

MESSAGE FROM THE CHAIRMAN AND THE MANAGING DIRECTOR



In 2013, Mr. Somchai Chongsawadchai, the former Vice Chairman and Managing Director, passed away at the age of 54. During his 25 year career serving your Company, Mr. Somchai had tirelessly devoted himself to the Company and played a significant role in the transformation of your Company from a small enterprise to a well-established public listed company. Besides being the driving force behind your Company's success today, he also contributed to the development of the palm oil industry in Thailand, serving as the President of Thai Palm Oil Refinery Association during 1997 – 1998, and the Vice President of Thai Palm Oil Crushing Mill Association during 2002 – 2013.

The Board of Directors appointed Ms. Anchalee Suebchantasiri to be Managing Director to replace Mr. Somchai, with effect from 1 November 2013. Ms. Anchalee had served the Company as Executive Director and Finance Manager for 20 years along Mr. Somchai and has vast experience and knowledge in the edible oil industry.

Industry Overview

In December 2012, accumulated CPO stock balance reached a high of 362,267 MT causing CPO and FFB prices to collapse rapidly. Growers started to protest. Eventually, at the beginning of 2013 CPO and FFB prices were set at 25 and 4 Baht/kg, respectively (at 17% OER) under the Government project "absorption of CPO volume from the market in 2012/13". After that, CPO price varied between 23 – 25 Baht/Kg until the end of 2013 when the price jumped to around 28 – 33 Baht/Kg as nationwide CPO stock fell from 384,818 MT in January to 203,999 MT in December. Bio-diesel business was preparing to produce B7 in accordance with the government policy, which was to be implemented on 1 January 2014. However, with CPO stock dropping to below 200,000 MT at the end of 2013 and early 2014, the Ministry of Energy reduced the proportion of CPO to be blended into diesel from 5% to 4% effect on 1 February 2014, and delayed B7 implementation, to ease the affect on food industry and price pressure.

Company's Performance

2013 was another year of remarkable operating performance. Your Company recorded a net profit of 385.42 million Baht in 2013, an increase of 21.16% comparing to 2012 (2012 : 318.10 million Baht); on a revenue of around 5,859 million Baht, decreasing by 8.22% compared to 6,384 million Baht in 2012.

Production and Investment

In 2013, the Group invested mostly in projects carried forward from the previous year. Although there were no major investment projects, the Company achieved a number of important quality management systems, which included:-

- FSSC 22000, being a standard developed for the certification of quality standard and food safety. It covers the standard of ISO 22000 and PAS 220, which is globally accepted.
- ISO 28000, being a standard of a security management system particularly dealing with security assurance in the supply chain.

Such certifications underscore your Company commitment to create client satisfaction and confidence by focusing on its responsibility and client's need by improving quality of the products pursuant to the standard from the various quality management systems. As a consequence, presently the Company has achieved the quality management systems namely ISO 9001:2008, GMP, HACCP, ISO 14001:2004, TIS 18001:2011, OHSAS 18001:2007, RSPO, TLS 8001, ISO 28000:2007 and FSSC 22000 (ISO 22000:2005 + PAS 220:2008).

Following a strategic review, Union Frost Co., Ltd (UNF), a subsidiary of Universal Food Public Company Limited, was deemed non-core to the Group business and the decision was made to downsize the operations. Packing operation from semi-finished to finished goods continue to meet customers' orders.

Marketing

The Company values brand building over pricing competition. We accordingly focus on strategies to build awareness and recognition of the brand to consumers through television media and in-store media. The message conveyed is that Jade (or Yok) is an expert of frying. For Naturel, the company provides health information to its target audience and implements the activities that communicate directly to the target audience, such as Facebook, Office Road Shows, and Hospital Road Shows. For margarine and shortening categories, we expanded our consumer base to users in hotel (sous chef) by joining the Thai Chef Association and participate in their the activities.

In addition, in 2013, our subsidiary Universal Food Public Company Limited introduced new product variants including canned sweet corn kernels, UFC REFRESH Asian favorites "Chrysanthemum plus Lo Han Gua" in 240 ml. aluminum cans and HOMESOY original soy milk with black sesame in 300 ml. plastic bottle. Sales of UFC 100% coconut water continued to enjoy strong growth in the export market. To meet growing demand for coconut water, UFC invested in 2 new Tetra Prisma Aseptic lines; both were commissioned and operational in December 2013.

Responsibility to Community, Society and the Environment

Your Company recognises the importance of community, social and environmental responsibility together with conducting the business. The major projects of 2013 include:-

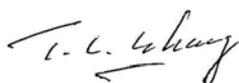
- Local activities to enhance your Company's image and develop relationship between its crushing mill and nearby communities
- Activities to promote and preserve the cultural heritage of Thailand
- Local youth sports day
- Donation for relief of natural disaster victims
- Held the meeting to promote RSPO Smallholder to palm farmer, and to educate the principles and criteria of RSPO standards according to the Company's project to promote the sustainable plantation, to focus on the fruit quality to supply to the mill, and to measure for the land ownership of farmers in order to conform to the RSPO standard.

Human Resources and Corporate Culture

Our employees are a valuable resource. We are committed to developing the potential of all employees to become professionals under code of business conduct and moral standards including to work under five aspects of organisational culture.

1. "Can Do" attitude
2. Accountability
3. Team work
4. Take care of people
5. Continuous improvement

On behalf of the Board of Directors, our Management team and other employees, we would take this opportunity to thank our Company's shareholders, customers, and business partners for their continuing support and also for their interest in the development of the Group's business.



Mr. Whang Tar Liang
Chairman



Ms. Anchalee Suebchantasiri
Managing Director