

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



## UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

**1 (a) (i) Income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	3rd Quarter			Jan - Sep		
	2018 US\$'000	2017 US\$'000	Change %	2018 US\$'000	2017 US\$'000	Change %
<b>Revenue</b>	34,430	43,797	-21.4%	91,761	111,122	-17.4%
Cost of sales	(23,135)	(34,506)	-33.0%	(73,281)	(88,236)	-16.9%
<b>Gross profit</b>	11,295	9,291	21.6%	18,480	22,886	-19.3%
Fair value changes of biological assets and other receivables, net	(4,141)	(192)	n/m	(2,015)	7,235	n/m
Distribution costs	(1,205)	(707)	70.4%	(2,028)	(1,858)	9.1%
Administrative expenses	(2,002)	(2,420)	-17.3%	(7,688)	(7,155)	7.4%
Other gains/(losses), net	150	655	-77.1%	(127)	178	n/m
<b>Operating profit</b>	4,097	6,627	-38.2%	6,622	21,286	-68.9%
Loss on foreign exchange	(7,449)	(2,374)	213.8%	(20,554)	(1,412)	n/m
Fair value changes of derivative financial instruments	137	148	-7.4%	191	618	-69.1%
Interest income	1,050	902	16.4%	2,808	2,482	13.1%
Interest expense	(4,591)	(5,259)	-12.7%	(14,739)	(15,422)	-4.4%
Share of results from equity-accounted joint ventures	(637)	(752)	-15.3%	(2,479)	(638)	288.6%
Gain on disposal of joint venture, net	-	-	n/m	-	8,161	n/m
<b>(Loss)/profit before income tax</b>	(7,393)	(708)	944.2%	(28,151)	15,075	n/m
Income tax benefit/(expense)	1,055	(676)	n/m	4,364	(5,086)	n/m
<b>Net (loss)/profit for the period</b>	(6,338)	(1,384)	357.9%	(23,787)	9,989	n/m

n/m : not meaningful

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



## 1 (a) (ii) Net profit/(loss) is arrived at after charging/(crediting) the following significant items:

	3rd Quarter			Jan - Sep		
	2018	2017	Change	2018	2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation and amortisation expenses	3,852	3,976	-3%	12,635	12,007	5%
Loss on foreign exchange	7,449	2,374	214%	20,554	1,412	n/m
Fair value changes of derivative financial instruments	(137)	(148)	-7%	(191)	(618)	-69%
Interest expense	4,591	5,259	-13%	14,739	15,422	-4%
Interest income	(1,050)	(902)	16%	(2,808)	(2,482)	13%
Fair value changes of biological assets	3,951	167	n/m	2,139	(7,498)	n/m
Fair value changes of other receivables	190	25	660%	(124)	263	n/m
(Gain)/loss on disposal of property, plant and equipment	(14)	32	n/m	497	50	894%
Loss on disposal of assets held for sale	-	-	n/m	192	-	n/m
Gain on disposal of bearer plants	-	-	n/m	(18)	-	n/m
Gain on disposal of joint venture	-	-	n/m	-	(9,087)	n/m
Gain on disposal of subsidiary	(93)	-	n/m	(93)	-	n/m
Impairment on other receivables (joint venture)	-	-	n/m	-	926	n/m
Impairment on other receivables	-	-	n/m	19	-	n/m
Inventories (written-back)/written-off	(3)	27	n/m	(20)	32	n/m
Tax assessment results	-	(612)	n/m	19	(121)	n/m
<u>Additional information :</u>						
EBITDA (excluding fair value changes of biological assets)	3,951	7,792	-49%	(1,446)	32,524	n/m

*n/m : not meaningful*

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



## **1 (a) (iii) Statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

### **Statement of Comprehensive Income**

	3rd Quarter			Jan - Sep		
	2018	2017	Change	2018	2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Net (loss)/profit for the period	(6,338)	(1,384)	358%	(23,787)	9,989	n/m
<b>Other comprehensive (loss)/income</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Exchange differences on translating IDR functional currency to US\$ presentation currency, net of tax	(1,312)	(545)	141%	(2,459)	(185)	n/m
Total comprehensive (loss)/income for the period	<u>(7,650)</u>	<u>(1,929)</u>	297%	<u>(26,246)</u>	<u>9,804</u>	n/m
(Loss)/profit attributable to owners of the parent, net of tax	(6,338)	(1,384)	358%	(23,787)	9,989	n/m
(Loss)/profit attributable to non-controlling interests, net of tax	-	-	n/m	-	-	n/m
(Loss)/profit for the period, net of tax	<u>(6,338)</u>	<u>(1,384)</u>	358%	<u>(23,787)</u>	<u>9,989</u>	n/m
Total comprehensive (loss)/income attributable to owners of the parent	(7,650)	(1,929)	297%	(26,246)	9,804	n/m
Total comprehensive (loss)/income attributable to non-controlling interests	-	-	n/m	-	-	n/m
Total comprehensive (loss)/income for the period	<u>(7,650)</u>	<u>(1,929)</u>	297%	<u>(26,246)</u>	<u>9,804</u>	n/m

*n/m : not meaningful*

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



## 1 (b) (i) Statement of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/09/2018 US\$'000	As at 31/12/2017 US\$'000	As at 30/09/2018 US\$'000	As at 31/12/2017 US\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	16,830	17,391	49	33
Trade and other receivables	27,662	30,193	34,157	38,708
Inventories	19,289	8,463	-	-
Biological assets	10,587	14,099	-	-
Other assets	2,992	6,850	1	1
Assets held for sale	305	1,314	-	-
<b>Total current assets</b>	<b>77,665</b>	<b>78,310</b>	<b>34,207</b>	<b>38,742</b>
<b>Non-current assets:</b>				
Investments in subsidiaries	-	-	35,510	39,160
Investments in joint ventures	-	-	-	-
Other receivables	19,654	21,453	-	-
Property, plant and equipment	78,205	83,923	-	-
Investment property	2,356	2,376	-	-
Bearer plants	138,665	157,866	-	-
Land use rights	33,918	38,479	-	-
Deferred tax assets	11,471	8,172	-	-
Other assets	623	686	-	-
<b>Total non-current assets</b>	<b>284,892</b>	<b>312,955</b>	<b>35,510</b>	<b>39,160</b>
<b>TOTAL ASSETS</b>	<b>362,557</b>	<b>391,265</b>	<b>69,717</b>	<b>77,902</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Income tax payables	309	1,940	-	-
Trade and other payables	57,529	43,961	1,697	1,940
Finance leases	153	245	-	-
Other financial liabilities	72,158	51,267	-	-
<b>Total current liabilities</b>	<b>130,149</b>	<b>97,413</b>	<b>1,697</b>	<b>1,940</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	1,349	1,564	-	-
Finance leases	129	244	-	-
Other financial liabilities	204,782	239,152	-	-
Other liabilities	3,824	4,322	-	-
<b>Total non-current liabilities</b>	<b>210,084</b>	<b>245,282</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves:</b>				
Share capital	93,860	93,860	93,860	93,860
Other reserve	2,485	2,485	-	-
(Accumulated losses)/retained earnings	(31,897)	(8,110)	4,680	5,652
Translation reserve	(42,124)	(39,665)	(30,520)	(23,550)
Equity attributable to the owners of the parent	22,324	48,570	68,020	75,962
Non-controlling interests	-	-	-	-
<b>Total equity</b>	<b>22,324</b>	<b>48,570</b>	<b>68,020</b>	<b>75,962</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>362,557</b>	<b>391,265</b>	<b>69,717</b>	<b>77,902</b>

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



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

	As at 30/09/2018 US\$'000	As at 31/12/2017 US\$'000
Amount due within one year		
Secured	<u>72,311</u>	<u>51,512</u>
Amount due more than one year		
Secured	<u>204,911</u>	<u>239,396</u>

The secured borrowings 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.

# KENCANA AGRI LIMITED

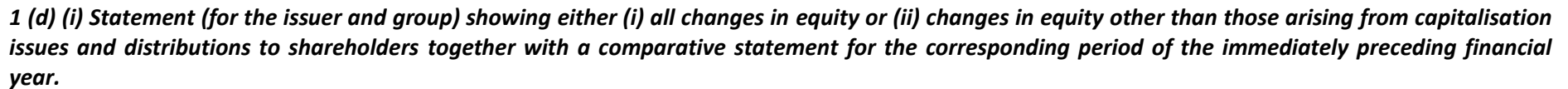
(Registration Number: 200717793E)



## 1 (c) Statement of cash flows (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Jan - Sep	
	2018 US\$'000	2017 US\$'000
<b>Cash flows from operating activities</b>		
<b>(Loss)/profit before tax</b>	(28,151)	15,075
Adjustments for:		
Interest income	(2,808)	(2,482)
Interest expense	14,739	15,422
Amortisation of land use rights	962	959
Depreciation expense	11,673	11,048
Fair value changes in biological assets	2,139	(7,498)
Fair value changes in other receivables	(124)	263
Gain on disposal of bearer plants	(18)	-
Decrease/(increase) in provision for employment pension benefits	(68)	581
Loss on disposal of property, plant and equipment	497	50
Loss on disposal of assets held for sale	192	-
Gain on disposal of joint venture	-	(9,087)
Gain on disposal of subsidiary	(93)	-
Impairment on other receivables (joint venture)	-	926
Share of results from equity-accounted joint ventures	2,479	638
Net effect of exchange rate changes in consolidating entities	16,045	(189)
<b>Operating cash flows before changes in working capital</b>	17,464	25,706
Inventories	(11,677)	1,248
Trade and other receivables	(4,936)	(5,231)
Other assets	2,716	(1,529)
Trade and other payables	16,841	(10,567)
Other financial liabilities	(191)	(618)
Net cash flows from operations before tax	20,217	9,009
Income taxes paid	(1,141)	(4,470)
<b>Net cash flows from operating activities</b>	19,076	4,539
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,948)	(2,771)
Disposal of property, plant and equipment	38	502
Disposal of assets held for sale	1,093	-
Additions to bearer plants	(1,659)	(1,804)
Disposal of bearer plants	850	-
Purchase of land use rights	(398)	(835)
Proceeds from disposal of joint venture	-	14,752
Proceeds from repayment of loan (joint venture)	-	3,550
Disposal of subsidiary	95	-
Interest received	425	464
<b>Net cash flows (used in)/from investing activities</b>	(6,504)	13,858
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	184,064	152,789
Repayment of borrowings	(180,967)	(137,571)
Finance lease repayments	(184)	(64)
Interest paid	(15,986)	(18,560)
<b>Net cash flows used in financing activities</b>	(13,073)	(3,406)
Net (decrease)/increase in cash and cash equivalents	(501)	14,991
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	16,692	12,157
Cash and cash equivalents, consolidated statement of cash flows, ending balance	16,191	27,148
Cash and cash equivalents included in consolidated statement of cash flows consist of the following:		
Balance as in statement of financial position (including cash restricted in use)	16,830	27,148
Less : Bank overdraft	(639)	-
Cash and cash equivalents for consolidated statement of cash flows purposes	16,191	27,148

(Registration Number: 200717793E)

7

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



**1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not applicable.

**1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares (the Company has not held any treasury shares):

As at 30 September 2018

287,011,177

As at 31 December 2017

287,011,177

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

Not applicable.

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

Not applicable.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statements have not been audited or reviewed by the auditors.

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

Not applicable.





**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation have been applied in these unaudited financial statements as those applied in the most recently audited financial statements as at 31 December 2017, except for the adoption of the new or revised Singapore Financial Reporting Standards (International) (SFRS(I)) which became effective for the financial year beginning on or after 1 January 2018. Further details are provided in note 5 below.

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

SFRS(I) 9 Financial Instruments

SFRS(I) 9 contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition. SFRS(I) 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics. For financial liabilities, SFRS(I) 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. For the impairment of financial assets, SFRS(I) 9 introduces an "expected credit loss" ("ECL") model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment. The recognition and derecognition provisions are carried over almost unchanged from SFRS(I) 1-39.

The Group has assessed there is no material impact upon the application of SFRS(I) 9 on the financial position and financial performance of the Group, apart from providing more extensive disclosures on the Group's financial instruments.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.).

The Group has assessed that there is no material impact on the financial statements in the year of initial application, except for the reclassification of financing charges on long term advance payment from a customer.

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



The comparatives have been restated with the following impact as a result of the adoption of the SFRS(I) 15:

	As restated Jan - Sep 2017 US\$'000	As previously reported Jan - Sep 2017 US\$'000	Change US\$'000
Revenue	111,122	110,145	977
Interest expense	(15,422)	(14,445)	(977)

	As restated 3rd quarter 2017 US\$'000	As previously reported 3rd quarter 2017 US\$'000	Change US\$'000
Revenue	43,797	43,528	269
Interest expense	(5,259)	(4,990)	(269)

## Application of SFRS(I) 1 First-time adoption of SFRS(I)

Companies listed on the Singapore Exchange ("SGX") are required to comply with new Singapore Financial Reporting Standards (International) (SFRS(I)s) (issued by the Singapore Accounting Standards Council) that would be equivalent to the International Financial Reporting Standards ("IFRS") (issued by the International Accounting Standards Board (IASB)) for reporting years beginning on or after 1 January 2018. The new framework is referred to as SFRS(I)s. The Group has performed an assessment of the impact of adopting SFRS(I) based on the current available information. There is no material impact on the financial statements upon transition to the new financial reporting framework.

## **6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3rd Quarter		Jan - Sep	
	2018 US Cents	2017 US Cents	2018 US Cents	2017 US Cents
(Loss)/earnings per share for the period				
(a) based on weighted average number of shares	(2.21)	(0.48)	(8.29)	3.48
(b) based on a fully diluted basis	(2.21)	(0.48)	(8.29)	3.48
Weighted number of shares	287,011,177	287,011,177	287,011,177	287,011,177

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	As at 30/09/2018	As at 31/12/2017	As at 30/09/2018	As at 31/12/2017
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	7.78	16.92	23.70	26.47
Number of shares outstanding	287,011,177	287,011,177	287,011,177	287,011,177

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

## Review of financial performance

### 3Q2018 vs 3Q2017

#### **Revenue and profit**

The Group's revenue decreased by 21% from US\$43.8 million in 3Q2017 to US\$34.4 million in 3Q2018. The decrease was mainly due to lower sales volume coupled with lower Average Selling Price ("ASP") of CPO during the quarter. Sales volume of CPO decreased by approximately 10% from 63,794 MT in 3Q2017 to 57,423 MT in 3Q2018 and the ASP of CPO decrease by approximately 16% from US\$592 in 3Q2017 to US\$499 in 3Q2018. The Group recorded an Operating Profit ("OP") of US\$4.1 million and a Net Loss for the Period of US\$6.3 million in 3Q2018. The Net Loss for the Period in 3Q2018 was mainly due to foreign exchange loss as a result of the IDR weakening against the USD and loss from the fair value changes of biological assets.

#### **Cost of operation**

Cost of sales decreased by 33% from US\$34.5 million in 3Q2017 to US\$23.1 million in 3Q2018. The decrease was in line with the decrease in revenue. Gross profit margin improved due to an increase in CPO production from 44,657 MT in 3Q2017 to 62,926 MT in 3Q2018 resulting in a lower cost per unit.

Sales and distribution cost increased by 70% mainly due to higher quality claim on CPO for 3Q2018.

The Group recorded a decrease in administrative expenses from US\$2.4 million in 3Q2017 to US\$2.0 million in 3Q2018 mainly due to decrease in staff costs incurred during the quarter.

Other gains comprise mainly of Plasma management fee income for the quarter.



## 9M2018 vs 9M2017

### **Revenue and profit**

The Group's revenue decreased by 17% from US\$111.1 million in 9M2017 to US\$91.8 million in 9M2018. The decrease was mainly due to lower sales volume and lower ASP of CPO during the period. Sales volume of CPO decreased by approximately 6% from 147,255 MT in 9M2017 to 139,034 MT in 9M2018 and ASP of CPO decreased 14% from US\$629 in 9M2017 to US\$544 in 9M2018. The Group recorded an Operating Profit ("OP") of US\$6.6 million in 9M2018 and a Net Loss for the Period of US\$23.8 million in 9M2018. The Net Loss for the Period in 9M2018 was mainly due to lower ASP, increase in foreign exchange loss as a result of the IDR weakening against the USD, share of loss from equity accounted joint venture.

### **Cost of operation**

Cost of sales decreased by 17% from US\$88.2 million in 9M2017 to US\$73.3 million in 9M2018. The decrease was mainly due to lower sales volume. Gross margin was lower mainly due to lower ASP. CPO production increased from 108,547 MT in 9M2017 to 142,995 MT in 9M2018.

Sales and distribution costs increased by 9% mainly due to higher quality claim on CPO for 9M2018 as compared to 9M2017.

The Group recorded an increase in administrative expenses from US\$7.2 million in 9M2017 to US\$7.7 million in 9M2018 mainly due to an increase in depreciation expenses and fees incurred in relation to a study for sustainability compliance practices.

Other losses comprise mainly of losses on disposal of vessels offset by plasma management fee income.

### **Review of financial position**

Shareholders' equity decreased from US\$48.6 million as at 31 December 2017 to US\$22.3 million as at 30 September 2018 mainly due to the loss for the period of US\$23.8 million and a translation loss of US\$2.5 million.

The Group's total current assets decreased by US\$0.6 million from US\$78.3 million as at 31 December 2017 to US\$77.7 million as at 30 September 2018. 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:

- increase in inventories amounting to US\$10.8 million due the purchase of more consumables during the period and higher finished goods awaiting for shipment as at 30 September 2018;
- decrease in biological assets amounting to US\$3.5 million due to lower production forecasted and lower FFB prices;
- decrease in other assets amounting to US\$3.8 million as a result of the reclassification of some advance payments to property, plant and equipment; and
- decrease in assets held for sale amounting to US\$1.0 million is due to the sale of vessels completed.

Total non-current assets decreased by US\$28.0 million from US\$313.0 million as at 31 December 2017 to US\$285.0 million as at 30 September 2018. This was mainly due to the following:

- decrease in other receivables of US\$1.8 million due to receipts from plasma farmers;
- decrease in properties, plant and equipment of US\$5.7 million due to depreciation and foreign exchange movements offset by the additions made during the period;
- decrease in bearer plants of US\$19.2 million mainly due to depreciation, disposal of subsidiary and foreign exchange movements offset by the additions made during the period; and

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



- d) increase in deferred tax assets of US\$3.3 million mainly due to additional deferred tax asset recognised in relation to losses for this period.

The Group's total current liabilities increased by US\$32.7 million from US\$97.4 million as at 31 December 2017 to US\$130.1 million as at 30 September 2018. This was mainly due to an increase in short term borrowings, trade and other payables and current portion of long term borrowings.

Total non-current liabilities decreased by US\$35.2 million from US\$245.3 million as at 31 December 2017 to US\$210.1 million as 30 September 2018. This was mainly due to a decrease in non-current portion of long-term borrowings due to its reclassification to current portion.

The Group reported negative working capital of US\$52.5 million as of end of 30 September 2018. This was mainly due to a portion of borrowings used to invest in plantation assets.

## **Review of group cash flows**

The closing cash and cash equivalents (net of bank overdrafts) of the Group decreased by US\$0.5 million from US\$16.7 million as at 31 December 2017 to US\$16.2 million as at 30 September 2018. The decrease was due to net cash outflow from investing and financing activities offset by cash inflow from operating activities.

The Group's operating cash flows was higher by US\$14.5 million in 9M2018 as compared to 9M2017 mainly due to higher advances received from the customers offset by the build-up of inventory.

The Group reported a net cash outflow used in investing activities of US\$6.5 million in 9M2018 mainly due to the construction of the 6<sup>th</sup> palm oil mill. Net cash flows used in financing activities was US\$13.1 million mainly due to repayments of borrowings and interest offset by proceeds from new borrowings.

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



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

Not applicable.

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

Kencana attained a record high FFB production in 3Q2018. We expect this recovery in production to continue and extend into the remaining part of the year. CPO prices however are expected to remain soft, affected by abundant supply and uncertainties coming indirectly from the trade war between US and China. We are hopeful that the Indonesian government's biodiesel programme will support CPO prices. In this challenging environment, we will focus our efforts on our core business and improving productivity and cost efficiency.

## **11. Dividend**

(a) *Current Financial Period Reported On*  
Nil

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

(c) *Date payable*  
Not applicable.

(d) *Books closure date*  
Not applicable.

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

No dividend has been declared or recommended for the financial quarter ended 30 September 2018.

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



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

Name of interested person	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)
	<b>2018</b>	<b>2018</b>
	<b><u>US\$'000</u></b>	<b><u>US\$'000</u></b>
Wilmar Group (Sales)	-	3,278
Wilmar Group (Purchases)	-	4,476
PT Berkah Wahana Sukses (Services Received)	1,426	-
PT Alamindo Sejahtera Persada (Services Received)	-	-

# KENCANA AGRI LIMITED

(Registration Number: 200717793E)



## ***14. Negative confirmation by the Board pursuant to Rule 705(5).***

The Directors do hereby confirm that to the best of their knowledge, nothing has come to their attention which would render the unaudited financial statements for the period ended 30 September 2018 to be false or misleading in any material aspect.

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Henry Maknawi

Executive Chairman

14 November 2018