For Immediate Release

Stronger results driven by increased production

Singapore, 12 November 2014 – Kencana Agri Limited ("Kencana" or the "Group"), today announced its third quarter financial results ended 30 September 2014.

Summary of Results

US$ '000	3Q2014	3Q2013	Change %	9M2014	9M2013	Change %
Revenue	40,677	61,929	-34	140,530	195,082	-28
Gross profit	9,011	3,928	129	35,594	16,611	114
Operating profit/(loss)	3,264	(14,239)	n/m	24,046	(9,383)	n/m
EBITDA	4,849	(13,346)	n/m	25,490	(8,484)	n/m
Profit/(Loss) before tax	1,216	(17,565)	n/m	15,372	(17,270)	n/m
Net profit/(loss) after tax	957	(15,262)	n/m	11,639	(15,065)	n/m

*n.m: not meaningful

Review of Group Financial Performance

3Q2014 vs 3Q2013

The Group's revenue decreased by 34% from US$61.9 million in 3Q2013 to US$40.7 million in 3Q2014. The decrease was mainly due to lower Average Selling Price ("ASP") of CPO along with lower sales volume during the quarter. ASP of CPO decreased from US$732 in 3Q2013 to US$660 in 3Q2014 and sales volume of CPO decreased approximately 37% from 79,642 MT to 49,814 MT.

The Group's Operating Profit ("OP") for 3Q2014 turned around from a loss of US$14.2 million to a profit of US$3.3 million and Net Profit After Tax ("NPAT") turned around from a loss of US$15.3 million to a profit of US$957,000. The increase in OP this quarter was mainly due to the significantly lower foreign exchange loss as compared to 3Q2013. The increase in NPAT was due to lower foreign exchange loss, offset by higher tax expense for the quarter.

9M2014 vs 9M2013

The Group's revenue decreased by 28% from US$195.1 million in 9M2013 to US$140.5 million in 9M2014. The decrease was mainly due to lower sales volume of CPO during the period offset by higher ASP. Sales volume of CPO decreased approximately 38% from 258,553 MT to 159,861 MT, whereas ASP of CPO increased from US$707 in 9M2013 to US$732 in 9M2014.

The Group's OP for 9M2014 turned around from a loss of US$9.4 million to a profit of US$24.0 million and NPAT turned around from a loss of US$15.1 million to a profit of US$11.6 million. The increase in OP this period was mainly due to the higher FFB production and significantly lower foreign exchange loss as compared to 9M2013. The increase in NPAT was due to higher FFB production and lower foreign exchange loss, offset by higher tax expense for the period.

Shareholders' equity increased from US$165.5 million as at 31 December 2013 to US$173.7 million as at 30 September 2014 mainly due to profit for the financial period of US$11.6 million.

As at 30 September 2014, the Group's total current assets decreased by US$14.3 million from US$73.1 million to US$58.8 million. This was mainly due to a decrease in trade receivables amounting to US$11.7 million, offset by increase in inventories amounting to US$1.4 million.

Total non-current assets as at 30 September 2014 increased by US$34.6 million from US$409.3 million to US$443.9 million mainly due to increase of US$23.8 million in the value of the biological assets, increase of US$15.0 million in amount due from joint venture company, increase of US$3.1 million in land use rights and decrease of US$4.2 million in property, plant and equipment.

Net asset value per share for the Group increased from 14.42 US cents in FY2013 to 15.13 US cents as at end of 30 September 2014.

Review of Operational Performance

At the operational level, the Group's planted area for nucleus increased by 690 ha whereas the planted area for plasma decreased by 524 ha in 9M2014. The decrease in plasma planted area was due to some plasma area no longer managed by the Group and therefore excluded in our total plasma area. Mature area increased 4,864 ha to 40,374 ha.

FFB produced from nucleus increased 41% from 280,505 MT in 9M2013 to 394,868 MT in 9M2014 due to better maturity profile. The oil extraction rates for CPO and CPKO were 21.0% and 43.4% respectively.

Outlook

Mr. Henry Maknawi, Chairman and CEO of Kencana said, "Our results for 3Q2014 improved compared to 3Q2013 mainly due to increased production and lower exchange losses. The results could have been better if not for the low CPO prices. 3Q2014 was a challenging quarter in which CPO prices plunged to its lowest level in the last five years to MYR1900 level in September 2014. However the outlook has improved recently and we are seeing a small rally as a result of export tax measures in Indonesia and Malaysia. We hope to see a recovery of CPO prices but remain cautious of the impact of low crude oil prices on CPO as an alternative fuel."

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 2014, Kencana's total land bank and planted area (including Plasma Programme) were 191,615 ha and 66,250 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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