31/12/2013 US\$'000
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Property, Plant and Equipment	738,796	652,745	756	850
Investment Properties	2,217	2,275	-	-
Intangible Assets	11,101	10,056	-	-
Biological Assets	270,461	237,878	-	-
Investments in Subsidiaries	-	-	726,843	167,277
Deferred Tax Assets	20,947	15,215	-	-
Other Assets	5,886	9,819	-	-
<b>Total Non-Current Assets</b>	<b>1,049,408</b>	<b>927,988</b>	<b>727,599</b>	<b>168,127</b>
<b><u>Current Assets</u></b>				
Inventories	622,770	543,010	-	-
Biological Assets	53,984	48,504	-	-
Trade and Other Receivables	169,892	134,564	151,561	123,507
Other Financial Assets	2,782	2,689	2,782	2,443
Other Assets	120,769	79,610	509	876
Asset Held for Sale	-	2,203	-	-
Cash and Cash Equivalents	184,788	225,036	7,952	22,445
<b>Total Current Assets</b>	<b>1,154,985</b>	<b>1,035,616</b>	<b>162,804</b>	<b>149,271</b>
<b>Total Assets</b>	<b>2,204,393</b>	<b>1,963,604</b>	<b>890,403</b>	<b>317,398</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share Capital	761,293	163,377	761,293	163,377
Retained Earnings	244,557	214,852	31,181	35,270
Other Reserves	(404,414)	134,363	-	-
Translation Reserve	(92,471)	(106,795)	(6,443)	(5,430)
<b>Equity, Attributable to Owners of the Parent, Total</b>	<b>508,965</b>	<b>405,797</b>	<b>786,031</b>	<b>193,217</b>
Non-Controlling Interests	313,912	291,136	-	-
<b>Total Equity</b>	<b>822,877</b>	<b>696,933</b>	<b>786,031</b>	<b>193,217</b>
<b><u>Non-Current Liabilities</u></b>				
Provisions	83,447	67,376	-	-
Deferred Tax Liabilities	14,798	11,663	-	-
Other Financial Liabilities	519,440	468,748	-	-
Other Liabilities	1,617	1,074	-	-
Trade and Other Payables	741	636	-	-
<b>Total Non-Current Liabilities</b>	<b>620,043</b>	<b>549,497</b>	<b>-</b>	<b>-</b>
<b><u>Current Liabilities</u></b>				
Income Tax Payable	4,933	8,475	482	395
Trade and Other Payables	193,944	190,168	5,140	2,557
Other Financial Liabilities	555,472	509,277	98,750	121,229
Other Liabilities	7,124	9,254	-	-
<b>Total Current Liabilities</b>	<b>761,473</b>	<b>717,174</b>	<b>104,372</b>	<b>124,181</b>
<b>Total Liabilities</b>	<b>1,381,516</b>	<b>1,266,671</b>	<b>104,372</b>	<b>124,181</b>
<b>Total Equity and Liabilities</b>	<b>2,204,393</b>	<b>1,963,604</b>	<b>890,403</b>	<b>317,398</b>

**JAPFA LTD.****(Registration Number: 200819599W)****1 (b) (ii) Aggregate amount of group's borrowings and debt securities.**

	As at 30/6/2014 US\$'000	As at 31/12/2013 US\$'000
Amount due within one year		
Secured	555,472	456,907
Unsecured	-	52,370
Total	<u>555,472</u>	<u>509,277</u>
Amount due more than one year		
Secured	395,289	346,532
Unsecured	<u>124,151</u>	<u>122,216</u>
Total	<u>519,440</u>	<u>468,748</u>

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

# JAPFA LTD.

(Registration Number: 200819599W)

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

	Jan - Jun	
	2014	2013
	US\$'000	US\$'000
<b><u>Cash Flows From Operating Activities</u></b>		
Profit Before Tax	71,885	80,296
Adjustment for:		
Amortisation of Intangible Assets	470	359
Amortisation of Land Use Rights	4	4
Depreciation of Property, Plant and Equipment and Investment Properties	29,976	27,281
Losses from changes in Fair Value of Biological Assets	3,340	829
Fair Value Loss on Financial Assets	(302)	761
Gain on Disposal of Property, Plant and Equipment and Investment Properties	(167)	(272)
Increase in Provision for Retirement Benefits	6,039	4,603
Interest Income	(2,101)	(1,478)
Interest Expense	40,404	31,973
Share Options Granted	249	64
Net Effect of Exchange Rate Changes	10,165	10,210
Write-off of Property, Plant and Equipment	133	-
Operating Cash Flows before Changes in Working Capital	160,095	154,630
Inventories	(79,631)	18,210
Biological Assets	(36,844)	(21,584)
Trade and Other Receivables	(35,210)	(25,637)
Other Assets	(28,506)	(36,411)
Trade and Other Payables	(10,966)	10,764
Employee Benefits Liability	(1,021)	(89)
Other Liabilities, Current	3,481	(1,123)
Net Cash Flows From Operations Before Interest and Tax	(28,602)	98,760
Income Taxes Paid	(26,917)	(24,700)
Net Cash Flows (Used in)/ From Operating Activities	(55,519)	74,060
<b><u>Cash Flows From Investing Activities</u></b>		
Acquisition of Subsidiaries	654	-
Purchase of Property, Plant and Equipment	(101,076)	(85,082)
Capital Expenditure on investment Properties	-	(16)
Sales Proceeds on Disposal of Property, Plant and Equipment	2,293	4,935
Purchase of Intangible Assets	(1,372)	(713)
Interest Received	2,101	1,478
Net Cash Flows Used in Investing Activities	(97,400)	(79,398)

# JAPFA LTD.

(Registration Number: 200819599W)

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

	Jan - Jun	
	2014	2013
	US\$'000	US\$'000
<b>Cash Flows From Financing Activities</b>		
Dividends Paid by Subsidiary to Non-Controlling Interests	(3,692)	(9,087)
Increase/ (Decrease) in Other Financial Liabilities	149,257	(139,140)
Increase in Bonds	-	213,746
Cash Restricted in Use	(1,202)	(1,288)
Proceeds from Issue of New Shares by Subsidiary to Non-Controlling Interests	14,778	3,368
Acquisition of Non-Controlling Interests Without Change in Control	(19,225)	-
Interest Paid	(40,404)	(31,973)
Issue of New Shares by Combining Entities under Restructuring Exercise	(28,043)	10,846
Net Movements in Shareholders' Loans	40,000	7,268
Net Cash Flows From Financing Activities	111,469	53,740
<b>Net Increase in Cash and Cash Equivalents</b>	(41,450)	48,402
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	221,360	153,007
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b>	179,910	201,409

Notes:

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

	Jan - Jun	
	2014	2013
	US\$'000	US\$'000
Cash and Bank Balances	184,788	207,038
Less: Bank Deposit Pledged	(4,878)	(5,629)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	179,910	201,409

# JAPFA LTD.

(Registration Number: 200819599W)

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

## Group

	Total Equity US\$'000	Attributable to Parent Sub-total US\$'000	Share Capital US\$'000	Retained Earnings US\$'000	Other Reserves US\$'000	Translation Reserve US\$'000	Non- Controlling Interests US\$'000
Balance at 1 January 2014	696,933	405,797	163,377	214,852	134,363	(106,795)	291,136
Movements in Equity:							
Total Comprehensive Income for the Period	67,756	44,029	-	29,705	-	14,324	23,727
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	36,755	21,977	-	-	21,977	-	14,778
Non-Controlling interests arising from Acquisition of Subsidiary	1,751	(408)	-	-	(408)	-	2,159
Acquisition of Non-Controlling Interests Without Change in Control	(19,225)	(5,029)	-	-	(5,029)	-	(14,196)
Grant of Share Options	249	249	-	-	249	-	-
Issue of New Shares	597,916	597,916	597,916	-	-	-	-
Adjustment to Merger Reserves	(555,566)	(555,566)	-	-	(555,566)	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(3,692)	-	-	-	-	-	(3,692)
Balance at 30 June 2014	822,877	508,965	761,293	244,557	(404,414)	(92,471)	313,912

Balance at 1 January 2013	599,856	329,621	86,279	172,361	96,279	(25,298)	270,235
Movements in Equity:							
Total Comprehensive Income/(Loss) for the Period	50,747	23,118	-	36,084	-	(12,966)	27,629
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	3,368	-	-	-	-	-	3,368
Grant of Share Options	64	64	-	-	64	-	-
Issue of New Shares by Subsidiary	8,131	5,030	-	-	5,030	-	3,101
Issue of New Shares	2,715	2,715	2,715	-	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(9,087)	-	-	-	-	-	(9,087)
Balance at 30 June 2013	655,794	360,548	88,994	208,445	101,373	(38,264)	295,246



# JAPFA LTD.

(Registration Number: 200819599W)

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

## Company

Balance at 1 January 2014

Movements in Equity:

Total Comprehensive Loss for the Period

Issue of New Shares

Balance at 30 June 2014

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
193,217	193,217	163,377	35,270	-	(5,430)
(5,102)	(5,102)	-	(4,089)	-	(1,013)
597,916	597,916	597,916	-	-	-
786,031	786,031	761,293	31,181	-	(6,443)

Balance at 1 January 2013

Movements in Equity:

Total Comprehensive Income for the Period

Issue of New Shares

Balance at 30 June 2013

110,832	110,832	86,279	32,174	-	(7,621)
11,351	11,351	-	9,427	-	1,924
2,715	2,715	2,715	-	-	-
124,898	124,898	88,994	41,601	-	(5,697)

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**1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of Shares	
	2nd Quarter to 30/6/2014	2nd Quarter to 30/6/2013
Issued and fully paid ordinary shares:		
As at beginning of period	208,967,552	111,270,000
Issued during the period	284,189,245	3,441,470
As at end of period	<u>493,156,797</u>	<u>114,711,470</u>

The Company issued 284,189,245 ordinary shares arising from the acquisition of Austasia Investment Holdings Pte Ltd and the conversion of shareholders' loan as part of the pre-IPO reorganization.

On 31 July 2014, the Company implemented a share split of 3 shares for every existing share, thereby increasing the number of shares to 1,479,471,000 shares.

**1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<u>As at 30/6/2014</u>	<u>As at 31/12/2013</u>
Number of issued shares	493,156,797	208,967,552

**1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation have been applied in these unaudited financial statements as those applied in the most recently audited financial statements as at 31 December 2013.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

The earnings per ordinary share below is based on 1,479,471,000 shares in issued pre-IPO.

	2nd Quarter		Jan - Jun	
	2014	2013	2014	2013
	US Cents	US Cents	US Cents	US Cents
Earnings per share for the year				
(a) Based on weighted average				
number of ordinary shares in issue	1.40	1.06	2.32	2.26
(b) Based on a fully diluted basis	1.40	1.06	2.32	2.26

	2nd Quarter		Jan - Jun	
	2014	2013	2014	2013
	'000	'000	'000	'000
Number of ordinary shares	1,479,471	1,479,471	1,479,471	1,479,471

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

The net asset value per ordinary share below is based on 1,479,471,000 shares in issued pre-IPO.

	Group		Company	
	As at	As at	As at	As at
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.34	0.27	0.53	0.13

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**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### Review of Group Performance

The Group revenue increased by US\$65.2 million from US\$702.1 million in 2Q 2013 to US\$767.3 million in 2Q 2014 due to increase by US\$26.6 million from dairy segment, US\$43.9 million from animal protein segment offset by decrease from consumer food segment of US\$5.3 million. The Group revenue increased by US\$79.5 million from US\$1,377.9 million in 6M 2013 to US\$1,457.4 million in 6M 2014 due to increase by US\$49.1 million from dairy segment, US\$54.6 million from animal protein segment offset by decrease from consumer food segment of US\$24.2 million.

The Group gross profit increased by US\$13.9 million from US\$127.1 million in 2Q 2013 to US\$141.0 million in 2Q 2014. However gross profit marginally decreased by US\$4.9 million from US\$261.9 million in 6M 2013 to US\$257.0 million in 6M 2014 due to decline in contribution from animal protein and consumer food segments in Indonesia. The decline in contribution was mainly due to lower consumer spending power across Indonesia and delays in passing on raw material cost increases arising from the depreciation of the Rupiah against US dollar in year 2013.

Other credits increased by US\$11 million from US\$1.4 million in 2Q 2013 to US\$12.4 million in 2Q 2014 and increased by US\$11.4 million from US\$1.8 million in 6M 2013 to US\$13.2 million in 6M 2014 primarily due to gain on disposal of asset held for sale of US\$9.6 million in 6M 2014.

Foreign exchange adjustments losses increased by US\$7.1 million from US\$0.6 million in 2Q 2013 to US\$7.7 million in 2Q 2014 and Foreign exchange adjustments gains were US\$0.1 million in 6M FY2013 as compared to Foreign exchange adjustments losses of US\$0.1 million in 6M 2014. The relatively higher foreign exchange adjustments losses in 2Q 2014 were primarily due to depreciation of the Rupiah against the US dollar in 2Q 2014.

Marketing and distribution expenses increased by US\$4.6 million from US\$20.9 million in 2Q 2013 to US\$25.5 million in 2Q 2014 and increased by US\$5.8 million from US\$45.8 million in 6M 2013 to US\$51.6 million in 6M 2014 mainly due to increase in delivery cost following the increase in sales volume in China, and more advertising program for Greenfields brands in South East Asia under the platform "Honest Milk" and also contribution of marketing and distribution costs from Myanmar business commencing in year 2014.

Administrative expenses decreased by US\$6.2 million from US\$55.1 million in 2Q 2013 to US\$48.9 million in 2Q 2014 and decreased by US\$1.4 million from US\$105.5 million in 6M 2013 to US\$104.1 million in 6M 2014 due to one off expenses incurred in 2Q 2013 arising from professional fees relating to the issuance of the US Dollar-Denominated Senior Notes Due 2018 by our subsidiary, PT Japfa Comfeed Indonesia Tbk.

Finance costs increased by US\$3.9 million from US\$17.2 million in 2Q 2013 to US\$21.1 million in 2Q 2014 and increased by US\$8.4 million from US\$32.0 million in 6M 2013 to US\$40.4 million in 6M 2014 primarily due to an increase in borrowings, including the issuance of the US Dollar-Denominated Senior Notes Due 2018 in May 2013 and also incurrence of additional debt by our dairy segment.

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The loss from fair value changes of biological assets was US\$3.3 million in 6M 2014 and US\$0.8 million in 6M 2013 reflect the cost incurred since the last valuation as at 31 March 2014 and 31 March 2013 respectively.

The Group lower effective tax rates of 12.5% for 2Q 2014 as compared to 2Q 2013 of 28.1% and 15.1% for 6M 2014 as compared to 6M 2013 of 28.0% were due to increase income contributions, from dairy segment in China, exempted from corporate income tax.

As a result of the above factors, the Group recorded a higher profit after tax of US\$39.1 million in 2Q 2014 as compared to US\$32.4 million in 2Q 2013 and US\$61.0 million in 6M FY2014 as compared to US\$57.8 million in 6M 2013.

If we exclude the fair value changes of biological assets, the adjusted profit attributable to the owners of the parent will be US\$26.6 million in 2Q 2014 as compared to US\$5.9 million in 2Q 2013 and US\$37.7 million in 6M FY2014 as compared to US\$34.3 million in 6M 2013.

### Review of financial position

The increase in Group's non-current assets amounted to US\$121.4 million from US\$928.0 million to US\$1,049.4 million primarily due to increase of US\$86.1 million in property, plant and equipment and US\$32.6 million in biological assets. The increase in property, plant and equipment mainly due to spending on infrastructure, purchase of buildings, machinery, equipment and land rights for our animal protein segment in Indonesia and construction of dairy farm 4 in China. The increase in biological assets is mainly due to growing cost incurred.

The Group's current assets as at 30 June 2014 increased by US\$119.4 million from US\$1,035.6 million to US\$1,155.0 million primarily due to increase of US\$79.8 million in inventories and US\$35.3 million in trade and other receivables. The increase in inventories is mainly due to quantities and prices of raw material purchased.

The Group's non-current liabilities as at 30 June 2014 increased by US\$70.5 million from US\$549.5 million to US\$620.0 million primarily due to increase of US\$50.7 million in other financial liabilities. The increase in other financial liabilities is mainly due to increase in bank borrowings to finance the capital expenditure of consumer food segment in Indonesia and the dairy segment in China.

The Group's current liabilities as at 30 June 2014 increased by US\$44.3 million from US\$717.2 million to US\$761.5 million primarily due to increase of US\$46.2 million in other financial liabilities offset by decrease in other current liabilities. The increase in other financial liabilities is mainly due to increase in trade finance borrowings for the purchase of inventories.

The increase in Group's share capital from US\$163.4 million to US\$761.3 million was due to the issue of new shares for the acquisition of Austasia Investment Holdings Pte Ltd and the conversion of shareholders' loan as part of the pre-IPO reorganization.

The decrease in Group's other reserves from positive reserves of US\$134.4 million to negative reserves of US\$404.4 million was due to the negative merger reserves arising from the excess of purchase consideration over the net assets acquired.

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## Review of Group Cash Flow

Net cash used in operating activities was US\$55.5 million in 6M 2014, compared to net cash from operating activities of US\$74.1 million in 6M 2013, mainly due to higher operating cash flows and working capital changes.

Net cash used by investing activities was US\$97.4 million, compared to US\$79.4 million previously. During the period, the Group made additions to property, plant and equipment of US\$101.1 million, compared to US\$85.1 million previously.

Net cash provided from financing activities was US\$111.5 million, compared to US\$53.7 million in the first half last year. This was mainly due to increase in bank loans for the Group of US\$149.3 million as compared to repayment of bank loans of US\$139.1 million from the proceeds of the US Dollar-Denominated Senior Notes Due 2018 of US\$213.7 million previously.

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

Not applicable.

### ***10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which to report the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.***

The Group operates in emerging market economies which have compelling macro-economic fundamentals and significant potential for growth in protein food consumption over the long term. In the short term however, factors such as the anticipated removal of fuel subsidy which may impact consumer purchasing power in Indonesia, may present risks and introduce greater volatility to consumption patterns.

### ***11. Dividend***

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

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

Not applicable.

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

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

### **14. Subsequent Event**

The Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 15 August 2014 and raised gross proceeds of between SGD 198.4 million and SGD 228.2 million from the IPO.

### **15. Negative Confirmation by the Board pursuant to Rule 705(5)**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter and half year ended 30 June 2014 to be false or misleading.

On behalf of the Board of Directors

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Tan Yong Nang  
Director

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Kevin John Monteiro  
Director

Singapore  
27 August 2014