KULIM (MALAYSIA) BERHAD

PARTIAL TAKEOVER OF NEW BRITAIN PALM OIL LIMITED

Kulim (Malaysia) Berhad ("**Kulim**") has made a conditional partial cash offer ("**Offer**") to acquire up to 30,009,621 ordinary shares in New Britain Palm Oil Limited ("**NBPOL**") of West New Britain Province, Papua New Guinea ("**PNG**"), representing 20.00% of the total outstanding ordinary shares in NBPOL ("**NBPOL Shares**"), at GBP 5.50 or PGK 19.36 in cash ("**Offer Price**").

The offer document ("**Offer Document**") was despatched by Kulim to NBPOL Shareholders on 24 July 2013.

NBPOL has released its target company statement ("**Target Company Statement**") dated 6 August 2013.

In the Target Company Statement, the independent directors of NBPOL ("**Independent Directors**") have recommended that NBPOL Shareholders reject the Offer. Also the independent adviser, BDO LLP ("**BDO**" or the "**Independent Adviser**"), has concluded in their report ("**Independent Adviser's Report**") contained in the Target Company Statement, that the Offer is, in BDO's opinion, not fair and not reasonable.

Kulim has carefully reviewed and considered the conclusions reached in the Target Company Statement and the Independent Adviser's Report and has a number of concerns. These are set out below.

Kulim encourages all NBPOL Shareholders to accept the Offer as it represents an attractive premium to the prevailing market price of the NBPOL Shares, provides NBPOL Shareholders with the opportunity to generate cash immediately by monetising some of their NBPOL Shares, and being a partial offer, it gives NBPOL Shareholders the opportunity to participate, through any retained NBPOL Shares, in any future growth of NBPOL's business.

A. Kulim's concerns with the Target Company Statement

Not fair and reasonable

Kulim disagrees with the conclusion in the Target Company Statement that the Offer is not fair and reasonable. The Offer Price of GBP 5.50 per NBPOL Share represents a premium of approximately 25.3% and 36.1% to the volume weighted average price of the Depositary Interests on the London Stock Exchange ("**LSE**") during the 30 day and 60 day trading periods ending on 19 June 2013 (being the last trading day prior to the announcement of the Offer) of GBP 4.39 and GBP 4.04, respectively. The Offer Price also represents a premium of 14.6% to the closing price of GBP 4.80 per Depositary Interest on the LSE on 19 June 2013.

In addition, as noted in the Independent Adviser's Report, the Offer Price is:

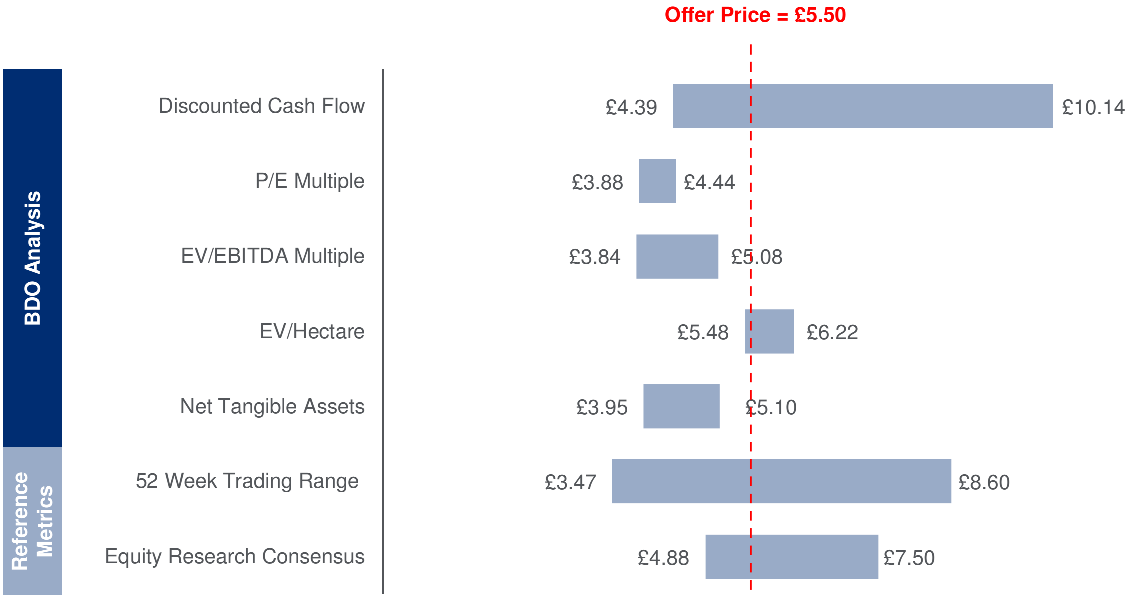
- within BDO's DCF valuation range of GBP 4.39 to GBP 10.14 per NBPOL Share;
- within BDO's market multiples valuation (P/E, EV/EBITDA and EV/Hectare) range of GBP 3.84 to GBP 6.22 per NBPOL Share; and
- above BDO's net tangible assets valuation range of GBP 3.95 to GBP 5.10.

The Offer Price is also:

- within the 52-week LSE trading range ending on 19 June 2013 of GBP 3.47 to GBP 8.60 per NBPOL Share; and

- within the equity research consensus (based on 5 reports published since May 2013) target price range of GBP 4.88 to GBP 7.50 per NBPOL Share.

This is shown in the diagram below.



Source of "BDO Analysis": Pages 37, 40, 41, 42, 43, Independent Adviser's Report.

In Kulim's opinion, the above clearly indicates that the Offer Price is both fair and reasonable and Kulim encourages all NBPOL Shareholders to accept the Offer while it remains open.

In concluding that the Offer is not fair and reasonable, BDO assessed the fair market value of an NBPOL Share as being in the range of GBP 6.50 to GBP 7.00 or PGK 22.04 to PGK 23.74, on a controlling basis. In reaching that conclusion, BDO relied on a number of factors and in particular a DCF valuation range. Kulim has a number of concerns with this valuation. These are discussed in more detail in B.

In addition, no competing proposal has been announced by NBPOL as at the date of this announcement. Accordingly, the Offer represents a rare opportunity for current NBPOL Shareholders to monetise their NBPOL shareholding at an attractive premium to the prevailing market price.

Partial offer only

The Independent Directors view the fact that the Offer is a partial offer as a negative factor. However, Kulim believes that a partial offer has a number of real advantages for NBPOL Shareholders. In particular, it:

- gives NBPOL Shareholders the opportunity to generate cash immediately by monetising some of their NBPOL Shares now;

- gives NBPOL Shareholders the opportunity to participate through any retained shares in any future growth of NBPOL's business and any upward movement in the NBPOL Share price; and

- partially insulates NBPOL Shareholders against a possible fall in the NBPOL Share price by offering NBPOL Shareholders the chance to monetise some of their NBPOL Shares at an attractive premium to the prevailing market price.

Even though the Offer is a partial offer only, Kulim may still acquire all the NBPOL Shares held by an NBPOL Shareholder if the shareholder accepts the Offer for all of their NBPOL Shares and the other NBPOL Shareholders reject the Offer or accept the Offer for less than the Specified Percentage (as described in the Offer Document) of their NBPOL Shares. In those circumstances, the over-accepting NBPOL Shareholders may be able to monetise all of their NBPOL Shares.

Kulim also notes that while the Independent Directors state that reduced liquidity "will" affect any NBPOL Shares retained by an NBPOL Shareholder, BDO is less certain about this point and is only prepared to state that NBPOL Shares "may" be so affected.

Future growth

The Independent Directors state that accepting the Offer will deprive NBPOL Shareholders of exposure to NBPOL's growth opportunities, including the benefit of any future increase in crude palm oil ("**CPO**") prices. As explained above, a partial offer allows NBPOL Shareholders to participate in any future growth of NBPOL's business through any retained NBPOL Shares – including any upward movement in the price of those shares as a result of future increases in CPO prices.

Delisting risk

The Independent Directors state that if the Offer is fully accepted, NBPOL may fail to satisfy the free float requirements under the UK Listing Rules and this may result in NBPOL being delisted from the LSE Main Market.

It is not certain, however, that NBPOL will fail to satisfy the free float requirements should the Offer be fully accepted or, even if NBPOL was to fail to do so, that it would be delisted from the LSE Main Market.

In any event, whether NBPOL is delisted from the LSE Main Market or not, it is Kulim's intention that NBPOL remain listed on the Port Moresby Stock Exchange ("**POMSoX**"). NBPOL's continued listing on POMSoX will ensure that all NBPOL Shareholders are able to sell their remaining NBPOL Shares (if any) should they wish to do so.

Conditional offer

The Independent Directors also view the fact that the Offer is subject to various conditions as a negative factor.

Conditions such as the ones in the Offer Document are commonplace and customary for a transaction of this nature. By way of example, Kulim notes that NBPOL's own acquisition of Ramu Agri Industries Limited in 2008 was made subject to similar conditions.

Changes to NBPOL

The Independent Directors claim that a number of significant changes will be made to NBPOL and its business following the Offer, including changes to its business strategy, the management team and/or the NBPOL Board. They also claim that Kulim not ruling out making any such changes is a negative aspect of the Offer.

Kulim has made it clear in the Offer Document, however, that it:

- has not identified any material changes likely to be made by it in respect of the business activities of NBPOL and its subsidiaries (if any), including any redeployment of assets; and

- does not have any current intention to materially reduce the number of present employees of NBPOL.

Further, to require Kulim to rule out making any changes to NBPOL and its business indefinitely is unrealistic. As a long-time majority shareholder previously (from 1996 to April 2012) and still the single largest shareholder in NBPOL, Kulim has been an avid supporter of NBPOL's growth. In future, Kulim may support changes to NBPOL and its business if the changes are in the best interests of NBPOL and its shareholders.

B. Kulim's concerns with the Independent Adviser's Report

Kulim has a number of concerns with the Independent Adviser's Report. In particular, some of the conclusions reached and assumptions made in the Independent Adviser's Report are difficult to substantiate.

DCF approach

BDO used a DCF calculation as their primary valuation methodology for the purposes of determining the market value of an NBPOL Share. In doing so, BDO has relied, in Kulim's opinion, on a number of questionable assumptions.

In particular:

- **CPO Price.** BDO has assumed, as a base case that CPO prices will increase linearly from US$845/t in 2013 to a long-term CPO price of US$1,100/t by 2021. A long-term CPO price assumption of US$1,100/t (base case) is, in Kulim's opinion, aggressive. By way of comparison, the current CPO price is US$705/t with broker research consensus (based on reports published since April 2013 – with 9 brokers' estimates for 2013E, 8 brokers' estimates for 2014E and 7 brokers' estimates for long-term price) forecasting, US$806/t, US$871/t and US$930/t in 2013E, 2014E and long-term, respectively. As another reference point, historical average CPO prices over the past 10 years have been US$695/t. Also, instead of increasing, CPO prices could just as easily decrease (as they have been generally doing over the last few years). Also, the CPO consensus price forecasts provided by BDO were based on forecasts provided by 4 brokers only.

- **WACC and terminal growth rate.** BDO has used a low weighted average cost of capital ("**WACC**") base case of 9% and Kulim believes that a higher WACC should have been factored into BDO's calculation in order to more accurately reflect the reality of doing business in a developing market like Papua New Guinea. In addition, BDO has also adopted a high terminal growth rate assumption of 4% (base case). Based on BDO's sensitivity analysis, assuming a 10% discount rate and terminal growth rates of 2% to 3%, which Kulim believes to be more realistic, the implied prices would be GBP 4.56 per NBPOL Share and GBP 5.05 per NBPOL Share, respectively. Using more realistic CPO pricing assumptions lower the fair market value of NBPOL Shares even further.

- **Firm value adjustments.** Firm value adjustments used in BDO's calculation do not account for minority interests of US$13 million.

In Kulim's opinion, the net effect of the assumptions used by BDO is that the upper limit of the DCF valuation range is overstated. Despite this, the Offer Price of GBP 5.50 per NBPOL Share is still within the DCF valuation range calculated by BDO.

Market valuation approach

In Kulim's opinion, there are also a number of deficiencies in the market valuation approach taken by BDO. In particular:

- BDO has used comparable company valuations to support its conclusion concerning the fair market value of NBPOL Shares. However, the list of comparable companies used by BDO for this purpose is quite narrow - First Resources Ltd., United Plantations Bhd, Bumitama Agri Ltd., and IJM Plantations Bhd only.

- The comparable companies used by BDO are also, in Kulim's view, not appropriate. They appear to have been selected because they have a similar market capitalisation to NBPOL, not because they have similar business models and operational metrics to NBPOL. Comparing NBPOL to such companies is misguided. In addition, in the same report, inconsistently, BDO uses a more comprehensive list of comparable companies for the purposes of the WACC calculation.

- BDO has factored in a premium and a discount within the P/E and EV/Hectare multiples without clearly describing these adjustments or providing any evidence to substantiate them.

- The EV/Hectare multiples used by BDO appear to have been taken from broker research which has not been updated based on the latest market data. The same multiples have also been applied to NBPOL's full hectarage (including sugar cane) instead of NBPOL's palm oil hectarage.

Again, in Kulim's opinion, the effect of these deficiencies is to result in BDO overstating the fair market value of an NBPOL Share.

Cross checks and fair market value

BDO states that they have relied on the DCF approach as their primary valuation methodology and that this was cross checked against an asset-based approach and a market-based approach. However, both approaches provide valuation ranges far less than BDO's estimate of fair market value. In Kulim's opinion, both of these approaches were clearly disregarded by BDO in reaching their conclusion on the fair market value of an NBPOL Share. The Offer Price is either above or at the top end of these ranges: the asset-based approach yields a valuation range of GBP 3.95 to GBP 5.10 per NBPOL Share while the market-based approach yields a valuation range of GBP 3.84 to GBP 6.22 per NBPOL Share. Both of these ranges are also significantly lower than the DCF approach favored by BDO.

In addition, BDO does not explain how they arrived at the "fair market value" using the DCF valuation range. It appears that BDO's "fair market value" was determined from within the DCF valuation range based on a notional, unsubstantiated, control premium and ignored the cross checks referred to above.

C. Conclusion

Kulim still considers that the Offer is fair and reasonable and does not intend to vary or extend the Offer.

We encourage all NBPOL Shareholders to accept the Offer.

Dato' Kamaruzzaman Abu Kassim
Chairman
Kulim (Malaysia) Berhad

Ahamad Mohamad
Managing Director
Kulim (Malaysia) Berhad