

Overview

In its consolidated financial statements as of March 31, 2017, Phol Dhanya Public Company Limited (The Company) recorded revenue from sales and services of 248.22 MB, decreasing 20.50 MB or 7.63% compared to the revenue from sales and services of 268.72 MB in the same quarter of previous year. Revenue from sales and services of Occupational Safety, Health and Environment Products (SAFETY) and Control Environment Products (CE) were increase, however, Water Solution Products (WATER) recorded revenue recognized from construction contracting service of the community water supply projects decreased compared with the same quarter of previous year. In addition, the delayed completion of the construction continuously from quarter 4/2016, in Quarter 1/2017, the company estimated liabilities arising from the delay of this project for 116.25 MB, 94.27 MB of which was reclaimable from the contractors. The Company assessed its ability to reclaim the penalties from the sub-contractors and estimated provisions, expected cannot reclaim such penalties from the sub-contractors, also consequently recorded liabilities from expected penalties of delayed project delivery to increase of 22.03 MB. These results in net loss attributable to equity holders of 10.99 MB in Quarter 1/2017, decreasing by 20.95 MB or 210.29% compared to net profit attributable to equity holders of 9.96 in Quarter 1/2016.

Operating performance

	Unit: MB		
	Q1/2017	Q1/2016	% YoY
Revenue from sales	214.08	203.47	5.22%
Revenue from rendering of services	8.58	7.74	10.83%
Revenue from construction and service contracts	25.56	57.51	-55.56%
Other Revenue	1.88	0.47	303.89%
Total Revenue	250.10	269.19	-7.09%
Cost of sales	156.89	151.77	3.37%
Cost of rendering of services	5.83	8.14	-28.33%
Cost of construction and service contracts	25.98	48.42	-46.36%
Total Costs	188.69	208.33	-9.42%
Gross Profit	59.53	60.40	-1.44%
Gross Profit (%)	26.74%	28.60%	0.00%
Total Selling & Administrative Expenses	70.17	46.22	51.82%
Profit (Loss) before Finance Costs and Income Taxes Expense	-8.77	14.64	-159.87%
Profit (Loss) before Finance Costs and Income Taxes Expense (%)	-3.51%	5.44%	0.00%
Profit (Loss) attributable to equity holders	-10.99	9.96	-210.29%
Net Profit (Loss) (%)	-4.39%	3.70%	0.00%
Basic earnings per share (Baht)	-0.05	0.06	-188.23%
Weighted average number of ordinary shares (Million shares)	202.50	162.00	0.00

Revenue

Revenue structure	Unit MB				
	Q1/2017	%	Q1/2016	%	% YoY
Occupational Safety, Health and Environment Products (SAFETY)	183.52	73.93%	171.96	63.99%	6.72%
Control Environment Products (CE)	37.06	14.93%	30.07	11.19%	23.26%
Water Solution Products (WATER)	27.64	11.13%	66.69	24.82%	-58.56%
Total revenue from sales and services	248.22	100%	268.72	100%	-7.63%

In Quarter 1/2017, the Company's sales and services were 248.22 MB, comprise 214.08 MB of revenue from sales, 8.58 MB of revenue from services and 25.56 MB of revenue from construction contracts. Total revenue decreased by 20.50 MB or 7.63%, compared with 268.72 MB in the same quarter of previous year.

Revenue from Occupational Safety, Health and Environment Products or SAFETY was 183.52 MB, which has increased by 11.56 MB or 6.72% YoY compared to the same quarter of previous year, mainly due to the revenue from sales and services of technical products and revenue from sales in government sector customers were increased.

The revenue earned from Control Environment Products or CE amounts to 37.06 MB, increasing by 6.99 MB or 23.26% compared with the same quarter of previous year. Major customers are in the electronics industry. In quarter 1/2017, the overview of electronics industry has been growth compare with the same quarter of previous year, the company aimed at optimizing cost to retain existing customers and provide identifying competitive products to increase revenue from the CE Products.

Revenue from Water Treatment Products or WATER equals 27.64 MB, decreasing by 39.05 MB or 58.56% YoY, compared with the same quarter of previous year, due to revenue recognized from construction contracting service of the community water supply project was decreased.

Cost of Sales and Services

The Company's cost of sales and services in Quarter 1/2017 were 188.39 MB, comprising of 156.89 MB cost of sales and 5.83 MB cost of services and 25.98 MB cost of construction. Cost of sales increased proportionally with more revenue from sales. Cost of construction decreased proportionally with revenue recognized from construction contracting service. In quarter 1/2017, Costs of sales and services account for 73.26% of sales and service revenue. Gross profit margin from sales and services were increased, however, gross profit of the construction contracting service for the community water supply project had incremental cost to rush the project completion, leading to a gross profit of 26.74% which decrease, compare with 28.60% of the same quarter of previous year.

Selling and Administrative Expenses

In Quarter 1/2017, selling and administrative expenses amounted to 70.17 MB comprised of selling expenses amounted to 23.10 MB and administrative expenses amounted to 25.04 MB. Administrative expenses were increase due to the increase in number of personnel and recorded 22.03 MB of liabilities from expected penalties arising from delays of constructions which cannot collect from sub-contractors.

In Quarter 1/2017, the company's financial cost amounted to 3.98 MB, increasing due to the increase in loan from financial institution for working capital.

Net profit

The effects from estimated liabilities from expected penalties arising from delays projects, the company's consolidate net loss (attributable to equity holders of the Company) was 10.99 MB, accounted for net loss margin 4.39%

Financial Position

	March 31, 2017		December 31, 2016		Unit : MB % Change
	Amount	%	Amount	%	
	Current Assets	909.66	80.20%	770.07	
Non-Current Assets	224.55	19.80%	190.88	19.86%	17.64%
Current Liabilities	718.64	63.36%	534.12	55.51%	34.54%
Non-Current Liabilities	75.31	6.64%	75.82	7.88%	-0.68%
Shareholder's Equity of the Company	341.57	30.11%	352.31	36.61%	-3.05%

Assets

As of March 31, 2017, the Company's total assets equaled 1,134.21 MB, increasing by 173.26 MB or 18.03% from December 31, 2016. The increased assets were mainly from current assets increasing from 88.40 MB of cash and cash equivalents, 18.96 MB of trade receivables and 65.07 of receivables for penalties arising from delays of constructions. While, unbilled receivables and prepaid expenses to the subcontractors for the construction decreased of 147.86 MB. Non-current assets amount to 224.55 MB, mainly increase from 30 MB of restricted deposits with financial institution for short-term loan facility.

Liabilities

As of March 31, 2017, the Company's total liabilities equaled 793.95 MB, increasing by 184 MB or 30.17% from December 31, 2016. The major source of liabilities is short-term loans from financial institution of 135.90 MB and recorded provision for penalties arising from delays of constructions and provision for expected loss on constructions contracts amount to 23.60 MB. Non-current liabilities most likely to the same quarter of previous year.

Shareholder's equity

As of March 31, 2017, Shareholders' equity was 341.57 MB, retained earnings was decrease due to the resulting from net loss was 10.99 MB.

Cash Flows

Cash Flows	Unit : MB	
	March 31, 2017	March 31, 2016
Cashflow from (used in) operating activities	(7.20)	(68.89)
Cashflow from (used in) investing activities	(31.85)	(1.71)
Cashflow from (used in) financing activities	127.19	49.85
Net increase (decrease) in cash and cash equivalents	88.14	(20.75)
Cash and cash equivalents at the end of the period	137.25	38.48

The Company's net cash utilized in the operating activities is 7.20 MB, with operating profits prior to changes in the operating assets and liabilities of 21.82 MB. The major reason for the change is due to the trade and other receivables increased 93.05 MB, while unbilled receivables and prepaid expenses to the subcontractors for the construction decreased of 46.68 MB and trade and other payable were increased of 23.52 MB.

Cash flow utilized in investment activities amounts to 31.85 MB mainly increase from 30 MB of restricted deposits with financial institution for short-term loan facility and 1.82 MB was used to purchase fix assets.

Cash flow acquired from financing activities amounts to 127.19 MB; short-term loans from financial institutions have increased by 134.85 MB, while loan repayment to financial institutions amounts to 3.29 MB and debt settlement according to financial lease of 1.68 MB was arranged, with an interest expense of 2.69 MB.