

Overview

In Quarter 1/2016, Phol Dhanya Public Company Limited (the Company)'s revenue from sales and services totals 268.72 million baht, increasing by 64.65 million baht or 31.68% YoY, compare with 204.07 million baht in the same quarter of the previous year, due to the increase services revenue of the community water supply projects.

However, the Company's gross profit margin was decrease, due to revenue from community water supply projects which have lower margin, In addition, gross profit margin from sales was decrease also due to the higher competition, causing the average gross profit margin in Quarter 1/2016 to drop. In addition, the Company's selling and administrative expenses and financial cost were increase, so the net profit (attributable to equity holders of the Company) was 9.96 million baht, decreasing by 1 million baht or 9.13% compared with 10.96 million baht in the same quarter of previous year.

Operating performance

	Unit : Million baht				
	1Q2016	1Q2015	% YoY	4Q2015	% QoQ
Revenue from sales	203.47	202.75	0.35%	210.26	-3.23%
Revenue from rendering of services	65.26	1.32	4836.11%	60.44	7.97%
Other Revenue	0.47	3.23	-85.60%	-1.73	-126.94%
Total Revenue	269.19	207.30	29.85%	268.97	0.08%
Cost of sales	151.77	148.02	2.53%	157.37	-3.56%
Cost of rendering of services	56.56	1.08	5136.46%	43.95	28.68%
Total Costs	208.33	149.10	39.72%	201.33	3.48%
Gross Profit	60.40	54.98	9.86%	69.37	-12.94%
Gross Profit (%)	22.48%	26.94%	-4.46%	25.63%	-3.15%
Total Selling & Administrative Expenses	46.22	43.53	6.17%	48.39	-4.48%
EBIT	14.64	14.67	-0.20%	19.26	-23.96%
EBIT (%)	5.44%	7.08%	-1.64%	7.16%	-1.72%
Net Profit (Equity holders of the Company)	9.96	10.96	-9.13%	16.22	-38.58%
Net Profit (%)	3.70%	5.29%	-1.59%	6.03%	-38.63%
Basic earnings per share (Baht)	0.06	0.07	-9.13%	0.10	-38.58%
Weighted average number of ordinary shares (Million shares)	162.00	162.00		162.00	

Revenue

Unit : Million Baht

Revenue structure	Quarter							
	1Q2016	%	1Q2015*	%	% YoY	4Q2015	%	% QoQ
Occupational Safety, Health and Environment Products (SAFETY)	171.96	64%	170.24	83%	1.01%	181.11	67%	-5.05%
Control Environment Products (CE)	30.07	11%	27.30	13%	10.15%	28.01	10%	7.34%
Water Treatment Products (WATER)	66.69	25%	6.53	3%	921.29%	61.58	23%	8.30%
Total revenue from sales and services	268.72	100%	204.07	100%	31.68%	270.70	100%	-0.73%

Note:* The Company reclassified the type of revenue between SAFETY and CE Products, so the revenue structure had changed.

In Quarter 1/2016, the Company's sales and services were 268.72 million baht, increasing by 64.65 million baht or 31.68%, compared with 204.07 million baht in the same quarter of previous year.

Revenue from Occupational Safety, Health and Environment Products or SAFETY was 171.96 million baht, which has increased slightly by 1.72 million baht or 1.01% YoY. The overall market for Safety products does not expand much in Quarter 1/2016, especially major industries e.g. automotive, with domestic purchasing power still not fully recovered, in spite of increasing manufacturing for export. Meanwhile, customers in the petrochemical industry got affected from the drop in oil price, leading to a budget cut and labor force reduction, subsequently lowering purchasing power in Safety products. However, the Company's customers are dispersed in almost every industry, with the focus of sustaining growth in the existing customer base by increasing a more comprehensive product portfolio and finding new customers by expanding sales territory so that the Company can maintain growth in safety products.

The revenue earned from Control Environment Products or CE amounts to 30.07 million baht, increasing by 2.77 million baht or 10.15% compared with the same quarter of previous year. Major customers are in the electronics industry. The Company emphasizes on retaining existing customers with high potential and identifying competitive products to increase revenue from the CE Products.

Revenue from Water Treatment Products or WATER equals 66.69 million baht, increasing by 60.16 million baht or 921.29% YoY, comprising of revenue from system and water purification equipment sales of 4.88 million baht, sales of recycling waste water system of 5.52 million baht and revenue recognized from construction contracting service of the community water supply project of 56.29 million baht. As of March 31, 2016, the project value that has not been delivered is 365 million baht.

Cost of Sales and Services

The Company's cost of sales and services in Quarter 1/2016 is 208.33 million baht, comprising of 151.77 million baht cost of sales and 56.56 million baht cost of services. The latter has increased proportionally with more services rendered. Costs of sales and services account for 77.52% of sales and service revenue since gross profit of the construction contracting service for the community water supply project is not very high, coupled with the reduced gross profits from sales due to the competition in the market, leading to a gross profit of 22.48%.

Selling and Administrative Expenses

In Quarter 1/2016, selling and administrative expenses amounted to 46.22 million baht comprised of selling expenses amounted to 23.08 million baht and administrative expenses amounted to 23.14 million baht. Selling expenses was increase due to the increase from revenue from sales and services.

In Quarter 1/2016, the Company's cost of financial amounted to 1.76 million baht, increasing by 0.96 million baht or 121.28%, due to the increase in short-term loan from financial institution by issuing Bill of Exchange amounted to 100 million baht and promissory note amounted to 20 million baht to support the water treatment business.

Net profit

In Quarter 1/2016, the Company's consolidate net profit (attributable to equity holders of the Company) was 9.96 million baht, accounted for net profit margin 3.70%

Financial Position

	March 31, 2015		December 31, 2015		% Change
	Amount	%	Amount	%	
Assets	702.81	100.00%	667.40	100.00%	5.31%
Liabilities	371.46	52.85%	346.10	51.86%	7.33%
Shareholders' equity	331.35	47.15%	322.59*	48.34%	2.72%

Note: * adjustment by increasing the deficit from the change in the ownership interests in subsidiary company.

Assets

As of March 31, 2016, the Company's total assets equaled 702.81 million baht, increasing by 35.41 million baht or 5.31% from December 31, 2015. The increased assets were mainly from current assets acquired from unbilled receivables and from prepaid expenses to the subcontractors for the construction of the water purification system of 40.70 million baht. The net remaining inventory has increased by 16.43 million baht due to more projects acquired during the

construction of the community water supply project. Non-current assets amount to 158.07 million baht, which is about the same as that of 2015.

Liabilities

As of March 31, 2016, the Company's total liabilities equaled 371.46 million baht, increasing by 25.36 million baht or 7.33% from December 31, 2015. The major source of liabilities is long-term loans from financial institution of 50 million baht in preparation for business expansion. The loan agreement is detailed in the financial statement of Quarter 1/2016, in the notes section no.20. Liabilities from financial lease have increased by 2.84 million baht from purchases of office supplies. Loan settlement in between the installment according to the financial lease of 1.14 million baht has been made.

Current liabilities have increased from the overdraft and short-term loans obtained from financial institutions of 5.44 million Baht; income tax payable has increased by 3.05 million Baht; commercial creditors have decreased by 11.43 million Baht and other creditors have decreased by 21.35 million Baht, according to the repayment schedule.

Shareholder's equity

As of March 31, 2016, Shareholders' equity was 332.61 million baht, increase by 9.96 million baht, due to the resulting from net profit.

Emphasis of matter

Attention to the Note 26 to the financial statements for quarter 1/2016, during, the Company found the error due to un-recognition of change in the Company's ownership interest in subsidiary company (PD Genesis Engineering Co., Ltd). Therefore the Company made an adjustment by increasing the deficit from the change in the ownership interests in the consolidated financial statements amount to 1.54 million baht. As such, the consolidated statements of financial position as at December 31, 2015 and January 1, 2015, of the company which have been presented herewith for comparative purposes, have been restated for the effect of such adjustment.

Cash Flows

Cash Flows	Unit : Million Baht	
	March 31, 2016	March 31, 2015
Cashflow from (used in) operating activities	(68.89)	(36.29)
Cashflow from (used in) investing activities	(1.71)	(0.81)
Cashflow from (used in) financing activities	49.85	29.82
Net increase (decrease) in cash and cash equivalents	(20.75)	7.27
Cash and cash equivalents at the end of the period	38.48	24.33

The Company's net cash utilized in the operating activities is 68.89 million baht, with operating profits prior to changes in the operating assets and liabilities of 20.56 million Baht. The major reason for the change is due to the

completed projects' values that have not been collected and prepaid expenses to the subcontractors for the construction of the community water supply project of 40.70 million baht. The net remaining inventory has increased by 16.40 million baht due to more projects acquired during the construction of the community water supply project. Also, commercial loans and other types of loans have decreased by 33.20 million baht.

Cash flow utilized in investment activities amounts to 1.71 million baht. 1.5 million baht was disposed of to purchase assets for service provision of the SAFETY Products, and 0.69 million Baht was used to purchase other assets. Loans to employees have increased by 0.60 million baht. Meanwhile, cash flow received from divestment of assets totals 0.93 million baht with interests received of 0.15 million baht.

Cash flow acquired from financing activities amounts to 49.85 million baht; loans from financial institutions have increased by 50 million baht, while overdraft and short-term loans have increased by 5.44 million baht. At the same time, loan repayment to financial institutions amounts to 2.96 million baht and debt settlement according to financial lease of 1.22 million baht was arranged, with an interest expense of 1.68 million baht.