

Overview

In Quarter 2/2016, Phol Dhanya Public Company Limited (the Company)'s revenue from sales and services totals 303.61 million baht, increasing by 90.59 million baht or 42.53% YoY, compare with 213.02 million baht in the same quarter of the previous year, due to the increase of revenue from rendering of services from the community water supply projects. In Quarter 2/2016, the Company's net profit was 13.59 million baht, increasing by 9.06 million baht or 200.14% YoY compare with 4.53 million baht in the same quarter of the previous year. However, revenue from community water supply projects have lower margin, causing the average gross profit margin in Quarter 2/2016 was account for 21.09%, decrease from 27.80% in the same quarter of the previous year.

For the six months period of 2016, The company's revenue from sales and services totals 572.34 million baht, increasing by 155.24 million baht or 37.22%, compared with 417.09 million baht in the same period of previous year. The Company's consolidate net profit (attributable to owners of the parent) was 23.55 million baht, increasing by 8.06 million baht or 52.04%, compared with 15.49 million baht in the same period of previous year.

Operating performance

	Quarter					6 Month		
	2Q2016	2Q2015	% YoY	1Q2016	% QoQ	Y2016	Y2015	% YoY
	Unit : Million baht							
Revenue from sales	194.25	211.39	-8.11%	203.47	-4.53%	397.71	414.14	-3.97%
Revenue from rendering of services	109.37	1.63	6602.37%	65.26	67.60%	174.63	2.95	5811.85%
Other Revenue	1.47	1.06	39.38%	0.47	216.79%	1.94	1.91	1.42%
Total Revenue	305.09	214.08	42.51%	269.19	13.34%	574.28	419.01	37.06%
Cost of sales	144.63	152.65	-5.25%	151.77	-4.70%	296.40	300.67	-1.42%
Cost of rendering of services	94.94	1.15	8191.17%	56.56	67.87%	151.50	2.23	6708.45%
Total Costs	239.58	153.80	55.77%	208.33	15.00%	447.90	302.90	47.87%
Gross Profit	64.04	59.23	8.13%	60.40	6.03%	124.44	114.20	8.96%
Gross Profit (%)	21.09%	27.80%	-6.71%	22.48%	-1.38%	21.74%	27.38%	-5.64%
Total Selling & Administrative Expenses	45.95	52.20	-11.97%	46.22	-0.58%	92.18	93.36	-1.27%
EBIT	19.56	8.08	141.98%	14.64	33.58%	34.20	22.75	50.30%
EBIT (%)	6.41%	3.78%	2.64%	5.44%	0.97%	5.96%	5.43%	0.52%
Net Profit (Equity holders of the Company)	13.59	4.53	200.14%	9.96	36.42%	23.55	15.49	52.04%
Net Profit (%)	4.45%	2.11%	2.34%	3.70%	20.37%	4.10%	3.70%	0.40%
Basic earnings per share (Baht)	0.08	0.03	200.14%	0.06	36.42%	0.15	0.10	52.04%
Weighted average number of ordinary shares (Million shares)	162.00	162.00	0.00%	162.00	0.00%	162.00	162.00	0.00%

Revenue

Unit : Million Baht

Revenue structure	Quarter								6 Month				
	2Q2016	%	2Q2015	%	% YoY	1Q2016	%	% QoQ	Y 2016	%	Y 2015	%	% YoY
Occupational Safety, Health and Environment Products (SAFETY)	165.88	55%	172.74	81%	-3.97%	171.96	64%	-3.53%	337.84	59%	342.98	82%	-1.50%
Control Environment Products (CE)	29.51	10%	25.63	12%	15.13%	30.07	11%	-1.87%	59.58	10%	52.93	13%	12.56%
Water Solution Products (WATER)	108.22	36%	14.65	7%	638.55%	66.69	25%	62.27%	174.91	31%	21.19	5%	725.51%
Total revenue from sales and services	303.61	100%	213.02	100%	42.53%	268.72	100%	12.98%	572.33	100%	417.10	100%	37.22%

In Quarter 2/2016, the Company's revenue from sales and services were 303.61 million baht, increasing by 90.59 million baht or 42.53%, compared with 213.02 million baht in the same quarter of previous year.

Revenue from Occupational Safety, Health and Environment Products or SAFETY amounts to 165.88 million baht, decreasing by 6.86 million baht or 3.97% YoY, compared with the same quarter of previous year. However, Industrial market overview in Quarter 2/2016 was slowdown, the customer's purchasing power were lower than expectancy due to the limited budget and pending projects of the customers.

Revenue from Control Environment Products or CE amounts to 29.51 million baht, increasing by 3.88 million baht or 15.13% 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 Solution Products or WATER amounts to 108.22 million baht, increasing by 93.57 million baht or 638.55% YoY, compared with the same quarter of previous year, due to the revenue recognized from construction contracting service of the community water supply project of 103.94 million baht. As of June 30, 2016, the project value that has not been delivered is approximately 260 million baht.

Cost of Sales and Services

The Company's cost of sales and services in Quarter 2/2016 was 239.58 million baht, comprising of 144.63 million baht cost of sales and 94.94 million baht cost of services. The latter has increased proportionally with more services rendered. Costs of sales and services account for 78.91% 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 21.09%.

Selling and Administrative Expenses

In Quarter 2/2016, selling and administrative expenses amounted to 45.95 million baht comprised of selling expenses amounted to 22.24 million baht and administrative expenses amounted to 23.72 million baht. Selling and Administrative expenses were decrease due to the same period of previous year; the Company was recorded loss on impairment on assets 2.58 million baht and loss on exchange rate 2.38 million baht.

In Quarter 2/2016, the Company's cost of financial amounted to 2.35 million baht, increasing by 1.38 million baht or 142.19%, due to the increase in loan from financial institution to support the water treatment business.

Net profit

In Quarter 2/2016, the Company's consolidate net profit (attributable to equity holders of the Company) was 13.59 million baht, accounted for net profit margin 4.45%. The Company's net profit was increase by 9.06 million baht or 200.14% YoY compare with 4.53 million baht, accounted for net profit margin 2.11%. in the same quarter of the previous year.

Financial Position

	June 30, 2016		December 31, 2015		% Change
	Amount	%	Amount	%	
			(Restated)		
Assets	832.99	100.00%	667.40	100.00%	24.81%
Liabilities	507.46	60.92%	346.10	51.86%	46.62%
Shareholders' equity of the Company	326.76	39.23%	322.59	48.34%	1.29%

Assets

As of June 30, 2016, the Company's total assets equaled 832.99 million baht, increasing by 165.59 million baht or 24.81% 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 139.66 million baht. The net remaining inventory has increased by 53 million baht due to the increase of raw materials for construction of the community water supply projects.

Liabilities

As of June 30, 2016, the Company's total liabilities equaled 507.46 million baht, increasing by 161.36 million baht or 46.62% from December 31, 2015 mainly due to the increased from short-term loans from financial institutions amount to 113.40 million baht. In Quarter 2/2016, the Company issued and offered additional unsecured Bill of Exchange amount to 50 million baht and the Company issued and offered unsecured Bill of Exchange amount to 100 million baht for roll-over the matured original Bill of Exchange. In addition, the short-term loan, promissory notes and bank overdraft were increase 69.76 million baht. Non-current liabilities were increase mainly due to the long-term loans from financial institution of 50 million baht in preparation for business expansion.

Shareholder's equity

As of June 30, 2016, Shareholders' equity of the Company was 326.76 million baht, increase by 23.55 million baht from the resulting from net profit and decreasing by 19.44 million baht from dividend payment.

Emphasis of matter

Attention to the Note 27 to the financial statements for quarter 2/2016, 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	
	June 30, 2016	June 30, 2015
Cashflow from (used in) operating activities	(156.92)	(17.85)
Cashflow from (used in) investing activities	(5.22)	(5.01)
Cashflow from (used in) financing activities	138.90	26.26
Net increase (decrease) in cash and cash equivalents	(23.23)	3.36
Cash and cash equivalents at the end of the period	36.01	34.95

The Company's net cash utilized in the operating activities is 156.92 million baht, with operating profits prior to changes in the operating assets and liabilities of 48.24 million Baht. The major reason for the

change was due to the unbilled receivables and prepaid expenses to the subcontractors for the construction of the community water supply projects of 142.33 million baht. Net inventory was increased by 53.94 million baht due to the increase of raw materials for construction of the community water supply projects. However, trade and other payables were decrease by 12.06 million baht.

Cash flow used in investment activities amounts to 5.22 million baht. 1.5 million baht was disposed of to purchase assets for service provision of the SAFETY Products, and 3.33 million Baht was used to purchase equipment and other assets. Loans to employees was increased by 0.88 million baht. Meanwhile, cash flow received from sales of fix assets totals 0.93 million baht and interests received of 0.25 million baht.

Cash flow acquired from financing activities amounts to 138.90 million baht; loans from financial institution were increased by 50 million baht, and bank overdraft and short-term loans were increased by 119.76 million baht. At the same time, loan repayment to financial institutions amounts to 5.98 million baht and debt settlement according to financial lease of 1.79 million baht was arranged, with an interest expense of 3.65 million baht and dividend payment of 19.44 million baht.