

(Translation)

14th May 2018

Subject: Management Discussion and Analysis (MD&A) for the 1st quarter period of year 2018

To: Managing Director of the Stock Exchange of Thailand

Union Pioneer Public Company Limited would like to clarify the net profit for the 1st quarter of the year ending on 31st March 2018 had decreased more than 20% comparing to the same period of the previous year, the Company gained revenue from sales at Baht 142.50 million which had decreased comparing to the same period of the previous year at Baht 5.58 million. The cost of sales increased by Baht 1.3 million resulting from the higher cost of raw materials for production, this lead to a net profit from operation of Baht 2.57 million which was a decrease of Baht 6.56 million from the same period of the previous year.

The Company's profitability in the first quarter of 2018 decreased from the same period of previous year, the return on total assets (ROA) decreased from 1.80% to 0.54% and the return on equity (ROE) decreased from 2.28% to 0.68% and earnings per share (EPS) decreased from 1.22 Baht/share to 0.34 Baht/share. Gross Profit Margin decreased from 17.04% to 12.88%.

The efficiency of using the total assets to profit from the turnover of total assets in this quarter was equal to the first quarter of 2017 at 0.31 and 0.30 times, respectively. Liquidity ratio increased from last year was from 6.98 times to 7.15 times because the Company had current debts which were accounts payable and other payables decreased from the same period of previous year. Receivable Turnover decreased from the first quarter of 2017, which were 1.14 times and 1.25 times, respectively, due to the lower sale. Meanwhile the collection period increased from 72 days to 79 days. For the debtors who may have some problems incurred in collection of receivables, the individual allowance for doubtful accounts is provided with monthly payments which are made on a monthly basis. Inventory Turnover in this decrease from 0.88 times to 0.78 times and had a number of duration of carrying goods that was 116 days, which was an increase of 14 days from the last year because the Company had enough number of rubber stocks for production.

Cash flow received from operating activities increased from the same period of last year, because the Company received debt repayment during period. Cash flows used in investing activities for this quarter was an investment to buy machinery for production.

From the following reasons concluding that the operating results of the Company in the 1st quarter of year 2018 decreased comparing to last year.

For your consideration to the members of The Stock Exchange of Thailand and those interested to be informed accordingly would be appreciated.

Yours faithfully,

-Signature-

(Mr. Pongsak Thiengviboonvong)
Managing director