KENCANA AGRI LIMITED
(Registration No: 200717793E)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended 30 June 2025

Table of contents **Page**

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 2025.

A. Condensed interim consolidated statement of comprehensive income

		Group 6 months ended 30 June	
	Notes	2025	2024
		US$'000	US$'000
Revenue	5	87,148	54,531
Cost of sales	6	(58,937)	(40,214)
Gross profit		28,211	14,317
Interest income		225	312
Other gains	8	830	849
Changes in fair value of biological assets and plasma receivables	7	(2,232)	2,062
Distribution costs	9	(1,374)	(867)
Administrative expenses		(5,169)	(4,748)
Finance costs	10	(6,939)	(7,148)
Other losses	8	(420)	(2,564)
Profit before tax		13,132	2,213
Income tax expense	11	(3,350)	(1,645)
Net profit for the period		9,782	568
Other comprehensive income (loss) :			
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		(77)	(2,146)
Other comprehensive loss for the period, net of tax		(77)	(2,146)
Total comprehensive income (loss)		9,705	(1,578)

B. Condensed interim statements of financial position

		Group		Company	
	Notes	30 June 2025	31 December 2024	30 June 2025	31 December 2024
ASSETS		**US$'000**	**US$'000**	**US$'000**	**US$'000**
Non-current assets					
Property, plant and equipment	13	70,931	72,008	-	-
Right-of-use assets	12	240	278	-	-
Bearer plants	14	91,643	93,490	-	-
Investments in subsidiaries		-	-	32,428	32,570
Land use rights	15	22,893	23,558	-	-
Deferred tax assets		2,975	3,442	-	-
Other receivables	19	4,311	4,211	-	-
Total non-current assets		192,993	196,987	32,428	32,570
Current assets					
Biological assets	16	25,225	27,646	-	-
Inventories		27,702	15,294	-	-
Trade and other receivables		20,636	20,481	35,387	35,497
Other non-financial assets		2,251	1,936	1	1
Cash and cash equivalents	17	21,512	25,967	59	50
Total current assets		97,326	91,324	35,447	35,548
Total assets		290,319	288,311	67,875	68,118
EQUITY AND LIABILITIES					
Equity					
Share capital	18	93,860	93,860	93,860	93,860
Retained earnings (accumulated losses)		431	(9,351)	206	(886)
Other reserve		2,400	2,400	-	-
Translation reserve		(46,061)	(45,984)	(35,555)	(35,316)
Total equity attributable to owners of the Company		50,630	40,925	58,511	57,658
Non-current liabilities					
Advances from customer	20	5,583	8,411	-	-
Deferred tax liabilities		3,818	3,484	-	-
Lease liabilities	24	743	794	-	-
Other financial liabilities	24	127,040	134,778	-	-
Other non-financial liabilities		6,070	6,016	-	-
Total non-current liabilities		143,254	153,483	-	-
Current liabilities					
Income tax payable		3,755	2,571	-	-
Trade and other payables	20	45,668	34,547	9,364	10,460
Lease liabilities	24	1,245	1,398	-	-
Other financial liabilities	24	45,767	55,387	-	-
Total current liabilities		96,435	93,903	9,364	10,460
Total liabilities		239,689	247,386	9,364	10,460
Total equity and liabilities		290,319	288,311	67,875	68,118

C. Condensed interim consolidated statement of cash flows

	Group 6 months ended 30 June	
	2025	**2024**
	US$'000	**US$'000**
Cash flows from operating activities		
Profit before tax	13,132	2,213
Adjustments for:		
Interest income	(225)	(312)
Interest expense	6,939	7,148
Amortisation of land use rights	556	525
Depreciation expense	7,307	7,132
Fair value changes in biological assets	2,273	(1,786)
Fair value changes in plasma receivables	(41)	(276)
Provision for employment pension benefits	79	279
Loss on disposal of property, plant and equipment	23	5
Bearer plant written-off	-	24
Write-off of bad debts	6	-
Write-off of long overdue payables to supplier	(39)	-
Net effect of exchange rate changes in consolidating entities	110	274
Operating cash flows before changes in working capital	30,120	15,226
Inventories	(12,329)	(7,283)
Trade and other receivables	1,563	2,521
Other non-financial assets	(320)	56
Trade and other payables	8,448	(4,294)
Net cash flows from operations	27,482	6,226
Income taxes paid	(2,917)	(2,130)
Net cash flows from operating activities	24,565	4,096
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	81	-
Purchase of property, plant and equipment	(3,803)	(4,888)
Additions to bearer plants	(1,873)	(2,150)
Interest received	225	312
Net cash flows used in investing activities	(5,370)	(6,726)
Cash flows (used in) from in financing activities		
Cash released from (allocated to) resctricted account	9,784	(545)
Proceeds from borrowings	45,208	131,058
Repayment of borrowings	(61,561)	(118,865)
Repayments of lease liabilities	(192)	(636)
Interest paid	(6,941)	(7,225)
Net cash flows (used in) from financing activities	(13,702)	3,787
Net increase in cash and cash equivalents	5,493	1,157
Net effect of exchange rate changes on cash and cash equivalents	24	(240)
Cash and cash equivalents, beginning balance	9,393	3,491
Cash and cash equivalents, ending balance	14,910	4,408
Cash and cash equivalents as presented in the statement of financial positions :		
Cash and cash equivalents	21,512	16,946
Deposits pledged for bank facilities	(6,602)	(12,538)
	14,910	4,408

D. Condensed interim statements of changes in equity

Group	Total equity attributable to owners of the Company	Share capital	Retained earnings (accumulated losses)	Other reserve	Translation reserve
	US$'000	US$'000	US$'000	US$'000	US$'000
Current 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)
Previous year:					
Opening balance at 1 January 2024	30,578	93,860	(21,640)	2,400	(44,042)
Changes in equity:					
Total comprehensive (loss) income for the period	(1,578)	-	568	-	(2,146)
Closing balance at 30 June 2024	29,000	93,860	(21,072)	2,400	(46,188)

Company	Total equity	Share capital	Retained earnings (accumulated losses)	Translation reserve
	US$'000	US$'000	US$'000	US$'000
Current 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)
Previous year:				
Opening balance at 1 January 2024	61,235	93,860	(124)	(32,501)
Changes in equity:				
Total comprehensive loss for the period	(4,446)	-	(715)	(3,731)
Closing balance at 30 June 2024	56,789	93,860	(839)	(36,232)

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 consolidated financial statements as at and for the financial period ended 30 June 2025 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 period ended 30 June 2025 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Financial Reporting* issued by the Accounting Standards Committee in Singapore. 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 2024.

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 period compared with the audited financial statements for the year ended 31 December 2024, 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 2025. 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 2024.

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) 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.

(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 4,371 hectares (December 2024: 4,371 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.

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. During the review, 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, discussions with the task force are ongoing, and no sanctions, administrative penalties, or enforcement actions have been imposed. Based on legal advice and the Group's adherence to the relevant regulations, management has reasonable grounds to believe that those portions of HGU areas do not overlap with forest land. Nevertheless, any adverse outcome of the review could potentially impact the Group's financial position.

.

(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 2024. 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 2025 was US$6,070,000 (31 December 2024: US$6,016,000).

(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.

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 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		Non-current assets	
	6 months ended			
	30 June 2025	30 June 2024	30 June 2025	31 December 2024
	US$'000	US$'000	US$'000	US$'000
Indonesia	87,148	54,531	183,188	186,800
Singapore	-	-	2,519	2,534
Total	87,148	54,531	185,707	189,334

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$69,051,000 (2024 : US$38,092,000) were derived from four (2024: three) major customers of the Group. These revenues are attributable to the Group's plantation segment.

5. Revenues

Revenue classified by type of good or service:

	Group 6 months ended 30 June	
	2025	2024
	US$'000	US$'000
Sale of goods	87,148	54,531

The revenue from sale of goods such as Crude Palm Oil ("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	
	2025	2024
	US$'000	US$'000
Cost of goods produced and purchases	58,937	40,145
Cost incurred for rendering of services	-	69
	58,937	40,214

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

	Group 6 months ended 30 June	
	2025	2024
	US$'000	US$'000
(Loss) gain on fair value changes in biological assets	(2,273)	1,786
Gain on fair value changes in plasma receivables	41	276
	(2,232)	2,062

8. Other gains and (losses)

	Group 6 months ended 30 June	
	2025	2024
	US$'000	US$'000
Loss on disposal of property, plant and equipment	(23)	(5)
Foreign exchange translation gain (loss)	10	(2,099)
Withholding and other tax losses	(379)	(419)
Reversal of long overdue payables to suppliers	39	-
Insurance claim	57	39
Write-off of bad debts	(6)	-
Management fee from plasma	535	372
Tolling fee	53	99
Sale of waste and materials	136	339
Bearer plants written-off	-	(24)
Miscellaneous items	(12)	(17)
	410	(1,715)
Presented in profit or loss as:		
Other gains	830	849
Other losses	(420)	(2,564)
Net	410	(1,715)

9. Distribution costs

	Group 6 months ended 30 June	
	2025	2024
	US$'000	US$'000
Freight & storage cost	1,253	819
Others	121	48
	1,374	867

10. Finance costs

	Group 6 months ended 30 June	
	2025	2024
	US$'000	US$'000
Gross finance costs	6,941	7,225
Less: capitalised in bearer plants and property, plant and equipment	(2)	(77)
Net finance costs	6,939	7,148

11. Income tax

	Group 6 months ended 30 June	
	2025	2024
	US$'000	US$'000
Income tax :		
Current income tax	(2,560)	(1,376)
Deferred income tax	(790)	(269)
Total income tax expense	(3,350)	(1,645)

The Group's operations are predominantly located in Indonesia, where the prevailing statutory corporate income tax rate is 22%. In 1H 2025, the effective income tax rate 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 2025	31 December 2024
	US$'000	US$'000
Group		
Cost:		
At beginning of the year	613	642
Foreign exchange difference	(2)	(29)
At end of the period / year	611	613
Accumulated depreciation:		
At beginning of the year	335	311
Depreciation for the period / year	37	37
Foreign exchange difference	(1)	(13)
At end of the period / year	371	335
Carrying value:		
At beginning of the year	278	331
At end of the period / year	240	278

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 2024	35,982	41,895	43,921	19,248	5,626	12,539	159,211
Foreign exchange difference	(1,583)	(2,054)	(2,088)	(887)	(262)	(470)	(7,344)
Additions	7	10	228	495	249	8,441	9,430
Disposals	(51)	-	(241)	(705)	(14)	(9)	(1,020)
Transfer from (to)	5,548	7,601	2,033	120	14	(15,316)	-
At 31 December 2024	39,903	47,452	43,853	18,271	5,613	5,185	160,277
Foreign exchange difference	(159)	(191)	(180)	(67)	(23)	(34)	(654)
Additions	-	8	153	1,359	109	1,685	3,314
Disposals	(33)	-	(6)	(454)	(42)	(11)	(546)
Transfer from (to)	256	1,420	813	142	11	(2,642)	-
At 30 June 2025	39,967	48,689	44,633	19,251	5,668	4,183	162,391
Accumulated Depreciation :							
At 1 January 2024	15,625	20,128	32,346	12,770	4,498	-	85,367
Foreign exchange difference	(730)	(965)	(1,526)	(599)	(209)	-	(4,029)
Depreciation for the year	1,736	2,247	2,365	1,231	237	-	7,816
Disposals	(12)	-	(215)	(649)	(9)	-	(885)
At 31 December 2024	16,619	21,410	32,970	12,753	4,517	-	88,269
Foreign exchange difference	(60)	(80)	(129)	(53)	(18)	-	(340)
Depreciation for the period	925	1,180	1,131	607	130	-	3,973
Disposals	(8)	-	(6)	(387)	(41)	-	(442)
At 30 June 2025	17,476	22,510	33,966	12,920	4,588	-	91,460
Carrying Value:							
At 1 January 2024	20,357	21,767	11,575	6,478	1,128	12,539	73,844
At 31 December 2024	23,284	26,042	10,883	5,518	1,096	5,185	72,008
At 30 June 2025	22,491	26,179	10,667	6,331	1,080	4,183	70,931

During the financial period ended 30 June 2025, the Group revised the presentation of its property, plant and equipment disclosure to provide more relevant and reliable information to the users of the financial statements. The change in presentation has been applied retrospectively for comparative purposes. There is no impact on the total non-current assets, net assets, or profit or loss of the Group arising from this change. Management believes this presentation enhances the clarity of asset categorisation and improves alignment with the underlying nature and use of the assets.

14. Bearer plants

	Group	
	30 June 2025	31 December 2024
	US$'000	US$'000
Cost:		
At beginning of the year	157,910	162,065
Additions	1,873	4,030
Capitalisation of interest cost	2	242
Capitalisation of depreciation expense	77	90
Write-off	-	(984)
Foreign exchange difference	(665)	(7,533)
At end of the period / year	159,197	157,910
Accumulated Depreciation:		
At beginning of the year	64,420	61,490
Depreciation for the period / year	3,374	6,806
Write-off	-	(945)
Foreign exchange difference	(240)	(2,931)
At end of the period / year	67,554	64,420
Carrying Value:		
At beginning of the year	93,490	100,575
At end of the period / year	91,643	93,490

15. Land use rights

	Group	
	30 June 2025	31 December 2024
	US$'000	US$'000
Cost:		
At beginning of the year	35,137	35,295
Foreign exchange difference	(153)	(1,653)
Additions	-	1,495
At end of the period / year	34,984	35,137
Accumulated amortisation:		
At beginning of the year	11,579	11,040
Foreign exchange difference	(44)	(527)
Amortisation for the period / year included under cost of sales	556	1,066
At end of the period / year	12,091	11,579
Carrying value:		
At beginning of the year	23,558	24,255
At end of the period / year	22,893	23,558

16. Biological assets

	Group	
	30 June 2025	31 December 2024
	US$'000	US$'000
At beginning of the year	27,646	23,770
Foreign exchange difference	(148)	(1,177)
Fair value changes less estimated point-of-sale costs	(2,273)	5,053
At end of the period / year (Level 3)	25,225	27,646

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 2025;

(ii) The discount rate used in June 2025 is 11.12% per annum (December 2024: 11.12% 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 2025, 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.

17. Cash and cash equivalents

	Group		Company	
	30 June 2025 US$'000	31 December 2024 US$'000	30 June 2025 US$'000	31 December 2024 US$'000
Not restricted in use	14,910	9,393	59	50
Deposits pledged for bank facilities	6,602	16,574	-	-
Cash at end of the period / year	21,512	25,967	59	50

The interest earning balances are not significant.

18. Share Capital

	Number of shares issued '000	Share capital US$'000
Ordinary shares of no par value:		
Balance at 1 January 2024, 31 December 2024 and 30 June 2025	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 2025 US$'000	31 December 2024 US$'000
Facility amounts	22,790	22,890
Outstanding balances	14,216	15,195

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 2025	31 December 2024
	US$'000	US$'000
Presented as other receivables:		
Advances under Plasma Programme, current	9,792	7,651
Advances under Plasma Programme, non-current	4,311	4,211
Total	14,103	11,862

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 2025 is 6.31% (December 2024: 6.59%) 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 2025	31 December 2024	30 June 2025	31 December 2024
	US$'000	US$'000	US$'000	US$'000
Non-current				
Other payables :				
Advances from customers	5,583	8,411	-	-
Current				
Trade payables :				
Outside parties and accrued liabilities	14,430	13,991	-	-
Related parties	151	89	-	-
	14,581	14,080	-	-
Other payables :				
Advances from customers	21,481	13,326	-	-
Subsidiaries	-	-	9,291	10,372
Outside parties and accrued liabilities	9,606	7,141	73	88
	31,087	20,467	9,364	10,460
	45,668	34,547	9,364	10,460
Total trade and other payables	51,251	42,958	9,364	10,460

21. Capital Commitment

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 2025	31 December 2024
	US$'000	US$'000
Commitments for construction of leasehold buildings	868	316
Commitments for infrastructure construction and acquisition of machinery, plant, fixtures, and equipment	2,383	2,251

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 2025	31 December 2024	30 June 2025	31 December 2024
	US$'000	US$'000	US$'000	US$'000
Financial assets:				
Financial assets measured at amortised cost	25,303	30,451	35,446	35,547
Financial assets at fair value through profit and loss	14,103	11,862	-	-
	39,406	42,313	35,446	35,547
Financial liabilities:				
Financial liabilities measured at amortised cost	198,982	213,579	9,364	10,460

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 6 months ended 30 June	
Group	2025 US$'000	2024 US$'000
Related parties:		
Sales of commodities [(a)]	12,220	10,028
Purchase of goods [(a)]	-	(571)
Transport expenses [(b)]	(1,252)	(857)
Sales and processing of EFB [(b)]	39	41

(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$174.8 million (2024: S$192.4 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	
	30 June 2025	31 December 2024
	US$'000	US$'000
Amount due within one year		
Secured	47,012	56,785
Amount due more than one year		
Secured	127,783	135,572

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 2024: US$3,712,000).

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 2024. The Company has no outstanding share options, outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2024 and 30 June 2025.

The Company has not granted options or shares during the financial period ended 30 June 2025.

(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 2025 Number of shares	31 December 2024 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	
	2025	2024
	US Cents	US Cents
Earnings per share attributable to ordinary equity holders of the Company	3.41	0.20
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 2025	31 December 2024	30 June 2025	31 December 2024
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	17.64	14.26	20.39	20.09
Number of shares outstanding	287,011,177	287,011,177	287,011,177	287,011,177

28. Subsequent events

Not applicable.

29. Other significant event

Update on proposed asset disposal
The Board refers to the Company's announcement dated 11 April 2022 in relation to the non-legally binding memorandum of understanding ("MOU") entered into by its wholly-owned subsidiary, PT Agro Sawitmas Lestari ("ASML"), with PT North Kalimantan Battery Material ("NKBM") and PT Kalimantan Industrial Park Indonesia ("KIPI") for the proposed disposal of approximately 2,600 hectares of right to cultivate (Hak Guna Usaha, "HGU") plantation land (the "Proposed Disposal").

The Board wishes to announce that no definitive sale and purchase agreement has been executed, as the parties were unable to reach agreement on key commercial terms despite several rounds of negotiations. As the MOU has also lapsed, the Board does not expect the transaction to proceed.

The Company remains committed to its strategic focus on optimizing asset performance and enhancing shareholder value and will continue to evaluate viable opportunities aligned with its long-term business objectives.

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 2025 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 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 recorded a 60% increase in revenue in 1H 2025 compared to the corresponding period in 2024. The revenue increased from US$54.5 million in 1H 2024 to US$87.1 million in 1H 2025. This growth was primarily driven by a combination of higher average selling prices (“ASP”) and increased sales volumes of Crude Palm Oil (“CPO”) and Palm Kernel (“PK”).

The ASP of CPO rose by 30% to US$918/MT in 1H 2025, compared to US$706/MT in 1H 2024. Similarly, the ASP of PK increased significantly to US$752/MT, up from US$384/MT in the prior year period. In addition to price improvements, sales volumes also increased. CPO sales volume grew by 14% to 79,013MT in 1H 2025 from 69,139MT in 1H 2024, while PK sales volume rose by 36% to 18,715MT, compared to 13,715MT in 1H 2024. The combined effect of higher prices and stronger volumes contributed significantly to the overall revenue growth.

<u>Cost of operation</u>
Cost of sales primarily comprises manuring, plantation upkeep and maintenance, harvesting, FFB dispatch, overhead, and mill processing costs. In 1H 2025, cost of sales increased by 47% from US$40.2 million to US$58.9 million, mainly due to more intensive upkeep activities and higher harvesting, FFB dispatch, and processing costs in line with increased production and sales volumes. Despite the higher costs, gross profit margin improved from 26.3% to 32.4%, as revenue growth outpaced the rise in cost of sales.

<u>Net Profit</u>
In 1H 2025, the Group reported a profit before tax of US$13.1 million, a substantial increase from US$2.2 million in the corresponding period of 2024. This improvement was primarily driven by higher revenue, as explained above. After accounting for income tax expenses of US$3.3 million, the Group recorded a profit after tax of US$9.8 million. The effective tax rate was 26%, exceeding the statutory rate of 22% mainly due to (i) non-deductible expenses and (ii) losses from non-operating subsidiaries that are not eligible for offset against future taxable profits.
.

<u>Review of financial position</u>

As at 30 June 2025, the Group’s total current assets increased by US$6.0 million to US$97.3 million, from US$91.3 million as at 31 December 2024. The increase was primarily driven by a US$12.4 million rise in inventories, partially offset by a US$4.4 million reduction in cash. Inventories mainly comprise fertilizer, CPO and PK.

The Group’s total non-current assets decreased by US$4.0 million to US$193.0 million as at 30 June 2025, down from US$197.0 million as at 31 December 2024. The decrease was primarily attributable to net depreciation of mature bearer plants amounting to US$1.8 million and property, plant and equipment of US$1.0 million.

Total liabilities declined by US$7.7 million to US$239.7 million as at 30 June 2025, from US$247.4 million as at 31 December 2024. The decrease was primarily due to a net repayment of borrowings amounting to US$16.3 million, partially offset by:

- Additional advances from customers of US$8.3 million; and
- An increase in income tax payable of US$1.2 million, following higher profits in the period.

<u>Review of Group cash flows</u>

The Group’s operating cash flow increased by US$20.5 million in 1H 2025 compared to the same period in 2024, primarily driven by improved financial performance and higher working capital inflows from customer advances. Net cash used in investing activities amounted to US$5.4 million in 1H 2025, mainly due to capital expenditures on additional property, plant and equipment, as well as bearer plants. Net cash outflows from financing activities totaled US$13.7 million, largely attributable to repayments of borrowings and interest payments.

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.

Crude Palm Oil (CPO) prices are expected to remain relatively firm throughout 2025, supported by solid demand fundamentals and policy-driven domestic absorption. In the second half of the year, price momentum is likely to be underpinned by strong demand from key markets such as India and China, coupled with continued implementation of Indonesia's biodiesel mandate, which is expected to absorb a significant portion of national CPO output.

The Group will continue to adopt a prudent and responsive approach in managing procurement, inventory levels, and risk exposure. While the underlying outlook for the remainder of 2025 remains broadly optimistic, we recognize that external risks—particularly those stemming from geopolitical tensions and global economic uncertainty—may introduce volatility. These factors will be closely monitored and incorporated into our strategic planning and risk mitigation frameworks to safeguard margins and ensure operational resilience.

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 dividend has been declared or recommended for the financial period ended 30 June 2025 in order to strengthen the Group's financial position by preserving cash reserves.

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$100,000)**
		1H 2025	**1H 2025**
		US$'000	**US$'000**
Wilmar Group [(1)] (sales)	Controlling shareholder	-	12,220
PT Berkat Wahana Sukses [(2)] (services received, shareholders' mandate obtained at EGM held on 26 April 2024)	Associate of Maknawi family	-	1,238

[(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

Albert Maknawi
Executive Director and Chief Executive Officer
14 August 2025