

(Translation)

11st August 2017

Subject: Management Discussion and Analysis (MD&A) for the 2nd quarter and 6-month periods of year 2017

To: Managing Director of the Stock Exchange of Thailand

Attachment: Copy of financial statements dated on 30th June 2017 Thai-English each.

Union Pioneer Public Company Limited would like to clarify the net profit for the 2nd quarter and 6-month periods of the year ending on 30th June 2017 had decreased more than 20% comparing to the same period of the previous year, the net profit for the second quarter and the six-month periods of 2017 were 7.10 million Baht and 16.23 million Baht, decreased from the same period of the previous year by 2.33 million Baht and 4.98 million Baht respectively, due to the high price of natural rubber, which is the main raw material cost for production.

The Company's profitability in the second quarter of 2017 decreased from the same period of previous year, the return on total assets (ROA) decreased from 1.98% to 1.46% and the return on equity (ROE) decreased from 2.53% to 1.88% and earnings per share (EPS) decreased from 1.26 Baht/share to 0.95 Baht/share. Gross Profit Margin decreased from 19.55% to 16.17%. due to the price of natural rubber, which is the main raw material cost for production, was higher than the same period of the previous year.

For the six-month period of 2017, the Company's profitability decreased from the same period of the previous year as well. ROA decreased from 4.45% to 3.34% and ROE decreased from 5.70% to 4.29% and EPS decreased from 2.83 Baht/share to 2.16 Baht/share. Gross Profit Margin decreased from 20.30% to 16.61%.

The efficiency of using the total assets to profit from the turnover of total assets in this quarter was equal to the second quarter of 2016 at 0.31 times. For the six-month period of 2017 was nearly by the same period of last year at 0.63 times and 0.64 times, respectively. Liquidity ratio for the second quarter and six-month periods of 2017 decreased from last year was from 6.26 times to 5.81 times. Receivable Turnover increased from 1.19 times to 1.23 times for the second quarter of 2017 and increased from 2.42 times to 2.47 times for the six-month period of 2017 because the Company could collect the debt faster from 76 days to 73 days and from 74 days to 73 days, respectively. For the debtors who may have some problems incurred in collection of receivables, the individual allowance for doubtful accounts is provided. Inventory Turnover in the second quarter of 2017 higher than the second quarter of 2016 was from 0.82 times to 0.87 times and had a number of duration of carrying goods that was 103 days, decreasing from last year. For the six-month period of 2017, Inventory Turnover higher than last year that was from 1.65 times to 1.74 times and a number of duration of carrying goods that was 103 days, decreasing from last year as well because the Company had enough number of rubber stocks for production.

Cash flow received from operating activities decreased from the same period of last year, because the Company had lower net profit with more inventory from the higher price of natural rubber, which is the main raw material cost for production. Cash flows used in investing activities decreased because of receiving the money invested in government bonds at maturity. Cash flow used in financing activities, mostly used for paying annual dividend.

From the following reasons concluding that the operating results of the Company in the 2nd quarter and 6-months periods of year 2017 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