KENCANA AGRI LIMITED
(Registration No: 200717793E)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended 30 June 2026

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The board of directors (the "Board") of Kencana Agri Limited (the "Company", and together with its subsidiaries, the "Group") is pleased to announce the unaudited condensed interim consolidated financial statements of the Group for the period ended 30 June 2026.

A. Condensed interim consolidated statement of comprehensive income

	Notes	Group 6 months ended 30 June 2026 US$'000	Group 6 months ended 30 June 2025 US$'000
Revenue	5	110,804	87,148
Cost of sales	6	(78,721)	(58,937)
Gross profit		32,083	28,211
Interest income		145	225
Other gains	8	748	830
Changes in fair value of biological assets and plasma receivables	7	(1,336)	(2,232)
Distribution costs	9	(1,101)	(1,374)
Administrative expenses		(4,983)	(5,169)
Finance costs	10	(5,299)	(6,939)
Other losses	8	(1,397)	(420)
Profit before tax		18,860	13,132
Income tax expense	11	(7,060)	(3,350)
Net profit for the period		11,800	9,782
Other comprehensive 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		(3,468)	(77)
Other comprehensive loss for the period, net of tax		(3,468)	(77)
Total comprehensive income		8,332	9,705

B. Condensed interim consolidated statements of financial position

	Notes	Group 30 June 2026 US$'000	Group 31 December 2025 US$'000	Company 30 June 2026 US$'000	Company 31 December 2025 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	68,132	70,845	-	-
Right-of-use assets	12	185	232	-	-
Bearer plants	14	80,442	85,974	-	-
Investments in subsidiaries		-	-	29,480	31,367
Land use rights	15	19,789	21,600	-	-
Deferred tax assets		1,956	2,752	-	-
Other receivables	19	5,101	5,982	-	-
Total non-current assets		175,605	187,385	29,480	31,367
Current assets					
Biological assets	16	20,705	23,198	-	-
Inventories		16,597	15,361	-	-
Trade and other receivables		9,866	9,232	32,529	34,231
Other non-financial assets		2,895	1,408	-	-
Cash and cash equivalents	17	29,091	26,974	734	56
Total current assets		79,154	76,173	33,263	34,287
Total assets		254,759	263,558	62,743	65,654
EQUITY AND LIABILITIES					
Equity					
Share capital	18	93,860	93,860	93,860	93,860
Retained earnings (accumulated losses)		16,963	8,538	(1,027)	(488)
Other reserve		2,400	2,400	-	-
Foreign exchange translation reserve		(51,389)	(47,921)	(40,808)	(37,452)
Total equity attributable to owners of the Company		61,834	56,877	52,025	55,920
Non-current liabilities					
Advances from customer	20	-	2,700	-	-
Deferred tax liabilities		3,150	3,316	-	-
Lease liabilities	24	1,188	1,410	-	-
Other financial liabilities	24	95,731	114,745	-	-
Other non-financial liabilities		4,725	5,341	-	-
Total non-current liabilities		104,794	127,512	-	-
Current liabilities					
Income tax payable		7,170	5,905	-	-
Trade and other payables	20	35,156	33,086	10,718	9,734
Lease liabilities	24	1,258	1,409	-	-
Other financial liabilities	24	44,547	38,769	-	-
Total current liabilities		88,131	79,169	10,718	9,734
Total liabilities		192,925	206,681	10,718	9,734
Total equity and liabilities		254,759	263,558	62,743	65,654

C. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June	
	2026	2025
	US$'000	US$'000
Cash flows from operating activities		
Profit before tax	18,860	13,132
Adjustments for:		
Interest income	(145)	(225)
Interest expense	5,299	6,939
Amortisation of land use rights	529	556
Depreciation expense	7,212	7,307
Fair value changes in biological assets	1,135	2,273
Fair value changes in plasma receivables	201	(41)
(Reversal) provision for employment pension benefits	(306)	79
Loss on disposal of property, plant and equipment	76	23
Bearer plant written-off	30	-
Write-off of bad debts	6	6
Write-off of long overdue payables to supplier	(12)	(39)
Net effect of exchange rate changes in consolidating entities	580	110
Operating cash flows before changes in working capital	33,465	30,120
Inventories	(2,236)	(12,329)
Trade and other receivables	(898)	1,563
Other non-financial assets	(1,627)	(320)
Trade and other payables	882	8,448
Net cash flows from operations	29,586	27,482
Income taxes paid	(5,069)	(2,917)
Net cash flows from operating activities	24,517	24,565
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	33	81
Purchase of property, plant and equipment	(4,447)	(3,803)
Additions to bearer plants	(2,516)	(1,873)
Interest received	145	225
Net cash flows used in investing activities	(6,785)	(5,370)
Cash flows used in financing activities		
Cash (allocated to) released from resctricted account	(3,069)	9,784
Proceeds from borrowings	36,628	45,208
Repayment of borrowings	(40,784)	(61,561)
Repayments of lease liabilities	(851)	(192)
Dividends paid	(3,375)	-
Interest paid	(5,480)	(6,941)
Net cash flows used in financing activities	(16,931)	(13,702)
Net increase in cash and cash equivalents	801	5,493
Net effect of exchange rate changes on cash and cash equivalents	(1,045)	24
Cash and cash equivalents, beginning balance	16,927	9,393
Cash and cash equivalents, ending balance	16,683	14,910
Cash and cash equivalents as presented in the statement of financial positions :		
Cash and cash equivalents	29,091	21,512
Deposits pledged for bank facilities	(12,408)	(6,602)
	16,683	14,910

D. Condensed interim consolidated statements of changes in equity

Group	Total equity attributable to owners of the Company	Share capital	Retained earnings	Other reserve	Translation reserve
	US$'000	US$'000	US$'000	US$'000	US$'000
Current year:					
Opening balance at 1 January 2026	56,877	93,860	8,538	2,400	(47,921)
Changes in equity:					
Total comprehensive income for the period	8,332	-	11,800	-	(3,468)
Dividends paid	(3,375)	-	(3,375)	-	-
Closing balance at 30 June 2026	61,834	93,860	16,963	2,400	(51,389)
Previous year:					
Opening balance at 1 January 2025	40,925	93,860	(9,351)	2,400	(45,984)
Changes in equity:					
Total comprehensive income for the period	9,705	-	9,782	-	(77)
Closing balance at 30 June 2025	50,630	93,860	431	2,400	(46,061)

Company	Total equity	Share capital	(Accumulated losses) retained earnings	Translation reserve
	US$'000	US$'000	US$'000	US$'000
Current year:				
Opening balance at 1 January 2026	55,920	93,860	(488)	(37,452)
Changes in equity:				
Total comprehensive loss for the period	(520)	-	2,836	(3,356)
Dividends paid	(3,375)	-	(3,375)	-
Closing balance at 30 June 2026	52,025	93,860	(1,027)	(40,808)
Previous year:				
Opening balance at 1 January 2025	57,658	93,860	(886)	(35,316)
Changes in equity:				
Total comprehensive income for the period	853	-	1,092	(239)
Closing balance at 30 June 2025	58,511	93,860	206	(35,555)

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

The Company is incorporated as a limited liability Company and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2026 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 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.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Committee under ACRA. The condensed interim consolidated financial statements is included all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand changes in the Group's financial positions and performance of the Group since the last annual financial statements for the year ended 31 December 2025.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in United States Dollars.

2.1 New and amended standards

There has been no change in the accounting policies and methods of computation adopted by the Group for the current reporting period compared with the audited financial statements for the year ended 31 December 2025, 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 2026. The adoption of these SFRS(I) and INT SFRS(I) has no significant impact on the Group.

2.2 Use of judgement and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2025.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future 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) Taxation;
(c) Impairment assessment of cost of investments and other receivables from subsidiaries;
(d) Impairment assessment of non-current non-financial assets;
(e) Assessing expected credit loss allowance on trade and other receivables;
(f) Useful lives of property, plant and equipment;
(g) Land use right;
(h) Provision of pension and employee benefits;
(i) Advances/guarantees under Plasma Programme;
(j) Environmental regulations;
(k) Climate risks.

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

The biological assets (un-harvested fresh fruit bunches ("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 yield of oil palm trees, annual discount rate, cost of production and projected selling prices of FFB. The disclosures about measurement of fair values are included in Note 16, which explains that small changes in the key assumptions used could give rise to gains and losses. Actual outcomes could vary from these estimates.

(b) Taxation

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 judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

(c) Impairment assessment of cost of investments and other receivables from subsidiaries

Where a subsidiary is in net equity deficit and or has suffered losses, a test is made whether the investment and other receivable from subsidiary 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 subsidiary, 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 period that are different from assumptions could require a material adjustment to the carrying amounts.

The two subsidiaries of the company that own the Group's Indonesian palm oil plantation business are Kencana Plantations Pte Ltd ("KP") and Sawindo Agri Pte Ltd ("SA"). The KP subgroup and SA subgroup's palm oil plantation estates are individually identified as a single Cash Generating Unit ("CGU") for impairment testing. The recoverable amounts of the CGUs were also used for the purpose of management's impairment assessment of the Group's non-current non-financial assets comprising primarily of property, plant and equipment, bearer plants and land use rights.

(d) Impairment assessment of non-current non-financial assets

The Group's non-current non-financial assets comprise primarily of property, plant and equipment, bearer plants and land use rights. An assessment is made for the reporting period whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. This impairment assessment was undertaken in conjunction with the impairment assessment of subsidiaries.

(e) Assessing expected credit loss allowance on trade and other receivables

The assessment of the expected credit losses ("ECL") requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. The carrying amounts might change materially within the next reporting period but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting period.

(f) Useful lives of 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 period that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

(g) Land use right and regulatory matters

The Group holds location permits (*Ijin Lokasi*) issued by the Indonesian authorities in respect of plantation land. Upon completion of the acquisition of such land, the Group is entitled to apply for Rights-to-Cultivate (*Hak Guna Usaha* or *HGU*) certificates. An *Ijin Lokasi* automatically expires if the Group fails to acquire the land within its stipulated validity period, which may result in the loss of rights over any unacquired portion of the land.

As at the reporting date, the Group is in the final stages of obtaining HGU certificates for conversion in respect of 4,107 hectares (December 2025: 4,107 hectares) of Kadastral land—land measured to confirm its actual area for the purposes of HGU title registration. Until the HGU certificates are issued, such land is classified as uncertified. While the Group is permitted to occupy, develop, plant, and harvest crops on uncertified land, the administration of land laws in Indonesia is subject to regulatory discretion. Accordingly, there is no certainty that the relevant authorities will not adopt a different interpretation or approach regarding the use, registration, or future disposal of uncertified land. Any failure to secure HGU titles could adversely affect the Group's rights to, and use of, such land.

(h) Provision of 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 2025.

Actual results that differ from the assumptions are recognised immediately in profit or loss as and when they occur. While the group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of the estimated liabilities for employee benefits as at 30 June 2026 was US$4,725,000 (31 December 2025: US$5,341,000).

(i) 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.

(j) Environmental regulations

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.

(k) Climate risks

The Group has exercised judgement in evaluating the potential impacts of climate change on its financial reporting. Climate change gives rise to a number of uncertainties, including physical risks (such as flooding, prolonged drought, and changes in rainfall and temperature that may affect yields of oil palm plantations), transition risks (such as regulatory changes, carbon pricing, sustainability certification requirements, and evolving consumer preferences), and market risks (such as volatility in crude palm oil ("CPO") prices and shifts in global demand linked to deforestation concerns). These uncertainties may affect key accounting estimates, including projected cash flows in impairment testing of plantation assets, valuation of biological assets, and determination of useful lives of estate infrastructure.

While no material adjustments have been required in the current reporting period, management continues to monitor emerging developments, including climate-related legislation, technological advances in sustainable farming, and industry-wide sustainability commitments, and will reflect material impacts in the financial statements as and when they become reasonably estimable.

3. Seasonal operations

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

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 ("PK") at the palm oil mills and kernel crushing plants and the sale of CPO 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		Non-current assets	
	6 months ended			
	30 June 2026	30 June 2025	30 June 2026	31 December 2025
	US$'000	US$'000	US$'000	US$'000
Indonesia	110,804	87,148	166,060	176,148
Singapore	-	-	2,488	2,503
Total	110,804	87,148	168,548	178,651

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 of approximately US$87,634,000 (2025 : US$69,051,000) were derived from four (2025: four) major customers of the Group. These revenues are attributable to the Group's plantation segment.

5. Revenues

	Group 6 months ended 30 June	
	2026	2025
	US$'000	US$'000
Sale of goods	110,804	87,148

The revenue from sale of goods such as CPO, palm kernel and FFB are earned from customers who are mainly wholesalers and producers of oil palm products. All revenue are recognised at a point-in-time.

6. Cost of Sales

	Group 6 months ended 30 June	
	2026	2025
	US$'000	US$'000
Cost of goods produced and purchases	78,721	58,937

7. Changes in fair value of biological assets and plasma receivables

	Group 6 months ended 30 June	
	2026	2025
	US$'000	US$'000
Loss on fair value changes in biological assets	(1,135)	(2,273)
(Loss) gain on fair value changes in plasma receivables	(201)	41
	(1,336)	(2,232)

8. Other gains and (losses)

	Group 6 months ended 30 June	
	2026	2025
	US$'000	US$'000
Loss on disposal of property, plant and equipment	(76)	(23)
Foreign exchange translation (loss) gain	(77)	10
Withholding and unrecoverable indirect taxes	(1,208)	(379)
Reversal of long overdue payables to suppliers	12	39
Insurance claim	33	57
Write-off of bad debts	(6)	(6)
Management fee from plasma	478	535
Tolling fee	5	53
Sale of waste and materials	159	136
Bearer plants written-off	(30)	-
Miscellaneous items	61	(12)
	(649)	410
Presented in profit or loss as:		
Other gains	748	830
Other losses	(1,397)	(420)
Net	(649)	410

9. Distribution costs

	Group 6 months ended 30 June 2026 US$'000	Group 6 months ended 30 June 2025 US$'000
Freight cost	1,017	1,253
Material handling, surveyor fees and others	84	121
	1,101	1,374

10. Finance costs

	Group 6 months ended 30 June 2026 US$'000	Group 6 months ended 30 June 2025 US$'000
Gross finance costs	5,480	6,941
Less: capitalised in bearer plants and property, plant and equipment	(181)	(2)
Net finance costs	5,299	6,939

11. Income tax

	Group 6 months ended 30 June 2026 US$'000	Group 6 months ended 30 June 2025 US$'000
Current income tax :		
Current year	(4,067)	(2,560)
Under provision in respect of previous years	(2,305)	-
Total current income tax	(6,372)	(2,560)
Deferred income tax	(688)	(790)
Total income tax expense	(7,060)	(3,350)

The Group's operations are predominantly located in Indonesia. The statutory corporate income tax rate is 22%. Excluding under provision in respect of previous years, the effective income tax rate in 1H 2026 is higher than statutory tax rate due to (i) expenses which are non-deductible for tax purpose and (ii) losses from non-operating subsidiaries which are not eligible for offsetting against future profit.

12. Right-of-use assets

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

	Lease of office premises 30 June 2026 US$'000	Lease of office premises 31 December 2025 US$'000
Group		
Cost:		
At beginning of the year	590	613
Foreign exchange difference	(36)	(23)
At end of the period / year	554	590
Accumulated depreciation:		
At beginning of the year	358	335
Depreciation for the period / year	34	36
Foreign exchange difference	(23)	(13)
At end of the period / year	369	358
Carrying value:		
At beginning of the year	232	278
At end of the period / year	185	232

The right-of-use assets are for the lease of office 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	Buildings	Infrastructure	Machinery and equipment	Vehicles and heavy equipment	Furniture, fixtures and office equipment	Assets under construction	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:							
At 1 January 2025	39,903	47,452	43,853	18,271	5,613	5,185	160,277
Foreign exchange difference	(1,384)	(1,796)	(1,664)	(711)	(207)	(188)	(5,950)
Additions	23	8	763	3,008	262	5,621	9,685
Disposals	(23)	(25)	(109)	(881)	(206)	(11)	(1,255)
Transfer from (to)	1,119	2,609	2,003	30	33	(5,794)	-
At 31 December 2025	39,638	48,248	44,846	19,717	5,495	4,813	162,757
Foreign exchange difference	(2,236)	(2,927)	(2,782)	(1,212)	(326)	(286)	(9,769)
Additions	3	18	366	1,251	166	3,891	5,695
Disposals	(168)	-	(201)	(327)	(304)	(8)	(1,008)
Transfer from (to)	1,021	724	2,317	(169)	93	(3,986)	-
At 30 June 2026	38,258	46,063	44,546	19,260	5,124	4,424	157,675
Accumulated Depreciation :							
At 1 January 2025	16,619	21,410	32,970	12,753	4,517	-	88,269
Foreign exchange difference	(628)	(830)	(1,254)	(480)	(166)	-	(3,358)
Depreciation for the year	1,855	2,393	2,298	1,263	288	-	8,097
Disposals	(23)	(24)	(109)	(736)	(204)	-	(1,096)
At 31 December 2025	17,823	22,949	33,905	12,800	4,435	-	91,912
Foreign exchange difference	(1,072)	(1,420)	(2,075)	(781)	(259)	-	(5,607)
Depreciation for the period	916	1,173	1,245	654	149	-	4,137
Disposals	(95)	-	(199)	(326)	(279)	-	(899)
At 30 June 2026	17,572	22,702	32,876	12,347	4,046	-	89,543
Carrying Value:							
At 1 January 2025	23,284	26,042	10,883	5,518	1,096	5,185	72,008
At 31 December 2025	21,815	25,299	10,941	6,917	1,060	4,813	70,845
At 30 June 2026	20,686	23,361	11,670	6,913	1,078	4,424	68,132

14. Bearer plants

	Group	
	30 June 2026	31 December 2025
	US$'000	US$'000
Cost:		
At beginning of the year	153,903	157,910
Additions	2,516	4,657
Capitalisation of interest cost	181	246
Capitalisation of depreciation expense	136	183
Write-off	(182)	(3,229)
Foreign exchange difference	(9,346)	(5,864)
At end of the period / year	147,208	153,903
Accumulated Depreciation:		
At beginning of the year	67,929	64,420
Depreciation for the period / year	3,177	6,729
Write-off	(152)	(741)
Foreign exchange difference	(4,188)	(2,479)
At end of the period / year	66,766	67,929
Carrying Value:		
At beginning of the year	85,974	93,490
At end of the period / year	80,442	85,974

15. Land use rights

	Group	
	30 June 2026	31 December 2025
	US$'000	US$'000
Cost:		
At beginning of the year	33,841	35,137
Foreign exchange difference	(2,032)	(1,296)
Additions	-	-
At end of the period / year	31,809	33,841
Accumulated amortisation:		
At beginning of the year	12,241	11,579
Foreign exchange difference	(750)	(444)
Amortisation for the period / year included under cost of sales	529	1,106
At end of the period / year	12,020	12,241
Carrying value:		
At beginning of the year	21,600	23,558
At end of the period / year	19,789	21,600

In January 2025, the Government of Indonesia enacted Presidential Regulation No. 5/2025 on forest area enforcement, establishing a national task force to review land use within state-designated forest zones. The Group holds valid HGU titles for its plantation areas, granted in accordance with applicable laws and regulations. The Group was notified that a portion of its HGU area is being assessed for potential overlap with forest land. As at the reporting date, the matter has been judicially resolved in favour of the Group, and management does not expect any material adverse impact on the Group's financial position.

16. Biological assets

	Group	
	30 June 2026	31 December 2025
	US$'000	US$'000
At beginning of the year	23,198	27,646
Foreign exchange difference	(1,358)	(963)
Fair value changes less estimated point-of-sale costs	(1,135)	(3,485)
At end of the period / year (Level 3)	20,705	23,198

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 FFB growing on oil palm trees (bearer plants). The Group measures its biological assets at fair value less cost to sell at the point of harvest, which require use of accounting estimates and assumptions. Significant components of fair value measurement on a recurrent basis were determined using assumptions and estimates such as the yield of oil palm trees, annual discount rate, and projected selling prices of FFB. Any changes in fair values of these biological assets would affect the Group's profit and carrying value of the biological assets. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

The significant assumptions made in determining the fair values of the oil palm plantations are as follows:
(i) Projected volumes of FFB harvested subsequent to period are based on management inspection on actual condition of un-harvested FFB growing on the trees in June 2026;
(ii) The discount rate used in June 2026 is 10.61% per annum (December 2025: 10.50% per annum) (such discount rates represent the asset specific rate for the Group's plantation operations which is applied in the discounted future cash flows calculations); and
(iii) The projected selling prices of FFB are based on FFB published prices for the respective provinces for June 2026, 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.

17. Cash and cash equivalents

	Group		Company	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	US$'000	US$'000	US$'000	US$'000
Not restricted in use	16,683	16,927	734	56
Deposits pledged for bank facilities	12,408	10,047	-	-
Cash at end of the period / year	29,091	26,974	734	56

The interest earning balances are not significant.

18. Share Capital

	Number of shares issued	Share capital
	'000	US$'000
Ordinary shares of no par value:		
Balance at 1 January 2025, 31 December 2025 and 30 June 2026	287,011	93,860

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

19. Contingent Liabilities

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

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

Under the KKPA scheme, the villagers typically occupy the land and the Group helps to develop the land and manage the oil palms to maturity. The development costs are funded by bank loans, which are guaranteed by the Group using the aforementioned land certificates and/or other appropriate forms of security as collateral. Upon maturity of the oil palms, the land will be maintained and managed by the villagers or in the future by the Group. The harvested 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	
	30 June 2026	31 December 2025
	US$'000	US$'000
Facility amounts	27,209	30,126
Outstanding balances	18,328	19,811

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 period is as below :

	Group	
	30 June 2026	31 December 2025
	US$'000	US$'000
Presented as other receivables:		
Advances under Plasma Programme, current	4,226	2,289
Advances under Plasma Programme, non-current	5,101	5,982
Total	9,327	8,271

The advances under plasma programme that are not secured by bank facilities and to be repaid by villagers using FFB was measured by management at the end of the reporting period 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 June 2026 is 6.19% (December 2025: 5.64%) 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.

20. Trade and Other Payables

	Group		Company	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	US$'000	US$'000	US$'000	US$'000
Non-current				
Other payables :				
Advances from customers	-	2,700	-	-
Current				
Trade payables :				
Outside parties and accrued liabilities	10,965	7,685	-	-
Related parties	140	162	-	-
	11,105	7,847	-	-
Other payables :				
Advances from customers	13,780	14,918	-	-
Subsidiaries	-	-	10,577	9,638
Outside parties and accrued liabilities	10,271	10,321	141	96
	24,051	25,239	10,718	9,734
	35,156	33,086	10,718	9,734
Total trade and other payables	35,156	35,786	10,718	9,734

21. Capital Commitments

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

	Group	
	30 June 2026	31 December 2025
	US$'000	US$'000
Commitments for construction of buildings	566	562
Commitments for infrastructure construction and acquisition of machinery, plant, fixtures, and equipment	5,174	2,026

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 period:

	Group		Company	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	US$'000	US$'000	US$'000	US$'000
Financial assets:				
Financial assets measured at amortised cost	32,575	29,969	33,263	34,287
Financial assets at fair value through profit and loss	9,327	8,271	-	-
	41,902	38,240	33,263	34,287
Financial liabilities:				
Financial liabilities measured at amortised cost	164,100	174,501	10,718	9,734

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 period :

Group	Group 6 months ended 30 June 2026	
	2026	2025
	US$'000	US$'000
Related parties:		
Sales of commodities [(a)]	16,713	12,220
Transport expenses [(b)]	(1,541)	(1,252)
Sales and processing of EFB [(b)]	6	39

(a) The related party, Wilmar International Limited, has 20% equity interest in and significant influence over the Group.
(b) The related parties are companies in which certain directors of the Company have controlling interests.

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

Loans and borrowings

The Group's loans and borrowings of US$142.7 million (2025: US$156.3 million) are secured and subject to negative pledges on certain deposits, inventories, trade receivables, land use rights, investment property, bearer plants, property, plant and equipment and biological assets of the Group.

	Group	
	30 June 2026	31 December 2025
	US$'000	US$'000
Amount due within one year		
Secured	45,805	40,178
Amount due more than one year		
Secured	96,919	116,155

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 the reporting date, the Group complied with all financial covenants in respect of its borrowings, and no breaches or defaults occurred (31 December 2025: no breaches).

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 2025. The Company has no outstanding share options, outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2025 and 30 June 2026.

The Company has not granted options or shares during the financial period ended 30 June 2026.

(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.

	30 June 2026 Number of shares	31 December 2025 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 6 months ended 30 June	
	2026	2025
	US Cents	US Cents
Earnings per share attributable to ordinary equity holders of the Company	4.11	3.41
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	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	21.54	19.82	18.13	19.48
Number of shares outstanding	287,011,177	287,011,177	287,011,177	287,011,177

28. Subsequent events

None.

29. Other significant event

None.

F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed interim consolidated statements of financial position of Kencana Agri Limited and its subsidiaries as at 30 June 2026 and the related condensed interim consolidated profit and loss and other comprehensive income, condensed interim consolidated statements of changes in equity and condensed interim consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed by the auditors.

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

a. Updates on the efforts taken to resolve each outstanding audit issue.
Not applicable.

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

<u>Review of financial performance</u>

<u>Revenue</u>
The Group's revenue increased by US$23.7 million, or 27.1%, from US$87.1 million in 1H 2025 to US$110.8 million in 1H 2026. The improvement was driven primarily by higher sales volumes across all product categories, complemented by firmer average selling prices ("ASP") amid a supportive palm oil price environment.

Revenue from CPO, the Group's principal product, rose by 30.0% from US$72.5 million in 1H 2025 to US$94.3 million in 1H 2026. CPO sales volume increased by 26.2% from 88,274 MT to 111,408 MT, while the ASP of CPO strengthened by 3.0% from US$822/MT to US$846/MT. The increase in CPO sales volume was primarily supported by higher purchases of third-party CPO and greater throughput of third-party FFB, enabling the Group to optimise mill utilisation and maintain sales volumes during the ongoing replanting programme at its Bangka plantation.

Revenue from PK increased by 12.7% from US$14.1 million in 1H 2025 to US$15.9 million in 1H 2026, on the back of a 9.9% increase in sales volume from 18,715 MT to 20,571 MT and a 2.6% improvement in ASP from US$752/MT to US$771/MT.

<u>Cost of operation</u>
Cost of sales increased from US$58.9 million in 1H 2025 to US$78.7 million in 1H 2026, rising at a faster pace than revenue. As a result, while gross profit grew by 13.7% from US$28.2 million to US$32.1 million, the Group's gross profit margin moderated from 32.4% in 1H 2025 to 29.0% in 1H 2026.

The higher cost of sales and the moderation in gross profit margin reflect two deliberate strategic initiatives undertaken by the Group :

- **Intensified plantation upkeep and maintenance.** The Group stepped up its estate upkeep, manuring and maintenance programmes across its plantations to improve field conditions, support optimal palm nutrition and maintain stable production levels over the medium to long term. While these programmes raise production costs in the near term, management views them as essential investments in the long-term productivity and sustainability of the Group's plantation assets.

- **Sourcing of third-party FFB and CPO to optimise mill utilisation.** With the Group's Bangka plantation currently in its replanting phase, internal FFB supply in that region has temporarily reduced. To maintain the Bangka mill at an efficient level of utilisation and preserve the absorption of fixed processing costs, the Group increased its purchases of FFB and CPO from third-party suppliers. Externally sourced materials carry a higher cost per tonne than the Group's own crop and therefore narrow the blended gross profit margin during the replanting period, notwithstanding their positive contribution to absolute gross profit and mill economics.

<u>Profit</u>
Profit before tax increased by US$5.8 million, or 44.3%, from US$13.1 million in 1H 2025 to US$18.9 million in 1H 2026. In addition to the higher gross profit, the improvement was supported by a lower net fair value loss on biological assets and plasma receivables of US$1.3 million (1H 2025: US$2.2 million), lower finance costs of US$5.3 million (1H 2025: US$6.9 million) in line with the Group's reduced borrowings, and lower distribution costs of US$1.1 million (1H 2025: US$1.4 million) mainly due to lower shipment costs.

Income tax expense increased from US$3.4 million in 1H 2025 to US$7.1 million in 1H 2026, reflecting the higher current-year tax charge on improved taxable profits as well as an under-provision of income tax in respect of prior years of US$2.3 million recognised during the period. Consequently, the Group recorded a net profit of US$11.8 million for 1H 2026, an increase of US$2.0 million, or 20.6%, from US$9.8 million in 1H 2025.

<u>Review of financial position</u>

<u>Non-current assets</u>
Total non-current assets decreased by US$11.8 million, from US$187.4 million as at 31 December 2025 to US$175.6 million as at 30 June 2026. Substantially all of this decrease, amounting to approximately US$11.2 million, was attributable to currency translation. Excluding this effect, the underlying movement was a marginal decrease of approximately US$0.6 million, reflecting a broadly stable non-current asset base.

On an underlying basis, property, plant and equipment increased by approximately US$1.6 million, as additions of US$5.7 million during the period, principally relating to assets under construction as well as vehicles and heavy equipment, exceeded the depreciation charge. Bearer plants recorded only a marginal underlying decrease, as planting expenditure of US$2.5 million during the period, comprising both new planting and the replanting programme at the Group's Bangka plantation, together with capitalised borrowing and depreciation costs, largely offset the depreciation charge for the period. The remaining underlying movements were modest, comprising mainly the amortisation of land use rights and a decrease in deferred tax assets, the latter arising from the utilisation of accumulated tax losses carried forward as certain operating subsidiaries that were loss-making in prior years have turned profitable.

Current assets
Total current assets increased by US$3.0 million, from US$76.2 million as at 31 December 2025 to US$79.2 million as at 30 June 2026, notwithstanding a negative translation effect of approximately US$5.1 million. Excluding the translation effect, the underlying increase was approximately US$8.0 million.

The underlying increase was driven mainly by higher cash and cash equivalents of approximately US$4.0 million, higher inventories of approximately US$2.3 million reflecting larger quantities of CPO and PK held at the reporting date pending shipment, higher trade and other receivables of approximately US$1.3 million in line with the higher sales recorded in 1H 2026, and higher other non-financial assets of approximately US$1.7 million, mainly comprising advance payments to suppliers for the purchase of third-party FFB and advances to contractors for infrastructure and construction works and the acquisition of machinery. These increases were partially offset by a lower carrying value of biological assets of approximately US$1.2 million, arising from fair value changes in the standing crop.

Equity
Total equity attributable to owners of the Company increased by US$4.9 million to US$61.8 million as at 30 June 2026, as the net profit of US$11.8 million for the period was partially offset by the payment of dividends of US$3.4 million and a US$3.5 million charge to the foreign exchange translation reserve arising from the weaker IDR closing rate.

Non-current liabilities
Total non-current liabilities decreased by US$22.7 million, from US$127.5 million as at 31 December 2025 to US$104.8 million as at 30 June 2026, of which approximately US$6.7 million was attributable to currency translation. The underlying decrease of approximately US$16.0 million was mainly due to a US$12.9 million underlying reduction in the non-current portion of borrowings, reflecting repayments made during the period as well as the reclassification of instalments falling due within the next twelve months to current liabilities, and the reclassification of the non-current portion of advances from customers of US$2.7 million to current liabilities as the related delivery obligations fall due within the next twelve months.

Current liabilities
Total current liabilities increased by US$8.9 million, from US$79.2 million as at 31 December 2025 to US$88.1 million as at 30 June 2026, notwithstanding a translation effect of approximately US$5.6 million that reduced the US$ carrying amount of IDR-denominated liabilities.

The underlying increase of approximately US$14.6 million was mainly attributable to a US$8.6 million underlying increase in the current portion of borrowings, principally arising from the reclassification of non-current borrowings maturing within the next twelve months rather than from new indebtedness and a US$4.3 million increase in trade and other payables. The higher trade payables largely reflected delayed fertiliser deliveries arising from supply constraints amid the heightened geopolitical tensions in the Middle East. Consequently, billings were correspondingly received later than usual, leaving a larger balance outstanding within normal credit terms at the reporting date.The remaining increase of US$1.7 million in income tax payable was consistent with the higher income tax expense for the period.

Notwithstanding the higher current portion of borrowings arising from reclassification, the Group’s total loans and borrowings (including lease liabilities) decreased from US$156.3 million as at 31 December 2025 to US$142.7 million as at 30 June 2026. Excluding translation effects, the underlying reduction reflects the net repayment of borrowings during the period. Together with the enlarged equity base, the Group’s net debt to equity ratio improved from 2.3 times as at 31 December 2025 to 1.8 times as at 30 June 2026.

Review of Group cash flows

Operating activities
The Group generated net cash from operating activities of US$24.5 million in 1H 2026, broadly comparable with US$24.6 million in 1H 2025. Operating cash flows before changes in working capital improved by US$3.3 million to US$33.5 million, in line with the Group’s stronger operating performance. This improvement was offset by a higher net working capital outflow of US$3.9 million (1H 2025: US$2.6 million), mainly arising from the build-up of inventories and higher other non-financial assets and receivables, as well as higher income taxes paid of US$5.1 million (1H 2025: US$2.9 million).

Investing activities
Net cash used in investing activities increased to US$6.8 million in 1H 2026 (1H 2025: US$5.4 million), reflecting the Group's continued investment in its productive asset base. This comprised purchases of property, plant and equipment of US$4.4 million (1H 2025: US$3.8 million) and planting expenditure on bearer plants of US$2.5 million (1H 2025: US$1.9 million), covering both new planting and the replanting programme at the Group's Bangka plantation. These outflows were partially offset by interest received and proceeds from the disposal of property, plant and equipment totalling US$0.2 million.

Financing activities
Net cash used in financing activities amounted to US$16.9 million in 1H 2026 (1H 2025: US$13.7 million). During the period, the Group continued to deleverage, making net repayments of borrowings of US$4.2 million, with repayments of US$40.8 million against new drawdowns of US$36.6 million. Interest paid decreased to US$5.5 million (1H 2025: US$6.9 million) in line with the Group’s lower borrowing base. The Group also paid dividends of US$3.4 million to shareholders (1H 2025: nil) and placed an additional US$3.1 million of deposits into restricted accounts pledged for bank facilities, mainly as collateral in support of the Group's working capital requirements (1H 2025: net release of US$9.8 million), with repayments of lease liabilities of US$0.9 million accounting for the balance.

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.

The outlook for Indonesia's palm oil industry continues to be shaped by domestic policy implementation, geopolitical developments and weather conditions. The implementation of the Government's B50 biodiesel programme is expected to support domestic CPO demand and influence the balance between domestic consumption and export availability. Meanwhile, the Government's export governance framework involving PT Danantara Sumberdaya Indonesia ("DSI") entered a transition phase in June 2026, while its detailed operating arrangements continue to evolve. Its implications for the industry will depend on the final scope and practical implementation of the framework.

Externally, geopolitical tensions, particularly those affecting global energy markets and key shipping routes, continue to contribute to volatility in fuel, freight and fertiliser costs. The Group is also closely monitoring the ongoing El Niño conditions and the associated risk of below-normal rainfall in parts of Indonesia. Prolonged dry conditions may affect FFB yields and CPO production, potentially with a time lag depending on their location, duration and severity.

The Group will remain focused on operational efficiency, disciplined cost management and financial prudence. Agronomic practices will continue to be optimised, while fertiliser and other input costs will be managed prudently alongside close monitoring of policy, market and weather developments. These measures are intended to strengthen the Group's operational and financial resilience, thereby supporting sustainable long-term performance.

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.

No interim dividend has been declared or recommended for the financial period ended 30 June 2026. Cash resources are being preserved to strengthen the Group's financial position and maintain financial flexibility as the Group assesses its full-year financial performance and cash flow position.

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$100,000)**
		1H 2026	**1H 2026**
		US$'000	**US$'000**
Wilmar Group [1] (sales)	Controlling shareholder	-	16,713
PT Berkat Wahana Sukses [2] (services received, shareholders' mandate obtained at EGM held on 26 April 2024)	Associate of Maknawi family	-	1,524

[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 pursuant to Rule 706A of the Listing Rule.

Not applicable

BY ORDER OF THE BOARD KENCANA AGRI LIMITED

Ratna Maknawi
Vice Chairman and Executive Director
14 August 2026