



JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED
31 DECEMBER 2023

JAPFA LTD.

(Registration Number: 200819599W)

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	6 months ended 31 December 2023 US\$'000	6 months ended 31 December 2022 US\$'000	Change %	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000	Change %
Continuing operations*							
Revenue	4	2,310,073	2,150,447	7%	4,428,948	4,363,800	1%
Cost of sales		(1,993,754)	(1,930,064)	3%	(3,895,538)	(3,806,281)	2%
Gross profit		316,319	220,383	44%	533,410	557,519	-4%
Marketing and distribution cost		(74,976)	(68,975)	9%	(154,737)	(141,452)	9%
Administrative expenses		(126,275)	(124,490)	1%	(259,830)	(260,545)	0%
Operating profit		115,068	26,918	327%	118,843	155,522	-24%
Interest income		2,802	2,233	25%	5,561	3,765	48%
Finance costs		(53,697)	(46,555)	15%	(110,671)	(87,059)	27%
Other gain		(959)	(4,509)	-79%	(317)	(2,677)	-88%
Foreign exchange adjustments (loss)/gain		(1,288)	483	n/m	(2,518)	(1,385)	82%
Changes in fair value of biological assets		3,338	(182)	n/m	(943)	(4,736)	-80%
Share of results of associate and joint ventures		(2,186)	(1,036)	111%	(3,580)	(193)	n/m
Profit/(Loss) before tax from continuing operations	5	63,078	(22,648)	n/m	6,375	63,237	-90%
Income tax expense	6	(18,233)	(3,836)	375%	(12,341)	(24,986)	-51%
Profit/(Loss) for the year from continuing operations, net of tax		44,845	(26,484)	n/m	(5,966)	38,251	n/m
Discontinued operations**							
(Loss)/Profit after tax from discontinued operations		-	(6,185)	n/m	-	23,394	n/m
Profit/(Loss) for the year, net of tax		44,845	(32,669)	n/m	(5,966)	61,645	n/m
Profit/(Loss) for the year, net of tax attributable to:							
- Owners of the parent ("PATMI")		22,783	(35,856)	n/m	(30,798)	8,156	n/m
- Non-controlling interests		22,062	3,187	592%	24,832	53,489	-54%
		<u>44,845</u>	<u>(32,669)</u>	<u>n/m</u>	<u>(5,966)</u>	<u>61,645</u>	<u>n/m</u>
Continuing operations							
Profit/(Loss) for the year, net of tax attributable to owners of the parent ("PATMI")		22,783	(31,990)	n/m	(30,798)	(6,465)	376%
Profit for the year, net of tax attributable to non-controlling interest		22,062	5,506	301%	24,832	44,716	-44%
		<u>44,845</u>	<u>(26,484)</u>	<u>n/m</u>	<u>(5,966)</u>	<u>38,251</u>	<u>n/m</u>
Discontinued operations							
(Loss)/Profit for the year, net of tax attributable to owners of the parent ("PATMI")		-	(3,866)	n/m	-	14,621	n/m
(Loss)/Profit for the year, net of tax attributable to non-controlling interest		-	(2,319)	n/m	-	8,773	n/m
		<u>-</u>	<u>(6,185)</u>	<u>n/m</u>	<u>-</u>	<u>23,394</u>	<u>n/m</u>

* Continuing Operations above do not include AAG.

** On 30 December 2022, being the listing date of AustAsia Group Ltd ("AAG"), the Company distributed ("DIS") its AAG shares to its shareholders and AAG ceased to be a subsidiary of the Group. Accordingly, the "discontinued operations" accounting principle has been applied as at 31 December 2022, where AAG's profit after tax for FY2022 was recorded as a separate line item "(loss)/profit after tax from Discontinued Operations", which is included in the Group's PAT, PATMI and Core PATMI w/o Forex for FY2022.

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

Additional information:

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

	6 months ended 31 December 2023 US\$'000	6 months ended 31 December 2022 US\$'000	Change %	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000	Change %
<u>Continuing operations</u>						
Core PATMI w/o forex	<u>21,171</u>	<u>(32,217)</u>	n/m	<u>(28,174)</u>	<u>(965)</u>	n/m

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

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.

Continuing operations

EBITDA	<u>173,949</u>	<u>78,089</u>	123%	<u>237,950</u>	<u>268,950</u>	-12%
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We define EBITDA as profit before tax, excluding interest income, finance costs, depreciation and amortisation expenses. We also exclude a) foreign exchange adjustments gains/(losses), b) changes in fair value of derivatives relating to foreign exchange hedging, and c) fair value of biological assets.

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

Statement of Comprehensive Income

Note	6 months ended 31 December 2023 US\$'000	6 months ended 31 December 2022 US\$'000	Change %	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000	Change %
	44,845	(32,669)	n/m	(5,966)	61,645	n/m
Profit/(Loss) for the year, net of tax						
Continuing operations						
Other comprehensive income:						
Items that will not be reclassified to profit or loss:						
Net gain on equity instruments designated at fair value through other comprehensive income	(3,044)	-	n/m	(6,708)	-	n/m
Remeasurement of the net defined benefits plan, net of tax	1,132	1,570	-28%	(2,957)	5,547	n/m
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(26,468)	(56,559)	-53%	10,695	(97,127)	n/m
Share of other comprehensive loss of associate and joint ventures	644	(693)	n/m	705	(1,549)	n/m
Cash flow hedges	304	(13,307)	-102%	11,437	(20,810)	n/m
	(27,432)	(68,989)	-60%	13,172	(113,939)	n/m
Discontinued operations						
Other comprehensive income:						
Items that will not be reclassified to profit or loss:						
Net gain on equity instruments designated at fair value through other comprehensive income	-	406	n/m	-	406	n/m
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	-	(28,655)	n/m	-	(70,894)	n/m
	-	(28,249)	n/m	-	(70,488)	n/m
Other comprehensive income for the year, net of tax	(27,432)	(97,238)	-72%	13,172	(184,427)	n/m
Total comprehensive income	17,413	(129,907)	n/m	7,206	(122,782)	n/m
Total comprehensive income, net of tax attributable to:						
- Owners of the parent	4,083	(97,105)	n/m	(28,647)	(108,027)	-73%
- Non-controlling interests	13,330	(32,802)	n/m	35,853	(14,755)	n/m
	17,413	(129,907)	n/m	7,206	(122,782)	n/m
Basic and diluted earnings per share (cents)	10 1.12	(1.76)	n/m	(1.51)	0.40	n/m

n/m : not meaningful

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B. Condensed interim statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	11	1,039,550	968,094	56	78
Right-of-use assets		206,003	205,135	35	494
Investment properties		25,362	23,047	-	-
Intangible assets		12,231	12,698	-	-
Investment in subsidiaries		-	-	453,622	410,913
Investments in associate and joint ventures		36,257	35,664	27,100	28,000
Biological assets	12	39,658	40,845	-	-
Deferred tax assets		73,764	58,613	-	-
Real estate assets		65,235	62,481	-	-
Other receivables		1,050	965	-	-
Other financial assets		18,940	15,408	-	-
Other assets		43,475	37,824	-	-
Total non-current assets		1,561,525	1,460,774	480,813	439,485
<u>Current assets</u>					
Inventories	13	754,202	743,715	-	-
Biological inventories	12	197,837	205,208	-	-
Biological assets	12	126,523	136,979	-	-
Trade and other receivables		190,147	190,807	4,412	5,111
Other financial assets		5,704	12,219	5,528	12,034
Other assets		36,004	37,460	1,837	919
Cash at banks		211,879	280,695	26,993	76,816
Total current assets		1,522,296	1,607,083	38,770	94,880
Total assets		3,083,821	3,067,857	519,583	534,365
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	14	478,898	478,898	478,898	478,898
Treasury shares	14	(13,817)	(13,724)	(13,817)	(13,724)
Retained earnings		560,099	607,736	76,233	81,978
Other reserves		(9,911)	(9,297)	(24,505)	(18,294)
Translation reserve		(244,032)	(248,664)	-	-
Equity attributable to owners of the parent		771,237	814,949	516,809	528,858
Non-controlling interests		421,300	400,317	-	-
Total equity		1,192,537	1,215,266	516,809	528,858
<u>Non-current liabilities</u>					
Defined benefit plan liabilities	15	85,133	75,209	-	-
Deferred tax liabilities		2,616	4,226	-	-
Other payables		415	423	-	-
Loans and borrowings	16	580,737	616,985	-	-
Lease liabilities	16	156,278	148,096	-	29
Other liabilities		876	807	-	-
Total non-current liabilities		826,055	845,746	-	29
<u>Current liabilities</u>					
Income tax payable		15,972	16,930	166	535
Trade and other payables		283,865	299,596	2,578	4,440
Loans and borrowings	16	731,519	657,587	-	-
Lease liabilities	16	17,118	20,542	30	503
Other financial liabilities		346	274	-	-
Other liabilities		16,409	11,916	-	-
Total current liabilities		1,065,229	1,006,845	2,774	5,478
Total liabilities		1,891,284	1,852,591	2,774	5,507
Total equity and liabilities		3,083,821	3,067,857	519,583	534,365

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C. Condensed interim statements of changes in equity

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
Balance at 1 January 2023	1,215,266	814,949	478,898	(13,724)	607,736	(9,297)	(248,664)	400,317
Movements in equity:								
Total comprehensive income for the year	7,206	(28,647)	-	-	(32,426)	(853)	4,632	35,853
Purchase of treasury shares by the Company	(697)	(697)	-	(697)	-	-	-	-
Reissued of treasury shares by a subsidiary	880	-	-	-	-	-	-	880
Reissued of treasury shares by the Company under performance share plan	-	-	-	604	-	(604)	-	-
Value of employee services received pursuant to performance share plan	1,101	1,101	-	-	-	1,101	-	-
Issuance of new shares to non-controlling interests without change of control	1,159	(258)	-	-	-	(258)	-	1,417
Dividend paid to equity holders of the Company	(15,211)	(15,211)	-	-	(15,211)	-	-	-
Dividend paid by a subsidiary to non-controlling interests	(17,167)	-	-	-	-	-	-	(17,167)
Balance at 31 December 2023	1,192,537	771,237	478,898	(13,817)	560,099	(9,911)	(244,032)	421,300
Balance at 1 January 2022	2,146,452	1,426,972	1,059,882	(14,125)	709,272	(157,676)	(170,381)	719,480
Movements in Equity:								
Total comprehensive income for the year	(122,782)	(108,027)	-	-	11,176	(10,906)	(108,297)	(14,755)
Capital reduction	-	-	(580,984)	-	580,984	-	-	-
Distribution of shares in AAG to equity holders of the Company	(767,822)	(485,855)	-	-	(671,750)	155,881	30,014	(281,967)
Purchase of treasury shares by the Company	(2,666)	(2,666)	-	(2,666)	-	-	-	-
Acquisition of non-controlling interests without change of control	(5,781)	(2,384)	-	-	-	(2,384)	-	(3,397)
Transfer of share-based payment reserve to liability	(217)	(217)	-	-	-	(217)	-	-
Reissued of treasury shares by the Company under performance share plan	-	-	-	3,067	-	(3,067)	-	-
Value of employee services received pursuant to performance share plan	13,872	9,072	-	-	-	9,072	-	4,800
Dividend paid to equity holders of the Company	(21,946)	(21,946)	-	-	(21,946)	-	-	-
Dividend paid by a subsidiary to non-controlling interests	(23,844)	-	-	-	-	-	-	(23,844)
Balance at 31 December 2022	1,215,266	814,949	478,898	(13,724)	607,736	(9,297)	(248,664)	400,317

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C. Condensed interim statements of changes in equity (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 2023	528,858	478,898	(13,724)	81,978	(18,294)
Movements in equity:					
Total comprehensive income for the year	2,758	-	-	9,466	(6,708)
Purchase of treasury shares	(697)	-	(697)	-	-
Reissued of treasury shares under performance share plan	-	-	604	-	(604)
Value of employee services received pursuant to performance share plan	1,101	-	-	-	1,101
Dividend paid to equity holders of the Company	(15,211)	-	-	(15,211)	-
Balance at 31 December 2023	516,809	478,898	(13,817)	76,233	(24,505)

Balance at 1 January 2022	1,113,791	1,059,882	(14,125)	84,116	(16,082)
Movements in equity:					
Total comprehensive income for the year	10,178	-	-	10,178	-
Capital reduction	-	(580,984)	-	580,984	-
Distribution of shares in AAG to equity holders of the Company	(571,354)	-	-	(571,354)	-
Purchase of treasury shares	(2,666)	-	(2,666)	-	-
Reissued of treasury shares under performance share plan	-	-	3,067	-	(3,067)
Value of employee services received pursuant to performance share plan	855	-	-	-	855
Dividend paid to equity holders of the Company	(21,946)	-	-	(21,946)	-
Balance at 31 December 2022	528,858	478,898	(13,724)	81,978	(18,294)

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D. Condensed interim consolidated statement of cash flows

	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000
Cash flows from operating activities		
Profit before tax from continuing operations	6,375	63,237
Profit before tax from discontinued operations	-	25,443
Profit before tax	6,375	88,680
Adjustment for:		
Amortisation of intangible assets		
- Continuing operations	925	1,096
- Discontinued operations	-	351
Amortisation of bonds issuance cost	2,003	1,969
Amortisation of premium on option	7,590	7,576
Depreciation of property, plant and equipment		
- Continuing operations	90,830	85,161
- Discontinued operations	-	21,528
Amortisation of right-of-use assets		
- Continuing operations	30,357	29,491
- Discontinued operations	-	3,294
Write-off of property, plant and equipment	781	1,440
Write-down of inventories	(1,136)	2,310
Depreciation of investment properties	893	725
Effect of lease liabilities remeasurement	(1,260)	1,980
Fair value loss on derivative financial instruments	-	(175)
Fair value changes on other financial assets	-	(3)
Negative goodwill arising from acquisition of subsidiary	-	(2)
Fair value loss/(gain) on biological assets		
- Continuing operations	943	4,736
- Discontinued operations	-	19,614
(Gain)/Loss on disposal of property, plant and equipment		
- Continuing operations	(830)	(558)
- Discontinued operations	-	2,759
Gain on buy back bonds	-	(364)
Expenses arising from increase in defined benefit plan liabilities	12,440	6,868
Interest income		
- Continuing operations	(5,561)	(3,765)
- Discontinued operations	-	(488)
Interest expense on loans and borrowings		
- Continuing operations	93,199	72,258
- Discontinued operations	-	21,841
Interest expense on leases		
- Continuing operations	17,472	14,801
- Discontinued operations	-	10,686
Allowance for impairment on trade and other receivables		
- Continuing operations	6,252	7,551
- Discontinued operations	-	32
Value of employee services received pursuant to performance share plan		
- Continuing operations	1,101	855
- Discontinued operations	-	13,016
Share of loss from equity-accounted associates and joint venture	3,580	193
Net effect of exchange rate changes	4,689	(8,772)
Operating cash flows before changes in working capital	270,643	406,684

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D. Condensed interim consolidated statement of cash flows (cont'd)

	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000
Operating cash flows before changes in working capital	270,643	406,684
Biological inventories	6,513	27,415
Inventories	281	(196,694)
Biological assets	33,435	(67,743)
Trade and other receivables	5,346	(39,449)
Other assets	(9,379)	(16,324)
Trade and other payables	(18,463)	169,048
Defined benefit plan liabilities	(7,455)	(5,150)
Other liabilities	4,565	(3,176)
Net cash flows from operations before tax	285,486	274,611
Income taxes paid	(28,830)	(48,907)
Interest expense paid	(93,199)	(94,099)
Interest paid on lease liabilities	(17,472)	(25,459)
Net cash flows from operating activities	145,985	106,146
<u>Cash flows used in investing activities</u>		
Acquisition of subsidiaries, net of cash inflow/(outflow)	-	82
Purchase of property, plant and equipment	(170,286)	(332,509)
Purchase of Investment Properties	(1,914)	(195)
Proceeds from disposal of property, plant and equipment	2,290	1,102
Proceeds from disposal of investment properties	3	9
Additions in real estate assets	(191)	(638)
Addition to investment in joint venture	(3,376)	(3,814)
Proceeds from issuance of shares to non-controlling interest by subsidiary	1,159	-
Purchase of biological assets	(22,398)	(32,187)
Purchase consideration paid for acquisition of non-controlling interests without change of control	-	(5,781)
Net cash outflow on distribution of shares in AAG to equity holders of the Company	-	(35,145)
Purchase of intangible assets	(54)	(1,353)
Purchase of financial assets	(206)	(32)
Dividend income from joint ventures	117	148
Interest income received	5,561	4,253
Net cash flows used in investing activities	(189,295)	(406,060)
<u>Cash flows (used in)/from financing activities</u>		
Dividends paid by subsidiary to non-controlling interests	(17,167)	(23,844)
Dividends paid to equity holders of the Company	(15,211)	(21,946)
Repayment of principal portion of lease liabilities	(25,249)	(37,839)
Proceeds from new bank loans	31,943	410,501
Increase in cash restricted in use	(252)	2,115
Purchase of treasury shares by the Company	(697)	(2,666)
Reissued of Treasury Shares by Subsidiary	880	-
Buy back of bonds payable	-	(1,579)
Repayment of bonds payable	-	(69,358)
Net cash flows (used in)/from financing activities	(25,753)	255,384

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D. Condensed interim consolidated statement of cash flows (cont'd)

	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000
Net decrease in cash and cash equivalents	(69,063)	(44,530)
Effect of exchange rate changes on cash and cash equivalents	(5)	6,774
Cash and cash equivalents, statement of cash flows, beginning balance	<u>280,381</u>	<u>318,137</u>
Cash and cash equivalents, statement of cash flows, ending balance	<u>211,313</u>	<u>280,381</u>

Notes:

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

	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000
Cash and bank balances	211,879	280,695
Less: bank deposit pledged	<u>(566)</u>	<u>(314)</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>211,313</u>	<u>280,381</u>

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E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Japfa Ltd (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are that of group head office, and business development and branding.

The principal activities of the Group are production of multiple high-quality animal proteins, including poultry, swine, beef and aquaculture as well as high-quality animal feed, and production of raw milk.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2023. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in United States Dollars (“US\$” or “USD”) and all values in the tables are rounded to the nearest thousand (“US\$’000”), except when otherwise indicated.

2.1 Changes in accounting policies

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 12 – determination of fair value of biological assets using significant unobservable inputs
- Note 15 – the defined benefit plan liabilities involved a number of significant assumptions in determining the valuation of ultimate liability

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E. Notes to the condensed interim consolidated financial statements (cont'd)

3. Agri-business cyclicality

The Group's revenue and profitability are directly impacted by cyclicality in the agri-business, which in turn is dependent on a variety of external factors beyond the Group's control. These include seasonal factors such as seasonality of harvest and festivals, and other factors such as macroeconomic conditions that affect consumer purchasing power, government policies as well as changes to market demand and supply for raw materials which resulting in fluctuations in their costs and selling prices.

4. Segment and revenue information

The animal protein segment includes production of multiple high-quality animal proteins, including poultry, swine, beef and aquaculture as well as high-quality animal feed, across the Group's target markets as follows:

Animal Protein – PT Japfa Tbk refers to the animal protein operations of its public listed subsidiary in Indonesia, PT Japfa Tbk.

Animal Protein – Other mainly comprises of animal protein operations in Vietnam, India and Myanmar.

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

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on operating statement of comprehensive income and is measured in the same way as operating statement of comprehensive income in the consolidated financial statements.

These operating segments are reported in a manner consistent with internal reporting provided to CEO who are responsible for allocating resources and assessing performance of the operating segments.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments

1 July 2023 to 31 December 2023

	Animal Protein - PT Japfa Tbk US\$'000	Animal Protein - Other US\$'000	Sub-total US\$'000	Others US\$'000	Group US\$'000
Continuing operations					
Revenue by segment					
External revenue	1,752,672	541,769	2,294,441	15,632	2,310,073
Inter-segment revenue	722	294	1,016	(1,016)	-
Total revenue	1,753,394	542,063	2,295,457	14,616	2,310,073
Operating profit	99,333	10,380	109,713	5,355	115,068
Interest income	1,486	792	2,278	524	2,802
Finance costs	(31,595)	(15,776)	(47,371)	(6,326)	(53,697)
Foreign exchange adjustments (loss)/gain	(497)	(843)	(1,340)	52	(1,288)
Changes in fair value of biological assets	7	3,331	3,338	-	3,338
Share of results of associate and joint ventures	(222)	-	(222)	(1,964)	(2,186)
Others	(1,469)	152	(1,317)	358	(959)
Profit/(loss) before tax from continuing operations:	67,043	(1,964)	65,079	(2,001)	63,078
Income tax expense	(16,274)	(1,306)	(17,580)	(653)	(18,233)
Profit/(loss) for the year from continuing operations, net of tax	50,769	(3,270)	47,499	(2,654)	44,845
Discontinued operations					
Profit after tax from discontinued operations					-
Profit for the year, net of tax					44,845

Other material items and reconciliations

Property, plant and equipment, rights-of-use assets, intangible assets and investment properties.

Capital expenditure

- Continuing operations	61,456	35,186	96,642	10	96,652
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Depreciation and amortisation

- Continuing operations	40,231	21,602	61,833	193	62,026
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E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

1 July 2022 to 31 December 2022

	Animal Protein - PT Japfa Tbk US\$'000	Animal Protein - Other US\$'000	Total Animal Protein US\$'000	Others US\$'000	Group US\$'000
Continuing operations					
<u>Revenue by segment</u>					
External revenue	1,592,141	532,068	2,124,209	26,238	2,150,447
Inter-segment revenue	661	670	1,331	(1,331)	-
Total revenue	<u>1,592,802</u>	<u>532,738</u>	<u>2,125,540</u>	<u>24,907</u>	<u>2,150,447</u>
Operating profit/(loss)	51,788	(27,738)	24,050	2,868	26,918
Interest income	453	791	1,244	989	2,233
Finance costs	(26,731)	(14,758)	(41,489)	(5,066)	(46,555)
Foreign exchange adjustments gain/(loss)	863	(381)	482	1	483
Changes in fair value of biological assets	(399)	217	(182)	-	(182)
Share of results of associate and joint ventures	373	-	373	(1,409)	(1,036)
Others	(4,933)	214	(4,719)	210	(4,509)
Profit/(Loss) before tax from continuing operation	<u>21,414</u>	<u>(41,655)</u>	<u>(20,241)</u>	<u>(2,407)</u>	<u>(22,648)</u>
Income tax (expense)/credit	(8,003)	7,312	(691)	(3,145)	(3,836)
Profit/(Loss) for the year from continuing operations, net of tax	<u>13,411</u>	<u>(34,343)</u>	<u>(20,932)</u>	<u>(5,552)</u>	<u>(26,484)</u>
Discontinued operations					
Loss after tax from discontinued operations					(6,185)
Loss for the year, net of tax					<u>(32,669)</u>
Other material items and reconciliations					
Property, plant and equipment, rights-of-use assets, intangible assets and investment properties.					
Capital expenditure					
- Continuing operations	80,112	48,602	128,714	4	128,718
- Discontinued operations					153,913
					<u>282,631</u>
Depreciation and amortisation					
- Continuing operations	38,260	18,360	56,620	270	56,890
- Discontinued operations					12,825
					<u>69,715</u>

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E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

1 January 2023 to 31 December 2023

	Animal Protein - PT Japfa Tbk US\$'000	Animal Protein - Other US\$'000	Sub-total US\$'000	Others US\$'000	Group US\$'000
Continuing operations					
Revenue by segment					
External revenue	3,361,253	1,040,618	4,401,871	27,077	4,428,948
Inter-segment revenue	1,434	2,053	3,487	(3,487)	-
Total revenue	<u>3,362,687</u>	<u>1,042,671</u>	<u>4,405,358</u>	<u>23,590</u>	<u>4,428,948</u>
Operating profit/(loss)	141,127	(33,364)	107,763	11,080	118,843
Interest income	2,909	1,929	4,838	723	5,561
Finance costs	(64,951)	(33,907)	(98,858)	(11,813)	(110,671)
Foreign exchange adjustments loss	(1,439)	(1,103)	(2,542)	24	(2,518)
Changes in fair value of biological assets	16	(959)	(943)	-	(943)
Share of results of associate and joint ventures	(63)	-	(63)	(3,517)	(3,580)
Others	(2,365)	673	(1,692)	1,375	(317)
Profit/(loss) before tax from continuing operations	<u>75,234</u>	<u>(66,731)</u>	<u>8,503</u>	<u>(2,128)</u>	<u>6,375</u>
Income tax (expense)/credit	(20,719)	9,872	(10,847)	(1,494)	(12,341)
Profit/(loss) for the year from continuing operations, net of tax	<u>54,515</u>	<u>(56,859)</u>	<u>(2,344)</u>	<u>(3,622)</u>	<u>(5,966)</u>
Discontinued operations					
Profit after tax from discontinued operations					-
Loss for the year, net of tax					<u>(5,966)</u>
Assets and reconciliations					
Segment assets	2,069,936	823,792	2,893,728	61,399	2,955,127
Unallocated assets	76,087	28,987	105,074	23,620	128,694
Total Group assets	<u>2,146,023</u>	<u>852,779</u>	<u>2,998,802</u>	<u>85,019</u>	<u>3,083,821</u>
Liabilities and reconciliations					
Segment liabilities	1,279,497	633,112	1,912,609	(39,913)	1,872,696
Unallocated liabilities	14,108	3,368	17,476	1,112	18,588
Total Group liabilities	<u>1,293,605</u>	<u>636,480</u>	<u>1,930,085</u>	<u>(38,801)</u>	<u>1,891,284</u>
Unallocated assets comprise mainly investment in joint ventures and an associate, goodwill, deferred tax assets and prepaid tax. Unallocated liabilities comprise mainly tax payable and deferred tax liabilities.					
Other material items and reconciliations					
Property, plant and equipment, rights-of-use assets, intangible assets and investment properties.					
Capital expenditure					
- Continuing operations	133,426	70,161	203,587	11	203,598
Depreciation and amortisation					
- Continuing operations	80,236	42,309	122,545	460	123,005

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E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

1 January 2022 to 31 December 2022

	Animal Protein - PT Japfa Tbk US\$'000	Animal Protein - Other US\$'000	Total Animal Protein US\$'000	Others US\$'000	Group US\$'000
Continuing operations					
<u>Revenue by segment</u>					
External revenue	3,281,465	1,038,267	4,319,732	44,068	4,363,800
Inter-segment revenue	1,560	670	2,230	(2,230)	-
Total revenue	<u>3,283,025</u>	<u>1,038,937</u>	<u>4,321,962</u>	<u>41,838</u>	<u>4,363,800</u>
Operating profit/(loss)	180,813	(33,796)	147,017	8,505	155,522
Interest income	637	1,461	2,098	1,667	3,765
Finance costs	(54,860)	(24,498)	(79,358)	(7,701)	(87,059)
Foreign exchange adjustments gain/(loss)	1,584	(2,209)	(625)	(760)	(1,385)
Changes in fair value of biological assets	(795)	(3,941)	(4,736)	-	(4,736)
Share of results of associate and joint ventures	872	-	872	(1,065)	(193)
Others	(4,310)	1,018	(3,292)	615	(2,677)
Profit before tax from continuing operations	<u>123,941</u>	<u>(61,965)</u>	<u>61,976</u>	<u>1,261</u>	<u>63,237</u>
Income tax (expense)/credit	(31,079)	9,953	(21,126)	(3,860)	(24,986)
Profit for the year from continuing operations, net of tax	<u>92,862</u>	<u>(52,012)</u>	<u>40,850</u>	<u>(2,599)</u>	<u>38,251</u>
Discontinued operations					
Profit after tax from discontinued operations					<u>23,394</u>
Profit for the year, net of tax					<u>61,645</u>
Assets and reconciliations					
Segment assets	1,956,122	858,392	2,814,514	141,084	2,955,598
Unallocated assets	64,512	21,293	85,805	26,454	112,259
Total Group assets	<u>2,020,634</u>	<u>879,685</u>	<u>2,900,319</u>	<u>167,538</u>	<u>3,067,857</u>
Liabilities and reconciliations					
Segment liabilities	1,197,180	659,856	1,857,036	(25,601)	1,831,435
Unallocated liabilities	12,716	4,781	17,497	3,659	21,156
Total Group liabilities	<u>1,209,896</u>	<u>664,637</u>	<u>1,874,533</u>	<u>(21,942)</u>	<u>1,852,591</u>
Unallocated assets comprise mainly investment in joint ventures and an associate, goodwill, deferred tax assets and prepaid tax. Unallocated liabilities comprise mainly tax payable and deferred tax liabilities.					
Other material items and reconciliations					
Property, plant and equipment, rights-of-use assets, intangible assets and investment properties.					
Capital expenditure					
- Continuing operations	<u>127,575</u>	<u>142,309</u>	<u>269,884</u>	<u>14</u>	<u>269,898</u>
- Discontinued operations					<u>193,717</u>
					<u>463,615</u>
Depreciation and amortisation					
- Continuing operations	<u>78,000</u>	<u>37,932</u>	<u>115,932</u>	<u>540</u>	<u>116,472</u>
- Discontinued operations					<u>25,173</u>
					<u>141,645</u>

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E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

Geographical information

Revenue information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Revenue	
	6 months ended 31 December 2023 US\$'000	6 months ended 31 December 2022 US\$'000	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000
Indonesia	1,729,439	1,568,041	3,314,753	3,238,962
Vietnam	429,987	421,525	817,053	791,799
India	62,220	67,411	127,933	146,941
Myanmar	44,243	39,294	85,612	88,576
Others	44,184	54,176	83,597	97,522
	<u>2,310,073</u>	<u>2,150,447</u>	<u>4,428,948</u>	<u>4,363,800</u>

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services.

A breakdown of sales

	GROUP		
	2023 US\$'000	2022 US\$'000	Change %
(a) Sales reported for the first half year	2,118,875	2,213,353	-4%
(b) Profit, net of tax before deducting non-controlling interests reported for first half year	(50,811)	94,314	n/m
(c) Sales reported for second half year	2,310,073	2,150,447	7%
(d) Profit, net of tax before deducting non-controlling interests reported for second half year	44,845	(32,669)	n/m

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E. Notes to the condensed interim consolidated financial statements (cont'd)

4. Segment and revenue information (cont'd)

4.2 Disaggregation of revenue

Major product

Revenue by the major products groups by segments include the following:

	Animal Protein - PT Japfa Tbk	Animal Protein - Other	Total
	US\$'000	US\$'000	US\$'000
<u>1 July 2023 to 31 December 2023</u>			
Sales of animal feed	569,622	187,201	756,823
Sales of livestock	842,776	336,710	1,179,486
Sales of animal protein products	257,435	19,740	277,175
<u>1 July 2022 to 31 December 2022</u>			
Sales of animal feed	566,479	211,153	777,632
Sales of livestock	699,125	299,590	998,715
Sales of animal protein products	233,092	21,325	254,417
<u>1 January 2023 to 31 December 2023</u>			
Sales of animal feed	1,108,928	376,328	1,485,256
Sales of livestock	1,584,802	625,698	2,210,500
Sales of animal protein products	498,187	36,540	534,727
<u>1 January 2022 to 31 December 2022</u>			
Sales of animal feed	1,152,490	429,646	1,582,136
Sales of livestock	1,463,273	569,124	2,032,397
Sales of animal protein products	478,515	39,497	518,012

For the sale of goods, the Group satisfies its performance obligation at a point in time.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

5. Profit before tax

5.1 Significant items

	6 months ended 31 December 2023 US\$'000	6 months ended 31 December 2022 US\$'000	Change %	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000	Change %
<u>Income /(expenses)</u>						
Finance costs						
- Interest expense on loans and borrowings	(45,039)	(38,101)	18%	(93,199)	(72,258)	29%
- Interest expense on lease liabilities	(8,658)	(8,454)	2%	(17,472)	(14,801)	18%
Depreciation of property, plant and equipment	(45,695)	(42,111)	9%	(90,830)	(85,161)	7%
Depreciation of investment properties	(445)	(352)	26%	(893)	(725)	23%
Depreciation of right-of-use assets	(15,432)	(13,935)	11%	(30,357)	(29,491)	3%
Amortisation of intangible assets	(454)	(493)	-8%	(925)	(1,096)	-16%
Changes in fair value of biological assets	3,338	(182)	n/m	(943)	(4,736)	-80%
Foreign exchange adjustments (loss)/gain	(1,288)	483	n/m	(2,518)	(1,385)	82%
Gain on derivative financial instruments						
- Forex	-	175	n/m	-	175	n/m
Allowance for impairment on trade receivables	(3,871)	(7,003)	-45%	(6,252)	(7,551)	-17%
Gain on disposal of property, plant and equipment	326	346	-6%	830	558	49%

5.2. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	Group	
	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000
Revenue	29,878	45,663
Purchases of goods	9,943	7,608
Insurance expense	2,531	2,907
Rendering of services expense	2,462	2,528
Rental income	1,121	911
Interest income	-	1,551
Rental of premises	2,268	2,184
Rental of boat	246	-
Technical service fee income	386	466

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E. Notes to the condensed interim consolidated financial statements (cont'd)

6. Tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group		Group	
	6 months ended 31 December 2023 US\$'000	6 months ended 31 December 2022 US\$'000	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000
Current income tax expense	19,758	20,315	28,007	46,053
Deferred income tax expense relating to original and reversal of temporary differences	(1,610)	(18,687)	(15,939)	(23,630)
Withholding tax expenses	85	2,208	273	2,563
Income tax expense recognised in statement of comprehensive income	<u>18,233</u>	<u>3,836</u>	<u>12,341</u>	<u>24,986</u>

7. Dividends

	Company	
	Financial Year 2023 US\$'000	Financial Year 2022 US\$'000
<u>Dividends paid during the financial period</u>		
Dividends on ordinary shares:		
Final tax exempt (1-tier) dividend of 1.5 Singapore cents per share paid for reporting year ended 31 December 2021	-	21,946
Final tax exempt (1-tier) dividend of 1.0 Singapore cent per share paid for reporting year ended 31 December 2022	15,211	-

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E. Notes to the condensed interim consolidated financial statements (cont'd)

8. Discontinued Operations

On 30 December 2022, being the listing date of AustAsia Group Ltd (“AAG”), the Company distributed (“DIS”) its AAG shares to its shareholders based on the distribution ratio of one (1) AAG share for every five (5) Company shares. The remaining unallocated AAG shares due to fractional interests were retained by the Company. Post DIS, AAG ceased to be a subsidiary of the Group.

The results of AAG and its subsidiaries (“AAG Group”) are reported in the current period as a Discontinued Operations.

AAG Group was previously reported under the Dairy segment for production of raw milk and beef operation in China.

Financial performance and cash flow information of Discontinued Operations

The financial performance and cash flow information presented were for the period from 1 January to 30 December 2022.

Financial information

	2022
	US\$'000
Revenue	563,443
Expenses	(486,489)
Profit from operation	76,954
Finance income	488
Finance cost	(32,527)
Other income	3,415
Foreign exchange adjustments	(3,273)
Changes in fair value of biological assets	(19,614)
Profit before tax from Discontinued Operations	25,443
Tax expense	(2,049)
Profit after tax from Discontinued Operations	23,394

Cash flow information

	2022
	US\$'000
Operating cash flow	160,750
Investing cash flow	(167,293)
Financing cash flow	44,539
Net cash inflows/ (outflows)	37,996

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E. Notes to the condensed interim consolidated financial statements (cont'd)

8. Discontinued Operations (cont'd)

Carrying value of the distribution in specie

The financial effects arising from the distribution in specie of Discontinued Operations as of 30 December 2022 are as follows:

	30 December 2022 <u>US\$'000</u>
Net effect on asset and liabilities	
<u>Assets of AAG derecognised</u>	
Property, plant and equipment	455,906
Right-of-use assets	194,744
Intangible assets	474
Biological assets	550,004
Other financial assets	1,222
Other assets	31,944
Inventory	187,254
Trade and other receivables	62,595
Cash and cash equivalents	35,145
	<u>1,519,288</u>
<u>Liabilities of AAG derecognised</u>	
Trade and other payables	234,237
Lease liabilities	191,041
Deferred tax liabilities	600
Loan and borrowing	311,926
Other liabilities	3,449
Income tax payables	583
	<u>741,836</u>
Net asset of AAG	777,452
Less: Non-controlling interest	(281,967)
Fair value of retained shares in AAG	(9,630)
Net assets distributed	<u>485,855</u>
Net effect on cash flow	
Cash of AAG distributed	<u>(35,145)</u>
Net cash outflow on distribution of shares in AAG to equity holders of the Company	<u>(35,145)</u>

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E. Notes to the condensed interim consolidated financial statements (cont'd)

9. Net asset value

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net asset value per ordinary share				
- in US\$	0.38	0.40	0.25	0.26
- in S\$	0.50	0.54	0.33	0.35

10. Earnings per share (EPS)

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share:

	Group		Group	
	6 months ended 31 December 2023 US\$'000	6 months ended 31 December 2022 US\$'000	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000
Numerator:				
Earnings attributable to equity holders:				
Continuing operations	22,783	(31,990)	(30,798)	(6,465)
Discontinued operations	-	(3,866)	-	14,621
Earnings attributable to equity holders for basic earnings	22,783	(35,856)	(30,798)	8,156
	<u>Number of shares</u>	<u>Number of shares</u>	<u>Number of shares</u>	<u>Number of shares</u>
Denominator:				
Weighted average number of ordinary shares	2,036,857,923	2,043,105,531	2,037,364,682	2,042,295,126
	<u>US Cents</u>	<u>US Cents</u>	<u>US Cents</u>	<u>US Cents</u>
Earnings per share:				
Continuing operations	1.12	(1.57)	(1.51)	(0.32)
Discontinued operations	-	(0.19)	-	0.72
Basic and diluted earnings per share	1.12	(1.76)	(1.51)	0.40

11. Property, plant and equipment

During the six months ended 31 December 2023, the Group acquired assets amounting to US\$75.1 million (31 December 2022: US\$202.9 million) and disposed of assets amounting to US\$1.5 million (31 December 2022: US\$2.7 million).

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E. Notes to the condensed interim consolidated financial statements (cont'd)

12. Biological assets

	Group	
	31 December 2023	31 December 2022
	US\$'000	US\$'000
Breeding chickens	115,723	111,196
Breeding ducks	648	601
Breeding cattle	1,645	2,155
Breeding swine	47,968	63,703
Forage and plantation	197	169
	<hr/>	<hr/>
	166,181	177,824
Fattening livestock	197,837	205,208
	<hr/>	<hr/>
	364,018	383,032
	<hr/>	<hr/>
<u>Presented as:</u>		
Biological assets, current	126,523	136,979
Biological assets, non-current	39,658	40,845
Biological inventories, current	197,837	205,208
	<hr/>	<hr/>
	364,018	383,032
	<hr/>	<hr/>

	Group US\$'000
<u>6 months ended 31 December 2023</u>	
Opening balance at 1 July 2023	381,402
Net reductions	(10,854)
Changes in fair value	3,338
Foreign exchange adjustments	(9,868)
	<hr/>
Closing balance at 31 December 2023	364,018
	<hr/>

13. Inventories

	Group	
	31 December 2022	31 December 2022
	US\$'000	US\$'000
Finished goods	108,304	96,799
Work in process	6,998	8,744
Raw materials	586,875	583,575
Consumables	52,025	54,597
	<hr/>	<hr/>
	754,202	743,715
	<hr/>	<hr/>

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E. Notes to the condensed interim consolidated financial statements (cont'd)

14. Share capital and other equity information

14.1 Share capital

	Group and Company	
	Number of shares issued '000	Amount US\$'000
<u>Issued and fully paid ordinary shares:</u>		
<u>6 months ended 31 December 2023</u>		
Beginning of interim period on 1 July 2023		
and end of interim period on 31 December 2023	2,067,423	478,898

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

14.2 Treasury shares

	Group and Company	
	Number of shares '000	Amount US\$'000
<u>6 months ended 31 December 2023</u>		
Beginning of interim period on 1 July 2023	30,887	14,283
Purchase of treasury shares	817	138
Reissued of treasury shares under performance share plan	(1,306)	(604)
End of interim period on 31 December 2023	30,398	13,817

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 817,000 (2022: 6,746,000) shares in the Company through purchases on the Singapore Exchange during the interim financial period. The total amount paid to acquire the shares was US\$0.1 million (2022: US\$2.7 million) and this was presented as a component within shareholders' equity.

The total number of issued shares excluding treasury shares as at 31 December 2023 is 2,037,025,320 (31 December 2022: 2,039,835,520).

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E. Notes to the condensed interim consolidated financial statements (cont'd)

15. Defined benefit plan liabilities

	Group	
	31 December 2023	31 December 2022
	US\$'000	US\$'000
Present value of unfunded defined benefit	97,777	89,535
Fair value of plan assets	(12,644)	(14,326)
Defined benefit plan liabilities	85,133	75,209

The Group operates a defined benefit plan for qualifying employees of its subsidiaries in Indonesia, in accordance with Indonesian Labour Laws. Amounts are determined based on years of service and salaries of the employees at the time of the pension.

Movements of the defined benefit plan liabilities recognised in statement of financial position are as follows:

	Group US\$'000
<u>6 months ended 31 December 2023</u>	
Opening balance at 1 July 2023	87,769
Net benefit expense recognised in statement of comprehensive income	5,120
Re-measurement gain included in other comprehensive income	(1,512)
Contributions to plan made	(3,659)
Payments for the interim period	(402)
Foreign exchange adjustments	(2,183)
Closing balance at 31 December 2023	85,133

Movements in the fair value of the plan assets are as follows:

	Group US\$'000
<u>6 months ended 31 December 2023</u>	
Opening balance at 1 July 2023	13,285
Interest income	382
Return on plan assets (excluding amounts included in net interest expense)	(71)
Contributions from the employer	3,659
Benefits paid	(4,210)
Foreign exchange adjustments	(381)
Closing balance at 31 December 2023	12,664

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E. Notes to the condensed interim consolidated financial statements (cont'd)

16. Borrowings

	Group	
	31 December 2023 US\$'000	31 December 2022 US\$'000
Amount due within one year		
Secured	430,223	396,888
Unsecured	318,414	281,241
Total	<u>748,637</u>	<u>678,129</u>
Amount due more than one year		
Secured	223,561	229,420
Unsecured	513,454	535,661
Total	<u>737,015</u>	<u>765,081</u>

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.

Borrowings comprise of loan and borrowings, and lease liabilities presented in balance sheet.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

17. Financial assets and financial liabilities at amortised cost

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

	Group		Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Financial Assets				
Total trade and other receivables	191,197	191,772	4,412	5,111
Cash at bank	211,879	280,695	26,993	76,816
Deposit	6,559	7,002	144	381
Total financial assets	409,635	479,469	31,549	82,308
Financial Liabilities				
Trade and other payables	284,280	300,019	2,578	4,440
Loan and borrowings	1,312,256	1,274,572	-	-
Lease liabilities	173,396	168,638	30	532
Total financial liabilities	1,769,932	1,743,229	2,608	4,972

Deposit is included in other asset presented in balance sheet.

18. Non-cash transactions

The net cash incurred for the purchase of property, plant and equipment is as follows:

	Group	
	12 months ended 31 December 2023 US\$'000	12 months ended 31 December 2022 US\$'000
Additions of property, plant and equipment	156,001	332,644
Less: Net movements in liability for purchase/ construction of plant and equipment	14,285	(135)
Purchase of property, plant and equipment in consolidated statement of cash flows	170,286	332,509

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E. Notes to the condensed interim consolidated financial statements (cont'd)

19. Fair value measurement

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of assets/liabilities measured at fair value as at 31 December 2023 and 31 December 2022:

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
31 December 2023				
Assets/(liabilities) measured at fair value				
Financial assets/(liabilities):				
<u>Equity securities at FVOCI</u>				
Quoted equity security	2,971	-	-	2,971
Unquoted equity securities	-	-	6,831	6,831
<u>Derivatives</u>				
Foreign currency forward and option contracts	-	14,495	-	14,495
Financial assets	2,971	14,495	6,831	24,297
Non-financial assets:				
Biological assets	-	-	364,018	364,018
Non-financial assets	-	-	364,018	364,018

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E. Notes to the condensed interim consolidated financial statements (cont'd)

19. Fair value measurement (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	Fair value measurements at the end of the reporting period using			Total US\$'000
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
31 December 2022				
Assets/(liabilities) measured at fair value				
Financial assets/(liabilities):				
<u>Equity securities at FVOCI</u>				
Quoted equity security	9,630	-	-	9,630
Unquoted equity securities	-	-	6,588	6,588
<u>Derivatives</u>				
Foreign currency forward and option contracts	-	11,135	-	11,135
Financial assets	9,630	11,135	6,588	27,353
Non-financial assets:				
Biological assets	-	-	383,032	383,032
Non-financial assets	-	-	383,032	383,032

20. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Japfa Ltd and its subsidiaries as at 31 December 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

3. Review of performance of the Group

Review of Group Performance

Please refer to the Company's Investor Presentation for the twelve months period ended 31 December 2023.

Review of Group Financial Position

Total assets as at 31 December 2023 increased by US\$15.9 million from US\$3,067.9 million to US\$3,083.8 million primarily due to increase in property, plant and equipment and inventories.

Total liabilities as at 31 December 2023 increased by US\$38.7 million from US\$1,852.6 million to US\$1,891.3 million primarily due to increase in loans and borrowings and lease liabilities.

Equity attributable to the Owners of the Parent as at 31 December 2023 decreased by US\$43.7 million from US\$814.9 million to US\$771.2 million mainly due to the loss attributable to owners of the parent for the financial year ended 31 December 2023.

Review of Group Cash Flow

Net cash flows from operating activities were US\$145.9 million in FY2023, which mainly arose from operating cash flows before changes in working capital of US\$270.6 million, changes in working capital of US\$14.8 million, income tax paid of US\$28.8 million and interest paid of US\$110.7 million.

Net cash flows used in investing activities were US\$189.3 million in FY2023 mainly arose from purchase of property, plant and equipment of US\$170.3 million and purchase of biological assets of US\$22.4 million.

Net cash flows used in financing activities were US\$25.8 million in FY2023 mainly arose from proceeds from bank loans of US\$31.9 million and partially offset by repayment of principal portion of lease liabilities of US\$25.2 million and dividend paid of US\$32.4 million (including dividend paid by subsidiary to non-controlling interests).

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

Not applicable.

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5. 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	
	As at 31 December 2023	As at 31 December 2022
Issued ordinary shares	2,067,423,320	2,067,423,320
Treasury shares	30,398,000	27,587,800
Issued ordinary shares excluding treasury shares	2,037,025,320	2,039,835,520

6. 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 note 14.2 above in page 24.

7. Dividend information

(a) *Current financial period reported on*
Nil

No final dividend is recommended for the current financial period reported on as the Group recorded losses in FY2023.

(b) *Corresponding period of the immediately preceding financial year*
Yes

Name of Dividend	Final
Dividend type	Cash
Final ordinary dividend per share	1.0 Singapore cent
Tax rate	Tax exempt

(c) *Date payable*
Not applicable.

(d) *Books closure date*
Not applicable.

8. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

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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 operating period and the next 12 months

Group revenue and profitability are directly impacted by cyclicity in the agri-business, which in turn is dependent on a variety of external factors beyond the Group's control. These include macroeconomic conditions that affect consumer purchasing power, government policies, the availability and cost of raw materials, which depend on the seasonality of harvest and festivals as well changes to demand and supply. In addition, geopolitical tensions may also disrupt global economies, supply chains and commodities prices, and impact the cost of raw materials as well as consumer's purchasing power.

Since 2022, our operating environment has become more challenging, with the ongoing geo-political conflicts across the world, global inflationary pressures and tightening monetary policy. Costs of agricultural commodities have risen since 2022 which have increased our raw material costs.

These conditions exacerbated during 2023 and, as a result, the world is currently facing a cost-of-living pressures. Inflation has a stronger impact on the purchasing power of the consumers in the low-income band. The lower purchasing power reduces our ability to increase selling prices especially in Emerging Asia and resulted in overall margin shrinkage.

Going forward, raw material prices are expected to remain high, as (i) weather conditions may affect crop production in some countries, (ii) geo-political issues persist, and (iii) high interest rates increase the cost of funding.

In addition, as our business involves livestock, the outbreak of animal diseases, such as African Swine Fever ("ASF") in Vietnam, represents a major risk. Even though the Covid-19 impact has weakened, we recognise that global health issues remain as a potential threat on the global economies. Volatility in foreign exchange rates might affect the Group's financial results which are reported in USD terms.

These uncertainties may impact the Group's operations and financial results. We expect these global external factors and the cost-of-living pressures to continue in the near term, but we are cautiously optimistic over the solid prospects for staple protein consumption in our markets.

PT Japfa Tbk

In Indonesia, the prices of broiler and day-old-chick ("DOC") are volatile, depending on market demand-supply dynamics. Since 2022, poultry selling prices did not keep pace with the higher global feed raw materials costs. At the same time, the demand supply imbalance in DOC and broiler has resulted in volatile and weak poultry prices. This imbalance has not shown signs of improvement and is likely to continue due to cost-of-living pressures, which may dampen demand for our products in the near term.

Since the Covid-19 outbreak in 2020, PT Japfa Tbk has taken action to freeze and defer non-essential capital expenditures ("Capex"). In the light of the current challenging environment, this measure is still in place and PT Japfa Tbk continues to keep a close eye on the macro-economic conditions and manage Capex growth accordingly.

New lifestyles are changing consumer patterns towards processed foods, including those produced by the Group. Challenges remain particularly in the Group's ambient food products business due to intense market competition.

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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 operating period and the next 12 months (cont'd)

Animal Protein Other (“APO”)

In Vietnam, both broiler and swine selling prices were lower year-on-year. This was mainly due the weak consumer demand resulting from cost-of-living pressures and sluggish general economic conditions. This has impacted our margins.

Operational costs remained high in 2023 due to high feed raw material costs and ASF-related measures, including culling losses and biosecurity. ASF remains an industry-wide problem. As there is still no proven vaccine or treatment for ASF, biosecurity measures are the only available means to protect Vietnamese swine livestock.

Although the current challenges are expected to persist in the near term, the long-term prospects in Vietnam are expected to remain sound. In the light of the current situation, APO-Vietnam has temporarily frozen non-essential new Capex and scaled down the sow breeding population and swine fattening livestock, including closing farms that cannot meet our biosecurity standards. This measure has resulted in additional direct costs of approximately US\$14.3 million in FY2023 and additional costs are expected in the coming periods.

In Myanmar, consumer demand continues to be affected by the political situation in the country, which has reverted to a cash economy. Actions have been taken by the local management to adapt to the current situation, including scaling down operations to match the lower demand, and sourcing raw materials from local suppliers in local currency (Myanmar Kyat). Although the general situation in Myanmar appears to progressively stabilise, our operations in Myanmar remain challenging as consumer purchasing power is still weak. The Group’s business in Myanmar is not material, representing approximately 2% of Group revenue and assets in FY2023. However, as the Company supplies mainly chicken, which is a staple and affordable protein food, we do not expect the impact on our business to be long lasting. The Company will continue to monitor the situation as it develops.

Conclusion

Over the medium and long-term the emerging markets in which the Group operates are expected to 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 as well as its strategy of diversification across proteins and geographies, together with its track record in replicating its industrialised and scalable business across the region, will continue to sustain its growth in the medium to long-term.

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11. 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
Gabriella Santosa	31	<p>Sister of Director, Renaldo Santosa</p> <p>Niece of Director, Mr Hendrick Kolonas.</p> <p>Gabriella is also a deemed Substantial Shareholder of the Company by virtue of her being a joint investment power holder (with Renaldo Santosa) of the Scuderia Trust.</p>	<p>Head of Business Development and Strategy held since 1 August 2022</p> <p>Duties:</p> <p>She reports to Chief Executive Officer to:</p> <ul style="list-style-type: none"> - 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. - Assess 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. 	<p>Head of Projects, President Director’s Office in PT Japfa Comfeed Indonesia Tbk with effect from 1 March 2024</p> <p>Duties:</p> <ul style="list-style-type: none"> - Oversee and manage critical project and initiatives on behalf of the President Director (PD) - Provide direct support to the PD in executing the company’s strategic vision and objectives. - Collaborate with the PD in developing and implementing business plans and operational strategies. - Support the PD in identifying potential risks and implementing strategies to mitigate them. - Conduct thorough research and analysis to aid the PD in making informed decisions and identifying opportunities for business growth and development. - Monitor industry trends in fields such as Technology and Innovation, providing regular insights and recommendations to the PD. - Assist the PD in driving productivity and efficiency in our operations. - Act as a liaison between the PD and various departments. - Assist the PD to lead the management team and key executives, fostering a collaborative and high-performance work environment. - Assist in the identification and development of potential future leaders within the company. - Facilitate effective communication within the company. - Foster an engaged workforce anchored on a positive company culture and values.

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11. 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
Aldrian Irvan Kolonas	36	Son of Director, Mr Hendrick Kolonas. Brother of Substantial Shareholder, Ms Rachel Anastasia Kolonas.	Deputy Corporate Affairs Director in PT Japfa Comfeed Indonesia Tbk Position held since 1 October 2020. Duties: <ul style="list-style-type: none">- Systematically organizes governance process, coordinates coherent policy and is responsible for external communications.- Provides strategic leadership pertaining Company's reputation.- Advises Management Team on matters relating corporate issues and image.- Builds and maintain good relations with all stakeholders.- Engages and influence policy makers, as well as deal with the Government regarding permit, legal and law.- Leads and oversees government relations, corporate communications and social Investment functions.- Ensure the entire strategic plan within Corporate Affairs function is well executive and implemented.	Relinquished role as Deputy Head of SBU Grains Trading since September 2023.

By Order of the Board
Japfa Ltd

Tan Yong Nang
Executive Director and
Chief Executive Officer
29 February 2024