



**JAPFA LTD**  
**AND ITS SUBSIDIARIES**

(Registration Number: 200819599W)

**SGXNET ANNOUNCEMENT**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED**  
**30 JUNE 2022**

# JAPFA LTD.

(Registration Number: 200819599W)

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

	Note	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000	Change %
<b>Revenue</b>	4	2,498,042	2,262,359	10%
Cost of sales		(2,084,445)	(1,742,140)	20%
<b>Gross profit</b>		413,597	520,219	-20%
Marketing and distribution costs		(82,006)	(75,538)	9%
Administrative expenses		(160,601)	(173,751)	-8%
<b>Operating profit</b>		170,990	270,930	-37%
Interest income		1,166	2,260	-48%
Finance costs		(53,919)	(47,595)	13%
Other gain		4,140	977	324%
Foreign exchange adjustments loss		(4,010)	(14,265)	-72%
Changes in fair value of biological assets <sup>1</sup>		(2,287)	22,675	n/m
Share of results of associate and joint ventures		843	74	n/m
<b>Profit before tax</b>	5	116,923	235,056	-50%
Tax expense	6	(22,609)	(43,514)	-48%
<b>Profit, net of tax</b>		94,314	191,542	-51%
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Remeasurement of the net defined benefits plan, net of tax		3,977	-	n/m
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations, net of tax		(82,807)	(20,696)	300%
Share of other comprehensive income of associate and joint ventures		(856)	(84)	919%
Cash flow hedges		(7,503)	(3,888)	93%
<b>Other comprehensive loss for the year, net of tax</b>		(87,189)	(24,668)	253%
<b>Total comprehensive income</b>		7,125	166,874	-96%
Profit after tax attributable to owners of the parent, net of tax ("PATMI")		44,012	118,512	-63%
Profit after tax attributable to non-controlling interests, net of tax		50,302	73,030	-31%
Profit, net of tax		94,314	191,542	-51%
Total comprehensive (loss)/income attributable to owners of the parent, net of tax		(10,922)	103,793	n/m
Total comprehensive income attributable to non-controlling interests, net of tax		18,047	63,081	-71%
Total comprehensive income		7,125	166,874	-96%
Earnings per share for profit for the period attributable to owners of the parent during the year:				
Basic and diluted (cents)	9	2.16	5.82	-63%

n/m : not meaningful

<sup>1</sup> Changes in Fair Value of Biological Assets in 1H2022 includes the gain of US\$6.3 million (1H2021: US\$11.4 million) arising from fattening beef that were sold in China during the period.

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

### Additional information:

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

	<b>6 months ended 30 June 2022 US\$'000</b>	<b>6 months ended 30 June 2021 US\$'000</b>	<b>Change %</b>
Core PATMI w/o forex	<u>53,585</u>	<u>117,311</u>	-54%

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<sup>1</sup>, b) changes in fair value of derivatives, and c) extraordinary items, attributable to the owners of the parent.

Core PATMI w/o forex is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. We have not made an estimate of the tax impact on foreign exchange gains/losses.

	<b>6 months ended 30 June 2022 US\$'000</b>	<b>6 months ended 30 June 2021 US\$'000</b>	<b>Change %</b>
EBITDA	<u>254,183</u>	<u>351,645</u>	-28%

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<sup>1</sup>.

<sup>1</sup> Changes in Fair Value of Biological Assets in 1H2022 includes the gain of US\$6.3 million (1H2021: US\$11.4 million) arising from fattening beef that were sold in China during the period.

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## B. Condensed interim statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		30/6/2022	31/12/2021	30/6/2022	31/12/2021
		US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment	10	1,342,706	1,341,657	92	99
Right-of-use assets		367,789	336,911	741	988
Investment properties		24,493	25,874	-	-
Intangible assets		14,314	14,543	-	-
Investment in subsidiaries		-	-	921,233	908,735
Investments in associate and joint ventures		34,098	34,368	28,000	28,000
Biological assets	11	547,128	511,998	-	-
Deferred tax assets		38,250	36,412	-	-
Real estate assets		66,640	69,158	-	-
Other receivables		13,123	12,994	-	-
Other financial assets		15,559	18,252	-	-
Other assets		49,030	43,623	-	-
<b>Total non-current assets</b>		<b>2,513,130</b>	<b>2,445,790</b>	<b>950,066</b>	<b>937,822</b>
<b><u>Current assets</u></b>					
Inventories	12	1,278,442	1,120,839	-	-
Biological assets	11	109,079	108,839	-	-
Trade and other receivables		231,625	231,905	54,043	40,872
Other financial assets		4,399	2,552	2,404	2,404
Other assets		100,491	71,722	1,466	2,627
Cash at banks		299,848	320,566	108,768	137,860
<b>Total current assets</b>		<b>2,023,884</b>	<b>1,856,423</b>	<b>166,681</b>	<b>183,763</b>
<b>Total assets</b>		<b>4,537,014</b>	<b>4,302,213</b>	<b>1,116,747</b>	<b>1,121,585</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity</u></b>					
Share capital	13	1,059,882	1,059,882	1,059,882	1,059,882
Treasury shares	13	(11,058)	(14,125)	(11,058)	(14,125)
Retained earnings		733,465	709,272	82,887	84,116
Other reserves		(161,011)	(157,676)	(18,501)	(16,082)
Translation reserve		(223,570)	(170,381)	-	-
<b>Equity attributable to owners of the parent</b>		<b>1,397,708</b>	<b>1,426,972</b>	<b>1,113,210</b>	<b>1,113,791</b>
Non-controlling interests		710,811	719,480	-	-
<b>Total equity</b>		<b>2,108,519</b>	<b>2,146,452</b>	<b>1,113,210</b>	<b>1,113,791</b>
<b><u>Non-current liabilities</u></b>					
Defined benefit plan liabilities	14	89,328	88,643	-	-
Deferred tax liabilities		4,005	5,987	-	-
Other payables		14,890	15,609	342	320
Loans and borrowings	15	801,264	735,109	-	-
Lease liabilities	15	289,469	263,260	273	529
Other financial liabilities		781	1,249	-	-
Other liabilities		3,967	4,353	-	-
<b>Total non-current liabilities</b>		<b>1,203,704</b>	<b>1,114,210</b>	<b>615</b>	<b>849</b>
<b><u>Current liabilities</u></b>					
Income tax payable		15,246	22,537	8	192
Trade and other payables		430,133	403,143	2,437	6,270
Loans and borrowings	15	729,694	573,787	-	-
Lease liabilities	15	34,876	24,390	477	483
Other financial liabilities		-	152	-	-
Other liabilities		14,842	17,542	-	-
<b>Total current liabilities</b>		<b>1,224,791</b>	<b>1,041,551</b>	<b>2,922</b>	<b>6,945</b>
<b>Total liabilities</b>		<b>2,428,495</b>	<b>2,155,761</b>	<b>3,537</b>	<b>7,794</b>
<b>Total equity and liabilities</b>		<b>4,537,014</b>	<b>4,302,213</b>	<b>1,116,747</b>	<b>1,121,585</b>

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## C. Condensed interim statements of changes in equity

Group	Total equity US\$'000	Attributable to parent sub-total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Retained earnings US\$'000	Other reserves US\$'000	Translation reserve US\$'000	Non- controlling interests US\$'000
Balance at 1 January 2022	2,146,452	1,426,972	1,059,882	(14,125)	709,272	(157,676)	(170,381)	719,480
Movements in equity:								
Total comprehensive income for the period	7,125	(10,922)	-	-	46,139	(3,872)	(53,189)	18,047
Acquisition of non-controlling interests without change of control	(5,781)	(2,384)	-	-	-	(2,384)	-	(3,397)
Transfer of share-based payment reserve to liability	(741)	(741)	-	-	-	(741)	-	-
Reissued treasury shares by the company pursuant to performance share plan	-	-	-	3,067	-	(3,067)	-	-
Value of employee services received of performance share plan	6,729	6,729	-	-	-	6,729	-	-
Dividend paid to equity holders of the company	(21,946)	(21,946)	-	-	(21,946)	-	-	-
Dividend paid by subsidiary to non-controlling interests	(23,319)	-	-	-	-	-	-	(23,319)
Balance at 30 June 2022	2,108,519	1,397,708	1,059,882	(11,058)	733,465	(161,011)	(223,570)	710,811

Balance at 1 January 2021	1,962,023	1,419,708	1,059,882	(22,886)	770,228	(219,850)	(167,666)	542,315
Movements in Equity:								
Total comprehensive income for the period	166,874	103,793	-	-	118,512	(2,118)	(12,601)	63,081
Purchase of treasury shares by the company	(102)	(102)	-	(102)	-	-	-	-
Purchase of treasury shares by subsidiary	(5,239)	-	-	-	-	-	-	(5,239)
Transfer of share-based payment reserve to liability	(253)	(253)	-	-	-	(253)	-	-
Reissued treasury shares by the company pursuant to performance share plan	-	-	-	11,711	-	(11,711)	-	-
Value of employee services received of performance share plan	6,302	6,302	-	-	-	6,302	-	-
Dividend paid to equity holders of the company	(166,180)	(166,180)	-	-	(166,180)	-	-	-
Dividend paid by subsidiary to non-controlling interests	(14,407)	-	-	-	-	-	-	(14,407)
Transfer of cash flow hedge reserve to income statement	(86)	(86)	-	-	-	(86)	-	-
Balance at 30 June 2021	1,948,932	1,363,182	1,059,882	(11,277)	722,560	(227,716)	(180,267)	585,750

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## C. Condensed interim statements of changes in equity (cont'd)

<b>Company</b>	Total equity US\$'000	Share capital US\$'000	Treasury shares US\$'000	Retained earnings US\$'000	Other reserves US\$'000
Balance at 1 January 2022	1,113,791	1,059,882	(14,125)	84,116	(16,082)
Movements in equity:					
Total comprehensive income for the period	20,717	-	-	20,717	-
Reissued treasury shares pursuant to performance share plan	-	-	3,067	-	(3,067)
Value of employee services received of performance share plan	648	-	-	-	648
Dividend paid to equity holders of the company	(21,946)	-	-	(21,946)	-
Balance at 30 June 2022	1,113,210	1,059,882	(11,058)	82,887	(18,501)
Balance at 1 January 2021	1,238,921	1,059,882	(22,886)	210,976	(9,051)
Movements in equity:					
Total comprehensive income for the period	6,633	-	-	6,633	-
Purchase of treasury shares	(102)	-	(102)	-	-
Reissued treasury shares pursuant to performance share plan	-	-	11,711	-	(11,711)
Value of employee services received of performance share plan	3,496	-	-	-	3,496
Dividend paid to equity holders of the company	(166,180)	-	-	(166,180)	-
Balance at 30 June 2021	1,082,768	1,059,882	(11,277)	51,429	(17,266)

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## D. Condensed interim consolidated statement of cash flows

	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	116,923	235,056
Adjustment for:		
Amortisation of intangible assets	786	765
Amortisation of bonds issuance cost	1,010	2,890
Depreciation of property, plant and equipment	53,538	61,200
Amortisation of right-of-use assets	17,233	13,391
Write-off of property, plant and equipment	163	224
Depreciation of investment properties	373	173
Effect of lease liabilities remeasurement	(31)	(1,945)
Fair value gain on derivative financial instruments	-	(7,622)
Fair value changes on other financial assets	15	24
Negative goodwill arising from acquisition of subsidiary	(2)	-
Fair value loss/(gain) on biological assets	2,287	(22,675)
Loss on disposal of property, plant and equipment	319	14
Expenses arising from increase in defined benefit plan liabilities	10,672	8,685
Interest income	(1,166)	(2,260)
Interest expense on loans and borrowings	43,275	40,889
Interest expense on leases	10,644	6,706
Write-off of other financial assets	-	3
Allowance for impairment on trade and other receivables	548	(57)
Value of employee services received pursuant to performance share plan	6,729	6,302
Share of gain from associate and joint ventures	(843)	(74)
Net effect of exchange rate changes	(32,668)	(8,377)
Operating cash flows before changes in working capital	229,805	333,312
Inventories	(161,749)	(305,585)
Biological assets	(35,466)	15,737
Trade and other receivables	37	229,667
Other assets	(20,694)	(34,927)
Trade and other payables	9,242	(11,118)
Defined benefit plan liabilities	(1,348)	(9,007)
Other liabilities	(3,094)	13,932
Net cash flows from operations	16,733	232,011
Income taxes paid	(25,207)	(8,372)
Interest expense paid	(43,275)	(40,889)
Interest paid on lease liabilities	(10,644)	(6,706)
Net cash flows (used in)/from operating activities	(62,393)	176,044

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

	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
<b><u>Cash flows used in investing activities</u></b>		
Acquisition of subsidiaries, net of cash inflow/(outflow)	82	(123,393)
Purchase of property, plant and equipment	(125,856)	(77,328)
Purchase of Investment Properties	-	(111)
Proceeds from disposal of property, plant and equipment	1,534	983
Proceeds from disposal of investment properties	9	180
Additions in real estate assets	(180)	(138)
Purchase of biological assets	(15,700)	(42,789)
Purchase consideration paid for acquisition of non-controlling interests without change of control	(5,781)	-
Purchase of intangible assets	(1,116)	(98)
Purchase of financial assets	(27)	(66)
Interest income received	1,166	2,260
Net cash flows used in investing activities	<u>(145,869)</u>	<u>(240,500)</u>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid by subsidiary to non-controlling interests	(23,319)	(14,407)
Dividends paid to equity holders of the company	(21,946)	(166,180)
Payment of principal portion of lease liabilities	(16,362)	(18,179)
Proceeds from bank loans	97,404	93,970
Increase/(decrease) in cash restricted in use	1,354	(317)
Purchase of treasury shares by the company	-	(102)
Purchase of treasury shares by subsidiary	-	(5,239)
Repayment of bonds payable	(67,349)	(249,517)
Proceeds from issue of bonds	-	337,285
Proceeds from working capital loans	222,032	98,157
Net cash flows from financing activities	<u>191,814</u>	<u>75,471</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(16,448)</b>	<b>11,015</b>
Effect of exchange rate changes on cash and cash equivalents	(2,915)	(1,808)
Cash and cash equivalents, statement of cash flows, beginning balance	318,137	221,857
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b><u>298,774</u></b>	<b><u>231,064</u></b>

Notes:

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

	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Cash and bank balances	299,848	234,210
Less: bank deposit pledged	(1,074)	(3,146)
Cash and cash equivalents per consolidated statement of cash flows	<u>298,774</u>	<u>231,064</u>



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## *E. Notes to the condensed interim consolidated financial statements*

### **1. Corporate information**

Japfa Ltd (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are that of group head office, and business development and branding.

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

### **2. Basis of preparation**

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

#### **2.1 Changes in accounting policies**

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

#### **2.2 Use of judgements and estimates**

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

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

- Note 11 – determination of fair value of biological assets using significant unobservable inputs
- Note 14 – the defined benefit plan liabilities involved a number of significant assumptions in determining the valuation of ultimate liability

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

### **3. Agri-business cyclicality**

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

### **4. Segment and revenue information**

The animal protein segment includes production of multiple high-quality animal proteins, including poultry, swine, beef and aquaculture as well as high-quality animal feed.

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

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

Dairy mainly comprises of production of raw milk and beef operations in China.

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

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

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

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

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

### 4. Segment and revenue information (cont'd)

#### 4.1 Reportable segments

##### 1 January 2022 to 30 June 2022

	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
<b>Revenue by segment</b>						
External revenue	1,689,324	506,199	2,195,523	296,716	5,803	2,498,042
Inter-segment revenue	899	-	899	-	(899)	-
Total revenue	1,690,223	506,199	2,196,422	296,716	4,904	2,498,042
Operating profit/(loss)	129,025	(6,058)	122,967	42,126	5,897	170,990
Interest income	184	670	854	249	63	1,166
Finance costs	(28,129)	(9,740)	(37,869)	(14,030)	(2,020)	(53,919)
Foreign exchange adjustments gain/(loss)	721	(1,828)	(1,107)	(2,142)	(761)	(4,010)
Changes in fair value of biological assets	(396)	(4,158)	(4,554)	2,267	-	(2,287)
Share of results of associate and joint ventures	499	-	499	-	344	843
Others	623	804	1,427	2,568	145	4,140
Profit/(loss) before income tax	102,527	(20,310)	82,217	31,038	3,668	116,923
Income tax expense	(23,076)	2,641	(20,435)	(1,459)	(715)	(22,609)
Profit/(loss), net of income tax	79,451	(17,669)	61,782	29,579	2,953	94,314
<b>Assets and reconciliations</b>						
Segment assets	2,106,276	840,308	2,946,584	1,374,102	151,347	4,472,033
Unallocated assets	46,449	15,908	62,357	1,614	1,010	64,981
Total Group assets	2,152,725	856,216	3,008,941	1,375,716	152,357	4,537,014
<b>Liabilities and reconciliations</b>						
Segment liabilities	1,287,418	619,401	1,906,819	594,531	(92,106)	2,409,244
Unallocated liabilities	10,646	4,922	15,568	2,297	1,386	19,251
Total Group liabilities	1,298,064	624,323	1,922,387	596,828	(90,720)	2,428,495

Unallocated liabilities comprise mainly tax payable and deferred tax liabilities.

#### Other material items and reconciliations

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

- Capital expenditure	47,463	93,707	141,170	39,804	10	180,984
- Depreciation and amortisation	39,740	19,572	59,312	12,348	270	71,930

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

### 4. Segment and revenue information (cont'd)

#### 4.1 Reportable segments (cont'd)

##### 1 January 2021 to 30 June 2021

	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
<b>Revenue by segment</b>						
External revenue	1,537,168	458,238	1,995,406	260,693	6,260	2,262,359
Inter-segment revenue	2,416	1,367	3,783	-	(3,783)	-
Total revenue	1,539,584	459,605	1,999,189	260,693	2,477	2,262,359
Operating profit/(loss)	183,807	35,389	219,196	53,126	(1,392)	270,930
Interest income	837	1,062	1,899	320	41	2,260
Finance costs	(30,773)	(7,588)	(38,361)	(7,775)	(1,459)	(47,595)
Foreign exchange adjustments loss	(291)	(5,367)	(5,658)	(3,864)	(4,743)	(14,265)
Changes in fair value of biological assets	2,064	(5,397)	(3,333)	26,008	-	22,675
Share of results of associate and joint ventures	288	-	288	-	(214)	74
Others	(9,345)	320	(9,025)	5,916	4,086	977
Profit/(loss) before income tax	146,587	18,419	165,006	73,731	(3,681)	235,056
Income tax expense	(35,209)	(5,437)	(40,646)	(851)	(2,017)	(43,514)
Profit/(loss), net of income tax	111,378	12,982	124,360	72,880	(5,698)	191,542
<b>Assets and reconciliations</b>						
Segment assets	1,988,916	707,159	2,696,075	1,184,257	46,744	3,927,076
Unallocated assets	39,545	7,127	46,672	1,038	1,027	48,737
Total Group assets	2,028,461	714,286	2,742,747	1,185,295	47,771	3,975,813
<b>Liabilities and reconciliations</b>						
Segment liabilities	1,191,832	426,896	1,618,728	450,283	(81,918)	1,987,093
Unallocated liabilities	27,319	10,285	37,604	923	1,261	39,788
Total Group liabilities	1,219,151	437,181	1,656,332	451,206	(80,657)	2,026,881

Unallocated liabilities comprise mainly tax payable and deferred tax liabilities.

#### **Other material items and reconciliations**

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

- Capital expenditure	38,178	45,544	83,722	36,636	1,517	121,875
- Depreciation and amortisation	49,229	15,911	65,140	9,939	450	75,529

# JAPFA LTD.

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

### 4. Segment and revenue information (cont'd)

#### 4.1 Reportable segments (cont'd)

##### Geographical information

Revenue information based on the geographical location of customers is as follows:

	Revenue	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Singapore	382	30
Indonesia	1,670,921	1,527,677
Vietnam	370,274	345,484
China	296,716	259,406
India	79,530	63,438
Myanmar	49,282	45,591
Bangladesh	7,946	4,549
Others	22,991	16,184
	<u>2,498,042</u>	<u>2,262,359</u>

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

#### 4.2 Disaggregation of revenue

##### Major product

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

	Animal Protein – PT Japfa Tbk US\$'000	Animal Protein – Other US\$'000	Dairy US\$'000	Total US\$'000
<b><u>1 January 2022 to 30 June 2022</u></b>				
Sales of animal feed	586,011	218,493	-	804,504
Sales of livestock	764,148	269,534	43,463	1,033,682
Sales of raw milk	-	-	241,984	241,984
Sales of animal protein and milk products	245,423	18,172	10,951	274,546
<b><u>1 January 2021 to 30 June 2021</u></b>				
Sales of animal feed	533,818	195,327	-	729,145
Sales of livestock	717,838	218,629	44,445	980,912
Sales of raw milk	-	-	202,646	202,646
Sales of animal protein and milk products	204,442	30,185	13,603	248,230

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

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

### 5. Profit before tax

#### 5.1 Significant items

	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
<b><u>Income /(expenses)</u></b>		
Finance costs		
- Interest expense on loans and borrowings	(43,275)	(40,889)
- Interest expense on lease liabilities	(10,644)	(6,706)
Depreciation of property, plant and equipment	(53,538)	(61,200)
Depreciation of investment properties	(373)	(173)
Depreciation of right-of-use assets	(17,233)	(13,391)
Amortisation of intangible assets	(786)	(765)
Changes in fair value of biological assets	(2,287)	22,675
Foreign exchange adjustments loss	(4,010)	(14,265)
Gain on derivative financial instruments		
- Forex	-	7,293
- Non-forex	-	329
Loss on disposal of property, plant and equipment and investment properties	(319)	(14)

#### 5.2. Related party transactions

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

	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Revenue	5,642	2,712
Purchases of goods	3,562	155
Insurance expense	1,715	374
Rendering of services expense	1,154	-
Rental income	473	491
Interest income	-	32
Rental of premises	157	135
Technical service fee income	-	44

# JAPFA LTD.

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

### 6. Tax expense

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

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	US\$'000	US\$'000
Current income tax expense	27,152	41,085
Deferred income tax expense relating to original/ (reversal) of temporary differences	(4,543)	2,429
Income tax expense recognised in statement of comprehensive income	22,609	43,514

### 7. Dividends

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	US\$'000	US\$'000
<b><u>Dividends paid during the financial period</u></b>		
Dividends on ordinary shares:		
Final (tax exempt one-tier) dividend of 1.0 Singapore cent per share paid for reporting year ended 31 December 2020	-	15,329
Interim special (tax exempt one-tier) dividend of 10.0 Singapore cents per share paid for reporting year ended 31 December 2020	-	150,851
Final and special (tax exempt one-tier) dividend of 1.5 Singapore cents (ordinary dividend of 1.0 Singapore cent and special dividend of 0.5 Singapore cent) per share paid for reporting year ended 31 December 2021	21,946	-

# JAPFA LTD.

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

### 8. Net asset value

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Net asset value per ordinary share				
- in US\$	0.68	0.70	0.54	0.55
- in S\$	0.95	0.95	0.76	0.74

### 9. Earnings per share

	Group	
	6 months ended 30 June 2022 US Cents	6 months ended 30 June 2021 US Cents
Earnings per share for the period		
(a) Based on weighted average number of ordinary shares in issue	2.16	5.82
(b) Based on a fully diluted basis	2.16	5.82
Weighted average number of ordinary shares	2,041,471,290	2,035,753,452

### 10. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to US\$119.7 million (30 June 2021: US\$78.8 million) and disposed of assets amounting to US\$2.0 million (30 June 2021: US\$1.2 million).



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

### 11. Biological assets

	Group	
	30 June 2022 US\$'000	31 December 2021 US\$'000
Breeding chickens	108,580	108,558
Breeding ducks	499	281
Breeding cattle	2,430	3,799
Breeding swine	47,591	53,013
Dairy cows	496,930	455,006
Forage and plantation	177	180
	<hr/>	<hr/>
	656,207	620,837
Fattening livestock	259,878	253,341
	<hr/>	<hr/>
	916,085	874,178
	<hr/>	<hr/>
<u>Presented as:</u>		
Biological assets, current	109,079	108,839
Biological assets, non-current	547,128	511,998
Biological assets presented as Inventories (Note 12)	259,878	253,341
	<hr/>	<hr/>
	916,085	874,178
	<hr/>	<hr/>

	Group US\$'000
<b><u>6 months ended 30 June 2022</u></b>	
Opening balance at 1 January 2022	874,178
Addition through business combination	221
Net additions	82,507
Changes in fair value	(8,566)
Fair value gain arising from sales of beef	6,279
Foreign exchange adjustments	(38,534)
	<hr/>
Closing balance at 30 June 2022	916,085
	<hr/>

### 12. Inventories

	Group	
	30 June 2022 US\$'000	31 December 2021 US\$'000
Finished goods	95,379	99,580
Work in process	8,439	8,007
Raw materials	855,429	705,380
Consumables	59,317	54,531
	<hr/>	<hr/>
	1,018,564	867,498
Biological assets presented under inventories (Note 11)	259,878	253,341
	<hr/>	<hr/>
	1,278,442	1,120,839
	<hr/>	<hr/>

# JAPFA LTD.

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

### 13. Share capital and other equity information

#### 13.1 Share capital

	Group and Company	
	Number of shares issued '000	Amount US\$'000
<u>Issued and fully paid ordinary shares:</u>		
<b>30 June 2022</b>		
Beginning of interim period on 1 January 2022		
and end of interim period on 30 June 2022	2,067,423	1,059,882

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

#### 13.2 Treasury shares

	Group and Company	
	Number of shares '000	Amount US\$'000
<b>30 June 2022</b>		
Beginning of interim period on 1 January 2022	26,623	14,125
Reissued of shares under performance share plan	(5,781)	(3,067)
End of interim period on 30 June 2022	20,842	11,058

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

The Company did not acquire any shares in the Company through purchases on the Singapore Exchange during the interim financial period.

The total number of issued shares excluding treasury shares as at 30 June 2022 is 2,046,581,920 (31 December 2021: 2,040,800,520).

# JAPFA LTD.

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

### 14. Defined benefit plan liabilities

	Group	
	30 June 2022 US\$'000	31 December 2021 US\$'000
Present value of unfunded defined benefit	103,120	105,563
Fair value of plan assets	(13,794)	(16,920)
Defined benefit plan liabilities	<u>89,326</u>	<u>88,643</u>

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

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

	Group US\$'000
<b><u>6 months ended 30 June 2022</u></b>	
Opening balance at 1 January 2022	88,643
Net benefit expense recognised in statement of comprehensive income	10,672
Re-measurement loss included in other comprehensive income	(5,048)
Contributions to plan made	(1,036)
Payments for the year	(314)
Others	(3,591)
Closing balance at 30 June 2022	<u>89,326</u>

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

	Group US\$'000
<b><u>6 months ended 30 June 2022</u></b>	
Opening balance at 1 January 2022	16,920
Interest income	558
Return on plan assets (excluding amounts included in net interest expense)	(346)
Contributions from the employer	1,036
Benefits paid	(3,690)
Foreign exchange adjustments	(684)
Closing balance at 30 June 2022	<u>13,794</u>

# JAPFA LTD.

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

### 15. Borrowings

	Group	
	30 June 2022 US\$'000	31 December 2021 US\$'000
Amount due within one year		
Secured	588,527	456,235
Unsecured	176,043	141,942
Total	<u>764,570</u>	<u>598,177</u>
Amount due more than one year		
Secured	536,649	453,986
Unsecured	554,084	544,383
Total	<u>1,090,733</u>	<u>998,369</u>

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

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

# JAPFA LTD.

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

### 16. Financial assets and financial liabilities at amortised cost

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
<b>Financial Assets</b>				
Total trade and other receivables	244,748	244,899	54,043	41,822
Cash at bank	299,848	320,566	108,768	137,860
Deposit	6,068	9,967	379	1,083
Total financial assets	550,664	575,432	163,190	180,765
<b>Financial Liabilities</b>				
Trade and other payables	445,023	418,752	2,779	6,590
Loan and borrowings	1,530,958	1,308,896	-	-
Lease liabilities	324,345	287,650	750	1,012
Total financial liabilities	2,300,326	2,015,298	3,529	7,602

Deposit is included in other asset presented in balance sheet.

### 17. Non-cash transactions

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

	Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
Additions of property, plant and equipment (Note 10)	119,680	78,767
Less: Net movements in advance and liability for purchase/ construction of plant and equipment	6,176	(1,439)
Purchase of property, plant and equipment in consolidated statement of cash flows	125,856	77,328

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

### 18. Fair value measurement

#### (a) Fair value hierarchy

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

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

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

#### (b) Assets and liabilities measured at fair value

The following table shows an analysis of assets/liabilities measured at fair value as at 30 June 2022 and 31 December 2021:

	<u>Fair value measurements at the end of the reporting period using</u>			
	<u>Quoted prices in active markets for identical instruments (Level 1)</u>	<u>Significant observable inputs other than quoted prices (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>30 June 2022</b>				
<b>Assets/(liabilities) measured at fair value</b>				
<b>Financial assets/(liabilities):</b>				
<u>Equity securities at FVOCI</u>				
Unquoted equity securities	-	816	6,812	7,628
<u>Derivatives</u>				
Foreign currency forward and option contracts	-	11,549	-	11,549
<b>Financial assets</b>	-	12,365	6,812	19,177
<b>Non-financial assets:</b>				
Biological assets	-	-	916,085	916,085
<b>Non-financial assets</b>	-	-	916,085	916,085

# JAPFA LTD.

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

### 18. Fair value measurement (cont'd)

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

	<u>Fair value measurements at the end of the reporting period using</u>			
	<u>Quoted prices in</u> <u>active markets for</u> <u>identical instruments</u> <u>(Level 1)</u> <u>US\$'000</u>	<u>Significant observable</u> <u>inputs other than</u> <u>quoted prices</u> <u>(Level 2)</u> <u>US\$'000</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u> <u>(Level 3)</u> <u>US\$'000</u>	<u>Total</u> <u>US\$'000</u>
<b>31 December 2021</b>				
<b>Assets/(liabilities) measured at fair value</b>				
<b>Financial assets/(liabilities):</b>				
<u>Equity securities at FVOCI</u>				
Unquoted equity securities	-	816	6,980	7,796
<u>Derivatives</u>				
Foreign currency forward and option contracts	-	11,607	-	11,607
<b>Financial assets</b>	<b>-</b>	<b>12,423</b>	<b>6,980</b>	<b>19,403</b>
<b>Non-financial assets:</b>				
Biological assets	-	-	874,178	874,178
<b>Non-financial assets</b>	<b>-</b>	<b>-</b>	<b>874,178</b>	<b>874,178</b>

## JAPFA LTD.

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

#### 19. Acquisition of a new subsidiary

##### PT Unggas Lestari Unggul ("PT ULU")

On 2 June 2022, the Group acquired 100% of the share capital in PT Unggas Lestari Unggul ("PT ULU") for a purchase consideration of US\$325,000. PT ULU carries on the business of breeding "kampong" chicken and which business was undertaken inter alia, to conserve native chickens as a natural resource and heritage.

The fair value of the identifiable assets and liabilities at acquisition date are as follows:

	<b>Fair value recognised on acquisition US\$'000</b>
Property, plant and equipment	1
Other assets	76
Inventories	84
Biological assets	221
Trade and other receivables	18
Cash and cash equivalents	407
Trade and other payables	(472)
Other liabilities	(8)
	<hr/>
Net assets	327
Less: negative goodwill	(2)
	<hr/>
Purchase consideration paid	325
Less: Cash and cash equivalents of subsidiary acquired	(407)
	<hr/>
Net cash inflow on acquisition	<u>82</u>

#### 20. Subsequent events

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



# JAPFA LTD.

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## OTHER INFORMATION

### 1. Review

The condensed consolidated statement of financial position of Japfa Ltd and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

### 3. Review of performance of the Group

#### Review of Group Performance

Please refer to the Company's Investor Presentation for the six months period ended 30 June 2022.

#### Review of Group Financial Position

Total assets as at 30 June 2022 increased by US\$234.8 million from US\$4,302.2 million to US\$4,537.0 million primarily due to increase in inventories, biological assets and other assets.

Total liabilities as at 30 June 2022 increased by US\$272.7 million from US\$2,155.8 million to US\$2,428.5 million primarily due to increase in loans and borrowings.

Equity attributable to the Owners of the Parent decreased by US\$29.2 million from US\$1,427.0 million to US\$1,397.8 million mainly due to dividends paid to equity holders of the Company amounting to US\$21.9 million and translation losses of US\$52.1 million primarily arising from the Indonesian Rupiah and China Renminbi weakening against the US Dollar, and partially offset by profit attributable to owner of parent of US\$44.0 million.

#### Review of Group Cash Flow

Net cash flows used in operating activities were US\$62.4 million in 1H 2022, which mainly arose from operating cash flows before changes in working capital of US\$229.8 million, changes in working capital of US\$213.1 million, income tax paid of US\$25.2 million and interest paid of US\$53.9 million.

Net cash flows used in investing activities were US\$145.9 million in 1H 2022 mainly represented by purchase of property, plant and equipment of US\$125.9 million and purchase of biological assets of US\$15.7 million.

Net cash flows from financing activities were US\$191.8 million in 1H 2022 mainly arose from proceeds from bank loans of US\$97.4 million, increase in working capital loans of US\$222.0 million and partially offset by repayment of bonds payable of US\$67.3 million, payment of principal portion of lease liabilities of US\$16.4 million and dividend paid of US\$45.3 million (including dividend paid by subsidiary to non-controlling interests).

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

Not applicable.

## JAPFA LTD.

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**5. Number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares	
	As at 30 June 2022	As at 30 June 2021
Issued ordinary shares	2,067,423,320	2,067,423,320
Treasury shares	20,841,400	20,353,000
Issued ordinary shares excluding treasury shares	2,046,581,920	2,047,070,320

**6. A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	Number of shares
<b>Treasury shares</b>	
Beginning of interim period on 1 January 2022	26,622,800
Reissued of shares under performance share plan	(5,781,400)
End of interim period on 30 June 2022	20,841,400

### 7. Dividend information

(a) *Current financial period reported on*  
Nil

No interim dividend is recommended for the current financial period reported on as the Group intends to conserve cash to be used for the operations. It is the Group's practice to recommend dividend payment annually together with its audited full-year results.

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

(c) *Date payable*  
Not applicable

(d) *Books closure date*  
Not applicable

### 8. Interested person transactions

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

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

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

## **JAPFA LTD.**

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

Even with many countries adopting “living with the virus” strategies, the Covid-19 pandemic still looms and the effects on people’s lives and the economies remain unpredictable and uneven among countries. In several of the countries in which we operate, the pandemic has recently worsened, increasing uncertainty.

Against this backdrop, the Group continues to pay attention and implement 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-to-day operations of the Group have not thus far been materially impacted by the lockdown or movement restrictions. However, as this pandemic is an unprecedented and persisting event, the ultimate effect on demand, logistics and distribution cannot be reliably estimated with any certainty. Covid-19, including movement restrictions, affects the purchasing power of consumers in the lower income band, especially in emerging economies, dampening demand and impacting selling prices of our products. 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 situation.

The Group’s revenue and profitability are directly impacted by cyclical in the agri-business, which in turn is dependent on a variety of external factors beyond the Group’s control. These include 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. In addition, geopolitical tensions, especially the current situation between Russia and Ukraine, may disrupt global economies, supply chains and commodities prices. This may impact on the cost of raw materials and on consumer’s purchasing power.

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 might 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 impact the business. In 1H2021, global prices of such grains increased and are expected to remain high, as (i) China aims to increase production of animal protein, (ii) the Covid-19 situation continues as well as global supply chain disruptions, (iii) weather conditions affect crop production in some countries, and (iv) the situation in Ukraine persists.

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.

## **JAPFA LTD.**

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

#### **PT Japfa Tbk**

In Indonesia, the prices of broiler and day-old-chick (“DOC”) are volatile, depending on market demand-supply dynamics. For example, in April 2020, the price 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 have recently recovered, this improvement may not be stable.

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. Challenges remain particularly in the Group’s ambient food products business due to intense market competition.

#### **Animal Protein Other (“APO”)**

ASF continues to disrupt the supply of pork and swine fattening prices in the Vietnam market. The recent ASF resurgence has caused a drop in swine fattening prices because of pre-emptive sales in the market. As producers in Vietnam are restocking, the increased pork supply is also having a negative impact on swine fattening prices.

As there is still no proven 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 so far and will continue to focus on biosecurity to protect its livestock and mitigate any future ASF outbreaks. ASF, as such, has increased our operational costs.

As a result, the tight swine fattening prices were not able to cover the increased feed raw material and operational costs, which have caused a margin shrinkage for the swine operations in Vietnam.

In relation to our operations in Myanmar, consumer demand has been affected both by Covid-19 and by the political situation in the country. Business in Myanmar has reverted to a cash economy. Actions have been taken by the local management to adapt to the current situation, including scaling down operations to match the lower demand, and sourcing raw materials from local suppliers in local currency (Myanmar Kyat). Our operations in Myanmar remain challenging. The Group’s business in Myanmar is not material, representing 2% of Group revenue and assets in 1H2022. Should the situation worsen, some level of accounting impairment on the fixed assets in Myanmar may be necessary in the future, impacting Group results. However, as the Company supplies mainly chicken, which is a staple and affordable protein food, we do not expect the impact on our business to be long lasting. The Company will continue to monitor the situation as it develops.

In India, the Covid-19 situation and movement restrictions measures implemented by the authorities have impacted consumer demand and, in particular, food service.

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

### **Dairy**

Fluctuations in raw milk price may affect our financial results. In China, raw milk prices have been strong since 2020 and remain strong, 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.

AustAsia Investment Holdings Pte Ltd (“AustAsia” or “AIH”), the holding company of the Group’s dairy farming business, submitted an application for its Proposed Listing on Stock Exchange of Hong Kong (SEHK) on 28 March 2022. SEHK approval is still pending. In addition, the timing of the Proposed Listing will be subject to prevailing market conditions.

### **Conclusion**

Over the medium and long-term the emerging markets in which the Group operates are expected to continue to witness growing animal protein consumption. Against this backdrop, the Group is confident that its core competencies in large-scale farming and food production as well as its strategy of diversification across 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.

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## 11. Disclosures pursuant to Chapter 7 Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“Listing Manual”).

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

Name of Alternate Director	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	31	<p>Son of Director and Executive Chairman, Handojo Santosa</p> <p>Nephew of Non-Executive Director, Mr Hendrick Kolonas.</p> <p>Renaldo is also a deemed Substantial Shareholder of the Company by virtue of his being a beneficiary of the Scuderia Trust.</p>	<p>Alternate Director to Mr Handojo Santosa since 15 April 2021</p> <p>Head of Strategic Projects at Annona Technical Services Pte Ltd since 14 April 2022</p> <p>Duties: He reports to Chief Executive Officer to:</p> <ul style="list-style-type: none"> <li>- Identify and develop strategic projects for the Group.</li> <li>- Focus on achieving business results for long term success and profitability and ensure that project’s goals are align with Group strategic directions and objectives.</li> <li>- Lead, direct, and coordinate the project team in the design of strategic projects and in the development plans and project timelines.</li> <li>- Review and track projects development and performance.</li> <li>- Ensure that projects are proceeding according to timelines, meeting targets and expectations, and adhering to established operating parameters.</li> <li>- Negotiates changes in project resources as necessary to achieve objectives and timelines.</li> <li>- Identify, secure and coordinate implementation of internal and external resources and expertise as appropriate to achieve project objectives.</li> <li>- design, establish and maintain an organizational structure and staffing to effectively accomplish the goals and objectives of the team.</li> </ul>	<p>In addition to his current appointments:</p> <p>Executive Vice President, Chairman’s Office with effect from 1 August 2022</p> <p>Duties: He reports to Executive Chairman to:</p> <ul style="list-style-type: none"> <li>- Provide support in the delivery of assignments and initiatives on behalf of the Chairman’s office</li> <li>- Attend meetings with Chairman as required.</li> <li>- Continue to build the brand fundamentals and architecture of the Group’s brands</li> <li>- Explore ways to enhance the Group’s product branding.</li> <li>- Undertake market research to identify brand preferences and adjust the Group’s brand positioning strategy accordingly that enables the Japfa Group to preserve and increase its market share.</li> </ul>

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Gabriella Santosa	29	<p>Daughter of Director and Executive Chairman Handojo Santosa</p> <p>Niece of Non-Executive Director, Mr Hendrick Kolonas</p> <p>Gabriella is also a deemed Substantial Shareholder of the Company by virtue of her being a beneficiary of the Scuderia Trust.</p>	<p>Vice President, Business Development</p> <p>Position held since 29 October 2020</p> <p>Duties:</p> <ul style="list-style-type: none"><li>- Expand our network and partnerships mainly in animal health and technology and aquaculture.</li><li>- Explore new venture potential in both new growth areas and existing operations.</li><li>- Focus resources to support technological efficiencies and innovation in current operational process.</li><li>- Manage deal pipeline of new business opportunities.</li><li>- Map and explore technology roadmap for the Group.</li><li>- Understand new markets for the Group to consider expansion.</li></ul>	<p>Head of Business Development and Strategy with effect from 1 August 2022</p> <p>Duties:</p> <p>She reports to Chief Executive Officer to:</p> <ul style="list-style-type: none"><li>- Investigate, identify and propose potential market segments and opportunities</li><li>- Develop and propose new business, partnerships, strategies, and models aligned to the Company's strategy to expand and grow the business where possible.</li><li>- Develop negotiating strategies and positions to ensure alignment with company strategies and operations.</li><li>- Assess business deals by analysing market strategies, deal requirements, potential and financials.</li><li>- Identify appropriate technologies/ trends to improve business.</li><li>- Review existing operations and operational procedures to achieve greater efficiencies and effectiveness.</li><li>- Manage strategic projects and initiatives.</li></ul>

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### **12. Disclosure pursuant to Chapter 7 Rule 706A of the Listing Manual**

#### **Acquisition of subsidiary – PT Unggas Lestari Unggul**

The Company wishes to announce that PT Ciomas Adisatwa (“PT Ciomas”), a wholly owned subsidiary of the Company’s Indonesian listed subsidiary PT Japfa Comfeed Indonesia Tbk (“PT Japfa Tbk”), has acquired 100% of the share capital of PT Unggas Lestari Unggul (“PT ULU”) from Yayasan Edu Farmers International (formerly known as Japfa Foundation) at its book value of IDR4.8 billion (about US\$0.3 million). PT ULU carries on the business of breeding “kampong” chicken which business was undertaken inter alia, to conserve native chickens as a natural resource and heritage. Prior to the Omnibus law of 2020, such an activity could only be carried out by small and medium-sized enterprises (SMEs) and was therefore carried out by the Japfa Foundation through its subsidiary PT ULU, as a social initiative, with management assistance from PT Japfa Tbk. Following the Omnibus law, this activity can now be carried out by PT Ciomas, allowing greater and faster commercialisation of the resulting hybrid “kampong” chicken. The indirect conservation of local chicken is also part of the Group’s ongoing ESG initiatives. The consideration for the acquisition was funded by the Group’s internal funds and is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the financial year ending 31 December 2022.

Although the Santosa family contributes to the Japfa Foundation and sit on its Board of Trustees, none of Handojo Santosa (Executive Chairman), Hendrick Kolonas (Non-Executive Director), Renaldo Santosa (alternate Director to Handojo Santosa), and the Santosa family who are controlling shareholders of the Company, is a beneficiary of the Japfa Foundation; and none of them is deemed interested in the Japfa Foundation or the acquisition of PT ULU. Save as aforesaid, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the transaction save through their shareholdings in the Company and/or PT JapfaTbk.

#### **Joint venture with PT Tigaraksa Satria, Tbk**

The Company wishes to announce that PT Proteindotama Cipta Pangan (“PT PCP”), a subsidiary of PT Japfa Tbk, has on 7 July 2022, entered into a joint venture agreement (“JVA”) with PT Tigaraksa Satria, Tbk (“PT Tigaraksa”) to establish PT Tira Cipta Logistik, (“JV Co”) to provide cold chain warehouse and logistics management services in greater Jakarta.

PT Tigaraksa is an IDX listed public company engaged in the provision of logistics services for consumer products throughout Indonesia.

Under the terms of the joint venture, PT Tigaraksa will own a majority of 60% of JVCo and manage the JVCo and its business. PT PCP will own 40% of JVCo and appoint one commissioner, and JVCo’s CFO. Under the terms of the JV, PT PCP is committed to contribute up to IDR126B (about US\$8.5 million) being its 40% share of the initial capital of JVCo of IDR315B (about US\$21.2 million).

PT PCP will fund its investment in JV Co through internal resources and/or bank borrowings. This transaction is not expected to have a material effect on the net tangible assets per share and earnings per share of the Group for the current financial year.

JV Co’s initial customers will comprise certain subsidiaries of PT Japfa as well as the cold-chain customers of PT Tigaraksa, but is intended to grow into a major cold-chain logistics provider and manager open to servicing all cold-chain users in the greater Jakarta area, whether related, unrelated or competitors of the Group.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the transaction save through their shareholdings in the Company and/or PT Japfa Tbk.



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### **Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Yong Nang  
Director

Kevin John Monteiro  
Director

Singapore  
28 July 2022