

Overview

Phol Dhanya Public Company Limited (the Company) consolidated financial statement of the third quarter, ending September 30, 2018 reported the revenue from sales and service of 234.50 MB, decreasing by 17.43 MB or 6.92%, compared to the revenue from sales and services of 251.92 MB in the same quarter of previous year. The reduction has mainly been due to the fact that there have no new project of the community water supply. The revenue reported was realized from completed portions of projects in execution. Nevertheless, revenue from Occupational Safety, Health and Environment Products and Control Environment Products were increase and cost overrun for the community water supply construction projects was decrease, leading to gross profit of 58.97 MB in quarter 3/2018, increasing by 24.98 MB or 73.51%, compared to gross profit of 33.99 MB in the same quarter of previous year. In quarter 3/2018, selling and administrative expenses have increased, mainly because 3.99 MB of loss for impairment of asset. In quarter 3/2018, the Company's profit before income tax was 6.32 MB increasing by 5.19 MB or 461.67% compared to profit before income tax of 1.13 MB in quarter 3/2017, however, the Company's net profit attributable to equity holder was 5.09 MB in quarter 3/2018, decreasing by 7.08 MB or 58.17% compared to net profit attributable to equity holders of 12.18 MB due to income tax credit balance of 11.05 MB in quarter 3/2017.

For the nine months period of , ending September 30, 2018, The Company's revenue from sales and services totals 691.97 MB, decreasing 60.32 MB or 8.02%, compared to the revenue from sales and services of 752.29 MB in the same period of previous year. The Company's consolidate net profit attributable to equity holders of 29.65 MB, representing a net profit margin of 4.25%, compared to net loss attributable to equity holders of 84.44 MB in the same period of previous year.

Operating performance

Unit : MB

| | Q3/2018 | Q3/2017 | % YoY | Q2/2018 | % QoQ | 9M/2018 | 9M/2017 | % YoY |
|---|---------------|---------------|----------------|---------------|---------------|---------------|---------------|----------------|
| Revenue from sales | 226.40 | 213.56 | 6.01% | 209.27 | 8.18% | 656.71 | 649.12 | 1.17% |
| Revenue from rendering of services | 5.61 | 18.03 | -68.86% | 5.99 | -6.20% | 17.42 | 38.47 | -54.71% |
| Revenue from construction and service contracts | 2.49 | 20.33 | -87.78% | 3.81 | -34.80% | 17.83 | 64.70 | -72.44% |
| Other Revenue | 2.05 | 1.86 | 10.21% | 2.25 | -9.12% | 6.26 | 6.51 | -3.82% |
| Total Revenue | 236.54 | 253.78 | -6.79% | 221.32 | 6.88% | 698.23 | 758.80 | -7.98% |
| Cost of sales | 168.35 | 157.22 | 7.08% | 150.03 | 12.21% | 477.57 | 476.80 | 0.16% |
| Cost of rendering of services | 4.33 | 16.05 | -73.05% | 4.94 | -12.39% | 14.24 | 36.68 | -61.18% |
| Cost of construction and service contracts | 2.85 | 44.67 | -93.61% | 1.58 | 80.98% | 21.73 | 114.10 | -80.95% |
| Total Costs | 175.53 | 217.94 | -19.46% | 156.54 | 12.13% | 513.55 | 627.58 | -18.17% |
| Gross Profit | 58.97 | 33.99 | 73.51% | 62.53 | -5.70% | 178.42 | 124.71 | 43.07% |
| <i>Gross Profit (%)</i> | <i>25.15%</i> | <i>13.49%</i> | | <i>28.54%</i> | | <i>25.78%</i> | <i>16.58%</i> | |

Unit : MB

| | Q3/2018 | Q3/2017 | % YoY | Q2/2018 | % QoQ | 9M/2018 | 9M/2017 | % YoY |
|--|--------------|--------------|---------|--------------|---------|--------------|----------------|---------|
| Total Selling & Administrative Expenses | 53.28 | 48.19 | 10.56% | 52.44 | 1.60% | 150.33 | 222.02 | -32.29% |
| Reversal penalties arising from delays of constructions | 0.30 | 16.64 | -98.17% | 2.90 | -89.50% | 2.33 | - | - |
| Profit (Loss) before Finance Costs and Income Taxes Expense | 8.04 | 4.14 | 94.12% | 15.24 | -47.27% | 36.69 | (90.80) | 140.40% |
| Profit (Loss) before Finance Costs and Income Taxes Expense (%) | 3.40% | 1.63% | | 6.89% | | 5.25% | -11.97% | |
| Profit (Loss) attributable to equity holders | 5.09 | 12.18 | -58.17% | 16.09 | -68.36% | 29.65 | (84.44) | 135.11% |
| Net Profit (Loss) (%) | 2.15% | 4.80% | | 7.27% | | 4.25% | -11.13% | |
| Basic earnings per share (Baht) | 0.03 | 0.06 | -58.17% | 0.08 | -68.36% | 0.15 | (0.42) | 135.11% |
| Weighted average number of ordinary shares (Million shares) | 202.50 | 202.50 | | 202.50 | | 202.50 | 202.50 | |

Revenue

| Revenue structure | Unit : MB | | | | | | | | | | | | |
|---|---------------|-------------|---------------|-------------|---------------|---------------|-------------|--------------|---------------|-------------|---------------|-------------|---------------|
| | Q3/2018 | % | Q3/2017 | % | % YoY | Q2/2018 | % | % QoQ | 9M/2018 | % | 9M/2017 | % | % YoY |
| Occupational Safety, Health and Environment Products (SAFETY) | 180.15 | 77% | 174.99 | 69% | 2.95% | 169.83 | 78% | 6.08% | 533.50 | 77% | 544.06 | 72% | -1.94% |
| Control Environment Products (CE) | 44.99 | 19% | 43.74 | 17% | 2.86% | 42.57 | 19% | 5.68% | 127.26 | 18% | 119.74 | 16% | 6.28% |
| Water Solution Products (WATER) | 9.36 | 4% | 33.19 | 13% | -71.79% | 6.68 | 3% | 40.26% | 31.22 | 5% | 88.49 | 12% | -64.71% |
| Total revenue from sales and services | 234.50 | 100% | 251.92 | 100% | -6.91% | 219.07 | 100% | 7.04% | 691.98 | 100% | 752.29 | 100% | -8.02% |

In quarter 3/2018, the Company's sales and services were 234.50 MB, comprise 226.40 MB of revenue from sales, 5.61 MB of revenue from services and 2.49 MB of revenue from construction contracts.

Revenue from Occupational Safety, Health and Environment Products or SAFETY was reported at 180.15 MB, increasing by 5.16 MB or 2.95% compared to the same quarter of previous year, Revenue from existing customers were increase and revenues from new customers have slightly increased. However, Revenue from rendering of services decreased due to the decreased in revenue from services of installation of lifeline safety products in the quarter 3/2018.

The revenue from Control Environment Products or CE was reported at 44.99 MB, rising by 1.25 MB or 2.86% compared to the same quarter of previous year, due to the addition of new products for the existing customer base. Furthermore, the electronics industry sector customers were continuous growth.

Revenue from Water Solution Products or WATER was reported at 9.36 MB, reducing by 23.83 MB or 71.79% 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. Furthermore, in quarter 3/2018, revenue from industrial project sector and drilling ground water were decrease compare to the same quarter of previous year.

Cost of Sales and Services

The Company's total costs in quarter 3/2018 were 175.53 MB, comprising of 168.35 MB costs of sales, 4.33 MB cost of services and 2.85 MB cost of construction. Total costs decreased by 42.41 MB or 19.46%, cost of sales increase proportionally with revenue from sales. 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. The result for costs of sales and services accounted for 74.85% of sales and services revenue. The Company's gross profit was 58.97 MB, accounted for gross profit margin of 25.15%, which increase, compare with gross profit of 33.99 MB, accounted for gross profit margin of 13.49% in the same quarter of previous year.

Selling and Administrative Expenses

In quarter 3/2018, selling and administrative expenses were 53.28 MB comprised 21.15 MB of selling expenses and 32.14 MB of administrative expenses. Selling and administrative expenses were decreased according to cost effective management expenses policy, however, some of expenses has been increased such as sales commission were increase according to revenue from sales and the legal fee of abandoned sub-contractor. Administrative expenses included 3.99 MB of allowance for impairment of asset of water treatment project which evaluation cost of the project compare with return on investment.

In quarter 3/2018, the company's financial cost was 1.72 MB which decreased due to the decrease in loan from financial institution, compared with 3.04 MB of financial cost in the same quarter of previous year.

Net profit

In quarter 3/2018, the Company's profit before income tax was 6.32 MB increasing by 5.19 MB or 461.67% compared to profit before income tax of 1.13 MB in quarter 3/2017, however, the Company's net profit attributable to equity holder was 5.09 MB in quarter 3/2018, decreasing by 7.08 MB or 58.17% compared to net profit attributable to equity holders of 12.18 MB due to income tax credit balance of 11.05 MB from deferred tax assets in quarter 3/2017.

Financial Position

Unit : MB

| | September 30, 2018 | | December 31, 2017 | | % Change |
|--|--------------------|----------------|-------------------|---------------|----------------|
| | Amount | % | Amount | % | |
| Current Assets | 472.03 | 70.70% | 576.63 | 73.22% | -18.14% |
| Non-Current Assets | 195.64 | 29.30% | 210.85 | 26.78% | -7.21% |
| Total Assets | 667.67 | 100.00% | 787.48 | 100% | -15.22% |
| Current Liabilities | 345.13 | 51.69% | 484.34 | 61.40% | -28.74% |
| Non-Current Liabilities | 56.42 | 8.45% | 69.02 | 8.75% | -18.26% |
| Total Liabilities | 401.54 | 60.02% | 553.36 | 70.15% | -27.43% |
| Shareholder's Equity of the Company | 267.42 | 39.38% | 235.43 | 29.85% | 13.59% |

Assets

As of September 30, 2018, the Company's total assets equaled 667.67 MB, decreasing by 119.82 MB or 15.22% from December 31, 2017. The decreased assets were mainly from current assets decreasing from 55.59 MB of unbilled receivables and prepaid expenses for the construction, 26.26 MB of cash and cash equivalents, 15.73 MB of net-inventories, 3.45 MB of trade and other current receivables and 3.89 MB of current tax assets. In addition, non-current assets were decrease, mainly from 14.99 MB of depreciation and amortization of the period and 3.99 MB of Allowance for impairment of assets, while, deferred tax assets increased by 2.16 MB.

Liabilities

As of September 30, 2018, the Company's total liabilities equaled 401.54 MB, decreasing by 151.81 MB or 27.43% from December 31, 2017. The decreased liabilities were mainly due to the decreased of 123.91 MB in short-term loans from financial institution, 15.02 MB of trade and other payables and 1.91 MB of the recorded provision for expected loss on constructions contracts, however, accrued income tax increased by 1.81 MB.

Shareholder's equity

As of September 30, 2018, Shareholders' equity was 267.42 MB, increased from the resulting from net profit for the period of 29.65 MB.

Cash Flows

Unit : MB

| Cash Flows | September 30, 2018 | September 30, 2017 |
|--|--------------------|--------------------|
| Cashflow from (used in) operating activities | 114.81 | 87.56 |
| Cashflow from (used in) investing activities | (1.30) | (32.22) |
| Cashflow from (used in) financing activities | (139.82) | (62.35) |
| Net increase (decrease) in cash and cash equivalents | (26.31) | (7.01) |
| Cash and cash equivalents at the end of the period | 66.01 | 42.32 |

The Company's net cash acquired from the operating activities was 114.81 MB, with operating profits prior to changes in the operating assets and liabilities of 59.87 MB and cash flow received from 55.59 MB of unbilled receivables and prepaid expenses for the construction. Trade and other receivables-net decreased 3.65 MB and net-inventories decreased 13.26 MB. While, cash flow used for trade and other payable of 16.19 MB.

Cash flow utilized in investment activities was 1.30 MB mainly used to purchase fix assets and intangible assets of 1.36 MB and 0.51 MB for loan to employees. While, cash flow from interest received of 0.65 MB.

Cash flow utilized in financing activities was 139.82 MB mainly used to repayment of loans from financial institutions of 129.26 MB and repayment of liabilities under lease agreement of 4.02 MB and interest expense of 6.54 MB.