

KENCANA AGRI LIMITED

(Registration Number: 200717793E)



UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

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

Income Statement

	2nd Quarter			1st Half		
	2019 US\$'000	2018 US\$'000	Change %	2019 US\$'000	2018 US\$'000	Change %
Revenue	25,175	29,341	-14%	45,676	57,331	-20%
Cost of sales	(23,469)	(22,268)	5%	(41,082)	(50,146)	-18%
Gross profit	1,706	7,073	-76%	4,594	7,185	-36%
Fair value changes of biological assets and other receivables, net	1,675	1,969	-15%	4,726	2,126	122%
Distribution costs	(550)	(400)	38%	(1,223)	(823)	49%
Administrative expenses	(2,583)	(3,049)	-15%	(5,056)	(5,686)	-11%
Other gains/(losses), net	719	75	859%	743	(277)	n/m
Operating profit	967	5,668	-83%	3,784	2,525	50%
Gain/(loss) on foreign exchange	1,361	(9,482)	n/m	4,573	(13,105)	n/m
Fair value changes of derivative financial instruments	-	(85)	n/m	-	54	n/m
Interest income	761	863	-12%	1,664	1,758	-5%
Interest expense	(5,390)	(4,741)	14%	(10,135)	(10,148)	0%
Share of results from equity-accounted joint ventures	(547)	(1,086)	-50%	(1,278)	(1,842)	-31%
Loss before income tax	(2,848)	(8,863)	-68%	(1,392)	(20,758)	-93%
Income tax benefit/(expense)	489	1,260	-61%	(365)	3,309	n/m
Net loss for the period	(2,359)	(7,603)	-69%	(1,757)	(17,449)	-90%

n/m : not meaningful

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

	2nd Quarter			1st Half		
	2019 US\$'000	2018 US\$'000	Change %	2019 US\$'000	2018 US\$'000	Change %
Depreciation and amortisation expenses	3,954	4,157	-5%	7,964	8,783	-9%
(Gain)/loss on foreign exchange	(1,361)	9,482	n/m	(4,573)	13,105	n/m
Fair value changes of derivative financial instruments	-	85	n/m	-	(54)	n/m
Interest expense	5,390	4,741	14%	10,135	10,148	0%
Interest income	(761)	(863)	-12%	(1,664)	(1,758)	-5%
Fair value changes of biological assets	(1,729)	(1,577)	10%	(4,450)	(1,812)	146%
Fair value changes of other receivables	54	(392)	n/m	(276)	(314)	-12%
Loss on disposal of property, plant and equipment	17	225	-92%	22	511	-96%
Loss on disposal of assets held for sale	-	53	n/m	-	192	n/m
Plasma management fee	168	-	n/m	458	-	n/m
Sale of waste	548	-	n/m	548	-	n/m
Tax assessment results	4	-	n/m	362	19	n/m
Additional information :						
EBITDA (excluding fair value changes of biological assets)	4,006	(2,405)	n/m	10,593	(5,397)	n/m

n/m : not meaningful

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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

	2nd Quarter			1st Half		
	2019 US\$'000	2018 US\$'000	Change %	2019 US\$'000	2018 US\$'000	Change %
Net loss for the period	(2,359)	(7,603)	-69%	(1,757)	(17,449)	-90%
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating IDR functional currency to US\$ presentation currency, net of tax	100	(1,147)	n/m	318	(1,775)	n/m
Total comprehensive loss for the period	<u>(2,259)</u>	<u>(8,750)</u>	-74%	<u>(1,439)</u>	<u>(19,224)</u>	-93%
Loss attributable to owners of the parent, net of tax	(2,359)	(7,603)	-69%	(1,757)	(17,449)	-90%
Loss attributable to non-controlling interests, net of tax	-	-	n/m	-	-	n/m
Loss for the period, net of tax	<u>(2,359)</u>	<u>(7,603)</u>	-69%	<u>(1,757)</u>	<u>(17,449)</u>	-90%
Total comprehensive loss attributable to owners of the parent	(2,259)	(8,750)	-74%	(1,439)	(19,224)	-93%
Total comprehensive loss attributable to non-controlling interests	-	-	n/m	-	-	n/m
Total comprehensive loss for the period	<u>(2,259)</u>	<u>(8,750)</u>	-74%	<u>(1,439)</u>	<u>(19,224)</u>	-93%

n/m : not meaningful

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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 30/06/19 US\$'000	As at 31/12/18 US\$'000	As at 30/06/19 US\$'000	As at 31/12/18 US\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	16,096	17,351	85	20
Trade and other receivables	33,724	31,047	32,856	32,934
Inventories	11,604	12,976	-	-
Biological assets	10,282	5,681	-	-
Other assets	1,170	2,160	1	1
Total current assets	72,876	69,215	32,942	32,955
Non-current assets:				
Investments in subsidiaries	-	-	37,198	36,351
Investments in joint ventures	-	-	-	-
Other receivables	11,928	13,199	-	-
Property, plant and equipment	82,327	82,832	-	-
Investment property	2,336	2,350	-	-
Bearer plants	142,182	142,685	-	-
Land use rights	35,032	34,749	-	-
Deferred tax assets	13,840	11,657	-	-
Other assets	653	642	-	-
Total non-current assets	288,298	288,114	37,198	36,351
TOTAL ASSETS	361,174	357,329	70,140	69,306
LIABILITIES AND EQUITY				
Current liabilities:				
Income tax payables	2,824	659	-	-
Trade and other payables	60,251	58,131	1,788	1,769
Finance leases	255	216	-	-
Other financial liabilities	63,386	73,331	-	-
Total current liabilities	126,716	132,337	1,788	1,769
Non-current liabilities:				
Deferred tax liabilities	1,478	383	-	-
Finance leases	349	127	-	-
Other financial liabilities	207,109	197,890	-	-
Other liabilities	4,817	4,448	-	-
Total non-current liabilities	213,753	202,848	-	-
Capital and reserves:				
Share capital	93,860	93,860	93,860	93,860
Other reserve	2,485	2,485	-	-
(Accumulated losses)/retained earnings	(33,799)	(32,042)	1,808	2,116
Translation reserve	(41,841)	(42,159)	(27,316)	(28,439)
Equity attributable to the owners of the parent	20,705	22,144	68,352	67,537
Non-controlling interests	-	-	-	-
Total equity	20,705	22,144	68,352	67,537
TOTAL LIABILITIES AND EQUITY	361,174	357,329	70,140	69,306

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1 (c) Aggregate amount of group's borrowings and debt securities.

	As at 30/06/2019 US\$'000	As at 31/12/2018 US\$'000
Amount due within one year		
Secured	<u>63,641</u>	<u>73,547</u>
Amount due more than one year		
Secured	<u>207,458</u>	<u>198,017</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.

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

	Jan - Jun	
	2019 US\$'000	2018 US\$'000
Cash flows from operating activities		
Loss before tax	(1,392)	(20,758)
Adjustments for:		
Interest income	(1,664)	(1,758)
Interest expense	10,135	10,148
Amortisation of land use rights	611	717
Depreciation expense	7,353	8,066
Fair value changes in biological assets	(4,450)	(1,812)
Fair value changes in other receivables	(276)	(314)
Gain on disposal of bearer plants	-	(18)
Increase in provision for employment pension benefits	262	(246)
Loss on disposal of property, plant and equipment	22	511
Loss on disposal of assets held for sale	-	192
Share of results from equity-accounted joint ventures	1,278	1,842
Net effect of exchange rate changes in consolidating entities	(4,415)	11,487
Operating cash flows before changes in working capital	<u>7,464</u>	<u>8,057</u>
Inventories	1,684	(8,225)
Trade and other receivables	4,043	(799)
Other assets	1,046	981
Trade and other payables	722	12,127
Other financial liabilities	-	(54)
Net cash flows from operations before tax	<u>14,959</u>	<u>12,087</u>
Income taxes paid	(410)	(1,325)
Net cash flows from operating activities	<u>14,549</u>	<u>10,762</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,833)	(7,238)
Disposal of property, plant and equipment	61	34
Disposal of assets held for sale	-	1,093
Additions to bearer plants	(932)	(1,042)
Disposal of bearer plants	11	866
Purchase of land use rights	(59)	(345)
Interest received	339	248
Net cash flows used in investing activities	<u>(3,413)</u>	<u>(6,384)</u>
Cash flows from financing activities		
Proceeds from borrowings	144,473	128,784
Repayment of borrowings	(147,256)	(118,937)
Finance lease repayments	253	(136)
Interest paid	(10,754)	(11,041)
Net cash flows used in financing activities	<u>(13,284)</u>	<u>(1,330)</u>
Net decrease in cash and cash equivalents	(2,148)	3,048
Net effect of exchange rate changes on cash and cash equivalents	417	(1,034)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	<u>16,789</u>	<u>16,692</u>
Cash and cash equivalents, consolidated statement of cash flows, ending balance	<u>15,058</u>	<u>18,706</u>
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)	16,096	19,462
Less : Bank overdraft	(1,038)	(756)
Cash and cash equivalents for consolidated statement of cash flows purposes	<u>15,058</u>	<u>18,706</u>

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1 (e) Statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Share Capital	Accumulated Losses	Translation Reserve	Other Reserve	Reserve on Post-Employment Benefit	Total	Non-Controlling Interests	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1/1/2019	93,860	(32,042)	(42,159)	2,485	-	22,144	-	22,144
Total comprehensive (loss)/income	-	(1,757)	318	-	-	(1,439)	-	(1,439)
Balance as at 30/06/2019	93,860	(33,799)	(41,841)	2,485	-	20,705	-	20,705
Balance as at 1/1/2018	93,860	(8,110)	(39,665)	2,485	-	48,570	-	48,570
Total comprehensive loss	-	(17,449)	(1,775)	-	-	(19,224)	-	(19,224)
Balance as at 30/06/2018	93,860	(25,559)	(41,440)	2,485	-	29,346	-	29,346

COMPANY	Share Capital	Retained Earnings	Translation Reserve	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1/1/2019	93,860	2,116	(28,439)	67,537
Total comprehensive (loss)/income	-	(308)	1,123	815
Balance as at 30/06/2019	93,860	1,808	(27,316)	68,352
Balance as at 1/1/2018	93,860	5,652	(23,550)	75,962
Total comprehensive loss	-	(675)	(4,484)	(5,159)
Balance as at 30/06/2018	93,860	4,977	(28,034)	70,803

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1 (f) 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

There have been no changes in the Company's issued share capital since 31 December 2018. The Company has no outstanding share options, outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

The Company has not granted options or shares during the financial period ended 30 June 2019.

1 (g) 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 June 2019

287,011,177

As at 31 December 2018

287,011,177

1 (h) (i) 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 (h) (ii) 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.

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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 2018, 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 2019. 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) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on the Statement of Financial Position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use ("ROU") asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the ROU asset.

The Group has assessed that there is no material impact upon the application of SFRS(I) 16 on the financial position and financial performance of the Group.

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.

	2nd Quarter		1st Half	
	2019 US Cents	2018 US Cents	2019 US Cents	2018 US Cents
Earnings/(loss) per share for the period				
(a) based on weighted average number of shares	(0.82)	(2.65)	(0.61)	(6.08)
(b) based on a fully diluted basis	(0.82)	(2.65)	(0.61)	(6.08)
Weighted number of shares	287,011,177	287,011,177	287,011,177	287,011,177

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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 30/06/2019 US Cents	As at 31/12/2018 US Cents	As at 30/06/2019 US Cents	As at 31/12/2018 US Cents
Net asset value per ordinary share	7.21	7.72	23.82	23.53
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

2Q2019 vs 2Q2018

Revenue and profit

The Group's revenue decreased by 14% from US\$29.3 million in 2Q2018 to US\$25.2 million in 2Q2019. The decrease was mainly due to lower Average Selling Price ("ASP") of Crude Palm Oil ("CPO") offset by higher sales volume. ASP of CPO decreased 19% from US\$553 in 2Q2018 to US\$447 in 2Q2019 whereas sales volume of CPO increased by approximately 16% from 42,338 MT in 2Q2018 to 49,241 MT in 2Q2019. The Group recorded an Operating Profit ("OP") of US\$1.0 million in 2Q2019 and a Net Loss After Tax ("NLAT") of US\$2.4 million in 2Q2019. The NLAT in 2Q2019 was mainly due to lower ASP and share of loss from equity accounted joint venture offset by fair value gain in biological assets and foreign exchange gain as a result of the IDR strengthening against the USD.

Cost of operation

Cost of sales increased by 5% from US\$22.3 million in 2Q2018 to US\$23.5 million in 2Q2019. The increase was mainly due to decrease in CPO production from 51,833 MT in 2Q2018 to 40,854 MT in 2Q2019 resulting in a higher cost per unit and lower gross margin.

Sales and distribution costs increased by 50% from US\$0.4 million in 2Q2018 to US\$0.6 in 2Q2019 mainly due to an increase in freight costs incurred.

The Group recorded a decrease in administrative expenses from US\$3.0 million in 2Q2018 to US\$2.6 million in 2Q2019 mainly due to decrease in staff cost.

Other gains comprise mainly of sale of waste and plasma management fee income.

Interest income decreased by 12% from US\$0.9 million in 2Q2018 to US\$0.8 million in 2Q2019 mainly due to repayment of loans from equity accounted joint venture.

Increase in interest expense is mainly due to one-off higher interest rate from a short-term bridging loan.

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1H2019 vs 1H2018

Revenue and profit

The Group's revenue decreased by 20% from US\$57.3 million in 1H2018 to US\$45.7 million in 1H2019. The decrease was mainly due to lower Average Selling Price ("ASP") of Crude Palm Oil ("CPO") offset by higher sales volume. ASP of CPO decreased 24% from US\$575 in 1H2018 to US\$437 in 1H2019 whereas sales volume of CPO increased by approximately 11% from 81,611 MT in 1H2018 to 90,226 MT in 1H2019. The Group recorded an Operating Profit ("OP") of US\$3.8 million in 1H2019 and a Net Loss After Tax ("NLAT") of US\$1.8 million in 1H2019. The NLAT in 1H2019 was mainly due to lower ASP and share of loss from equity accounted joint venture offset by fair value gain in biological assets and foreign exchange gain as a result of the IDR strengthening against the USD.

Cost of operation

Cost of sales decreased by 18% from US\$50.1 million in 1H2018 to US\$41.1 million in 1H2019 mainly due to a lower mix of CPO purchased. Gross margin was lower mainly due to lower ASP. CPO production increased marginally from 80,069 MT in 1H2018 to 81,683 MT in 1H2019.

Sales and distribution costs increased by 50% from US\$0.8 million in 1H2018 to US\$1.2 million in 1H2019 mainly due to an increase in freight costs incurred.

The Group recorded a decrease in administrative expenses from US\$5.7 million in 1H2018 to US\$5.1 million in 1H2019 mainly due to decrease in staff cost.

Other gains comprise mainly of sale of waste and plasma management fee income offset by expense from tax assessment results.

Interest income decreased by 5% from US\$1.8 million in 1H2018 to US\$1.7 million in 1H2019 mainly due to repayment of loans from equity accounted joint venture.

Review of financial position

Shareholders' equity decreased from US\$22.1 million as at 31 December 2018 to US\$20.7 million as at 30 June 2019 mainly due to the loss for the period of US\$1.8 million offset by a translation gain of US\$0.3 million.

The Group's total current assets increased by US\$3.7 million from US\$69.2 million as at 31 December 2018 to US\$72.9 million as at 30 June 2019. 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 biological assets amounting to US\$4.6 million mainly due to higher forecasted production; and
- b) decrease in inventories amounting to US\$1.4 million due to drawdown of CPO inventory.

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Total non-current assets increased by US\$0.2 million from US\$288.1 million as at 31 December 2018 to US\$288.3 million as at 30 June 2019. This was mainly due to the following:

- a) increase in deferred tax assets of US\$2.2 million mainly due to additional deferred tax assets recognised in relation to certain subsidiaries which are making losses for the period;
- b) decrease in other receivables of US\$1.3 million due to receipts from plasma farmers and share of loss from Joint Venture; and
- c) decrease in bearer plants of US\$0.5 million mainly due to depreciation and transfer of bearer plants to plasma.

The Group's total current liabilities decreased by US\$5.6 million from US\$132.3 million as at 31 December 2018 to US\$126.7 million as at 30 June 2019. This was mainly due to the following:

- a) decrease in other financial liabilities of US\$9.9 million due to decrease in short-term borrowing as a result of refinancing of some loans;
- b) increase in income tax payables of US\$2.2 million due to additional estimated tax payable recognised in relation to subsidiaries making profit for the period; and
- c) increase in trade and other payables of US\$2.1 million due to new loans from related parties.

Total non-current liabilities increased by US\$10.9 million from US\$202.8 million as at 31 December 2018 to US\$213.8 million as 30 June 2019. This was mainly due to refinancing of some loans as mentioned above.

The Group reported negative working capital of US\$53.8 million as at 30 June 2019. 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\$1.7 million from US\$16.8 million as at 31 December 2018 to US\$15.1 million as at 30 June 2019. The decrease was due net cash outflow from investing and financing activities offset by net cash inflow from operating activities

The Group's operating cash flows was higher by US\$3.8 million in 1H2019 as compared to 1H2018 mainly due to lower losses incurred for the periods.

The Group reported a net cash outflow used in investing activities of US\$3.4 million in 1H2019 mainly due to purchase of property, plant and equipment. Net cash flows used in financing activities was US\$13.3 million mainly due to repayments of borrowings and interest offset by proceeds from new borrowings.

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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.

Prices remained relatively weak for 2Q2019 but we have seen a slight recovery from the second half of July onwards. The market continued to remain volatile, dampened by news of the law passed in the EU to phase out palm oil use in biofuels. This effect was mitigated by news on biodiesel mandates in Indonesia and Malaysia. Demand from China has picked up and is expected to increase further as they continue to import less soy from the US as a result from the ongoing trade war.

In this challenging environment, we will continue to 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 and the reason for the decision

In view of the current market condition and the capital expenditure for 2019, no dividend has been declared or recommended for the financial period ended 30 June 2019.

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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)
	2019	2019
	<u>US\$'000</u>	<u>US\$'000</u>
Wilmar Group (Sales)	-	7,799
Wilmar Group (Purchases)	-	463
PT Berkah Wahana Sukses (Services Received)	222	-
PT Berkah Wahana Sukses (Services Received, shareholders' mandate obtained at EGM held on 29 April 2019)	147	
Kencana Energy Lestari (interest)	74	

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 June 2019 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
13 August 2019