For Immediate Release

FFB production remained strong. Losses weighed down by weakening of IDR and CPO prices.

Singapore, 14 November 2018 – **Kencana Agri Limited** ("Kencana" or the "Group"), today announced its financial results for the 9 months ended 30 September 2018.

Summary of Results

US$ '000	3Q 2018	3Q 2017	Change	9M 2018	9M 2017	Change
Revenue	34,430	43,797	-21.4%	91,761	111,122	-17.4%
Gross profit	11,295	9,291	21.6%	18,480	22,886	-19.3%
Operating profit	4,097	6,627	-38.2%	6,622	21,286	-68.9%
EBITDA	3,951	7,792	-49.3%	(1,446)	32,524	n/m
(Loss)/profit before tax	(7,393)	(708)	944.2%	(28,151)	15,075	n/m
Net (loss)/profit after tax	(6,338)	(1,384)	357.9%	(23,787)	9,989	n/m

*n/m: not meaningful

Review of Group Financial Performance

3Q2018 vs 3Q2017

The Group's revenue decreased by 21% from US$43.8 million in 3Q2017 to US$34.4 million in 3Q2018. The decrease was mainly due to lower sales volume coupled with lower Average Selling Price ("ASP") of CPO during the quarter. Sales volume of CPO decreased by approximately 10% from 63,794 MT in 3Q2017 to 57,423 MT in 3Q2018 and the ASP of CPO decrease by approximately 16% from US$592 in 3Q2017 to US$499 in 3Q2018.

The Group recorded an Operating Profit ("OP") of US$4.1 million and a Net Loss for the Period of US$6.3 million in 3Q2018. The Net Loss for the Period in 3Q2018 was mainly due to foreign exchange loss as a result of the IDR weakening against the USD and loss from the fair value changes of biological assets.

Cost of sales decreased by 33% from US$34.5 million in 3Q2017 to US$23.1 million in 3Q2018. The decrease was in line with the decrease in revenue. Gross profit margin improved due to an increase in CPO production from 44,657 MT in 3Q2017 to 62,926 MT in 3Q2018 resulting in a lower cost per unit.

Sales and distribution cost increased by 70% mainly due to higher quality claim on CPO for 3Q2018.

The Group recorded a decrease in administrative expenses from US$2.4 million in 3Q2017 to US$2.0 million in 3Q2018 mainly due to decrease in staff costs incurred during the quarter.

Other gains comprise mainly of Plasma management fee income for the quarter.

9M2018 vs 9M2017

The Group's revenue decreased by 17% from US$111.1 million in 9M2017 to US$91.8 million in 9M2018. The decrease was mainly due to lower sales volume and lower ASP of CPO during the period. Sales volume of CPO decreased by approximately 6% from 147,255 MT in 9M2017 to 139,034 MT in 9M2018 and ASP of CPO decreased 14% from US$629 in 9M2017 to US$544 in 9M2018.

The Group recorded an Operating Profit ("OP") of US$6.6 million in 9M2018 and a Net Loss for the Period of US$23.8 million in 9M2018. The Net Loss for the Period in 9M2018 was mainly due to lower ASP, increase in foreign exchange loss as a result of the IDR weakening against the USD, share of loss from equity accounted joint venture.

Cost of sales decreased by 17% from US$88.2 million in 9M2017 to US$73.3 million in 9M2018. The decrease was mainly due to lower sales volume. Gross margin was lower mainly due to lower ASP. CPO production increased from 108,547 MT in 9M2017 to 142,995 MT in 9M2018.

Sales and distribution costs increased by 9% mainly due to higher quality claim on CPO for 9M2018 as compared to 9M2017.

The Group recorded an increase in administrative expenses from US$7.2 million in 9M2017 to US$7.7 million in 9M2018 mainly due to an increase in depreciation expenses and fees incurred in relation to a study for sustainability compliance practices.

Other losses comprise mainly of losses on disposal of vessels offset by management fee income.

Shareholders' equity decreased from US$48.6 million as at 31 December 2017 to US$22.3 million as at 30 September 2018 mainly due to the loss for the period of US$23.8 million and a translation loss of US$2.5 million.

The Group's total current assets decreased by US$0.6 million from US$78.3 million as at 31 December 2017 to US$77.7 million as at 30 September 2018. This was mainly due to decrease in other assets amounting to US$3.8 million as a result of the reclassification of some advance payments to property, plant and equipment, decrease in biological assets amounting to US$3.5 million due to lower production forecasted and lower FFB prices and decrease in assets held for sale amounting to US$1.0 million due to the sale of vessels completed offset by increase in inventories amounting to US$10.8 million due to the purchase of more consumables during the period and higher finished goods awaiting for shipment as at 30 September 2018.

Total non-current assets decreased by US$28.0 million from US$313.0 million as at 31 December 2017 to US$285.0 million as at 30 September 2018. This was mainly due to the decrease in other receivables of US$1.8 million due to receipts from plasma farmers, decrease in properties, plant and equipment of US$5.7 million due to depreciation and foreign exchange movements offset by the additions made during the period and decrease in bearer plants of US$19.2 million mainly due to depreciation, disposal and foreign exchange movements offset by the additions made during the period. This was offset by increase in deferred tax assets of US$3.3 million mainly due to additional deferred tax assets recognised in relation to losses for this period.

Net asset value per share for the Group decreased from 16.92 US cents as at 31 December 2017 to 7.78 US cents as at 30 September 2018.

Review of Operational Performance

At the operational level, the Group's mature area increased by 4,325 ha to 59,945 ha.

FFB produced from nucleus increased by 29% from 439,618 MT in 9M2017 to 565,756 MT in 9M2018. The oil extraction rate for CPO for 9M2018 decreased to 20.1% as compared to 20.3% for 9M2017.

Outlook

Mr. Henry Maknawi, Chairman of Kencana said, "Kencana attained a record high FFB production in 3Q2018. We expect this recovery in production to continue and extend into the remaining part of the year. CPO prices however are expected to remain soft, affected by abundant supply and uncertainties coming indirectly from the trade war between US and China. We are hopeful that the Indonesian government's biodiesel programme will support CPO prices. In this challenging environment, we will focus our efforts on our core business and improving productivity and cost efficiency."

About Kencana Agri Limited

Listed on the Main Board of the Singapore Stock Exchange on 25 July 2008, Kencana Agri Limited ("Kencana" or the "Group") is a fast-growing producer of Crude Palm Oil ("CPO") and Crude Palm Kernel Oil ("CPKO") with oil palm plantations strategically located in the Sumatra, Kalimantan and Sulawesi regions. As at 30 September 2018, Kencana's total land bank and planted area (including Plasma Programme) were 186,713 ha and 67,179 ha respectively. As part of its growth strategy and in line with its goal to be a leading palm oil producer and supplier of choice for both local and international markets, Kencana has streamlined its integrated plantation operations, which include palm plantations, palm oil mills, kernel crushing plants, as well as bulking and logistics facilities, to support its operations. In addition, Kencana strives to pursue sustainable palm oil production whilst remaining committed to being a good corporate citizen for the benefit of all stakeholders.

For more information about Kencana, please visit www.kencanaagri.com

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