JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2019

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

	3rd Quarter			Jan - Sep		
	2019	2018	Change	2019	2018	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	952,157	877,419	9%	2,838,405	2,623,976	8%
Cost of Sales	(789,077)	(692,544)	14%	(2,307,048)	(2,034,399)	13%
Gross Profit	163,080	184,875	-12%	531,357	589,577	-10%
Marketing and Distribution Costs	(44,062)	(34,580)	27%	(120,577)	(107,343)	12%
Administrative Expenses	(70,926)	(67,864)	5%	(226,361)	(217,783)	4%
Operating Profit	48,092	82,431	-42%	184,419	264,451	-30%
Interest Income	627	917	-32%	1,914	3,627	-47%
Finance Costs	(28,263)	(20,206)	40%	(78,089)	(61,384)	27%
Other Gain	12,560	15,607	-20%	11,494	30,189	-62%
Share of results of Joint Ventures	191	(113)	n/m	418	29	n/m
Foreign Exchange Adjustments (Loss)/Gain	(4,190)	(17,080)	-75%	3,312	(41,989)	n/m
Loss from Changes in Fair Value of Biological Assets	(4,139)	(11,029)	-62%	(27,161)	(22,606)	20%
Profit Before Tax from Continuing Operations	24,878	50,527	-51%	96,307	172,317	-44%
Income Tax Expense	(8,149)	(16,821)	-52%	(33,001)	(47,475)	-30%
Profit from Continuing Operations, Net of Tax	16,729	33,706	-50%	63,306	124,842	-49%
Profit Attributable to Owners of the Parent, Net of Tax*	**9,627**	**14,268**	-33%	**22,430**	**60,496**	-63%
Profit Attributable to Non-Controlling Interests, Net of Tax	7,102	19,438	-63%	40,876	64,346	-36%
Profit, Net of Tax	16,729	33,706	-50%	63,306	124,842	-49%

n/m : not meaningful

Additional information:

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

Core PATMI w/o forex	11,776	28,581	-59%	47,543	95,267	-50%

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

We define Core PATMI w/o forex is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. We have not made an estimate of the tax impact on foreign exchange gains/losses. This is because the majority of the gains/losses are unrealised and arise from the translation of USD bonds (from a subsidiary in Indonesia) and USD loans (from subsidiaries in China), which have no tax implication.

EBITDA	87,841	112,552	-22%	290,321	356,415	-19%

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

JAPFA LTD.

(Registration Number: 200819599W)

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

	3rd Quarter			Jan - Sep		
	2019 US$'000	2018 US$'000	Change %	2019 US$'000	2018 US$'000	Change %
Finance Costs	(28,263)	(20,206)	40%	(78,089)	(61,384)	27%
Foreign Exchange Adjustments (Loss)/Gain	(4,190)	(17,080)	-75%	3,312	(41,989)	n/m
Depreciation of Property, Plant and Equipment and Investment Properties	(29,371)	(25,044)	17%	(85,904)	(76,862)	12%
Depreciation of Right-Of-Use Assets	(6,319)	-	n/m	(15,475)	-	n/m
Amortisation of Intangible Assets	(458)	(605)	-24%	(1,472)	(1,650)	-11%
Interest Income	627	917	-32%	1,914	3,627	-47%
Loss from Changes in Fair Value of Biological Assets	(4,139)	(11,029)	-62%	(27,161)	(22,606)	20%
Gain/(Loss) on Derivative Financial Instruments						
- Forex	9,151	11,022	-17%	8,862	16,766	-47%
- Non-Forex	(71)	877	n/m	(4,864)	2,742	n/m
(Loss)/Gain on Disposal of Property, Plant and Equipment and Investment Properties	(9)	307	-103%	(49)	331	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.

	3rd Quarter			Jan - Sep		
	2019 US$'000	2018 US$'000	Change %	2019 US$'000	2018 US$'000	Change %
Profit from Continuing Operations, Net of Tax	16,729	33,706	-50%	63,306	124,842	-49%
Other Comprehensive Income/(Loss):						
Items that will not be reclassified to profit or loss:						
Remeasurement of the Net Defined Benefits Plan, Net of Tax	6,177	7,013	-12%	(1,786)	7,239	n/m
Items that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	(15,315)	(49,800)	-69%	2,627	(102,884)	n/m
Other Comprehensive (Loss)/Income for the Period, Net of Tax	(9,138)	(42,787)	-79%	841	(95,645)	n/m
Total Comprehensive Income/(Loss)	7,591	(9,081)	n/m	64,147	29,197	120%
Total Comprehensive Income/(Loss) Attributable to Owners of Parent, Net of Tax	(1,738)	(21,070)	-92%	17,432	(9,358)	n/m
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	9,329	11,989	-22%	46,715	38,555	21%
Total Comprehensive Income/(Loss)	7,591	(9,081)	n/m	64,147	29,197	120%

n/m : not meaningful

JAPFA LTD.

(Registration Number: 200819599W)

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 30/9/2019 US$'000	As at 31/12/2018 US$'000	As at 30/9/2019 US$'000	As at 31/12/2018 US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1,117,482	1,010,147	214	274
Right-Of-Use Assets	113,000	-	678	-
Investment Properties	5,061	5,256	-	-
Intangible Assets	13,116	12,073	-	-
Investments in Subsidiaries	-	-	1,287,840	1,275,982
Investment in Joint Ventures	6,219	5,730	-	-
Biological Assets	351,780	365,041	-	-
Deferred Tax Assets	40,162	23,593	-	-
Other Receivables	14,719	14,564	-	-
Other Financial Assets	32,899	30,401	-	-
Other Assets	72,736	82,052	-	-
Total Non-Current Assets	1,767,174	1,548,857	1,288,732	1,276,256
Current Assets				
Inventories	862,969	817,311	-	-
Biological Assets	96,993	83,229	-	-
Trade and Other Receivables	224,415	194,407	16,534	11,956
Other Financial Assets	2,483	2,488	2,404	2,404
Other Assets	86,589	74,660	2,408	3,694
Cash and Cash Equivalents	136,759	168,316	6,473	7,485
Total Current Assets	1,410,208	1,340,411	27,819	25,539
Total Assets	3,177,382	2,889,268	1,316,551	1,301,795
EQUITY AND LIABILITIES				
Equity				
Share Capital	993,178	980,946	993,178	980,946
Treasury Shares	(7,620)	(5,926)	(7,620)	(5,926)
Retained Earnings	482,777	481,721	17,226	44,674
Other Reserves	(459,902)	(451,091)	(15,554)	(6,192)
Translation Reserve	(230,327)	(226,263)	-	-
Equity Attributable to Owners of the Parent	778,106	779,387	987,230	1,013,502
Non-Controlling Interests	374,931	350,998	-	-
Total Equity	1,153,037	1,130,385	987,230	1,013,502
Non-Current Liabilities				
Provisions	99,786	85,386	-	-
Deferred Tax Liabilities	4,024	2,511	-	-
Other Payables	395	358	-	-
Loans and Borrowings	743,359	777,200	252,768	252,768
Lease liabilities	95,468	217	176	-
Other Financial Liabilities	3,584	304	3,116	303
Other Liabilities	3,409	3,405	-	-
Total Non-Current Liabilities	950,025	869,381	256,060	253,071
Current Liabilities				
Income Tax Payable	22,019	37,473	85	-
Trade and Other Payables	330,723	388,843	10,163	11,097
Loans and Borrowings	703,088	440,090	62,500	24,125
Lease liabilities	6,668	119	513	-
Other Financial Liabilities	539	8,933	-	-
Other Liabilities	11,283	14,044	-	-
Total Current Liabilities	1,074,320	889,502	73,261	35,222
Total Liabilities	2,024,345	1,758,883	329,321	288,293
Total Equity and Liabilities	3,177,382	2,889,268	1,316,551	1,301,795

JAPFA LTD.

(Registration Number: 200819599W)

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

	As at 30/9/2019 US$'000	As at 31/12/2018 US$'000
Amount due within one year		
Secured	649,831	381,736
Unsecured	59,925	58,473
Total	709,756	440,209
Amount due more than one year		
Secured	512,474	453,942
Unsecured	326,353	323,475
Total	838,827	777,417

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.

JAPFA LTD.

(Registration Number: 200819599W)

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 - Sep	
	2019	2018
	US$'000	US$'000
Cash Flows From Operating Activities		
Profit Before Tax	96,307	172,317
Adjustment for:		
Amortisation of Intangible Assets	1,472	1,650
Land Use Rights Charges	369	204
Depreciation of Property, Plant and Equipment and Investment Properties	85,904	76,862
Depreciation of Right-Of-Use Assets	15,475	-
Fair Value Loss on Biological Assets	27,161	22,606
Fair Value Gain on Derivative Financial Instruments	(3,998)	(19,508)
Loss on Disposal of Investment Property	103	-
Loss/(Gain) on Disposal of Property, Plant and Equipment and Investment Properties	49	(331)
Increase in Provision for Retirement Benefits	12,158	13,378
Interest Income	(1,914)	(3,627)
Interest Expense on Loans and Borrowings	73,279	61,384
Interest Expense on Leases	4,810	-
Expenses Arising from Share Option Plan	551	432
Value of Employee Services received pursuant to Performance Share Plan	2,870	1,094
Value of Employee Services received pursuant to Performance Share Plan by Subsidiary	382	293
Share of Gain from Equity-Accounted Joint Ventures	(418)	(29)
Write-off of Property, Plant and Equipment	381	308
Net Effect of Exchange Rate Changes	6,159	(9,476)
Operating Cash Flows before Changes in Working Capital	321,100	317,557
Inventories	(43,759)	(136,193)
Biological Assets	(9,906)	(32,195)
Trade and Other Receivables	(28,050)	(3,398)
Other Assets	(18,870)	51,162
Trade and Other Payables	(57,007)	10,303
Provisions	(1,859)	(8,780)
Other Liabilities	(5,192)	(908)
Net Cash Flows From Operations	156,457	197,548
Income Taxes Paid	(56,187)	(44,557)
Net Cash Flows From Operating Activities	100,270	152,991
Cash Flows Used in Investing Activities		
Purchase of Property, Plant and Equipment	(193,086)	(155,101)
Purchase of Investment Properties	-	(274)
Purchase of Intangible Assets	(864)	(2,385)
Purchase of Land Use Rights	(823)	(2,144)
Purchase of Biological Assets	(24,020)	(7,026)
Proceeds from Disposal of Property, Plant and Equipment	3,767	1,089
Acquisition of Subsidiaries (Net of Cash Outflow)	(2,580)	(2,280)
Interest Income Received	1,914	3,627
Net Cash Flows Used in Investing Activities	(215,692)	(164,494)

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 - Sep	
	2019	2018
	US$'000	US$'000
Cash Flows From/(Used in) Financing Activities		
Increase in Working Capital loans	258,186	(17,783)
(Repayment of)/Proceeds from Bank Loans	(36,515)	262,107
Decrease/(Increase) in Cash Restricted in Use	2,725	3,939
Purchase of Treasury Shares by the Company	(1,694)	(842)
Lease Payment for Principal and Interest	(19,902)	-
Consideration Paid for Acquisition of Non-Controlling Interests	-	(223,000)
Dividends Paid to Equity Holders of the Company	(20,440)	(6,545)
Dividends Paid by Subsidiary to Non-Controlling Interests	(23,164)	(42,308)
Interest Expense Paid	(73,279)	(61,384)
Net Cash Flows From/(Used in) Financing Activities	85,917	(85,816)
Net Decrease in Cash and Cash Equivalents	(29,505)	(97,319)
Effect of exchange rate changes on cash and cash equivalents	673	(5,795)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	164,214	230,471
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	135,382	127,357

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

	2019	2018
	US$'000	US$'000
Cash and Bank Balances	136,759	127,814
Less: Bank Deposit Pledged	(1,377)	(457)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	135,382	127,357

JAPFA LTD.

(Registration Number: 200819599W)

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 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 Period	64,147	17,432	-	-	21,496	-	(4,064)	46,715
Grant of Share Options by Subsidiary	551	551	-	-	-	551	-	-
Purchase of Treasury Shares by the Company	(1,694)	(1,694)	-	(1,694)	-	-	-	-
Value of Employee Services Pursuant to Performance Share Plan	2,870	2,870	-	-	-	2,870	-	-
Issue of New Shares by the Company under Performance Share Plan	-	-	12,232	-	-	(12,232)	-	-
Reissue Treasury Shares by Subsidiary under Performance Share Plan	382	-	-	-	-	-	-	382
Dividend Paid to Equity Holders of the Company	(20,440)	(20,440)	-	-	(20,440)	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(23,164)	-	-	-	-	-	-	(23,164)
Balance at 30 September 2019	1,153,037	778,106	993,178	(7,620)	482,777	(459,902)	(230,327)	374,931
Balance at 1 January 2018 (FRS Framework)	1,022,791	693,555	940,842	(4,759)	385,116	(459,804)	(167,840)	329,236
Cumulative Effect of Adopting SFRS(I)	1,803	1,803	-	-	1,803	-	-	-
Balance at 1 January 2018 (SFRS(I) Framework)	1,024,594	695,358	940,842	(4,759)	386,919	(459,804)	(167,840)	329,236
Movements in Equity:								
Total Comprehensive Income for the Period	29,197	(9,358)	-	-	64,240	-	(73,598)	38,555
Non-Controlling Interests Arising from Acquisition of Subsidiary	31	-	-	-	-	-	-	31
Issue of New Shares by the Company	40,104	40,104	40,104	-	-	-	-	-
Grant of Share Options by Subsidiary	432	432	-	-	-	432	-	-
Purchase of Treasury Shares by the Company	(842)	(842)	-	(842)	-	-	-	-
Value of Employee Services Pursuant to Performance Share Plan	1,094	1,094	-	-	-	1,094	-	-
Reissue Treasury Shares by the Company under Performance Share Plan	-	-	-	31	-	(31)	-	-
Reissue Treasury Shares by Subsidiary under Performance Share Plan	293	-	-	-	-	-	-	293
Dividend Paid to Equity Holders of the Company	(6,545)	(6,545)	-	-	(6,545)	-	-	-
Dividend Paid by Subsidiary to Non-Controlling Interests	(42,308)	-	-	-	-	-	-	(42,308)
Balance at 30 September 2018	1,046,050	720,243	980,946	(5,570)	444,614	(458,309)	(241,438)	325,807

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 2019	1,013,502	980,946	(5,926)	44,674	(6,192)
Movements in Equity:					
Total Comprehensive Loss for the Period	(7,008)	-	-	(7,008)	-
Purchase of Treasury Shares	(1,694)	-	(1,694)	-	-
Value of Employee Services Pursuant to Performance Share Plan	2,870	-	-	-	2,870
Issue of Shares by the Company under Performance Share Plan	-	12,232	-	-	(12,232)
Dividend Paid to Equity Holders of the Company	(20,440)	-	-	(20,440)	-
Balance at 30 September 2019	987,230	993,178	(7,620)	17,226	(15,554)
Balance at 1 January 2018 (FRS Framework)	1,023,454	940,842	(4,759)	87,350	21
Cumulative Effect of Adopting SFRS(I)	1,803	-	-	1,803	-
Balance at 1 January 2018 (SFRS(I) Framework)	1,025,257	940,842	(4,759)	89,153	21
Movements in Equity:					
Total Comprehensive Income for the Period	13,989	-	-	13,989	-
Issue of New Shares by the Company	40,104	40,104	-	-	-
Purchase of Treasury Shares	(842)	-	(842)	-	-
Difference in Value Arising from Issuance of Consideration Shares	(7,648)	-	-	-	(7,648)
Reissue Treasury Shares by the Company under Performance Share Plan	-	-	31	-	(31)
Value of Employee Services Pursuant to Performance Share Plan	1,094	-	-	-	1,094
Dividend Paid to Equity Holders of the Company	(6,545)	-	-	(6,545)	-
Balance at 30 September 2018	1,065,409	980,946	(5,570)	96,597	(6,564)

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	
	3rd Quarter to 30-09-2019	3rd Quarter to 30-09-2018
Issued ordinary shares:		
As at beginning of period	1,881,089,491	1,859,525,591
Issued of new shares	-	-
As at end of period	1,881,089,491	1,859,525,591
Treasury shares:		
As at beginning of period	17,333,400	12,846,700
Purchase of treasury shares	417,800	429,300
As at end of period	17,751,200	13,276,000
Issued ordinary shares excluding treasury shares	1,863,338,291	1,846,249,591

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 30/9/2019	As at 30/9/2018
Number of issued shares excluding treasury shares	1,863,338,291	1,846,249,591

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 2018 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.

On 1 January 2019, the Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

Other than the adoption of SFRS(I) 16, as disclosed below. The adoption of these new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. It requires a lessee to recognise a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16, the Group and the Company has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 January 2019. Subsequent to initial recognition, the Group and the Company depreciate the ROU assets over the lease term, and recognise interest expenses on the lease liabilities.

The ROU assets as at 30 September 2019 were mainly related to leases of the land use rights, building and site facilities, machineries and equipment and transport vehicles occupied by the Group in the various countries. Accordingly, there was a corresponding increase in lease liabilities of approximately US$102.1 million as at 30 September 2019.

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.

	3rd Quarter		Jan - Sep	
	2019	2018	2019	2018
	US Cents	US Cents	US Cents	US Cents
Earnings per share for the period				
(a) Based on weighted average number of ordinary shares in issue	0.52	0.77	1.21	3.35
(b) Based on a fully diluted basis	0.52	0.77	1.21	3.35
Weighted Average Number of Ordinary Shares	1,863,542,872	1,846,639,518	1,860,135,641	1,807,763,319

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 30/9/2019	As at 31/12/2018	As at 30/9/2019	As at 31/12/2018
Net asset value per ordinary share				
- in US$	0.42	0.42	0.53	0.55
- in S$	0.58	0.58	0.73	0.75

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

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

Review of Group Performance

3Q 2019 vs 3Q 2018

Revenue

	3Q 2019	3Q 2018	Variance*
	US$ million	US$ million	US$ million
Animal Protein – PT Japfa Tbk ("PT Japfa Tbk")	630.8	587.2	43.7
Animal Protein – Other ("APO")	169.3	153.8	15.5
Dairy	122.7	101.9	20.8
Consumer Food	50.4	53.8	(3.3)
Others**	(21.1)	(19.2)	(1.9)
Total	952.2	877.4	74.7

The Group registered continued growth in revenue, driven mainly by higher feed sales volume in Animal Protein segment, as well as higher dairy sales volumes in China and South-East Asia ("SEA") in Dairy segment.

Operating Profit

	3Q 2019	3Q 2018	Variance*
	US$ million	US$ million	US$ million
Animal Protein – PT Japfa Tbk ("PT Japfa Tbk")	29.8	62.3	(32.6)
Animal Protein – Other ("APO")	(3.6)	11.7	(15.2)
Dairy	22.1	15.3	6.7
Consumer Food	1.3	(5.6)	6.9
Others**	(1.5)	(1.3)	(0.2)
Total	48.1	82.4	(34.3)

Operating profit dropped mainly caused by PT Japfa Tbk and APO. The lower operating profit in PT Japfa Tbk mainly due to a persisting low broiler average selling prices ("ASPs") as a consequence of supply and demand imbalance. APO reported an operating loss driven by a low swine fattening ASPs in Vietnam resulting from pre-emptive sales of swine located in high-risk African Swine Fever ("ASF") areas.

Foreign exchange adjustments losses are US$4.2 million in 3Q 2019 as compared to US$17.1 million in 3Q 2018. The foreign exchange adjustments losses in 3Q 2019 primarily due to unrealised foreign exchange loss arising from the translation of the USD loan in the Dairy segment.

*Due to rounding, numbers presented may not add up precisely to the totals provided.
**Others include corporate office, central purchasing office in Singapore and consolidation adjustments between segments, including elimination of dividends received by Japfa Ltd from subsidiaries.

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

Loss from changes in fair value of biological assets is US$4.1 million in 3Q 2019 as compared to US$11.0 million in 3Q 2018. In Dairy segment, the loss from changes in the fair value of biological assets is due to lower average daily milking rate used in the valuation of future income flows from the China dairy herd.

As a result of the above, the Group recorded a profit after tax of US$16.7 million in 3Q 2019 as compared to US$33.7 million in 3Q 2018. The profit attributable to owners of the parent was US$9.6 million in 3Q 2019 and US$14.3 million in 3Q 2018.

Review of Financial Position

The Group's total assets as at 30 September 2019 increased by US$288.1 million from US$2,889.3 million to US$3,177.4 million primarily due to increase in property, plant and equipment, right-of-use assets, trade and other receivables and inventories.

The Group's total liabilities as at 30 September 2019 increased by US$265.4 million from US$1,758.9 million to US$2,024.3 million primarily due to increase in loans and borrowings and lease liabilities.

The Group's translation reserves increased from negative US$226.3 million as at 31 December 2018 to negative US$230.3 million as at 30 September 2019 mainly due to translation losses arising from the Indonesian Rupiah and China Renminbi weakening against the US Dollar.

Review of Group Cash Flow

Net cash flows from operating activities were US$100.3 million in 3Q 2019, which mainly arose from operating cash flows before changes in working capital of US$321.1 million, changes in working capital of US$164.6 million and income tax paid of US$56.2 million.

Net cash flows used in investing activities were US$215.7 million in 3Q 2019 mainly represented by the purchase of property, plant and equipment of US$193.1 million.

Net cash flows from financing activities were US$85.9 million in 3Q 2019 mainly arose from increase in working capital loans of US$258.2 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.

In the quarter ended on 30 September 2019, we experienced the same challenging market conditions, that have affected two of our key segments since the beginning of the year. In particular, profitability was impacted mainly by the persistent low-price environment for poultry in Indonesia and swine in Vietnam.

The Group's revenue and profitability is directly impacted by cyclicality in the agri-business, which is dependent on a variety of external factors, which are 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 the market demand and supply situation which determine raw material costs and selling prices. A depreciation of the currency of the countries in which we operate may delay the pass on of the higher imported raw material cost into our feed selling price. It may also affect the purchasing power of local consumers. In addition, the volatility in foreign exchange rates will affect the Group's financial results which are reported in USD terms.

The trade tensions between US and China may result in near-term distortion of prices, raw materials costs and physical flow of grains such as corn and soybean meal as well as animal protein products.

Our business involves livestock, of which diseases represent a major risk. The transmission of diseases, such as the African Swine Fever ("ASF") outbreak in Vietnam, may affect the business from time to time. These uncertainties may impact the Group's operations and financial results.

PT Japfa Tbk

In Indonesia, the price of broiler has been low for three consecutive quarters as a result of continued oversupply. The Ministry of Agriculture's orders to 45 poultry breeding companies in 3Q 2019 to cull fertilised eggs and parent stock breeding chickens is expected to stabilise DOC and broiler prices in the near term.

Following the recent World Trade Organisation (WTO) ruling against Indonesia about the country's policies on Brazilian poultry import, Brazilian chicken meat may enter the Indonesian market, thus potentially impacting poultry prices. However, given the Group's primary poultry market being fresh chicken and the limitations of cold-chain management in Indonesia, the extent of impact may be mitigated.

Animal Protein Other ("APO")

The financial results of the APO segment in Vietnam were impacted by ASF, which was first reported in February 2019 and has since spread throughout the country. As currently there is no vaccine or treatment for ASF, bio-security measures are the only available means to protect our livestock. Japfa has increased its already strict bio-security measures and, because of that, cost of production is increasing. Feed sales volume will reduce as the swine population in Vietnam is likely to decline with the culling of infected animals. In the near term, it is expected that swine fattening sales volume will dip as a result of our delaying and/or reducing the re-stocking of piglets in our farms in high-risk ASF areas.

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)

Dairy

In China, raw milk prices increased due to lower milk supply especially during summer. The fluctuations of raw milk price may affect our financial results.

In Southeast Asia, higher A&P investments in downstream products to improve brand visibility and enhance market share in Indonesia may impact profitability of the business.

Consumer Food

Challenges remain in the ambient food products due to lower ASPs deriving from intense market competition.

Conclusion

The five emerging markets that the Group operates in continue to witness growing animal protein consumption. Against this backdrop, the Group is confident that its core competencies in large-scale farming and food production, diversified strategy across multiple proteins and geographies, together with its track record in replicating its industrialised and scalable business across the region, will sustain its growth in the mid- to long-term.

11. Dividend

(a) Current Financial Period Reported on
Nil

(b) Corresponding Period of the Immediately Preceding Financial Year
Nil

(c) Date Payable
Not Applicable

(d) Books Closure Date
Not Applicable

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. Negative Confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, I, 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 unaudited third quarter financial results for the period ended 30 September 2019 to be false or misleading in any material respect.

15. Disclosure pursuant to Rule 704(10)

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	29	Son of Director and Executive Chairman Handojo Santosa Nephew of of Non-Executive Director, Mr Hendrick Kolonas. Renaldo is also a deemed Substantial Shareholder of the Company by virtue of him being a beneficiary of the Scuderia Trust	Head of Business Development & Strategy Position held since 1 March 2017 Duties: Reports to Executive Chairman and Chief Executive Officer to: - Investigate, identify and propose potential market segments and opportunities. - Develop and propose new business, partnerships, strategies, and models aligned to the Company's strategy to expand and grow the business where possible. - Develop negotiating strategies and positions to ensure alignment with company strategies and operations. - Assessment of business deals by analysing market strategies, deal requirements, potential and financials. - Identify appropriate technologies/ trends to improve business. - Review existing operations and operational procedures to achieve greater efficiencies and effectiveness. - Manage strategic projects and initiatives.	Renaldo was promoted by one staff grade on 1 September 2019. There is no change to his job title or duties

16. 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

Tan Yong Nang
Executive Director and
Chief Executive Officer
30 October 2019