KENCANA AGRI LIMITED
(Registration No: 200717793E)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended 30 June 2022

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INFORMATION REQUIRED FOR ANNOUNCEMENT OF SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the "Board") of Kencana Agri Limited (the "Company", and together with its subsidiaries, the "Group") is pleased to announce the unaudited condensed interim consolidated financial statements of the Group for the period ended 30 June 2022.

A. Condensed interim consolidated statement of comprehensive income

SGX Appendix 7.2 para 1(a)

		Group 6 months ended 30 June	
	Notes	2022	2021
		US$'000	US$'000
Continuing operations			
Revenue	5	68,969	63,835
Cost of sales	6	(45,838)	(41,219)
Gross profit		23,131	22,616
Interest income		454	480
Other gains	8	1,759	1,056
Changes in biological assets and plasma receivables	7	(1,324)	8,306
Distribution costs	9	(631)	(741)
Administrative expenses		(5,884)	(5,042)
Finance costs	10	(7,811)	(7,858)
Other losses	8	(3,606)	(5,450)
Share of results from equity-accounted joint ventures		(85)	(96)
Profit before tax from continuing operations		6,003	13,271
Income tax expense	11	(2,452)	(3,245)
Net profit for the period		3,551	10,026
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating Group entities' functional currency to US$ presentation currency, net of tax		(1,478)	(276)
Other comprehensive loss for the period, net of tax		(1,478)	(276)
Total comprehensive income		2,073	9,750

B. Condensed interim statements of financial position

SGX Appendix 7.2 para 1(b)

	Notes	Group 30 June 2022 US$'000	Group 31 December 2021 US$'000	Company 30 June 2022 US$'000	Company 31 December 2021 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	66,223	65,122	-	-
Right-of-use assets	13	424	442	-	-
Bearer plants	14	110,946	118,763	-	-
Investments in subsidiaries		-	-	35,453	36,891
Investments in joint ventures		-	-	-	-
Land use rights	15	26,939	28,622	-	-
Deferred tax assets		4,211	4,702	-	-
Other receivables	20	4,047	3,668	-	-
Total non-current assets		212,790	221,319	35,453	36,891
Current assets					
Assets held for sale	16	5,412	8,290	-	-
Biological assets	17	35,004	36,815	-	-
Inventories		26,433	12,932	-	-
Trade and other receivables		37,737	32,839	30,010	31,672
Other non-financial assets		3,618	3,300	1	1
Cash and cash equivalents	18	18,059	18,727	18	77
Total current assets		126,263	112,903	30,029	31,750
Total assets		339,053	334,222	65,482	68,641
EQUITY AND LIABILITIES					
Equity					
Share capital	19	93,860	93,860	93,860	93,860
(Accumulated losses) / Retained earnings		(20,342)	(23,893)	1,644	2,163
Other reserve		2,485	2,485	-	-
Translation reserve		(43,165)	(41,687)	(30,114)	(27,452)
Total equity attributable to owners of the company		32,838	30,765	65,390	68,571
Non-current liabilities					
Trade and other payables	21	12,208	-	-	-
Deferred tax liabilities		5,110	5,431	-	-
Lease liabilities	25	790	228	-	-
Other financial liabilities	25	165,627	179,240	-	-
Other non-financial liabilities		6,426	6,137	-	-
Total non-current liabilities		190,161	191,036	-	-
Current liabilities					
Income tax payable		2,193	2,745	-	-
Trade and other payables	21	59,099	54,006	92	70
Lease liabilities	25	426	149	-	-
Other financial liabilities	25	50,588	51,692	-	-
Liabilities held for sale		3,748	3,829	-	
Total current liabilities		116,054	112,421	92	70
Total liabilities		306,215	303,457	92	70
Total equity and liabilities		339,053	334,222	65,482	68,641

C. Condensed interim consolidated statement of cash flows

SGX Appendix 7.2 para 1(c)

	Group 6 months ended 30 June 2022 US$'000	Group 6 months ended 30 June 2021 US$'000
Cash flows from operating activities		
Profit before tax	6,003	13,271
Adjustments for:		
Interest income	(454)	(480)
Interest expense	7,811	7,858
Amortisation of land use rights	581	641
Depreciation expense	7,824	7,578
Fair value changes in biological assets	385	(7,758)
Changes in plasma receivables	939	(548)
Provision for employment pension benefits	289	391
Gain on disposal of property, plant and equipment	-	(7)
Property, plant, equipment written off	85	-
Loss/(Gain) on disposal of bearer plant	(3)	20
Impairment on loan receivable from joint venture	-	24
Reversal of impairment on assets held for sale	(328)	-
Share of results from equity-accounted joint ventures from continuing operations	85	96
Net effect of exchange rate changes in consolidating entities	3,569	4,757
Operating cash flows before changes in working capital	26,786	25,843
Inventories	(14,005)	1,280
Trade and other receivables	(6,046)	(2,377)
Other non-financial assets	(490)	(2,092)
Trade and other payables	20,464	(3,266)
Net cash flows from operations	26,709	19,388
Income taxes paid	(2,972)	(1,725)
Net cash flows from operating activities	23,737	17,663
Cash flows used in investing activities		
Proceeds on disposal of property, plant and equipment	-	26
Purchase of property, plant and equipment	(6,152)	(1,446)
Proceeds on disposal of bearer plant	14	-
Additions to bearer plants	(275)	(279)
Gain/(Loss) on disposal of bearer plants	-	16
Interest received	367	251
Net cash flows used in investing activities	(6,046)	(1,432)
Cash flows used in financing activities		
Cash restricted in use	(26)	-
Proceeds from borrowings	74,999	37,879
Repayment of borrowings	(84,990)	(43,632)
Repayments of lease liabilities	(209)	(130)
Interest paid	(7,955)	(8,349)
Net cash flows used in financing activities	(18,181)	(14,232)
Net increase in cash and cash equivalents	(490)	1,999
Net effect of exchange rate changes on cash and cash equivalents	594	(123)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	2,942	3,626
Cash and cash equivalents, consolidated statement of cash flows, ending balance	3,046	5,502
Cash and cash equivalents for the interim consolidated statement of cash flows has been calculated as follows:		
Cash and cash equivalents	18,059	15,497
Less:		
Deposits pledged for bank facilities	(14,775)	(9,995)
Bank overdrafts	(238)	-
	3,046	5,502

D. Condensed Interim Statements of Changes in Equity

SGX Appendix 7.2 para 1(d)(i)

Group	Total equity attributable to owners of the company US$'000	Share capital US$'000	Accumulated losses US$'000	Other reserve US$'000	Translation reserve US$'000
Current period:					
Opening balance at 1 January 2022	30,765	93,860	(23,893)	2,485	(41,687)
Changes in equity:					
Total comprehensive income/(loss) for the period	2,073		3,551		(1,478)
Closing balance at 30 June 2022	32,838	93,860	(20,342)	2,485	(43,165)
Previous period:					
Opening balance at 1 January 2021	13,691	93,860	(40,959)	2,485	(41,695)
Changes in equity:					
Total comprehensive income/(loss) for the period	9,750	-	10,026	-	(276)
Closing balance at 30 June 2021	23,441	93,860	(30,933)	2,485	(41,971)

Company	Total equity US$'000	Share capital US$'000	Retained earnings US$'000	Translation reserve US$'000
Current period:				
Opening balance at 1 January 2022	68,571	93,860	2,163	(27,452)
Changes in equity:				
Total comprehensive loss for the period	(3,181)	-	(519)	(2,662)
Closing balance at 30 June 2022	65,390	93,860	1,644	(30,114)
Previous period:				
Opening balance at 1 January 2021	69,863	93,860	2,629	(26,626)
Changes in equity:				
Total comprehensive income/(loss) for the period	(2,326)	-	(425)	(1,901)
Closing balance at 30 June 2021	67,537	93,860	2,204	(28,527)

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

The Company is incorporated as a limited liability Company and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed interim consolidated financial statements as at and for the 6 months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are:
(a) Oil palm plantations and palm oil mill; and
(b) Logistics and bulking.

The financial position of the entity, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. The group has financial resources in the form of undrawn borrowing facilities together with some satisfactory arrangements with a number of customers, bankers and suppliers. The financial statements have been prepared on a going concern basis, which assumes that the group will be able to meet its obligations as and when they fall due in the next twelve months. The group also had net operating cash inflows in 1H 2022 and 2021.

As a consequence and in view of the available financial resources and arrangements, the directors believe that the Group is well placed to manage its business risks. After consideration of the above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the interim financial statements.

2 Basis of preparation

SGX Appendix 7.2 para 4

The condensed interim consolidated financial statements for the 6 months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council in Singapore. The condensed interim consolidated financial statements is included 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 understand changes in the Group's financial positions 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 consolidated financial statements are presented in United States Dollars.

2.1 New and amended standards

SGX Appendix 7.2 para 5

There has been no change in the accounting policies and methods of computation adopted by the Group for the current reporting period compared with the audited financial statements for the year ended 31 December 2021, except for the adoption of new or revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for the financial year beginning on or after 1 January 2022. The adoption of these SFRS(I) and INT SFRS(I) has no significant impact on the Group.

2.2 Use of judgement and estimates

In preparing the condensed interim consolidated 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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the interim financial statements is included in the following notes:
(a) Valuation of biological assets;
(b) Income tax;
(c) Property, plant and equipment;
(d) Land use right;
(e) Pension and employee benefits;
(f) Measurement of impairment of subsidiary or joint venture;
(g) Advances/guarantees under Plasma Programme;
(h) Impairment of assets held for sale;
(i) Environmental regulation.

(a) <u>Valuation of biological assets</u>

The biological assets (un-harvested FFB) are stated at fair value less costs to sell at the point of harvest. This measurement is significant and the process is highly judgemental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins.

(b) Income tax

The Group has exposure to income taxes in mainly two jurisdictions, Indonesia and Singapore. The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature, assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

(c) Property, plant and equipment

An assessment is made for the reporting period whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units, if applicable, is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of property, plant and equipment at the end of the reporting period affected by the assumption are disclosed in the note on property, plant and equipment.

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

(d) Land use right

The Group holds location permits or *Ijin Lokasi* in respect of plantation land in Indonesia allocated by the Indonesian authorities. Upon the completion of the acquisition of such land, the Group will be entitled to begin the process of application for Business Usage Rights ("Hak Guna Usaha" or "HGU") certificates over such land. The *Ijin Lokasi* may not be extended by the Indonesian authorities and will automatically expire if the Group fails to acquire the land covered in the *Ijin Lokasi* within the stipulated validity period of the said *Ijin Lokasi*. In such an event, the Group may lose their rights granted by the Indonesian authorities under the *Ijin Lokasi* in respect of the remaining area covered by the original *Ijin Lokasi*. At the date of this report, the Group is in the final process of obtaining HGU certificates for conversion in respect of 4,371 (2021: 4,371) hectares of Kadastral land. Kadastral land is land that is measured to determine the actual land area for the HGU title based on the application submitted by the Group. The Group is also in the process of acquiring and clearing land held under their land bank prior to the issuance of Kadastral for such land. Prior to the issuance of the HGU certificates, such land is considered as uncertified land. Pending the issue of HGU certificates, the Group is permitted to physically occupy and build on the uncertified land and to plant and harvest crops. However, as the administration of land laws and regulations may be subject to a certain degree of discretion by the Indonesian authorities, there is no assurance with certainty that the relevant authorities would not take a different approach or view as regard the uncertified land, its use, registration and future disposal for value. Should the relevant authorities take a different approach or view as regards the same and the Group is unable to convert the uncertified land to HGU certified land, the Group's interest in the uncertified land as well as the use of such land may be adversely affected.

(e) Pension and employee benefits

The determination of the group's obligations and cost for pension and employee benefits liability is dependent on its selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increases, annual employee turnover rates, disability rates, retirement age and mortality rates.

There was no significant change in estimates from 31 December 2021. Actual results that differ from the assumptions are recognised immediately in profit or loss as and when they occur. While the group believes that its assumptions are reasonable and appropriate, significant differences in the group's actual experience or significant changes in the assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of the estimated liabilities for employee benefits as at 30 June 2022 was US$6,426,000 (31 December 2021: US$6,137,000).

(f) Measurement of impairment of subsidiary or joint venture:

Where an investee is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amounts.

(g) Advances/guarantees under Plasma Programme

The Group has provided guarantees in respect of loans granted by banks to villagers under the Plasma Programme. The villagers will repay the bank loans from the sale proceeds of FFB. In the event the villagers default on their obligations to repay the bank loans, the banks may call upon the guarantees, which have been provided by the Group to the banks to secure the loans of the villagers. The entity recognises expected losses, if any, which require significant judgement.

(h) Impairment of assets held for sale

Management has classified certain assets as held for sale as they were available for immediate sale and could be sold to potential buyers in their current conditions and the actions to complete the sale were initiated and expected to be completed within the next one year.

Management has assessed that the assets continue to meet the criteria to be classified as held for sale in the current year despite the delay in finalising the sale brought about by the current Covid-19 climate and ongoing negotiations and discussions with potential buyers.

In addition, management has performed an assessment based on the latest market prices/negotiation prices at the end of the reporting period and have concluded that these assets are carried at the lower of their carrying amount and fair value less costs of disposal.

(i) Environmental regulation

The main environmental concerns relate to the discharge of effluent arising from the milling of FFB and clearance of land and forest for developing the Group's plantations. The main social concern relates to possible conflicts that may arise with local communities in the areas around the plantations. Any environmental claims or failure to comply with any present or future regulations could result in the imposition of fines, the suspension or a cessation of the Group's operations. The Group's plantations are subject to both scheduled and unscheduled inspections by various Indonesian government agencies, each of whom may have differing perspectives or standards from the others. These agencies have the power to examine and control the Group's compliances with their environmental regulations, including the imposition of fines and revocation of licenses and land rights. However, governmental agencies may adopt additional regulations that would require the Group to spend additional funds on environmental matters.

Environmental regulations and social practices in Indonesia tend to be less exact than in developed countries. It is possible that these regulations could become more exact in the future and compliance with them may involve incurring significant costs. This may consequently have an adverse effect on the Group's operations. Any failure to comply with the laws and regulations could subject the Group to further liabilities. It is impracticable to disclose the extent of the possible effects of the above matters on the consolidated financial statements of the Group.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

The Group is primarily in the Oil Palm plantation business. The core business consists of cultivation of oil palm trees, processing of fresh fruit bunches into crude palm oil and palm kernel and the sale of crude palm oil and palm kernel.

	Revenue 6 months ended		Non-current assets	
	30 June 2022 US$'000	30 June 2021 US$'000	30 June 2022 US$'000	30 June 2021 US$'000
Indonesia	68,969	63,835	201,921	218,263
Singapore	–	–	2,611	2,643
Total	68,969	63,835	204,532	220,906

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

The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

	Group 6 months ended	
	2022 US$'000	2021 US$'000
Top 1 customer in plantation segment	23,709	20,114
Top 2 customers in plantation segment	45,601	36,777
Top 3 customers in plantation segment	50,360	44,378

5. Revenues

Revenue classified by type of good or service:

	Group 6 months ended 30 June	
	2022 US$'000	2021 US$'000
Sale of goods	68,951	63,541
Rental income	18	294
	68,969	63,835

The revenue from sale of goods such as Crude Palm Oil ("CPO"), palm kernel and FFB, and rendering of services is earned from customers who are mainly wholesalers and producers of oil palm products. All contracts are short-term and recognised at a point-in-time.

6. Cost of Sales

	Group 6 months ended 30 June 2022 US$'000	2021 US$'000
Cost of goods produced and purchases	45,743	41,052
Cost incurred for rental income and rendering of services	95	167
	45,838	41,219

7. Changes in biological assets and plasma receivables

	Group 6 months ended 30 June 2022 US$'000	2021 US$'000
(Loss)/Gain on fair value changes in biological asset	(385)	7,758
Loss)/Gain on changes in plasma receivables	(939)	548
	(1,324)	8,306

8. Other gains and (other losses)

	Group 6 months ended 30 June 2022 US$'000	2021 US$'000
Property, plant & equipment written off	(85)	-
Gain/(Loss) on disposal of property, plant and equipment	-	7
Foreign exchange translation loss	(2,429)	(4,235)
Withholding and other tax losses	(1,092)	(1,171)
Impairment on other receivables - joint venture	-	(24)
Management fee from plasma	765	381
Sale of materials	171	70
Gain/(Loss) on disposal of bearer plants	3	(20)
Reversal of impairment for KAM (Note 16)	328	-
Miscellaneous	492	598
	(1,847)	(4,394)
Presented in profit or loss as:		
Other gains	1,759	1,056
Other losses	(3,606)	(5,450)
Net	(1,847)	(4,394)

9. Distribution costs

	Group 6 months ended 30 June 2022 US$'000	2021 US$'000
Freight and storage costs	631	741

10. Finance costs

	Group 6 months ended 30 June 2022 US$'000	2021 US$'000
Gross finance costs	7,955	8,349
Less: capitalised in bearer plants	(144)	(491)
Net finance costs	7,811	7,858

11. Income tax

	Group 6 months ended 30 June 2022 US$'000	2021 US$'000
Current tax expense:		
Current tax expense	2,452	3,245

The Group's operations are predominantly located in Indonesia. Companies in Indonesia are generally subject to a tax rate of 22% (2021: 22%).

12. Property, plant and equipment

Group	Freehold land	Leasehold buildings	Assets under construction	Plant, fixtures and equipment	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:					
At 1 January 2021	35	36,028	939	106,877	143,879
Foreign exchange difference	–	(416)	3	(1,301)	(1,714)
Additions	–	144	2,899	1,793	4,836
Disposals	–	(4)	(26)	(439)	(469)
Reclassifications	–	197	(289)	92	–
Transfer to asset held for sale [(a)]	–	(194)	–	(1,035)	(1,229)
At 31 December 2021	35	35,755	3,526	105,987	145,303
Foreign exchange difference	–	(1,427)	(273)	(5,343)	(7,043)
Additions	–	45	5,841	1,817	7,703
Written off	–	–	–	(997)	(997)
Reclassifications	–	54	(548)	494	–
At 30 June 2022	35	34,427	8,546	101,958	144,966
Accumulated depreciation:					
At 1 January 2021	–	14,434	–	58,750	73,184
Foreign exchange difference	–	(155)	–	(220)	(375)
Depreciation for the year	–	2,203	–	6,297	8,500
Disposals	–	(3)	–	(406)	(409)
Transfer to asset held for sale [(a)]	–	(59)	–	(660)	(719)
At 31 December 2021	–	16,420	–	63,761	80,181
Foreign exchange difference	–	(713)	–	(3,944)	(4,657)
Depreciation for the year	–	1,095	–	3,036	4,131
Written off	–	–	–	(912)	(912)
At 30 June 2022	–	16,802	–	61,941	78,743
Carrying value:					
At 1 January 2021	35	21,594	939	48,127	70,695
At 31 December 2021	35	19,335	3,526	42,226	65,122
At 30 June 2022	35	17,625	8,546	40,017	66,223

(a) During the reporting year ended 31 December 2021, a reclassification from property, plant and equipment to asset held for sale was made.

13. Right-of-use assets

The details of right-of-use assets in the statement of financial position are as follows:

	Lease of office and warehouse premises	
	30 June 2022	31 December 2021
	US$'000	US$'000
Group		
Cost:		
At beginning of the year	694	702
Foreign exchange difference	(2)	(8)
At end of the period/year	692	694
Accumulated depreciation:		
At beginning of the year	252	213
Depreciation for the period/year	20	42
Foreign exchange difference	(4)	(3)
At end of the period/year	268	252
Carrying value:		
At beginning of the year	442	489
At end of the period/year	424	442

The right-of-use assets are for the lease of office and warehouse premises from a related party. The lease agreement covers a period of 25 years from 1 July 2008 to 30 June 2033. The Group has prepaid the lease payments to the related party. Accordingly, no lease liability has been recognised.

14. Bearer plants

	Group	
	30 June 2022 US$'000	31 December 2021 US$'000
Cost:		
At beginning of the year	170,071	175,237
Additions	275	568
Capitalisation of interest cost	144	811
Capitalisation of depreciation expense	37	243
Disposal	(11)	(51)
Transfer to asset held for sale [(a)]	–	(4,723)
Foreign exchange difference	(6,643)	(2,014)
At end of the period/year	163,873	170,071
Accumulated Depreciation:		
At beginning of the year	51,308	45,934
Depreciation for the period/year	3,710	6,818
Written off	–	(10)
Transfer to asset held for sale [(a)]	–	(942)
Foreign exchange difference	(2,091)	(492)
At end of the period/year	52,927	51,308
Carrying Value:		
At beginning of the year	118,763	129,303
At end of the period/year	110,946	118,763

(a) During the reporting year ended 31 December 2021, a reclassification from bearer plants to asset held for sale was made.

15. Land use rights

	Group	
	30 June 2022 US$'000	31 December 2021 US$'000
Cost:		
At beginning of the year	38,190	42,584
Foreign exchange difference	(1,489)	(485)
Additions	-	878
Transfer to asset held for sale [(a)]	-	(4,787)
At end of the period/year	36,701	38,190
Accumulated amortisation:		
At beginning of the year	9,568	9,405
Foreign exchange difference	(387)	(100)
Amortisation for the period/year included under cost of sales	581	1,289
Transfer to asset held for sale [(a)]	-	(1,026)
At end of the period/year	9,762	9,568
Carrying value:		
At beginning of the year	28,622	33,179
At end of the period/year	26,939	28,622

16. Assets held for sale

Details of the assets classified as held for sale are as follows:

	Group	
	30 June 2022 US$'000	31 December 2021 US$'000
Disposal of PT Karunia Alam Makmur ("KAM")	5,412	5,558
Loan receivable from joint venture	-	2,732
Total assets classified as held for sale	5,412	8,290

A reversal of impairment of US$328,000 (2021: impairment of US$3,281,000) has been recognised for these assets classified as held for sale. The proceeds from disposal are expected to meet the net carrying amount of the relevant assets and liabilities.

Disposal of KAM

On 23 November 2021, two of the company's wholly-owned indirect subsidiaries, PT Alamraya Kencana Mas ("AKM") and PT Langgeng Nusa Makmur ("LNM"), entered into a conditional share sale and purchase agreement with an external party, PT Central Cipta Murdaya for the disposal of its entire equity interests in a wholly owned subsidiary, PT Karunia Alam Makmur ("KAM"). As at the date of the statement by directors, the transaction has yet to be completed.

The summary of the carrying amounts of the assets and liabilities of KAM that has been classified as held for sale is as follows:

	30 June 2022 US$'000	31 December 2021 US$'000
Cash and cash equivalents	24	52
Inventories	66	59
Deferred tax asset	8	7
Property, plant and equipment, net	447	510
Bearer plants, net	3,525	3,781
Land use rights, net	3,626	3,761
Total assets of KAM	7,696	8,170
Impairment loss	(2,284)	(2,612)
Asset held for sale	5,412	5,558
Trade and other payables	1,348	916
Current tax payable	6	6
Current portion of long term borrowings	1,482	1,191
Estimated liabilities for employee benefits	33	31
Long term bank loan	879	1,685
Liabilities held for sale	3,748	3,829
Net carrying amount at end of the year	1,664	1,729

Joint ventures

On 12 December 2019, the Company, together with its subsidiary, PT Sawindo Kencana ("SWK"), entered into a Conditional Sales and Purchase Agreement with a related party, for the sale and purchase of 78.5% of the issued shares and paid-up share capital of PT Cahaya Permata Gemilang ("CPG"). The sale of shares was completed on 10 February 2022 and no further gain or loss was recognised upon completion.

17. Biological assets

	Group	
	30 June 2022 US$'000	31 December 2021 US$'000
Movement in fair value		
At beginning of the period/year	36,815	23,841
Foreign exchange difference	(1,426)	(194)
Fair value less estimated point-of-sale costs	(385)	13,168
At end of the period/year (Level 3)	35,004	36,815

There was no change in the fair value hierarchy during the period. The Group's oil palm plantations are located in Indonesia.

Biological assets comprise of un-harvested fresh fruit bunches ("FFB") growing on oil palm trees (bearer plants). The Group measures its biological assets at fair value less cost to sell at the point of harvest, which require use of accounting estimates and assumptions. Significant components of fair value measurement on a recurrent basis were determined using assumptions and estimates such as the yield of oil palm trees, annual discount rate, and projected selling prices of FFB. Any changes in fair values of these biological assets would affect the Group's profit and carrying value of the biological assets. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.
The significant assumptions made in determining the fair values of the oil palm plantations are as follows:
(i) Projected volumes of FFB harvested subsequent to period-end are based on management inspection on actual condition of un-harvested FFB growing on the trees in June 2022;
(ii) The discount rate used in June 2022 is 10.79% per annum (2021: 10.67% per annum) (such discount rates represent the asset specific rate for the Group's plantation operations which is applied in the discounted future cash flows calculations); and
(iii) The projected selling prices of FFB are based on FFB published prices for the respective provinces for June 2022, which is used as an estimate for the forecasted market price.

The fair value of biological assets would be affected by changes in the above assumptions used, particularly the FFB prices used and projected volumes of FFB.

Sensitivity on unobservable inputs:

Favourable or adverse changes in discount rate, projected selling price and projected volume of FFB will increase or decrease the fair value.

Risk management strategy related to agricultural activities:

The Group is exposed to the following risks relating to its oil palm plantations.

Regulatory and environmental risks:
The Group is subject to laws and regulations in Indonesia. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply and demand risks:
The Group is exposed to risks arising from fluctuations in the price and sales volume of CPO and Crude Palm Kernel Oil ("CPKO"). When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

Climate and other risks:
The Group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular plantation health inspections and industry pest and disease surveys. The Group is also insured against natural disasters such as floods and hurricanes.

18. Cash and cash equivalents

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Not restricted in use	3,284	3,380	18	77
Deposits pledged for bank facilities	14,775	15,347	–	–
Cash at end of the year	18,059	18,727	18	77

The interest earning balances are not significant.

Non-cash transactions:

Purchases of property, plant and equipment include an amount of US$1,063,000 (2020: US$405,000) acquired by means of finance leases and an amount of US$488,000 (2020: US$222,000) that remains unpaid at the end of the period.

19. Share Capital

	Number of shares issued	Share capital
	'000	US$'000
Ordinary shares of no par value:		
Balance at 1 January 2020, 31 December 2021 and 30 June 2022	287,011	93,860

The ordinary shares of no par value which are fully paid carry no right to fixed income.

20. Contingent Liabilities

Arrangements under the Plasma Programme
The Indonesian authorities require oil palm plantations to develop the surrounding local plantation areas held by small landholders when applying for land rights for oil palm plantations. This form of assistance to local small landholders is generally known as the Plasma Programme. Under the Plasma Programme, a plantation developer transfers a designated land area to the small landholders, who then operate the plasma plantation under the supervision of the plantation developer.

Certain subsidiaries of the Group have implemented the Plasma Programme using plantation business cooperatives scheme (Kredit Koperasi Primer Anggota or "KKPA"), cooperation in local community oil palm plantation scheme (Kebun Kelapa Sawit Rakyat or "KKSR"), and independent plasma scheme (Plasma Mandiri).

Under the KKPA scheme, the villagers typically occupy the land and the Group helps to develop the land and manage the oil palms to maturity. The development costs are funded by bank loans, which are guaranteed by the Group using the aforementioned land certificates and/or other appropriate forms of security as collateral. Upon maturity of the oil palms, the land will be maintained and managed by the villagers or in the future by the Group. The harvested fresh fruit bunches ("FFB") will then be sold to the Group. The villagers will repay the loan facilities from a portion of the FFB sale price. The Group obtains a power of attorney to manage the accounts of the villagers into which all monies from the sale of FFB will be deposited. This power of attorney allows the Group to withdraw funds from such accounts to pay for all the villagers operating costs and expenses. Under the KKSR scheme, the villagers also typically occupy the land. The Group will provide seedlings and the regional authorities will provide fertiliser to the villagers.

Post-harvest, the FFB will be sold to the Group and part of the sale proceeds will be paid to the Group and the regional authorities as payment for the seedlings and fertiliser respectively. Plasma Mandiri is a scheme whereby the Group will provide the seedlings to the villagers, and the villagers will plant and maintain the plantations. Post-harvest, the FFB will be sold to the Group and part of the sale proceeds will be paid to the Group as payment for the seedlings provided. There is no governmental involvement under this scheme.

Costs incurred during development up to conversion of the oil palm plantations and temporary funding to the villagers for working capital purposes are included in other receivables in the statement of financial position. The funds received from the designated banks on behalf of villagers for the development and operations of the plantations are offset against advances under plasma program in the statement of financial position.

The development of plantations is financed by credit investment facilities granted by designated banks to the villagers through local cooperatives as the representatives of the villagers. The loan facilities are secured by the land certificates held by the villagers and corporate guarantees from the Group. The credit facility amounts and the outstanding balances of the bank loans granted by the banks to the villagers as at the end of the reporting period/year are as follows:

	Group	
	30 June 2022	31 December 2021
	US$'000	US$'000
Facility amounts	24,136	27,266
Outstanding balances	14,114	15,193

Upon maturity of the oil palm, the land will be maintained and managed by the villagers or in the future by the Group. The harvested FFB will then be sold to the Group. The villagers will repay the loan facilities from a portion of the FFB sale price. In addition to the scheme, the Group provided temporary funding to the local cooperatives for working capital purposes. The cost of development of plantations and temporary funding provided by the Group to local cooperatives as at the end of the reporting year is US$22,150,000 (2021: US$19,203,000):

	Group	
	30 June 2022	31 December 2021
	US$'000	US$'000
Presented as other receivables:		
Advances under Plasma Programme, current	18,103	15,535
Advances under Plasma Programme, non-current	4,047	3,668
Total	22,150	19,203

The advances under plasma programme that are not secured by bank facilities and to be repaid by villagers using FFB was measured by management at the end of the reporting period/year based on the present value of the expected net cash flows with the following significant assumptions.

(i) Yield per hectare of oil palm trees is determined by reference to guidelines issued by the Indonesian Oil Palm Research Institute (Pusat Penelitian Kelapa Sawit), which varies with the average age of oil palm trees;
(ii) The discount rate for 2022 is 3.50% (2021: 3.50%) per annum;
(iii) The projected selling prices of FFB are derived from adjusting CPO prices to the FFB extraction rate (% of CPO extractable from FFB) and processing costs. The CPO prices are based on the World Bank forecasts.

The carrying value of advances under plasma programme would be affected by changes in the assumptions used.

Relationship of unobservable inputs to carrying value:
Favourable or adverse change in discount rate will increase or decrease carrying value.

21. Trade and other payables

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Non-current				
Other payables:	12,208	–	–	–
Advances from customer	12,208	–	–	–
Total other payables				
Current				
Trade payables:				
Outside parties and accrued liabilities	17,679	12,017	–	–
Other payables:				
Advances from customers	20,042	22,606	–	–
Related parties	–	133	–	–
Other payables	21,378	19,250	92	70
Sub total	41,420	41,989	92	70
Total trade and other payables, current	59,099	54,006	92	70
Total trade and other payables	71,307	54,006	92	70

22. Capital Commitment

Estimated amounts committed at the end of the reporting period/year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	30 June 2022	31 December 2021
	US$'000	US$'000
Commitments for construction of leasehold buildings	943	1,548
Commitments for construction of plant, fixtures and equipment	4,335	4,698

23. Financial instruments: categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting period/year:

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Financial assets:				
Financial assets measured at amortised cost	41,404	39,165	30,028	31,749
Financial assets at FVTPL	4,047	3,668	–	–
	45,451	42,833	30,028	31,749
Financial liabilities:				
Financial liabilities measured at amortised cost	280,278	266,501	92	70

24. Related party

The related party balances and financial guarantee, if any, are unsecured without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these interim financial statements are not disclosed as related party transactions and balances below.

The following are the significant related party transactions during the period:

	6 months ended 30 June	
	2022	2021
Group	US$'000	US$'000
Related parties:		
Sales of commodities [(a)]	4,789	3,234
Service expense [(b)]	(770)	(752)
Sales and processing of EFB [(b)]	66	-
Land lease [(b)]	10	-
Interest expense to a shareholder [(a)]	-	(15)
Interest expense to a director [(b)]	-	(26)

(a) The related party, Wilmar International Limited, has 20% interest in and significant influence over the reporting entity.
(b) The related party, Henry Maknawi, is a director and an ultimate controlling party.

25. Aggregate amount of Group's borrowings and debt securities

SGX Appendix 7.2 para 1 (b)(i)

(a) Amount repayable in one year or less, or on demand (secured)

(b) Amount repayable after one year (secured)

Loans and borrowings

The Group's loans and borrowings of US$216.2 million (2021: S$230.9 million) are secured by way of negative pledges on certain deposits, inventories, trade receivables, land use rights, investment property, bearer plants, property, plant and equipment and biological assets of the Group.

	Group	
	30 June 2022	31 December 2021
	US$'000	US$'000
Amount due within one year		
Secured	51,014	51,841
Amount due more than one year		
Secured	166,417	179,468

The loan agreements include covenants that require the maintenance of certain financial ratios. Any non-compliance with these covenants will result in these loans becoming repayable immediately upon service of a notice by default by the lenders. As at reporting period/year end, there were certain breaches in loan agreement covenants for loans amounting to US$52,048,000 (2021: US$77,974,000) and the lenders have not made a demand for repayment and agreed to waive the breaches prior to the reporting period end.

26. Share capital

(a) 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 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.

SGX Appendix 7.2 para 1 (d)(ii)

There have been no changes in the Company's issued share capital since 31 December 2021. The Company has no outstanding share options, outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2022 and 31 December 2021.

The Company has not granted options or shares during the financial period ended 30 June 2022.

(b) Number of shares held as treasury shares against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer.

Not applicable.

(c) To show the total number of issued shares excluding treasury shares as at the end of the current financial year.

SGX Appendix 7.2 para 1 (d)(iii)

	30 June 2021 Number of shares	31 December 2020 Number of shares
Issued and fully paid:		
At beginning and end of the period	287,011,177	287,011,177

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

SGX Appendix 7.2 para 1 (d)(iv)

Not applicable.

(e) A statement showing all sales, transfers, cancellation and / or use of subsidiary holdings as at the end of the current financial period reported on.

SGX Appendix 7.2 para 1 (d)(v)

Not applicable.

27. 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

SGX Appendix 7.2 para 6

	Group 6 months ended 30 June	
	2022 US Cents	2021 US Cents
Earnings per share for the period		
(a) Based on weighted average number of shares		
from continuing operations	1.24	3.49
from discontinued operation	-	-
Total earnings per share attributable to ordinary equity holders of the Company	1.24	3.49
(b) Based on weighted average number of shares		
from continuing operations	1.24	3.49
from discontinued operation	-	-
Total diluted earnings per share attributable to ordinary equity holders of the Company	1.24	3.49
Weighted number of shares	287,011,177	287,011,177

28. Net assets value (for the issuer and Group) per ordinary share based on issued share capital at the end of the :

a. current financial period reported on; and

b. immediately preceding financial year

SGX Appendix 7.2 para 7

	Group		Company	
	30 June 2022 US Cents	31 December 2021 US Cents	30 June 2022 US Cents	31 December 2021 US Cents
Net asset value per ordinary share	11.44	10.72	22.78	23.89
Number of shares outstanding	287,011,177	287,011,177	287,011,177	287,011,177

29. Subsequent events

Not applicable.

F. Other information required by Listing Rule Appendix 7.2

1. Review

SGX Appendix 7.2 para 2 and 3

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

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

a. Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

b. Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

SGX Appendix 7.2 para 3

Not applicable.

3. 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, (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

SGX Appendix 7.2 para 8

<u>Review of financial performance</u>

<u>Revenue and profit</u>

The Group's revenue increased marginally in 1H 2022 due to a surge in Crude Palm Oil ("CPO") and Palm Kernel ("PK") selling prices. The average selling price ("ASP") of CPO in 1H 2022 was US$935/mt which was 48% higher than of last year at US$631/mt. The ASP of PK also surged to US$756/mt in 1H 2022 from US$357mt in 1H 2021.

However, sales volume in 1H 2022 was lower than 1H 2021 mainly driven by lower CPO production from 78,536 MT in 1H 2021 to 69,233 MT in 1H 2022 in palm oil mills as a result of unfavorable climate factors.

For the 6 months ended 30 June 2022, the Group recorded an operating profit ("OP") of US$15.9 million and a net profit of US$3.6 million. The drop in profitability in 1H 2022 as compared to that of 1H 2021 was mainly contributed by the decrease in biological assets and slightly higher general and administration expenses.

<u>Cost of operation</u>

Cost of sales increased by 11.2% in 1H 2022 as compared to 1H 2021 mainly due to higher prices of FFB purchased in line with the higher CPO price. The group also carried out a significant rehabilitation of infrastructure and started the application of fertiliser in 1H 2022. Gross profit was higher mainly due to higher ASP.

Sales and distribution costs decreased from US$0.7 million in 1H 2021 to US$0.6 million in 1H 2022 mainly due to decrease in freight expenses as a result of lower CIF sales.

Administrative expenses increased from US$5.0 million in 1H 2021 to US$5.9 million in 1H 2022. This was mainly due to the incentive for staff, engagement of external consultants and also engagement of legal professionals.

Other losses comprise mainly of foreign exchange loss and withholding tax offset by plasma management fee income.

Loss on foreign exchange was mainly due to the depreciation of IDR against USD as part of the borrowings are denominated in USD.

Interest expenses decreased from US$7.9 million in 1H 2021 to US$7.8 million in 1H 2022 mainly due to repayment of outstanding loan.

<u>Review of financial position</u>

Shareholders' equity increased from US$30.8 million as at 31 December 2021 to US$32.8 million as at 30 June 2022 mainly due to profit for the period of US$3.6 million.

The Group's total current assets increased by US$13.4 million from US$112.9 million as at 31 December 2021 to US$126.3 million as at 30 June 2022. Save for the movement in cash and cash equivalents as explained in the cash flow section below, the remaining movement in current assets arose mainly from:

a) increase in trade and other receivables amounting to US$4.9 million due to plasma receivables, in process VAT refund for transaction with bonded-zone companies and prepayment of purchase;
b) increase in inventory amounting to US$13.5 million mainly due to significant increase of CPO stock on hand as at 30 June 2022; and
c) decrease in carrying value of asset held for sale was due to completion of sale of biomass company.

Total non-current assets decreased by US$8.5 million from US$221.3 million as at 31 December 2021 to US$212.8 million as at 30 June 2022. This was mainly due to the decrease in bearer plants of US$7.8 million offset with and additional property, plant and equipment US$1.1 million for the construction of new palm oil mill and infrastructures.

The Group's total current liabilities increased by US$3.7 million from US$112.4 million as at 31 December 2021 to US$116.1 million as at 30 June 2022. This was mainly due to the following:

a) increase in trade and other payables amounting to US$5.1 million; and
b) decrease in other financial liabilities of US$1.1 million due to repayment of bank loan and restructuring.

Total non-current liabilities decreased by US$0.9 million from US$191.0 million as at 31 December 2021 to US$190.1 million as at 30 June 2022 mainly due to repayment of long-term borrowings offset with higher advances from customers.

The Group reported positive working capital of US$10.2 million as at 30 June 2022. This was mainly due to an increase of inventories and repayment of current portion of borrowings.

Review of Group cash flows

The closing cash and cash equivalents (net of bank overdrafts and cash pledged) of the Group decreased by US$2.5 million from US$5.5 million as at 30 June 2021 to US$3.0 million as at 30 June 2022. The decrease was due to higher repayment of bank loan and purchase of property, plant, and equipment in 2022.

The Group's operating cash flows was higher by US$6.1 million in 30 June 2022 as compared to 30 June 2021 mainly due to sales advances and proceed from sales offset by payment for inventories. The Group reported a net cash outflow used in investing activities of US$6.0 million in 2022 mainly due to payment for property, plant and equipment and bearer plants. Net cash flows used in financing activities was US$18.2 million mainly due to repayments of borrowings and interest and settlement of loan due to restructuring, offset by funding from new borrowings.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.
SGX Appendix 7.2 para 9
Not applicable.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.
SGX Appendix 7.2 para 10

CPO price was on an uptrend in the first quarter of 2022. This was the result of weaker CPO production caused by unfavourable weather. The Russia-Ukraine crisis had also adversely affected global food security.

In second quarter of 2022, the Government of Indonesia intervened to curb the rising prices of domestic cooking oil by restricting CPO export through the implementation of Domestic Market Obligation and Domestic Price Obligation policies. These measures had cooled down the CPO price in the domestic market.

As there are still uncertainties and volatilities in the market, we will continue to stay focused on our efforts to improve our productivity and costs efficiency in our core business.

6. Dividend
SGX Appendix 7.2 para 11

a. Current Financial Period Reported On
Any dividend declared for the current financial period reported on?
No

b. Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the Corresponding Period of the Immediately Preceding Financial Year?
No

c. Date Payable
Not applicable

d. Books closure date
Not applicable

If no dividend has been declared (recommended), a statement to that effect.
SGX Appendix 7.2 para 12
In view of the current market condition, no dividend has been declared or recommended for the financial period ended 30 June 2022.

7. Interested person transactions
If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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.
SGX Appendix 7.2 para 13

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
		1H 2022	**1H 2022**
		US$'000	**US$'000**
Wilmar Group [1] (Sales)	Controlling shareholder	-	4,789
PT Berkat Wahana Sukses [2] (Services received, shareholders' mandate obtained at EGM held on 29 April 2019)	Associate of Maknawi family	-	770

[1] In respect of transactions conducted pursuant to General Mandate for transactions with Willmar Group.
[2] In respect of transactions conducted pursuant to Specific Mandate for transactions PT Berkat Wahana Sukses.

8. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purpose, a breakdown with specific details on how the proceeds have been applied must be disclosed.
SGX Appendix 7.2 para 14

Not applicable.

9. Board of Directors' assurance.
SGX Appendix 7.2 para 14 and para 15

As at the date of this announcement, the Board of Directors confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results to be false or misleading, in any material aspect pursuant to Rule 705(5) of the SGX-ST Listing Manual.

10. Confirmation that the issuer has procured undertakings from all its directors and executive officers.
SGX Appendix 7.7

The Company confirms it has procured the undertakings from all its Directors and executive officers as required under Rule 720(1) of the SGX-ST Listing Manual.

11. Disclosure pursuant to Rule 706A of the Listing Rule.

Not applicable.

BY ORDER OF THE BOARD KENCANA AGRI LIMITED

Ratna Maknawi
Vice Chairman and Executive Director
12 August 2022