

## Overview

Phol Dhanya Public Company Limited (the Company) consolidated financial statement of the year, ending December 31, 2018 reported the revenue from sales and service of 924.45 MB, decreasing by 61.39 MB or 6.23%, compared to the revenue from sales and services of 985.84 MB in 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. Total casts were decrease due to cost overrun for the community water supply construction projects was decrease by 87.66 MB compare to previous year, leading to gross profit of 227.62 MB in 2018, increasing by 88.34 MB or 63.42%, compared to gross profit of 139.28 MB in the previous year. In addition, selling and administrative expenses have decreased. The results in net profit attributable to equity holders of 36.51 MB in 2018, accounted for net profit margin of 3.91%, increased from the previous year with net loss attributable to equity holders of 117.85 MB.

## Operating performance

Unit : MB

	2018	2017	% YoY
Revenue from sales	882.21	863.37	2.18%
Revenue from rendering of services	25.35	44.70	-43.28%
Revenue from construction and service contracts	16.89	77.77	-78.28%
Other Revenue	9.35	8.83	5.79%
<b>Total Revenue</b>	<b>933.80</b>	<b>994.68</b>	<b>-6.12%</b>
Cost of sales	651.68	631.44	3.21%
Cost of rendering of services	21.74	43.16	-49.63%
Cost of construction and service contracts	23.42	171.96	-86.38%
<b>Total Costs</b>	<b>696.84</b>	<b>846.56</b>	<b>-17.69%</b>
<b>Gross Profit</b>	<b>227.62</b>	<b>139.28</b>	<b>63.42%</b>
<b>Gross Profit (%)</b>	<b>24.62%</b>	<b>14.13%</b>	
Total Selling & Administrative Expenses	192.74	269.82	-28.57%
Reversal penalties arising from delays of constructions	2.67	-	
Profit (Loss) before Finance Costs and Income Taxes Expense	46.90	(121.71)	138.53%
<b>Profit (Loss) before Finance Costs and Income Taxes Expense (%)</b>	<b>5.02%</b>	<b>-12.24%</b>	
Profit (Loss) attributable to equity holders	36.51	(117.48)	131.08%
<b>Net Profit (Loss) (%)</b>	<b>3.91%</b>	<b>-11.81%</b>	
Basic earnings per share (Baht)	0.18	(0.58)	131.08%
Weighted average number of ordinary shares (Million shares)	202.50	202.50	

## Revenue

Revenue structure	Unit : MB				
	2018	%	2017	%	% YoY
Occupational Safety, Health and Environment Products (SAFETY)	715.73	77.42%	715.18	72.54%	0.08%
Control Environment Products (CE)	172.57	18.67%	163.84	16.62%	5.33%
Water Solution Products (WATER)	36.16	3.91%	106.83	10.84%	-66.15%
<b>Total revenue from sales and services</b>	<b>924.45</b>	<b>100%</b>	<b>985.84</b>	<b>100%</b>	<b>-6.23%</b>

In 2018, the Company's sales and services were 924.45 MB, comprise 882.21 MB of revenue from sales, 25.35 MB of revenue from services and 16.89 MB of revenue from construction contracts.

Revenue from Occupational Safety, Health and Environment Products or SAFETY was reported at 715.73 MB, similar to the previous year. Revenue from existing customers in industrial sector were increase, however, revenues from new customers have slightly increased and revenue from sales in government sector customers were decrease, affected by the enforcement of the new Procurement Act, with this, government institutions are in the process of getting ready to execute the new Act in the first half of the year, leading to a smaller number of projects compared to the previous year. Revenue from rendering of services from services of installation of safety products which decreased compared to the previous year.

The revenue from Control Environment Products or CE was reported at 172.57 MB, rising by 8.73 MB or 5.33% compared to the 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 36.16 MB, reducing by 70.67 MB or 66.15% compared to the 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, revenue from drilling ground water were decrease. However, revenue from sales and services in industrial project sector were increase compare to the previous year.

### **Cost of Sales and Services**

The Company's total costs in 2018 were 696.84 MB, comprising of 651.68 MB costs of sales, 21.74 MB cost of services and 23.42 MB cost of construction. Total costs decreased by 149.42 MB or 17.69%, 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 75.38% of revenue from sales and services. The Company's gross profit was 227.62 MB, accounted for gross profit margin of 24.62%, which increase, compare with gross profit of 139.28 MB, accounted for gross profit margin of 14.13% in the previous year.

### **Selling and Administrative Expenses**

In 2018, selling and administrative expenses were 192.74 MB comprised 85.38 MB of selling expenses and 104.85 MB of administrative expenses. Selling and administrative expenses decreased by 77.09 MB or 28.57%, mainly due to the recorded 60.50 MB of allowance for doubtful debt for receivables for penalties arising from delays of construction and recorded 10 MB of allowance for impairment of assets for drilling machines in previous year. And in 2018, penalties arising from delays of constructions were decrease; the Company recorded 2.67 MB of reversal of penalties arising from delays of construction. In addition, selling and administrative expenses were decreased according to 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 and the recorded of 2.51 MB of allowance for impairment of asset of water treatment project which evaluation cost of the project compare with return on investment.

In 2018, the company's financial cost was 8.17 MB which decreased due to the decrease in loan from financial institution, compared with 13.27 MB of financial cost of previous year.

### **Net profit**

In 2018, the Company's net profit attributable to equity holder was 36.51 MB, representing net profit margin of 3.91% which increased compared to net loss attributable to equity holders of 117.48 MB of previous year.

## Financial Position

Unit : MB

	December 31, 2018		December 31, 2017		% Change
	Amount	%	Amount	%	
Current Assets	457.87	70.21%	576.63	73.22%	-20.60%
Non-Current Assets	194.24	29.79%	210.85	26.78%	-7.88%
<b>Total Assets</b>	<b>652.12</b>	<b>100%</b>	<b>787.48</b>	<b>100%</b>	<b>-17.19%</b>
Current Liabilities	325.30	49.78%	484.34	61.40%	-32.84%
Non-Current Liabilities	53.83	8.24%	69.02	8.75%	-22.00%
<b>Total Liabilities</b>	<b>379.14</b>	<b>58.02%</b>	<b>553.36</b>	<b>70.15%</b>	<b>-31.48%</b>
<b>Shareholder's Equity of the Company</b>	<b>457.87</b>	<b>70.21%</b>	<b>576.63</b>	<b>73.22%</b>	<b>-20.60%</b>

### Assets

As of December 31, 2018, the Company's total assets equaled 652.12 MB, decreasing by 135.37 MB or 17.19% from December 31, 2017. The decreased assets were mainly from current assets decreasing from 566.64 MB of unbilled receivables and prepaid expenses for the construction, 35.06 MB of cash and cash equivalents, 17.27 MB of net-inventories, 5.94 MB of trade and other current receivables and 4.05 MB of current tax assets. In addition, non-current assets were decrease, mainly from 18.71 MB of depreciation and amortization of the period and 2.51 MB of allowance for impairment of assets, while, deferred tax assets increased by 3.28 MB.

### Liabilities

As of December 31, 2018, the Company's total liabilities equaled 379.14 MB, decreasing by 174.22 MB or 31.48% from December 31, 2017. The decreased liabilities were mainly due to the decreased of 152.39 MB in short-term loans from financial institution, 8.23 MB of trade and other payables and 2.29 MB of the recorded provision for expected loss on constructions contracts, however, accrued income tax increased by 4.15 MB.

### Shareholder's equity

As of December 31, 2018, Shareholders' equity was 274.28 MB, increased from the resulting from net profit for the period of 36.51 MB.

**Cash Flows**

Unit : MB

Cash Flows	December 31, 2018	December 31, 2017
Cashflow from (used in) operating activities	139.15	132.73
Cashflow from (used in) investing activities	(1.28)	(31.23)
Cashflow from (used in) financing activities	(172.97)	(56.63)
Net increase (decrease) in cash and cash equivalents	(35.10)	42.87
Cash and cash equivalents at the end of the period	57.12	92.27

The Company's net cash acquired from the operating activities was 139.15 MB, with operating profits prior to changes in the operating assets and liabilities of 79.55 MB and cash flow received from 56.64 MB of unbilled receivables and prepaid expenses for the construction. Trade and other receivables-net decreased 6.02 MB and net-inventories decreased 6.73 MB. While, cash flow used for trade and other payable of 7.87 MB.

Cash flow utilized in investment activities was 1.28 MB mainly used to purchase fix assets and intangible assets of 1.50 MB. While, cash flow from loan to employees of 0.44 MB and interest received of 0.65 MB.

Cash flow utilized in financing activities was 172.97 MB mainly used to repayment of loans from financial institutions of 159.93 MB and repayment of liabilities under lease agreement of 5.27 MB and interest expense of 8.17 MB.