

For Immediate Release

Results affected by lower CPO prices and weak Rupiah

Singapore, 29 February 2016 – Kencana Agri Limited (“Kencana” or the “Group”), today announced its financial results for the full year ended 31 December 2015.

Summary of Results

US\$ ‘000	2015	2014	Change %
Revenue	131,844	176,504	-7
Gross profit	22,424	40,091	-18
Operating profit	16,443	32,529	-49
EBITDA	(2,459)	22,572	n/m
(Loss) / profit before tax	(18,082)	12,808	n/m
Net profit/(loss) after tax	(17,045)	7,223	n/m

*n.m: not meaningful

Review of Group Financial Performance

The Group’s revenue decreased by 25% from US\$176.5 million in 2014 to US\$131.8 million in 2015. The decrease was mainly due lower Average Selling Price (“ASP”) of CPO. Sales volume of CPO increased slightly approximately 8% from 210,657 MT to 226,915 MT and ASP of CPO decreased from US\$708 in 2014 to US\$511 in 2015. The increase in the volume was mainly due to higher CPO production as a result of higher FFB produced for the year.

The Group’s Operating Profit (“OP”) for 2015 decreased from US\$32.5 million in 2014 to of US\$16.4 million and Net Profit After Tax (“NPAT”) decreased from US\$7.2 million to a loss of US\$17.0 million. The decrease in OP this year was mainly due to significant drop in the ASP in 2015 as compared to 2014. The decrease in NPAT was similarly due to lower ASP for the year and higher foreign exchange loss in 2015 of US\$16.7 million as compared to US\$5.3 million in 2014 mainly due to the larger adverse movement of IDR against the USD and higher interest income, offset by higher interest expense. The increase in interest expense was mainly due to additional loans and interests expensed instead of capitalised in the biological assets as more trees matured. Included in the tax income for the year were reversal of deferred tax assets and current year tax losses not carried forward.

Shareholders' equity decreased from US\$172.7 million as at 31 December 2014 to US\$145.5 million as at 31 December 2015 mainly due to net loss for the financial year of US\$17.0 million and the adverse movement in foreign translation reserve amounting to US\$10.7 million.

As at 31 December 2015, the Group's total current assets decreased by US\$2.8 million from US\$53.6 million to US\$50.8 million. Save for the movement in cash and cash equivalents as explained in cash flow section below, the movement in current assets arose due to adverse foreign exchange movement in IDR against USD and increase in trade receivables amounting to US\$5.8 million.

Total non-current assets as at 31 December 2015 decreased by US\$13.1 million from US\$457.4 million to US\$444.3 million. This was mainly due to adverse foreign exchange movement in IDR against USD and decrease in value of biological asset of US\$ 8.7 million, decrease in land use right of US 3.1 million and decrease in property, plant and equipment of US\$ 5.8 million.:

Net asset value per share for the Group decreased from 60.18 US cents in FY2014 to 50.70 US cents in FY2015.

Review of Operational Performance

At the operational level, the Group's total planting was 969 ha 2015 for nucleus and 291 ha for plasma. Mature area increased 7,480 ha to 47,854 ha.

FFB produced from nucleus increased 13% from 527,118 MT in 2014 to 595,969 MT in 2015 due to better maturity profile. The oil extraction rates for CPO and CPKO were 20.7% and 43.3% compared to 21.0% and 43.3% in 2014 respectively.

Outlook

Mr. Henry Maknawi, Chairman and CEO of Kencana said, "2015 was a challenging year for the palm oil industry. We expect the challenges to continue into 2016 with the impact of El Niño affecting production and weak crude oil and other vegetable oils prices limiting recovery of CPO prices in the short term. Although demand has slowed down, the palm oil industry remains fundamentally sound. Over time, demand will be supported by global growth in consumption. Our focus will remain on productivity improvements, 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 December 2015, Kencana’s total land bank and planted area (including Plasma Programme) were 193,570 ha and 67,927 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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