JAPFA LTD
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT
UNAUDITED FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2019

JAPFA LTD.

(Registration Number: 200819599W)

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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

	Jan - Dec		
	2019	2018	Change
	US$'000	US$'000	%
Revenue	3,890,456	3,533,256	10%
Cost of Sales	(3,076,932)	(2,762,941)	11%
Gross Profit	813,524	770,315	6%
Marketing and Distribution Costs	(163,112)	(144,089)	13%
Administrative Expenses	(311,371)	(284,454)	9%
Operating Profit	339,041	341,772	-1%
Interest Income	2,645	4,199	-37%
Finance Costs	(107,050)	(82,526)	30%
Other Gain	327	24,372	-99%
Share of results of Joint Ventures	601	82	633%
Foreign Exchange Adjustments Gain/(Loss)	9,431	(32,679)	n/m
Gain/(Loss) from Changes in Fair Value of Biological Assets	2,079	(11,625)	n/m
Profit Before Tax from Continuing Operations	247,074	243,595	1%
Income Tax Expense	(62,449)	(65,384)	-4%
Profit from Continuing Operations, Net of Tax	184,625	178,211	4%
Profit Attributable to Owners of the Parent, Net of Tax*	**119,952**	**100,385**	19%
Profit Attributable to Non-Controlling Interests, Net of Tax	64,673	77,826	-17%
Profit, Net of Tax	184,625	178,211	4%

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	119,667	121,916	-2%

* 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	478,619	456,980	5%

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:

	Jan - Dec		
	2019 US$'000	2018 US$'000	Change %
Finance Costs	(107,050)	(82,526)	30%
Foreign Exchange Adjustments Gain/(Loss)	9,431	(32,679)	n/m
Depreciation of Property, Plant and Equipment	(117,461)	(103,924)	13%
Depreciation of Investment Properties	(275)	(273)	1%
Depreciation of Right-Of-Use Assets	(18,543)	-	n/m
Amortisation of Intangible Assets	(1,967)	(2,058)	-4%
Interest Income	2,645	4,199	-37%
Gain/(Loss) from Changes in Fair Value of Biological Assets	2,079	(11,625)	n/m
(Loss)/Gain on Derivative Financial Instruments			
- Forex	(405)	15,502	n/m
- Non-Forex	(4,531)	468	n/m
Gain/(Loss) on Disposal of Property, Plant and Equipment and Investment Properties	32	(384)	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		
	2019 US$'000	2018 US$'000	Change %
Profit from Continuing Operations, Net of Tax	184,625	178,211	4%
Other Comprehensive Income/(Loss):			
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	(2,283)	13,704	n/m
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	25,920	(78,377)	n/m
Share of Other Comprehensive Income of Joint Ventures	(3)	5	n/m
Other Comprehensive Income/(Loss) for the Year, Net of Tax	17,700	(64,668)	n/m
Total Comprehensive Income	202,325	113,543	78%
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	124,581	49,818	150%
Total Comprehensive Income Attributable to Non-Controlling Interests, Net of Tax	77,744	63,725	22%
Total Comprehensive Income	202,325	113,543	78%

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 31/12/2019 US$'000	As at 31/12/2018 US$'000	As at 31/12/2019 US$'000	As at 31/12/2018 US$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1,179,316	1,010,147	198	274
Right-Of-Use Assets	130,787	-	544	-
Real Estate Assets	60,605	53,315	-	-
Investment Properties	4,994	5,256	-	-
Intangible Assets	16,911	12,073	-	-
Investments in Subsidiaries	-	-	1,293,305	1,275,982
Investment in Joint Ventures	6,483	5,730	-	-
Biological Assets	386,416	365,041	-	-
Deferred Tax Assets	28,182	23,593	-	-
Other Receivables	14,825	14,564	-	-
Other Financial Assets	18,799	30,401	-	-
Other Assets	78,966	82,052	-	-
Total Non-Current Assets	1,926,284	1,602,172	1,294,047	1,276,256
Current Assets				
Inventories	794,752	763,996	-	-
Biological Assets	98,841	83,229	-	-
Trade and Other Receivables	225,881	194,407	19,030	11,956
Other Financial Assets	2,488	2,488	2,404	2,404
Other Assets	53,444	74,660	2,024	3,694
Cash and Cash Equivalents	208,743	168,316	17,676	7,485
Total Current Assets	1,384,149	1,287,096	41,134	25,539
Total Assets	3,310,433	2,889,268	1,335,181	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	563,704	481,721	19,024	44,674
Other Reserves	(454,730)	(451,091)	(13,625)	(6,192)
Translation Reserve	(213,975)	(226,263)	-	-
Equity Attributable to Owners of the Parent	880,557	779,387	990,957	1,013,502
Non-Controlling Interests	406,133	350,998	-	-
Total Equity	1,286,690	1,130,385	990,957	1,013,502
Non-Current Liabilities				
Defined benefit plan liabilities	98,776	85,386	-	-
Deferred Tax Liabilities	9,531	2,511	-	-
Other Payables	480	358	-	-
Loans and Borrowings	793,369	777,200	252,768	252,768
Lease liabilities	91,295	217	30	-
Other Financial Liabilities	4,625	304	2,766	303
Other Liabilities	3,199	3,405	-	-
Total Non-Current Liabilities	1,001,275	869,381	255,564	253,071
Current Liabilities				
Income Tax Payable	19,018	37,473	593	-
Trade and Other Payables	389,871	388,843	8,148	11,097
Loans and Borrowings	583,549	440,090	79,400	24,125
Lease liabilities	14,224	119	519	-
Other Financial Liabilities	2,206	8,933	-	-
Other Liabilities	13,600	14,044	-	-
Total Current Liabilities	1,022,468	889,502	88,660	35,222
Total Liabilities	2,023,743	1,758,883	344,224	288,293
Total Equity and Liabilities	3,310,433	2,889,268	1,335,181	1,301,795

JAPFA LTD.

(Registration Number: 200819599W)

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

	As at 31/12/2019 US$'000	As at 31/12/2018 US$'000
Amount due within one year		
Secured	388,761	381,736
Unsecured	209,012	58,473
Total	597,773	440,209
Amount due more than one year		
Secured	502,598	453,942
Unsecured	382,066	323,475
Total	884,664	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 - Dec	
	2019 US$'000	2018 US$'000
Cash Flows From Operating Activities		
Profit Before Tax	247,074	243,595
Adjustment for:		
Amortisation of Intangible Assets	1,967	2,058
Amortisation of Bonds Issuance Cost	2,060	1,839
Land Use Rights Charges	-	572
Depreciation of Property, Plant and Equipment	117,461	103,924
Depreciation of Investment Properties	275	273
Depreciation of Right-Of-Use Assets	18,543	-
Fair Value (Gain)/Loss on Biological Assets	(2,079)	11,625
Fair Value Loss/(Gain) on Derivative Financial Instruments	4,936	(15,970)
Gain on Disposal of Investment Property	(430)	-
(Gain)/Loss on Disposal of Property, Plant and Equipment and Investment Properties	(32)	384
Written-off of Other Financial Assets	1,452	-
Expenses Arising from Increase in Defined Benefit Plan Liabilities	16,601	17,504
Interest Income	(2,645)	(4,199)
Interest Expense on Loans and Borrowings	99,418	82,526
Interest Expense on Leases	7,632	-
Expenses Arising from Share Option Plan	944	384
Value of Employee Services received pursuant to Performance Share Plan	4,799	1,466
Value of Employee Services received pursuant to Performance Share Plan by Subsidiary	382	293
Share of Gain from Equity-Accounted Joint Ventures	(601)	(82)
Write-off of Property, Plant and Equipment	1,047	648
Net Effect of Exchange Rate Changes	10,397	(993)
Operating Cash Flows before Changes in Working Capital	529,201	445,847
Inventories	(23,954)	(45,187)
Biological Assets	(10,434)	(39,524)
Trade and Other Receivables	(29,565)	(14,429)
Other Assets	28,579	7,767
Trade and Other Payables	1,333	32,781
Defined benefit plan liabilities	(10,044)	(12,989)
Other Liabilities	(3,151)	4,440
Net Cash Flows From Operations	481,965	378,706
Income Taxes Paid	(95,856)	(72,156)
Net Cash Flows From Operating Activities	386,109	306,550
Cash Flows Used in Investing Activities		
Purchase of Property, Plant and Equipment	(277,188)	(221,444)
Purchase of Investment Properties	-	(282)
Purchase of Intangible Assets	(1,205)	(2,692)
Purchase of Land Use Rights	-	(2,370)
Purchase of Financial Assets	-	(83)
Purchase of Biological Assets	(30,612)	(15,803)
Proceeds from Disposal of Property, Plant and Equipment	3,026	5,753
Proceeds from Disposal of Investment Properties	536	-
Acquisition of Subsidiaries (Net of Cash Outflow)	(8,567)	(2,279)
Prepayment of Leases	(7,325)	-
Increase in Real Estate Assets	(5,567)	(50,566)
Interest Income Received	2,645	4,199
Net Cash Flows Used in Investing Activities	(324,257)	(285,567)

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. (Cont'd)

	Jan - Dec	
	2019	2018
	US$'000	US$'000
Cash Flows Used in Financing Activities		
Increase/(Decrease) in Working Capital loans	162,741	(4,782)
Proceeds from Bank Loans	46,417	276,459
Decrease in Cash Restricted in Use	658	294
Purchase of Treasury Shares by the Company	(1,694)	(1,198)
Lease Payment for Principal and Interest	(19,475)	-
Repayment of Bonds Payable	(61,147)	-
Consideration Paid for Acquisition of Non-Controlling Interests	-	(223,000)
Dividends Paid to Equity Holders of the Company	(27,286)	(6,545)
Dividends Paid by Subsidiary to Non-Controlling Interests	(23,164)	(42,308)
Interest Expense Paid	(99,418)	(82,526)
Net Cash Flows Used in Financing Activities	(22,368)	(83,606)
Net Decrease in Cash and Cash Equivalents	39,484	(62,623)
Effect of exchange rate changes on cash and cash equivalents	1,601	(3,634)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	164,214	230,471
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	205,299	164,214

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	208,743	168,316
Less: Bank Deposit Pledged	(3,444)	(4,102)
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	205,299	164,214

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	202,324	124,580	-	-	118,400	(6,108)	12,288	77,744
Grant of Share Options by Subsidiary	944	944	-	-	-	944	-	-
Purchase of Treasury Shares by the Company	(1,694)	(1,694)	-	(1,694)	-	-	-	-
Value of Employee Services Pursuant to Performance Share Plan	4,799	4,799	-	-	-	4,799	-	-
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
Reserve arising from changes in Non-Controlling Interests Without Change in 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
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 Year	113,543	49,818	-	-	108,241	-	(58,423)	63,725
Non-Controlling Interests Arising from Acquisition of Subsidiary	52	-	-	-	-	-	-	52
Issue of New Shares by the Company	40,104	40,104	40,104	-	-	-	-	-
Grant of Share Options by Subsidiary	384	384	-	-	-	384	-	-
Purchase of Treasury Shares by the Company	(1,198)	(1,198)	-	(1,198)	-	-	-	-
Value of Employee Services Pursuant to Performance Share Plan	1,466	1,466	-	-	-	1,466	-	-
Reissued Treasury Shares by the Company under to Performance Share Plan	-	-	-	31	-	(31)	-	-
Reissued 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)
Transfer to Statutory Reserve	-	-	-	-	(6,894)	6,894	-	-
Balance at 31 December 2018	1,130,385	779,387	980,946	(5,926)	481,721	(451,091)	(226,263)	350,998

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. (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 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)
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 Loss for the Year	(37,934)	-	-	(37,934)	-
Issue of New Shares	40,104	40,104	-	-	-
Purchase of Treasury Shares	(1,198)	-	(1,198)	-	-
Difference in Value arising from Issuance of Consideration Shares	(7,648)	-	-	-	(7,648)
Reissued Treasury Shares by the Company under Performance Share Plan	-	-	31	-	(31)
Value of Employee Services Pursuant to Performance Share Plan	1,466	-	-	-	1,466
Dividend Paid to Equity Holders of the Company	(6,545)	-	-	(6,545)	-
Balance at 31 December 2018	1,013,502	980,946	(5,926)	44,674	(6,192)

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	
	4th Quarter to 31-12-2019	4th Quarter to 31-12-2018
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	17,751,200	13,276,000
Purchase of treasury shares	-	795,700
As at end of period	17,751,200	14,071,700
Issued ordinary shares excluding treasury shares	1,863,338,291	1,845,453,891

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. (Cont'd)

On 18 December 2019, the Company announced the 1-for-10 renounceable non-underwritten rights issue at an issue price of S$0.50 for each rights share. The rights issue was oversubscribed, and 186,333,829 rights shares was issued and listed on the SGX ST on 10 February 2020. Through the rights issue, the total issued share capital (excluding treasury shares) increased from 1,863,338,291 shares to 2,049,672,120 shares as at the date of this announcement.

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 31/12/2019	As at 31/12/2018
Total number of issued shares excluding treasury shares	1,863,338,291	1,845,453,891

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.

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 31 December 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$105.5 million as at 31 December 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.

	2019 US Cents	2018 US Cents
Earnings per share for the year		
(a) Based on weighted average number of ordinary shares in issue	6.45	5.52
(b) Based on a fully diluted basis	6.45	5.52
Weighted Average Number of Ordinary Shares	1,860,889,138	1,817,279,941

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 31/12/2019	As at 31/12/2018	As at 31/12/2019	As at 31/12/2018
Net asset value per ordinary share				
- in US$	0.47	0.42	0.53	0.55
- in S$	0.64	0.58	0.72	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 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 2019 vs FY 2018

Revenue

	FY 2019	FY 2018	Variance*
	US$ million	US$ million	US$ million
Animal Protein – PT Japfa Tbk ("PT Japfa Tbk")	2,597.4	2,382.6	214.8
Animal Protein – Other ("APO")	692.0	583.1	108.9
Dairy	471.5	408.7	62.8
Consumer Food	190.7	203.3	(12.6)
Others**	(61.1)	(44.5)	(16.6)
Total	3,890.5	3,533.3	357.2

The Group registered continued growth in revenue, driven mainly by higher feed sales volume in Animal Protein segment which remains the business backbone, as well as higher sales volumes in South-East Asia ("SEA") under Dairy segment.

Operating Profit

	FY 2019	FY 2018	Variance*
	US$ million	US$ million	US$ million
Animal Protein – PT Japfa Tbk ("PT Japfa Tbk")	219.0	256.0	(37.0)
Animal Protein – Other ("APO")	39.6	33.1	6.5
Dairy	89.2	71.8	17.4
Consumer Food	(5.7)	(16.6)	10.9
Others**	(3.0)	(2.6)	(0.4)
Total	339.0	341.8	(2.6)

In PT Japfa Tbk, the operating profit was lower mainly caused by the market oversupply of broilers in the first three quarters of 2019 which kept broilers average selling prices ("ASPs") weak in Indonesia. In APO Vietnam, the strong emphasis on stringent biosecurity has minimised the impact of ASF and a rebound of swine fattening ASPs in the last quarter of 2019 led to strong operating profit in FY 2019. In Dairy, operating profit has increased driven by higher sales volume in SEA, as well as higher raw milk ASPs in China. Overall, diversification across proteins and geographies provided stability in profits amid challenging market conditions.

*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)

Foreign exchange adjustments gain is US$9.4 million in FY 2019 as compared to foreign exchange adjustments loss of US$32.7 million in FY 2018. The foreign exchange adjustments gain in FY 2019 primarily due to unrealised foreign exchange gain arising from the translation of the USD bonds in PT Japfa Tbk.

Finance costs is US$107.0 million in FY 2019 as compared to US$82.5 million in FY 2018. Finance costs in FY2019 includes an interest expenses on lease liabilities of US$7.6 million as a result of the adoption of a new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which took effect on 1 January 2019.

As a result of the above, the Group recorded a profit after tax of US$184.6 million in FY 2019 as compared to US$178.2 million in FY 2018. The profit attributable to owners of the parent was US$120.0 million in FY 2019 and US$100.4 million in FY 2018.

Review of Financial Position

The Group's total assets as at 31 December 2019 increased by US$421.1 million from US$2,889.3 million to US$3,310.4 million primarily due to increase in property, plant and equipment, right-of-use assets, biological assets and trade and other receivables.

The Group's total liabilities as at 31 December 2019 increased by US$264.8 million from US$1,758.9 million to US$2,023.7 million primarily due to increase in loans and borrowings and lease liabilities.

The Group's translation reserves improved from negative US$226.3 million as at 31 December 2018 to negative US$214.0 million as at 31 December 2019 mainly due to translation gain arising from the Indonesian Rupiah strengthening against the US Dollar.

Review of Group Cash Flow

Net cash flows from operating activities were US$386.1 million in FY2019, which mainly arose from operating cash flows before changes in working capital of US$529.2 million, changes in working capital of US$47.2 million and income tax paid of US$95.9 million.

Net cash flows used in investing activities were US$324.3 million in FY2019 mainly represented by the purchase of property, plant and equipment of US$277.2 million.

Net cash flows used in financing activities were US$22.4 million in FY2019 mainly arose from increase in working capital loans of US$162.7 million and partially offset by the repayment of bonds payable of US$61.1 million, interest paid of US$99.4 million and dividend paid of US$50.5 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.

We experienced challenging market conditions in two of our key segments for most of 2019, in particular, low broiler prices in Indonesia and African Swine Fever ("ASF") in Vietnam.

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. 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.

Any continued trade tensions between US and China may result in near-term distortion of prices, raw materials costs and the physical flow of grains such as corn and soybean meal as well as animal protein products. As our business involves livestock, the outbreak of animal diseases such as ASF in Vietnam, represent a major risk. These uncertainties may impact the Group's operations and financial results.

With respect to the recent outbreak of coronavirus (COVID-19), the Group has implemented measures to minimise the impact on our staff and to ensure their safety and welfare. Business Continuity Plans (BCP) are already in place in Singapore and China, and are being developed where needed, to provide for the sustainability of our operations. As Japfa produces staple protein foods, it is unlikely that demand will be significantly affected by the coronavirus nor do we expect significant disruption to the supply chains for our products given Japfa supplies these staple protein foods largely to the domestic markets in which they are produced. Our assessment is based on the current status of COVID-19 and its impact. In the event that there is a major economic downturn following the outbreak, as of today we cannot anticipate any impacts on our employees and our business.

PT Japfa Tbk

In Indonesia, the price of broiler has been low for most of 2019 as a result of continued oversupply. To contain oversupply, and stabilise DOC and broiler prices, the Ministry of Agriculture ordered 45 poultry breeding companies in 2019 to cull fertilised eggs and parent stock breeding chickens

With the recent World Trade Organisation's (WTO) ruling against Indonesia's restriction of the import of Brazilian poultry into Indonesia, Brazilian chicken meat may now enter the Indonesian market, potentially impacting poultry prices. However, as the Group's primary poultry market is fresh chicken and given the continuing limitations in cold chain management in Indonesia, the extent of any impact may be mitigated.

Animal Protein Other ("APO")

It is estimated that ASF, which was first reported in Vietnam in February 2019, has significantly reduced the total swine population in the country. There is currently no vaccine or treatment for ASF, thus bio-security measures are the only available means to protect our livestock. We will continue to focus on our already strict bio-security measures to protect our livestock and mitigate any future ASF outbreaks. Swine feed sales volume may reduce as the swine population in Vietnam has declined.

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 in 2H2019 due to lower milk supply. Fluctuations in raw milk price may affect our financial results.

The coronavirus outbreak is likely to cause a short-term drop in the demand for dairy products. As a result, raw milk prices could come down in the short term. We believe there will not be any impact to long-term demand. As such, any raw milk price adjustments due to the coronavirus issue are not expected to be significant nor prolonged.

In addition, any impact on the supply chain should to be limited to feed cost (transportation) rather than availability of raw materials. Silage, which represents 40% of our cattle feed raw material, is typically accumulated in September/October and stocked up for the year.

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 Group's ambient food products business due to lower ASPs 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 and 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

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Final dividend
In relation to the financial year ended 31 December 2018, the Company issued:
(i) a final ordinary dividend of 1.0 Singapore cent per ordinary share (tax exempt one-tier); and
(ii) a final special dividend of 1.0 Singapore cent per ordinary share (tax exempt one-tier).

(c) Date Payable
The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be announced at a later date.

(d) Books Closure Date
The books closure date will be announced at a later date.

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

Not applicable.

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

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

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

Twelve Months Ended 31 December 2019

	Animal Protein - PT Japfa Tbk US$'000	Animal Protein - Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Consumer Food US$'000	Others US$'000	Group US$'000
Revenue by Segment							
External revenue	2,554,925	681,356	3,236,281	459,110	190,061	5,004	3,890,456
Inter-segment revenue	42,443	10,667	53,110	12,361	650	(66,120)	-
Total revenue	2,597,367	692,023	3,289,391	471,471	190,711	(61,117)	3,890,456
Operating profit	219,012	39,610	258,622	89,164	(5,736)	(3,009)	339,041
Interest income	895	1,313	2,208	337	55	45	2,645
Finance costs	(52,811)	(11,760)	(64,571)	(18,195)	(4,621)	(19,663)	(107,050)
Foreign exchange adjustments (loss)/gain	11,690	1,001	12,691	(3,092)	(254)	86	9,431
(Loss)/gain from changes in fair value of biological assets	(147)	13,150	13,003	(10,924)	-	-	2,079
Share of results of joint ventures	-	(124)	(124)	-	725	-	601
Others	(2,764)	473	(2,291)	3,812	1,140	(2,334)	327
Profit/(loss) before income tax	175,875	43,663	219,538	61,102	(8,691)	(24,875)	247,074
Income tax expense	(48,827)	(1,637)	(50,464)	(5,817)	(829)	(5,339)	(62,449)
Profit/(loss), net of income tax	127,048	42,026	169,074	55,285	(9,520)	(30,214)	184,625

Twelve Months Ended 31 December 2018

	Animal Protein – PT Japfa Tbk US$'000	Animal Protein - Other US$'000	Total Animal Protein US$'000	Dairy US$'000	Consumer Food US$'000	Others US$'000	Group US$'000
Revenue by Segment							
External revenue	2,337,679	580,416	2,918,095	397,303	202,566	15,292	3,533,256
Inter-segment revenue	44,934	2,704	47,638	11,433	766	(59,837)	-
Total revenue	2,382,613	583,120	2,965,733	408,736	203,332	(44,545)	3,533,256
Operating profit	256,043	33,116	289,159	71,842	(16,632)	(2,597)	341,772
Interest income	2,763	990	3,753	355	8	83	4,199
Finance costs	(38,380)	(7,427)	(45,807)	(16,197)	(5,355)	(15,167)	(82,526)
Foreign exchange adjustments (loss)/gain	(23,421)	(3,106)	(26,527)	(7,562)	1,674	(264)	(32,679)
(Loss)/gain from changes in fair value of biological assets	(2,757)	4,478	1,721	(13,346)	-	-	(11,625)
Share of results of joint ventures	-	(23)	(23)	-	105	-	82
Others	16,361	(91)	16,270	7,437	880	(215)	24,372
Profit/(loss) before income tax	210,609	27,937	238,546	42,529	(19,320)	(18,160)	243,595
Income tax expense	(54,601)	(4,638)	(59,239)	(465)	(138)	(5,542)	(65,384)
Profit/(loss), net of income tax	156,008	23,299	179,307	42,064	(19,458)	(23,702)	178,211

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		
		2019 US$'000	2018 US$'000	Change %
(a)	Sales reported for the first half year	1,886,248	1,746,557	8%
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	46,577	91,136	-49%
(c)	Sales reported for second half year	2,004,208	1,786,699	12%
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	138,048	87,075	59%

n/m : not meaningful

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

	2019 US$'000	2018 US$'000
Ordinary, first and final*	15,214	27,286

*2019 proposed first 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	29	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	27	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.	No change

19. Announcement pursuant to Rule 706(A) of the Listing Manual

Divestment of joint venture entity

Pursuant to Rule 706(A) of the Listing Manual, the Company wishes to announce that its wholly owned India subsidiary, Japfa Comfeed India Private Ltd, has on 12 February 2020, entered into a Share Purchase Agreement to dispose its entire (50%) shareholding in Central India Poultry Breeders Pvt Ltd ("CIPB") by selling 14,499,553 to its Joint Venture Partner, Aviagen International Holdings Ltd and 500 shares to M/s. Aviagen International Finance Four Limited ("Disposal"). The transaction was closed on 24 February 2020.

CIPB is in engaged in the business of owning and operating grandparent stock farm for the breeding, hatching and selling of parent stock day-old-chicks.

The cash consideration for the Disposal is US$2,280,000 which was arrived at on a willing-buyer, willing-seller basis taking into consideration the valuation report provided by the Independent Chartered Accountant.

The net tangible assets of CIPB was US$2,441,900 based on the latest audited financial statement as of 31 March 2019, and the net tangible assets being disposed was US$1,220,950.

The disposal is not expected to have a material effect on the net tangible assets per share or earnings per share of the Group for the current financial year. Aviagen continues to be a key supplier of poultry genetics to India and the rest of the Group.

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

20. 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	29 February 2020
(b)	Number of shares which are the subject of the Awards	4,362,500 ordinary shares*
(c)	Market price of shares on the date of grant	S$0.56
(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	2,016,200 ordinary shares
	(ii) Directors of the Company	2,153,900 ordinary shares to Mr Tan Yong Nang, Executive Director and Chief Executive Officer 192,400 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)	1 June 2022

** 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.*

21. 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
29 February 2020