

August 5, 2016

**Subject: Management Discussion and Analysis of Second Quarter and Half Year
Ending 30 June 2016**

**To: The President
Stock Exchange of Thailand**

Univanich Palm Oil PCL hereby submits a discussion and [analysis](#) of the financial statements of the company and its subsidiaries for second quarter of 2016 and for the half year ending 30th June 2016.

For the half year, the consolidated net profit after tax of **Baht 179.57 million**, was 15.1% lower than in the same period of the previous year. The main negative factors contributing to this result were:

1. Fruit production from our own plantations was **28.4% lower** y-o-y and fruit purchased from outside growers was **15.5% lower** y-o-y. The lower fruit production was mainly due to the delayed renewal of the Chean Vanich land concession and the very dry El Nino weather.
2. Total fruit processed by our three factories in Thailand was **17.2% lower** than in the first half of last year and crude palm oil production was **down by 21.4%** due to the effect of the extreme El Nino weather affecting oil extraction rates.
3. Net attributable loss from our Philippine subsidiaries was Baht 5.80 million mainly due to the low volumes of fruit during the severe El Nino weather conditions experienced in Southern Philippines.

Positive factors which helped to counter the above were:

1. The average selling price of CPO was **11.9% higher**, mainly due to government intervention to support domestic fruit price. Palm kernel oil was **28.6% higher**, due to the strong world market for competing coconut oil.
2. Seed and Seedling sales value was **52.7% higher** than in the same period last year due to increased domestic and overseas demand for hybrid planting material from the Univanich Oil Palm Research Center.
3. As a result of the New Thai Accounting Standard No. 41 : Agriculture (TAS #41), which came into effect on 1st January 2016, there was a net gain of Baht 9.58 million in the first half 2016, due to measurement of biological assets at fair value less costs of sales.

Increased competition amongst crushing mills for the significantly lower volumes of fruit and the impact of El Nino weather on oil extraction rates resulted in lower crushing margins. Overall, our gross profit margin was 14.2%, down from 17.3% last year.

Second quarter consolidated profit after tax of **Baht 124.48 million**, was 22.2 % lower than the second quarter of last year, mainly due to the above seasonal effects.

Earnings per share for the first half year were **Baht 0.19 per share**, compared to Baht 0.22 per share for the first half of last year.

Yours faithfully,
Univanich Palm Oil Public Co., Ltd.

John Clendon
Managing Director

cc: The Secretary-General
The Securities and Exchange Commission