

For Immediate Release

Better results despite lower CPO prices

Singapore, 13 May 2016 – Kencana Agri Limited (“Kencana” or the “Group”), today announced its financial results for the quarter ended 31 March 2016.

Summary of Results

US\$ '000	1Q2016	1Q2015 (Restated)	Change %
Revenue	28,847	32,291	-11
Gross profit	2,352	4,914	-52
Operating (loss) / profit	(629)	1,542	n/m
EBITDA	8,724	(3,206)	n/m
Profit / (loss) before tax	570	(9,238)	n/m
Net profit / (loss) after tax	768	(7,861)	n/m

*n.m: not meaningful

Review of Group Financial Performance

The Group’s revenue decreased by 11% from US\$32.3 million in 1Q 2015 to US\$28.8 million in 1Q 2016. The decrease was mainly due to significantly lower Average Selling Price (“ASP”) of CPO during the quarter despite an increase in sales volume. ASP of CPO decreased 13.5% from US\$584 to US\$505 and sales volume of CPO increased approximately 8% from 46,682 MT in 1Q 2015 to 50,264 MT in 1Q 2016.

The Group’s Operating Profit (“OP”) for 1Q 2016 decreased from a profit of US\$1.5 million in 1Q 2015 to a loss of US\$0.6 million and Net Profit After Tax (“NPAT”) turned around from a loss of US\$7.8 million to a profit of US\$0.8 million. The decrease in OP this year was mainly due to significantly lower ASP of CPO, and higher distribution costs as compared to 1Q 2015. The increase in NPAT was similarly due to significantly lower ASP of CPO and higher distribution costs as mentioned above, higher interest expense offset by the foreign exchange gain, share of profit from joint venture and tax benefit for the quarter. The increase in interest expense was mainly due to additional loans obtained and more interests expensed instead of capitalised as more trees matured.

Shareholders' equity increased from US\$46.9 million as at 31 December 2015 to US\$51.5 million as at 31 March 2016 mainly due to profit for the financial quarter of US\$0.8 million and translation gain of US\$3.9 million.

As at 31 March 2016, the Group's total current assets increased by US\$3.6 million from US\$52.6 million to US\$56.1 million mainly due to increase in inventory amounting to US\$2.5million.

Total non-current assets increased by US\$25.0 million from US\$320.8 million as at 31 March 2016 to US\$345.8 million as at 31 March 2016. This was mainly due to favorable exchange movement in Indonesian Rupiah against the United States dollars and the increase in investment in joint ventures amounting to US\$1.5 million mainly due to share of result for the quarter, increase of US\$7.0 million in the value of the bearer plant, attributable mainly to foreign exchange translation and expenditure incurred on new planting and on the maintenance of immature plantations and capitalisation of interest and depreciation and increase of US\$6.1 million in other assets mainly due to advance payment to suppliers.

Net asset value per share for the Group increased from 16.33 US cents as at 31 December 2015 to 17.95 US cents as at 31 March 2016.

Review of Operational Performance

At the operational level, the Group's total planting was 136 ha in 1Q2016. Mature area increased 5,340 ha to 53,194 ha.

FFB produced from nucleus decreased by 3% from 113,589 MT in 1Q2015 to 109,914 MT in 1Q2016 due to better maturity profile. The oil extraction rates for CPO and CPKO were 22.2% and 43.3% compared to 20.7% and 43.4% in 1Q2015 respectively.

Outlook

Mr. Henry Maknawi, Chairman and CEO of Kencana said "with the El Niño effect, CPO prices have seen some improvement recently. We are hopeful that the decline in supply and stockpiles will support prices in the next few months. However we remain cautious and cognizant that other factors like crude oil price, supply of other vegetable oil and the level of global consumption that may also affect CPO prices. Our focus will remain on productivity, cost control and operational efficiency."

About Kencana Agri Limited

Listed on the Main Board of the Singapore Stock Exchange on 25 July 2008, Kencana Agri Limited (“Kencana” or the “Group”) is a fast-growing producer of Crude Palm Oil (“CPO”) and Crude Palm Kernel Oil (“CPKO”) with oil palm plantations strategically located in the Sumatra, Kalimantan and Sulawesi regions. As at 31 March 2016, Kencana’s total land bank and planted area (including Plasma Programme) were 185,709 ha and 68,062 ha respectively. As part of its growth strategy and in line with its goal to be a leading palm oil producer and supplier of choice for both local and international markets, Kencana has streamlined its integrated plantation operations, which include palm plantations, palm oil mills, kernel crushing plants, as well as bulking and logistics facilities, to support its operations. In addition, Kencana strives to pursue sustainable palm oil production whilst remaining committed to being a good corporate citizen for the benefit of all stakeholders.

For more information about Kencana, please visit www.kencanaagri.com

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