

Overview

Phol Dhanya Public Company Limited (the Company)'s consolidated Financial statement of the second quarter, ending June 30, 2018 reported the revenue from sales and service of 219.07 MB, decreasing by 33.07 MB or 13.12%, compared to the revenue from sales and services of 252.15 MB in the same quarter of previous year. The reduction has mainly been due to the fact that there have been no new assignments from the community water supply construction projects from the government. The revenue reported was realized from completed portions of projects in execution. Nevertheless, the Company's cost of sales has dropped following the Baht appreciation at the beginning of the year and cost overrun for the community water supply construction projects was decrease, leading to gross profit of 65.53 MB in quarter 2/2018, increasing by 31.33 MB or 100.43%, compared to gross profit of 31.20 MB in the same quarter of previous year. In quarter 2/2018, selling and administrative expenses have decreased, mainly because the Company has allocated allowance for doubtful debt for receivables for penalties arising from delays of construction of 60.50 MB in quarter 2/2017. The results in net profit attributable to equity holders of 16.09 MB in quarter 2/2018, increasing by 101.72 MB or 118.80% compared to net loss attributable to equity holders of 85.63 MB in the same quarter of previous year.

For the six months period, ending June 30, 2018, The Company's revenue from sales and services totals 457.47 MB, decreasing 42.89 MB or 8.57%, compared to the revenue from sales and services of 500.37 MB in the same period of previous year. The Company's consolidate net profit attributable to equity holders of 24.55 MB, representing a net profit margin of 5.32%, increasing by 121.17 MB or 125.42%, compared to net loss attributable to equity holders of 96.61 MB in the same period of previous year.

Operating performance

	Unit : MB							
	Q2/2018	Q2/2017	% YoY	Q1/2018	% QoQ	6M/2018	6M/2017	% YoY
Revenue from sales	209.27	221.47	-5.51%	221.04	-5.32%	430.32	435.55	-1.20%
Revenue from rendering of services	5.99	11.86	-49.54%	5.82	2.81%	11.81	20.44	-42.24%
Revenue from construction and service contracts	3.81	18.81	-79.73%	11.54	-66.96%	15.35	44.37	-65.41%
Other Revenue	2.25	2.78	-18.89%	3.78	-40.38%	4.29	4.65	-7.88%
Total Revenue	221.32	254.92	-13.18%	242.18	-8.61%	461.76	505.02	-8.57%
Cost of sales	150.03	162.69	-7.79%	159.20	-5.76%	309.22	319.58	-3.24%
Cost of rendering of services	4.94	14.80	-66.64%	4.98	-0.84%	9.91	20.63	-51.94%
Cost of construction and service contracts	1.58	43.45	-96.37%	17.30	-90.88%	18.88	69.43	-72.81%
Total Costs	156.54	220.95	-29.15%	181.48	-13.74%	338.02	409.64	-17.48%
Gross Profit	62.53	31.20	100.43%	56.92	9.86%	119.46	90.73	31.66%
Gross Profit (%)	28.54%	12.37%		23.88%		26.11%	18.13%	

Unit : MB

	Q2/2018	Q2/2017	% YoY	Q1/2018	% QoQ	6M/2018	6M/2017	% YoY
Total Selling & Administrative Expenses	49.55	120.15	-58.76%	47.29	4.77%	95.09	190.32	-50.04%
Profit (Loss) before Finance Costs and Income Taxes Expense	15.24	(86.17)	117.68%	13.41	13.63%	28.65	(94.94)	130.18%
Profit (Loss) before Finance Costs and Income Taxes Expense (%)	6.89%	-33.80%		5.54%	24.34%	6.20%	-18.80%	
Profit (Loss) attributable to equity holders	16.09	(85.63)	118.80%	8.46	90.24%	24.55	(96.61)	125.42%
Net Profit (Loss) (%)	7.27%	-33.59%		3.49%		5.32%	-19.13%	
Basic earnings per share (Baht)	0.08	(0.42)	118.80%	0.04	90.24%	0.12	(0.48)	125.42%
Weighted average number of ordinary shares (Million shares)	202.50	202.50		202.50		202.50	202.50	

Revenue

Revenue structure	Unit : MB												
	Q2/2018	%	Q2/2017	%	% YoY	Q1/2018	%	% QoQ	6M/2018	%	6M/2017	%	% YoY
Occupational Safety, Health and Environment Products (SAFETY)	169.83	78%	185.55	74%	-8.47%	183.52	77%	-7.46%	353.35	77%	369.07	74%	-4.26%
Control Environment Products (CE)	42.57	19%	38.94	15%	9.32%	39.70	17%	7.24%	82.27	18%	76.00	15%	8.25%
Water Solution Products (WATER)	6.68	3%	27.66	11%	-75.86%	15.18	6%	-56.03%	21.86	5%	55.30	11%	-60.47%
Total revenue from sales and services	219.07	100%	252.15	100%	-13.12%	238.40	100%	-8.11%	457.47	100%	500.37	100%	-8.57%

In quarter 2/2018, the Company's sales and services were 219.07 MB, comprise 209.27 MB of revenue from sales, 5.99 MB of revenue from services and 3.81 MB of revenue from construction contracts. Total revenue decreased by 33.07 MB or 13.12%, compared to 252.15 MB in the same quarter of previous year.

Revenue from Occupational Safety, Health and Environment Products or SAFETY was reported at 169.83 MB, decreasing by 15.72 MB or 8.47%, mainly due to lower sales from the government sector compared to the same quarter of previous year, affected by the enforcement of the new Procurement Act that has been effective from the end of 2017 onwards. With this, government institutions are in the process of getting ready to execute the new Act, leading to a smaller number of projects during the first half of 2018 compared to the first half of 2017.

The revenue from Control Environment Products or CE was reported at 42.57 MB, rising by 3.63 MB or 9.32% compared to the same quarter of previous year, due to the addition of new products for the existing customer base. Furthermore, there is a tendency for continuous growth for customers in the electronics industry sector.

Revenue from Water Solution Products or WATER was reported at 6.68 MB, reducing by 20.98 MB or 75.86% compared to the same quarter of previous year, due to lower revenue from the community water supply construction projects. There have been no new assignments from the government sector in 2018 so far, while the revenue generated has been realized from delivered portions of projects that are currently in execution.

Cost of Sales and Services

The Company's total costs in quarter 2/2018 were 156.54 MB, comprising of 150.03 MB costs of sales, 4.94 MB cost of services and 1.58 MB cost of construction. Total costs decreased by 64.41 MB or 29.15% due to cost of sales decrease proportionally with revenue from sales and decreased from the Baht appreciation at the beginning of the year. Cost of service decrease proportionally with revenue from services. And cost of construction decreased proportionally with revenue recognized from construction contracting service and cost overrun for the construction projects was decrease.

In quarter 2/2018, costs of sales and services accounted for 71.46% of sales and services revenue. The Company's gross profit was 62.53 MB, accounted for gross profit margin of 28.54%, which increase, compare with gross profit of 31.20 MB, accounted for gross profit margin of 12.37% in the same quarter of previous year.

Selling and Administrative Expenses

In quarter 2/2018, selling and administrative expenses were 49.55 MB comprised 22.31 MB of selling expenses and 28.33 MB of administrative expenses. Selling and administrative expenses were decrease by 70.60 MB or 58.76%, mainly due to the recorded 60.50 MB of allowance for doubtful debt for receivables for penalties arising from delays of construction in quarter 2/2017. In addition, in quarter 2/2018 the Company recorded 2.88 MB of reversal of penalties arising from delays of construction. For more efficiency, the selling and admin expenses were decreased, since the Company issues a policy to reduce unnecessarily costs, however the administration cost has been increased such as the legal action against a group of abandoned sub-contractor.

In quarter 2/2018, the company's financial cost was 2.18 MB which decreased due to the decrease in loan from financial institution, compared with 3.34 MB of financial cost in the same quarter of previous year.

Net profit

In quarter 2/2018, the company's consolidate net profit attributable to equity holders of the Company was 16.09 MB, accounted for net profit margin 7.27%, increasing by 101.72 MB or 118.80% compared to net loss of 85.63 MB in the same quarter of previous year.

Financial Position

Unit : MB

	June 30, 2018		December 31, 2017		% Change
	Amount	%	Amount	%	
Current Assets	482.92	70.50%	576.63	73.22%	-16.25%
Non-Current Assets	202.12	29.50%	210.85	26.78%	-4.14%
Total Assets	685.04	100.00%	787.48	100%	-13.01%
Current Liabilities	360.14	52.47%	484.34	61.40%	-25.64%
Non-Current Liabilities	64.05	9.33%	69.02	8.75%	-7.20%
Total Liabilities	424.20	61.81%	553.36	70.15%	-23.34%
Shareholder's Equity of the Company	262.15	38.19%	235.43	29.85%	11.35%

Assets

As of June 30, 2018, the Company's total assets equaled 685.04 MB, decreasing by 102.44 MB or 13.01% from December 31, 2017. The decreased assets were mainly from current assets decreasing from 50 MB of unbilled receivables and prepaid expenses for the construction, 25.43 MB of cash and cash equivalents, 10.96 MB of net-inventories, 4.50 MB of trade and other current receivables and 3.17 MB of current tax assets. In addition, non-current assets were decrease, mainly from depreciation and amortization of the period.

Liabilities

As of June 30, 2018, the Company's total liabilities equaled 424.20 MB, decreasing by 129.16 MB or 23.34% from December 31, 2017. The decreased liabilities were mainly due to the decreased of 93.29 MB in short-term loans from financial institution, 27.96 MB of trade payables and 2.36 MB of the recorded provision for expected loss on constructions contracts.

Shareholder's equity

As of June 30, 2018, Shareholders' equity was 246.49 MB, increased from the resulting from net profit for the period of 24.55 MB.

Cash Flows

Unit : MB

Cash Flows	June 30, 2018	June 30, 2017
Cashflow from (used in) operating activities	80.08	50.28
Cashflow from (used in) investing activities	(0.91)	(32.74)
Cashflow from (used in) financing activities	(104.46)	18.49
Net increase (decrease) in cash and cash equivalents	(25.30)	(0.95)
Cash and cash equivalents at the end of the period	66.84	48.65

The Company's net cash acquired from the operating activities was 80.08 MB, with operating profits prior to changes in the operating assets and liabilities of 42.17 MB and cash flow received from 50 MB of unbilled receivables and prepaid expenses for the construction. Trade and other receivables-net decreased 8.36 MB and net-inventories decreased 9.59 MB. While, cash flow used for trade and other payable of 30.88 MB.

Cash flow utilized in investment activities was 0.91 MB mainly used to purchase fix assets and intangible assets of 0.58 MB and 0.33 MB for loan to employees. While, cash flow from interest received of 0.43 MB.

Cash flow utilized in financing activities was 104.46 MB mainly used to repayment of loans from financial institutions of 96.86 MB and repayment of liabilities under lease agreement of 2.81 MB and interest expense of 0.43 MB.