

February 26, 2016

Subject: Management Discussion and Analysis for the year ending 31 December 2015

**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 financial year ending 31st December 2015.

The 2015 consolidated net profit after tax of **Baht 374.32 million**, was 41.21% lower than Baht 636.39 million in the previous year. The main factors leading to this lower result were:

1. The average selling price of crude palm oil (CPO) in 2015 was 11.1% lower than in the previous year, due to lower global commodity prices and high domestic CPO stocks. The average selling price of palm kernel oil (PKO) was 24.0% lower, due to the influence of lower petroleum prices in the oleochemical industry
2. Production of Fresh Fruit Bunches (FFB) from the company's own plantations was 18.4% lower than the previous year due to the continuing occupation of some company plantations by trespasser groups. These illegal occupations are currently being challenged in criminal and civil courts, seeking compensation and an effective a legal response from law enforcement authorities.
3. No revenue was received in 2015 from the sale of Certified Emission Reductions (CERs) which had generated Baht 93.9 million revenue in 2014. In 2016 we expect to receive income from sale of approximately 100,000 CERs generated in the 2013 - 2014 period. These sales have been delayed by the long certification process.
4. As expected, our subsidiaries in Philippines(UCPOC) experienced net loss of Baht 14.5 million due to low volumes of fruit on this first full year of operation in a newly developed oil palm region. This situation is expected to improve in the years ahead as new areas of young palms come into production in the region of the company's new crushing mill in Mindanao.

A positive factor which helped to counter the effects of lower production and prices was increased sales of nursery seedlings which were 34.3% higher than in the previous year due to increased local farmer conversion of land from rubber to oil palms.

Total sales revenue of Baht 3.99 billion was 30.0% lower than in the previous year partly due to the above effects of lower prices and lower production. Government intervention to support small farmer fruit prices during this low-price season also made Thailand's crude palm oil uncompetitive in international markets. This reduced the company's purchase of third-party CPO for export shipments to Europe, thus reducing sales revenue.

Overall, gross margin for the year increased from 15.1% to 15.5% due to the decrease in low-margin purchases third party oil for export, and the increased of higher margin seed and seedling sales.

Earnings per share from the consolidated net profit of 2015 was **Baht 0.40 per share**, compared to Baht 0.68 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