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JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

JAPFA LTD.

(Registration Number: 200819599W)

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UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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		
	2017	2016	Change
	US$'000	US$'000	%
Revenue	736,124	717,661	3%
Cost of Sales	(599,775)	(571,493)	5%
Gross Profit	136,349	146,168	-7%
Marketing and Distribution Costs	(30,961)	(29,583)	5%
Administrative Expenses	(68,906)	(61,456)	12%
Operating Profit	36,482	55,129	-34%
Interest Income	918	634	45%
Finance Costs	(14,264)	(15,954)	-11%
Other Gains	5,943	1,175	406%
Share of results of Joint Ventures	(53)	(128)	-59%
Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets	**29,026**	**40,856**	-29%
Foreign Exchange Adjustments Gains	2,471	8,711	-72%
Loss from Changes in Fair Value of Biological Assets	(11,687)	(1,611)	625%
Profit Before Tax from Continuing Operations	19,810	47,956	-59%
Income Tax Expense	(9,758)	(10,856)	-10%
Profit from Continuing Operations, Net of Tax	10,052	37,100	-73%
Profit Attributable to Owners of the Parent, Net of Tax*	**2,078**	**23,390**	-91%
Profit Attributable to Non-Controlling Interests, Net of Tax	7,974	13,710	-42%
Profit, Net of Tax	10,052	37,100	-73%

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	7,299	20,698	-65%

* 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 (namely the gain/loss from the buyback of USD bonds).

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

EBITDA	65,250	77,078	-15%

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

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

	Jan - Mar		
	2017 US$'000	2016 US$'000	Change %
Finance Costs	(14,264)	(15,954)	-11%
Foreign Exchange Adjustments Gains	2,471	8,711	-72%
Depreciation of Property, Plant and Equipment and Investment Properties	(22,509)	(19,763)	14%
Amortisation of Intangible Assets	(368)	(289)	27%
Interest Income	918	634	45%
Loss from Changes in Fair Value of Biological Assets	(11,687)	(1,611)	625%
Loss from Changes in Fair Value of Financial Assets	-	(846)	-100%
Gain/(Loss) on Disposal of Property, Plant and Equipment and Investment Properties	22	(408)	n/m

n/m : not meaningful

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

Statement of Comprehensive Income

	Jan - Mar		
	2017 US$'000	2016 US$'000	Change %
Profit from Continuing Operations, Net of Tax	10,052	37,100	-73%
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of the Net Defined Benefits Plan, Net of Tax	(8,422)	732	n/m
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	9,074	28,472	-68%
Other Comprehensive Income for the Period, Net of Tax	652	29,204	-98%
Total Comprehensive Income	10,704	66,304	-84%
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	3,595	43,620	-92%
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	7,109	22,684	-69%
Total Comprehensive Income	10,704	66,304	-84%

n/m : not meaningful

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

	Group		Company	
	As at 31/3/2017 US$'000	As at 31/12/2016 US$'000	As at 31/3/2017 US$'000	As at 31/12/2016 US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	910,376	897,809	477	555
Investment Properties	10,453	10,568	-	-
Intangible Assets	8,282	8,384	-	-
Biological Assets	303,551	299,552	-	-
Investments in Subsidiaries	-	-	955,134	947,206
Investment in Joint Ventures	6,206	3,825	-	-
Deferred Tax Assets	19,172	15,714	-	-
Other Receivables	1,829	1,797	-	-
Other Financial Assets	11,718	11,164	2,948	2,948
Other Assets	14,820	15,530	-	-
Total Non-Current Assets	1,286,407	1,264,343	958,559	950,709
Current Assets				
Inventories	642,028	611,907	-	-
Biological Assets	68,312	63,597	-	-
Trade and Other Receivables	173,269	161,428	25,853	41,495
Other Financial Assets	1,240	791	547	546
Other Assets	135,101	86,965	66	59
Cash and Cash Equivalents	337,255	336,153	15,492	10,166
Total Current Assets	1,357,205	1,260,841	41,958	52,266
Total Assets	2,643,612	2,525,184	1,000,517	1,002,975
EQUITY AND LIABILITIES				
Equity				
Share Capital	940,842	937,614	940,842	937,614
Treasury Shares	(485)	-	(485)	-
Retained Earnings	405,987	408,167	59,146	60,199
Other Reserves	(377,535)	(374,504)	-	3,138
Translation Reserve	(173,839)	(179,614)	-	-
Equity Attributable to Owners of the Parent	794,970	791,663	999,503	1,000,951
Non-Controlling Interests	473,024	467,505	-	-
Put Option Reserve	(170,466)	(169,979)	-	-
Total Equity	1,097,528	1,089,189	999,503	1,000,951
Non-Current Liabilities				
Put Option Financial Liabilities	170,466	169,979	-	-
Provisions	104,021	89,525	-	-
Deferred Tax Liabilities	4,923	3,817	-	-
Other Payables	1,937	2,107	-	-
Loans and Borrowings	650,555	520,093	-	-
Other Liabilities	3,501	3,208	-	-
Total Non-Current Liabilities	935,403	788,729	-	-
Current Liabilities				
Income Tax Payable	17,238	16,812	-	-
Trade and Other Payables	263,319	301,507	1,014	2,024
Loans and Borrowings	322,448	319,715	-	-
Other Financial Liabilities	-	274	-	-
Other Liabilities	7,676	8,958	-	-
Total Current Liabilities	610,681	647,266	1,014	2,024
Total Liabilities	1,546,084	1,435,995	1,014	2,024
Total Equity and Liabilities	2,643,612	2,525,184	1,000,517	1,002,975

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

	As at 31/3/2017 US$'000	As at 31/12/2016 US$'000
Amount due within one year		
Secured	322,448	208,075
Unsecured	-	111,640
Total	322,448	319,715
Amount due more than one year		
Secured	237,123	251,507
Unsecured	413,432	268,586
Total	650,555	520,093

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

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

	1st Quarter	
	2017	2016
	US$'000	US$'000
Cash Flows From Operating Activities		
Profit Before Tax	19,810	47,956
Adjustment for:		
Amortisation of Intangible Assets	368	289
Amortisation of Land Use Rights	5	22
Depreciation of Property, Plant and Equipment and Investment Properties	22,509	19,763
Loss from Changes in Fair Value of Biological Assets	11,687	1,611
Loss on Disposal of Other Financial Assets	-	18
(Gain)/Loss from Changes in Fair Value of Derivative Financial Instruments	(725)	1,501
Loss from Changes in Fair Value of Financial Assets	-	846
(Gain)/Loss on Disposal of Property, Plant and Equipment and Investment Properties	(22)	408
Loss/(Gain) on Buyback of Bonds Payable	84	(634)
Increase in Provision for Retirement Benefits	3,632	2,857
Interest Income	(918)	(634)
Interest Expense	14,264	15,954
Share Options Granted by Subsidiary	107	105
Value of Employee Services received pursuant to Performance Share Plan	90	-
Value of Employee Services received pursuant to Performance Share Plan by Subsidiary	350	-
Share of Loss from Equity-Accounted Joint Ventures	53	128
Write-off of Property, Plant and Equipment	241	2
Net Effect of Exchange Rate Changes	1,001	5,974
Operating Cash Flows before Changes in Working Capital	72,536	96,166
Inventories	(30,121)	(6,388)
Biological Assets	(15,683)	(12,382)
Trade and Other Receivables	(11,873)	(30,684)
Other Assets	(34,462)	(11,452)
Trade and Other Payables	(25,194)	(45,713)
Provisions	(1,113)	(1,524)
Other Liabilities	(989)	907
Net Cash Flows Used in Operations	(46,899)	(11,070)
Income Taxes Paid	(20,582)	(6,072)
Net Cash Flows Used in Operating Activities	(67,481)	(17,142)
Cash Flows Used in Investing Activities		
Purchase of Property, Plant and Equipment	(42,781)	(24,662)
Purchase of Intangible Assets	(191)	(337)
Purchase of Land Use Rights	(96)	(123)
Purchase of Other Financial Assets	(541)	(1,566)
Purchase of Biological Assets	(1,726)	(3,172)
Proceeds from Disposal of Property, Plant and Equipment	113	479
Proceeds from Disposal of Investment in Other Financial Assets	-	547
Addition of Investment in Joint Venture	(2,337)	(380)
Interest Received	918	634
Net Cash Flows Used in Investing Activities	(46,641)	(28,580)

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

	1st Quarter	
	2017	2016
	US$'000	US$'000
Cash Flows From Financing Activities		
Increase in Working Capital loans	99,989	62,966
Cash Restricted in Use	3,928	(1,232)
Purchase of Treasury Shares	(485)	-
Buy Back of Bonds Payable	(2,587)	(3,285)
Repayment of Bonds Payable	(112,418)	-
Net Proceeds from Issue of bonds	144,859	-
Proceeds from Issue of New Shares by Subsidiary to Non-Controlling Interests	1,813	3,057
Acquisition of Non-Controlling Interests Without Change in Control	-	(4,396)
Dividends Paid by Subsidiary to Non-Controlling Interests	(3,753)	-
Interest Paid	(14,264)	(15,954)
Net Cash Flows From Financing Activities	117,082	41,156
Net Increase/(Decrease) in Cash and Cash Equivalents	2,960	(4,566)
Effect of exchange rate changes on cash and cash equivalents	2,070	(1,921)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	331,086	140,769
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	336,116	134,282

Notes:

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

	2017	2016
	US$'000	US$'000
Cash and Bank Balances	337,255	142,680
Less: Bank Deposit Pledged	(1,139)	(8,398)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	336,116	134,282

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

Group	Total Equity US$'000	Attributable to Parent Sub-total US$'000	Share Capital US$'000	Treasury Shares US$'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 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	(485)	(485)	-	(485)	-	-	-	-	-
Value of Employee Services Received of 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)
Balance at 1 January 2016	1,008,616	670,545	937,614	-	301,022	(396,315)	(171,776)	338,071	-
Movements in Equity:									
Total Comprehensive Income for the Period	66,304	43,620	-	-	23,820	-	19,800	22,684	-
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	3,057	-	-	-	-	-	-	3,057	-
Acquisition of Non-Controlling Interests Without Change in Control	(4,396)	(1,770)	-	-	-	(1,770)	-	(2,626)	-
Grant of Share Options by Subsidiary	105	105	-	-	-	105	-	-	-
Balance at 31 March 2016	1,073,686	712,500	937,614	-	324,842	(397,980)	(151,976)	361,186	-

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 2017	1,000,951	937,614	-	60,199	3,138
Movements in Equity:					
Total Comprehensive Income for the Period	(1,053)	-	-	(1,053)	-
Purchase of Treasury Shares	(485)	-	(485)	-	-
Value of Employee Services Received of 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	-
Balance at 1 January 2016	963,707	937,614	-	26,093	-
Movements in Equity:					
Total Comprehensive Income for the Period	1,022	-	-	1,022	-
Balance at 31 March 2016	964,729	937,614	-	27,115	-

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 2017	1st Quarter 2016
Issued ordinary shares:		
As at beginning of period	1,764,670,391	1,764,670,391
Issue of shares under performance share plan	4,855,200	-
As at end of period	1,769,525,591	1,764,670,391
Treasury shares:		
As at beginning of period	-	-
Purchase of treasury shares	868,300	-
As at end of period	868,300	-
Issued ordinary shares excluding treasury shares	1,768,657,291	1,764,670,391

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 31/3/2017	As at 31/3/2016
Issued ordinary shares excluding treasury shares	1,768,657,291	1,764,670,391

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 2016 except for those as disclosed under item 5 below.

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

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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	
	2017	2016
	US Cents	US Cents
Earnings per share for the period		
(a) Based on weighted average number of ordinary shares in issue	0.12	1.33
(b) Based on a fully diluted basis	0.12	1.33
Weighted Average Number of Ordinary Shares	1,766,342,738	1,764,670,391

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 31/3/2017	As at 31/12/2016	As at 31/3/2017	As at 31/12/2016
	US$	US$	US$	US$
Net asset value per ordinary share	0.45	0.45	0.57	0.57

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 2017 vs 1Q 2016

Revenue

	1Q 2017	1Q 2016	Variance
	US$'000	US$'000	US$'000
Animal Protein Indonesia	485,456	466,162	19,294
Animal Protein Other	115,805	136,719	(20,914)
Dairy	82,395	69,080	13,315
Consumer Food	51,135	45,700	5,435
Others	1,333	-	1,333
Total	736,124	717,661	18,463

The increase of revenue was generally due to volume increases across our operations in the animal protein Indonesia, dairy and consumer food segments. This was offset by the decrease in the revenue in the animal protein other segment because of the decline in selling prices for swine in Vietnam.

Operating Profit

	1Q 2017	1Q 2016	Variance
	US$'000	US$'000	US$'000
Animal Protein Indonesia	19,510	27,982	(8,472)
Animal Protein Other	(5,879)	10,018	(15,897)
Dairy	18,332	15,020	3,312
Consumer Food	941	431	510
Others	3,578	1,678	1,900
Total	36,482	55,129	(18,647)

The decrease of operating profit was mainly due to animal protein Indonesia and animal protein other segments. This was generally due to lower poultry prices in the animal protein Indonesia segment and significant drop in swine prices in the animal protein other segment in Vietnam. This was compensated by the increase in the operating profit in dairy segment mainly due to higher volumes of milk sold as we continue to roll out new dairy farms in China.

The "Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets" was US$29.0 million in 1Q 2017 as compared to US$40.9 million in 1Q 2016.

Loss from changes in fair value of biological assets was US$11.7 million in 1Q 2017 as compared to US$1.6 million in 1Q 2016. The loss from changes in fair value of biological assets in 1Q 2017 was mainly due to the lower raw milk prices at the end of 1Q 2017, which is used in the valuation of future income flows from the China dairy cattle herd.

As a result of the above, the Group recorded a profit after tax of US$10.1 million in 1Q 2017 as compared to US$37.1 million in 1Q 2016. The profit attributable to owners of the parent was US$2.1 million in 1Q 2017 and US$23.4 million in 1Q 2016.

Review of Financial Position

The Group's total assets as at 31 March 2017 increased by US$118.4 million from US$2,525.2 million to US$2,643.6 million primarily due to increase in property, plant and equipment, other assets and inventories.

The Group's total liabilities as at 31 March 2017 increased by US$110.1 million from US$1,436.0 million to US$1,546.1 million primarily due to issuance of new bonds.

The Group's translation reserves improved from negative US$179.6 million as at 31 December 2016 to negative US$173.8 million as at 31 March 2017 mainly due to translation gain arising from the Indonesian Rupiah strengthening against the US Dollar.

Review of Group Cash Flow

Net cash flows used in operating activities were US$67.5 million in 1Q 2017, which mainly arose from operating cash flows before changes in working capital of US$72.5 million, changes in working capital of US$119.4 million and income tax paid of US$20.6 million.

Net cash flows used in investing activities were US$46.6 million in 1Q 2017 mainly represented by the purchase of property, plant and equipment of US$42.8 million.

Net cash flows from financing activities were US$117.1 million in 1Q 2017 mainly arose from increase in working capital loans of US$100.0 million, net proceeds from issue of bonds of US$144.9 million and partially offset by repayment of bonds payable of US$112.4 million, interest paid of US$14.3 million and dividend paid by subsidiary to non-controlling interests of US$3.8 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.

In the first quarter of 2017 ("1Q2017"), the Group's profitability was impacted by the significantly lower selling prices for swine in Vietnam which started in the fourth quarter of 2016 due to China's import restrictions. In addition, Indonesia witnessed weaker broiler selling prices in 1Q2017 due to a lower-than-expected poultry demand.

The agri-food business will always be subject 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). In addition, the industry may also be impacted by fluctuations in raw material costs and selling prices, which are determined by market demand and supply.

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 strive to continually improve its operational efficiency and stay the course in establishing itself as one of the most efficient and lowest cost industrialised protein producers in the emerging markets that it operates in.

PT Japfa Tbk
In Indonesia, the ASP of livestock, including DOC and broiler prices are expected to fluctuate, due to the seasonality and cyclical nature of the livestock industry. In addition, the Group expects the Indonesian Rupiah to remain volatile in the near term which may affect chicken consumption.

In early 2016, Indonesia's Business Competition Supervisory Commission ("KPPU") issued a guilty verdict on 32 beef companies, including two subsidiaries of PT Japfa Tbk, of cartel and production arrangements, and imposed a fine of approximately US$1 million. The Group has appealed against the decision and will make further disclosures as required.

In the third quarter of 2016, the KPPU also issued a guilty verdict on PT Japfa Tbk and 11 poultry companies in relation to the industry's culling of 6 million parent stock. The total fine imposed by KPPU is approximately US$2 million. The Group has appealed against the decision and will make further disclosures as required.

Furthermore, the People's Representative Council of the Republic of Indonesia ("DPR") is currently in the process of amending the Anti-Monopoly Law. In the current draft, DPR is aiming to amend the prevailing provisions under the Anti-Monopoly Law to expand KPPU's authority. Should this amendment come through, the Group may face new requirements which may affect its business practices.

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

Animal Protein Other

In Vietnam, swine prices have continued to drop since 4Q2016, mainly due to lower demand from the Chinese market following the tightening of swine imports into China. The low swine price environment has resulted in an adverse impact on Vietnam's profits. Due to the life cycle of swine, the effect of a market supply readjustment will not be felt for the next 6 to 9 months. If China does not adjust its policy and the Vietnam supply market readjustment is not effective, this will continue to negatively impact Animal Protein Other's financial results.

To mitigate these headwinds, the Group has begun to scale back its swine fattening production volumes, while continuing to focus on improving operational efficiency. In addition, the Group is evaluating the market situation with a view to implementing an early culling program to reduce its swine breeding parent stock population.

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, growth in sales volume and control of feed costs. Going forward, the Group will continue to improve operational efficiency to sustain its operating margins.

Overall, the Group is confident that its core competencies in large-scale farming and food production across the three core pillars, 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. To tap the changing consumer dynamics, the Group will also continue to invest strategically to build up its consumer brands in Indonesia and Vietnam.

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. Pursuant to Rule 703 of the Listing Manual

As part of the Group's environmental community and sustainability project, PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk"), through its wholly owned subsidiary, PT Ciomas Adisatwa, has on 13 April 2017 completed the acquisition of 19% of the issued and paid up capital of PT Eco Partners Indonesia ("PT Eco Partners") for a total cash consideration of IDR 20.5 billion (approximately US$ 1.5 million), arrived on a "willing buyer willing seller" basis.

PT Eco Partners is the holding company of PT Fauna Land Ancol, a company engaged in the nature conservation parks business and operates a zoo located in Ancol, North Jakarta. The zoo sits on an area of approximately 5 hectares of natural land and houses rare animals from the various regions in Indonesia.

The acquisition was funded through internal resources and is not expected to have material effect on the net tangible assets per share of the Group for the current financial year.

None of the directors or substantial shareholders of the Company has any interest in the above transaction.

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 unaudited first quarter financial results for the period ended 31 March 2017 to be false or misleading in any material respect.

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

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

By Order of the Board

Tan Yong Nang
Executive Director and
Chief Executive Officer
27 April 2017