KENCANA AGRI LIMITED
(Registration No: 200717793E)

UNAUDITED CONDENSED FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023

Table of contents **Page**

INFORMATION REQUIRED FOR ANNOUNCEMENT OF FINANCIAL YEAR ENDED 31 December 2023

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 consolidated financial statements of the Group for the year ended 31 December 2023.

A. Condensed consolidated statement of comprehensive income

		Group financial year ended 31 December	
	Notes	2023	2022
		US$'000	US$'000
Revenue	5	136,366	152,541
Cost of sales	6	(109,948)	(108,946)
Gross profit		26,418	43,595
Interest income		731	675
Other gains	8	5,450	4,154
Changes in fair value of biological assets and plasma receivables	7	(5,663)	(7,415)
Distribution costs	9	(2,057)	(1,709)
Administrative expenses		(8,740)	(8,931)
Finance costs	10	(15,005)	(15,871)
Other losses	8	(1,944)	(11,473)
(Loss) Profit before tax		(810)	3,025
Income tax benefit (expense)	11	527	(407)
Net (loss) profit for the year		(283)	2,618
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		515	(2,870)
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension plans, net of tax		(186)	104
Other comprehensive income(loss) for the year, net of tax		329	(2,766)
Total net comprehensive income (loss) for the year		46	(148)

B. Condensed statements of financial position

	Notes	Group 31 December 2023 US$'000	Group 31 December 2022 US$'000	Company 31 December 2023 US$'000	Company 31 December 2022 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	73,844	63,083	-	-
Right-of-use assets	12	331	362	-	-
Bearer plants	14	100,575	101,896	-	-
Investments in subsidiaries		-	-	34,147	33,463
Investments in joint ventures		-	-	-	-
Land use rights	15	24,255	24,891	-	-
Deferred tax assets		6,222	5,724	-	-
Other receivables	20	5,609	5,394	-	-
Total non-current assets		210,836	201,350	34,147	33,463
Current assets					
Biological assets	17	23,770	27,871	-	-
Inventories		12,855	16,010	-	-
Trade and other receivables		26,003	29,353	27,098	27,248
Other non-financial assets		3,113	3,142	1	1
Cash and cash equivalents	18	16,680	16,842	85	76
		82,421	93,218	27,184	27,325
Asset classified as held-for-sale	16	-	4,987	-	-
Total current assets		82,421	98,205	27,184	27,325
Total assets		293,257	299,555	61,331	60,788
EQUITY AND LIABILITIES					
Equity					
Share capital	19	93,860	93,860	93,860	93,860
(Accumulated losses) / Retained earnings		(21,640)	(21,171)	(124)	541
Other reserve		2,400	2,400	-	-
Cumulative translation reserve		(44,042)	(44,557)	(32,501)	(33,741)
Total equity attributable to owners of the Company		30,578	30,532	61,235	60,660
Non-current liabilities					
Advances from customer		15,493	20,163	-	-
Deferred tax liabilities		2,479	4,094	-	-
Lease liabilities	24	1,473	1,312	-	-
Other financial liabilities	24	132,289	144,830	-	-
Other non-financial liabilities		6,562	6,423	-	-
Total non-current liabilities		158,296	176,822	-	-
Current liabilities					
Income tax payable		1,853	736	-	-
Trade and other payables		47,796	39,255	96	128
Lease liabilities	24	1,678	913	-	-
Other financial liabilities	24	53,056	48,417	-	-
		104,383	89,321	96	128
Liabilities associated with assets classified as held-for-sale		-	2,880	-	-
Total current liabilities		104,383	92,201	96	128
Total liabilities		262,679	269,023	96	128
Total equity and liabilities		293,257	299,555	61,331	60,788

C. Condensed consolidated statement of cash flows

	Group financial year ended 31 December 2023 US$'000	Group financial year ended 31 December 2022 US$'000
Cash flows from operating activities		
(Loss) profit before tax	(810)	3,025
Adjustments for:		
Interest income	(731)	(675)
Interest expense	15,005	15,871
Amortisation of land use rights	1,107	1,267
Depreciation expense	15,144	15,324
Fair value changes in biological assets	4,731	5,824
Fair value changes in plasma receivables	932	1,591
(Reversal) provision for employment pension benefits	(233)	1,033
Loss on disposal of property, plant and equipment	21	55
Bearer plants written-off	-	77
Write-off of long overdue payables to supplier	(668)	(1,730)
Impairment on other receivables – joint ventures	207	-
Loss on disposal of assets held for sale - investment in KAM	730	89
Write-off of bad debts	67	-
Net effect of exchange rate changes in consolidating entities	(2,341)	8,489
Operating cash flows before changes in working capital	33,161	50,240
Inventories	3,527	(4,280)
Trade and other receivables	1,067	426
Other non-financial assets	94	(149)
Trade and other payables	2,998	14,991
Net cash flows from operations	40,847	61,228
Income taxes paid	(495)	(6,870)
Net cash flows from operating activities	40,352	54,358
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	7	194
Purchase of property, plant and equipment	(14,823)	(9,434)
Additions to bearer plants	(3,245)	(887)
Proceeds from sale of assets held for sale	4,860	-
Interest received	731	675
Net cash flows used in investing activities	(12,470)	(9,452)
Cash flows used in financing activities		
Cash restricted in use	1,488	(54)
Proceeds from borrowings	76,127	149,143
Repayment of borrowings	(86,231)	(175,868)
Repayment of borrowings attributed to liabilities associated with assets classified as held for sale	(1,580)	(1,140)
Repayments of lease liabilities	(1,402)	(644)
Interest paid	(15,619)	(16,147)
Repayment to related parties	-	(127)
Net cash flows used in financing activities	(27,217)	(44,837)
Net increase in cash and cash equivalents	665	69
Net effect of exchange rate changes on cash and cash equivalents	(45)	(140)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	2,871	2,942
Cash and cash equivalents, consolidated statement of cash flows, ending balance	3,491	2,871
Cash and cash equivalents as presented in the statement of financial positions :		
Cash and cash equivalents	16,680	16,842
Less:		
Bank overdrafts included in other financial liabilities - current	(402)	-
Deposits pledged for bank facilities	(12,787)	(13,971)
	3,491	2,871

D. Condensed Statements of Changes in Equity

Group	Total equity attributable to owners of the Company	Share capital	Accumulated losses	Other reserve	Reserve on post-employment benefits	Translation reserve
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current year:						
Opening balance at 1 January 2023	30,532	93,860	(21,171)	2,400	-	(44,557)
Changes in equity:						
Total comprehensive income (loss) for the year	46	-	(283)	-	(186)	515
Transferred to accumulated losses	-	-	(186)	-	186	-
Closing balance at 31 December 2023	30,578	93,860	(21,640)	2,400	-	(44,042)
Previous year:						
Opening balance at 1 January 2022	30,765	93,860	(23,893)	2,485	-	(41,687)
Changes in equity:						
Total comprehensive income (loss) for the year	(148)	-	2,618	-	104	(2,870)
Transferred to accumulated losses	(85)	-	104	(85)	(104)	-
Closing balance at 31 December 2022	30,532	93,860	(21,171)	2,400	-	(44,557)

Company	Total equity	Share capital	Retained earnings	Translation reserve
	US$'000	US$'000	US$'000	US$'000
Current year:				
Opening balance at 1 January 2023	60,660	93,860	541	(33,741)
Changes in equity:				
Total comprehensive income (loss) for the year	575	-	(665)	1,240
Closing balance at 31 December 2023	61,235	93,860	(124)	(32,501)
Previous year:				
Opening balance at 1 January 2022	68,571	93,860	2,163	(27,452)
Changes in equity:				
Total comprehensive loss for the year	(7,911)	-	(1,622)	(6,289)
Closing balance at 31 December 2022	60,660	93,860	541	(33,741)

E. Notes to the condensed 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 year ended 31 December 2023 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 position of the entity, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the objectives, policies and processes for managing capital, the financial risk management objectives, details of its financial instruments, availability of borrowing facilities and its exposures to credit risk and liquidity risk. 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.

As a consequence and in view of the available financial resources and arrangements, the directors believe that the Group is well placed to manage its business risks. After consideration of the above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

2 Basis of preparation

The condensed consolidated financial statements for the financial year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Financial Reporting* issued by the Accounting Standards Council in Singapore. The condensed 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 2022.

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 year compared with the audited financial statements for the year ended 31 December 2022, 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 2023. 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 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 2022.

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) Deferred tax assets;
(c) Impairment assessment of property, plant and equipment and bearer plants;
(d) Useful lives of property,plant and equipment;
(e) Land use right;
(f) Pension and employee benefits;
(g) Measurement of impairment of subsidiary or joint venture;
(h) Advances/guarantees under Plasma Programme;
(i) Environmental regulation.

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

The biological assets (un-harvested fresh fruit bunch (“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 forecasted revenue growth and profit margins.

(b) Deferred tax assets

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 property, plant and equipment and bearer plants

An assessment is made for the reporting year 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. The recoverable amounts of cash-generating units, if applicable, is measured based on the fair value less costs of disposal or value in use calculations. 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 carrying amounts of property, plant and equipment and bearer plants at the end of the reporting year affected by the assumption are disclosed in the notes on property, plant and equipment and bearer plants.

(d) 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 year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

(e) Land use right

The Group holds location permits or *Ijin Lokasi* in respect of plantation land in Indonesia allocated by the Indonesian authorities. Upon the completion of the acquisition of such land, the Group will be entitled to begin the process of application for Business Usage Rights ("Hak Guna Usaha" or "HGU") certificates over such land. The *Ijin Lokasi* may not be extended by the Indonesian authorities and will automatically expire if the Group fails to acquire the land covered in the *Ijin Lokasi* within the stipulated validity year of the said *Ijin Lokasi*. In such an event, the Group may lose their rights granted by the Indonesian authorities under the *Ijin Lokasi* in respect of the remaining area covered by the original *Ijin Lokasi*. At the date of this report, the Group is in the final process of obtaining HGU certificates for conversion in respect of 4,371 (2022: 4,371) hectares of Kadastral land. Kadastral land is land that is measured to determine the actual land area for the HGU title based on the application submitted by the Group. The Group is also in the process of acquiring and clearing land held under their land bank prior to the issuance of Kadastral for such land. Prior to the issuance of the HGU certificates, such land is considered as uncertified land. Pending the issue of HGU certificates, the Group is permitted to physically occupy and build on the uncertified land and to plant and harvest crops. However, as the administration of land laws and regulations may be subject to a certain degree of discretion by the Indonesian authorities, there is no assurance with certainty that the relevant authorities would not take a different approach or view as regard the uncertified land, its use, registration and future disposal for value. Should the relevant authorities take a different approach or view as regards the same and the Group is unable to convert the uncertified land to HGU certified land, the Group's interest in the uncertified land as well as the use of such land may be adversely affected.

(f) 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 2022. 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 31 December 2023 was US$6,562,000 (31 December 2022: US$6,423,000).

(g) Measurement of impairment of subsidiary or joint venture:

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

(h) 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

(i) Environmental regulation

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 year.

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 financial year ended		Non-current assets	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	US$'000	US$'000	US$'000	US$'000
Indonesia	136,366	152,541	196,440	187,636
Singapore	-	-	2,565	2,596
Total	136,366	152,541	199,005	190,232

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 from major customers

	Group financial year ended	
	2023	2022
	US$'000	US$'000
Top 1 customer in plantation segment	44,598	59,825
Top 2 customers in plantation segment	84,618	108,024
Top 3 customers in plantation segment	100,516	116,391

5. Revenues

Revenue classified by type of good or service:

	Group financial year ended 31 December	
	2023	2022
	US$'000	US$'000
Sale of goods	136,366	152,464
Logistics and bulking	-	77
	136,366	152,541

The revenue from sale of goods such as Crude Palm Oil ("CPO"), palm kernel and FFB, and rendering of services are earned from customers who are mainly wholesalers and producers of oil palm products. All contracts are short-term and recognised at a point-in-time.

Breakdown of revenue and operating profit by period :

		The Group		
		2023 US$'000	2022 US$'000	% Increase/ (Decrease)
(a)	Revenue reported for the first half year	61,775	68,969	-10.4%
(b)	Operating profit before deducting non-controlling interests reported for the first half year	3,187	15,874	-79.9%
(c)	Revenue reported for the second half year	74,591	83,572	-10.7%
(d)	Operating profit before deducting non-controlling interests reported for the second half year	7,441	12,283	-39.4%

Operating profit is defined as profit before tax, foreign exchange differences, finance cost, and interest income..

6. Cost of Sales

	Group financial year ended 31 December	
	2023 US$'000	2022 US$'000
Cost of goods produced and purchases	109,771	108,727
Other costs	177	219
	109,948	108,946

7. Changes in biological assets and plasma receivables

	Group financial year ended 31 December	
	2023 US$'000	2022 US$'000
Loss on fair value changes in biological asset	(4,731)	(5,824)
Loss on fair value changes in plasma receivables	(932)	(1,591)
	(5,663)	(7,415)

8. Other gains and (other losses)

	Group financial year ended 31 December	
	2023 US$'000	2022 US$'000
Loss disposal of property, plant and equipment	(21)	(55)
Foreign exchange translation gain (loss)	2,836	(9,936)
Withholding and other tax losses	(919)	(1,316)
Write-off of long overdue payables to suppliers	668	1,730
Write-off of bad debts	(67)	-
Insurance claim	638	102
Impairment on other receivables – joint ventures	(207)	-
Loss on disposal of assets held for sale - investment in KAM	(730)	(89)
Management fee income from plasma	892	1,971
Tolling fee	188	91
Sale of waste	53	129
Bearer plant written-off	-	(77)
Miscellaneous	175	131
	3,506	(7,319)
Presented in profit or loss as:		
Other gains	5,450	4,154
Other losses	(1,944)	(11,473)
Net	3,506	(7,319)

9. Distribution costs

	Group financial year ended 31 December	
	2023	2022
	US$'000	US$'000
Freight & storage costs	1,982	1,632

10. Finance costs

	Group financial year ended 31 December	
	2023	2022
	US$'000	US$'000
Gross finance costs	15,619	16,147
Less: capitalised in bearer plants and property, plant and equipment	(614)	(276)
Net finance costs	15,005	15,871

11. Income tax

	Group financial year ended 31 December	
	2023	2022
	US$'000	US$'000
Income tax (benefit) expense	(527)	407

The Group's operations are predominantly located in Indonesia. The national corporate income tax rate is 22% from financial year 2022 onwards.

The income tax benefit for financial year ended 31 December 2023 was mainly due to net accrual of additional deferred tax asset following the realization of taxable loss from disposal of Company's wholly-owned subsidiary, PT. Karunia Alam Makmur ("KAM"), offset against taxable profit from the Company's other subsidiaries.

12. Right-of-use assets

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

	Lease of office and warehouse premises	
	31 December 2023	31 December 2022
	US$'000	US$'000
Group		
Cost:		
At beginning of the year	629	694
Foreign exchange difference	13	(65)
At end of the year	642	629
Accumulated depreciation:		
At beginning of the year	267	252
Depreciation for the year	39	38
Foreign exchange difference	5	(23)
At end of the year	311	267
Carrying value:		
At beginning of the year	362	442
At end of the year	331	362

The right-of-use assets are for the lease of office and warehouse premises 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	Freehold land	Leasehold buildings	Assets under construction	Plant, fixtures and equipment	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:					
At 1 January 2022	35	35,755	3,526	105,987	145,303
Foreign exchange difference	-	(3,387)	(645)	(10,981)	(15,013)
Additions	-	92	7,638	4,233	11,963
Disposals	-	(7)	(46)	(1,512)	(1,565)
Reclassifications	-	546	(1,561)	1,015	-
At 31 December 2022	35	32,999	8,912	98,742	140,688
Foreign exchange difference	-	647	137	1,826	2,610
Additions	-	58	12,845	4,573	17,476
Capitalisation of interest cost	-	-	146	-	146
Disposals	-	-	(7)	(1,702)	(1,709)
Reclassifications	-	2,137	(9,494)	7,357	-
At 31 December 2023	35	35,841	12,539	110,796	159,211
Accumulated Depreciation :					
At 1 January 2022	-	16,420	-	63,761	80,181
Foreign exchange difference	-	(1,683)	-	(7,322)	(9,005)
Depreciation for the year	-	2,176	-	5,569	7,745
Disposals	-	(5)	-	(1,311)	(1,316)
At 31 December 2022	-	16,908	-	60,697	77,605
Foreign exchange difference	-	316	-	1,182	1,498
Depreciation for the year	-	2,278	-	5,667	7,945
Disposals	-	-	-	(1,681)	(1,681)
At 31 December 2023	-	19,502	-	65,865	85,367
Carrying Value:					
At 1 January 2022	35	19,335	3,526	42,226	65,122
At 31 December 2022	35	16,091	8,912	38,045	63,083
At 31 December 2023	35	16,339	12,539	44,931	73,844

14. Bearer plants

	Group 31 December 2023	Group 31 December 2022
	US$'000	US$'000
Cost:		
At beginning of the year	155,342	170,071
Additions	3,245	887
Capitalisation of interest cost	468	276
Capitalisation of depreciation expense	29	50
Write-off	(147)	(77)
Foreign exchange difference	3,128	(15,865)
At end of the year	162,065	155,342
Accumulated Depreciation:		
At beginning of the year	53,446	51,308
Depreciation for the year	7,189	7,285
Write-off	(147)	-
Foreign exchange difference	1,002	(5,147)
At end of the year	61,490	53,446
Carrying Value:		
At beginning of the year	101,896	118,763
At end of the year	100,575	101,896

15. Land use rights

	Group	
	31 December 2023	31 December 2022
	US$'000	US$'000
Cost:		
At beginning of the year	34,640	38,190
Foreign exchange difference	708	(3,550)
Write-off	(53)	-
At end of the year	35,295	34,640
Accumulated amortisation:		
At beginning of the year	9,749	9,568
Foreign exchange difference	184	(948)
Amortisation for the year included under cost of sales	1,107	1,129
At end of the year	11,040	9,749
Carrying value:		
At beginning of the year	24,891	28,622
At end of the year	24,255	24,891

16. Assets classified as held-for-sale

Disposal of KAM

On 23 November 2021, two of the Company's wholly-owned indirect subsidiaries, PT Alamraya Kencana Mas ("AKM") and PT Langgeng Nusa Makmur ("LNM"), have entered into a conditional share sale and purchase agreement with PT Central Cipta Murdaya for the disposal of its entire equity interests in KAM. The transaction was completed in February 2023.

Details of the assets classified as held for sale are as follows:

	Group	
	31 December 2023	31 December 2022
	US$'000	US$'000
Investment in KAM	-	4,987
Total assets classified as held for sale	-	4,987

17. Biological assets

	Group	
	31 December 2023	31 December 2022
	US$'000	US$'000
Movement in fair value		
At beginning of the year	27,871	36,815
Foreign exchange difference	630	(3,120)
Fair value less estimated point-of-sale costs	(4,731)	(5,824)
At end of the year (Level 3)	23,770	27,871

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 fresh fruit bunches ("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 year-end are based on management inspection on actual condition of un-harvested FFB growing on the trees in December 2023;
(ii) The discount rate used in December 2023 is 11.67% per annum (2022: 11.79% 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 December 2023, 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.

18. Cash and cash equivalents

	Group		Company	
	31 December 2023	31 December 2022	31 December 2022	31 December 2022
	US$'000	US$'000	US$'000	US$'000
Not restricted in use	3,893	2,871	85	76
Deposits pledged for bank facilities	12,787	13,971	-	-
Cash at end of the year	16,680	16,842	85	76

The interest earning balances are not significant.

19. Share Capital

	Number of shares issued '000	Share capital US$'000
Ordinary shares of no par value:		
Balance at 1 January 2022, 31 December 2022 and 31 December 2023	287,011	93,860

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

20. Contingent Liabilities

Ongoing Lawsuit
In 2020, a subsidiary of the Group and its subcontractor received a court summon from an external party for the alleged misuse of a patent with potential financial penalty of US$70,000. The Court has pronounced the verdict at the trial on 24 May 2022 and rejected the claim from the plaintiff.

In relation to the Court decision, the plaintiff has filed an appeal to High Court of Jakarta. The High Court of Jakarta annulled the Lower Court verdict.

Following the verdict of the High Court of Jakarta, the subsidiary filed the appeal to the Supreme Court. As at the date of this announcement, the case is still under examination by the Supreme Court of Republic Indonesia and no result been issued yet.

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 fresh fruit bunches ("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	
	31 December 2023	31 December 2022
	US$'000	US$'000
Facility amounts	17,952	22,059
Outstanding balances	13,325	12,888

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 year is as below :

	Group	
	31 December 2023	31 December 2022
	US$'000	US$'000
Presented as other receivables:		
Advances under Plasma Programme, current	9,497	10,582
Advances under Plasma Programme, non-current	5,609	5,394
Total	15,106	15,976

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 year 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 2023 is 6.45% (2022: 5.50%) 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.

21. Capital Commitment

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

	Group	
	31 December 2023	31 December 2022
	US$'000	US$'000
Commitments for construction of leasehold buildings	1,543	1,101
Commitments for construction of CPO mill and purchase of plant, fixtures and equipment	2,158	1,906

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 year:

	Group		Company	
	31 December 2023	31 December 2022	31 December 2022	31 December 2022
	US$'000	US$'000	US$'000	US$'000
Financial assets:				
Financial assets measured at amortised cost	18,428	21,745	27,183	27,324
Financial assets at FVTPL	15,106	15,976	-	-
	33,534	37,721	27,183	27,324
Financial liabilities:				
Financial liabilities measured at amortised cost	215,927	225,369	96	128

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 year:

	Group financial year ended 31 December	
Group	2023 US$'000	2022 US$'000
Related parties:		
Sales of commodities [a]	18,222	8,479
Services received [b]	(2,315)	(2,377)
Sales and processing of EFB [b]	77	120
Land lease [b]	-	10

(a) The related party, Wilmar International Limited, has 20% equity interest in and has significant influence over the Group.
(b) The related parties are companies in which, Henry Maknawi, a director of the Company, has control over its financial and operating policies.

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

Loans and borrowings

The Group's loans and borrowings of US$188.5 million (2022 : S$195.5 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	
	31 December 2023	31 December 2022
	US$'000	US$'000
Amount due within one year		
Secured	54,734	49,330
Amount due more than one year		
Secured	133,762	146,142

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 reporting year end, the lenders have agreed to waive the compliance of all the breaches in the covenants of certain loans amounting to US$125,813,000 (31 December 2022: US$47,258,000).

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 2022. The Company has no outstanding share options, outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2022 and 31 December 2023.

The Company has not granted options or shares during the financial year ended 31 December 2023.

(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.

	31 December 2023 Number of shares	31 December 2022 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 financial year ended 31 December	
	2023	2022
	US Cents	US Cents
(Loss) earnings per share attributable to ordinary equity holders of the Company	(0.10)	0.91
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	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	10.65	10.64	21.34	21.14
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

Asset disposal
As announced in April 2022, the Group had entered an MOU with third parties to facilitate due diligence and negotiation between the parties with the intention of entering into a definitive sale and purchase agreement to dispose a plantation land owned by the Group. As of to date, the negotiation is ongoing and further update will be provided when there is material development.

F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of the Group as at 31 December 2023 and the related condensed consolidated profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year 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>
During FY2023, the Group’s revenue decreased by 11%. This was because of (i) decrease in the selling prices of Crude Palm Oil (“CPO”) and Palm Kernel (“PK”) and (ii) decrease in the sales volume of Fresh Fruits Brunch (“FFB”). In FY2023, the average selling price (“ASP”) of CPO decreased by 8% from US$761/MT in FY2022 to US$698/MT in FY2023. The ASP of PK also decreased from US$502/MT in FY2022 to US$345/MT in FY2023. For the same FY ended, the sales volume of FFB to third parties declined by 68%. This was due to greater usage of FFB harvested for internal milling following the commissioning of new mill located in Gorontalo in April 2023. Nonetheless, the sales volume of CPO increased by 8,829 MT to 174,598MT in FY2023. The improvement was mainly due to the increase in FFB processed and better CPO extraction rate. Despite this, the impact of the lower ASP has more than offset the impact from the increase in the sales volume of CPO.

<u>Profit</u>
In FY2023, the Group recorded a net loss of US$0.3 million. The loss was mainly due to lower revenue (as explained above) and increase in the cost of sales (see explanation below). The extent of the loss was partly reduced by the foreign exchange gain of US$2.8 million (2022: loss US$9.9 million). The forex exchange gain derived mainly from USD denominated bank loan. During FY2023, IDR appreciated by 315 points as compared to USD from IDR15,731 per USD to IDR15,416 per USD resulting in gain as mentioned above.

<u>Cost of sales</u>
Cost of sales comprises mainly manuring costs, plantation upkeep and maintenance costs, harvesting costs, overhead costs and processing costs. Despite our lower sales in FY 2023, our cost of sales increased from US$108.9 million to US$109.9 million because we have applied more fertilizer to the plants and upkept the plantation more to boost the future production yield. Accordingly, our gross sales margin decreased from 29% in FY2022 to 19% in FY2023.

<u>Review of financial position</u>

The Group’s current assets decreased by US$15.8 million from FY2022 to FY2023. This was because of :
a) the decrease in the inventory value of US$3.2 million due to more intensive fertilizer application,
b) the decrease in the biological asset value of US$4.1 million. This was because of the lower estimated FFB production due to the El Nino effect, and
c) the completion of the sales of KAM, a subsidiary, in FY2023. Following this, the assets classified as held-for-sale was reversed, which amounted to US$5 million.

The Group’s non-current assets increased by US$9.5 million from FY2022 to FY2023. In FY2023, we incurred capital expenditure of US$10.8 million to improve roads and other infrastructure in the plantation. In addition, we also overhauled our boiler machinery.

The Group’s current liabilities increased by US$12.2 million from FY2022 to FY2023. This was because of :
a) additional trade advance received from customers as well as re-classification of certain trade advance to short term amounting to US$8.5 million, and
b) additional drawdown of bank loans and re-classification of certain long-term loans to short term amounting to US$4.6 million.

The Group’s non-current liabilities decreased by US$18.5 million from FY2022 to FY2023. The decrease was mainly due to repayment of bank borrowings of US$12.5 million and the re-classification of long-term trade advance to short term amounting to US$4.7 million.

<u>Review of cash flows</u>

In FY2023, the Group’s operating cash flow decreased by US$14.0 million which was mainly affected by the lower sales and margin as explained above. Even so, we generated an operating cash flow of US$40.4 million in FY2023. The Group reported a net cash outflow in investing activities of US$12.5 million in FY2023 which mainly relating to capital expenditure for roads improvement, labour housing, heavy equipment and other infrastructure in the plantation, overhaul of boiler machinery and replanting program. Net cash flows used in financing activities was US$27.2 million mainly for repayment of bank borrowings and interest.

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 projected impact of the El Nino drought on FFB production yield is expected to negatively affect CPO production. However, the potential increase in domestic CPO consumption following the full implementation of B35 biodiesel could boost demand. This imbalance is likely to maintain a positive CPO price in 2024. Additionally, external factors like conflict and unrest in the Middle East may disrupt the supply chain, leading to higher logistics costs that could impact commodity price volatility. The company will continue to focus on cost management, optimize maintenance and harvesting practices, and enhance its competitive position by improving production yield and overall efficiency, considering the current global circumstances.

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.

In view of the current market condition and net loss for this year, no dividend has been declared or recommended for the financial year ended 31 December 2023.

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$100,000)**
		FY2023	**FY2023**
		US$'000	**US$'000**
Wilmar Group [(1)] (Sales)	Controlling shareholder	-	18,222
PT Berkat Wahana Sukses [(2)] (Services received, shareholders' mandate obtained at EGM held on 29 April 2019)	Associate of Maknawi family	-	2,280

[(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 of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(3). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family Relationship with any Director, Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties held, if any, during the year
Albert Maknawi	43	Son of Henry Maknawi (Executive Chairman) Nephew of Ratna Maknawi (Executive Vice-Chairman)	**Executive Director and Chief Executive Officer** 2020 Responsible for the overall business strategies and the policies of the Group. Mr Maknawi continues to oversee the Group's overall operating activities, including strategic planning of the Group. **Chief Executive Officer** 2018 Responsible for the overall business strategic and policies of the Group. **Chief Operating Officer** 2011 Overseeing the Group's overall operational activities, including strategic planning for the Group. **Deputy Chief Operating Officer** 2010 Assisting the Chief Operating Officer on the day-to-day operations, including strategic planning for the Group. **Director of Subsidiaries:** 2017 PT Sawit Permai Lestari PT Wira Palm Mandiri PT Mentari Bangun Persada PT Citra Megah Kencana 2010 PT Bumi Permai Sentosa 2007 Sawindo Agri Pte. Ltd. **Commissioner of Subsidiaries:** 2017 PT Kencana Agro Jaya **Commissioner of Subsidiaries of Joint Venture Company:** 2018 PT Belitung Energy 2014 PT Energy Cipta Usaha	No change
Ajis Chandra	60	Brother-in-law of Henry Maknawi (Executive Chairman) Husband of Ratna Maknawi (Executive Vice-Chairman)	**Director of Subsidiaries:** 2010 PT Bumi Permai Sentosa 2007 Kencana Logistics Pte. Ltd. 2021 Sawindo Agri Pte Ltd	No change
Augyawati Joe	44	Niece of: - Henry Maknawi (Executive Chairman) - Ratna Maknawi (Executive Vice-Chairman)	**Director of Subsidiaries:** 2008 Sawindo Agri Pte. Ltd. Kencana Logistics Pte. Ltd. Kencana Plantations Pte. Ltd.	No change
Eddy Maknawi	61	Brother of Henry Maknawi (Executive Chairman) Brother of Ratna Maknawi (Executive Vice-Chairman)	**Head of Procurement:** 2008 In charge of the Group's procurement. **Director of Subsidiaries:** 2017 PT Bumi Permai Sentosa 2015 PT Mentari Bangun Persada	Resignation from Commisioner of PT Karunia Alam Makmur

			PT Citra Megah Kencana 2010 PT Sawit Permai Lestari PT Wira Palm Mandiri **Commissioner of Subsidiaries:** 2017 PT Sawit Tiara Nusa PT Delta Subur Permai 2015 PT Loka Indah Lestari PT Karunia Sawit Permai 2010 PT Wira Mas Permai PT Palm Makmur Sentosa PT Langgeng Nusa Makmur PT Belitung Energy PT Agro Mas Lestari 2007 PT Sawindo Cemerlang PT Wira Sawit Mandiri	

12. Disclosure pursuant to Rule 706A of the Listing Rule.

Increase in share capital of subsidiaries

In June 2023, PT. Wira Palm Mandiri ("WPM"), had subscribed for additional 60,000 shares in PT. Agro Inti Kencana Mas ("AIK") for cash consideration of IDR 60,000,000,000. Both companies are wholly-owned subsidiaries of the Group and there is no change in the percentage shareholding of the Company in AIK following the subscription.

The rationale for the increase in the share capital is to strengthen the capital structure of AIK. The aforesaid subscription was funded through internal resources of the Group and the subscription is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial period ended 31 December 2023.

BY ORDER OF THE BOARD KENCANA AGRI LIMITED

Ratna Maknawi
Vice Chairman and Executive Director
28 February 2024