JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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

	Jan - Mar		
	2018	2017	Change
	US$'000	US$'000	%
Revenue	845,528	736,124	15%
Cost of Sales	(657,706)	(599,775)	10%
Gross Profit	187,822	136,349	38%
Marketing and Distribution Costs	(36,459)	(30,961)	18%
Administrative Expenses	(77,432)	(68,906)	12%
Operating Profit	73,931	36,482	103%
Interest Income	1,681	918	83%
Finance Costs	(19,095)	(14,264)	34%
Other Gains	3,411	5,943	-43%
Share of results of Joint Ventures	(35)	(53)	-34%
Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets	**59,893**	**29,026**	106%
Foreign Exchange Adjustments (Loss)/Gain	(120)	2,471	n/m
Loss from Changes in Fair Value of Biological Assets	(14,232)	(11,687)	22%
Profit Before Tax from Continuing Operations	45,541	19,810	130%
Income Tax Expense	(9,428)	(9,758)	-3%
Profit from Continuing Operations, Net of Tax	36,113	10,052	259%
Profit Attributable to Owners of the Parent, Net of Tax*	**16,676**	**2,078**	703%
Profit Attributable to Non-Controlling Interests, Net of Tax	19,437	7,974	144%
Profit, Net of Tax	36,113	10,052	259%

n/m : not meaningful

Additional information:

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

Core PATMI w/o forex	28,311	7,299	288%

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

We define Core PATMI w/o forex is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. We have not made an estimate of the tax impact on foreign exchange gains/losses. This is because the majority of the gains/losses are unrealised and arise from the translation of USD bonds (from a subsidiary in Indonesia) and USD loans (from subsidiaries in China), which have no tax implication.

EBITDA	103,210	65,250	58%

We define EBITDA as profit before tax from continuing operations, excluding interest income, changes in fair value of biological assets and marketable securities, foreign exchange adjustments losses, finance costs, depreciation of property, plant and equipment, depreciation of investment properties and amortisation of intangible assets.

JAPFA LTD.

(Registration Number: 200819599W)

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

	Jan - Mar		
	2018	2017	Change
	US$'000	US$'000	%
Finance Costs	(19,095)	(14,264)	34%
Foreign Exchange Adjustments (Loss)/Gain	(120)	2,471	n/m
Depreciation of Property, Plant and Equipment and Investment Properties	(25,439)	(22,509)	13%
Amortisation of Intangible Assets	(462)	(368)	26%
Interest Income	1,681	918	83%
Loss from Changes in Fair Value of Biological Assets	(14,232)	(11,687)	22%
Gain on Disposal of Property, Plant and Equipment and Investment Properties	133	22	505%

n/m : not meaningful

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

Statement of Comprehensive Income

	Jan - Mar		
	2018	2017	Change
	US$'000	US$'000	%
Profit from Continuing Operations, Net of Tax	36,113	10,052	259%
Other Comprehensive (Loss)/Income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of the Net Defined Benefits Plan, Net of Tax	(4,776)	(8,422)	-43%
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	4,137	9,074	-54%
Other Comprehensive (Loss)/Income for the Period, Net of Tax	(639)	652	n/m
Total Comprehensive Income	35,474	10,704	231%
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	22,991	3,595	540%
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	12,483	7,109	76%
Total Comprehensive Income	35,474	10,704	231%

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 31/3/2018 US$'000	As at 31/12/2017 US$'000	As at 31/3/2018 US$'000	As at 31/12/2017 US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1,041,020	1,010,925	330	346
Investment Properties	5,342	5,497	-	-
Intangible Assets	10,437	10,382	-	-
Investments in Subsidiaries	-	-	1,280,216	1,280,033
Investment in Joint Ventures	5,940	6,070	-	-
Biological Assets	363,337	351,343	-	-
Deferred Tax Assets	27,542	24,037	-	-
Other Receivables	14,639	14,595	-	-
Other Financial Assets	23,751	19,289	-	-
Other Assets	66,615	64,996	-	-
Total Non-Current Assets	1,558,623	1,507,134	1,280,546	1,280,379
Current Assets				
Inventories	695,019	670,634	-	-
Biological Assets	76,372	76,227	-	-
Trade and Other Receivables	187,475	179,015	14,588	13,068
Other Financial Assets	2,404	601	2,404	601
Other Assets	97,972	74,613	4,880	1,576
Cash and Cash Equivalents	165,573	234,867	4,327	5,608
Total Current Assets	1,224,815	1,235,957	26,199	20,853
Total Assets	2,783,438	2,743,091	1,306,745	1,301,232
EQUITY AND LIABILITIES				
Equity				
Share Capital	940,842	940,842	940,842	940,842
Treasury Shares	(5,375)	(4,759)	(5,375)	(4,759)
Retained Earnings	401,220	385,116	84,264	87,350
Other Reserves	(459,305)	(459,804)	372	21
Translation Reserve	(159,150)	(167,840)	-	-
Equity Attributable to Owners of the Parent	718,232	693,555	1,020,103	1,023,454
Non-Controlling Interests	341,719	329,236	-	-
Put Option Reserve	-	-	-	-
Total Equity	1,059,951	1,022,791	1,020,103	1,023,454
Non-Current Liabilities				
Provisions	113,566	105,880	-	-
Deferred Tax Liabilities	4,541	3,586	-	-
Other Payables	666	901	-	-
Loans and Borrowings	609,988	626,513	-	-
Other Financial Liabilities	12,632	8,514	-	-
Other Liabilities	4,247	3,913	-	-
Total Non-Current Liabilities	745,640	749,307	-	-
Current Liabilities				
Income Tax Payable	30,003	19,691	-	-
Trade and Other Payables	612,537	623,016	265,642	265,778
Loans and Borrowings	324,895	317,691	21,000	12,000
Other Financial Liabilities	2,409	1,499	-	-
Other Liabilities	8,003	9,096	-	-
Total Current Liabilities	977,847	970,993	286,642	277,778
Total Liabilities	1,723,487	1,720,300	286,642	277,778
Total Equity and Liabilities	2,783,438	2,743,091	1,306,745	1,301,232

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

	As at 31/3/2018 US$'000	As at 31/12/2017 US$'000
Amount due within one year		
Secured	324,895	317,691
Unsecured	-	-
Total	324,895	317,691
Amount due more than one year		
Secured	222,563	237,415
Unsecured	387,425	389,098
Total	609,988	626,513

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

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.

	1st Quarter	
	2018	2017
	US$'000	US$'000
Cash Flows From/(Used in) Operating Activities		
Profit Before Tax	45,541	19,810
Adjustment for:		
Amortisation of Intangible Assets	462	368
Amortisation of Land Use Rights	106	5
Depreciation of Property, Plant and Equipment and Investment Properties	25,439	22,509
Fair Value Loss on Biological Assets	14,232	11,687
Fair Value Loss/(Gain) on Derivative Financial Instruments	24	(725)
Gain on Disposal of Property, Plant and Equipment and Investment Properties	(133)	(22)
Loss on Buyback of Bonds Payable	-	84
Increase in Provision for Retirement Benefits	5,161	3,632
Interest Income	(1,681)	(918)
Interest Expense	19,095	14,264
Share Options Granted by Subsidiary	148	107
Value of Employee Services received pursuant to Performance Share Plan	382	90
Value of Employee Services received pursuant to Performance Share Plan by Subsidiary	-	350
Share of Loss from Equity-Accounted Joint Ventures	35	53
Write-off of Property, Plant and Equipment	16	241
Net Effect of Exchange Rate Changes	(5,679)	1,001
Operating Cash Flows before Changes in Working Capital	103,148	72,536
Inventories	(24,385)	(30,121)
Biological Assets	(13,527)	(15,683)
Trade and Other Receivables	(8,504)	(11,873)
Other Assets	(11,018)	(34,462)
Trade and Other Payables	(6,988)	(25,194)
Provisions	(2,122)	(1,113)
Other Liabilities	(759)	(989)
Net Cash Flows From/(Used in) Operations	35,845	(46,899)
Income Taxes Paid	(13,162)	(20,582)
Net Cash Flows From/(Used in) Operating Activities	22,683	(67,481)
Cash Flows Used in Investing Activities		
Purchase of Property, Plant and Equipment	(58,121)	(42,781)
Purchase of Intangible Assets	(563)	(191)
Purchase of Land Use Rights	(1,429)	(96)
Purchase of Other Financial Assets	-	(541)
Purchase of Biological Assets	(3,352)	(1,726)
Proceeds from Disposal of Property, Plant and Equipment	268	113
Additional Investment in Joint Ventures	-	(2,337)
Interest Income Received	1,681	918
Net Cash Flows Used in Investing Activities	(61,516)	(46,641)

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)

	1st Quarter	
	2018	2017
	US$'000	US$'000
Cash Flows (Used in)/From Financing Activities		
(Decrease)/Increase in Working Capital loans	(7,648)	99,989
Decrease in Cash Restricted in Use	2,621	3,928
Purchase of Treasury Shares by the Company	(647)	(485)
Buy Back of Bonds Payable	-	(2,587)
Repayment of Bonds Payable	-	(112,418)
Proceeds from Issue of bonds	-	144,859
Proceeds from Issue of New Shares by Subsidiary to Non-Controlling Interests	-	1,813
Dividends Paid by Subsidiary to Non-Controlling Interests	-	(3,753)
Interest Expense Paid	(19,095)	(14,264)
Net Cash Flows (Used in)/From Financing Activities	(24,769)	117,082
Net (Decrease)/Increase in Cash and Cash Equivalents	(63,602)	2,960
Effect of exchange rate changes on cash and cash equivalents	(3,071)	2,070
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	230,471	331,086
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	163,798	336,116

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

	1st Quarter	
	2018	2017
	US$'000	US$'000
Cash and Bank Balances	165,573	337,255
Less: Bank Deposit Pledged	(1,775)	(1,139)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	163,798	336,116

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$'000	Treasury Shares US$'000	Retained Earnings US$'000	Other Reserves US$'000	Translation Reserve US$'000	Non-Controlling Interests US$'000	Put Option Reserve US$'000
Balance at 1 January 2018	1,022,791	693,555	940,842	(4,759)	385,116	(459,804)	(167,840)	329,236	-
Effects of adopting SFRS(I) 9	1,803	1,803	-	-	1,803	-	-	-	-
Movements in Equity:									
Total Comprehensive Income for the Period	35,474	22,991	-	-	14,301	-	8,690	12,483	-
Grant of Share Options by Subsidiary	148	148	-	-	-	148	-	-	-
Purchase of Treasury Shares by the Company	(647)	(647)	-	(647)	-	-	-	-	-
Value of Employee Services Pursuant to Performance Share Plan	382	382	-	-	-	382	-	-	-
Reissued Treasury Shares by the Company Pursuant to Performance Share Plan	-	-	-	31	-	(31)	-	-	-
Balance at 31 March 2018	1,059,951	718,232	940,842	(5,375)	401,220	(459,305)	(159,150)	341,719	-
Balance at 1 January 2017	1,089,189	791,663	937,614	-	408,167	(374,504)	(179,614)	467,505	(169,979)
Movements in Equity:									
Total Comprehensive Income for the Period	10,704	3,595	-	-	(2,180)	-	5,775	7,109	-
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	1,813	-	-	-	-	-	-	1,813	-
Grant of Share Options by Subsidiary	107	107	-	-	-	107	-	-	-
Purchase of Treasury Shares by the Company	(485)	(485)	-	(485)	-	-	-	-	-
Value of Employee Services Pursuant to Performance Share Plan	90	90	-	-	-	90	-	-	-
Issued of shares by the Company under Performance Share Plan	-	-	3,228	-	-	(3,228)	-	-	-
Issued of shares by Subsidiary under Performance Share Plan	350	-	-	-	-	-	-	350	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(3,753)	-	-	-	-	-	-	(3,753)	-
Changes in Present Value of the Put Option Financial Liabilities	(487)	-	-	-	-	-	-	-	(487)
Balance at 31 March 2017	1,097,528	794,970	940,842	(485)	405,987	(377,535)	(173,839)	473,024	(170,466)

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	Total Equity US$'000	Share Capital US$'000	Treasury Shares US$'000	Retained Earnings US$'000	Other Reserves US$'000
Balance at 1 January 2018	1,023,454	940,842	(4,759)	87,350	21
Effects of adopting SFRS(I) 9	1,803	-	-	1,803	-
Movements in Equity:					
Total Comprehensive Loss for the Period	(4,889)	-	-	(4,889)	-
Purchase of Treasury Shares	(647)	-	(647)	-	-
Reissued Treasury Shares by the Company Pursuant to Performance Share Plan	-	-	31	-	(31)
Value of Employee Services Pursuant to Performance Share Plan	382	-	-	-	382
Balance at 31 March 2018	1,020,103	940,842	(5,375)	84,264	372
Balance at 1 January 2017	1,000,951	937,614	-	60,199	3,138
Movements in Equity:					
Total Comprehensive Loss for the Period	(1,053)	-	-	(1,053)	-
Purchase of Treasury Shares	(485)	-	(485)	-	-
Value of Employee Services Pursuant to Performance Share Plan	90	-	-	-	90
Issued of shares by the Company under Performance Share Plan	-	3,228	-	-	(3,228)
Balance at 31 March 2017	999,503	940,842	(485)	59,146	-

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	
	1st Quarter to 31/3/2018	1st Quarter to 31/3/2017
Issued ordinary shares:		
As at beginning of period	1,769,525,591	1,764,670,391
Issued of shares under performance share plan	-	4,855,200
As at end of period	1,769,525,591	1,769,525,591
Treasury shares:		
As at beginning of period	11,114,100	-
Purchase of treasury shares	1,806,400	868,300.0
Reissuance of treasury shares pursuant to performance share plan	(73,800)	-
As at end of period	12,846,700	868,300.0
Issued ordinary shares excluding treasury shares	1,756,678,891	1,768,657,291

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.

	Number of Shares	
	As at 31/3/2018	As at 31/3/2017
Issued ordinary shares excluding treasury shares	1,756,678,891	1,768,657,291

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.

Please refer to item 1(d)(ii) above.

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

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

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

Not applicable.

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

The accounting policies and methods of computations applied by the Group are consistent with those used in its audited financial statements as at 31 December 2017 except for those as disclosed under item 5 below.

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

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the financial period ended 31 March 2018.

Other than those discussed below, the adoption of new SFRS(I) did not result in significant change to the Group's and Company's accounting policies and did not have material impact on the amounts reported for the current or prior financial years.

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. (Cont'd)

In previous years, the Group and the Company measured its investment in unquoted equity securities at cost less allowance for impairment. With the adoption of SFRS(I) 9 on 1 January 2018, the Group and the Company elect to measure such unquoted investment at fair value through other comprehensive income (FVOCI). The effect of this adoption results an adjustment of US$1,803,000 to the retained earnings as at 1 January 2018 which comprises of an impairment loss of US$536,000 previously recognised in statement of comprehensive income, and a difference of US$1,267,000 between the carrying amount and the fair value of the unquoted equity securities.

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.

	1st Quarter	
	2018	2017
	US Cents	US Cents
Earnings per share for the period		
(a) Based on weighted average number of ordinary shares in issue	0.95	0.12
(b) Based on a fully diluted basis	0.95	0.12
Weighted Average Number of Ordinary Shares	1,757,675,235	1,766,182,526

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

	Group		Company	
	As at 31/3/2018	As at 31/12/2017	As at 31/3/2018	As at 31/12/2017
Net asset value per ordinary share				
- in US$	0.41	0.39	0.58	0.58
- in S$	0.53	0.53	0.76	0.78

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

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

1Q 2018 vs 1Q 2017

Revenue

	1Q 2018	1Q 2017	Variance
	US$'000	US$'000	US$'000
Animal Protein Indonesia	565,072	485,456	79,616
Animal Protein Other	125,620	115,805	9,815
Dairy	99,055	82,395	16,660
Consumer Food	49,588	51,135	(1,547)
Others	6,193	1,333	4,860
Total	845,528	736,124	109,404

The Group registered continued growth in revenue, driven mainly by higher sales volumes from animal protein Indonesia and dairy segments.

Operating Profit

	1Q 2018	1Q 2017	Variance
	US$'000	US$'000	US$'000
Animal Protein Indonesia	56,425	19,510	36,915
Animal Protein Other	(109)	(5,879)	5,770
Dairy	19,267	18,332	935
Consumer Food	(1,392)	941	(2,333)
Others	(260)	3,578	(3,838)
Total	73,931	36,482	37,449

Operating profit increased by US$37.4 million mainly due to animal protein Indonesia segment recording US$36.9 million improvement in operating profit, on the back of higher sales volumes and increased margins across feed, DOC and broiler.

The "Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets" was US$59.9 million in 1Q 2018 as compared to US$29.0 million in 1Q 2017.

Loss from changes in fair value of biological assets was US$14.2 million in 1Q 2018 as compared to US$11.7 million in 1Q 2017. The loss from changes in fair value of biological assets was mainly due to the lower raw milk prices at the end of the quarter, which is used in the valuation of future income flows from the China dairy cattle herd.

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. (Cont'd)

Review of Group Performance (Cont'd)

The Group recorded a profit after tax of US$36.1 million in 1Q 2018 as compared to US$10.1 million in 1Q 2017. The Group has also started recognising 100% contribution from its dairy segment, with effect from 1 January 2018, following its acquisition of remaining interest in its dairy business.

As a result of the above, the profit attributable to owners of the parent was US$16.7 million in 1Q 2018 and US$2.1 million in 1Q 2017.

Review of Financial Position

The Group's total assets as at 31 March 2018 increased by US$40.3 million from US$2,743.1 million to US$2,783.4 million primarily due to increase in property, plant and equipment, other assets and inventories.

The Group's total liabilities as at 31 March 2018 increased by US$3.2 million from US$1,720.3 million to US$1,723.5 million primarily due to increase in provision for tax payables.

The Group's translation reserves improved from negative US$167.8 million as at 31 December 2016 to negative US$159.2 million as at 31 March 2018 mainly due to translation gain arising from the Chinese Yuan strengthening against the US Dollar.

Review of Group Cash Flow

Net cash flows from operating activities were US$22.7 million in 1Q 2018, which mainly arose from operating cash flows before changes in working capital of US$103.1 million, changes in working capital of US$67.3 million and income tax paid of US$13.2 million.

Net cash flows used in investing activities were US$61.5 million in 1Q 2018 mainly represented by the purchase of property, plant and equipment of US$58.1 million.

Net cash flows used in financing activities were US$24.8 million in 1Q 2018 mainly arose from decrease in working capital loans of US$7.6 million and interest paid of US$19.1 million.

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

Not applicable.

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

For the three months ended 31 March 2018 ("1QFY2018"), the Group recorded higher revenue and profitability, driven by PT Japfa Tbk's margin and volume expansion. Animal Protein Other ("APO") narrowed its losses and generated positive EBITDA in 1Q2018, after navigating a challenging year throughout 2017.

The agri-food business is subjected to cyclicality which directly impacts the Group's revenue and profitability. Cyclicality is dependent on a variety of external factors, including the seasonality of harvest and festivals, and macroeconomic conditions which affect consumer purchasing power, such as government policies and currency fluctuations. The industry may also be impacted by fluctuations in raw material costs and selling prices, which are determined by market demand and supply. In addition, cyclicality affects the ASPs for the Group's breeding and fattening livestock products in particular.

While cyclical and macroeconomic factors are beyond the Group's control, the management will continue to focus on areas where it can influence, including building on its strong business fundamentals and leveraging the strength of its diversified and vertically integrated business model to navigate the industry cyclicality. The Group will also strive to continually improve its operational efficiency across the four business segments – PT Japfa Tbk, Animal Protein Other, Dairy and Consumer Food – and stay the course in establishing itself as one of the most efficient and lowest cost industrialised protein producers in the emerging Asian markets that it operates in.

<u>PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk")</u>

In Indonesia, the ASPs of livestock, including DOC and broiler prices, are expected to fluctuate due to the seasonality and cyclical nature of the livestock industry. In addition, chicken consumption may be affected by factors such as any volatility in the Indonesian Rupiah.

In the second quarter of 2016, Indonesia's Business Competition Supervisory Commission ("KPPU") ruled that 32 cattle companies (including two subsidiaries of PT Japfa Tbk), a principal subsidiary of the Company listed on Bursa Efek Indonesia (IDX)) violated the law relating to cartel and production arrangements and all 32 cattle companies were fined. The aggregate fine applicable to the two subsidiaries of PT Japfa Tbk was approximately US$1 million. The Group appealed against this decision of the KPPU to the Central Jakarta District Court which on 1 August 2017 affirmed the KKPU decision. The Group appealed to the Indonesian Supreme Court against the decision of the Central Jakarta District Court on 14 August 2017. Pending the decision of the Supreme Court on this appeal, KPPU's decision does not yet have permanent legal force and the said fines are not yet payable.

In the fourth quarter of 2016, KPPU also ruled that PT Japfa Tbk and 11 poultry companies violated the law relating to cartel by collectively agreeing to cull 6 million parent-stock and all 11 poultry companies were fined for this violation. The fine applicable to PT Japfa Tbk was approximately US$1.85 million. The Group and the 10 other poultry companies appealed against this decision of KPPU to the West Jakarta District Court which in November 2017, accepted the appeal and overruled the KPPU's decision. However, in December 2017, KPPU appealed to the Supreme Court against the West Jakarta District Court decision. Until the issuance of the Supreme Court decision on such further appeal, the KPPU's decision does not have permanent legal force and the applicable fines are not yet payable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. (Cont'd)

It should also be noted that the People's Representative Council of the Republic of Indonesia ("DPR") is in the process of amending Indonesia's Anti-Monopoly Law. In the current draft, DPR is aiming to expand KPPU's authority,

to introduce new sanctions including a significantly higher fine that may be based on turnover, and to require mandatory pre-merger notification. Should the proposed amendments come into force, the Group will face new requirements which may affect its business practices. It is uncertain when the new Anti-Monopoly Law will come into force as the new law is still under intense discussions between the President and DPR.

In addition, the Indonesian government has been introducing more measures to regulate the agri-food sector. This may affect the market supply and demand dynamics and create uncertainties within the agri-food value chain in the future.

Animal Protein Other

In Vietnam, operating losses in 1Q2018 narrowed year-on-year to US$2.0 million from US$7.7 million in 1Q2017. The improved profitability was due to i) lower swine fattening costs as a result of the Group's cost containment initiatives; ii) lower costs for feed raw materials; and iii) higher poultry ASPs.

On a quarter-on-quarter basis, Vietnam's swine prices picked up 11% but remained at levels below cost. The swine market in Vietnam continues to be impacted by the curtailed demand following China's import restrictions since 4Q2016. Recovery in swine prices is expected when supply readjusts down to the new level of demand – a process that will take time due to the life cycle of swine.

If China does not adjust its policy and if the market readjustment in Vietnam is not effective, it will continue to impact Animal Protein Other's financial results.

Dairy

In China, although raw milk prices continue to be under pressure, the Group has been able to mitigate the impact through improvements in milk yields and growth in sales volume. Going forward, the Group will continue to focus on lifting milk yields and volumes to mitigate raw milk price fluctuations.

Consumer Food

In the next few quarters, the Group expects the operating landscape for Consumer Food to remain challenging amidst heightened competition, particularly in the ambient food sector.

The demand for the Group's frozen and ambient food products and "Real Good" brand of UHT products is dependent on the purchasing power in Indonesia and Vietnam, and the level of market competition. Intense competition in these markets have impacted Consumer Food's financial results.

The five emerging markets that the Group operates in continue to witness growing animal protein consumption. Against this backdrop, the Group is confident that its core competencies in large-scale farming and food production, 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 growth in the mid- to long-term.

11. Dividend

(a) Current Financial Period Reported on
Nil

(b) Corresponding Period of the Immediately Preceding Financial Year
Nil

(c) Date Payable
Not Applicable

(d) Books Closure Date
Not Applicable

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

Not applicable.

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

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

14. Announcement pursuant to Rule 704(17)(d) of the Listing Manual

New subsidiary company – PT Santosa Utama Lestari

PT Multi Makanan Permai and PT Ciomas Adisatwa, subsidiaries of PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk") have today entered into an agreement to acquire with effect from 1 May 2018, the entire issued share capital of PT Santosa Utama Lestari ("PT SUL") from PT Vasham Kosa Sejahtera and PT Mulia Membangun Mandiri (collectively, the "Vendors") associates of Hendrick Kolonas, a Non-Executive and Non-Independent Director of the Company and a Commissioner of PT Japfa Tbk and Rachel Anastasia Kolonas, daughter of Hendrick Kolonas and a Controlling Shareholder of the Company.

The consideration for the Acquisition is IDR42 billion in cash and was arrived on a willing-buyer, willing-seller basis, based on the independent valuation and fairness opinion provided by KJPP Ruky, Safrudin & Rekan (KJPP RSR) an approved valuation firm under the applicable regulations of Otoritas Jasa Keuangan (OJK). The Purchase Price is financed by internal resources of PT Japfa Tbk.

PT SUL and its subsidiary PT Sentra Satwatama operate Corn Dryers in Lampung and Sumbawa where they obtain corn directly from corn farmers, dry the corn to feedmiller specifications and sell the dried corn mainly to PT Japfa Tbk. Through this acquisition, PT Japfa Tbk can improve quality control over its corn raw materials and secure corn supply for its feed production. The Acquisition of PT SUL supports the PT Japfa Tbk group's core business under applicable OJK regulations and PT Japfa Tbk articles of association.

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the Acquisition save through their shareholdings in the Company or PT Japfa Tbk.

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

On behalf of the Board of Directors of the Company, I, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited first quarter financial results for the period ended 31 March 2018 to be false or misleading in any material respect.

16. Confirmation by the company pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

By Order of the Board
Japfa Ltd

Tan Yong Nang
Executive Director and
Chief Executive Officer
30 April 2018