**Prodigy Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2018**

**1. General information**

**1.1 Corporate information**

Prodigy Public Company Limited (“the Company”) was incorporated and domiciled in Thailand. Its parent company is Thai Vegetable Oil Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the producing and distributing packaging. The registered office of the Company is at 7/3 Moo 3, Bang Krabao, Nakhon Chaisi, Nakhon Pathom.

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.3 New financial reporting standards**

**(a) Financial reporting standards that became effective in the current year**

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

**(b) Financial reporting standards that will become effective in the future**

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarised below.

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

**Thai Financial Reporting Standards related to financial instruments**

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

|  |  |
| --- | --- |
| TFRS 9 | Financial Instruments |
| TFRS 7 | Financial Instruments: Disclosures |

Accounting standard:

|  |  |
| --- | --- |
| TAS 32 | Financial Instruments: Presentation |

Financial Reporting Standard Interpretations:

|  |  |
| --- | --- |
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**1.4 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

**2. Related party transactions**

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | (Unit: Million Baht) | | | | |
|  | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | | Pricing policy |
|  | 2018 | 2017 | 2018 | 2017 |  |
| Transactions with parent company |  |  |  |  |  |
| Sales of goods | 82 | 75 | 246 | 242 | Normal prices charged to ordinary customers |
| Discount on sales of goods | - | - | 1 | - | Agreed between the parties |
| Transactions with related company |  |  |  |  |  |
| Sales of goods | 7 | 6 | 20 | 18 | Normal prices charged to ordinary customers |

As at 30 September 2018 and 31 December 2017, the balances of the accounts between the Company and those related parties are as follows:

| (Unit: Thousand Baht) | | |
| --- | --- | --- |
|  | 30 September 2018 | 31 December 2017 |
|  |  | (Audited) |
| **Trade receivables - related parties (Note 3)** |  |  |
| Parent company | 59,698 | 66,821 |
| Related company (related by common directors) | 2,442 | 2,506 |
| Total trade receivables - related parties | 62,140 | 69,327 |
|  |  |  |
| **Other receivable - related party (Note 3)** |  |  |
| Parent company | - | 231 |
| Total other receivable - related party | - | 231 |
|  |  |  |
| **Other payable - related party (Note 7)** |  |  |
| Parent company | 1,230 | 2,185 |
| Total other payable - related party | 1,230 | 2,185 |

Directors and management’s benefits

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company had employee benefit expenses payable to its directors and managements as below.

|  |  |  |
| --- | --- | --- |
| (Unit: Million Baht) | | |
|  | For the three-month periods ended 30 September | |
|  | 2018 | 2017 |
| Short-term employee benefits | 3 | 3 |
|  | | |
| (Unit: Million Baht) | | |
|  | For the nine-month periods ended 30 September | |
|  | 2018 | 2017 |
| Short-term employee benefits | 10 | 8 |

**3. Trade and other receivables**

| (Unit: Thousand Baht) | | |
| --- | --- | --- |
|  | 30 September 2018 | 31 December 2017 |
|  |  | (Audited) |
| Trade receivables - related parties |  |  |
| Aged on the basis of due dates |  |  |
| Not yet due | 34,295 | 33,545 |
| Past due up to 3 months | 27,845 | 35,782 |
| Total trade receivables - related parties (Note 2) | 62,140 | 69,327 |
| Trade receivables - unrelated parties |  |  |
| Aged on the basis of due dates |  |  |
| Not yet due | 21,396 | 23,199 |
| Past due |  |  |
| Up to 3 months | 30,908 | 39,525 |
| 3 - 6 months | 18,948 | 13,169 |
| 6 - 12 months | 10,883 | 1,566 |
| Over 12 months | - | 1,191 |
| Returned cheques | 892 | 46 |
| Total | 83,027 | 78,696 |
| Less: Allowance for doubtful accounts | - | (1,237) |
| Total trade receivables - unrelated parties, net | 83,027 | 77,459 |
| Total trade receivables - net | 145,167 | 146,786 |
| Other receivable |  |  |
| Other receivable - related party | - | 231 |
| Total other receivable - related party (Note 2) | - | 231 |
| Total trade and other receivables - net | 145,167 | 147,017 |

**4. Reducetion cost of inventories to net realisable value**

Movements in the reduce cost to net realisable value of inventories account for the nine-month period ended 30 September 2018 are summarised below.

|  |  |
| --- | --- |
| (Unit: Thousand Baht) | |
| Balance as at 1 January 2018 | - |
| Add: Reduce cost to net realisable value of inventories | 1,018 |
| Balance as at 30 September 2018 | 1,018 |

**5. Property, plant and equipment**

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2018 are summarised below.

|  |  |
| --- | --- |
| (Unit: Thousand Baht) | |
| **Net book value as at 1 January 2018** | 320,540 |
| Acquisitions during period - at cost | 29,237 |
| Depreciation for period | (41,836) |
| **Net book value as at 30 September 2018** | 307,941 |

**6. Credit facilities of short-term loans**

The agreements for the credit facilities obtained from banks contain covenants with which the Company must comply. These relate to, among other things, the maintenance of financial ratios and restrictions on the creation of lien or encumbrance over its assets without prior consent from banks.

**7. Trade and other payables**

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 30 September 2018 | 31 December 2017 |
|  |  | (Audited) |
| Trade payables | 103,405 | 77,812 |
| Other payable - related party (Note 2) | 1,230 | 2,185 |
| Other payables - unrelated parties | 3,433 | 3,810 |
| Accrued expenses | 20,673 | 7,504 |
| Total trade and other payables | 128,741 | 91,311 |

**8. Provision for long-term employee benefits**

Provision for long-term employee benefits as at 30 September 2018, which is the compensations on employees’ retirement, was as follows:

|  |  |
| --- | --- |
| (Unit: Thousand Baht) | |
| Balance as at 1 January 2018 | 11,410 |
| Current service cost | 1,399 |
| Interest cost | 219 |
| Benefits paid during the period | (505) |
| Balance as at 30 September 2018 | 12,523 |

**9. Corporate income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | For the three-month periods ended 30 September | |
|  | 2018 | 2017 |
| **Current income tax:** |  |  |
| Interim corporate income tax charge | 3,102 | 3,660 |
| **Deferred tax:** |  |  |
| Relating to origination of temporary differences | (218) | (97) |
| **Income tax expense reported in the statements of comprehensive income** | 2,884 | 3,563 |
|  |  | |
|  | (Unit: Thousand Baht) | |
|  | For the nine-month periods ended 30 September | |
|  | 2018 | 2017 |
| **Current income tax:** |  |  |
| Interim corporate income tax charge | 11,055 | 13,392 |
| **Deferred tax:** |  |  |
| Relating to origination of temporary differences | (425) | (262) |
| **Income tax expense reported in the statements of comprehensive income** | 10,630 | 13,130 |

**10. Earnings per share**

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

**11. Segment information**

The Company is principally engaged in the manufacture and distribution of packaging products. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

**12. Dividends**

|  |  |  |  |
| --- | --- | --- | --- |
| Dividends | Approved by | Total dividends | Dividend per share |
|  |  | (Thousand Baht) | (Baht) |
| Dividends for 2017 | The Annual General Meeting of the Company’s shareholders on 24 April 2018 | 37,800 | 0.14 |
| Interim dividends for 2018 | Board of Directors’ meeting on 7 August 2018 | 21,600 | 0.08 |
| Total for the nine-month period ended 30 September 2018 | | 59,400 | 0.22 |
|  |  |  |  |
| Dividends for 2016 | The Annual General Meeting of the Company’s shareholders on 25 April 2017 | 45,900 | 0.17 |
| Interim dividends for 2017 | Board of Directors’ Meeting on 8 August 2017 | 21,600 | 0.08 |
| Total for the nine-month period ended 30 September 2017 | | 67,500 | 0.25 |

**13. Commitments and contingent liabilities**

**13.1 Capital commitments**

As at 30 September 2018, the Company had capital commitments of approximately Baht 2 million relating to the acquisition of machinery and factory tools (31 December 2017: Baht 14.2 million).

**13.2 Guarantees**

As at 30 September 2018, there were outstanding bank guarantees of approximately Baht 9 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company (31 December 2017: Baht 8 million). The outstanding bank guarantees are related to guarantee electricity use of the Company.

**14. Approval of financial statements**

These financial statements were authorised for issue by the Company’s authorised directors on 6 November 2018.