

JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 - Dec		
	2018	2017	Change
	US$'000	US$'000	%
Revenue	3,533,256	3,189,930	11%
Cost of Sales	(2,762,941)	(2,615,715)	6%
Gross Profit	770,315	574,215	34%
Marketing and Distribution Costs	(144,089)	(137,297)	5%
Administrative Expenses	(284,454)	(248,272)	15%
Operating Profit	341,772	188,646	81%
Interest Income	4,199	4,087	3%
Finance Costs	(82,526)	(67,261)	23%
Other Gain/(Loss)	24,372	(835)	n/m
Share of results of Joint Ventures	82	(134)	n/m
Foreign Exchange Adjustments (Loss)/Gain	(32,679)	5,138	n/m
Loss from Changes in Fair Value of Biological Assets	(11,625)	(22,124)	-47%
Profit Before Tax from Continuing Operations	243,595	107,517	127%
Income Tax Expense	(65,384)	(51,280)	28%
Profit from Continuing Operations, Net of Tax	178,211	56,237	217%
Profit Attributable to Owners of the Parent, Net of Tax*	**100,385**	**1,321**	n/m
Profit Attributable to Non-Controlling Interests, Net of Tax	77,826	54,916	42%
Profit, Net of Tax	178,211	56,237	217%

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	121,907	15,701	676%

* 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	456,971	290,049	58%

We define EBITDA as profit before tax from continuing operations, excluding interest income, finance costs, depreciation of property, plant and equipment, depreciation of investment properties and amortisation of intangible assets, and also excluding changes in fair value of biological assets and derivative relates to foreign exchange hedging and foreign exchange adjustments gains/(losses).

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

	Jan - Dec		
	2018 US$'000	2017 US$'000	Change %
Finance Costs	(82,526)	(67,261)	23%
Foreign Exchange Adjustments (Loss)/Gain	(32,679)	5,138	n/m
Depreciation of Property, Plant and Equipment and Investment Properties	(104,197)	(95,827)	9%
Amortisation of Intangible Assets	(2,058)	(1,859)	11%
Interest Income	4,199	4,087	3%
Loss from Changes in Fair Value of Biological Assets	(11,625)	(22,124)	-47%
Gain/(Loss) on Derivative Financial Instruments			
- Forex	15,502	(4,686)	n/m
- Non-Forex	468	(223)	n/m
(Loss)/Gain on Disposal of Property, Plant and Equipment and Investment Properties	(384)	1,553	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.

	Jan - Dec		
	2018 US$'000	2017 US$'000	Change %
Profit from Continuing Operations, Net of Tax	178,211	56,237	217%
Other Comprehensive Income/(Loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement of the Net Defined Benefits Plan, Net of Tax	13,704	(10,230)	n/m
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(78,377)	16,792	n/m
Share of Other Comprehensive Income of Joint Ventures	5	(4)	n/m
Total Comprehensive (Loss)/Income for the Year, Net of Tax	(64,668)	6,558	n/m
Total Comprehensive Income	113,543	62,795	81%
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	49,818	7,293	583%
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	63,725	55,502	15%
Total Comprehensive Income	113,543	62,795	81%

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 31/12/2018 US$'000	As at 31/12/2017 US$'000	As at 31/12/2018 US$'000	As at 31/12/2017 US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1,010,147	1,010,925	274	346
Investment Properties	5,256	5,497	-	-
Intangible Assets	12,073	10,382	-	-
Investments in Subsidiaries	-	-	1,275,982	1,280,033
Investment in Joint Ventures	5,730	6,070	-	-
Biological Assets	365,041	351,343	-	-
Deferred Tax Assets	23,593	24,037	-	-
Other Receivables	14,564	14,595	-	-
Other Financial Assets	30,401	19,289	-	-
Other Assets	82,052	64,996	-	-
Total Non-Current Assets	1,548,857	1,507,134	1,276,256	1,280,379
Current Assets				
Inventories	817,311	670,634	-	-
Biological Assets	83,229	76,227	-	-
Trade and Other Receivables	194,407	179,015	11,956	13,068
Other Financial Assets	2,488	601	2,404	601
Other Assets	74,660	74,613	3,694	1,576
Cash and Cash Equivalents	168,316	234,867	7,485	5,608
Total Current Assets	1,340,411	1,235,957	25,539	20,853
Total Assets	2,889,268	2,743,091	1,301,795	1,301,232
EQUITY AND LIABILITIES				
Equity				
Share Capital	980,946	940,842	980,946	940,842
Treasury Shares	(5,926)	(4,759)	(5,926)	(4,759)
Retained Earnings	481,721	385,116	44,674	87,350
Other Reserves	(451,091)	(459,804)	(6,192)	21
Translation Reserve	(226,263)	(167,840)	-	-
Equity Attributable to Owners of the Parent	779,387	693,555	1,013,502	1,023,454
Non-Controlling Interests	350,998	329,236	-	-
Total Equity	1,130,385	1,022,791	1,013,502	1,023,454
Non-Current Liabilities				
Provisions	85,386	105,880	-	-
Deferred Tax Liabilities	2,511	3,586	-	-
Other Payables	358	901	-	-
Loans and Borrowings	777,417	626,513	252,768	-
Other Financial Liabilities	304	8,514	303	-
Other Liabilities	3,405	3,913	-	-
Total Non-Current Liabilities	869,381	749,307	253,071	-
Current Liabilities				
Income Tax Payable	37,473	19,691	-	-
Trade and Other Payables	388,843	623,016	11,097	265,778
Loans and Borrowings	440,209	317,691	24,125	12,000
Other Financial Liabilities	8,933	1,499	-	-
Other Liabilities	14,044	9,096	-	-
Total Current Liabilities	889,502	970,993	35,222	277,778
Total Liabilities	1,758,883	1,720,300	288,293	277,778
Total Equity and Liabilities	2,889,268	2,743,091	1,301,795	1,301,232

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

	As at 31/12/2018 US$'000	As at 31/12/2017 US$'000
Amount due within one year		
Secured	381,736	317,691
Unsecured	58,473	-
Total	440,209	317,691
Amount due more than one year		
Secured	453,942	237,415
Unsecured	323,475	389,098
Total	777,417	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 the Company and its subsidiaries.

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

	Jan - Dec	
	2018	2017
	US$'000	US$'000
Cash Flows From Operating Activities		
Profit Before Tax	243,595	107,517
Adjustment for:		
Amortisation of Intangible Assets	2,058	1,859
Amortisation of Land Use Rights	572	284
Depreciation of Property, Plant and Equipment and Investment Properties	104,197	95,827
Fair Value Loss on Biological Assets	11,625	22,124
Fair Value (Gain)/Loss on Derivative Financial Instruments	(15,970)	4,909
Loss/(Gain) on Disposal of Property, Plant and Equipment and Investment Properties	384	(1,553)
Increase in Provision for Retirement Benefits	17,504	16,001
Interest Income	(4,199)	(4,087)
Interest Expense	82,526	67,261
Share Options Granted by Subsidiary	384	416
Value of Employee Services received pursuant to Performance Share Plan	1,466	111
Value of Employee Services received pursuant to Performance Share Plan by Subsidiary	293	350
Share of (Gain)/Loss from Equity-Accounted Joint Ventures	(82)	134
Write-off of Property, Plant and Equipment	648	299
Net Effect of Exchange Rate Changes	846	(4,754)
Operating Cash Flows before Changes in Working Capital	445,847	306,698
Inventories	(95,753)	(58,727)
Biological Assets	(39,524)	(44,502)
Trade and Other Receivables	(14,429)	(30,385)
Other Assets	7,767	(8,095)
Trade and Other Payables	32,781	67,049
Provisions	(12,989)	(12,231)
Other Liabilities	4,440	843
Net Cash Flows From Operations	328,140	220,650
Income Taxes Paid	(72,156)	(80,176)
Net Cash Flows From Operating Activities	255,984	140,474
Cash Flows Used in Investing Activities		
Acquisition of Subsidiaries (Net of Cash Acquired)	(2,279)	-
Purchase of Property, Plant and Equipment	(221,444)	(211,627)
Purchase of Investment Properties	(282)	-
Purchase of Intangible Assets	(2,692)	(3,163)
Purchase of Land Use Rights	(2,370)	(2,873)
Purchase of Financial Assets	(83)	(5,031)
Purchase of Biological Assets	(15,803)	(26,629)
Proceeds from Disposal of Property, Plant and Equipment	5,753	2,600
Proceeds from Disposal of Investment Properties	-	8,105
Additional Investment in Joint Ventures	-	(2,297)
Interest Income Received	4,199	4,087
Net Cash Flows Used in Investing Activities	(235,001)	(236,828)

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 - Dec	
	2018	2017
	US$'000	US$'000
Cash Flows Used in Financing Activities		
Increase in Working Capital loans	(4,782)	95,524
Proceeds from New Bank Loans	276,459	-
Decrease in Cash Restricted in Use	294	671
Purchase of Treasury Shares by the Company	(1,198)	(4,759)
Purchase of Treasury Shares by Subsidiary	-	(462)
Repayment of Bonds Payable	-	(314,775)
Proceeds from Issue of bonds	-	320,012
Proceeds from Issue of New Shares by Subsidiary to Non-Controlling Interests	-	7,607
Purchase Consideration Paid for Acquisition of Non-Controlling Interests	(223,000)	(513)
Dividends Paid to Equity holders of the Company	(6,545)	(12,533)
Dividends Paid by Subsidiary to Non-Controlling Interests	(42,308)	(24,689)
Interest Expense Paid	(82,526)	(67,261)
Net Cash Flows Used in Financing Activities	(83,606)	(1,178)
Net Decrease in Cash and Cash Equivalents	(62,623)	(97,532)
Effect of exchange rate changes on cash and cash equivalents	(3,634)	(3,083)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	230,471	331,086
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	164,214	230,471

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

	2018	2017
	US$'000	US$'000
Cash and Bank Balances	168,316	234,867
Less: Bank Deposit Pledged	(4,102)	(4,396)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	164,214	230,471

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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 2018	1,022,791	693,555	940,842	(4,759)	385,116	(459,804)	(167,840)	329,236	-
Effects of adopting FRS 109	1,803	1,803	-	-	1,803	-	-	-	-
Balance at 1 January 2018, restated	1,024,594	695,358	940,842	(4,759)	386,919	(459,804)	(167,840)	329,236	-
Movements in Equity:									
Total Comprehensive Income/(Loss) for the Year	113,543	49,818	-	-	108,241	-	(58,423)	63,725	-
Non-Controlling Interests Arising from Acquisition of Subsidiary	52	-	-	-	-	-	-	52	-
Issue of New Shares by the Company	40,104	40,104	40,104	-	-	-	-	-	-
Grant of Share Options by Subsidiary	384	384	-	-	-	384	-	-	-
Purchase of Treasury Shares by the Company	(1,198)	(1,198)	-	(1,198)	-	-	-	-	-
Value of Employee Services Pursuant to Performance Share Plan	1,466	1,466	-	-	-	1,466	-	-	-
Reissued Treasury Shares by the Company under to Performance Share Plan	-	-	-	31	-	(31)	-	-	-
Reissued Treasury Shares by Subsidiary under Performance Share Plan	293	-	-	-	-	-	-	293	-
Dividend Paid to Equity Holders of the Company	(6,545)	(6,545)	-	-	(6,545)	-	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(42,308)	-	-	-	-	-	-	(42,308)	-
Transfer to Statutory Reserve	-	-	-	-	(6,894)	6,894	-	-	-
Balance at 31 December 2018	1,130,385	779,387	980,946	(5,926)	481,721	(451,091)	(226,263)	350,998	-
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/(Loss) for the Year	62,795	7,293	-	-	(4,481)	-	11,774	55,502	-
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	7,607	-	-	-	-	-	-	7,607	-
Acquisition of Non-Controlling Interests Without a Change in Control	(265,213)	(88,636)	-	-	-	(88,636)	-	(176,577)	-
Grant of Share Options by Subsidiary	416	416	-	-	-	416	-	-	-
Reversal and Changes in Present Value of the Put Option Financial Liabilities	169,979	-	-	-	-	-	-	-	169,979
Purchase of Treasury Shares by the Company	(4,759)	(4,759)	-	(4,759)	-	-	-	-	-
Purchase of Treasury Shares by Subsidiary	(462)	-	-	-	-	-	-	(462)	-
Value of Employee Services Pursuant to Performance Share Plan	111	111	-	-	-	111	-	-	-
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 to Equity Holders of the Company	(12,533)	(12,533)	-	-	(12,533)	-	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(24,689)	-	-	-	-	-	-	(24,689)	-
Transfer to Statutory Reserve	-	-	-	-	(6,037)	6,037	-	-	-
Balance at 31 December 2017	1,022,791	693,555	940,842	(4,759)	385,116	(459,804)	(167,840)	329,236	-

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 FRS 109	1,803	-	-	1,803	-
Balance at 1 January 2018, restated	1,025,257	940,842	(4,759)	89,153	21
Movements in Equity:					
Total Comprehensive Loss for the Year	(37,934)	-	-	(37,934)	-
Issue of New Shares	40,104	40,104	-	-	-
Purchase of Treasury Shares	(1,198)	-	(1,198)	-	-
Difference in Value arising from Issuance of Consideration Shares	(7,648)	-	-	-	(7,648)
Reissued Treasury Shares by the Company under Performance Share Plan	-	-	31	-	(31)
Value of Employee Services Pursuant to Performance Share Plan	1,466	-	-	-	1,466
Dividend Paid to Equity Holders of the Company	(6,545)	-	-	(6,545)	-
Balance at 31 December 2018	1,013,502	980,946	(5,926)	44,674	(6,192)
Balance at 1 January 2017	1,000,951	937,614	-	60,199	3,138
Movements in Equity:					
Total Comprehensive Income for the Year	39,684	-	-	39,684	-
Purchase of Treasury Shares	(4,759)	-	(4,759)	-	-
Value of Employee Services Pursuant to Performance Share Plan	111	-	-	-	111
Issued of shares by the Company under Performance Share Plan	-	3,228	-	-	(3,228)
Dividend Paid to Equity Holders of the Company	(12,533)	-	-	(12,533)	-
Balance at 31 December 2017	1,023,454	940,842	(4,759)	87,350	21

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	
	4th Quarter to 31-12-2018	4th Quarter to 31-12-2017
Issued ordinary shares:		
As at beginning of period	1,859,525,591	1,769,525,591
Issued of new shares	-	-
As at end of period	1,859,525,591	1,769,525,591
Treasury shares:		
As at beginning of period	13,276,000	11,114,100
Purchase of treasury shares	795,700	-
As at end of period	14,071,700	11,114,100
Issued ordinary shares excluding treasury shares	1,845,453,891	1,758,411,491

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.

	As at 31/12/2018	As at 31/12/2017
Total number of issued shares excluding treasury shares	1,845,453,891	1,758,411,491

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

Not applicable.

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

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

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

Not applicable.

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

The accounting policies and methods of 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.

	2018 US Cents	2017 US Cents
Earnings per share for the year		
(a) Based on weighted average number of ordinary shares in issue	5.52	0.07
(b) Based on a fully diluted basis	5.52	0.07
Weighted Average Number of Ordinary Shares	1,817,279,941	1,761,627,724

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 31/12/2018	As at 31/12/2017	As at 31/12/2018	As at 31/12/2017
Net asset value per ordinary share				
- in US$	0.42	0.39	0.55	0.58
- in S$	0.58	0.53	0.75	0.78

Net asset value per ordinary share is calculated based on the equity attributable to owners of the parent 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

FY2018 vs FY2017

Revenue

	FY2018	FY2017	Variance
	US$ million	US$'000	US$ million
Animal Protein Indonesia	2,337.7	2,167.1	170.6
Animal Protein Other (APO)	580.4	475.4	105.0
Dairy	397.3	345.2	52.1
Consumer Food	202.6	200.6	2.0
Others	15.3	1.6	13.7
Total	3,533.3	3,189.9	343.4

Growth in revenue, driven mainly by higher average selling price for both poultry in Indonesia and swine fattening in APO-Vietnam as well as higher sales volumes from Dairy and poultry feed in Indonesia and Vietnam.

Operating Profit

	FY 2018	FY 2017	Variance
	US$ million	US$ million	US$ million
Animal Protein Indonesia	256.0	157.1	98.9
Animal Protein Other	33.1	(26.9)	60.0
Dairy	71.8	67.0	4.8
Consumer Food	(16.6)	(16.0)	(0.6)
Others	(2.6)	7.5	(10.1)
Total	341.8	188.6	153.2

Animal Protein Indonesia segment recorded higher operating profit driven by strong prevailing poultry average selling prices in Indonesia due to lack of DOC supply. APO turnaround to operating profit on the back of higher average selling price for swine as well as higher sales volume for poultry feed. Dairy continues to generate consistent operating profits despite pressure on raw milk prices due to higher milk yields and volumes. Consumer Food recorded operating losses as a result of continued investment in advertising and promotion to drive higher sales volume amidst tight competition.

Net gain was US$24.4 million in FY2018, which mainly arose from gain on fair value of derivative financial instruments of US$16.0 million, government grant income of US$2.1 million, bad debts recoverable from trade receivables of US$2.0 million, insurance compensation income of US$1.8 million and sale of scrap income of US$1.3 million.

Foreign exchange adjustments losses was US$32.7 million in FY 2018 as compared to foreign exchange adjustments gains of US$5.1 million in FY2017. The foreign exchange adjustments losses in FY2018 primarily due to the unrealised exchange losses arise from the translation of USD bonds in Animal Protein Indonesia segment and USD loans in Dairy segment.

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)

Loss from changes in fair value of biological assets was US$11.6 million in FY2018 as compared to US$22.1 million in FY2017. The fair value loss was a result of a lower population of heifers and calves as at the end of FY2018.

As a result of the above, the Group recorded a profit after tax of US$178.2 million in FY 2018 as compared to US$56.2 million in FY2017. The profit attributable to owners of the parent was US$100.4 million in FY 2018 as compared to US$1.3 million in FY2017.

Review of Financial Position

The Group's total assets as at 31 December 2018 increased by US$146.2 million from US$2,743.1 million to US$2,889.3 million primarily due to increase in Inventories, biological assets and trade and other receivables.

The Group's total liabilities as at 31 December 2018 increased by US$38.6 million from US$1,720.3 million to US$1,758.9 million primarily due to increase in loans and borrowings.

The Group's translation reserves increased from negative US$167.8 million as at 31 December 2017 to negative US$226.3 million as at 31 December 2018 mainly due to translation losses arising from the Indonesian Rupiah and China Renminbi weakening against the US Dollar.

Review of Group Cash Flow

Net cash flows from operating activities were US$256.0 million in FY2018, which mainly arose from operating cash flows before changes in working capital of US$445.9 million, changes in working capital of US$117.7 million and income tax paid of US$72.2 million.

Net cash flows used in investing activities were US$235.0 million in FY2018 mainly represented by the purchase of property, plant and equipment of US$221.4 million.

Net cash flows used in financing activities were US$83.6 million in FY2018 mainly arose from purchase consideration paid for acquisition of remaining non-controlling interests in subsidiaries of US$223.0 million, interest paid of US$82.5 million and partially offset by proceeds from new bank loans of US$276.5 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 financial year ended 31 December 2018 ("FY2018"), the Group delivered strong revenue and earnings across its core business pillars, driven by higher feed sales volume and higher ASPs for Indonesia poultry, a turnaround in Vietnam operating profits as a result of the re-balancing of demand-supply dynamics in the domestic Vietnam swine market, and recognition of 100% of full year contribution from its wholly-owned Dairy segment.

The Group's revenue and profitability is directly impacted by cyclicality in the agri-business, which is dependent on a variety of external factors, including the seasonality of harvest and festivals, macroeconomic conditions that affect consumer purchasing power, government policies as well as changes to the market demand and supply situation which determine raw material costs and selling prices. Recent trade tensions between US and China may also result in near-term distortion of prices and physical flow of grains such as corn and soybean as well as animal protein products. The volatility in foreign exchange rates will affect the Group's financial results which are reported in USD terms. Our business involves livestock, of which diseases represent a major risk. The transmission of diseases, such as the recent African swine fever ("ASF") outbreak in China that has spread to other Asian geographies including Vietnam, may affect the business from time to time. These uncertainties may impact the Group's operations and financial results.

While cyclical and macroeconomic factors are beyond the Group's control, the management will continue to focus on building its strong business fundamentals and enhancing its operational efficiency across its four business segments. The Group aims to be one of the most efficient and lowest cost industrialised protein producers in the emerging Asian markets that it operates in and leverage the strength of its diversified and vertically-integrated business model to navigate industry cyclicality.

<u>PT Japfa Tbk</u>
In FY2018, PT Japfa Tbk saw higher ASPs for DOC and Broilers in Indonesia on the back of strong market demand given the shortage of supply in the market. Prices may ease in the quarters ahead following the re-balancing of demand-supply in the market. 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. The recent depreciation of the Indonesian Rupiah may delay the pass on of the higher imported raw material cost into our feed selling price. Chicken consumption may also be affected by such volatility of the Indonesian Rupiah.

With the recent strong chicken prices, there is a risk that the Indonesian government could introduce 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.

<u>Animal Protein Other</u>
Led by the recovery in swine prices, Vietnam recorded strong operating profit of US$30.9 million in FY2018, after returning to profitability in the second quarter of 2018 ("2Q2018"). Swine fattening prices in Vietnam recovered above cost in 2Q2018, and also above 4Q2016 price levels when China imposed an import ban on Vietnamese swine in November 2016. The current recovery in prices reflects the demand-supply re-balancing of Vietnam's domestic swine market, without any exports to China.

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)

In February 2019 the first confirmed cases of ASF were reported in Vietnam. A potential outbreak of the disease may impact our swine operations going forward. Cost of production will increase, sales volume could reduce and it is uncertain whether swine ASPs will adjust sufficiently to compensate. Cost of production will increase due to the implementation of enhanced bio-security measures. Sales volume of Japfa swine feed sold to external parties will reduce as the swine population in Vietnam is likely to decline with the culling of infected animals. In addition, sales volume of Japfa fattening swine could be impacted in the event any of our farms is directly affected by ASF.

As an industrialised farmer, Japfa takes the threat of potential disease outbreak very seriously and has stringent bio-security practices in place to minimise the incidence of such threats in its operation. Reaction time to manage a disease outbreak is crucial. The Group will closely monitor the situation and adhere to any government policies on the matter.

Myanmar is facing increasing competitive pressures as well as higher local corn prices, which may affect its profitability in the near term.

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

The Group's Consumer Food segment continued to record operating losses in FY2018, given the competitive operating landscape both in Indonesia and Vietnam. Should the high chicken prices persist in Indonesia, it will have an adverse impact on Indonesia's consumer food profits.

In Vietnam, it remains challenging to penetrate the local ambient food sector given the intense competition, especially against a strong market leader. The management will monitor the situation closely, and devise and implement countermeasures in the near term.

Conclusion

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

Final dividend
In relation to the financial year ended 31 December 2018, the Board of Directors has proposed:
(i) a final ordinary dividend of 1.0 Singapore cent per ordinary share (tax exempt one-tier); and
(ii) a final special dividend of 1.0 Singapore cent per ordinary share (tax exempt one-tier).

(b) Corresponding Period of the Immediately Preceding Financial Year

Final dividend
In relation to the financial year ended 31 December 2017, the Company issued a final dividend of 0.5 Singapore cents per ordinary share (tax exempt one-tier).

(c) Date Payable
The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be as follows:
(i) the final ordinary dividend of 1.0 Singapore cent per ordinary share will be payable on or about 21 May 2019; and
(ii) the final special dividend of 1.0 Singapore cent per ordinary share will be payable in two instalments, 0.5 Singapore cents on or about 21 May 2019; and the remaining 0.5 Singapore cents on or about 31 October 2019.

(d) Books Closure Date
The books closure date will be announced at a later date.

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. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Twelve Months Ended 31 December 2018

	Animal Protein Indonesia US$'000	Animal Protein Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Consumer Food US$'000	Others US$'000	Group US$'000
Revenue by Segment							
External revenue	2,337,679	580,416	2,918,095	397,303	202,566	15,292	3,533,256
Inter-segment revenue	44,934	2,704	47,638	11,433	766	(59,837)	-
Total revenue	2,382,613	583,120	2,965,733	408,736	203,332	(44,545)	3,533,256
Operating profit	256,043	33,116	289,159	71,842	(16,632)	(2,597)	341,772
Interest income	2,763	990	3,753	355	8	83	4,199
Finance costs	(38,380)	(7,427)	(45,807)	(16,197)	(5,355)	(15,167)	(82,526)
Foreign exchange adjustments (loss)/gain	(23,421)	(3,106)	(26,527)	(7,562)	1,674	(264)	(32,679)
(Loss)/gain from changes in fair value of biological assets	(2,757)	4,478	1,721	(13,346)	-	-	(11,625)
Share of results of joint ventures	-	(23)	(23)	-	105	-	82
Others	16,361	(91)	16,270	7,437	880	(215)	24,372
Profit/(loss) before income tax	210,609	27,937	238,546	42,529	(19,320)	(18,160)	243,595
Income tax expense	(54,601)	(4,638)	(59,239)	(465)	(138)	(5,542)	(65,384)
Profit/(loss), net of income tax	156,008	23,299	179,307	42,064	(19,458)	(23,702)	178,211

Twelve Months Ended 31 December 2017

	Animal Protein Indonesia US$'000	Animal Protein Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Consumer Food US$'000	Others US$'000	Group US$'000
Revenue by Segment							
External revenue	2,167,096	475,359	2,642,455	345,235	200,641	1,599	3,189,930
Inter-segment revenue	38,847	-	38,847	2,043	684	(41,574)	-
Total revenue	2,205,943	475,359	2,681,302	347,278	201,325	(39,975)	3,189,930
Operating profit	157,077	(26,899)	130,178	66,960	(15,957)	7,465	188,646
Interest income	2,573	1,016	3,589	355	6	137	4,087
Finance costs	(37,792)	(6,217)	(44,009)	(15,959)	(5,749)	(1,544)	(67,261)
Foreign exchange adjustments (loss)/gain	(3,734)	783	(2,951)	7,521	361	207	5,138
Loss from changes in fair value of biological assets	(419)	(4,800)	(5,219)	(16,905)	-	-	(22,124)
Share of results of joint ventures	-	17	17	-	(151)	-	(134)
Others	7,444	(1,033)	6,411	(6,760)	692	(1,178)	(835)
Profit/(loss) before income tax	125,149	(37,133)	88,016	35,212	(20,798)	5,087	107,517
Income tax expense	(47,146)	(320)	(47,466)	(1,529)	849	(3,134)	(51,280)
Profit/(loss), net of income tax	78,003	(37,453)	40,550	33,683	(19,949)	1,953	56,237

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

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to notes 8 and 14.

16. A breakdown of sales

		GROUP		
		2018 US$'000	2017 US$'000	Change %
(a)	Sales reported for the first half year	1,746,557	1,526,372	14%
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	91,136	25,433	258%
(c)	Sales reported for second half year	1,786,699	1,663,558	7%
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	87,064	30,804	183%

n/m : not meaningful

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	2018 US$'000	2017 US$'000
Ordinary, first and final*	27,250	6,545

*2018 proposed first and final ordinary dividend is estimated based on number of shares outstanding and exchange rate at the end of the financial year.

18. Disclosures pursuant to Chapter 7 Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual").

The persons occupying a managerial position in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company are as follows:

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Renaldo Santosa	28	Son of Executive Director and Deputy Chairman Handojo Santosa Nephew of Non-Executive Director, Mr Hendrick Kolonas. Renaldo is also a deemed Substantial Shareholder of the Company by virtue of his being a beneficiary of the Scuderia Trust.	Head of Business Development & Strategy Position held since 1 March 2017 Duties: Reports to Executive Deputy Chairman and Chief Executive Officer to: - Investigate, identify and propose potential market segments and opportunities. - Develop and propose new business, partnerships, strategies, and models aligned to the Company's strategy to expand and grow the business where possible. - Develop negotiating strategies and positions to ensure alignment with company strategies and operations. - Assessment of business deals by analysing market strategies, deal requirements, potential and financials. - Identify appropriate technologies/ trends to improve business. - Review existing operations and operational procedures to achieve greater efficiencies and effectiveness. - Manage strategic projects and initiatives.	No change

18. Disclosures pursuant to Chapter 7 Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual"). (Cont'd)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Gabriella Santosa	26	Daughter of Executive Director and Deputy Chairman Handojo Santosa Niece of Non-Executive Director, Mr Hendrick Kolonas. Gabriella is also a deemed Substantial Shareholder of the Company by virtue of her being a beneficiary of the Scuderia Trust.	Business Development Manager Position held since 1 March 2017 Duties: - Expand our network and partnerships mainly in animal health and technology. - Explore new venture potential in both new growth areas and existing operations. - Focus resources to support technological efficiencies and innovation in current operational process. - Manage deal pipeline of new business opportunities. - Understand new markets for the Group to consider expansion.	No change

19. Announcement pursuant to Chapter 7 Rule 704(29) of the Listing Manual

Pursuant to Rule 704(29) of the Listing Manual the Company wishes to announce the following details of the grant of share awards ("2018 Share Awards") under the Japfa Ltd Performance Share Plan:

A. In respect of FY2018

(a)	Date of grant	28 February 2019
(b)	Number of shares which are the subject of the Share Awards	288,900
(c)	Market price of shares on the date of grant	S$0.765
(d)	Number of shares which are the subject of the Share Awards granted to eligible participants are as follows: (i) Employees of the Company and its subsidiaries	288,900 ordinary shares
	(ii) Directors of the Company	Nil
	(iii) Controlling Shareholders (and their associates) of the Company	Nil

19. Announcement pursuant to Chapter 7 Rule 704(29) of the Listing Manual (Cont'd)

B. In respect of FY2017

The Company refers to its announcement dated 21 December 2017 in relation to the grant of 21,650,000 conditional share awards under Japfa Performance Share Plan in respect of FY2017 ("FY2017 Grants").

The Company is pleased to announce that the performance condition to its FY2017 Grants has been achieved. In fulfilment of the said FY2017 Grants, will issue and allot 21,275,000 fully paid ordinary shares to the eligible employees.

(a)	Date of grant (on satisfaction of performance condition)	28 February 2019
(b)	Number of shares which are the subject of the Awards	21,275,000 ordinary shares
(c)	Market price of shares on the date of grant	S$0.765
(d)	Number of shares which are the subject of the Awards granted to eligible participants are as follows: (i) Employees of the Company and its subsidiaries	10,275,000 ordinary shares
	(ii) Directors of the Company	10,000,000 ordinary shares to Mr Tan Yong Nang, Executive Director and Chief Executive Officer 1,000,000 ordinary shares to Mr Kevin John Monteiro, Executive Director and Chief Financial Officer
	(iii) Controlling Shareholders (and their associates) of the Company	Nil

A separate announcement on the issue and allotment of the aggregate 21,563,900 fully paid ordinary shares in the capital of the Company (in respect of the 2018 Share Awards and the 2017 Grants) will be released in due course.

20. 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
28 February 2019