

February 24, 2017

**Subject: Clarification of Operating Result for the year ending 31 December 2016**

**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 31<sup>st</sup> December 2016.

The 2016 consolidated net profit after tax of **Baht 344.59 million**, was 7.9% lower than Baht 374.32 million in the previous year.

The main factors contributing to this lower result were:

1. Fruit production from our own plantations was 18.0% lower and fruit volumes purchased from outside growers were 21.6% lower than in the previous year. This lower production was mainly due to the El Nino weather phenomenon during the previous two years.
2. Crude palm oil production from our three factories in Thailand was 24.5% lower than in the previous year. Higher competition for much lower fruit volumes has led to higher prices but lower oil extraction rates.
3. Net attributable loss from our recently developed Philippine subsidiaries was Baht 16.3 million, also due to the low volumes of fruit following the El Nino weather phenomenon experienced in Southern Philippines.

Positive factors which helped to counter the above seasonal production factors were:

1. The average selling price of crude palm oil was 27.2% higher than in the previous year, mainly due to the lower volumes available in the domestic market and government intervention to support smallholder fruit prices. The average selling price of palm kernel oil was 47.7% higher mainly as a result of the El Nino weather condition which has reduced supplies of these lauric oils around the region.
2. Seed and Seedling sales were 40.5% higher than the previous year due to higher domestic and overseas demand for drought-tolerant planting material from the Univanich oil palm breeding programme.

As a result of a new Thai Accounting Standard No. 41: Agriculture (TAS #41), which came into effect on 1st January 2016, a net loss of Baht 0.79 million was recorded in 2016, due to measurement of biological assets at fair value less costs of sales.

Overall, gross margin for the year decreased from 15.5% to 14.9% mainly due to the increased competition amongst crushing mills for the significantly lower volumes of fruit.

Earnings per share from the consolidated net profit of 2016 was **Baht 0.37 per share**, compared to Baht 0.40 per share of previous year.

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

John Clendon  
Managing Director

cc: The secretary-General  
The Securities and Exchange Commission