

Overview

In its consolidated financial statements as of June 30, 2017, Phol Dhanya Public Company Limited (The Company) recorded revenue from sales and services of 252.15 MB, decreasing 51.47 MB or 16.95% compared to the revenue from sales and services of 303.61 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. And the cause of delayed completion of the construction continuously, in quarter 2/2017, the company estimated liabilities arising from the delay of this projects for 137.81 MB, 113.05 MB of which was reclaimable from the contractors. In quarter 2/2017, the Company has already taken the legal action against the sub-contractor to claim for the penalties arising from construction delay. In accordance with the conservative principle, the Company records the penalties arising from construction delay incurred in 2017 in cost of construction. And fully provide provision for doubtful debt for receivables for penalties arising from delays of construction of 60.50 MB. These results in net loss attributable to equity holders of 85.63 MB in Quarter 2/2017, decreasing by 99.22 MB or 730.19% compared to net profit attributable to equity holders of 13.59 in Quarter 2/2016.

For the six months period of 2017, The Company's revenue from sales and services totals 500.37 MB, decreasing 71.97 MB or 12.57%, compared to the revenue from sales and services of 572.34 MB in the same period of previous year. The Company's consolidate net loss attributable to equity holders of 96.61 MB, decreasing 120.16 MB or 510.284%, compared to net profit attributable to equity holders of 23.55 MB in the same period of previous year.

Operating performance

	Q2/2017	Q2/2016	% YoY	6M/2017	6M/2016	% YoY
Revenue from sales	221.47	194.25	14.02%	435.55	397.71	9.51%
Revenue from rendering of services	11.86	3.26	263.71%	20.44	11.00	85.78%
Revenue from construction and service contracts	18.81	106.11	-82.27%	44.37	163.62	-72.88%
Other Revenue	2.78	1.47	88.41%	4.65	1.94	140.11%
Total Revenue	254.92	305.09	-16.44%	505.02	574.28	-12.06%
Cost of sales	162.69	144.63	12.49%	319.58	296.40	7.82%
Cost of rendering of services	14.80	0.85	1636.27%	20.63	8.99	129.52%
Cost of construction and service contracts	43.45	94.09	-53.82%	69.43	142.51	-51.28%
Total Costs	220.95	239.58	-7.78%	409.64	447.90	-8.54%
Gross Profit	31.20	64.04	-51.28%	90.73	124.44	-27.09%
Gross Profit (%)	12.37%	21.09%		18.13%	21.74%	
Total Selling & Administrative Expenses	120.15	45.95	161.45%	190.32	92.18	106.48%
Profit (Loss) before Finance Costs and Income Taxes Expense	(86.17)	19.56	-540.59%	(94.94)	34.20	-377.60%
Profit (Loss) before Finance Costs and Income Taxes	-33.80%	6.41%		-18.80%	5.96%	

	Q2/2017	Q2/2016	% YoY	6M/2017	6M/2016	% YoY
Expense (%)						
Profit (Loss) attributable to equity holders	(85.63)	13.59	-730.19%	(96.61)	23.55	-510.28%
Net Profit (Loss) (%)	-33.59%	4.45%		-19.13%	4.10%	
Basic earnings per share (Baht)	(0.42)	0.08	-604.15%	(0.48)	0.15	-428.22%
Weighted average number of ordinary shares (Million shares)	202.50	162.00		202.50	162.00	

Revenue

Revenue structure	Unit : MB												
	Q2/2017	%	Q2/2016	%	% YoY	Q1/2017	%	% QoQ	6M/2017	%	6M/2016	%	% YoY
Occupational Safety, Health and Environment Products (SAFETY)	185.55	74%	165.88	55%	11.86%	183.52	74%	1.10%	369.07	74%	337.84	59%	9.24%
Control Environment Products (CE)	38.94	15%	29.51	10%	31.96%	37.06	15%	5.06%	76.00	15%	59.58	10%	27.57%
Water Solution Products (WATER)	27.66	11%	108.22	36%	-74.44%	27.64	11%	0.08%	55.30	11%	174.92	31%	-68.39%
Total revenue from sales and services	252.15	100%	303.61	100%	-16.95%	248.22	100%	1.58%	500.37	100%	572.34	100%	-12.57%

In Quarter 2/2017, the Company's sales and services were 252.15 MB, comprise 221.47 MB of revenue from sales, 11.86 MB of revenue from services and 18.81 MB of revenue from construction contracts. Total revenue decreased by 51.47 MB or 16.95%, compared with 303.61 MB in the same quarter of previous year.

Revenue from Occupational Safety, Health and Environment Products or SAFETY was 185.55 MB, which has increased by 19.67 MB or 11.86% YoY compared to the same quarter of previous year, mainly due to the revenue from sales and services of technical products and expansion of sales areas, revenue from new customers were increase. In addition, revenue from sales in government sector customers were increased.

Revenue earned from Control Environment Products or CE was 38.94 MB, increasing by 9.43 MB or 31.96% compared with the same quarter of previous year. Major customers are in the electronics industry, the overview of electronics industry has been growth due to manufacturers can adapt to changing technology. Revenue from Control Environment Products were increase.

Revenue from Water Solution Products or WATER equals 27.66 MB, decreasing by 80.56 MB or 74.44% 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 2/2017 were 220.95 MB, comprising of 162.69 MB cost of sales and 14.80 MB cost of services and 43.45 MB cost of construction. Cost of sales increased proportionally with more revenue from sales. Cost of services increased proportionally with more revenue from services and depreciation cost for services.

Cost of construction decreased proportionally with revenue recognized from construction contracting service. However, cost of construction was high than revenue due to the extra cost to rush the project completion and records the penalties arising from construction delay in cost of construction. In quarter 2/2017, The Company's gross profit of 12.37% which decrease, compare with 21.09% of the same quarter of previous year.

Selling and Administrative Expenses

In Quarter 2/2017, selling and administrative expenses amounted to 120.15 MB comprising of 23.84 MB selling expenses and 92.32 MB administrative expenses. Administrative expenses were increase due to the increase in number of personnel and recorded 60.50 MB of allowance for doubtful debt for receivables for penalties arising from delays of construction.

In Quarter 2/2017, the company's financial cost amounted to 3.34 MB, increasing due to the increase in loan from financial institution for working capital.

Net profit

The effects from from expected penalties arising from delays projects and allowance for doubtful debt for receivables for penalties arising from delays of construction, the company's consolidate net loss (attributable to equity holders of the Company) was 85.63 MB, accounted for net loss margin 33.59%

Financial Position

	June 30, 2017		December 31, 2016		% Change
	Amount	%	Amount	%	
Current Assets	615.74	54.29%	770.07	80.14%	-20.04%
Non-Current Assets	222.07	19.58%	190.88	19.86%	16.34%
Current Liabilities	509.66	44.94%	534.12	55.51%	-4.58%
Non-Current Liabilities	73.41	6.47%	75.82	7.88%	-3.18%
Shareholder's Equity of the Company	256.04	22.57%	352.31	36.61%	-27.32%

Assets

As of June 30, 2017, the Company's total assets equaled 837.81 MB, decreasing by 123.14 MB or 12.81% from December 31, 2016. The decreased assets were mainly from current assets decreasing from 127.83 MB of other receivables from allowance for doubtful debt for receivables for penalties arising from delays of construction. And unbilled receivables and prepaid expenses to the subcontractors for the construction decreased of 77.28 MB. Non-current assets amount to 222.07 MB, mainly increase from 30 MB of restricted deposits with financial institution for short-term loan facility.

Liabilities

As of June 30, 2017, the Company's total liabilities equaled 583.07 MB, decreasing by 26.88 MB or 4.41% from December 31, 2016. The decreased liabilities mainly due to moving the penalties arising from construction delay to cost of construction.

Shareholder's equity

As of June 30, 2017, Total shareholders' equity of the Company was 256.04 MB, decrease due to the resulting from 96.61 MB of net loss for the period.

Cash Flows

Cash Flows	Unit : MB	
	June 30, 2017	June 30, 2016
Cashflow from (used in) operating activities	50.28	(156.92)
Cashflow from (used in) investing activities	(32.74)	(5.22)
Cashflow from (used in) financing activities	(18.49)	138.90
Net increase (decrease) in cash and cash equivalents	(0.95)	(23.23)
Cash and cash equivalents at the end of the period	48.65	36.01

The Company's net cash acquired from the operating activities was 50.28 MB, with operating profits prior to changes in the operating assets and liabilities of 13.15 MB. The major reason for the change, due to the trade and other receivables increased 58.89 MB, and unbilled receivables and prepaid expenses to the subcontractors for the construction decreased of 77.29 MB and trade and other payable were increased of 16.07 MB.

Cash flow utilized in investment activities amounts to 32.74 MB, mainly from 30 MB of restricted deposits with financial institution for short-term loan facility and 3.69 MB was used to purchase fix assets.

Cash flow utilized in financing activities amounts to 18.49 MB; mainly from repayment of loans from financial institutions of 8.82 MB and debt settlement according to financial lease of 3.8 MB was arranged, with an interest expense of 5.87 MB.