KENCANA AGRI LIMITED
(Registration No: 200717793E)

UNAUDITED CONDENSED FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2022

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INFORMATION REQUIRED FOR ANNOUNCEMENT OF FINANCIAL YEAR ENDED 31 December 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 consolidated financial statements of the Group for the year ended 31 December 2022.

A. Condensed consolidated statement of comprehensive income

		Group financial year ended 31 December	
	Notes	2022	2021
		US$'000	US$'000
Revenue	5	152,541	128,454
Cost of sales	6	(108,946)	(87,289)
Gross profit		43,595	41,165
Interest income		675	1,089
Other gains	8	4,154	3,952
Changes in fair value of biological assets and plasma receivables	7	(7,415)	13,234
Distribution costs	9	(1,709)	(1,312)
Administrative expenses		(8,931)	(9,762)
Finance costs	10	(15,871)	(16,682)
Other losses	8	(11,473)	(6,403)
Share of results from equity-accounted joint ventures		-	(66)
Profit before tax		3,025	25,215
Income tax expense	11	(407)	(8,416)
Net profit for the year		2,618	16,799
Other comprehensive (loss) income			
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		(2,870)	8
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension plans, net of tax		104	267
Other comprehensive (loss) income for the year, net of tax		(2,766)	275
Total comprehensive (loss) income		(148)	17,074

B. Condensed statements of financial position

	Notes	Group 31 December 2022	Group 31 December 2021	Company 31 December 2022	Company 31 December 2021
ASSETS		US$'000	US$'000	US$'000	US$'000
Non-current assets					
Property, plant and equipment	13	63,083	65,122	-	-
Right-of-use assets	12	362	442	-	-
Bearer plants	14	101,896	118,763	-	-
Investments in subsidiaries		-	-	33,463	36,891
Investments in joint ventures		-	-	-	-
Land use rights	15	24,891	28,622	-	-
Deferred tax assets		5,724	4,702	-	-
Other receivables	20	5,394	3,668	-	-
Total non-current assets		201,350	221,319	33,463	36,891
Current assets					
Biological assets	17	27,871	36,815	-	-
Inventories		16,010	12,932	-	-
Trade and other receivables		29,353	32,839	27,248	31,672
Other non-financial assets		3,142	3,300	1	1
Cash and cash equivalents	18	16,842	18,727	76	77
		93,218	104,613	27,325	31,750
Asset classified as held-for-sale	16	4,987	8,290	-	-
Total current assets		98,205	112,903	27,325	31,750
Total assets		299,555	334,222	60,788	68,641
EQUITY AND LIABILITIES					
Equity					
Share capital	19	93,860	93,860	93,860	93,860
(Accumulated losses) / Retained earnings		(21,171)	(23,893)	541	2,163
Other reserve		2,400	2,485	-	-
Translation reserve		(44,557)	(41,687)	(33,741)	(27,452)
Total equity attributable to owners of the Company		30,532	30,765	60,660	68,571
Non-current liabilities					
Advances from customer		20,163	-		
Deferred tax liabilities		4,094	5,431	-	-
Lease liabilities	24	1,312	228	-	-
Other financial liabilities	24	144,830	179,240	-	-
Other non-financial liabilities		6,423	6,137	-	-
Total non-current liabilities		176,822	191,036	-	-
Current liabilities					
Income tax payable		736	2,745	-	-
Trade and other payables		39,255	54,006	128	70
Lease liabilities	24	913	149	-	-
Other financial liabilities	24	48,417	51,692	-	-
		89,321	108,592	128	70
Liabilities associated with assets classified as held-for-sale	16	2,880	3,829	-	-
Total current liabilities		92,201	112,421	128	70
Total liabilities		269,023	303,457	128	70
Total equity and liabilities		299,555	334,222	60,788	68,641

C. Condensed consolidated statement of cash flows

	Group financial year ended 31 December	
	2022	**2021**
	US$'000	**US$'000**
Cash flows from operating activities		
Profit before tax	3,025	25,215
Adjustments for:		
Interest income	(675)	(1,089)
Interest expense	15,871	16,682
Amortisation of land use rights	1,267	1,289
Depreciation expense	15,325	15,117
Fair value changes in biological assets	5,824	(13,168)
Fair value changes in plasma receivables	1,591	(66)
Provision for employment pension benefits	1,041	443
Loss (gain) on disposal of property, plant and equipment	55	(78)
Bearer plants written-off	77	41
Write-off of long overdue payables to supplier	(1,730)	-
Impairment on other receivables – joint ventures	-	100
Impairment on asset held for sale	89	3,281
Share of results from equity-accounted joint ventures from continuing operations	-	66
Net effect of exchange rate changes in consolidating entities	8,619	2,329
Operating cash flows before changes in working capital	50,379	50,162
Inventories	(4,280)	(2,378)
Trade and other receivables	426	2,550
Other non-financial assets	(149)	(1,418)
Trade and other payables	14,864	(3,774)
Net cash flows from operations	61,240	45,142
Income taxes paid	(6,904)	(5,451)
Net cash flows from operating activities	54,336	39,691
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	193	138
Purchase of property, plant and equipment	(9,538)	(4,209)
Additions to bearer plants	(887)	(568)
Purchase of land use rights	-	(878)
Proceeds from sale of assets held for sale – investment property	-	2,306
Interest received	675	606
Net cash flows used in investing activities	(9,557)	(2,605)
Cash flows used in financing activities		
Cash restricted in use	(54)	(5,673)
Proceeds from borrowings	149,143	142,498
Repayment of borrowings	(177,008)	(156,433)
Repayments of lease liabilities	(644)	(300)
Interest paid	(16,147)	(17,493)
Repayment to related parties	-	(398)
Net cash flows used in financing activities	(44,710)	(37,799)
Net increase (decrease) in cash and cash equivalents	69	(713)
Net effect of exchange rate changes on cash and cash equivalents	(140)	29
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	2,871	2,942

Cash and cash equivalents as presented in the statement of financial positions :		
Cash and cash equivalents	16,842	18,727
Less:		
Bank overdrafts included in other financial liabilities - current	-	(438)
Deposits pledged for bank facilities	(13,971)	(15,347)
	2,871	2,942

D. Condensed Statements of Changes in Equity

Group	Total equity attributable to owners of the Company	Share capital	Accumulated losses	Other reserve	Reserve on post-employment benefits	Translation reserve
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current year:						
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 year	(148)	-	2,618	-	104	(2,870)
Transferred to accumulated losses	(85)	-	104	(85)	(104)	-
Closing balance at 31 December 2022	30,532	93,860	(21,171)	2,400	-	(44,557)
Previous year:						
Opening balance at 1 January 2021	13,691	93,860	(40,959)	2,485	-	(41,695)
Changes in equity:						
Total comprehensive income for the year	17,074	-	16,799	-	267	8
Transferred to accumulated losses	-	-	267	-	(267)	-
Closing balance at 31 December 2021	30,765	93,860	(23,893)	2,485	-	(41,687)

Company	Total equity	Share capital	Retained earnings	Translation reserve
	US$'000	US$'000	US$'000	US$'000
Current year:				
Opening balance at 1 January 2022	68,571	93,860	2,163	(27,452)
Changes in equity:				
Total comprehensive loss for the year	(7,911)	-	(1,622)	(6,289)
Closing balance at 31 December 2022	60,660	93,860	541	(33,741)
Previous year:				
Opening balance at 1 January 2021	69,863	93,860	2,629	(26,626)
Changes in equity:				
Total comprehensive loss for the year	(1,292)	-	(466)	(826)
Closing balance at 31 December 2021	68,571	93,860	2,163	(27,452)

E. Notes to the condensed 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 consolidated financial statements as at and for the financial year ended 31 December 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. In addition, the notes to the financial statements include the objectives, policies and processes for managing capital, the financial risk management objectives, details of its financial instruments, availability of borrowing facilities and its exposures to credit risk and liquidity risk. 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.

If the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the statement of financial position. In addition, the Group may have to provide for further liabilities which may arise.

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 financial statements.

2 Basis of preparation

The condensed consolidated financial statements for the financial year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Financial Reporting* issued by the Accounting Standards Council in Singapore. The condensed 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 consolidated financial statements are presented in United States Dollars.

2.1 New and amended standards

There has been no change in the accounting policies and methods of computation adopted by the Group for the current reporting year 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 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 year in which the estimates are revised and in any future years affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the 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 fresh fruit bunch ("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 year 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 years 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 year 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 year 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 year 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 31 December 2022 was US$6,423,000 (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

In 2021, the Group has entered into an agreement to dispose off its indirect-owned subsidiary, PT Karunia Alam Makmur ("KAM") and has classified the relevant assets and the associated liabilities as held for sale as they were available for immediate sale and could be sold to the buyer in their current condition and the actions to complete the sale were initiated and expected to be completed within one year. Subsequent to the financial year ended 31 December 2022, the transaction was completed in February 2023.

(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 year.

4. Segment information

Information about reportable segment profit or loss, assets and liabilities

Segment reporting is not presented as the group is primarily engaged in the palm oil plantation business. The core business consists of planting of palm oil trees, processing of fresh fruit bunches into palm oil and palm kernel at the palm oil mills and kernel crushing plants and the sale of crude palm oil and palm kernel. The measurement of profit or loss that is used by the chief operating decision makers is on a group basis.

Geographical information

	Revenue financial year ended		Non-current assets	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Indonesia	152,541	128,454	187,636	210,322
Singapore	-	-	2,596	2,627
Total	152,541	128,454	190,232	212,949

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.

Revenue from major customers

	Group financial year ended	
	2022	2021
	US$'000	US$'000
Top 1 customer in plantation segment	59,825	43,023
Top 2 customers in plantation segment	108,024	58,441
Top 3 customers in plantation segment	116,391	73,269

5. Revenues

Revenue classified by type of good or service:

	Group financial year ended 31 December	
	2022	2021
	US$'000	US$'000
Sale of goods	152,464	128,034
Logistics and bulking	77	420
	152,541	128,454

The revenue from sale of goods such as Crude Palm Oil ("CPO"), palm kernel and FFB, and rendering of services are 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.

Breakdown of revenue and operating profit by period :

		The Group		
		2022 US$'000	2021 US$'000	% Increase/ (Decrease)
(a)	Revenue reported for the first half year	68,969	63,835	8.0%
(b)	Operating profit before deducting non-controlling interests reported for the first half year (*) (**)	15,874	24,980	-36.5%
(c)	Revenue reported for the second half year	83,572	64,619	29.3%
(d)	Operating profit before deducting non-controlling interests reported for the second half year	12,283	18,290	-32.8%

(*) Operating profit is defined as profit before tax, foreign exchange differences, finance cost, interest income and share of results from equity-accounted joint ventures.The decrease in 2022 was mainly due to the Group's reported fair value loss in biological assets and plasma receivables.

(**) In first half of 2022, the operating profit included a gain from reversal of an impairment of investment in joint venture amounted to US$1.7 million which was inadvertently regarded as over impairment. The gain was reversed in the second half of the year.

6. Cost of Sales

	Group financial year ended 31 December	
	2022 US$'000	2021 US$'000
Cost of goods produced and purchases	108,727	86,948
Cost incurred for rental income and rendering of services	219	341
	108,946	87,289

7. Changes in biological assets and plasma receivables

	Group financial year ended 31 December	
	2022 US$'000	2021 US$'000
(Loss) or gain on fair value changes in biological asset	(5,824)	13,168
(Loss) or gain on fair value changes in plasma receivables	(1,591)	66
	(7,415)	13,234

8. Other gains and (other losses)

	Group financial year ended 31 December	
	2022 US$'000	2021 US$'000
(Loss) or gain on disposal of property, plant and equipment	(55)	78
Foreign exchange translation loss	(9,936)	(2,396)
Withholding and other tax losses	(1,316)	(585)
Write-off of long overdue payables to supplier	1,730	-
Insurance claim	102	-
(Impairment) or reversal on other receivables – joint ventures	-	(100)
(Impairment) or reversal on asset held for sale	(89)	(3,281)
Management fee from plasma	1,971	2,754
Tolling fee	91	70
Sale of waste	129	233
Bearer plant written-off	(77)	(41)
Quality claims to supplier for prior year purchases	-	447
Miscellaneous	131	370
	(7,319)	(2,451)
Presented in profit or loss as:		
Other gains	4,154	3,952
Other losses	(11,473)	(6,403)
Net	(7,319)	(2,451)

9. Distribution costs

	Group financial year ended 31 December	
	2022	2021
	US$'000	US$'000
Freight & storage cost	1,632	1,197

10. Finance costs

	Group financial year ended 31 December	
	2022	2021
	US$'000	US$'000
Gross finance costs	16,147	17,493
Less: capitalised in bearer plants	(276)	(811)
Net finance costs	15,871	16,682

11. Income tax

	Group financial year ended 31 December	
	2022	2021
	US$'000	US$'000
Income tax expense	407	8,416

The Group's operations are predominantly located in Indonesia. The national corporate income tax rate is 22% from financial year 2021 onwards.

For financial year ended 31 December 2022, our effective tax rate was lower than the statutory tax rate. This was mainly due to net accrual of additional deferred tax asset of US$1.9 million during the year (mainly due to estimate on realization of certain tax losses) and the Group has concluded that this deferred tax asset will be recoverable based on the estimated future taxable income of the Group. Excluding the accrual of this deferred tax asset, the Group's effective rate was higher than statutory tax rate due mainly to certain expenses not deductible for tax purposes and losses of certain subsidiaries not recognized as deferred tax assets due to the uncertainty of its future profit streams.

In 2021, Our effective tax rate was higher than statutory tax rate due mainly to certain expenses not deductible for tax purposes and losses of certain subsidiaries not recognized as deferred tax assets due to the uncertainty of its future profit streams.

12. 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	
	31 December 2022	31 December 2021
	US$'000	US$'000
Group		
Cost:		
At beginning of the year	694	702
Foreign exchange difference	(65)	(8)
At end of the year	629	694
Accumulated depreciation:		
At beginning of the year	252	213
Depreciation for the year	38	42
Foreign exchange difference	(23)	(3)
At end of the year	267	252
Carrying value:		
At beginning of the year	442	489
At end of the year	362	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 31 December 2033. The Group has prepaid the lease payments to the related party. Accordingly, there is no lease liability.

13. 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	-	(194)	-	(1,035)	(1,229)
At 31 December 2021	35	35,755	3,526	105,987	145,303
Foreign exchange difference	-	(3,387)	(645)	(10,981)	(15,013)
Additions	-	92	7,638	4,233	11,963
Disposals	-	(7)	(46)	(1,512)	(1,565)
Reclassifications	-	546	(1,561)	1,015	-
At 31 December 2022	35	32,999	8,912	98,742	140,688
Accumulated Depreciation and Impairment Losses:					
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	-	(59)	-	(660)	(719)
At 31 December 2021	-	16,420	-	63,761	80,181
Foreign exchange difference	-	(1,683)	-	(7,322)	(9,005)
Depreciation for the year	-	2,176	-	5,569	7,745
Disposals	-	(5)	-	(1,311)	(1,316)
At 31 December 2022	-	16,908	-	60,697	77,605
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 31 December 2022	35	16,091	8,912	38,045	63,083

14. Bearer plants

	Group	
	31 December 2022	31 December 2021
	US$'000	US$'000
Cost:		
At beginning of the year	170,071	175,237
Additions	887	568
Capitalisation of interest cost	276	811
Capitalisation of depreciation expense	50	243
Write-off	(77)	(51)
Transfer to asset held for sale	-	(4,723)
Foreign exchange difference	(15,865)	(2,014)
At end of the year	155,342	170,071
Accumulated Depreciation:		
At beginning of the year	51,308	45,934
Depreciation for the year	7,285	6,818
Write-off	-	(10)
Transfer to asset held for sale	-	(942)
Foreign exchange difference	(5,147)	(492)
At end of the year	53,446	51,308
Carrying Value:		
At beginning of the year	118,763	129,303
At end of the year	101,896	118,763

15. Land use rights

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Cost:		
At beginning of the year	38,190	42,584
Foreign exchange difference	(3,550)	(485)
Additions	-	878
Transfer to asset held for sale	-	(4,787)
At end of the year	34,640	38,190
Accumulated amortisation:		
At beginning of the year	9,568	9,405
Foreign exchange difference	(948)	(100)
Amortisation for the year included under cost of sales	1,129	1,289
Transfer to asset held for sale	-	(1,026)
At end of the year	9,749	9,568
Carrying value:		
At beginning of the year	28,622	33,179
At end of the year	24,891	28,622

16. Assets classified as held-for-sale

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"), have entered into a conditional share sale and purchase agreement with PT Central Cipta Murdaya for the disposal of its entire equity interests in a wholly owned subsidiary, PT Karunia Alam Makmur ("KAM"). The transaction was completed in February 2023.

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

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Loan receivable from joint venture	-	2,732
Disposal of KAM	4,987	5,558
Total assets classified as held for sale	4,987	8,290

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

	31 December 2022 US$'000
Cash and cash equivalents	56
Inventories	59
Trade and other receivables	451
Property, plant, and equipment, net	382
Bearer plants	3,224
Land rights	3,281
Total assets of KAM	7,453
Impairment	(2,704)
Forex alignment	238
Asset held for sale	4,987
Trade and other payables	1,330
Current tax payable	1
Current portion of long term borrowings	1,520
Estimated liabilities for employee benefits	20
Long term bank loan	9
Liabilities held for sale	2,880
Net carrying amount at end of the year	2,107

17. Biological assets

	Group	
	31 December 2022	31 December 2021
	US$'000	US$'000
Movement in fair value		
At beginning of the year	36,815	23,841
Foreign exchange difference	(3,120)	(194)
Fair value less estimated point-of-sale costs	(5,824)	13,168
At end of the year (Level 3)	27,871	36,815

There was no change in the fair value hierarchy during the year. 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 year-end are based on management inspection on actual condition of un-harvested FFB growing on the trees in December 2022;
(ii) The discount rate used in December 2022 is 11.79% 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 December 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. 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	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Not restricted in use	2,871	3,380	76	77
Deposits pledged for bank facilities	13,971	15,347	-	-
Cash at end of the year	16,842	18,727	76	77

The interest earning balances are not significant.

19. Share Capital

	Number of shares issued	Share capital
	'000	US$'000
Ordinary shares of no par value:		
Balance at 1 January 2021, 31 December 2021 and 31 December 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

Ongoing Lawsuit
In 2020, a subsidiary of the Group and its subcontractor received a court summon from an external party for the alleged misuse of a patent with potential financial penalty of US$70,000. The Court has pronounced the verdict at the trial on 24 May 2022 and rejected the claim from the plaintiff.

In relation to the Court decision, the plaintiff has filed an appeal to High Court of Jakarta. The High Court of Jakarta annulled the Lower Court verdict.

According to the verdict of the High Court of Jakarta, the subsidiary filed the appeal to the Supreme Court. As at the date of this announcement, the case is still under examination by the Supreme Court of Republic Indonesia and no result been issued yet.

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 year are as follows:

	Group	
	31 December 2022	31 December 2021
	US$'000	US$'000
Facility amounts	22,059	27,266
Outstanding balances	12,888	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 as below :

	Group	
	31 December 2022	31 December 2021
	US$'000	US$'000
Presented as other receivables:		
Advances under Plasma Programme, current	10,582	15,535
Advances under Plasma Programme, non-current	5,394	3,668
Total	15,976	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 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 5.50% (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. Capital Commitment

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

	Group	
	31 December 2022	31 December 2021
	US$'000	US$'000
Commitments for construction of leasehold buildings	1,101	1,548
Commitments for construction of CPO mill and purchase of plant, fixtures and equipment	1,906	4,698

22. 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 year:

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	US$'000	US$'000	US$'000	US$'000
Financial assets:				
Financial assets measured at amortised cost	32,327	39,165	27,324	31,749
Financial assets at FVTPL	5,394	3,668	-	-
	37,721	42,833	27,324	31,749
Financial liabilities:				
Financial liabilities measured at amortised cost	225,369	266,501	128	70

23. Related party transactions

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 financial statements are not disclosed as related party transactions and balances below.

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

	Group financial year ended 31 December	
Group	2022	2021
	US$'000	US$'000
Related parties:		
Sales of commodities [(a)]	8,479	6,497
Services received [(b)]	(2,377)	(1,775)
Sales and processing of EFB [(b)]	120	-
Land lease [(b)]	10	-
Interest expense to a shareholder [(a)]	-	(15)
Interest expense to a director [(b)]	-	(55)

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

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

Loans and borrowings

The Group's loans and borrowings of US$195.5 million (2021: S$231.3 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	
	31 December 2022	31 December 2021
	US$'000	US$'000
Amount due within one year		
Secured	49,330	51,841
Amount due more than one year		
Secured	146,142	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 year end, the lenders have agreed to waive the compliance of all the breaches in the covenants of certain loans amounting to US$47,258,000 (31 December 2021: US$77,974,000).

25. 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.

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 31 December 2021 and 31 December 2022.

The Company has not granted options or shares during the financial year ended 31 December 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.

	31 December 2022 Number of shares	31 December 2021 Number of shares
Issued and fully paid:		
At beginning and end of the year	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.
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.
Not applicable.

26. 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

	Group financial year ended 31 December	
	2022	2021
	US Cents	US Cents
Total earnings per share attributable to ordinary equity holders of the Company	0.91	5.85
Total diluted earnings per share attributable to ordinary equity holders of the Company	0.91	5.85
Weighted number of shares	287,011,177	287,011,177

27. 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

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	10.64	10.72	21.14	23.89
Number of shares outstanding	287,011,177	287,011,177	287,011,177	287,011,177

28. Subsequent events

PT. Karunia Alam Makmur ("KAM")
In January 2023, the Company, through its wholly owned subsidiaries PT. Alamraya Kencana Mas ("AKM") had subscribed for additional 145,600 shares in a subsidiary, KAM for cash consideration of IDR 145,600,000,000 as part of the conditions to complete the sales of KAM. In February 2023, the sales of KAM was completed.

29. Other significant event

Asset disposal
As announced in April 2022, the Group had entered an MOU with third parties to facilitate due diligence and negotiation between the parties with the intention of entering into a definitive sale and purchase agreement to dispose a plantation land owned by the Group. As of to date, the negotiation is ongoing and further update will be provided when there is material development.

F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Kencana Agri Limited and its subsidiaries as at 31 December 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 year 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.
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

Review of financial performance

Revenue and profit
The Group's revenue increased by 19% from FY2021 due to higher sales volume and selling prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK"). The sales volume of CPO was 165,769MT in FY2022, an increase of 9% as compared to last financial year's volume of 152,001MT. Likewise, the sales volume of PK increased by 8% from 34,531MT to 37,148MT in FY2022. The average selling price ("ASP") of CPO in FY2022 was US$761/MT which was 8% higher than that of the last financial year of US$705/MT. The ASP of PK has also increased to US$502/MT in FY2022 from US$429/MT in FY2021.

Notwithstanding the better performance in the top line, the Group's profit after tax decreased by 84% from US$16.8 million in FY2021 to US$2.6 million in FY2022. This decrease was mainly due to the Group reporting (i) fair value loss in biological assets of US$5.8 million (2021: gain of US$13.2 million) as a result of the 30% decrease in FFB price from US$213/MT in FY2021 to US$150/MT in FY2022 and (ii) mainly unrealized foreign exchange loss of US$9.9 million (2021: US$2.4 million) following further depreciation of IDR against USD in FY2022.

Cost of operation
Our cost of sales increased by 25% from $87.3 million to US$ 108.9 million in FY2022 and our gross margin decreased to 29% from 32% in FY2021. This was mainly due to increase in the purchase of third party FFB for processing, which is more costly as compared to the Group's own harvested FFB. The additional purchase of 3rd party FFB is part of the Group's strategy to better utilise the capacity of its mill and increase production volume of CPO.

Sales and distribution costs increased from US$1.3 million in FY2021 to US$1.7 million in FY2022. This was in line with the increase in the sales volume which remained stable at 1% of revenue.

Review of financial position

The Group's total current assets decreased by US$14.7 million from US$112.9 million as at 31 December 2021 to US$98.2 million as at 31 December 2022. The movement in current assets arose mainly from:

a) decrease in carrying value of asset held for sale which was due to completion of the disposal of PT Cahaya Permata Gemilang in FY2022; and
b) decrease in biological assets amounting to US$8.9 million due mainly to lower FFB price.

Total non-current assets decreased by US$19.9 million from US$221.3 million as at 31 December 2021 to US$201.4 million as at 31 December 2022. This was mainly due to depreciation of bearer plants and property, plant and equipment of US$16.9 million and US$2.0 million respectively.

The Group's total current liabilities decreased by US$20.2 million from US$112.4 million as at 31 December 2021 to US$92.2 million as at 31 December 2022. This was mainly due to the following:

a) decrease in trade and other payables amounting to US$14.8 million due to settlement of payables; and
b) decrease in other financial liabilities of US$3.3 million due to repayment of current portion of long - term borrowings.

Total non-current liabilities decreased by US$14.2 million from US$191.0 million as at 31 December 2021 to US$176.8 million as at 31 December 2022 resulting from repayment of long-term borrowings of US$34.4 million offset against additional long-term trade advance from customer amounting to US$20.2 million.

Review of Group cash flows

The Group's operating cash flow increased by US$14.6 million in 31 December 2022 as compared to 31 December 2021 mainly due to trade advance received from customer. The Group reported a net cash outflow used in investing activities of US$9.6 million in 2022 mainly due to payment for property, plant and equipment and bearer plants. Net cash flows used in financing activities was US$44.7 million mainly due to repayments of borrowings and interest 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.

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.

CPO price is expected to remain stable in 2023 but with the potential of improvement following the decision of the Government of Indonesia to increase its biodiesel blending mandate from 30% (B30) to 35% (B35) in February 2023. However, a global economic slowdown compounded by high inflation may adversely impact the overall performance of the Group. The Group will continue to keep vigil on costs and further sharpen its competitive edge by improving production productivity and increasing general efficiency.

As announced in April 2022, the Group had entered an MOU with third parties to facilitate due diligence and negotiation between the parties with the intention of entering into a definitive sale and purchase agreement to dispose a plantation land owned by the Group. As of to date, the negotiation is ongoing and further update will be provided when there is material development. If the proposed disposal materialised in 2023, barring any unforeseen circumstances, it may have a positive impact on the earnings per share and net tangible assets per share of the Group for the financial year ending 31 December 2023.

6. Dividend

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.

In view of the current market condition, no dividend has been declared or recommended for the financial year ended 31 December 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.

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$100,000)**
		FY2022	**FY2022**
		US$'000	**US$'000**
Wilmar Group [(1)] (Sales)	Controlling shareholder	-	8,479
PT Berkat Wahana Sukses [(2)] (Services received, shareholders' mandate obtained at EGM held on 29 April 2019)	Associate of Maknawi family	-	2,354

[(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.
Not applicable.

9. Board of Directors' assurance.

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 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.

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 of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(3). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family Relationship with any Director, Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties held, if any, during the year
Albert Maknawi	42	Son of Henry Maknawi (Executive Chairman) Nephew of Ratna Maknawi (Executive Vice-Chairman)	**<u>Executive Director and Chief Executive Officer</u>** <u>2020</u> Responsible for the overall business strategies and the policies of the Group. Mr Maknawi continues to oversee the Group's overall operating activities, including strategic planning of the Group. **<u>Chief Executive Officer</u>** <u>2018</u> Responsible for the overall business strategic and policies of the Group. **<u>Chief Operating Officer</u>** <u>2011</u> Overseeing the Group's overall operational activities, including strategic planning for the Group. **<u>Deputy Chief Operating Officer</u>** <u>2010</u> Assisting the Chief Operating Officer on the day-to-day operations, including strategic planning for the Group. **Director of Subsidiaries:** <u>2017</u> PT Sawit Permai Lestari PT Wira Palm Mandiri PT Mentari Bangun Persada	Resignation from Director of PT Cahaya Permata Gemilang Resignation from Director of PT Listrindo Kencana

			PT Citra Megah Kencana 2010 PT Bumi Permai Sentosa 2007 Sawindo Agri Pte. Ltd. **Commissioner of subsidiaries of Joint Venture Company:** 2018 PT Belitung Energy 2014 PT Energy Cipta Usaha	
Ajis Chandra	59	Brother-in-law of Henry Maknawi (Executive Chairman) Husband of Ratna Maknawi (Executive Vice-Chairman)	**Director of Subsidiaries:** 2010 PT Bumi Permai Sentosa 2007 Kencana Logistics Pte. Ltd. 2021 Sawindo Agri Pte Ltd	No change
Augyawati Joe	43	Niece of: - Henry Maknawi (Executive Chairman) - Ratna Maknawi (Executive Vice-Chairman)	**Director of Subsidiaries:** 2008 Sawindo Agri Pte. Ltd. Kencana Logistics Pte. Ltd. Kencana Plantations Pte. Ltd.	No change
Eddy Maknawi	60	Brother of Henry Maknawi (Executive Chairman) Brother of Ratna Maknawi (Executive Vice-Chairman)	**Head of Procurement:** 2008 In charge of the Group's procurement. **Director of Subsidiaries:** 2017 PT Bumi Permai Sentosa 2015 PT. Mentari Bangun Persada PT. Citra Megah Kencana 2010 PT. Sawit Permai Lestari PT. Wira Palm Mandiri **Commissioner of Subsidiaries:** 2017 PT. Karunia Alam Makmur PT. Sawit Tiara Nusa PT. Delta Subur Permai 2015 PT. Loka Indah Lestari PT. Karunia Sawit Permai 2010 PT. Wira Mas Permai PT. Palm Makmur Sentosa PT. Langgeng Nusa Makmur PT. Belitung Energy PT. Agro Mas Lestari 2007 PT. Sawindo Cemerlang PT. Wira Sawit Mandiri	No change

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

Increase in share capital of subsidiaries

The Company, through its wholly owned subsidiaries, had subscribed for additional new shares of another subsidiaries within the Group as follows :

In November 2022, PT. Wira Palm Mandiri ("WPM"), had subscribed for additional 40,000 shares in PT. Agro Inti Kencana Mas ("AIK") for cash consideration of IDR 40,000,000,000. In the same period, WPM had subscribed for additional 12,500,000 shares in PT. Sawit Kaltim Lestari ("SKL") for cash consideration of IDR 125,000,000,000. Following the subscription, there is no change in the percentage shareholding of the Company in AIK and SKL.

The rationale for the increase in the share capital is to strengthen the capital structure of AIK and SKL. The aforesaid subscription was funded through internal resources of the Group and the subscription is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial period ended 31 December 2022.

BY ORDER OF THE BOARD KENCANA AGRI LIMITED

Ratna Maknawi
Vice Chairman and Executive Director
27 February 2023