JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1 (a) (i) Income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income Statement

	Jan - Dec		
	2020	2019	Change
	US$'000	US$'000	%
Revenue	3,868,262	3,890,456	-1%
Cost of Sales	(3,010,685)	(3,076,932)	-2%
Gross Profit	857,577	813,524	5%
Marketing and Distribution Costs	(153,721)	(163,112)	-6%
Administrative Expenses	(340,071)	(311,371)	9%
Operating Profit	363,785	339,041	7%
Interest Income	6,537	2,645	147%
Finance Costs	(105,992)	(107,050)	-1%
Other Gain	150,916	327	n/m
Share of results of Joint Ventures	28	601	-95%
Foreign Exchange Adjustments Gain	74	9,431	-99%
Changes in Fair Value of Biological Assets[1]	7,055	2,079	239%
Profit Before Tax	422,403	247,074	71%
Tax Expense	(50,830)	(62,449)	-19%
Profit After Tax	371,573	184,625	101%
Profit After Tax attributable to Owners of the Parent* ("PATMI")	**321,967 ****	**119,952**	168%
Profit After Tax attributable to Non-Controlling Interests	49,606	64,673	-23%
Profit After Tax	371,573	184,625	101%

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 IFRS.

Core PATMI w/o forex	195,365	119,667	63%

* 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), other than gains/(losses) from the sale of beef in China[1], b) changes in fair value of derivatives, and c) extraordinary items[2], 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. This is because the majority of the gains/losses are unrealised and arise from the translation of USD bonds (from a subsidiary in Indonesia) and USD loans (from subsidiaries in China), which have no tax implication.

EBITDA	683,074 **	478,619	43%

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, other than gains/(losses) from the sale of beef in China[1].

** Both PATMI and EBITDA in FY 2020 include an extraordinary net gain of US$140.2 million from the sale of Dairy-SEA.

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[1] Changes in Fair Value of Biological Assets for FY 2020 includes a gain of US$18.0 million from the sale of beef in China.

[2] Extraordinary items in FY 2020 comprises of a gain from the sale of Dairy-SEA including realization of translation reserve and fair value of the remaining shareholding, as well as related transaction costs. The extraordinary net gain in the P&L amounting to US$140.2 million

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

	Jan - Dec		
	2020 US$'000	2019 US$'000	Change %
Finance Costs	(105,992)	(107,050)	-1%
Foreign Exchange Adjustments Gain	74	9,431	-99%
Depreciation of Property, Plant and Equipment	(119,645)	(117,461)	2%
Depreciation of Investment Properties	(288)	(275)	5%
Depreciation of Right-Of-Use Assets	(24,024)	(18,543)	31%
Amortisation of Intangible Assets	(1,941)	(1,967)	-1%
Interest Income	6,537	2,645	147%
Changes in Fair Value of Biological Assets	7,055	2,079	239%
Extraordinary net gain from the sale of Dairy-SEA	140,209	-	n/m
(Loss)/Gain on Derivative Financial Instruments			
- Forex	(4,428)	(405)	993%
- Non-Forex	2,433	(4,531)	n/m
(Loss)/Gain on Disposal of Property, Plant and Equipment and Investment Properties	(623)	462	n/m

n/m : not meaningful

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

	Jan - Dec		
	2020 US$'000	2019 US$'000	Change %
Profit, Net of Tax	371,573	184,625	101%
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss:			
Net Loss on Equity Instruments Designated at Fair Value through Other Comprehensive Income	-	(5,934)	n/m
Remeasurement of the Net Defined Benefits Plan, Net of Tax	(11,879)	(2,283)	420%
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	35,134	25,920	36%
Share of Other Comprehensive Income of Joint Ventures	11	(3)	n/m
Cash Flow Hedges	85	-	n/m
Other Comprehensive Income for the Year, Net of Tax	23,351	17,700	32%
Total Comprehensive Income	394,924	202,325	95%
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	343,970	124,581	176%
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	50,954	77,744	-34%
Total Comprehensive Income	394,924	202,325	95%

n/m : not meaningful

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

	Group		Company	
	As at 31/12/2020 US$'000	As at 31/12/2019 US$'000	As at 31/12/2020 US$'000	As at 31/12/2019 US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1,204,815	1,179,316	116	198
Right-Of-Use Assets	183,088	130,787	40	544
Real Estate Assets	68,907	60,605	-	-
Investment Properties	5,106	4,994	-	-
Intangible Assets	14,225	16,911	-	-
Investments in Subsidiaries	-	-	1,051,956	1,293,305
Investments in Associate and Joint Ventures	33,757	6,483	28,000	-
Biological Assets	418,341	386,416	-	-
Deferred Tax Assets	34,355	28,182	-	-
Other Receivables	17,931	14,825	-	-
Other Financial Assets	20,735	18,799	-	-
Other Assets	62,162	78,966	-	-
Total Non-Current Assets	2,063,422	1,926,284	1,080,112	1,294,047
Current Assets				
Inventories	787,937	794,752	-	-
Biological Assets	97,973	98,841	-	-
Trade and Other Receivables	430,712	225,881	276,305	19,030
Other Financial Assets	2,515	2,488	2,404	2,404
Other Assets	60,636	53,444	2,590	2,024
Cash and Cash Equivalents	224,686	208,743	9,676	17,676
Total Current Assets	1,604,459	1,384,149	290,975	41,134
Total Assets	3,667,881	3,310,433	1,371,087	1,335,181
EQUITY AND LIABILITIES				
Equity				
Share Capital	1,059,882	993,178	1,059,882	993,178
Treasury Shares	(22,886)	(7,620)	(22,886)	(7,620)
Retained Earnings	770,228	563,704	210,976	19,024
Other Reserves	(219,850)	(454,730)	(9,051)	(13,625)
Translation Reserve	(167,666)	(213,975)	-	-
Equity Attributable to Owners of the Parent	1,419,708	880,557	1,238,921	990,957
Non-Controlling Interests	542,315	406,133	-	-
Total Equity	1,962,023	1,286,690	1,238,921	990,957
Non-Current Liabilities				
Defined benefit plan liabilities	120,946	98,776	-	-
Deferred Tax Liabilities	5,011	9,531	-	-
Other Payables	3,004	480	700	-
Loans and Borrowings	569,101	793,369	-	252,768
Lease liabilities	142,163	91,295	-	30
Other Financial Liabilities	-	4,625	-	2,766
Other Liabilities	3,072	3,199	-	-
Total Non-Current Liabilities	843,297	1,001,275	700	255,564
Current Liabilities				
Income Tax Payable	29,885	19,018	-	593
Trade and Other Payables	358,438	389,871	52,748	8,148
Loans and Borrowings	432,011	583,549	78,687	79,400
Lease liabilities	20,854	14,224	31	519
Other Financial Liabilities	8,812	2,206	-	-
Other Liabilities	12,561	13,600	-	-
Total Current Liabilities	862,561	1,022,468	131,466	88,660
Total Liabilities	1,705,858	2,023,743	132,166	344,224
Total Equity and Liabilities	3,667,881	3,310,433	1,371,087	1,335,181

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

	As at 31/12/2020 US$'000	As at 31/12/2019 US$'000
Amount due within one year		
Secured	385,976	388,761
Unsecured	66,889	209,012
Total	452,865	597,773
Amount due more than one year		
Secured	253,592	502,598
Unsecured	457,672	382,066
Total	711,264	884,664

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

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

	Jan - Dec	
	2020	2019
	US$'000	US$'000
Cash Flows From Operating Activities		
Profit Before Tax	422,403	247,074
Adjustment for:		
Amortisation of Intangible Assets	1,941	1,967
Amortisation of Bonds Issuance Cost	1,799	2,060
Depreciation of Property, Plant and Equipment	119,645	117,461
Depreciation of Investment Properties	288	275
Depreciation of Right-Of-Use Assets	24,024	18,543
Fair Value Gain on Biological Assets	(7,055)	(2,079)
Fair Value Loss on Derivative Financial Instruments	1,995	4,936
Fair Value Changes on Other Financial Assets	(25)	-
Gain on Disposal of a Joint Venture	(861)	-
Gain on Disposal of Investment Property	-	(430)
Gain on Disposal of a Subsidiary	(157,205)	-
Loss/(Gain) on Disposal of Property, Plant and Equipment	623	(32)
Effect of Lease Liabilities Remeasurement	1,087	-
Expenses Arising from Increase in Defined Benefit Plan Liabilities	16,589	16,601
Interest Income	(6,537)	(2,645)
Interest Expense on Loans and Borrowings	95,372	99,418
Interest Expense on Leases	10,620	7,632
Value of Employee Services received pursuant to Performance Share Plan	8,926	6,124
Share of Gain from Equity-Accounted Joint Ventures	(28)	(601)
Write-off of Property, Plant and Equipment	782	1,047
Write-off of Other Financial Assets	681	1,452
Allowance for Impairment on Trade Receivables	3,023	4,167
Net Effect of Exchange Rate Changes	6,303	10,629
Operating Cash Flows before Changes in Working Capital	544,390	533,599
Inventories	(9,102)	(23,954)
Biological Assets	30,961	(10,434)
Trade and Other Receivables	(182)	(33,963)
Other Assets	(21,387)	28,579
Trade and Other Payables	(23,261)	1,333
Defined benefit plan liabilities	(5,323)	(10,044)
Other Liabilities	(1,166)	(3,151)
Net Cash Flows From Operations	514,930	481,965
Income Taxes Paid	(25,799)	(95,856)
Interest Expense Paid	(95,372)	(99,418)
Interest Paid on Lease Liabilities	(10,620)	(7,632)
Net Cash Flows From Operating Activities	383,139	279,059

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

	Jan - Dec	
	2020	2019
	US$'000	US$'000
Cash Flows Used in Investing Activities		
Acquisition of Subsidiaries, Net of Cash Outflow	-	(8,567)
Purchase of Property, Plant and Equipment	(211,621)	(277,188)
Purchase of Intangible Assets	(657)	(1,205)
Purchase of Biological Assets	(59,387)	(30,612)
Proceeds from Disposal of Property, Plant and Equipment	2,701	3,026
Proceeds from Disposal of Investment Properties	109	536
Proceeds from Disposal of a Joint Venture	2,215	-
Proceeds from Disposal of Subsidiary without Loss of Control	254,400	-
Cash and Cash Equivalents Disposed due to De-Consolidation	(6,174)	-
Increase in Real Estate Assets	(3,532)	(5,567)
Addition to Investment in Joint Venture	(695)	-
Interest Income Received	6,537	2,645
Net Cash Flows Used in Investing Activities	(16,104)	(316,932)
Cash Flows (Used in)/From Financing Activities		
(Decrease)/Increase in working capital loans	(155,080)	162,741
(Repayment of)/Proceeds from Bank Loans	(169,484)	46,417
Increase in Cash Restricted in Use	615	658
Purchase of Treasury Shares by the Company	(15,266)	(1,694)
Purchase of Treasury Shares by Subsidiary	(5,062)	-
Purchase Consideration Paid to Acquisition of Non-Controlling Interests	(19,830)	-
Repayment of Bonds Payable	-	(61,147)
Payment of Principal Portion of Lease Liabilities	(29,031)	(19,168)
Proceeds from Rights Issue of New Shares by the Company	66,704	-
Dividends Paid to Equity Holders of the Company	(14,891)	(27,286)
Dividends Paid by Subsidiary to Non-Controlling Interests	(9,458)	(23,164)
Net Cash Flows (Used in)/From Financing Activities	(350,783)	77,357
Net Increase in Cash and Cash Equivalents	16,252	39,484
Effect of exchange rate changes on cash and cash equivalents	306	1,601
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	205,299	164,214
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	221,857	205,299

Notes:

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

	2020	2019
	US$'000	US$'000
Cash and Bank Balances	224,686	208,743
Less: Bank Deposit Pledged	(2,829)	(3,444)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	221,857	205,299

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

Group	Total Equity US$'000	Attributable to Parent Sub-total US$'000	Share Capital US$'000	Treasury Shares US$'000	Retained Earnings US$'000	Other Reserves US$'000	Translation Reserve US$'000	Non-Controlling Interests US$'000
Balance at 1 January 2020	1,286,690	880,557	993,178	(7,620)	563,704	(454,730)	(213,975)	406,133
Movements in Equity:								
Total Comprehensive Income for the Year	394,924	343,970	-	-	315,951	36	27,983	50,954
Grant of Share Options by Subsidiary	610	610	-	-	-	610	-	-
Modification of Equity-Settled Share Appreciation to Employees by Subsidiary	(2,503)	(2,503)	-	-	-	(2,503)	-	-
Reserve Arising from Disposal of Subsidiary Without Loss of Control	254,400	121,634	-	-	-	121,634	-	132,766
Effect of Group's restructuring Between Entities Under Common Control	-	19,374	-	-	-	19,374	-	(19,374)
Purchase of Treasury Shares by the Company	(15,266)	(15,266)	-	(15,266)	-	-	-	-
Purchase of Treasury Shares by Subsidiary	(5,062)	-	-	-	-	-	-	(5,062)
Value of Employee Services Pursuant to Performance Share Plan by the Company	4,573	4,573	-	-	-	4,573	-	-
Value of Employee Services Received of Performance Share Plan by Subsidiary	2,806	2,806	-	-	-	2,806	-	-
Rights Issue of New Shares by the Company	66,704	66,704	66,704	-	-	-	-	-
Acquisition of Non-Controlling Interests Without Change of Control	(19,830)	(6,186)	-	-	-	(6,186)	-	(13,644)
Realisation of Reserves upon Disposal of a Subsidiary	18,326	18,326	-	-	(77,467)	77,467	18,326	-
Dividend Paid to Equity Holders of the Company	(14,891)	(14,891)	-	-	(14,891)	-	-	-
Dividend Payable by Subsidiary to Non-Controlling Interests	(9,458)	-	-	-	-	-	-	(9,458)
Transfer to Statutory Reserve	-	-	-	-	(17,069)	17,069	-	-
Balance at 31 December 2020	1,962,023	1,419,708	1,059,882	(22,886)	770,228	(219,850)	(167,666)	542,315
Balance at 1 January 2019	1,130,385	779,387	980,946	(5,926)	481,721	(451,091)	(226,263)	350,998
Movements in Equity:								
Total Comprehensive Income for the Year	202,325	124,581	-	-	118,400	(6,107)	12,288	77,744
Grant of Share Options by Subsidiary	943	943	-	-	-	943	-	-
Purchase of Treasury Shares by the Company	(1,694)	(1,694)	-	(1,694)	-	-	-	-
Value of Employee Services Pursuant to Performance Share Plan by the Company	4,799	4,799	-	-	-	4,799	-	-
Issue of New Shares by the Company under Performance Share Plan by Subsidiary	-	-	12,232	-	-	(12,232)	-	-
Reissued Treasury Shares by Subsidiary under Performance Share Plan	382	-	-	-	-	-	-	382
Reserve Arising from Changes in Non-Controlling Interests Without Change of Control	-	(173)	-	-	-	(173)	-	173
Dividend Paid to Equity Holders of the Company	(27,286)	(27,286)	-	-	(27,286)	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(23,164)	-	-	-	-	-	-	(23,164)
Transfer to Statutory Reserve	-	-	-	-	(9,131)	9,131	-	-
Balance at 31 December 2019	1,286,690	880,557	993,178	(7,620)	563,704	(454,730)	(213,975)	406,133

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1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholder, together with a comprehensive statement for the corresponding period of the immediately preceding financial year. (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 2020	990,957	993,178	(7,620)	19,024	(13,625)
Movements in Equity:					
Total Comprehensive Income for the Year	206,843	-	-	206,843	-
Purchase of Treasury Shares	(15,266)	-	(15,266)	-	-
Value of Employee Services Pursuant to Performance Share Plan	4,574	-	-	-	4,574
Rights Issue of New Shares by the Company	66,704	66,704	-	-	-
Dividend Paid to Equity Holders of the Company	(14,891)			(14,891)	
Balance at 31 December 2020	1,238,921	1,059,882	(22,886)	210,976	(9,051)
Balance at 1 January 2019	1,013,502	980,946	(5,926)	44,674	(6,192)
Movements in Equity:					
Total Comprehensive Income for the Year	1,636	-	-	1,636	-
Purchase of Treasury Shares	(1,694)	-	(1,694)	-	-
Value of Employee Services Pursuant to Performance Share Plan	4,799	-	-	-	4,799
Issue of Shares by the Company under Performance Share Plan	-	12,232	-	-	(12,232)
Dividend Paid to Equity Holders of the Company	(27,286)	-	-	(27,286)	-
Balance at 31 December 2019	990,957	993,178	(7,620)	19,024	(13,625)

1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	
	2020	2019
Issued Ordinary Shares:		
As 1 January	1,881,089,491	1,859,525,591
Issued of Shares under Performance Share Plan	-	21,563,900
Rights Issued of New Shares	186,333,829	-
At 31 December	2,067,423,320	1,881,089,491
Treasury Shares:		
As 1 January	17,751,200	14,071,700
Purchase of Treasury Shares	23,587,400	3,679,500
At 31 December	41,338,600	17,751,200
At 31 December		
Issued Ordinary Shares excluding Treasury Shares	2,026,084,720	1,863,338,291

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31/12/2020	As at 31/12/2019
Total Number of Issued Shares excluding Treasury Shares	2,026,084,720	1,863,338,291

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

Not applicable.

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

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

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

Not applicable.

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

The accounting policies and methods of computations applied by the Group are consistent with those used in its audited financial statements as at 31 December 2019 except for those as disclosed under item 5 below.

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

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's financial statements.

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I)3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 Insurance Contracts

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Jan - Dec	
	2020	2019
	US Cents	US Cents
Earnings per share for the year		
(a) Based on weighted average number of ordinary shares in issue	15.86	6.45
(b) Based on a fully diluted basis	15.86	6.45
Weighted Average Number of Ordinary Shares	2,029,455,016	1,860,889,138

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and immediately preceding financial year.

	Group		Company	
	As at 31/12/2020	As at 31/12/2019	As at 31/12/2020	As at 31/12/2019
Net asset value per ordinary share				
- in US$	0.70	0.47	0.61	0.53
- in S$	0.93	0.64	0.82	0.72

Net asset value per ordinary share is calculated based on the equity attributable to owners of the parent at the end of the financial year.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group Performance

FY 2020 vs FY 2019

Revenue

	FY 2020	FY 2019	Variance[1]
	US$ million	US$ million	US$ million
Animal Protein – PT Japfa Tbk ("PT Japfa Tbk")	2,527.5	2,750.9	(223.4)
Animal Protein – Other ("APO")	796.0	692.0	104.0
Dairy	547.5	471.5	76.0
Others[2]	(2.7)	(23.9)	21.2
Group	3,868.3	3,890.5	(22.2)

Revenue in APO and Dairy increase mainly driven by higher swine fattening average selling prices in Vietnam and higher raw milk prices and milk yields in China respectively. Revenue in PT Japfa Tbk decreased mainly due to lower demand for poultry affected by Covid-19 related disruptions. Covid-19 has lowered GDP per capita of the mid/lower income band in Indonesia, reducing demand for consumer staples including poultry. This has resulted in lower sales volume for poultry feed and DOC, as well as lower poultry prices in FY 2020. Overall Group revenue remained stable at almost US$3.9 billion.

Operating Profit

	FY 2020	FY 2019	Variance[1]
	US$ million	US$ million	US$ million
Animal Protein – PT Japfa Tbk ("PT Japfa Tbk")	173.9	215.3	(41.4)
Animal Protein – Other ("APO")	98.0	39.6	58.4
Dairy	114.3	89.2	25.1
Others[2]	(22.4)	(5.0)	(17.4)
Group	363.8	339.1	24.7

Improved operating profit in APO driven by continuing high swine fattening average selling prices due to shortage in pork supply post African Swine Fever in Vietnam. Improved operating profit in Dairy driven by higher raw milk price in China due to supply shortage. Operating profit in PT Japfa Tbk dropped on the back of low broiler and DOC average selling price as a result of lower consumer spending due to Covid-19 related disruptions in Indonesia. Overall Group operating profit improved by US$24.7 million to US$363.8 million in FY 2020.

Gain from changes in fair value of biological assets for the Group was US$7.1 million in FY 2020 as compared to US$2.1 million in FY 2019. Changes in fair value of biological assets in FY 2020 mainly comprises of a US$18.0 million gain from the sale of beef in China and a US$10.8 million loss from the changes in fair value of dairy herd in China.

[1] Due to rounding, numbers presented may not add up precisely to the totals provided.
[2] Others include corporate office, central purchasing office in Singapore and elimination adjustments between segments.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)

In December 2020, the Company entered into a conditional share purchase agreement with a unrelated company, owned by affiliates of TPG and Northstar Group, that will result in the effective sale of 80% interest in its wholly owned dairy farming operations in South East Asia ("Dairy-SEA"). Following this transaction, the 20% interest retained in Dairy-SEA has been remeasured at fair value and an extraordinary net gain of US$140.2 million from the sale of Dairy-SEA is recorded in FY 2020.

As a result of the above, the Group recorded a profit after tax ("PAT") of US$371.6 million in FY 2020 as compared to US$184.6 million in FY 2019. The profit attributable to owners of the parent ("PATMI") was US$322.0 million in FY 2020 as compared to US$120.0 million in FY 2019. Even excluding the extraordinary net gain of US$140.2 million, the Core PATMI w/o Forex, improved significantly from US$119.7 million in FY 2019 to US$195.4 million in FY 2020, on the back of strong performances from two key profit pillars, swine operations in Vietnam and dairy operations in China.

Review of Group Financial Position

Total assets as at 31 December 2020 increased by US$357.5 million from US$3,310.4 million to US$3,667.9 million primarily due to increase in property, plant and equipment, Right-of-use assets, biological assets, cash and cash equivalents and other receivables. The Other receivables as at 31 Dec 2020 include a purchase consideration receivable of US$236.0 million relating to the effective sale of 80% interest in GDS.

Total liabilities as at 31 December 2020 decreased by US$317.8 million from US$2,023.7 million to US$1,705.9 million primarily due to decrease in loans and borrowings.

Equity attributable to Owners of the Parent increased by US$539.1 million from US$880.6 million to US$1,419.7 million mainly from i) the rights issue of US$66.7 million, ii) a gain of US$121.6 million from the sale of 25% interest in its dairy farming operations in China (Dairy-China), and iii) FY 2020 PATMI of US$322.0 million, which includes an extraordinary net gain of US$140.2 million from the sale of Dairy-SEA.

In April 2020, the Company signed a conditional sale and purchase agreement with Meiji for the sale of 25% interest in Dairy-China. Following this transaction, a gain of US$121.6 million was recorded in the Equity.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)

Review of Group Cash Flow

Net cash flows from operating activities were US$383.1 million in FY2020, which mainly arose from operating cash flows before changes in working capital of US$544.4 million, changes in working capital of US$29.5 million, income tax paid of US$25.8 million and interest paid of US$106.0 million.

Net cash flows used in investing activities were US$16.1 million in FY2020 mainly represented by the purchase of property, plant and equipment of US$211.6 million and partially offset by proceeds from disposal of interests in subsidiary of US$254.4 million.

Net cash flows used in financing activities were US$350.8 million in FY2020 mainly arose from proceeds from rights issue of new shares by the company of US$66.7 million and partially offset by the repayment of bank loans of US$169.5 million, repayment of working capital loans of US$155.1 million and dividend paid of US$24.3 million.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The year under review was marked by the pandemic caused by the Covid-19 virus, which is having an impact on people's lives around the world as well as on the global economy. Against this backdrop, the Group has implemented measures in an attempt to minimise the impact on its staff and to try to ensure their safety and welfare. As the Group provides an essential service by supplying staple protein foods largely to the domestic markets in which they are produced, the day-today operations of the Group have not thus far been materially impacted by the lockdown or movement restrictions. However, as this pandemic is an unprecedented event, the ultimate impact cannot be reliably estimated with any certainty, particularly with regard to demand. The impact on demand on our business may vary depending on how and when the pandemic affects each market. Should Covid-19 continue and affect global economies resulting a global recession, the impact will be significant on our business, notwithstanding our position in staple protein foods. We continue to keep a close watch on the evolving situation.

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 the seasonality of harvest and festivals, macroeconomic conditions that affect consumer purchasing power, government policies as well as changes to market demand and supply for raw materials resulting in fluctuations in their costs and selling prices.

Local currency depreciation in the countries in which we operate may delay the passing-on of the higher cost of imported raw materials through our feed selling price. In addition, the volatility in foreign exchange rates will affect the Group's financial results which are reported in USD terms.

Cost of raw materials and the physical flow of grains such as corn and soybean meal might also impact the business. As China is expected to increase production of animal protein, the global prices of grains such as corn and soybean are expected to remain high. As our business involves livestock, the outbreak of animal diseases such as African Swine Fever ("ASF") in Vietnam, represent a major risk. These uncertainties may impact the Group's operations and financial results.

PT Japfa Tbk

In Indonesia, the prices of broiler and day-old-chick ("DOC") are volatile, depending on market demand-supply dynamics and, in April 2020, dropped to one of the lowest levels since Japfa's IPO in 2014. This was due to the reduced demand for consumer staples, including poultry, following the Covid-19. Although poultry prices recovered in 4Q2020, this improvement may not be stable, in particular as the effects of Covid-19 are still unfolding in Indonesia and the situation remains uncertain.

The Company believes that this outbreak has reduced consumer purchasing power and, as a result, the demand for many consumer products. However, as the Company supplies mainly chicken, which is a staple and affordable protein food, the impact is not expected to be long lasting. Since the Covid-19 outbreak, PT Japfa Tbk has taken action to freeze and defer non-essential capital expenditures ("Capex").

Movement restrictions linked to the pandemic are changing consumer patterns towards processed foods, including those produced by the Group. However, challenges remain particularly in the Group's ambient food products business due to intense market competition.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. (Cont'd)

Animal Protein Other ("APO")

It is estimated that ASF has significantly reduced the total swine population in Vietnam. As there is currently no vaccine or treatment for ASF, biosecurity measures are the only available means to protect Vietnamese swine livestock. Through the use of strict biosecurity protocols, our wholly owned Vietnamese subsidiary has been able to manage ASF relatively well and will continue to focus on biosecurity to protect its livestock and mitigate any future ASF outbreaks. As the swine population in Vietnam has declined due to ASF, swine feed sales volume may be affected.

As a consequence of the substantial drop in pork supply due to ASF in Vietnam, demand for pork appears stable and pork prices have remained strong since 4Q2019. Nevertheless, as the impact of ASF is fading, pork production in Vietnam may increase with a corresponding impact on pork prices.

In relation to our operations in Myanmar, it is still too early to tell if and how these recent developments could affect our operations and business in the country. The Group's business in Myanmar is not material, representing less than 3% of Group revenue in FY2020. The Company will continue to monitor the situation as it develops.

Dairy

Fluctuations in raw milk price may affect our financial results. In China, raw milk prices remained strong in 1H2020 due to shortage of raw milk supply in the market.

After a short-term drop in the demand for dairy products in China due to Covid-19, our China dairy business is seeing a recovery in the demand for raw milk and the Company believes that there should not be a major impact from Covid-19 over the medium and long-term.

Conclusion

Over the medium and long-term the five emerging markets in which the Group operates 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 multiple 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.

11. Dividend

(a) Current Financial Period Reported on

Interim special and Final ordinary dividend

In relation to the financial year ended 31 December 2020, the Board of Directors has proposed:

(i) an interim special dividend of 10.0 Singapore cents per ordinary share (tax exempt one-tier) to be declared by the Board of Directors and paid prior to the forthcoming annual general meeting; and

(ii) a final ordinary dividend of 1.0 Singapore cent per ordinary share (tax exempt one-tier) to be approved by the shareholders at the forthcoming annual general meeting.

(b) Corresponding Period of the Immediately Preceding Financial Year

Final dividend

In relation to the financial year ended 31 December 2019, the Company issued a final ordinary dividend of 1.0 Singapore cent per ordinary share (tax exempt one-tier).

(c) Date Payable

The date of payment of the proposed dividends will be announced at a later date.

(d) Books Closure Date

The books closure date will be announced at a later date.

12. If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate for interested person transaction(s) from the shareholders.

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

Twelve Months Ended 31 December 2020

	Animal Protein - PT Japfa Tbk US$'000	Animal Protein - Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Others US$'000	Group US$'000
Revenue by Segment						
External revenue	2,522,113	795,869	3,317,982	547,507	2,773	3,868,262
Inter-segment revenue	5,361	131	5,492	8	(5,500)	-
Total revenue	2,527,474	796,000	3,323,474	547,515	(2,727)	3,868,262
Operating profit	173,898	97,997	271,895	114,270	(22,380)	363,785
Interest income	3,849	2,669	6,518	482	(463)	6,537
Finance costs	(58,745)	(13,319)	(72,064)	(19,063)	(14,865)	(105,992)
Foreign exchange adjustments (loss)/gain	(130)	1,955	1,825	147	(1,897)	75
Changes in fair value of biological assets	(1,614)	1,402	(212)	7,267	-	7,055
Share of results of joint ventures	55	(27)	28	-	-	28
Others	(8,770)	1,132	(7,638)	1,561	156,992	150,915
Profit before income tax	108,543	91,809	200,352	104,664	117,387	422,403
Income tax expense	(31,260)	(13,371)	(44,631)	(959)	(5,240)	(50,830)
Profit, net of income tax	77,283	78,438	155,721	103,705	112,147	371,573

Twelve Months Ended 31 December 2019

	Animal Protein - PT Japfa Tbk US$'000	Animal Protein - Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Others US$'000	Group US$'000
Revenue by Segment						
External revenue	2,744,419	681,356	3,425,775	459,110	5,571	3,890,456
Inter-segment revenue	6,500	10,667	17,167	12,361	(29,528)	-
Total revenue	2,750,919	692,023	3,442,942	471,471	(23,957)	3,890,456
Operating profit	215,266	39,610	254,876	89,164	(4,999)	339,041
Interest income	1,498	1,313	2,811	337	(503)	2,645
Finance costs	(57,348)	(11,760)	(69,108)	(18,195)	(19,747)	(107,050)
Foreign exchange adjustments (loss)/gain	11,449	1,001	12,450	(3,092)	73	9,431
Changes in fair value of biological assets	(147)	13,150	13,003	(10,924)	-	2,079
Share of results of joint ventures	725	(124)	601	-	-	601
Others	(1,613)	473	(1,140)	3,812	(2,345)	327
Profit/(loss) before income tax	169,830	43,663	213,493	61,102	(27,521)	247,074
Income tax expense	(49,656)	(1,637)	(51,293)	(5,817)	(5,339)	(62,449)
Profit/(loss), net of income tax	120,174	42,026	162,200	55,285	(32,860)	184,625

The segmental revenue and results included a Consumer Food segment in FY 2019 which has been consolidated into the PT Japfa Tbk segment in FY 2020. To allow comparability, the FY 2019 table above has been adjusted accordingly.

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

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

Refer to notes 8 and 14.

16. A breakdown of sales

		GROUP		
		2020 US$'000	2019 US$'000	Change %
(a)	Sales reported for the first half year	1,833,351	1,886,248	-3%
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	82,593	46,577	77%
(c)	Sales reported for second half year	2,034,911	2,004,208	2%
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	288,980	138,048	109%

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

	2020 US$'000	2019 US$'000
Interim special and final ordinary dividend*	168,560	15,214

*2020 proposed interim special and final ordinary dividend is estimated based on the total number of issued shares (excluding treasury shares) at the date of this announcement and exchange rate at the end of the financial year.

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

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Renaldo Santosa	30	Son of Director and Executive Chairman Handojo Santosa Nephew of Non-Executive Director, Mr Hendrick Kolonas. Renaldo is also a deemed Substantial Shareholder of the Company by virtue of his being a beneficiary of the Scuderia Trust.	Head of Business Development & Strategy Position held since 1 March 2017 Duties: Reports to Executive Chairman to: - Investigate, identify and propose potential market segments and opportunities. - Develop and propose new business, partnerships, strategies, and models aligned to the Company's strategy to expand and grow the business where possible. - Develop negotiating strategies and positions to ensure alignment with company strategies and operations. - Assessment of business deals by analysing market strategies, deal requirements, potential and financials. - Identify appropriate technologies/ trends to improve business. - Review existing operations and operational procedures to achieve greater efficiencies and effectiveness. - Manage strategic projects and initiatives.	No change

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Gabriella Santosa	28	Daughter of Director and Executive Chairman Handojo Santosa Niece of Non-Executive Director, Mr Hendrick Kolonas. Gabriella is also a deemed Substantial Shareholder of the Company by virtue of her being a beneficiary of the Scuderia Trust.	Business Development Manager Position held since 1 March 2017 Duties: - Expand our network and partnerships mainly in animal health and technology. - Explore new venture potential in both new growth areas and existing operations. - Focus resources to support technological efficiencies and innovation in current operational process. - Manage deal pipeline of new business opportunities. - Understand new markets for the Group to consider expansion.	<u>With effect from 29 October 2020</u> Vice President, Business Development Duties: - Expand our network and partnerships mainly in animal health and technology and aquaculture. - Explore new venture potential in both new growth areas and existing operations. - Focus resources to support technological efficiencies and innovation in current operational process. - Manage deal pipeline of new business opportunities. - Map and explore technology roadmap for the Group. - Understand new markets for the Group to consider expansion.

19. Disclosure pursuant to Rule 706A of the SGX-ST Listing Manual

(i) Increase in shareholding in subsidiary, PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk")

During the financial year ended 31 December 2020, the Company acquired 239,053,400 ordinary shares in the capital of PT Japfa Tbk shares from open market at an average price of IDR1,196 per share.

PT Japfa Tbk is a principal subsidiary of the Company listed on the Indonesia Stock Exchange.

Following the abovementioned acquisition, the Company's shareholding in PT Japfa Tbk has increased from 52.43% to 54.47%.

The aggregate consideration (including brokerage and other transaction cost) of IDR287.6 billion (approximately US$19.9 million) was settled in cash from the Company's internal resources.

The Transaction is not expected to have a material impact on the earnings per share or the net asset per share of the Company for the financial year ending 31 December 2020.

None of the directors and controlling shareholders of the Company has any interest in the Transaction except that, (a) the Company's Executive Directors, Handojo Santosa and Tan Yong Nang, are also Directors of PT Japfa Tbk, and the Company's Non-Executive Director, Hendrick Kolonas is a Commissioner of PT Japfa Tbk; and (b) disclosed in the Company's and PT Japfa Tbk's respective announcements of Directors' Interests.

(ii) Intra-Group Transfer of PT So Good Food and PT SGF Manufacturing ("SGF Transfer")

Further to the Company's announcement on 28 August 2020, the Company wish to inform that SGF transfer was completed on 30 November 2020,

(iii) Establishment of Joint Venture Company, PT Kona Bay Indonesia

Further to the Company's announcement on 9 October 2020 on the joint venture with Hendrix Genetics Aquaculture BV, the Company wish to inform that the JV Company, PT Kona Bay Indonesia, was established on 10 November 2020.

20. Use of rights issue net proceeds

The net proceeds from the Company's rights issue has been fully utilised as follows:

Use of rights issue net proceeds	Amount repaid US$ million
(a) Repayment of revolving facility	12.5
(b) Repayment of term facility	9.6
(c) Repayment of revolving facility under the syndicated facilities agreement	45.0
Total	67.1

The above utilisations are in accordance with the intended use of proceeds as stated in the Offer Information Statement.

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

Grant of share awards under Japfa Performance Share Plan

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

(a)	Date of grant	28 February 2021
(b)	Number of shares which are the subject of the Awards	2,089,900 ordinary shares*
(c)	Market price of shares on the date of grant	S$0.90**
(d)	Number of shares which are the subject of the Awards granted to eligible participants are as follows: (i) Employees of the Company and its subsidiaries	579,900 ordinary shares
	(ii) Directors of the Company	1,386,200 ordinary shares to Mr Tan Yong Nang, Executive Director and Chief Executive Officer 123,800 ordinary shares to Mr Kevin John Monteiro, Executive Director and Chief Financial Officer
	(iii) Controlling Shareholders (and their associates) of the Company	Nil
(e)	Vesting Date (if applicable)	10 June 2023

** Note: Based on 100% of the grant. The Shares awarded on the vesting date could range from 0% to 200%, depending on the level of achievement against pre-set performance conditions.*

*** Based on the closing price of the latest trading day as of Friday, 26 February 2021*

22. Confirmation by the company pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

By Order of the Board
Japfa Ltd

Tan Yong Nang
Executive Director and
Chief Executive Officer
28 February 2021