

August 14, 2014

**Subject: Management Discussion and Analysis of second Quarter and Half Year
Ending 30 June 2014**

**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 the second quarter of 2014 and for the half year ending 30th June 2014.

For the half year ending 30th June 2014, the consolidated net profit after tax of **Baht 445.79 million**, was 1.0% lower than Baht 450.26 million in the same period of the previous year. Although the operating outcome was little changed, there has been variation in the factors contributing to that result, as follows:

1. Fruit production from the company's own plantations was **18.1% lower** year-on-year (y-o-y). This was mainly due to the closure of the Chean Vanich Estate throughout the first half of 2014, following an exclusion order issued by the Forestry Department. This order prevented the company from operating the plantations or the research trials in that concession area while the Administrative Court is considering the company's petitions regarding renewal of the concession lease. On 11th June, 2014, the company received permission to reoccupy and start to rehabilitate the Estate, pending final verdicts from the Administrative Court.
2. The average selling price of crude palm oil (CPO) was **23.9% higher** and palm kernel oil (PKO) was **80.1% higher** (y-o-y). These higher prices were a result of dry weather and low production in the first quarter of 2014, and the impact of Philippines Typhoons on competing production of coconut lauric oils.
3. The average buying price of purchased fruit **increased by 22.9%** y-o-y, following a similar movement in the average selling price of CPO, but the average CPO extraction rate was **7.4% lower** y-o-y. This was because of the very dry weather during the first quarter of this year which affected oil content and fruit quality.
4. Export sales volume of Univanich oil palm seeds was **44.2% lower** y-o-y. This was partly due to the slower rate of new plantings worldwide, following the drop in world oil palm prices from the high levels in 2012, and as a result oil palm disease problems in some Latin American countries, which has affected their demand for oil palm seeds.
5. Income tax **increased by 74.4%** y-o-y mainly due to the expiry of BOI incentives for our TOPI factory.

Net proceeds of sales in first half of 2014 increased by 36.1% to Baht 3.866 billion but overall gross margin decreased from 20.9% to 16.6%, mainly due to lower concern fruit production, lower oil extraction rates and crushing margins, and an increase in low-margin purchases of third party oil to make-up the volume for export shipments.

Second quarter consolidated profit after tax of Baht 365.23 million, was 138.3% higher than the second quarter of last year, due to a strong seasonal recovery in Q2 production combined with the higher palm oil prices.

Earnings per share for the first half year were **Baht 0.47 per share**, compared to Baht 0.48 per share for the first half of last year (based on the new par value of Baht 0.50 per share).

Outlook: Palm oil production will be lower in the second half of the year and we expect this to support firmer prices. The company has been encouraged by the Courts' acceptance of our petitions seeking consideration of the company's lawful application for renewal of the Chean Vanich concession lease, and for compensation for damages incurred from unlawful infringement of the company's rights in that area.

At our Philippine subsidiary, Univanich Carmen Palm Oil Corporation (UCPOC), construction of the new UOPOC palm oil crushing mill has been completed and first trial operations took place on 30th June 2014. We do not expect high volume production during the first year of operation but outgrower oil palm plantings have been expanding very rapidly in the new factory's catchment area.

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

John Clendon
Managing Director

cc: The Secretary-General
The Securities and Exchange Commission