

PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND
SEPARATE FINANCIAL INFORMATION
(UNAUDITED)**

30 SEPTEMBER 2018



AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Principal Capital Public Company Limited

I have reviewed the interim consolidated financial information of Principal Capital Public Company Limited and its subsidiaries, and the interim separate financial information of Principal Capital Public Company Limited. These comprise the consolidated and separate statements of financial position as at 30 September 2018, the consolidated and separate statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated and separate statements of changes in equity and cash flows for the nine-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim consolidated and separate financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim consolidated and separate financial information based on my review.

Scope of review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and separate financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Chanchai Chaiprasit', with a long, sweeping flourish extending upwards and to the right.

Chanchai Chaiprasit
Certified Public Accountant (Thailand) No. 3760
Bangkok
14 November 2018

Principal Capital Public Company Limited
Statement of Financial Position
As at 30 September 2018

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 30 September 2018 Baht	Audited 31 December 2017 Baht	Unaudited 30 September 2018 Baht	Audited 31 December 2017 Baht
		Assets			
Current assets					
Cash and cash equivalents		249,088,039	371,921,850	68,301,113	71,737,713
Short-term investments	8	1,680,516	647,919,870	-	46,530,623
Restricted deposits at financial institutions - current	13	5,445,500	5,445,500	5,000,000	5,000,000
Trade and other receivables, net	9	259,305,711	199,956,312	41,568,488	13,374,941
Short-term loan to subsidiaries	23c	-	-	311,720,599	101,749,298
Inventories, net	10	53,349,207	49,984,106	6,744,796	308,496
Work in progress under service contracts	11	5,369,528	12,936,775	-	-
Other current assets	12	84,415,701	85,286,168	8,804,140	6,340,616
Total current assets		658,654,202	1,373,450,581	442,139,136	245,041,687
Non-current assets					
Restricted deposits at financial institutions	13	12,649,591	13,600,041	-	-
Investments in subsidiaries	14	-	-	8,013,253,520	8,013,253,520
Long-term investments		330,000	-	330,000	-
Investment property, net	15	2,732,372,037	2,754,025,972	-	-
Property, plant and equipment, net	16	8,616,656,318	7,187,429,719	2,613,451,286	1,366,438,105
Intangible assets, net		78,666,322	77,062,177	2,930,290	3,817,000
Leasehold rights		25,221,690	22,422,640	-	-
Goodwill		1,648,636,237	1,648,636,237	-	-
Deferred tax assets		4,120,958	5,300,619	-	2,468,204
Other non-current assets		9,735,372	6,284,550	7,286,763	4,341,465
Total non-current assets		13,128,388,525	11,714,761,955	10,637,251,859	9,390,318,294
Total assets		13,787,042,727	13,088,212,536	11,079,390,995	9,635,359,981

Director _____ Director _____

The accompanying notes are an integral part of this interim financial information.

Principal Capital Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2018

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 30 September 2018 Baht	Audited 31 December 2017 Baht	Unaudited 30 September 2018 Baht	Audited 31 December 2017 Baht
		Liabilities and equity			
Current liabilities					
Bank overdrafts from a financial institution	18	-	1,448,274	-	-
Short-term borrowings from financial institutions	18	1,029,730,515	30,000,000	999,730,515	-
Trade and other payables	17	352,314,776	1,370,899,979	61,445,116	1,053,985,213
Advances received from customers - current		28,739,215	23,706,911	7,684,687	4,077,969
Short-term borrowings from related parties	18, 23d	457,161,952	445,618,548	602,692,354	-
Current portion of finance lease liabilities	18	17,179,625	8,705,655	5,252,042	-
Current portion of long-term borrowings from financial institutions	18	169,583,156	138,198,557	13,278,329	-
Income tax payable		16,457,664	71,778,855	-	-
Deposits received from customers - current		34,998,561	49,053,678	9,200,455	29,075,977
Other current liabilities	19	76,871,118	75,597,790	5,455,784	4,871,180
Total current liabilities		2,183,036,582	2,215,008,247	1,704,739,282	1,092,010,339
Non-current liabilities					
Finance lease liabilities	18	46,814,183	11,057,063	22,816,343	-
Long-term borrowings from financial institutions	18	1,677,846,794	1,102,412,040	649,000,546	-
Advances received from customers		4,898,720	9,634,810	-	-
Deposits received from customers		16,615,075	19,675,786	-	-
Long-term promissory notes from a related party	18, 23e	528,151,856	521,469,771	528,151,856	521,469,771
Deferred tax liabilities		335,250,707	171,398,059	170,533,229	-
Employee benefit obligations		86,921,882	71,012,437	19,828,208	12,680,791
Other non-current liabilities	20	34,701,488	42,443,180	15,816,448	27,620,190
Total non-current liabilities		2,731,200,705	1,949,103,146	1,406,146,630	561,770,752
Total liabilities		4,914,237,287	4,164,111,393	3,110,885,912	1,653,781,091

The accompanying notes are an integral part of this interim financial information.

Principal Capital Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2018

	Consolidated		Separate	
	financial information		financial information	
	Unaudited	Audited	Unaudited	Audited
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)				
Equity				
Share capital				
Authorised share capital				
3,240,638,433 ordinary shares				
at a par value of Baht 1 each	3,240,638,433	3,240,638,433	3,240,638,433	3,240,638,433
Issued and paid-up share capital				
3,240,087,520 paid-up ordinary shares				
at a par value of Baht 1 each	3,240,087,520	3,240,087,520	3,240,087,520	3,240,087,520
Premium on paid-up share capital	4,476,767,055	4,476,767,055	4,476,767,055	4,476,767,055
Retained earnings (deficits)				
Appropriated - legal reserve	44,199,790	44,199,790	44,199,790	44,199,790
Unappropriated	(333,094,817)	(278,895,727)	207,450,718	220,524,525
Other components of equity	764,129,669	764,129,669	-	-
Equity attributable to owners of				
 the parent				
	8,192,089,217	8,246,288,307	7,968,505,083	7,981,578,890
Non-controlling interests	680,716,223	677,812,836	-	-
Total equity	8,872,805,440	8,924,101,143	7,968,505,083	7,981,578,890
Total liabilities and equity	13,787,042,727	13,088,212,536	11,079,390,995	9,635,359,981

The accompanying notes are an integral part of this interim financial information.

Principal Capital Public Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 September 2018

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 2018 Baht	Restated	Unaudited 2018 Baht	Unaudited 2017 Baht
			Unaudited 2017 Baht		
Revenues from sales and services	6	777,195,421	642,383,311	136,230,187	72,510,201
Costs of sales and services		(541,044,437)	(466,959,273)	(91,834,867)	(37,089,252)
Gross profit		236,150,984	175,424,038	44,395,320	35,420,949
Other income	22	9,313,489	15,646,389	3,729,009	7,209,907
Selling expenses		(15,894,722)	(14,304,309)	(4,910,917)	(3,156,347)
Administrative expenses		(171,073,573)	(144,106,237)	(50,174,163)	(32,384,704)
Other expenses		(3,919,761)	(3,902,251)	-	-
Finance costs		(34,649,301)	(15,293,472)	(23,015,622)	(2,251,838)
Profit (loss) before income tax		19,927,116	13,464,158	(29,976,373)	4,837,967
Income tax (expense) income		(12,977,332)	(12,791,915)	1,310,986	(1,043,395)
Profit (loss) for the period		6,949,784	672,243	(28,665,387)	3,794,572
Other comprehensive income		-	-	-	-
Total comprehensive income (expense) for the period		6,949,784	672,243	(28,665,387)	3,794,572
Profit (loss) attributable to:					
Owners of the parent		(12,720,346)	(28,289,932)	(28,665,387)	3,794,572
Non-controlling interests		19,670,130	28,962,175	-	-
		6,949,784	672,243	(28,665,387)	3,794,572
Total comprehensive income (expense) attributable to:					
Owners of the parent		(12,720,346)	(28,289,932)	(28,665,387)	3,794,572
Non-controlling interests		19,670,130	28,962,175	-	-
		6,949,784	672,243	(28,665,387)	3,794,572
Earnings (loss) per share (Baht)					
Basic earnings (loss) per share		(0.004)	(0.009)	(0.009)	0.001

The accompanying notes are an integral part of this interim financial information.

Principal Capital Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the nine-month period ended 30 September 2018

	Notes	Consolidated financial information		Separate financial information	
		Unaudited 2018 Baht	Restated	Unaudited 2018 Baht	Unaudited 2017 Baht
			Unaudited 2017 Baht		
Revenues from sales and services	6	2,076,885,787	1,656,155,192	361,011,008	211,467,717
Costs of sales and services		(1,508,393,923)	(1,263,697,629)	(241,850,963)	(103,956,553)
Gross profit		568,491,864	392,457,563	119,160,045	107,511,164
Other income	22	27,857,864	149,378,639	8,980,948	138,340,408
Gain on bargain purchase	21	82,544,015	-	82,544,015	-
Selling expenses		(45,635,226)	(33,572,045)	(13,662,146)	(9,197,194)
Administrative expenses		(531,742,310)	(527,547,059)	(162,250,979)	(111,085,574)
Other expenses		(11,381,238)	(10,491,300)	-	-
Finance costs		(88,919,691)	(50,576,322)	(51,432,590)	(6,682,084)
Profit (loss) before income tax		1,215,278	(80,350,524)	(16,660,707)	118,886,720
Income tax (expense) income		(28,910,977)	(158,466,733)	3,586,900	(8,923,119)
Profit (loss) for the period		(27,695,699)	(238,817,257)	(13,073,807)	109,963,601
Other comprehensive income		-	-	-	-
Total comprehensive income (expense) for the period		(27,695,699)	(238,817,257)	(13,073,807)	109,963,601
Profit (loss) attributable to:					
Owners of the parent		(54,199,086)	(232,988,378)	(13,073,807)	109,963,601
Non-controlling interests		26,503,387	(5,828,879)	-	-
		(27,695,699)	(238,817,257)	(13,073,807)	109,963,601
Total comprehensive income (expense) attributable to:					
Owners of the parent		(54,199,086)	(232,988,378)	(13,073,807)	109,963,601
Non-controlling interests		26,503,387	(5,828,879)	-	-
		(27,695,699)	(238,817,257)	(13,073,807)	109,963,601
Earnings (loss) per share (Baht)					
Basic earnings (loss) per share		(0.017)	(0.072)	(0.004)	0.034

The accompanying notes are an integral part of this interim financial information.

Principal Capital Public Company Limited
Statement of Changes in Equity
For the nine-month period ended 30 September 2018

	Consolidated financial information (Unaudited)									
	Attributable to owners of the parent					Other components				
	Issued and paid-up share capital	Premium on share capital	Appropriated - legal reserve	Retained earnings (deficits)		Difference arising from business combination under common control	Total owners of the parent	Non-controlling interests	Total equity	Baht
				Unappropriated	Baht					
Opening balance as at 1 January 2017	3,240,087,520	4,476,767,055	39,379,215	69,102,185	-	7,825,335,975	3,470,332,940	11,295,668,915		
Proceeds from ordinary shares issued of a subsidiary	-	-	-	-	-	-	-	34,811,750	34,811,750	
Dividends paid	-	-	-	(34)	-	(34)	(28,400,000)	(28,400,034)		
Total comprehensive expense for the period	-	-	-	(232,988,378)	-	(232,988,378)	(5,828,879)	(238,817,257)		
Closing balance as at 30 September 2017	3,240,087,520	4,476,767,055	39,379,215	(163,886,227)	-	7,592,347,563	3,470,915,811	11,063,263,374		
Opening balance as at 1 January 2018	3,240,087,520	4,476,767,055	44,199,790	(278,895,727)	764,129,669	8,246,288,307	677,812,836	8,924,101,143		
Dividends paid	-	-	-	(4)	-	(4)	(23,600,000)	(23,600,004)		
Total comprehensive expense for the period	-	-	-	(54,199,086)	-	(54,199,086)	26,503,387	(27,695,699)		
Closing balance as at 30 September 2018	3,240,087,520	4,476,767,055	44,199,790	(333,094,817)	764,129,669	8,192,089,217	680,716,223	8,872,805,440		

The accompanying notes are an integral part of this interim financial information.

Principal Capital Public Company Limited
Statement of Changes in Equity (Cont'd)
For the nine-month period ended 30 September 2018

	Separate financial information (Unaudited)					
	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Unappropriated Baht	Total equity Baht
			Appropriated - legal reserve Baht			
Opening balance as at 1 January 2017	3,240,087,520	4,476,767,055	39,379,215	128,973,942		7,885,207,732
Total comprehensive income for the period	-	-	-	109,963,601		109,963,601
Closing balance as at 30 September 2017	<u>3,240,087,520</u>	<u>4,476,767,055</u>	<u>39,379,215</u>	<u>238,937,543</u>		<u>7,995,171,333</u>
Opening balance as at 1 January 2018	3,240,087,520	4,476,767,055	44,199,790	220,524,525		7,981,578,890
Total comprehensive expense for the period	-	-	-	(13,073,807)		(13,073,807)
Closing balance as at 30 September 2018	<u>3,240,087,520</u>	<u>4,476,767,055</u>	<u>44,199,790</u>	<u>207,450,718</u>		<u>7,968,505,083</u>

The accompanying notes are an integral part of this interim financial information.

Principal Capital Public Company Limited

Statement of Cash Flows

For the nine-month period ended 30 September 2018

	Consolidated		Separate	
	financial information		financial information	
	Unaudited	Restated	Unaudited	Unaudited
	2018	2017	2018	2017
Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Profit (loss) before income tax	1,215,278	(80,350,524)	(16,660,707)	118,886,720
Adjustments for:				
Depreciation and amortisation	307,842,991	286,439,520	55,190,471	34,613,322
Allowance for (reversal of)				
- doubtful accounts - trade and other receivables	(1,827,334)	(5,828,818)	(322,263)	29,048
- obsolete inventories	312,696	-	-	-
Write-offs withholding tax receivables	227,861	3,751,903	-	-
Realised gains on disposals of trading securities	8, 22 (1,393,478)	(1,383,940)	(28,978)	-
Unrealised gains on changes in fair values of trading securities	8, 22 (39)	(1,206,896)	-	(377,989)
Gain on bargain purchase	21 (82,544,015)	-	(82,544,015)	-
Gain on disposals of general investments	22 -	(1,940,000)	-	-
Gain on disposals of investment property	22 (122,250)	(104,400,000)	-	-
Gain on disposals of equipment	22 (167,159)	(340,781)	(118,976)	-
Loss on write-offs of equipment	351,495	273,664	-	-
Employee benefit expenses	13,077,018	5,197,113	4,208,148	2,670,903
Dividends income	-	(4,399,978)	-	-
Interest income	22 (907,213)	(5,472,901)	(5,215,341)	(19,618,811)
Finance costs	88,919,691	50,576,322	51,432,590	6,682,084
Profit from operating activities before changes in operating assets and liabilities	324,985,542	140,914,684	5,940,929	142,885,277
Trade and other receivables	(68,688,771)	(8,713,861)	(27,538,012)	(2,393,125)
Inventories	3,999,279	1,581,005	1,240,776	83,795
Work in progress under service contracts	7,567,247	(4,833,220)	-	-
Other current assets	10,684,210	18,541,053	(550,077)	7,987,446
Other non-current assets	(1,316,922)	(614,850)	(811,398)	(518,760)
Trade and other payables	547,182	48,736,702	6,970,258	25,077,908
Advances received from customers	(20,139,263)	426,319	(16,828,759)	1,840,682
Deposits received from customers	(17,115,828)	24,924,002	(19,875,522)	19,198,478
Other current liabilities	1,273,328	(5,086,465)	584,604	(344,943)
Employee benefits paid	(106,842)	-	-	-
Other non-current liabilities	(7,741,692)	183,488	(11,803,742)	(13,205,457)
Cash generated from (used in) operations	233,947,470	216,058,857	(62,670,943)	180,611,301
Interest paid	(75,917,027)	(54,896,317)	(34,130,311)	-
Income tax paid	(105,829,794)	(119,794,251)	(1,913,447)	(8,283,036)
Net cash generated from (used in) operating activities	52,200,649	41,368,289	(98,714,701)	172,328,265

The accompanying notes are an integral part of this interim financial information.

Principal Capital Public Company Limited
Statement of Cash Flows (Cont'd)
For the nine-month period ended 30 September 2018

	Notes	Consolidated financial information		Separate financial information	
		Unaudited	Restated	Unaudited	Unaudited
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Proceeds from disposals of					
short-term investments	8	947,709,541	1,187,283,199	46,559,601	-
Purchases of short-term investments	8	(300,000,000)	(2,232,829,676)	-	-
Proceeds from disposals of general investments		-	2,500,000	-	-
Decrease (increase) in restricted deposits					
at financial institutions		950,450	(236,000)	-	-
Cash received from short-term loans					
to subsidiaries		-	-	-	840,000,000
Payments of short-term loans to subsidiaries	23c	-	-	(205,000,000)	(1,007,000,000)
Payments for purchases of subsidiaries		(1,000,000,000)	-	(1,000,000,000)	-
Payments for entire business transfer	21	(900,000,000)	-	(900,000,000)	-
Cash received from interest income		830,675	2,984,670	244,172	15,192,520
Proceeds from disposals of investment property		-	2,500,000,000	-	-
Proceeds from disposals of equipment		200,598	342,671	146,411	-
Purchases of investment property		(51,574,316)	(2,615,479)	-	-
Purchases of property, plant and equipment		(430,348,748)	(722,694,431)	(98,968,302)	(14,294,469)
Purchases of intangible assets		(13,313,881)	(22,920,015)	(474,417)	(921,838)
Payments for leasehold rights		(2,799,050)	(6,345,140)	-	-
Net cash (used in) from investing activities		(1,748,344,731)	705,469,799	(2,157,492,535)	(167,023,787)
Cash flows from financing activities					
Payments for financing fee		(4,660,000)	-	(4,160,000)	-
Proceeds from borrowings					
from financial institutions	18	1,758,045,146	401,930,000	1,663,408,146	-
Repayments of borrowings					
from financial institutions		(149,784,674)	(896,905,798)	-	-
Proceeds from borrowings from related parties	18, 23d	-	693,500,000	594,500,000	-
Repayments of borrowings from related parties		-	(285,500,000)	-	-
Payments of finance lease liabilities		(5,241,923)	(7,963,797)	(977,510)	-
Dividends paid		(23,600,004)	(24,000,034)	-	-
Proceeds from ordinary shares issued					
of a subsidiary		-	18,257,250	-	-
Net cash from (used in) financing activities		1,574,758,545	(100,682,379)	2,252,770,636	-
Net (decrease) increase in cash and cash equivalents		(121,385,537)	646,155,709	(3,436,600)	5,304,478
Cash and cash equivalents at the beginning of the period, net		370,473,576	274,100,745	71,737,713	46,974,792
Cash and cash equivalents at the end of the period		249,088,039	920,256,454	68,301,113	52,279,270

The accompanying notes are an integral part of this interim financial information.

Principal Capital Public Company Limited
Statement of Cash Flows (Cont'd)
For the nine-month period ended 30 September 2018

	Consolidated financial information		Separate financial information	
	Unaudited 2018 Baht	Restated Unaudited 2017 Baht	Unaudited 2018 Baht	Unaudited 2017 Baht
Cash and cash equivalents include the following for the purposes of the statement of cash flows:				
Cash and cash equivalents	249,088,039	925,053,922	68,301,113	52,279,270
Bank overdrafts from a financial institution	-	(4,797,468)	-	-
	<u>249,088,039</u>	<u>920,256,454</u>	<u>68,301,113</u>	<u>52,279,270</u>
Non-cash transactions				
Purchases of plant and equipment not yet paid for	29,819,378	13,829,414	2,646,991	24,560
Dividends payable	-	4,400,000	-	-

The accompanying notes are an integral part of this interim financial information.

1 General information

Principal Capital Public Company Limited ("The Company") is a public limited company which is listed in the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

No. 29, 23rd floor, Bangkok Business Center Building, Sukhumvit 63 Road, Klongtonnua, Wattana, Bangkok.

In addition, the Company has branches located at No. 1, Soi Suanplu, Sathorn Road, Thungmahamek, Sathorn, Bangkok, and No.35/2, Moo 12, Bangna-Trad Road, Bangkaew, Bangphli, Samut Prakan.

For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

This interim consolidated and separate financial information was authorised for issue by the Board of Directors on 14 November 2018.

This interim consolidated and separate financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the financial information are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

An English version of the interim consolidated and separate financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017, except as described in Note 3.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit.

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

The Group applied the revised financial reporting standards which are effective on 1 January 2018. The management has assessed and considered that the above revised standards do not have significant impact on the Group.

The Group has not yet adopted new financial reporting standards which are effective on 1 January 2019 before the effective date.

The Group has not yet adopted new financial reporting standards which are effective on 1 January 2020 before the effective date.

3 New accounting policy

3.1 General investment

Investments in non-marketable equity securities are classified as general investments.

General investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the first-in, first-out method.

4 Restatements

During the period, the Group restated financial information because of business combination under common control in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions. Comparative figures have been restated as follows:

	Consolidated financial information		
	As previously reported Baht	Adjustments increase (decrease) Baht	After restated Baht
Statement of comprehensive income for the three-month period ended 30 September 2017			
Revenue from sales and services	149,509,411	492,873,900	642,383,311
Cost of sales and services	(111,699,060)	(355,260,213)	(466,959,273)
Gross profit	37,810,351	137,613,687	175,424,038
Other income	5,740,614	9,905,775	15,646,389
Selling expenses	(10,122,205)	(4,182,104)	(14,304,309)
Administrative expenses	(51,584,554)	(92,521,683)	(144,106,237)
Other expenses	-	(3,902,251)	(3,902,251)
Finance costs	(4,871,389)	(10,422,083)	(15,293,472)
Profit (loss) before income tax	(23,027,183)	36,491,341	13,464,158
Income tax (expense) income	(4,785,136)	(8,006,779)	(12,791,915)
Total comprehensive income (expense) for the period	(27,812,319)	28,484,562	672,243
Owner of the parent	(27,812,319)	(477,613)	(28,289,932)
Non-controlling interests	-	28,962,175	28,962,175
Statement of comprehensive income for the nine-month period ended 30 September 2017			
Revenue from sales and services	392,021,367	1,264,133,825	1,656,155,192
Cost of sales and services	(303,497,273)	(960,200,356)	(1,263,697,629)
Gross profit	88,524,094	303,933,469	392,457,563
Other income	118,752,738	30,625,901	149,378,639
Selling expenses	(20,093,640)	(13,478,405)	(33,572,045)
Administrative expenses	(254,071,459)	(273,475,600)	(527,547,059)
Other expenses	-	(10,491,300)	(10,491,300)
Finance costs	(21,716,244)	(28,860,078)	(50,576,322)
Profit (loss) before income tax	(88,604,511)	8,253,987	(80,350,524)
Income tax (expense) income	(143,368,152)	(15,098,581)	(158,466,733)
Total comprehensive income (expense) for the period	(231,972,663)	(6,844,594)	(238,817,257)
Owner of the parent	(231,972,663)	(1,015,715)	(232,988,378)
Non-controlling interests	-	(5,828,879)	(5,828,879)

4 Restatements (Cont'd)

During the period, the Group restated financial information because of business combination under common control in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions. Comparative figures have been restated as follows: (Cont'd)

	Consolidated financial information		
	As previously reported Baht	Adjustments increase (decrease) Baht	After restated Baht
Statement of changes in equity for the nine-month period ended 30 September 2017			
Retained earnings - unappropriated as at 1 January 2017	74,441,402	(5,339,217)	69,102,185
Total comprehensive expenses for the period - Owner of the parent	(231,972,663)	(1,015,715)	(232,988,378)
Retained earnings - unappropriated as at 30 September 2017	(157,531,295)	(6,354,932)	(163,886,227)
Non-controlling interests as at 1 January 2017	-	3,470,332,940	3,470,332,940
Proceeds from ordinary shares issued of a subsidiary - non-controlling interests	-	34,811,750	34,811,750
Dividends paid - non-controlling interests	-	(28,400,000)	(28,400,000)
Total comprehensive expenses for the period - non-controlling interests	-	(5,828,879)	(5,828,879)
Non-controlling interests as at 30 September 2017	-	3,470,915,811	3,470,915,811
Statement of cash flows for the nine-month period ended 30 September 2017			
Cash flows from operating activities			
Profit (loss) before income tax	(88,604,511)	8,253,987	(80,350,524)
Adjustments for:			
Depreciation and amortisation	149,074,237	137,365,283	286,439,520
Allowance for (reversal of) - doubtful accounts - trade and other receivables	(570,952)	(5,257,866)	(5,828,818)
Write-off withholding tax receivables	-	3,751,903	3,751,903
Gains on disposals of general investments	-	(1,940,000)	(1,940,000)
Gains on disposals of equipment	-	(340,781)	(340,781)
Loss on write-offs of equipment	-	273,664	273,664
Employee benefit expenses	4,035,011	1,162,102	5,197,113
Dividends income	-	(4,399,978)	(4,399,978)
Interest income	(5,088,728)	(384,173)	(5,472,901)
Finance costs	21,716,244	28,860,078	50,576,322
Profit from operating activities before changes in operating assets and liabilities	(26,429,535)	167,344,219	140,914,684
Trade and other receivables	20,540,291	(29,254,152)	(8,713,861)
Inventories	83,795	1,497,210	1,581,005
Other current assets	(1,306,166)	19,847,219	18,541,053
Other non-current assets	(72,315)	(542,535)	(614,850)
Trade and other payables	62,739,381	(14,002,679)	48,736,702
Advances received from customers	(2,813,241)	3,239,560	426,319
Other current liabilities	(335,810)	(4,750,655)	(5,086,465)
Other non-current liabilities	(13,008,382)	13,191,870	183,488
Cash generated from (used in) operating activities	59,488,800	156,570,057	216,058,857
Interest paid	(24,485,347)	(30,410,970)	(54,896,317)
Income tax paid	(80,237,200)	(39,557,051)	(119,794,251)
Net cash generated from (used in) operating activities	(45,233,747)	86,602,036	41,368,289

4 Restatements (Cont'd)

During the period, the Group restated financial information because of business combination under common control in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions. Comparative figures have been restated as follows: (Cont'd)

	Consolidated financial information		
	As previously reported Baht	Adjustments increase (decrease) Baht	After restated Baht
Statement of cash flows for the nine-month period ended 30 September 2017 (Cont'd)			
Cash flows from investing activities			
Proceeds from disposals of short-term investments	1,184,594,782	2,688,417	1,187,283,199
Purchases of short-term investments	(2,232,166,923)	(662,753)	(2,232,829,676)
Proceeds from disposals of general investments	-	2,500,000	2,500,000
Decrease (increase) in restricted deposits at financial institutions	60,000	(296,000)	(236,000)
Cash received from interest income	2,606,179	378,491	2,984,670
Proceeds from disposals of equipment	-	342,671	342,671
Purchases of property, plant and equipment	(145,817,876)	(576,876,555)	(722,694,431)
Purchases of intangible assets	(1,150,437)	(21,769,578)	(22,920,015)
Net cash (used in) from investing activities	1,299,165,106	(593,695,307)	705,469,799
Cash flows from financing activities			
Proceeds from borrowings from financial institutions	129,930,000	272,000,000	401,930,000
Repayments of borrowings from financial institutions	(851,835,798)	(45,070,000)	(896,905,798)
Proceeds from borrowings from related parties	-	693,500,000	693,500,000
Repayments of borrowings from related parties	-	(285,500,000)	(285,500,000)
Payments of finance lease liabilities	-	(7,963,797)	(7,963,797)
Dividends paid	(34)	(24,000,000)	(24,000,034)
Proceeds from ordinary shares issued of a subsidiary	-	18,257,250	18,257,250
Net cash from (used in) financing activities	(721,905,832)	621,223,453	(100,682,379)
Net (decrease) increase in cash and cash equivalents			
	532,025,527	114,130,182	646,155,709
Cash and cash equivalents at the beginning of the period, net	118,320,104	155,780,641	274,100,745
Cash and cash equivalents at end of the period	650,345,631	269,910,823	920,256,454
Non-cash transactions			
Purchases of plant and equipment not yet paid for	1,123,116	12,706,298	13,829,414
Dividends payable	-	4,400,000	4,400,000

5 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

Principal Capital Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2018

6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Executive Committee that makes strategic decisions.

Information relating to revenue and profit classified by the Group's operating segments for the three-month period ended 30 September was as follows:

	Property development and rental business		Hospital business		Other business		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Revenues from sales and services										
External customers	147.9	130.6	613.9	496.4	15.4	15.4	-	-	777.2	642.4
Inter-segment	15.5	13.7	29.0	3.6	0.4	3.2	(44.9)	(20.5)	-	-
Total	163.4	144.3	642.9	500.0	15.8	18.6	(44.9)	(20.5)	777.2	642.4
Gross profit (loss)	74.2	50.0	216.0	151.4	(0.4)	3.4	(53.6)	(29.4)	236.2	175.4
Selling and administrative expenses	(58.7)	(59.5)	(158.6)	(103.2)	(4.8)	(7.6)	35.1	11.9	(187.0)	(158.4)
Profit (loss) before income tax expense	4.2	(8.1)	40.4	44.0	(6.0)	(4.7)	(18.7)	(17.7)	19.9	13.5
Income tax (expense) income	(4.3)	(4.9)	(10.5)	(10.1)	0.1	0.1	1.7	2.1	(13.0)	(12.8)
Profit (loss) for the period	(0.1)	(13.0)	29.9	33.9	(5.9)	(4.6)	(17.0)	(15.6)	6.9	0.7
Investment property, net	2,732.4	2,770.7	-	-	-	-	-	-	2,732.4	2,770.7
Property, plant and equipment, net	3,796.3	3,909.4	4,820.2	3,232.3	0.2	0.3	-	(2.6)	8,616.7	7,139.4
Total assets	10,276.7	11,743.3	6,237.9	5,574.3	122.0	143.6	(2,849.6)	(3,289.5)	13,787.0	14,171.7

Principal Capital Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2018

6 Segment reporting (Cont'd)

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Executive Committee that makes strategic decisions. (Cont'd)

Information relating to revenue and profit classified by the Group's operating segments for the nine-month period ended 30 September was as follows:

	Property development and rental business			Hospital business			Other business			Eliminations			Total		
	2018		2017	2018		2017	2018		2017	2018		2017	2018	2017	2018
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Revenues from sales and services															
External customers	427.1	344.8	1,272.5	1,593.0	1,272.5	38.9	56.8	38.9	-	-	-	-	-	2,076.9	1,656.2
Inter-segment	46.4	40.9	4.0	64.9	4.0	14.6	2.0	14.6	(113.3)	(59.5)	(59.5)	-	-	-	-
Total	473.5	385.7	1,276.5	1,657.9	1,276.5	53.5	58.8	53.5	(113.3)	(59.5)	(59.5)	2,076.9	2,076.9	2,076.9	1,656.2
Gross profit (loss)	210.5	135.2	337.2	499.1	337.2	6.7	(1.6)	6.7	(139.5)	(86.6)	(86.6)	568.5	568.5	568.5	392.5
Selling and administrative expenses	(1,472.4)	(393.2)	(296.3)	(444.4)	(296.3)	(21.1)	(17.1)	(21.1)	1,356.5	149.5	149.5	(577.4)	(577.4)	(577.4)	(561.1)
Profit (loss) before income tax expense	(1,204.1)	1,316.9	74.9	131.2	74.9	(16.5)	(20.7)	(16.5)	1,094.8	(1,455.7)	(1,455.7)	1.2	1.2	1.2	(80.4)
Income tax (expense) income	(16.4)	(143.6)	(19.7)	(20.0)	(19.7)	0.2	0.2	0.2	7.3	4.6	4.6	(28.9)	(28.9)	(28.9)	(158.5)
Profit (loss) for the period	(1,220.5)	1,173.3	55.2	111.2	55.2	(16.2)	(20.5)	(16.2)	1,102.1	(1,451.1)	(1,451.1)	(27.7)	(27.7)	(27.7)	(238.8)
Investment property, net	2,732.4	2,770.7	-	-	-	-	-	-	-	-	-	-	-	2,732.4	2,770.7
Property, plant and equipment, net	3,796.3	3,909.4	3,232.3	4,820.2	3,232.3	0.3	0.2	0.3	-	(2.6)	(2.6)	8,616.7	8,616.7	8,616.7	7,139.4
Total assets	10,276.7	11,743.3	5,574.3	6,237.9	5,574.3	143.6	122.0	143.6	(2,849.6)	(3,289.5)	(3,289.5)	13,787.0	13,787.0	13,787.0	14,171.7

7 Fair value

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the group's financial assets that are measured at fair value at 30 September 2018.

	Consolidated financial information (Unaudited)			
	Level 1	Level 2	Level 3	Total
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Asset				
Trading securities (Note 8)	8	-	-	8

The following table presents the group's financial assets that are measured at fair value at 31 December 2017.

	Consolidated financial statements (Audited)			
	Level 1	Level 2	Level 3	Total
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Asset				
Trading securities (Note 8)	346,324	-	-	346,324

	Separate financial statements (Audited)			
	Level 1	Level 2	Level 3	Total
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Asset				
Trading securities (Note 8)	46,531	-	-	46,531

There were no transfers between levels 1 and 2 during the period.

The carrying amounts of the Group's other financial assets and liabilities as at 30 September 2018 and 31 December 2017 as presented in the financial information approximated to their fair value since the interest rate approximately subjected to current market interest rate.

8 Short-term investments

As at 30 September 2018, information relating to short-term investments was as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Short-term deposits due more than 3 months	1,673	1,626	-	-
Trading securities - Investment units	8	345,059	-	45,995
Held-to-maturity due within 1 year - Treasury bills	-	299,970	-	-
Add Changes in fair values of trading securities	-	1,265	-	536
	<u>1,681</u>	<u>647,920</u>	<u>-</u>	<u>46,531</u>

During the nine-month period ended 30 September 2018, the movements of trading securities and held-to-maturity due within 1 year were as follows:

	Consolidated financial information	Separate financial information
	Unaudited Thousand Baht	Unaudited Thousand Baht
Opening net book amount	646,294	46,531
Additions	300,000	-
Disposals	(947,710)	(46,560)
Realised gains on disposals of trading securities (Note 22)	1,393	29
Unrealised gains on changes in fair values of trading securities (Note 22)	-	-
Interest income from held-to-maturity due within 1 year	31	-
Closing balance	<u>8</u>	<u>-</u>

9 Trade and other receivables, net

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Trade accounts receivable - third parties	166,308	131,706	23,356	6,123
<u>Less</u> Allowance for doubtful accounts	(7,534)	(8,551)	(108)	(430)
Trade accounts receivable, net	158,774	123,155	23,248	5,693
Accrued income	43,461	42,585	5,035	2
<u>Less</u> Allowance for doubtful accounts	(1,587)	(2,397)	-	-
Accrued income, net	41,874	40,188	5,035	2
Trade accounts receivable - related parties (Note 23b)	198	671	5,144	4,830
Unbilled contract revenue (Note 11)	33,757	16,593	-	-
Prepaid expenses	21,638	13,099	7,760	2,499
Advance payments	1,873	3,513	153	5
Other receivables	1,192	2,737	228	346
	259,306	199,956	41,568	13,375

Outstanding trade accounts receivable - third parties can be analysed as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Not overdue	96,475	64,005	13,895	5,870
Overdue				
Up to 3 months	36,852	51,686	7,155	253
3 - 6 months	19,073	6,541	443	-
6 - 12 months	5,489	3,395	1,354	-
Over 12 months	8,419	6,079	509	-
	166,308	131,706	23,356	6,123
<u>Less</u> Allowance for doubtful accounts	(7,534)	(8,551)	(108)	(430)
	158,774	123,155	23,248	5,693

9 Trade and other receivables, net (Cont'd)

Outstanding trade accounts receivable - related parties can be analysed as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Not overdue	198	671	5,144	4,830
Overdue				
Up to 3 months	-	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
	198	671	5,144	4,830
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	198	671	5,144	4,830

10 Inventories, net

	Consolidated financial statements		Separate financial statements	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Work in progress	2,522	2,347	-	-
Medicines	33,535	31,048	3,738	-
Medical supplies	17,331	15,942	2,778	-
Products for sales	403	283	-	-
General supplies	-	414	-	-
Food and beverage	229	308	229	308
	54,020	50,342	6,745	308
<u>Less</u> Allowance for obsolete inventories	(671)	(358)	-	-
	53,349	49,984	6,745	308

11 Work in progress under service contracts

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
At 1 January	12,937	3,284	-	-
Service costs incurred during the period	1,725	16,135	-	-
Service expenses recognised during the period	(9,292)	(6,482)	-	-
At 30 September	5,370	12,937	-	-
Service costs incurred and recognised profits (less losses) to date	68,570	24,920	-	-
Less Progress billings	(34,813)	(8,327)	-	-
Unbilled contract revenue (Note 9)	33,757	16,593	-	-
Service costs incurred and recognised profits (less losses) to date	-	10,414	-	-
Less Progress billings	-	(12,754)	-	-
Advances received on service contracts	-	(2,340)	-	-

12 Other current assets

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Short-term deposits	1,896	4,576	896	627
Receivables from Revenue Department	39,743	43,159	1,241	-
Withholding tax refundable	32,520	28,199	6,096	4,182
Undued input VAT	1,223	6,361	294	1,286
Retentions receivables	2,567	2,532	-	-
Others	6,467	459	277	246
	84,416	85,286	8,804	6,341

13 Restricted deposits at a financial institution

As at 30 September 2018, the Company's restricted deposits represents fixed deposits totalling Baht 5.0 million (31 December 2017: Baht 5.0 million) pledged as collateral for letters of guarantee (Note 24).

As at 30 September 2018, the Group's restricted deposits represents saving and fixed deposits totalling Baht 18.1 million (31 December 2017: Baht 19.0 million) pledged as collateral for letters of guarantee (Note 24).

14 Investments in subsidiaries

Investments in subsidiaries as at 30 September 2018 comprised the following:

Company's name	Country of incorporation	Nature of business	Percentage of holding	
			30 September 2018 percent	31 December 2017 percent
Direct: Subsidiaries under Principal Capital Public Company Limited				
Principal Investment Co., Ltd.	Thailand	Business consultancy	99.99	99.99
Convergence Systems Co., Ltd.	Thailand	Information system implementation	99.99	99.99
Bangkok Center District Co., Ltd.	Thailand	Property development	99.99	99.99
V Brilliant Group Holding Co., Ltd.	Thailand	Property development	99.99	99.99
Principal Healthcare Co., Ltd. (formerly named "Alliance Medical Asia Company Limited")	Thailand	Investment holding and hospitals management services	99.99	99.99
Indirect: Subsidiaries under V Brilliant Group Holding Co., Ltd				
V Intelligence Co., Ltd.	Thailand	Office rental	99.99	99.99
V Residence Co., Ltd.	Thailand	Service apartment rental	99.99	99.99
V 33 Co., Ltd	Thailand	Property development	99.99	99.99
Bangkok Management Co., Ltd.	Thailand	Property development and rental	99.99	99.99
Udon Business District Co., Ltd.	Thailand	Property development	99.99	-
Ban Chang Business District Co., Ltd.	Thailand	Property development	99.99	-
Indirect: Subsidiaries under Principal Healthcare Co., Ltd. (formerly named "Alliance Medical Asia Company Limited")				
Pitsanuloke Medical Co., Ltd.	Thailand	Hospital	60.00	60.00
Paknampo Hospital Co., Ltd.	Thailand	Hospital	90.92	90.92
Principal Healthcare-Uthai Co., Ltd.	Thailand	Hospital	99.99	-
Indirect: Subsidiaries under Pitsanuloke Medical Co., Ltd.				
Union Pichit Doctors Co., Ltd.	Thailand	Hospital	60.00	60.00
Pitsanuvej Uttaradit Hospital Co., Ltd.	Thailand	Hospital	60.00	60.00
Pitsanuvej Pattana Co., Ltd.	Thailand	Hospital	60.00	60.00
Indirect: Subsidiaries under Paknampo Hospital Co., Ltd.				
P.N.P Hospital Co., Ltd.	Thailand	Hospital	90.92	90.92

All preferred shares and ordinary shares of Principal Healthcare Co., Ltd. which held by the Company has been pledged as securities for borrowing facilities from a financial institution (Note 18).

15 Investment property, net

The movements of investment property during the nine-month period ended 30 September 2018 were as follows:

	Consolidated financial information	Separate financial information
	Unaudited	Unaudited
	Thousand Baht	Thousand Baht
Opening net book amount	2,754,026	-
Additions	25,587	-
Depreciation	(47,241)	-
Closing net book amount	<u>2,732,372</u>	<u>-</u>

As at 30 September 2018, the subsidiaries has no bank overdrafts and long-term borrowings from financial institutions and already released the mortgage of investment property.

16 Property, plant and equipment, net

The movements of property, plant, and equipment during the nine-month period ended 30 September 2018 were as follows:

	Consolidated financial information	Separate financial information
	Unaudited	Unaudited
	Thousand Baht	Thousand Baht
Opening net book amount	7,187,430	1,366,439
Entire business transfer		
- Property, plant and equipment (Note 21)	1,173,091	1,173,091
- Related expenses	4,533	4,533
Additions	500,880	123,246
Disposals and write-offs	(1,879)	(1,403)
Depreciation	(247,399)	(52,455)
Closing net book amount	<u>8,616,656</u>	<u>2,613,451</u>

The Company's land and buildings of net book value of Baht 1,185.3 million (31 December 2017: nil) has been pledged as securities for borrowing facilities from a financial institution (Note 18).

The Group's land and buildings of net book value of Baht 6,148.1 million (31 December 2017: Baht 5,632.4 million) has been pledged as securities for borrowing facilities from financial institutions (Note 18).

Borrowing costs totaling Baht 6.6 million (31 December 2017: Baht 15.6 million), arising from financing specifically entered into for the construction of plant and equipment of Baht 1.6 million (31 December 2017: Baht 3.6 million) and financing generally of Baht 5.0 million (31 December 2017: Baht 12.0 million), were capitalised during the year and are included in additions. A capitalisation rate of 3.50% (31 December 2017: 3.38%) was used representing actual borrowing cost of the loan used to finance construction of plant and equipment.

17 Trade and other payables

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Trade accounts payable - third parties	125,377	197,912	10,744	21,877
Trade accounts payable - related parties (Note 23b)	-	-	1,178	52
Other payables	74,703	5,026	5,862	942
Shares payables (Note 23b)	-	1,000,000	-	1,000,000
Accrued expenses	139,204	154,823	30,630	17,975
Accrued management expenses	13,031	13,139	13,031	13,139
	<u>352,315</u>	<u>1,370,900</u>	<u>61,445</u>	<u>1,053,985</u>

18 Borrowings

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Current				
Bank overdrafts from a financial institution	-	1,448	-	-
Short-term borrowings				
- Borrowings from financial institutions	1,029,347	30,000	999,347	-
- Accrued interest expenses	384	-	384	-
Current portion of long-term borrowings				
- Finance lease liabilities	17,180	8,706	5,252	-
- Borrowings from financial institutions	169,228	137,531	13,278	-
- Accrued interest expenses	355	667	-	-
Short-term borrowings from related parties (Note 23d)				
- Borrowings from related parties	441,500	441,500	594,500	-
- Accrued interest expenses	15,662	4,119	8,192	-
Total current borrowings	<u>1,673,656</u>	<u>623,971</u>	<u>1,620,953</u>	<u>-</u>
Non-current				
Long-term borrowings				
- Finance lease liabilities	46,814	11,057	22,816	-
- Borrowings from financial institutions	1,677,847	1,102,412	649,001	-
Long-term promissory notes (Note 23e)				
- Long-term promissory notes from a related party	510,510	510,510	510,510	510,510
- Accrued interest expenses	17,642	10,960	17,642	10,960
Total non-current borrowings	<u>2,252,813</u>	<u>1,634,939</u>	<u>1,199,969</u>	<u>521,470</u>
Total borrowings	<u>3,926,469</u>	<u>2,258,910</u>	<u>2,820,922</u>	<u>521,470</u>

Borrowings from financial institutions are secured by a subsidiary's preferred shares and ordinary shares (Note 14) and land and buildings (Note 16).

Principal Capital Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2018

18 Borrowings (Cont'd)

The movements of borrowings during the period (excluding finance lease liabilities) are analysed as follows:

	Consolidated financial information	Separate financial information
	Unaudited Thousand Baht	Unaudited Thousand Baht
Opening balance	2,239,147	521,470
Additions		
- Principle	1,758,045	2,257,908
- Interest	83,569	42,853
Repayments		
- Principle	(151,233)	-
- Interest	(65,270)	(27,594)
Financing fee	(3,827)	(3,827)
Amortisation of financing fee	2,044	2,044
Closing balance	<u>3,862,475</u>	<u>2,792,854</u>

The Group has the following undrawn committed borrowing facilities as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
	Floating rate - expiring beyond one year	<u>280,345</u>	<u>154,960</u>	<u>176,592</u>

19 Other current liabilities

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
	Retentions	64,296	59,284	-
Withholding tax payable	5,605	10,042	1,784	2,588
Payables to Revenue Department	949	1,470	796	794
Undued output VAT	3,056	2,401	1,364	1,069
Others	2,965	2,401	1,512	420
	<u>76,871</u>	<u>75,598</u>	<u>5,456</u>	<u>4,871</u>

20 Other non-current liabilities

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Retentions	20,947	14,823	2,062	-
Accrued management expenses	13,754	27,620	13,754	27,620
	<u>34,701</u>	<u>42,443</u>	<u>15,816</u>	<u>27,620</u>

21 Entire business transfer

On 27 February 2018, the Company paid for an acquisition and acceptance of entire business transfer of Thai Health Maintenance Organization Co., Ltd. which is a company operating a private hospital business under the name "Piyamin Hospital" located in Samut Prakan and three Piyamin medical clinics located in Bangkok. This is to create a Hub and Spoke System for the Group's hospital business and increase potential profitability of the Group in the future.

The provisionally determined fair values of the assets and liabilities of Thai Health Maintenance Organization Co., Ltd. as at the date of acquisition are as follows:

	Thousand Baht
Total purchase consideration - cash	<u>900,000</u>
	Fair value Thousand Baht
Inventories	7,677
Long-term investment	330
Property, plant and equipment	1,173,091
Other non-current assets	2,134
Advances received from customers	(20,435)
Finance lease liabilities	(726)
Employee benefit obligations	(2,939)
Deferred tax liabilities	(176,588)
Net identifiable assets acquired	<u>982,544</u>
Gain from bargain purchase	(82,544)
Total	<u>900,000</u>

The Company completed the measurement the fair value of identifiable assets acquired and liabilities assumed of Thai Health Maintenance Organization Co., Ltd. during the third quarter of 2018. In consideration of fair value of assets, the Company determined the measurement of the identifiable assets and liabilities and considered the possibility that the Company received economic benefit reasonably.

Principal Capital Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2018

22 Other income

	Consolidated financial information		Separate financial information	
	Unaudited 2018 Thousand Baht	Restated Unaudited 2017 Thousand Baht	Unaudited 2018 Thousand Baht	Unaudited 2017 Thousand Baht
For the three-month period ended 30 September:				
Interest income	43	3,889	2,168	6,666
Realised gains on disposals of trading securities	248	1,224	-	-
Gain on disposals of general investments	-	1,940	-	-
Gain on disposals of equipment	104	240	75	-
Revenue from rental	346	236	398	216
Revenue from sales of foods and beverages	4,338	1,210	91	-
Revenue from shop sales	949	1,346	-	-
Revenue from sales of cosmetics	1,042	3,370	-	-
Revenue from commissions	77	107	77	107
Gain on foreign exchange rate	114	18	51	17
Others	2,052	2,066	869	204
	<u>9,313</u>	<u>15,646</u>	<u>3,729</u>	<u>7,210</u>
For the nine-month period ended 30 September:				
Interest income	907	5,473	5,215	19,619
Realised gains on disposals of trading securities (Note 8)	1,393	1,384	29	-
Unrealised gains on changes in fair values of trading securities (Note 8)	-	1,207	-	378
Gain on disposals of general investments	-	1,940	-	-
Gain on disposals of investment property	122	104,400	-	-
Gain on disposals of equipment	167	341	119	-
Revenue from rental	2,030	778	1,073	735
Revenue from sales of foods and beverages	11,009	7,883	91	-
Revenue from shop sales	2,533	2,831	-	-
Revenue from sales of cosmetics	3,138	5,752	-	-
Revenue from commissions	210	312	210	311
Gain on foreign exchange rate	407	165	340	165
Others	5,942	16,913	1,904	117,132
	<u>27,858</u>	<u>149,379</u>	<u>8,981</u>	<u>138,340</u>

23 Related party transactions

The Company's shares are held by the Viddayakorn Family in the proportions of 89.2%. The remaining 10.8% of the shares are widely held.

The investments in subsidiaries are disclosed in Note 14.

The following material transactions were carried out with related parties:

a) Revenue from services, revenue from rental, interest income, rental fees and service fees, and interest expenses

	Consolidated financial information		Separate financial information	
	Unaudited 2018 Thousand Baht	Restated Unaudited 2017 Thousand Baht	Unaudited 2018 Thousand Baht	Unaudited 2017 Thousand Baht
For the three-month period ended 30 September:				
Revenue from services				
Subsidiaries	-	-	13,701	11,451
Related parties	2,391	470	555	915
	<u>2,391</u>	<u>470</u>	<u>14,256</u>	<u>12,366</u>
Revenue from rental				
Related parties	<u>1,886</u>	<u>1,768</u>	-	-
Interest income				
Subsidiaries	-	-	2,150	6,585
Rental and its related service fees				
Subsidiaries	-	-	1,117	1,291
Service fees				
Subsidiaries	-	-	2,733	145
Interest expenses				
Subsidiaries	-	-	3,860	-
Related parties	6,981	4,407	2,251	2,252
	<u>6,981</u>	<u>4,407</u>	<u>6,111</u>	<u>2,252</u>

23 Related party transactions (Cont'd)

The following material transactions were carried out with related parties (Cont'd):

a) Revenue from services, revenue from rental, interest income, rental fees and service fees, and interest expenses (Cont'd)

	Consolidated financial information		Separate financial information	
	Unaudited 2018 Thousand Baht	Restated Unaudited 2017 Thousand Baht	Unaudited 2018 Thousand Baht	Unaudited 2017 Thousand Baht
For the nine-month period ended 30 September:				
Revenue from services				
Subsidiaries	-	-	41,103	34,353
Related parties	3,501	1,400	1,665	2,745
	<u>3,501</u>	<u>1,400</u>	<u>42,768</u>	<u>37,098</u>
Revenue from rental				
Related parties	5,421	5,285	-	-
	<u>5,421</u>	<u>5,285</u>	<u>-</u>	<u>-</u>
Interest income				
Subsidiaries	-	-	4,971	19,316
	<u>-</u>	<u>-</u>	<u>4,971</u>	<u>19,316</u>
Rental and its related service fees				
Subsidiaries	-	-	3,527	3,875
	<u>-</u>	<u>-</u>	<u>3,527</u>	<u>3,875</u>
Service fees				
Subsidiaries	-	-	10,260	7,635
	<u>-</u>	<u>-</u>	<u>10,260</u>	<u>7,635</u>
Interest expenses				
Subsidiaries	-	-	8,192	-
Related parties	24,449	8,837	12,905	6,682
	<u>24,449</u>	<u>8,837</u>	<u>21,097</u>	<u>6,682</u>

b) Outstanding balances arising from sales/purchases of goods/services

	Consolidated financial information		Separate financial information	
	Unaudited 2018 Thousand Baht	Audited 2017 Thousand Baht	Unaudited 2018 Thousand Baht	Audited 2017 Thousand Baht
Trade accounts receivable				
Subsidiaries	-	-	4,946	4,340
Related parties	198	671	198	490
	<u>198</u>	<u>671</u>	<u>5,144</u>	<u>4,830</u>
Deposits				
Subsidiary	-	-	1,006	1,084
	<u>-</u>	<u>-</u>	<u>1,006</u>	<u>1,084</u>

23 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

b) Outstanding balances arising from sales/purchases of goods/services (Cont'd)

	Consolidated financial information		Separate financial information	
	Unaudited 2018 Thousand Baht	Audited 2017 Thousand Baht	Unaudited 2018 Thousand Baht	Audited 2017 Thousand Baht
Trade accounts payable				
Subsidiaries	-	-	1,178	52
Accrued expenses				
Subsidiaries	-	-	7,269	7,260
Advances received from customers				
Related party	11,051	15,950	-	-
Shares payables				
Related party	-	1,000,000	-	1,000,000

c) Short-term loans to subsidiaries

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Short-term loans to subsidiaries				
Subsidiaries	-	-	305,000	100,000
Accrued interest income				
Subsidiaries	-	-	6,721	1,749

The movements in short-term loans to subsidiaries for the nine-month period ended 30 September 2018 are analysed as follows:

	Consolidated financial information Unaudited Thousand Baht	Separate financial information Unaudited Thousand Baht
Opening balance	-	101,749
Additions		
- Principle	-	205,000
- Interest	-	4,972
Closing balance	-	311,721

Short-term loans to subsidiaries were made on normal commercial terms and conditions. The short-term loans bear an interest rate of 12-month fixed deposit plus 1% per annum and are due within 6 months from the borrowing date.

23 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

d) Short-term borrowings from related parties

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Short-term borrowings				
Subsidiaries	-	-	594,500	-
Related party	441,500	441,500	-	-
	<u>441,500</u>	<u>441,500</u>	<u>594,500</u>	<u>-</u>
Accrued interest expenses				
Subsidiaries	-	-	8,192	-
Related party	15,662	4,119	-	-
	<u>15,662</u>	<u>4,119</u>	<u>8,192</u>	<u>-</u>

The movements in short-term borrowings from related parties for the nine-month period ended 30 September 2018 are analysed as follows:

	Consolidated financial information	Separate financial information
	Unaudited Thousand Baht	Unaudited Thousand Baht
Opening balance	445,619	-
Additions		
- Principle	-	594,500
- Interest	11,543	8,192
Closing balance	<u>457,162</u>	<u>602,692</u>

The Company has short-term borrowings from subsidiaries which were made on normal commercial terms and conditions. The short-term borrowings bear an interest rate of 12-month fixed deposit plus 1% to 1.50% per annum and are due within 6 months from the borrowing date.

The Group has short-term borrowings from a related party which were made on normal commercial terms and conditions. The short-term borrowings bear an interest rate of 4.25% per annum and are due within 6 months from the borrowing date.

23 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

e) Long-term promissory notes from a related party

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Long-term promissory notes				
Related party	510,510	510,510	510,510	510,510
Accrued interest expenses				
Related party	17,642	10,960	17,642	10,960

The movements in long-term promissory notes from a related party for the nine-month period ended 30 September 2018 are analysed as follows:

	Consolidated financial information	Separate financial information
	Unaudited Thousand Baht	Unaudited Thousand Baht
Opening balance	521,470	521,470
Additions - Interest	6,682	6,682
Closing balance	528,152	528,152

Long-term promissory notes from a related party bear an interest rate of 1.75% per annum and are due within 3 years from the borrowing date.

f) Key management compensation

Key management compensation was as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 2018 Thousand Baht	Restated Unaudited 2017 Thousand Baht	Unaudited 2018 Thousand Baht	Unaudited 2017 Thousand Baht
For the three-month period ended 30 September:				
Short-term employee benefits	30,811	27,417	18,141	11,308
Retirement benefits	1,351	1,072	602	555
	32,162	28,489	18,743	11,863
For the nine-month period ended 30 September:				
Short-term employee benefits	69,232	93,576	29,995	26,854
Retirement benefits	4,052	5,041	1,807	1,664
	73,284	98,617	31,802	28,518

24 Letter of guarantees

As at 30 September 2018, the Company had letters of guarantee issued by a financial institution of Baht 10.0 million (31 December 2017: Baht 10.0 million) in respect of certain performance bonds as required in the normal course of business.

As at 30 September 2018, the Group had letters of guarantee issued by financial institutions of Baht 30.7 million (31 December 2017: Baht 29.9 million) in respect of certain performance bonds in relation to information system implementation for its customers, guaranteeing electricity usages with Metropolitan Electricity Authority and guaranteeing gasoline filling as required in the normal course of business.

25 Commitments and contingencies

25.1 Contingent liabilities

Capital expenditure contracted as at the statement of financial position date but not recognised in the financial information is as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Plant and equipment	482,914	44,214	186,913	-

25.2 Operating lease commitments

The Group has entered into non-cancellable lease agreement in respect of rental of land and equipment and service agreements. The lease terms are between 1 to 13 years. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated financial information		Separate financial information	
	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht	Unaudited 30 September 2018 Thousand Baht	Audited 31 December 2017 Thousand Baht
Not later than 1 year	50,831	22,300	9,807	6,376
Later than 1 year but not later than 5 years	25,762	25,987	1,524	1,692
Later than 5 years	9,548	10,580	-	-
	86,141	58,867	11,331	8,068

25 Commitments and contingencies (Cont'd)

25.3 Long-term service commitments

On 24 January 2007, the Company entered into management agreements with a group company of a well-known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 30 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the nine-month period ended 30 September 2018 were Baht 12.3 million.

On 14 January 2016, a subsidiary entered into management agreements with a group company of a well-known international standard hotel chain, appointing the hotel group to manage a subsidiary's serviced apartments. Under the conditions of the agreements, a subsidiary has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 10 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the nine-month period ended 30 September 2018 were Baht 12.7 million.

26 Events occurring after the reporting date

On 17 October 2018, the Board of Directors' meeting resolved to approve an investment and acquisition of assets by a subsidiary, which is the entire business transfer of a private hospital in northern of Thailand from a private company, owner of the hospital. This is to create a Hub and Spoke System for the group companies' hospital business and increase potential profitability of the group companies in the future. The total purchase consideration is cash amounting to Baht 120 million. The subsidiary was registered with the Ministry of Commerce on 18 October 2018 with authorised share capital of Baht 200,000,000, consisted of 20,000,000 ordinary shares at a value of Baht 10 each, and 99.99% of ownership interest is held by Principal Healthcare Co., Ltd.