

February 27, 2015

Subject: Clarification of Operating Result for the year ending 31 December 2014

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

Univanich Palm Oil PCL hereby submits a discussion and clarification of the financial statements of the company and its subsidiaries for the financial year ending 31st December 2014.

The 2014 consolidated net profit after tax of **Baht 636.39 million**, was 13.1% lower than Baht 732.61 million in the previous year. The main factors leading to this lower result were:

1. Production of Fresh Fruit Bunches (FFB) from the company's own plantations was 17.3% lower than the previous year. This was mainly due to the enforced closure by authorities of our Chean Vanich Estate during the first half of the year. On 11th June 2014, the company was permitted to re-occupy the Estate pending the verdict of the Administrative Court which is currently considering the company's legal petitions regarding renewal of the land lease and compensation for damages suffered as a result of the forced closure.
2. Total FFB processed by our three factories in Thailand was 17.4% lower than the previous year, partly due to the above delay in lease renewal but mainly due to the severe 2014 dry season which depressed yields and also lowered oil extraction rates around the region. Our crude palm oil production was down by 21.0% year-on-year.
3. Income taxes increased by 19.5% due to the expiry of the BOI tax exemption on our TOPI factory and the additional payment of Baht 12.0 million relating to earlier BOI exemptions since recalculated.
4. Our new subsidiary in Philippines (UCPOC) commissioned its first crushing mill in July 2014. As expected, the new crushing mill is not yet profitable and contributed a loss of Baht 5.94 million to the consolidated UVAN result. This situation is expected to change in the year ahead as new areas of young palms come into production around UCPOCs fruit buying region of Mindanao.

Positive factors which mostly countered the lower productions were:

1. The average selling price of crude palm oil (CPO) was 14.9% higher and palm kernel oil (PKO) was 57.4% higher than in the previous year. These higher prices were mainly as a result of the low to very low production in the third and fourth quarters of 2014, as a result of the seasonal factors mentioned above.
2. The receipt of 203,203 Certified Emission Reduction Certificates (CERs) or Carbon Credits issued by the UN Clean Development Mechanism (CDM) relating to the Univanich CDM Biogas projects. The Gold Standard CERs were sold as contracted to buyers in Europe.

Total sales revenue of Baht 5.70 billion was practically the same as in the previous year. The significantly lower palm oil production has been compensated by increased palm oil prices and the new revenue from CERs. Overall, gross margin for the year decreased from 17.9% to 15.1% due to higher FFB buying prices and lower crushing margins during the third and fourth quarters when there was intense competition to purchase the much lower volumes of fruit.

Earnings per share from the consolidated net profit of **Baht 636.39 million** were **Baht 0.68 per share**, compared to Baht 0.78 per share of last year.

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

John Clendon
Managing Director

cc: The secretary-General
The Securities and Exchange Commission