

Overview

In Quarter 3/2016, Phol Dhanya Public Company Limited (the Company)'s revenue from sales and services totals 275.82 million baht, increasing by 48.71 million baht or 21.45% YoY, compare with 227.11 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 3/2016, the Company's net profit (attributable to owners of the parent) was 9.75 million baht, increasing by 7.09 million baht or 271.85% YoY compare with 2.61 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 3/2016 was account for 23.17%, decrease from 24.97% in the same quarter of the previous year.

For the year, ended September 30, 2016, The company's revenue from sales and services totals 848.16 million baht, increasing by 203.96 million baht or 31.66%, compared with 644.20 million baht in the same period of previous year. The Company's consolidate net profit (attributable to owners of the parent) was 33.25 million baht, increasing by 15.15 million baht or 83.72%, compared with 18.10 million baht in the same period of previous year.

Operating performance

	Quarter					9 Month		
	3Q2016	3Q2015	% YoY	2Q2016	% QoQ	Y2016	Y2015	% YoY
	Unit : Million baht							
Revenue from sales	207.86	222.99	-6.78%	194.25	7.01%	605.58	637.13	-4.95%
Revenue from rendering of services	67.96	4.12	1551.03%	109.37	-37.86%	242.58	7.07	3331.21%
Other Revenue	1.88	0.48	292.89%	1.47	27.55%	3.82	2.37	61.09%
Total Revenue	277.70	227.59	22.02%	305.09	-8.98%	851.98	646.57	31.77%
Cost of sales	152.97	166.74	-8.26%	144.63	5.76%	449.36	467.41	-3.86%
Cost of rendering of services	58.96	3.66	1511.71%	94.94	-37.90%	210.46	5.88	3477.21%
Total Costs	211.92	170.39	24.37%	239.58	-11.54%	659.83	473.29	39.41%
Gross Profit	63.90	56.71	12.67%	64.04	-0.22%	188.33	170.91	10.19%
Gross Profit (%)	23.17%	24.97%	-1.81%	21.09%	2.07%	22.20%	26.53%	-4.33%
Total Selling & Administrative Expenses	50.30	52.19	-3.62%	45.95	9.45%	142.47	145.52	-2.10%
EBIT	15.48	5.01	209.21%	19.56	-20.85%	49.68	27.76	78.96%
EBIT (%)	5.57%	2.20%	3.37%	6.41%	-0.84%	5.83%	4.29%	1.54%
Net Profit (Equity holders of the Company)	9.70	2.61	271.85%	13.59	-28.62%	33.25	18.10	83.72%
Net Profit (%)	3.49%	1.15%	2.35%	4.45%	-21.58%	3.90%	2.80%	1.10%
Basic earnings per share (Baht)	0.06	0.02	271.85%	0.08	-28.62%	0.21	0.11	83.72%
Weighted average number of ordinary shares (Million sha	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				
	3Q2016	%	3Q2015	%	% YoY	2Q2016	%	% QoQ	Y 2016	%	Y 2015	%	% YoY
Occupational Safety, Health and Environment Products (SAFETY)	174.48	63%	184.79	81%	-5.58%	165.88	55%	5.18%	512.33	60%	527.77	82%	-2.93%
Control Environment Products (CE)	33.94	12%	30.18	13%	12.45%	29.51	10%	15.02%	93.52	11%	83.11	13%	12.52%
Water Solution Products (WATER)	67.40	24%	12.14	5%	455.19%	108.22	36%	-37.72%	242.31	29%	33.32	5%	627.19%
Total revenue from sales and services	275.82	100%	227.11	100%	21.45%	303.61	100%	-9.15%	848.16	100%	644.20	100%	31.66%

In Quarter 3/2016, the Company's revenue from sales and services were 275.82 million baht, increasing by 48.71 million baht or 21.45%, compared with 227.11 million baht in the same quarter of previous year.

Revenue from Occupational Safety, Health and Environment Products or SAFETY amounts to 174.48 million baht, decreasing by 10.31 million baht or 5.58% YoY, compared with the same quarter of previous year. In general, production sector has not expanded much. For example, automotive industry expanded a little compare with the last year, and petrochemical industry had been affected from the oil price volatility, budget and worker reduction, This cause the reduction in the demand of Safety products. However, the company has adjusted the strategy by expanding sales coverage area, revenue from new customers were increase.

Revenue from Control Environment Products or CE amounts to 33.94 million baht, increasing by 3.76 million baht or 12.45% 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 67.40 million baht, increasing by 55.26 million baht or 455.19% 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 62.11 million baht.

Cost of Sales and Services

The Company's cost of sales and services in Quarter 3/2016 was 211.92 million baht, comprising of 152.97 million baht cost of sales and 58.96 million baht cost of services. The latter has increased proportionally with more services rendered. Costs of sales and services account for 76.83% 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 23.17%.

Selling and Administrative Expenses

In Quarter 3/2016, selling and administrative expenses amounted to 50.30 million baht comprised of selling expenses amounted to 24.75 million baht and administrative expenses amounted to 25.54 million baht. The increase in selling and administrative expenses increase due to the increase in number of personnel. However, 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 1.03 million baht.

In Quarter 3/2016, the Company's financial cost amounted to 3.46 million baht, increasing by 2.38 million baht or 220.43%, due to the increase in loan from financial institution to support the water treatment business.

Net profit

In Quarter 3/2016, the Company's consolidate net profit (attributable to equity holders of the Company) was 9.70 million baht, accounted for net profit margin 3.49%. The Company's net profit was increase by 7.09 million baht or 271.85% YoY compare with 2.62 million baht, accounted for net profit margin 2.35% in the same quarter of the previous year.

Financial Position

	September 30, 2016		December 31, 2015		% Change
			(Restated)		
	Amount	%	Amount	%	
Assets	1,107.56	100.00%	667.40	100.00%	65.95%
Liabilities	707.82	63.91%	346.10	51.86%	104.51%
Shareholders' equity of the Company	400.97	36.20%	322.59	48.34%	24.30%

Assets

As of September 30, 2016, the Company's total assets equaled 1,107.56 million baht, increasing by 440.16 million baht or 65.95% from December 31, 2015. The increased assets were mainly from current assets acquired from unbilled receivables amount to 142.67 million baht and advance payment for construction of the Community Water Supply Project amount to 69.47 million baht. Current deposits was increase from excess of share subscription.

Liabilities

As of September 30, 2016, the Company's total liabilities equaled 707.82 million baht, increasing by 361.72 million baht or 104.51% from December 31, 2015 mainly due to the increased from short-term loans from financial institutions amount to 226.68 million baht. The Company issued and offered additional unsecured Bill of Exchange increase 100 million baht In addition, the short-term loan, promissory notes and bank overdraft were increase 127.12 million baht and other payables were increase by 110.18 million baht from excess of share subscription. Non-current liabilities were increase mainly due to the long-term loans from financial institution of 50 million baht and Employee benefit obligations was increase 2 million baht.

Shareholder's equity

As of September 30, 2016, Shareholders' equity of the Company was 400.97 million baht. In quarter 3/2016, the company issue and allot 40,499,996 new ordinary shares (at the par value of Baht 1) to the existing shareholders (Rights Offer) at a ratio of 4 existing shares to 1 new ordinary share, at an offer price of Baht 2 per share. The company has received the whole amount of money (more detail : the note 22 to the financial statements for quarter 3/2016) In quarter 3/2016, the company issued and paid-up share capital amount to 202.50 million baht and premium on share capital were increase 40.15 million baht. The resulting from net profit was amount to 33.25 million baht and decreasing by 35.64 million baht from dividend payment.

Emphasis of matter

Attention to the Note 28 to the financial statements for quarter 3/2016, 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	
	September 30, 2016	September 30, 2015
Cashflow from (used in) operating activities	(111.09)	(4.38)
Cashflow from (used in) investing activities	(11.20)	(20.79)
Cashflow from (used in) financing activities	302.81	27.66
Net increase (decrease) in cash and cash equivalents	180.52	2.50
Cash and cash equivalents at the end of the period	239.83	33.97

The Company's net cash utilized in the operating activities was 111.09 million baht, with operating profits prior to changes in the operating assets and liabilities of 66.33 million Baht. The major reason for the change was due to the trade and other receivables were increase 29.93 million baht and unbilled receivables and prepaid expenses for the construction of the community water supply projects of 212.15 million baht. In addition, other payables were increase by 110.18 million baht from excess of share subscription.

Cash flow used in investment activities amounts to 11.20 million baht to purchase machinery and equipment for water treatment service amount to 6.76 million baht and 1.5 million baht was disposed of to purchase assets for service provision of the SAFETY Products, and 4.73 million Baht was used to purchase equipment and other assets. Meanwhile, cash flow received from sales of fix assets totals 1.11 million baht and interests received of 0.61 million baht.

Cash flow acquired from financing activities amounts to 302.81 million baht; bank overdraft and short-term loans were increased by 223.08 million baht and loans from financial institution were increased by 50 million baht. And cash flow received from increase in share capital amount to 80.65 million baht. At the same time, loan repayment to financial institutions amounts to 9.26 million baht and debt settlement according to financial lease of 2.36 million baht was arranged, with an interest expense of 3.66 million baht and dividend payment of 35.64 million baht.