



บริษัท ฟอ์จูน พาร์ท อินดัสตรี จำกัด (มหาชน)

FORTUNE PARTS INDUSTRY PUBLIC COMPANY LIMITED

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10 August 2016

Subject : Management Discussion & Analysis of Performance Results of Quarter 2/2016

To : Board of Directors and President of The Stock Exchange of Thailand

Fortune Parts Industry Public Company Limited (“FPI” or “The Company”) would like to submit the reviewed of interim financial statements for the three-month period ended 30 June 2016 which has been reviewed by certified public auditor as follows :

Overall performance results of the Company for the three-month period ended 31 March 2016, compared to the same period of the previous year were as highlighted below ;

	(Unit : Million Baht)		
	<u>Q2/2016</u>	<u>Q2/2015</u>	<u>% Change</u>
Sales and Service Income	500.75	451.55	+10.90
Cost of sales and Services	353.64	340.75	+3.78
Selling and Administrative Expenses	55.39	54.45	+1.73
Financial Cost	8.51	10.45	-18.44
Net Profit	74.29	54.35	+36.68

Total Revenues

In the three-month period ended 30 June 2016 and 2015, total revenues of the Company increased from Baht 474.73 million to Baht 509.61 million, increased by Baht 34.88 million or 7.35%. Sales and Service Income amounted to Baht 500.75 million for the three-month period ended 30 June 2016 increased by Baht 49.20 million or 10.90% compared to the same period of previous year. The mainly reasons were the domestic sales increased from OEM projects (Toyota) and export sales increased from Asia zone such as Saudi Arabia and United Arab Emirates. Sales from Australia and New Zealand zone increased from OEM project of Suzuki brand sold to EGR. Result, gross profit increased in Q2/2016. Additionally, gross profit of the plastic bumper REM increased from unit of production increased, Resulting in lower unit costs. The gross profit of Trading products increased due to Baht weakened, unit price was higher.

Cost of sales and Services

In the three-month period ended 30 June 2016 and 2015, total cost of sales and services of the Company increased from Baht 340.75 million to Baht 353.64 million, increased by Baht 13.89 million or 3.78% due to direct labor and production overhead increases.

Selling and Administrative Expenses

In the three-month period ended 30 June 2016 and 2015, total selling and administrative expenses of the Company increased from Baht 54.45 million to Baht 55.39 million, increased by Baht 0.94 million or 1.73%, due to allowance for doubtful accounts and allowance for diminution in value of inventories (reversal) increases compared to the same period of previous year.

Financial Cost

In the three-month period ended 30 June 2016 and 2015, total financial cost of the Company decreased from Baht 8.51 million to Baht 10.45 million, decreased by Baht 1.94 million or 18.44% due to financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In the three-month period ended 30 June 2016 and 2015, net profit of the Company increased from Baht 54.35 million to Baht 74.29 million, increased by Baht 19.94 million or 36.68% due to cost of sales and service, selling and administrative expenses and financial cost decreased compared to the same period of previous year. The Company has a higher proportion of OEM, lower raw material, lower cost of production. Also in the three-month period ended 30 June 2016, The Company also have revenue portion from OEM increased.

Overall performance results of the Company for the six-month period ended 30 June 2016, compared to the same period of the previous year were as highlighted below ;

	(Unit : Million Baht)		
	for the six-month period ended 30 June		
	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Sales and Service Income	967.47	879.94	+9.95
Cost of sales and Services	692.62	680.03	+1.85
Selling and Administrative Expenses	99.10	99.54	-1.44
Financial Cost	17.39	19.88	-12.51
Net Profit	138.51	91.52	+51.34
Total Revenues			

In the six-month period ended 30 June 2016 and 2015, total revenues of the Company increased from Baht 979.75 million to Baht 915.57 million, increased by Baht 64.18 million or 7.01%. Sales and Service Income amounted to Baht 967.47 million for the three-month period ended 30 June 2016 increased by Baht 87.53 million or 9.95% compared to the same period of previous year. The mainly reasons were the domestic sales increased from OEM projects (Toyota) and export sales increased from Asia zone such as Saudi Arabia and United Arab Emirates. Sales from Australia and New Zealand zone increased from OEM project of Suzuki brand sold to EGR. Result, gross profit increased. Additionally, gross profit of the plastic bumper REM increased from unit of production increased, Resulting in lower unit costs. The gross profit of Trading products increased due to Baht weakened, unit price was higher.

Cost of sales and Services

In the six-month period ended 30 June 2016 and 2015, total cost of sales and services of the Company increased from Baht 680.03 million to Baht 692.62 million, increased by Baht 12.59 million or 1.85% due to direct labor and production overhead increases.

Selling and Administrative Expenses

In the six-month period ended 30 June 2016 and 2015, total selling and administrative expenses of the Company decreased from Baht 99.54 million to Baht 99.10 million, decreased by Baht 0.44 million or 1.44%, due to allowance for doubtful accounts and allowance for diminution in value of inventories (reversal) increases compared to the same period of previous year.

Financial Cost

In the six-month period ended 30 June 2016 and 2015, total financial cost of the Company decreased from Baht 19.88 million to Baht 17.39 million, decreased by Baht 2.49 million or 12.51% due to financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In the six-month period ended 30 June 2016 and 2015, net profit of the Company increased from Baht 91.52 million to Baht 138.51 million, increased by Baht 49.99 million or 51.34% due to cost of sales and service, selling and administrative expenses and financial cost decreased compared to the same period of previous year. The Company has a higher proportion of OEM, lower raw material, lower cost of production. Also in the six-month period ended 30 June 2016, The Company also have revenue portion from OEM increased from 8% in the six-month period ended 30 June 2015 to 16% or up to 100% compared to the same period of previous year.

Financial Position (in comparison to as of 31 December 2015)

Overall financial position of The Company as of 30 June 2016, compared to the statement of financial position as of 31 December 2015, increased from Baht 2,359.15 million to Baht 2,367.43 million, increased by Baht 8.25 million or 0.35% due to factors as summarized below ;

Total Assets

As at 30 June 2016, total assets was Baht 2,367.43 million, increased by Baht 8.28 million from the ended 31 December 2015 mainly due to investments in joint ventures increased by Baht 18 million and investment in associates by Baht 19 million, investment in injection mold but which have depreciation on period was higher than the value of the investment increase. Other non-current assets increased due to account receivable from fixed asset by amount Baht 12.52 million, which is due in the next 1-2 years.

Total Liabilities

As at 30 June 2016, total liabilities was Baht 1,356.61 million, decreased by Baht 56.70 million from the ended 31 December 2015, mainly from the decreased of long term loan from bank amounted of Baht 2.12 million and from the decreased of short term loan from financial institutions due to pay the debt, and The Company has liquidity increase and demand for short-term loans declined. Other current liabilities increased due to deposit in advance payment for OEM and received from other customers, to prevent the risk of receiving payment.

Shareholders' Equity

As at 30 June 2016, shareholders' equity was Baht 1,010.83 million increased by Baht 64.99 million from Baht 945.84 million as at 31 December 2015 mainly due to the net profit from operating for the period by Baht 74.29 million and shares to be issued from exercise of warrants increased by Baht 8.19 million.

Please be informed accordingly.

Yours sincerely,

-Mr.Sompol Tanadumrongsak
Managing Director