

BUMITAMA AGRI LTD.

(Incorporated in Singapore)

(Company Registration Number: 200516741R)

PROPOSED ACQUISITION OF PT. NABATINDO KARYA UTAMA

1. PROPOSED ACQUISITION

The Board of Directors of the Company (hereinafter, together with its subsidiaries, to be referred to as the “**Group**”) wishes to announce that its subsidiary, PT. Bumitama Sawit Lestari (“**BSL**”), had on 17 October 2012 entered into a Conditional Sale and Purchase Agreement (“**CSPA**”) with Mr. Ramli, Mr. Yusrin Husin, Mrs. Lindia and Mrs. Niwaty, individuals unrelated to the Group, who collectively hold 100 % of issued shares of PT. Nabatindo Karya Utama (“**NKU**”). Pursuant to the CSPA, BSL will acquire 80% of the issued shares of NKU (“the **Acquisition**”).

The Acquisition shall be conditional on the approval from the Capital Investment Coordinating Board of Indonesia (BKPM).

Upon completion of the Acquisition, the remaining 20% of the issued and paid-up share capital in NKU will continue to be held by Mr. Ramli.

2. CONSIDERATION

2.1. The total consideration for the Acquisition is IDR 175,662,309,000 (equivalent to S\$22,385,919¹) (the “**Consideration**”). The Consideration will be payable in cash in two tranches. The first payment of IDR 12,000,000,000 (equivalent to S\$1,529,247¹) will be payable on the signing date of CSPA with the remaining IDR 163,662,309,000 (equivalent to S\$20,856,672¹) payable on the closing date of the Acquisition.

2.2. The Consideration was arrived at on a willing-buyer, willing-seller basis after taking into account the intrinsic value of NKU’s plantation, of which approximately 3,300 ha is planted, and the fact that NKU’s plantation is conveniently located.

2.3. The Consideration will be funded by the Group’s internal resources.

¹ Based on an exchange rate of IDR7,847:S\$1.

3. NON-DISCLOSABLE TRANSACTION UNDER RULE 1006 OF THE MAINBOARD RULES

3.1 The relative figures in relation to the Acquisition computed on the applicable bases set out in Rule 1006 of the Mainboard Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not meaningful
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	1.24
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable

Notes:

- (1) The net profits before tax, minority interests and exceptional items attributable to NKU for the financial half-year ended 30 June 2012 have been compared with the Group's net profits before tax, minority interests and exceptional items for the financial half-year ended 30 June 2012.
- (2) The Company's market capitalisation is S\$1.81 billion based upon 1,757,531,844 shares in issue as at 16 October 2012 at a volume weighted average price of S\$1.030 at the close of trading on 16 October 2012 for each share.

3.2. As the relative figures under Rule 1006 do not exceed 5%, the Acquisition constitutes a non-disclosable transaction for the Company as defined in Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. INFORMATION ON NKU

4.1. NKU is primarily engaged in the plantation business and was incorporated on 11 July 2005, under the Deed of Incorporation Number 07 made before Nurita Zouharminy, SH Notary in Sampit, Central Kalimantan Province, Republic Indonesia and has obtained approval from the Ministry of Law and Human Right of Republic of Indonesia on 1 February 2006 under the Decree Letter number C-02741 HT.01.01.TH.2005.

NKU has obtained a Location Permit and Plantation Business Permit for a total land area of 11,000 hectares (ha) in Central Kalimantan based on Decree from Head of Regent of Kotawaringin Timur No. 803/460.42 dated 15 August 2005 and No. 525.26/678/XI/EKBANG/2005 dated 28 November 2005 respectively. Out of the 11,000 ha held by NKU, 5,766 ha of land is located in the Forestry Area and its use for cultivation of oil palms is subject to approval from Ministry of Forestry of Republic of Indonesia for forest relinquishment, while the remaining area is located in the Other Designated Area. To date NKU has cultivated 3,301 ha of the land it owns.

- 4.2. As at the date of this announcement, the authorized and paid-up capital of NKU is IDR 15 billion (equivalent to S\$1.91 million¹). Based on the unaudited financial statements of NKU for the financial year ended 31 August 2012, the book value and the net tangible asset value of NKU is approximately IDR 8.14 billion (equivalent to S\$1.04 million¹) and IDR 8.14 billion (equivalent to S\$1.04 million¹) respectively. The Board is of the view that the book value and net tangible asset values reflected in these financial statements are not reflective of the value of NKU. Please refer to paragraph 2.2 above for information on the factors the Company took into account in arriving at the Consideration.

5. RATIONALE FOR THE ACQUISITION

The Acquisition is in line with the Group's expansion plan to increase the hectarage of its land bank. In addition, NKU's land is near to the existing land bank of the Group, and the close proximity would allow the Group to achieve operational efficiency through the sharing of resources such as labour and infrastructure.

6. FINANCIAL EFFECTS OF THE ACQUISITION

- 6.1. The acquisition will not have a material impact on the net tangible assets and earnings per share of the Company based on the consolidated audited financial statements of the Group for the financial year ended 31 December 2011.
- 6.2. The Acquisition will not have any impact on the issued share capital of the Company.

7. INTERESTS OF DIRECTORS AND/OR CONTROLLING SHAREHOLDERS

- 7.1. Other than as disclosed above, other than interests held through the Company as shareholders, none of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the Acquisition.
- 7.2. None of the Directors of the Company will be entering into any service contracts in connection with the Acquisition.

8. FURTHER ANNOUNCEMENTS

The Company will make such further announcements as and when appropriate to keep shareholders informed of any further development on the Acquisition.

By Order of the Board

Lim Gunawan Hariyanto
Executive Chairman and Chief Executive Officer

18 October 2012

Note:

The Joint Issue Managers for the Company's initial public offering are DBS Bank Ltd and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch. The Joint Issue Managers assume no responsibility for the contents of this announcement.