

For Immediate Release

## Kencana's FFB production increased by 34% in 2012

- *Fresh Fruit Bunches (FFB) harvested increased by 34% in 2012*
- *Completed new planting<sup>1</sup> of approximately 6,252 hectares ("ha") in 2012, total planted area increased to 61,119 ha as at end 2012*
- *4<sup>th</sup> palm oil mill started operation in 2H 2012*
- *More matured area coming on stream, higher FFB and CPO production expected*
- *Proposed first and final dividend of 0.13 Singapore cents per share*

Singapore, 26 February 2013 – Kencana Agri Limited ("Kencana" or the "Group"), today announced its financial results for the full year ended 31 December 2012.

### Summary of results

US\$ '000	2012	2011	% Change
Revenue	301,886	314,726	-4
Gross profit	37,849	35,580	6
Operating profit	30,971	40,309	-23
EBITDA	18,099	22,968	-21
Profit before tax	24,726	32,846	-25
Net profit after tax	17,304	23,181	-25

Excluding fair value changes on biological and other assets, foreign exchange gain or loss (mainly unrealized) , the results would have been as follows:

US\$ '000	2012	2011	% Change
Operating profit	17,993	17,882	0.6
Profit before tax	11,748	10,419	13
Net profit after tax	8,171	6,754	21

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<sup>1</sup> including plasma

## **Review of results and financial position**

For 2012, Kencana continued to grow its production of FFB and reported a 34% increase from 317,000MT in 2011 to 425,000MT in 2012. Revenue for the year declined 4% to US\$302 mil as a result of weaker prices offsetting the increase in production volume. The average selling price (net of export tax) per tonne ("ASP") of CPO declined from US\$920 in 2012 to US\$820 in 2011 whereas the ASP of CPKO declined from US\$1,190 to US\$910 for the same period in comparison.

Excluding the fair value gain in the biological and other assets, and the foreign exchange gain or loss (mainly unrealised), the Group reported higher net profit after tax of US\$8.1 million as compared to US\$6.7 million. The higher profits were mainly contributed by higher production achieved and lower interest expense. During the year, the group incurred a foreign exchange loss of US\$4.8 million resulting from unrealised losses in the revaluation of US\$ denominated loans.

Shareholders' equity remained at US\$227 as the profit from increased production was offset by translation losses resulting from the weakening of the IDR against the USD. Total assets increased by US\$48million to US\$526million and total non-current assets increased by US\$59million to US\$440million during 2012. The increase was mainly attributable to the acquisition of additional land rights and capital expenditure incurred for the plantations development and infrastructure.

Net asset value per share for the Group slightly decreased from 19.84 US cents to 19.79 US cents as at end December 2012.

Based on the latest set of results, the Board of Directors proposed a first and final dividend of 0.13 Singapore cents per share.

## **Review of operational performance**

At the operational level, Kencana's total planted area (nucleus and plasma) increased by 6,252 hectares to 61,119 hectares as at end of 2012. In line with the increased maturity profile of the oil palms, the FFB produced by our nucleus for the year increased by 34% to 425,000 MT. The yield per hectare for 2012 also increased from 14.7 MT/Ha in 2011 to 17.9 MT/Ha in 2012.

## **Outlook**

Amid the present uncertainty in the global economy that is likely to affect the demand and prices of oil seed products and CPO, Kencana will continue to grow its operation. The price of CPO declined in 2012 and is expected to remain volatile in the short term.

Mr Henry Maknawi, Chairman and CEO of Kencana said, "The Group has performed satisfactorily despite the challenging environment caused by uncertainty in the global economy and declining CPO prices. We will have more mature trees coming into production in 2013 which will likely result in higher FFB and CPO production. The Group will continue to closely monitor its production costs, expenses and the impact of foreign exchange movement."

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## **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 31 December 2012, Kencana's total land bank and planted area (including Plasma Programme) were 198,935 ha and 61,119 ha respectively. As part of its growth strategies 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, as a member of the Roundtable on Sustainable Palm Oil ("RSPO"), 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](http://www.kencanaagri.com)

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