

JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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		
	2016 US$'000	2015 US$'000	*Change*
Revenue	3,032,944	2,787,061	9%
Cost of Sales	(2,367,575)	(2,266,806)	4%
Gross Profit	665,369	520,255	28%
Marketing and Distribution Costs	(120,669)	(109,049)	11%
Administrative Expenses	(233,282)	(194,561)	20%
Operating Profit	311,418	216,645	44%
Interest Income	3,580	2,859	25%
Finance Costs	(60,035)	(70,079)	-14%
Other Gains	27,017	10,885	148%
Share of results of Joint Ventures	(367)	(798)	-54%
Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets	**281,613**	**159,512**	77%
Foreign Exchange Adjustments Losses	(8,284)	(41,954)	-80%
Loss from Changes in Fair Value of Biological Assets	(18,703)	(5,633)	232%
Profit Before Tax from Continuing Operations	254,626	111,925	127%
Income Tax Expense	(56,905)	(20,159)	182%
Profit from Continuing Operations, Net of Tax	197,721	91,766	115%
Profit Attributable to Owners of the Parent, Net of Tax*	**118,784**	**64,696**	84%
Profit Attributable to Non-Controlling Interests, Net of Tax	78,937	27,070	192%
Profit, Net of Tax	197,721	91,766	115%

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	130,226	88,251	48%

* 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 from the buyback of USD bonds of US$0.6 million in FY2016 (FY2015: US$6.4 million) and the gain on disposal of asset held for sale of US$3.5 million in FY2016) attributable to 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. 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	423,307	297,496	42%

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 - Dec		
	2016	2015	
	US$'000	US$'000	*Change*
Finance Costs	(60,035)	(70,079)	-14%
Foreign Exchange Adjustments Losses	(8,284)	(41,954)	-80%
Depreciation of Property, Plant and Equipment and Investment Properties	(83,270)	(72,007)	16%
Amortisation of Intangible Assets	(1,496)	(1,254)	19%
Interest Income	3,580	2,859	25%
Loss from Changes in Fair Value of Biological Assets	(18,703)	(5,633)	232%
(Loss)/Gain from Changes in Fair Value of Financial Assets	(473)	2,497	n/m
Gain on Disposal of Property, Plant and Equipment and Investment Properties	2,915	317	820%

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 - Dec		
	2016	2015	
	US$'000	US$'000	*Change*
Profit from Continuing Operations, Net of Tax	197,721	91,766	115%
Other Comprehensive Income/(Loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement of the Net Defined Benefits Plan, Net of Tax	(5,589)	2,763	n/m
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(12,068)	(82,402)	-85%
Share of Other Comprehensive Income of Joint Ventures	(4)	-	n/m
Other Comprehensive Loss for the Year, Net of Tax	(17,661)	(79,639)	-78%
Total Comprehensive Income	180,060	12,127	n/m
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	107,162	10,100	961%
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	72,898	2,027	n/m
Total Comprehensive Income	180,060	12,127	n/m

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 31/12/2016 US$'000	As at 31/12/2015 US$'000 (Restated)	As at 1/1/2015 US$'000 (Restated)	As at 31/12/2016 US$'000	As at 31/12/2015 US$'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	897,809	834,952	833,758	555	416
Investment Properties	10,568	924	2,670	-	-
Intangible Assets	8,384	8,525	9,440	-	-
Biological Assets	299,552	290,064	260,289	-	-
Investments in Subsidiaries	-	-	-	947,206	790,075
Investment in Joint Ventures	3,825	3,476	3,054	-	-
Deferred Tax Assets	15,714	12,729	16,190	-	-
Other Receivables	1,797	349	367	-	-
Other Financial Assets	11,164	-	-	2,948	-
Other Assets	15,530	15,065	17,579	-	-
Total Non-Current Assets	1,264,343	1,166,084	1,143,347	950,709	790,491
Current Assets					
Inventories	611,907	609,437	598,118	-	-
Biological Assets	63,597	51,917	62,393	-	-
Trade and Other Receivables	161,428	132,381	150,616	41,495	177,177
Other Financial Assets	791	9,529	2,849	546	4,092
Other Assets	86,965	95,304	83,026	59	58
Cash and Cash Equivalents	336,153	147,935	286,661	10,166	14,258
Total Current Assets	1,260,841	1,046,503	1,183,663	52,266	195,585
Total Assets	2,525,184	2,212,587	2,327,010	1,002,975	986,076
EQUITY AND LIABILITIES					
Equity					
Share Capital	937,614	937,614	937,614	937,614	937,614
Retained Earnings	408,167	301,022	238,601	60,199	26,093
Other Reserves	(374,504)	(396,315)	(398,931)	3,138	-
Translation Reserve	(179,614)	(171,776)	(115,416)	-	-
Equity Attributable to Owners of the Parent	791,663	670,545	661,868	1,000,951	963,707
Non-Controlling Interests	467,505	338,071	332,406	-	-
Put Option Reserve	(169,979)	(180,946)	(166,536)	-	-
Total Equity	1,089,189	827,670	827,738	1,000,951	963,707
Non-Current Liabilities					
Put Option Financial Liabilities	169,979	180,946	166,536	-	- -
Provisions	89,525	74,801	81,316	-	-
Deferred Tax Liabilities	3,817	4,512	7,317	-	-
Other Payables	2,107	642	352	-	-
Loans and borrowings	520,093	510,436	506,878	-	-
Other Liabilities	3,208	3,267	2,408	-	-
Total Non-Current Liabilities	788,729	774,604	764,807	-	-
Current Liabilities					
Income Tax Payable	16,812	13,045	7,885	-	-
Trade and Other Payables	301,507	259,971	233,129	2,024	2,119
Loans and borrowings	319,715	329,905	485,597	-	20,250
Other Financial Liabilities	274	166	96	-	-
Other Liabilities	8,958	7,226	7,758	-	-
Total Current Liabilities	647,266	610,313	734,465	2,024	22,369
Total Liabilities	1,435,995	1,384,917	1,499,272	2,024	22,369
Total Equity and Liabilities	2,525,184	2,212,587	2,327,010	1,002,975	986,076

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

	As at 31/12/2016 US$'000	As at 31/12/2015 US$'000
Amount due within one year		
Secured	208,075	329,905
Unsecured	111,640	-
Total	319,715	329,905
Amount due more than one year		
Secured	251,507	204,008
Unsecured	268,586	306,428
Total	520,093	510,436

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.

	Jan - Dec	
	2016	2015
	US$'000	US$'000
Cash Flows From Operating Activities		
Profit Before Tax	254,626	111,925
Adjustment for:		
Amortisation of Intangible Assets	1,496	1,254
Amortisation of Land Use Rights	238	23
Depreciation of Property, Plant and Equipment and Investment Properties	83,270	72,007
Loss from Changes in Fair Value of Biological Assets	18,703	5,633
(Gain)/Loss on Disposal of Other Financial Assets	(149)	63
Loss/(Gain) from Changes in Fair Value of Derivative Financial Instruments	278	(544)
Loss/(Gain) from Changes in Fair Value of Financial Assets	473	(2,497)
Gain on Disposal of Property, Plant and Equipment and Investment Properties	(2,915)	(317)
Fair Value Gain on Call Option Assets	(2,948)	-
Gain on Buyback of Bonds Payable	(589)	(6,400)
Increase in Provision for Retirement Benefits	10,500	12,836
Interest Income	(3,580)	(2,859)
Interest Expense	60,035	70,079
Share Options Granted by Subsidiary	491	302
Share Performance Plan Expense	3,138	-
Share of Loss from Equity-Accounted Joint Ventures	367	798
Write-off of Property, Plant and Equipment	699	119
Net Effect of Exchange Rate Changes	8,101	8,103
Operating Cash Flows Before Changes in Working Capital	432,234	270,525
Inventories	(2,470)	(11,319)
Biological Assets	(27,026)	(17,938)
Trade and Other Receivables	(30,495)	18,253
Other Assets	(1,306)	(10,553)
Trade and Other Payables	36,228	32,624
Provisions	(5,123)	(7,110)
Other Liabilities	1,673	326
Net Cash Flows From Operations	403,715	274,808
Income Taxes Paid	(40,773)	(18,221)
Net Cash Flows From Operating Activities	362,942	256,587
Cash Flows Used in Investing Activities		
Acquisition of Subsidiaries (Net of Cash Acquired)	-	6
Purchase of Property, Plant and Equipment	(168,421)	(152,866)
Purchase of Intangible Assets	(1,121)	(1,150)
Purchase of Land Use Rights	(4,900)	(1,016)
Purchase of Other Financial Assets	(3,200)	(5,000)
Purchase of Biological Assets	(26,726)	(31,782)
Proceeds from Disposal of Property, Plant and Equipment	22,524	958
Proceeds from Disposal of Investment Properties	511	-
Proceeds from Disposal of Investment in Other Financial Assets	3,222	1,173
Addition of Investment in Joint Venture	(666)	(1,460)
Interest Received	3,580	2,859
Net Cash Flows Used in Investing Activities	(175,197)	(188,278)

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	
	2016	2015
	US$'000	US$'000
Cash Flows From/(Used in) Financing Activities		
Repayment of Loans and Borrowings	(154,601)	(211,319)
Proceeds from New Bank Loans	80,270	93,246
Cash Restricted in Use	2,099	(1,697)
Buy back of Bonds Payable	(5,323)	(15,385)
Proceeds from Disposal of Shares in Subsidiary to Non-Controlling Interests Without Change in Control	28,994	-
Proceeds from Issue of New Shares by Subsidiary to Non-Controlling Interests	60,022	9,590
Proceeds from issue of Bonds	73,709	-
Acquisition of Non-Controlling Interests Without Change in Control	(4,634)	(7,692)
Dividend Paid to Equity Holders of the Company	(6,464)	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(11,055)	-
Interest Paid	(60,035)	(70,079)
Net Cash Flows From/(Used in) Financing Activities	2,982	(203,336)
Net Increase/(Decrease) in Cash and Cash Equivalents	190,727	(135,027)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(410)	(5,396)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	140,769	281,192
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	331,086	140,769

Notes:

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

	Jan - Dec	
	2016	2015
	US$'000	US$'000
Cash and Bank Balances	336,153	147,935
Less: Bank Deposit Pledged	(5,067)	(7,166)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	331,086	140,769

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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$'000	Retained Earnings US$'000	Other Reserves US$'000	Translation Reserve US$'000	Non-Controlling Interests US$'000	Put Option Reserve US$'000
Balance at 1 January 2016	827,670	670,545	937,614	301,022	(396,315)	(171,776)	338,071	(180,946)
Movements in Equity:								
Total Comprehensive Income for the Year	180,060	107,162	-	115,000	-	(7,838)	72,898	-
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	6,612	-	-	-	-	-	6,612	-
Disposal of Shares in Subsidiary to Non-Controlling Interests Without Change in Control	28,994	7,876	-	-	7,876	-	21,118	-
Deemed Disposal of Shares in Subsidiary to Non-Controlling Interests Without Change in Control	53,410	10,660	-	-	10,660	-	42,750	-
Acquisition of Non-Controlling Interests Without Change in Control	(4,634)	(1,745)	-	-	(1,745)	-	(2,889)	-
Grant of Share Options	491	491	-	-	491	-	-	-
Changes in Present value of the Exercise Price of Written Put Options	10,967	-	-	-	-	-	-	10,967
Value of Employee Services Received of Shares Performance Plan	3,138	3,138	-	-	3,138	-	-	-
Dividend Paid to Equity Holders of the Company	(6,464)	(6,464)	-	(6,464)	-	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(11,055)	-	-	-	-	-	(11,055)	-
Transfer to Statutory Reserves	-	-	-	(1,391)	1,391	-	-	-
Balance at 31 December 2016	1,089,189	791,663	937,614	408,167	(374,504)	(179,614)	467,505	(169,979)
Balance at 1 January 2015	994,274	661,868	937,614	238,601	(398,931)	(115,416)	332,406	-
Restatement (see Para 5)	(166,536)	-	-	-	-	-	-	(166,536)
Balance at 1 January 2015, restated	827,738	661,868	937,614	238,601	(398,931)	(115,416)	332,406	(166,536)
Movements in Equity:								
Total Comprehensive Loss for the Year	12,127	10,100	-	66,460	-	(56,360)	2,027	-
Issue of New Shares by Subsidiary to Non-Controlling Interests Without a Change in Control	9,590	-	-	-	-	-	9,590	-
Acquisition of Non-Controlling Interests Without Change in Control	(7,692)	(1,725)	-	-	(1,725)	-	(5,967)	-
Grant of Share Options	302	302	-	-	302	-	-	-
Changes in Present value of the Exercise Price of Written Put Options (see Para 5)	(14,410)	-	-	-	-	-	-	(14,410)
Non-Controlling Interests arising from Acquisition of Subsidiary	15	-	-	-	-	-	15	-
Transfer to Statutory Reserves	-	-	-	(4,039)	4,039	-	-	-
Balance at 31 December 2015	827,670	670,545	937,614	301,022	(396,315)	(171,776)	338,071	(180,946)

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	Retained Earnings US$'000	Other Reserves US$'000
Balance at 1 January 2016	963,707	937,614	26,093	-
Movements in Equity:				
Total Comprehensive Income for the Year	40,570	-	40,570	-
Value of Employee Services Received of Shares Performance Plan	3,138			3,138
Dividend Paid to Equity Holders of the Company	(6,464)	-	(6,464)	-
Balance at 31 December 2016	1,000,951	937,614	60,199	3,138
Balance at 1 January 2015	959,643	937,614	22,029	-
Movements in Equity:				
Total Comprehensive Income for the Year	4,064	-	4,064	-
Balance at 31 December 2015	963,707	937,614	26,093	-

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	
	31/12/2016	31/12/2015
Issued and fully paid ordinary shares:		
As at beginning and end of year	1,764,670,391	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.

	As at 31/12/2016	As at 31/12/2015
Number of issued shares	1,764,670,391	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.

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 computation applied by the Group are consistent with those used in its audited financial statements as at 31 December 2015 except for those as disclosed under Para 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.

A. 1 January 2016 New or amended FRS and Interpretations to FRS ("INT FRS")

The Group has adopted the INT FRS that are mandatory for application from 1 January 2016. The adoption of these new or amended FRS and INT FRS does not have any material effect on the financial statements.

B. Change in accounting treatment of AustAsia Investment Holdings Pte Ltd ("AIH") and AIH2 Pte Ltd ("AIH2") Put Options

As the Company has disclosed in its FY2015 financial statements:

AIH's Put Option

Under the AIH Shareholder's Agreement dated 2 April 2014 (as amended on 16 November 2016), the BR Group and the Company (the "AIH Shareholders") have agreed that they shall each, subject to profitability, viability and satisfactory reviews and recommendations by competent financial advisers and prevailing market conditions at the time, use all reasonable endeavors to procure that application be made by AIH for the admission of AIH to an internationally recognised securities exchange on or before 17 August 2018 ("AIH IPO Target Date"). In the event an initial public offering of shares in, or assets and businesses of, AIH ("AIH IPO") does not take place on or before the AIH IPO Target Date, the BR Group shall be entitled at any time between August 12, 2018 and September 12, 2018 to require the Company to purchase from the BR Group the shares in AIH ("AIH Shares") owned by the BR Group ("Option Shares") as at the date of the notice ("AIH Put Option").
The BR Group shall have the option to elect to receive payment of the Put Option Purchase Price by way of a combination of cash and/or shares in the Company, where an election for shares in the Company will be subject to a maximum of 14.9% of the issued and paid-up share capital being held by the BR Group, BR Fund 2 and their associates, on the AIH IPO Target Date.

AIH2's Put Option

Under the AIH2 Shareholder's Agreement dated 1 December 2014, BR Fund 2 has the option to require the Company to purchase the shares in AIH2 owned by the BR Fund 2 ("AIH2 Option Shares") in the event an initial public offering of shares in AIH2 ("AIH2 IPO") does not take place by the AIH2 IPO target date ("AIH2 Put Option"). The AIH2 Put Option is substantially on the same terms as those set out in AIH Put Option except for the AIH2 IPO target date of 12 August 2018 and AIH2 Put Option will lapse on 12 September 2018.

The Company has reclassified the value of the AIH and AIH2 Put Options as financial liabilities from equity of the Group. The reclassification entry is to recognise the "Put Option Financial Liabilities" with a corresponding entry of the same amount to a "Put Option Reserve" in equity of the Group. The amount of the financial liabilities is calculated based on the estimated present value of the redemption amounts of the put options. Management has adopted an accounting policy choice to recognise the changes in the carrying amount of the financial liabilities in equity. Restatements have been made to the prior year's financial statements to enhance comparability with the current year's reclassification as follows:

2015 Group	As previously Reported US$'000	Reclassification adjustments US$'000	As restated US$'000
Total equity			
Put option reserve	-	(180,946)	(180,946)
Non-current liabilities			
Put Option financial liabilities	-	180,946	180,946

2014 Group	As previously Reported US$'000	Reclassification adjustments US$'000	As restated US$'000
Total equity			
Put option reserve	-	(166,536)	(166,536)
Non-current liabilities			
Put Option financial liabilities	-	166,536	166,536

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.

	2016 US Cents	2015 US Cents
Earnings per share for the year		
(a) Based on weighted average number of ordinary shares in issue	6.73	3.67
(b) Based on a fully diluted basis	6.73	3.67
Weighted Average Number of Ordinary Shares	1,764,670,391	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 31/12/2016 US$	As at 31/12/2015 US$ (Restated)	As at 1/1/2015 US$ (Restated)	As at 31/12/2016 US$	As at 31/12/2015 US$
Net assets value per ordinary share	0.45	0.38	0.38	0.57	0.55

Net assets value per ordinary share is based on the issued share capital of the Company at the end of the financial year.

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

FY 2016 vs FY 2015

Revenue

	FY2016	FY2015	Variance
	US$'000	US$'000	US$'000
Animal Protein Indonesia	1,986,595	1,814,482	172,113
Animal Protein Other	562,045	534,064	27,981
Dairy	282,529	257,431	25,098
Consumer Food	198,677	181,084	17,593
Others	3,098	-	3,098
Total	3,032,944	2,787,061	245,883

All business segments showed an improvement in revenue mainly due to the improved poultry market from the Indonesia operations in the animal protein segment and also higher sales volumes across all other business segments.

Operating profit

	FY2016	FY2015	Variance
	US$'000	US$'000	US$'000
Animal Protein Indonesia	216,665	126,377	90,288
Animal Protein Other	42,484	35,813	6,671
Dairy	51,389	45,113	6,276
Consumer Food	2,970	4,317	(1,347)
Others	(2,090)	5,025	(7,115)
Total	311,418	216,645	94,773

The increase in operating profit was mainly due to improvement in the profitability from the Indonesia operations in the animal protein segment. The poultry prices in Indonesia were stable throughout FY2016 which led to improved breeding margins, whereas in FY2015, poultry prices only recovered in the second half of 2015. In addition, the lower costs of feed resulted in healthy margins.

	FY2016	FY2015	Variance
	US$'000	US$'000	US$'000
Other Gains	27,017	10,885	16,132

Other Gains in FY2016 includes (i) an extraordinary gain on disposal of non-current assets of US$3.5 million arising from the sale of Riveren and Inverway cattle station properties in Australia, and (ii) an extraordinary gain of US$0.6 million from the buyback of USD bonds (FY2015: US$6.4 million), and (iii) a gain of US$13.7 million which arises from the sale of the cattle herd at the Riveren and Inverway cattle stations.

The "Profit Before Foreign Exchange Adjustments and Changes in Fair Value of Biological Assets" was US$281.6 million in FY2016 as compared to US$159.5 million in FY2015.

Loss from changes in fair value of biological assets was US$18.7 million in FY2016 as compared to US$5.6 million in FY2015. The loss from changes in fair value of biological assets in FY2016 was mainly due to the lower raw milk prices at the end of FY2016, 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$197.7m in FY2016 as compared to US$91.8m in FY2015. The profit attributable to owners of the parent was US$118.8 million in FY2016 and US$64.7 million in FY2015.

Review of Financial Position

The Group's total assets as at 31 December 2016 increased by US$312.6 million from US$2,212.6 million to US$2,525.2 million primarily due to increase in cash and cash equivalents and property, plant and equipment.

The Group's total liabilities as at 31 December 2016 increased by US$51.1 million from US$1,384.9 million to US$1,436.0 million primarily due to increase in trade and other payables.

In August 2016, global investment firm KKR's US$81.9 million-investment in PT Japfa Tbk was completed through a private placement in PT Japfa Tbk for US$53.4 million and purchase of shares in PT Japfa Tbk from the Company for US$28.5. Following this transaction, the Group recorded a capital reserve of US$18.4 million as a result of a reduction in its ownership in PT Japfa Tbk from 58.7% to 51.0%.

Review of Group Cash Flow

Net cash flows from operating activities were US$362.9 million in FY2016, which mainly arose from operating cash flows before changes in working capital of US$432.2 million, changes in working capital of US$28.5 million and income tax paid of US$40.8 million.

Net cash flows used in investing activities were US$175.2 million in FY2016 mainly represented by the purchase of property, plant and equipment of US$168.4 million.

Net cash flows from financing activities were US$3.0 million in FY2016 mainly represented by proceeds from issuance of shares to non-controlling interests by subsidiaries of US$60.0 million, proceeds from disposal of shares in subsidiary to non-controlling interests of US$30.0 million, proceeds from issued bonds of US$73.7 million and drawing of new bank loans of US$80.3 million partially offset by interest paid of US$60.0 million, dividend paid of US$17.5 million, buyback of bonds payable of US$5.3 million and repayment of loans and borrowings of US$154.6 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 full year ended 31 December 2016 ("FY2016"), the Group reported that its core pillar business segments recorded an improvement in revenue and profits.

The Group's performance is generally affected by the macroeconomic environment and currency fluctuations of the countries that it operates in, as well as the market environment of the various animal protein industries. In addition, each of the five countries that the Group operates in could continue to see fluctuations in raw material costs and selling prices, which are determined by supply and demand.

PT Japfa Tbk
In Indonesia, the prices 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. The total fine imposed is approximately US$1 million, and 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 in its case against PT Japfa Tbk and 11 poultry companies in relation to the culling programme of 6 million parent stock. The total fine imposed is approximately US$2 million, and the Group has appealed against the decision and will make further disclosures as required.

While both cases are not expected to have a material financial effect on the Group, a negative outcome may give rise to additional requirements from KPPU that may impact our operations and business.

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 into force, we may face new requirements which may affect our business practices.

Animal Protein Other
In Vietnam, swine prices have dropped in 4Q2016. This is mainly because the demand from the Chinese market decreased due to a tightening of swine imports into China. If the low swine prices persist, this will have an adverse impact on Vietnam's profits. In India, the consumer demand for chicken has declined due to the demonetization of the Indian Rupee in November 2016, which has resulted in lower poultry sales volumes. Going forward, if the adverse market dynamics in Vietnam and India persist, it will impact the financial results in both countries.

Dairy
In China, raw milk prices continue to be under pressure, which the Group has been able to mitigate through improvements in milk yield and growth in sales volume.

With its three core pillars in place, 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 2016, the Board of Directors has proposed a final 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 2015, the Board of Directors has proposed 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 announced at a later date.

(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 2016

	Animal Protein Indonesia US$'000	Animal Protein Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Consumer Food US$'000	Others US$'000	Group US$'000
Revenue by Segment							
External revenue	1,986,595	562,045	2,548,640	282,529	198,677	3,098	3,032,944
Inter-segment revenue	42,004	-	42,004	2,322	1,325	(45,651)	-
Total revenue	2,028,599	562,045	2,590,644	284,851	200,002	(42,553)	3,032,944
Segment results	289,875	50,345	340,220	46,260	8,772	964	396,216
Interest income	1,972	1,255	3,227	247	19	86	3,579
Finance costs	(38,295)	(3,977)	(42,272)	(9,589)	(6,140)	(2,034)	(60,035)
Depreciation	(49,557)	(7,475)	(57,032)	(19,527)	(6,413)	(298)	(83,270)
Amortisation	(915)	(75)	(990)	(278)	(228)	-	(1,496)
Share of results of joint venture	-	(86)	(86)	-	(281)	-	(367)
Profit/(Loss) before tax	203,080	39,987	243,067	17,113	(4,271)	(1,282)	254,627
Income tax expense	(48,996)	(2,766)	(51,762)	(2,063)	(1,692)	(1,387)	(56,904)
Profit/(Loss) after tax	154,084	37,221	191,305	15,050	(5,963)	(2,669)	197,723

Twelve Months Ended 31 December 2015

	Animal Protein Indonesia US$'000	Animal Protein Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Consumer Food US$'000	Others US$'000	Group US$'000
Revenue by Segment							
External revenue	1,814,482	534,064	2,348,546	257,431	181,084	-	2,787,061
Inter-segment revenue	40,107	-	40,107	2,015	5,209	(47,331)	-
Total revenue	1,854,589	534,064	2,388,653	259,446	186,293	(47,331)	2,787,061
Segment results	145,333	43,470	188,803	46,451	10,327	7,623	253,204
Interest income	1,340	801	2,141	440	159	119	2,859
Finance costs	(50,480)	(3,288)	(53,768)	(8,607)	(5,216)	(2,488)	(70,079)
Depreciation	(44,710)	(6,788)	(51,498)	(15,486)	(4,739)	(284)	(72,007)
Amortisation	(564)	(88)	(652)	(261)	(84)	(257)	(1,254)
Share of results of joint venture	-	(584)	(584)	-	(214)	-	(798)
Profit before tax	50,919	33,523	84,442	22,537	233	4,713	111,925
Income tax expense	(14,877)	(2,702)	(17,579)	122	(2,607)	(95)	(20,159)
Profit/(Loss) after tax	36,042	30,821	66,863	22,659	(2,374)	4,618	91,766

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		
		2016 US$'000	2015 US$'000	Change %
(a)	Sales reported for the first half year	1,499,714	1,379,928	9%
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	106,698	6,417	n/m
(c)	Sales reported for second half year	1,533,230	1,407,133	9%
(d)	Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	91,023	85,349	7%

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:

	2016 US$'000	2015 US$'000
Ordinary, first and final	-	6,464

18. Pursuant to Rules 704(10) and 704(13) and the SGX Listing Manual, the persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer 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	26	Son of Director and Executive Deputy Chairman Handojo Santosa Nephew of of Non-Executive Director, Mr Hendrick Kolonas. Renaldo is also a deemed Substantial Shareholder of the Company by virtue of him being a beneficiary of the Scuderia Trust.	Business Development Manager Position held since 29 February 2016 Duties: - Locating or proposing potential business opportunities; discovering and exploring new growth areas. - Expanding our network and partnerships in the Agri-food space. - Explore new venture potential in both new growth areas and existing operations. - Focus resources to support technological efficiencies and innovation in current operational processes.	Renaldo was promoted from Business Development Executive to Business Development Manager on 29 February 2016. The above change in position and duties was disclosed on 29 February 2016, <u>With effect from 1 March 2017</u> Head of Business Development & Strategy 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 analyzing 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.

18. Pursuant to Rules 704(10) and 704(13) and the SGX Listing Manual, the persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer are as follows: (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	24	Daughter of Director and Executive Deputy Chairman Handojo Santosa Niece of 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 Executive Duties: - Evaluate business opportunities beyond the existing scope. - Develop and maintain potential partnerships in agri-food space. - Understand new markets for the Group to consider expansion. - Manage deal pipelines of new business opportunities.	No change of duties and position for the financial year. ended 31 December 2016. <u>With effect from 1 March 2017</u> Business Development Manager. 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.

19. Disclosure pursuant to Rule704(17)(d) of the listing Manual

On 30 December 2016, Indonesia listed subsidiary, PT Japfa Comfeed Indonesia Tbk ("PT Japfa") and its wholly owned subsidiary PT Bintang Laut Timur collectively acquired the remaining 30% of the issued share capital of PT Multi Makanan Permai (PT MMP) from PT Global Feed Material, an unrelated third party, for the total cash consideration of IDR3,195,000,000. (the "Acquisition").

The purchase price of the acquisition was arrived on a willing buyer and willing seller basis, based on valuation 30% adjusted net assets value as at 30 November 2016 and was financed by internal resources.

Following the acquisition, PT MMP became a wholly owned subsidiary of PT Japfa.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the Acquisition.

20. 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
Japfa Ltd

Tan Yong Nang
Executive Director and
Chief Executive Officer
1 March 2017