



JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2024

JAPFA LTD.

(Registration Number: 200819599W)

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

	Note	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000	Change %
Revenue	4	2,252,734	2,118,875	6%
Cost of sales		(1,848,976)	(1,901,784)	-3%
Gross profit		403,758	217,091	86%
Marketing and distribution costs		(73,673)	(79,761)	-8%
Administrative expenses		(133,954)	(133,555)	0%
Operating profit		196,131	3,775	5096%
Interest income		2,467	2,759	-11%
Finance costs		(48,798)	(56,974)	-14%
Other (loss)/gain		(7,178)	642	n/m
Foreign exchange adjustments loss		(2,782)	(1,230)	126%
Changes in fair value of biological assets		1,965	(4,281)	n/m
Share of results of associate and joint ventures		(1,305)	(1,394)	-6%
Profit/(Loss) before tax	5	140,500	(56,703)	n/m
Income tax (expense)/credit	6	(42,367)	5,892	n/m
Profit/(Loss) for the period, net of tax		98,133	(50,811)	n/m
Profit/(Loss) for the period, net of tax attributable to:				
- Owners of the parent ("PATMI")		51,671	(53,581)	n/m
- Non-controlling interests		46,462	2,770	1577%
		98,133	(50,811)	n/m

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 SFRS(I).

Core PATMI w/o forex	53,353	(49,345)	n/m
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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.

EBITDA	247,294	64,001	286%
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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 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000	Change %
Profit/(Loss) for the period, net of tax		98,133	(50,811)	n/m
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Loss on equity instruments designated at fair value through other comprehensive income		(1,128)	(3,664)	-69%
Remeasurement of the net defined benefits plan, net of tax		1,877	(4,089)	n/m
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax		(60,479)	37,163	n/m
Share of other comprehensive loss of associate and joint ventures		(166)	61	n/m
Cash flow hedges		(7,361)	11,133	n/m
Other comprehensive income for the period, net of tax		(67,257)	40,604	n/m
Total comprehensive income		30,876	(10,207)	n/m
Total comprehensive income, net of tax attributable to:				
- Owners of the parent		10,711	(32,730)	n/m
- Non-controlling interests		20,165	22,523	-10%
		<u>30,876</u>	<u>(10,207)</u>	n/m
Basic and diluted earnings per share (cents)	9	<u>2.54</u>	<u>(2.63)</u>	n/m

n/m : not meaningful

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B. Condensed interim statements of financial position

	Group		Company	
	As at 30/6/2024 US\$'000	As at 31/12/2023 US\$'000	As at 30/6/2024 US\$'000	As at 31/12/2023 US\$'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	993,957	1,039,550	52	56
Right-of-use assets	206,223	206,003	1,252	35
Investment properties	25,966	25,362	-	-
Intangible assets	11,282	12,231	-	-
Investment in subsidiaries	-	-	461,082	453,622
Investments in associate and joint ventures	33,956	36,257	27,100	27,100
Biological assets	38,061	39,658	-	-
Deferred tax assets	84,199	73,764	-	-
Real estate assets	64,279	65,235	-	-
Other receivables	1,032	1,050	-	-
Other financial assets	28,647	18,940	-	-
Other assets	43,271	43,475	-	-
Total non-current assets	1,530,873	1,561,525	489,486	480,813
<u>Current assets</u>				
Inventories	774,703	754,202	-	-
Biological inventories	200,950	197,837	-	-
Biological assets	105,514	126,523	-	-
Trade and other receivables	180,879	190,147	7,730	4,412
Other financial assets	4,777	5,704	4,400	5,528
Other assets	54,412	36,004	1,587	1,837
Cash at banks	180,822	211,879	13,441	26,993
Total current assets	1,502,057	1,522,296	27,158	38,770
Total assets	3,032,930	3,083,821	516,644	519,583
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	478,898	478,898	478,898	478,898
Treasury shares	(13,817)	(13,817)	(13,817)	(13,817)
Retained earnings	612,676	560,099	72,831	76,233
Other reserves	(14,929)	(9,911)	(25,509)	(24,505)
Translation reserve	(280,769)	(244,032)	-	-
Equity attributable to owners of the parent	782,059	771,237	512,403	516,809
Non-controlling interests	438,955	421,300	-	-
Total equity	1,221,014	1,192,537	512,403	516,809
<u>Non-current liabilities</u>				
Defined benefit plan liabilities	78,267	85,133	-	-
Deferred tax liabilities	34,485	2,616	-	-
Other payables	327	415	-	-
Loans and borrowings	517,574	580,737	-	-
Lease liabilities	159,693	156,278	821	-
Other financial liabilities	-	-	-	-
Other liabilities	807	876	-	-
Total non-current liabilities	791,153	826,055	821	-
<u>Current liabilities</u>				
Income tax payable	15,991	15,972	321	166
Trade and other payables	295,840	283,865	2,632	2,578
Loans and borrowings	678,060	731,519	-	-
Lease liabilities	18,342	17,118	467	30
Other financial liabilities	-	346	-	-
Other liabilities	12,530	16,409	-	-
Total current liabilities	1,020,763	1,065,229	3,420	2,774
Total liabilities	1,811,916	1,891,284	4,241	2,774
Total equity and liabilities	3,032,930	3,083,821	516,644	519,583

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C. Condensed interim statements of changes in equity

Group

Balance at 1 January 2024

Movements in equity:

Total comprehensive income for the year

Value of employee services received of performance share plan

Acquisition of non-controlling interests without change in control

Dividend paid by subsidiary to non-controlling interests

Balance at 30 June 2024

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
1,192,537	771,237	478,898	(13,817)	560,099	(9,911)	(244,032)	421,300
30,877	10,712	-	-	52,577	(5,128)	(36,737)	20,165
123	123	-	-	-	123	-	-
(2,208)	(13)	-	-	-	(13)	-	(2,195)
(315)	-	-	-	-	-	-	(315)
1,221,014	782,059	478,898	(13,817)	612,676	(14,929)	(280,769)	438,955

Balance at 1 January 2023

Movements in Equity:

Total comprehensive income for the year

Purchase of treasury shares by the Company

Value of employee services received of performance share plan

Issuance of new shares to non-controlling interests without change in control

Dividend paid to equity holders of the company

Dividend paid by subsidiary to non-controlling interests

Balance at 30 June 2023

1,215,266	814,949	478,898	(13,724)	607,736	(9,297)	(248,664)	400,317
(10,207)	(32,730)	-	-	(55,798)	2,094	20,974	22,523
(559)	(559)	-	(559)	-	-	-	-
552	552	-	-	-	552	-	-
1,159	-	-	-	-	-	-	1,159
(15,211)	(15,211)	-	-	(15,211)	-	-	-
(17,167)	-	-	-	-	-	-	(17,167)
1,173,833	767,001	478,898	(14,283)	536,727	(6,651)	(227,690)	406,832

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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 2024	516,809	478,898	(13,817)	76,233	(24,505)
Movements in equity:					
Total comprehensive income for the year	(4,530)	-	-	(3,402)	(1,128)
Value of employee services received of performance share plan	124	-	-	-	124
Balance at 30 June 2024	512,403	478,898	(13,817)	72,831	(25,509)
Balance at 1 January 2023	528,858	478,898	(13,724)	81,978	(18,294)
Movements in equity:					
Total comprehensive income for the year	14,995	-	-	18,659	(3,664)
Purchase of treasury shares	(559)	-	(559)	-	-
Value of employee services received of performance share plan	552	-	-	-	552
Dividend paid to equity holders of the company	(15,211)	-	-	(15,211)	-
Balance at 30 June 2023	528,635	478,898	(14,283)	85,426	(21,406)

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D. Condensed interim consolidated statement of cash flows

	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
<u>Cash flows from operating activities</u>		
Profit/(loss) before tax	140,500	(56,703)
Adjustment for:		
Amortisation of intangible assets	425	471
Amortisation of bonds issuance cost	991	992
Amortisation of premium on option	3,650	3,835
Depreciation of property, plant and equipment	44,557	45,135
Amortisation of right-of-use assets	14,182	14,925
Write-off of property, plant and equipment	1,561	72
Write-down/(write-back) of inventories	5,092	(1,074)
Depreciation of investment properties	482	448
Effect of lease liabilities remeasurement	(50)	(692)
Fair value changes on other financial assets	(17)	(4)
Changes in fair value of biological assets	(1,965)	4,281
Gain on disposal of property, plant and equipment	(612)	(504)
Expenses arising from increase in defined benefit plan liabilities	6,821	7,320
Dividend income from investment in shares	(356)	(503)
Interest income	(2,467)	(2,759)
Interest expense on loans and borrowings	39,883	48,160
Interest expense on leases	8,915	8,814
Allowance for impairment on trade and other receivables	3,111	2,381
Value of employee services received pursuant to performance share plan	123	552
Share of loss from equity-accounted associates and joint venture	1,305	1,394
Net effect of exchange rate changes	6,593	5,700
Operating cash flows before changes in working capital	272,724	82,241
Biological inventories	(12,169)	(5,294)
Inventories	(73,907)	1,464
Biological assets	25,014	19,612
Trade and other receivables	(5,543)	11,411
Other assets	(25,216)	(19,327)
Trade and other payables	12,644	(66,172)
Defined benefit plan liabilities	(6,091)	(3,394)
Other liabilities	(3,947)	173
Net cash flows from operations before tax	183,509	20,714
Income taxes paid	(10,769)	(13,662)
Interest expense paid	(39,883)	(48,160)
Interest paid on lease liabilities	(8,915)	(8,814)
Net cash flows from/(used in) operating activities	123,942	(49,922)

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

	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
<u>Cash flows used in investing activities</u>		
Purchase of property, plant and equipment	(54,759)	(95,405)
Purchase of investment properties	(133)	(828)
Proceeds from disposal of property, plant and equipment	925	1,101
Proceeds from disposal of investment properties	49	3
Additions in real estate assets	(1,596)	(77)
Addition to investment in joint venture	-	(3,464)
Proceeds from issuance of shares to non-controlling interest by subsidiary	-	1,159
Purchase of biological assets	(10,266)	(7,632)
Purchase consideration paid for acquisition of non-controlling interests without change of control	(2,208)	-
Purchase of intangible assets	(26)	(51)
Changes in other financial assets	24	4
Dividend income from investment in shares	356	503
Interest income received	2,467	2,759
Net cash flows used in investing activities	<u>(65,167)</u>	<u>(101,928)</u>
<u>Cash flows (used in)/from financing activities</u>		
Dividends paid by subsidiary to non-controlling interests	(315)	(17,167)
Dividends paid to equity holders of the Company	-	(15,211)
Repayment of principal portion of lease liabilities	(10,694)	(13,830)
(Repayment)/proceeds from new bank loans	(78,734)	104,738
Increase in cash restricted in use	267	314
Purchase of treasury shares by the Company	-	(559)
Net cash flows (used in)/from financing activities	<u>(89,476)</u>	<u>58,285</u>
Net decrease in cash and cash equivalents	(30,701)	(93,565)
Effect of exchange rate changes on cash and cash equivalents	(89)	1,212
Cash and cash equivalents, statement of cash flows, beginning balance	<u>211,313</u>	<u>280,381</u>
Cash and cash equivalents, statement of cash flows, ending balance	<u>180,523</u>	<u>188,028</u>

Notes:

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

	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
Cash and bank balances	180,822	188,028
Less: bank deposit pledged	(299)	-
Cash and cash equivalents per consolidated statement of cash flows	<u>180,523</u>	<u>188,028</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 30 June 2024 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 30 June 2024 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 annual financial statements for the year ended 31 December 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 2023.

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 11 – determination of fair value of biological assets using significant unobservable inputs
- Note 14 – 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 cyclicity

The Group's 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 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 January 2024 to 30 June 2024

	Animal Protein - PT Japfa Tbk US\$'000	Animal Protein - Other US\$'000	Sub-total US\$'000	Others US\$'000	Group US\$'000
<u>Revenue by segment</u>					
External revenue	1,723,288	515,396	2,238,684	14,050	2,252,734
Inter-segment revenue	345	-	345	(345)	-
Total revenue	1,723,633	515,396	2,239,029	13,705	2,252,734
Operating profit	161,664	28,138	189,802	6,329	196,131
Interest income	1,186	862	2,048	419	2,467
Finance costs	(27,365)	(14,747)	(42,112)	(6,686)	(48,798)
Foreign exchange adjustments loss	853	(3,605)	(2,752)	(30)	(2,782)
Changes in fair value of biological assets	373	1,592	1,965	-	1,965
Share of results of associate and joint ventures	(67)	-	(67)	(1,238)	(1,305)
Others	(4,502)	1,088	(3,414)	(3,764)	(7,178)
Profit/(loss) before tax	132,142	13,328	145,470	(4,970)	140,500
Income tax expense	(36,551)	(4,775)	(41,326)	(1,041)	(42,367)
Profit/(loss) for the period, net of tax	95,591	8,553	104,144	(6,011)	98,133
<u>Assets and reconciliations</u>					
Segment assets	2,070,726	770,951	2,841,677	52,658	2,894,335
Unallocated assets	62,296	53,993	116,289	22,306	138,595
Total Group assets	2,133,022	824,944	2,957,966	74,964	3,032,930
<u>Liabilities and reconciliations</u>					
Segment liabilities	1,230,893	567,757	1,798,650	(37,209)	1,761,441
Unallocated liabilities	15,612	33,607	49,219	1,256	50,475
Total Group liabilities	1,246,505	601,364	1,847,869	(35,953)	1,811,916

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	45,076	32,392	77,468	1,512	78,980
Depreciation and amortisation	38,776	20,568	59,344	302	59,646

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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 30 June 2023

	Animal Protein - PT Japfa Tbk US\$'000	Animal Protein - Other US\$'000	Sub-total US\$'000	Others US\$'000	Group US\$'000
Revenue by segment					
External revenue	1,608,581	498,849	2,107,430	11,445	2,118,875
Inter-segment revenue	712	1,759	2,471	(2,471)	-
Total revenue	1,609,293	500,608	2,109,901	8,974	2,118,875
Operating profit/(loss)	41,794	(43,744)	(1,950)	5,725	3,775
Interest income	1,423	1,137	2,560	199	2,759
Finance costs	(33,356)	(18,131)	(51,487)	(5,487)	(56,974)
Foreign exchange adjustments loss	(942)	(260)	(1,202)	(28)	(1,230)
Changes in fair value of biological assets	9	(4,290)	(4,281)	-	(4,281)
Share of results of associate and joint ventures	159	-	159	(1,553)	(1,394)
Others	(896)	521	(375)	1,017	642
Profit/(loss) before tax	8,191	(64,767)	(56,576)	(127)	(56,703)
Income tax (expense)/credit	(4,445)	11,178	6,733	(841)	5,892
Profit/(loss) for the period, net of tax	3,746	(53,589)	(49,843)	(968)	(50,811)

Assets and reconciliations

Segment assets	2,105,855	804,672	2,910,527	63,843	2,974,370
Unallocated assets	85,070	31,738	116,808	24,814	141,622
Total Group assets	2,190,925	836,410	3,027,335	88,657	3,115,992

Liabilities and reconciliations

Segment liabilities	1,360,050	607,781	1,967,831	(40,895)	1,926,936
Unallocated liabilities	10,426	3,798	14,224	999	15,223
Total Group liabilities	1,370,476	611,579	1,982,055	(39,896)	1,942,159

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	71,970	34,975	106,945	1	106,946
Depreciation and amortisation	40,005	20,707	60,712	267	60,979

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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 is as follows:

	Revenue	
	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
Indonesia	1,697,650	1,585,314
Vietnam	413,969	387,066
India	58,990	65,713
Myanmar	36,367	41,369
Others	45,758	39,413
	<u>2,252,734</u>	<u>2,118,875</u>

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

4.2 Disaggregation of revenue

Major product

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

	Animal Protein – PT Japfa Tbk US\$'000	Animal Protein – Other US\$'000	Total US\$'000
<u>1 January 2024 to 30 June 2024</u>			
Sales of animal feed	556,249	171,781	728,030
Sales of livestock	837,441	322,412	1,159,853
Sales of animal protein products	247,630	16,903	264,533
<u>1 January 2023 to 30 June 2023</u>			
Sales of animal feed	539,306	189,127	728,433
Sales of livestock	742,026	288,988	1,031,014
Sales of animal protein products	240,752	16,800	257,552

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/(Loss) before tax

5.1 Significant items

	Group		Change %
	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000	
<u>Income /(expenses)</u>			
Finance costs			
- Interest expense on loans and borrowings	(39,883)	(48,160)	-17%
- Interest expense on lease liabilities	(8,915)	(8,814)	1%
Depreciation of property, plant and equipment	(44,557)	(45,135)	-1%
Depreciation of investment properties	(482)	(448)	8%
Depreciation of right-of-use assets	(14,182)	(14,925)	-5%
Amortisation of intangible assets	(425)	(471)	-10%
Changes in fair value of biological assets	1,965	(4,281)	n/m
Foreign exchange adjustments loss	(2,782)	(1,230)	126%
Gain on disposal of property, plant and equipment	612	504	21%

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	
	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
Revenue	16,138	12,347
Purchases of goods	4,466	4,862
Insurance expense	267	1,987
Rendering of services expense	1,675	1,258
Rental income	539	467
Rental of premises	1,196	1,126
Rental of boat	-	250
Technical service fee income	218	199

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

6. Income tax expense/(credit)

The Group calculates the period income tax expense/(credit) 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	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	US\$'000	US\$'000
Current income tax expense	22,889	6,183
Deferred income tax expense relating to original and reversal of temporary differences	19,123	(14,329)
Withholding tax expenses	355	2,254
Income tax expense/(credit) recognised in statement of comprehensive income	42,367	(5,892)

International Tax Reform – Pillar Two Model Rules (GloBE)

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy.

The Pillar Two Global anti-Base Erosion rules (GloBE Rules) represent the first substantial overhaul of the international tax rules in almost a century. The GloBE Rules propose four new taxing mechanisms under which multinational enterprises (MNEs) would pay a minimum level of tax (Minimum Tax): the Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax; the Income Inclusion Rule (IIR); the Under Taxed Payments Rule (UTPR); and the Qualified Domestic Minimum Top-up Tax (QDMT) generally propose a Minimum Tax on the income arising in each jurisdiction in which an MNE operates.

In the Singapore 2023 Budget Statement, the Singapore government announced plans to implement the GloBE Rules as well as a domestic top-up tax (DTT) beginning on or after 1 January 2025. As of the issuance date of these financial statements, Singapore has not announced when and how the GloBE Rules will be enacted, the jurisdiction in which the Company is incorporated. Consequently, it is not presently feasible to reasonably estimate the quantitative impact of this legislation.

7. Dividends

	Group	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	US\$'000	US\$'000
<u>Dividends paid during the financial period</u>		
Dividends on ordinary shares:		
Final (tax exempt one-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. Net asset value

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Net asset value per ordinary share				
- in US\$	0.38	0.38	0.25	0.25
- in S\$	0.52	0.50	0.34	0.33

9. Earnings per share

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

	Group 6 months ended	
	30 June 2024 US Cents	30 June 2023 US Cents
Earnings per share for the period		
(a) Based on weighted average number of ordinary shares in issue	2.54	(2.63)
(b) Based on a fully diluted basis	2.54	(2.63)
Weighted average number of ordinary shares	2,037,025,320	2,037,879,842

10. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to US\$56.2 million (30 June 2023: US\$80.9 million) and disposed of assets amounting to US\$1.9 million (30 June 2023: US\$0.7 million).

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

11. Biological assets

	Group	
	30 June 2024	31 December 2023
	US\$'000	US\$'000
Breeding chickens	99,656	115,723
Breeding ducks	823	648
Breeding cattle	1,349	1,645
Breeding swine	41,553	47,968
Forage and plantation	194	197
	<hr/>	<hr/>
	143,575	166,181
Fattening livestock	200,950	197,837
	<hr/>	<hr/>
	344,525	364,018
	<hr/>	<hr/>
<u>Presented as:</u>		
Biological assets, current	105,514	126,523
Biological assets, non-current	38,061	39,658
Biological inventories, current	200,950	197,837
	<hr/>	<hr/>
	344,525	364,018
	<hr/>	<hr/>
		Group US\$'000
<u>6 months ended 30 June 2024</u>		
Opening balance at 1 January 2024		364,018
Net reductions		(2,578)
Changes in fair value		1,965
Foreign exchange adjustments		(18,880)
		<hr/>
Closing balance at 30 June 2024		344,525
		<hr/>

12. Inventories

	Group	
	30 June 2024	31 December 2023
	US\$'000	US\$'000
Finished goods	92,953	108,304
Work in process	8,884	6,998
Raw materials	627,583	586,875
Consumables	45,283	52,025
	<hr/>	<hr/>
	774,703	754,202
	<hr/>	<hr/>

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

13. Share capital and other equity information

13.1 Share capital

	Group and Company	
	Number of shares issued '000	Amount US\$'000
<u>Issued and fully paid ordinary shares:</u>		
<u>30 June 2024</u>		
Beginning of interim period on 1 January 2024		
and end of interim period on 30 June 2024	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.

13.2 Treasury shares

	Group and Company	
	Number of shares '000	Amount US\$'000
<u>30 June 2024</u>		
Beginning of interim period on 1 January 2024		
and end of interim period on 30 June 2024	30,398	13,817

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

The Company acquired Nil (2023: 3,299,000) 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\$Nil (2023: US\$0.6 million) and this was presented as a component within shareholders' equity.

The total number of issued shares excluding treasury shares as at 30 June 2024 is 2,037,025,320 (31 December 2023: 2,037,025,320).

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

14. Defined benefit plan liabilities

	Group	
	30 June 2024 US\$'000	31 December 2023 US\$'000
Present value of unfunded defined benefit	91,636	97,797
Fair value of plan assets	(13,369)	(12,664)
Defined benefit plan liabilities	<u>78,267</u>	<u>85,133</u>

Defined benefit plan liabilities mainly relates to a defined benefit plan operates by the Group's subsidiaries in Indonesia for its employees 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
6 months ended 30 June 2024	
Opening balance at 1 January 2024	85,133
Net benefit expense recognised in statement of profit or loss under administrative expenses	6,821
Re-measurement loss included in other comprehensive income	(2,300)
Contributions to plan made	(5,830)
Payments for the interim period	(261)
Foreign exchange adjustments	(5,296)
Closing balance at 30 June 2024	<u>78,267</u>

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

	Group US\$'000
6 months ended 30 June 2024	
Opening balance at 1 January 2024	12,664
Interest income	447
Return on plan assets (excluding amounts included in net interest expense)	(127)
Contributions from the employer	5,830
Benefits paid	(4,703)
Foreign exchange adjustments	(742)
Closing balance at 30 June 2024	<u>13,369</u>

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

15. Borrowings

	Group	
	30 June 2024 US\$'000	31 December 2023 US\$'000
Amount due within one year		
Secured	347,068	430,223
Unsecured	349,334	318,414
Total	<u>696,402</u>	<u>748,637</u>
Amount due more than one year		
Secured	203,506	223,561
Unsecured	473,761	513,454
Total	<u>677,267</u>	<u>737,015</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 and its subsidiaries.

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)

16. 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 30 June 2024 and 31 December 2023:

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Financial Assets				
Total trade and other receivables	181,911	191,197	7,730	4,412
Cash at banks	180,822	211,879	13,441	26,993
Deposit	5,722	6,559	144	144
Total financial assets	368,455	409,635	21,315	31,549
Financial Liabilities				
Trade and other payables	296,167	284,280	2,632	2,578
Loan and borrowings	1,195,634	1,312,256	-	-
Lease liabilities	178,035	173,396	1,288	30
Total financial liabilities	1,669,836	1,769,932	3,920	2,608

Deposit is included in other asset presented in balance sheet.

17. Non-cash transactions

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

	Group	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	US\$'000	US\$'000
Additions of property, plant and equipment (Note 10)	56,242	80,899
Less: Net movements in advance and liability for purchase/ construction of plant and equipment	(1,483)	14,506
Purchase of property, plant and equipment in consolidated statement of cash flows	54,759	95,405

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

18. Fair value measurement

(a) Fair value hierarchy

The Group categorises 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 30 June 2024 and 31 December 2023:

	<u>Fair value measurements at the end of the reporting period using</u>			
	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
30 June 2024				
Assets/(liabilities) measured at fair value				
Financial assets/(liabilities):				
<u>Equity securities at FVOCI</u>				
Quoted equity securities	1,843	-	-	1,843
Unquoted equity securities	-	-	6,563	6,563
<u>Derivatives</u>				
Foreign currency forward and option contracts	-	25,018	-	25,018
Financial assets	1,843	25,018	6,563	33,424
Non-financial assets:				
Biological assets	-	-	344,525	344,525
Non-financial assets	-	-	344,525	344,525

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

18. Fair value measurement (cont'd)

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

	<u>Fair value measurements at the end of the reporting period using</u>			<u>Total</u> US\$'000
	<u>Quoted prices in</u> <u>active markets for</u> <u>identical instruments</u> <u>(Level 1)</u> US\$'000	<u>Significant observable</u> <u>inputs other than</u> <u>quoted prices</u> <u>(Level 2)</u> US\$'000	<u>Significant</u> <u>unobservable</u> <u>inputs</u> <u>(Level 3)</u> US\$'000	
31 December 2023				
Assets/(liabilities) measured at fair value				
Financial assets/(liabilities):				
<u>Equity securities at FVOCI</u>				
Quoted equity securities	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

19. 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 30 June 2024 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 six months period ended 30 June 2024.

Review of Group Financial Position

Total assets decreased by US\$50.9 million from US\$3,083.8 million as at 31 December 2023 to US\$3,032.9 million as at 30 June 2024 primarily due to decrease in property, plant and equipment, biological assets and cash at banks.

Total liabilities decreased by US\$79.4 million from US\$1,891.3 million as at 31 December 2023 to US\$1,811.9 million as at 30 June 2024 primarily due to decrease in loans and borrowings.

Equity attributable to owners of the parent increased by US\$10.9 million from US\$771.2 million as at 31 December 2023 to US\$782.1 million as at 30 June 2024 mainly contributed by the profit attributable to owners of the parent for the financial period ended 30 June 2024.

Review of Group Cash Flow

Net cash flows from operating activities were US\$123.9 million in 1H 2024, which mainly arose from operating cash flows before changes in working capital of US\$272.7 million, changes in working capital of US\$89.2 million, income tax paid of US\$10.8 million and interest paid of US\$48.8 million.

Net cash flows used in investing activities were US\$65.2 million in 1H 2024 mainly represented by purchase of property, plant and equipment of US\$54.8 million and purchase of biological assets of US\$10.3 million.

Net cash flows used in financing activities were US\$89.5 million in 1H 2024 mainly arose from decrease in bank loans of US\$78.7 million and payment of principal portion of lease liabilities of US\$10.7 million.

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 30 June 2023	As at 30 June 2023
Issued ordinary shares	2,067,423,320	2,067,423,320
Treasury shares	30,398,000	30,886,500
Issued ordinary shares excluding treasury shares	2,037,025,320	2,036,536,820

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the half year ended 30 June 2024.

7. Dividend information

(a) *Current financial period reported on*
Nil

No interim dividend is recommended for the current financial period reported on as the Group intends to conserve cash to be used for the operations.

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

(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 cyclical 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. 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, which may result in overall margin shrinkage.

Costs of agricultural commodities have risen since 2022, increasing our raw material costs. While raw material prices have recently eased, the situation remain uncertain 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. 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. This affects poultry selling prices and our profitability, with fluctuation of operating profit between quarters. Global macro-economic factors, such as high raw material costs and inflationary pressures described above, add to market dynamics. For example, in FY2022 and FY2023, poultry selling prices did not keep pace with the higher global feed raw materials costs. Additionally, supply in Indonesia has progressively grown over the last few years following the expectations of demand growth for chicken. This resulted in a demand supply imbalance in DOC and broiler in FY2022 and FY2023, which in turn has led to volatile and weak poultry prices. In 1H2024, poultry prices have improved, with a positive impact on our profitability. However, cost-of-living pressures are likely to continue, which may dampen demand and selling prices for our products.

Since the Covid-19 outbreak in 2020, PT Japfa Tbk has taken action to freeze and defer non-essential capital expenditures ("Capex"). In line with our prudent approach, 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, 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. Since 4Q2023, there has been a resurgence in ASF in Vietnam, which has reduced the supply of pork in the market. We believe our strong focus on biosecurity has allowed us to minimise the impact of ASF and maintain our swine fattening sales volumes, however, ASF remains a risk.

Although the economic situation in Vietnam is showing signs of recovery in 1H2024, the persistent inflation may still affect the consumer purchasing power in the near term.

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 1H2024. 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.

Considering the recent civil strife in Bangladesh, the safety of our local staff remains our priority. We are closely monitoring the situation and have taken the appropriate measures to ensure their safety. It is important to note that the operations in Bangladesh are not material, as they represent less than 1% of Group revenue and assets in 1H2024. We remain committed to supporting our team and maintain our operational standards.

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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Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Yong Nang
Director

Kevin John Monteiro
Director

Singapore
31 July 2024