

**PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2019**



## Independent Auditor's Report

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

### My opinion

In my opinion, the consolidated financial statements of Principal Capital Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## My audit approach - overview



### Materiality

Overall group materiality: Baht 29 million (1% of the Group's total revenue).

### Audit scope

I conducted with audit work of the consolidated financial statements by focusing on the significant components which account for 86% of the Group's total revenue and 83% of the Group's total assets.

### Key audit matter

I determined business combination - an entire business transfer as a key audit matter.

### Materiality

The scope of my audit was influenced by my application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on my professional judgement, I determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped me to determine the scope of my audit and the nature, timing and extent of my audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

#### Rational for the materiality benchmark applied

I chose revenue as the critical measure because the Group's operation results in previous years were volatile. In my view, using revenue as a critical measure was more appropriate to the Group than the net profit before tax in the current year.

I agreed with the audit committee that I would report to them misstatements identified during my audit above Baht 1.45 million.

### How I tailored my audit scope

I tailored the scope of my audit in order to perform sufficient work to enable me to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.



## Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These were addressed in the context of my audit of the consolidated and separate financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on the matters.

Key audit matter	How my audit addressed the key audit matter
<p><b>1. Goodwill impairment assessment</b></p> <p>Refer to Note 4 to the financial statements for critical accounting estimates and judgments and Note 18 to the financial statements for goodwill.</p> <p>According to Thai Accounting Standards, TAS 36 - Impairment of assets, an entity should test the impairment of goodwill annually.</p> <p>Goodwill of the Group was allocated to a group of cash generating units (CGUs) identified according to hospital segment for management. The goodwill had a book value amounting to Baht 1,657 million.</p> <p>The management determined the recoverable amount of group of cash generating unit based on its value in use by a discounted forecast of the future cash flow and compared this to the book value for considering the need to set up impairment allowance.</p> <p>In this regard, the management considered there was no need to set up an allowance for impairment of goodwill which allocated to the group of cash generating unit because the recoverable amount exceeded its net book value.</p> <p>Current business volatility significantly affects assumptions used, both external and internal factors, in projected cash flows. In response, the management team has determined that the best course of action is to estimate assumptions used in the cash flows projection to reflect the current situation. This is of great importance to me because they have considerable impact on the recoverable amount and as well as on the goodwill impairment due to current sensitivities.</p>	<p>I obtained information about the forecasted future cash flow of group of cash generating units (CGUs) provided by the Group's management and gained an understanding of the procedures used to prepare the forecast.</p> <p>I challenged the reasonableness of the procedures and assumptions relating to management's forecast for the growth rate, discount rate whether they were in line with the business volatility which are comparable to reasonable sources of information and a component of weighted average cost of capital for comparative companies.</p> <p>I mathematically tested key figures derived from the estimation according to the above assumptions to calculate the recoverable amount and compared this to the net book value.</p> <p>From the procedures performed above, I found that the recoverable amount assessment and management's key assumptions were still within the acceptable range.</p>



Key audit matter	How my audit addressed the key audit matter
<p data-bbox="274 434 884 497"><b>2. Business combination - an entire business transfer</b></p> <p data-bbox="274 515 884 577">Please refer to Note 24 to the financial statements for the entire business transfer.</p> <p data-bbox="274 609 884 792">During the year a subsidiary of the Group paid to acquire the entire business of Lamphoon Ruamphaet Co., Ltd. which is a company operating a private hospital. This was done to create a network for the Group's hospital business and increase the potential profitability of the Group in the future.</p> <p data-bbox="274 824 884 913">The management assessed this acquisition as an entire business transfer using the Thai Financial Reporting Standard (TFRS) 3 Business Combinations.</p> <p data-bbox="274 945 884 1191">Regarding this, on 28 February 2019 the management recognised net assets acquired at the fair value of Baht 82.91 million and goodwill from the business acquisition of Baht 13.09 million based on the difference between the fair value of the net assets acquired and the total purchase consideration. The net assets were valued as part of the purchase price allocation by an independent valuation expert.</p> <p data-bbox="274 1223 884 1429">I focused on this matter because valuating the net assets required significant judgement by the management and the independent expert which would affect the net assets acquired and goodwill from the business purchase. The value of this transaction is significant for the Group's financial statements.</p>	<p data-bbox="909 515 1489 604">In addressing the matter, I enquired with the management to understand the basis used to recognise the acquisition of the hospital business.</p> <p data-bbox="909 636 1489 761">I evaluated the management's assessment and the information used in the acquisition of the hospital business according to the TFRS 3 Business Combinations.</p> <p data-bbox="909 792 1489 1039">I read the sale and purchase agreement for the hospital business and the minutes of the Board of Directors meeting where the acquisition was approved to be done through a subsidiary. Also, I consulted my accounting specialist when analysing the information gathered and I considered if this business acquisition recognition conformed to the principles mentioned above.</p> <p data-bbox="909 1070 1489 1344">I assessed the reliability of the purchase price allocation report done by the independent valuation expert. I also considered the qualifications, competency, and independence of the independent expert. I examined the identification and valuation of net assets acquired against the purchase price allocation report, which included testing the calculation of the goodwill from the acquisition. Also, I traced payments to the bank statements.</p> <p data-bbox="909 1375 1489 1563">From the procedures performed above, I found that classing the hospital business acquisition as an entire business transfer was reasonable. Also, the accounting for the business combination for the entire business transfer was recorded appropriately.</p>



### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Chan Chai', with a stylized flourish extending from the end.

**Chanchai Chaiprasit**  
Certified Public Accountant (Thailand) No. 3760  
Bangkok  
27 February 2020

Principal Capital Public Company Limited  
Statement of Financial Position  
As at 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	395,864,506	449,319,453	53,079,771	91,809,673
Short-term investments	8	525,827,195	6,064,020	484,568,615	3,930,213
Restricted deposits at					
financial institutions - current	11	5,000,000	5,445,500	5,000,000	5,000,000
Trade and other receivables, net	9	233,450,311	267,616,530	48,066,031	43,686,717
Current portion of receivables					
under finance lease, net		-	-	1,610,766	-
Short-term loans to subsidiaries	30	-	-	1,355,988,644	520,835,901
Short-term loan to third party		39,044,440	-	39,044,440	-
Inventories, net	10	59,120,105	49,571,670	5,058,708	5,891,267
Other current assets	12	54,495,093	96,599,034	12,504,764	9,015,726
<b>Total current assets</b>		<b>1,312,801,650</b>	<b>874,616,207</b>	<b>2,004,921,739</b>	<b>680,169,497</b>
<b>Non-current assets</b>					
Restricted deposits at financial institutions	11	2,799,725	12,166,146	-	-
Receivables under finance lease, net		-	-	6,743,766	-
Investment in an associate		410,724	-	-	-
Investments in subsidiaries	13	-	-	7,963,253,540	8,013,253,520
Long-term investments		330,000	330,000	330,000	330,000
Investment property, net	15	1,576,376,289	2,719,903,248	-	-
Property, plant and equipment, net	16	9,896,169,674	8,942,749,880	3,033,818,641	2,679,824,880
Intangible assets, net	17	93,977,215	69,632,256	4,631,436	3,676,956
Leasehold rights		26,512,846	25,221,690	-	-
Goodwill	18	1,657,153,409	1,648,636,237	-	-
Deferred tax assets	19	23,278,149	4,603,891	-	-
Other non-current assets		30,235,735	20,221,638	3,533,695	14,492,200
<b>Total non-current assets</b>		<b>13,307,243,766</b>	<b>13,443,464,986</b>	<b>11,012,311,078</b>	<b>10,711,577,556</b>
<b>Total assets</b>		<b>14,620,045,416</b>	<b>14,318,081,193</b>	<b>13,017,232,817</b>	<b>11,391,747,053</b>

Director \_\_\_\_\_ Director \_\_\_\_\_

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited  
Statement of Financial Position (Cont'd)  
As at 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Bank overdrafts from a financial institution	20	-	7,414,576	-	-
Short-term borrowings from financial institutions	20	50,010,959	1,030,400,181	-	1,000,400,181
Trade and other payables	21	485,984,915	463,546,360	91,469,880	98,773,987
Advances received from customers - current	25	36,796,688	24,502,187	10,560,023	6,075,926
Short-term borrowings from related parties	20	348,416,234	461,891,445	1,886,110,809	614,851,238
Current portion of finance lease liabilities	20	64,811,684	26,436,869	27,249,664	9,280,120
Current portion of long-term borrowings from financial institutions	20	260,324,773	183,999,549	95,611,054	32,818,378
Current portion of promissory notes from a related party	20, 30	539,337,616	530,403,694	539,337,616	530,403,694
Income tax payable		15,457,743	18,944,080	-	-
Deposits received from customers - current		24,638,843	30,673,961	7,187,000	9,203,334
Other current liabilities		92,631,682	75,224,261	6,446,686	5,829,636
<b>Total current liabilities</b>		<b>1,918,411,137</b>	<b>2,853,437,163</b>	<b>2,663,972,732</b>	<b>2,307,636,494</b>
<b>Non-current liabilities</b>					
Finance lease liabilities	20	204,917,951	74,640,282	90,691,684	31,522,363
Long-term borrowings from financial institutions	20	2,267,470,954	2,063,842,959	1,457,763,495	915,501,439
Advances received from customers	25	-	3,320,024	-	-
Deposits received from customers		24,479,412	19,193,022	-	-
Deferred tax liabilities	19	333,879,767	333,153,092	164,789,591	170,322,202
Employee benefit obligations	22	117,847,500	85,162,888	18,534,694	15,152,353
Other non-current liabilities		41,812,005	43,712,527	17,436,987	3,446,298
<b>Total non-current liabilities</b>		<b>2,990,407,589</b>	<b>2,623,024,794</b>	<b>1,749,216,451</b>	<b>1,135,944,655</b>
<b>Total liabilities</b>		<b>4,908,818,726</b>	<b>5,476,461,957</b>	<b>4,413,189,183</b>	<b>3,443,581,149</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited  
Statement of Financial Position (Cont'd)  
As at 31 December 2019

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share capital	23				
Authorised share capital					
Ordinary shares, 3,564,096,272 shares at par value of Baht 1 each		3,564,096,272	-	3,564,096,272	-
Ordinary shares, 3,240,638,433 shares at par value of Baht 1 each			3,240,638,433		3,240,638,433
Issued and paid-up share capital					
Ordinary shares, 3,462,336,820 shares paid-up at Baht 1 each		3,462,336,820	-	3,462,336,820	-
Ordinary shares, 3,240,087,520 shares paid-up at Baht 1 each		-	3,240,087,520	-	3,240,087,520
Premium on paid-up share capital	23	5,163,517,392	4,476,767,055	5,163,517,392	4,476,767,055
Retained earnings (deficits)					
Appropriated - legal reserve		44,199,790	44,199,790	44,199,790	44,199,790
Unappropriated		(626,349,548)	(447,622,766)	(66,010,368)	187,111,539
Other components of equity		766,023,166	764,129,669	-	-
<b>Equity attributable to owners of the parent</b>		<b>8,809,727,620</b>	<b>8,077,561,268</b>	<b>8,604,043,634</b>	<b>7,948,165,904</b>
Non-controlling interests		901,499,070	764,057,968	-	-
<b>Total equity</b>		<b>9,711,226,690</b>	<b>8,841,619,236</b>	<b>8,604,043,634</b>	<b>7,948,165,904</b>
<b>Total liabilities and equity</b>		<b>14,620,045,416</b>	<b>14,318,081,193</b>	<b>13,017,232,817</b>	<b>11,391,747,053</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2019

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Revenues from hospital operations	6	2,296,171,232	2,084,631,463	227,379,346	206,947,250
Revenues from sales and services	6	575,269,628	574,240,632	288,754,396	286,784,201
Costs of hospital operations		(1,879,283,287)	(1,577,357,864)	(251,700,220)	(172,492,777)
Costs of sales and services		(353,286,426)	(376,029,457)	(137,816,024)	(162,004,218)
<b>Gross profit</b>		<b>638,871,147</b>	<b>705,484,774</b>	<b>126,617,498</b>	<b>159,234,456</b>
Other income		46,889,816	51,144,683	30,703,549	23,846,394
Gain (loss) on disposal of investment in subsidiaries	13	240,374,977	-	(44,999,980)	-
Gain on bargain purchase		-	82,544,015	-	82,544,015
Selling expenses		(66,869,959)	(60,302,724)	(20,484,933)	(18,369,695)
Administrative expenses		(842,341,023)	(725,419,317)	(250,914,849)	(212,041,805)
Other expenses		(16,965,342)	(16,579,422)	-	-
Finance costs	26	(153,190,151)	(126,109,179)	(100,981,926)	(74,701,628)
Share of profit from an associate		160,724	-	-	-
<b>Loss before income tax expense</b>		<b>(153,069,811)</b>	<b>(89,237,170)</b>	<b>(260,060,641)</b>	<b>(39,488,263)</b>
Income tax (expense) income	28	(2,434,057)	(31,211,157)	5,813,836	4,253,397
<b>Loss from continuing operations</b>		<b>(155,503,868)</b>	<b>(120,448,327)</b>	<b>(254,246,805)</b>	<b>(35,234,866)</b>
Loss from discontinued operations	14	(31,438,891)	(32,195,049)	-	-
<b>Loss for the year</b>		<b>(186,942,759)</b>	<b>(152,643,376)</b>	<b>(254,246,805)</b>	<b>(35,234,866)</b>
<b>Other comprehensive income :</b>					
Items that will not be reclassified to profit or loss					
Remeasurements of employee benefit obligations	22	4,154,734	4,701,841	1,406,123	2,277,350
Deferred income tax on remeasurements of employee benefit obligations	28	(830,947)	(940,368)	(281,225)	(455,470)
Total items that will not be reclassified to profit or loss		<u>3,323,787</u>	<u>3,761,473</u>	<u>1,124,898</u>	<u>1,821,880</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>3,323,787</u>	<u>3,761,473</u>	<u>1,124,898</u>	<u>1,821,880</u>
<b>Total comprehensive expense for the year</b>		<u>(183,618,972)</u>	<u>(148,881,903)</u>	<u>(253,121,907)</u>	<u>(33,412,986)</u>
<b>Profit (loss) attributable to:</b>					
Owner of the parent		(181,716,809)	(173,397,115)	(254,246,805)	(35,234,866)
Non-controlling interests		(5,225,950)	20,753,739	-	-
		<u>(186,942,759)</u>	<u>(152,643,376)</u>	<u>(254,246,805)</u>	<u>(35,234,866)</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited  
Statement of Comprehensive Income (Cont'd)  
For the year ended 31 December 2019

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Total comprehensive income (expense)					
attributable to:					
Owner of the parent		(178,726,782)	(168,727,035)	(253,121,907)	(33,412,986)
Non-controlling interests		(4,892,190)	19,845,132	-	-
		<u>(183,618,972)</u>	<u>(148,881,903)</u>	<u>(253,121,907)</u>	<u>(33,412,986)</u>
Loss per share	29				
Basic loss per share		<u>(0.056)</u>	<u>(0.054)</u>	<u>(0.078)</u>	<u>(0.011)</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2019

Consolidated financial statements												
Attributable to owners of the parent												
Notes	Retained earnings (deficits)				Other components				Total owners of the parent	Non-controlling interests	Total equity	
	Issued and paid-up share capital	Premium on paid-up share capital	Appropriated - legal reserve	Unappropriated	Difference arising from business combination under common control	Difference arising from change in ownership interest in subsidiaries	Total other components of equity	Baht				Baht
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Opening balance as at 1 January 2018</b>	3,240,087,520	4,476,767,055	44,199,790	(278,895,727)	764,129,669	-	764,129,669	8,246,288,307	677,812,836	8,924,101,143		
Proceeds from ordinary shares issued of a subsidiary	-	-	-	-	-	-	-	-	-	90,000,000	90,000,000	
Dividend paid	-	-	-	(4)	-	-	-	(4)	(23,600,000)	(23,600,000)		
Total comprehensive expense for the year	-	-	-	(168,727,035)	-	-	-	(168,727,035)	19,845,132	(148,881,903)		
<b>Closing balance as at 31 December 2018</b>	3,240,087,520	4,476,767,055	44,199,790	(447,622,766)	764,129,669	-	764,129,669	8,077,561,268	764,057,968	8,841,619,236		
<b>Opening balance as at 1 January 2019</b>	3,240,087,520	4,476,767,055	44,199,790	(447,622,766)	764,129,669	-	764,129,669	8,077,561,268	764,057,968	8,841,619,236		
Proceeds from ordinary shares issued	222,249,300	686,750,337	-	-	-	-	-	908,999,637	-	908,999,637		
Proceeds from a subsidiary's ordinary shares issued	-	-	-	-	-	-	-	-	-	60,000,000	60,000,000	
Proceeds from a new subsidiary establishment	-	-	-	-	-	-	-	-	-	60,000,020	60,000,020	
Entire business transfer	-	-	-	-	-	-	-	-	-	20,726,769	20,726,769	
Change in ownership interest in subsidiaries	-	-	-	-	-	1,893,497	1,893,497	1,893,497	9,606,503	11,500,000		
Dividend paid	-	-	-	-	-	-	-	-	(8,000,000)	(8,000,000)		
Total comprehensive expense for the year	-	-	-	(178,726,782)	-	-	-	(178,726,782)	(4,892,190)	(183,618,972)		
<b>Closing balance as at 31 December 2019</b>	3,462,336,820	5,163,517,392	44,199,790	(626,349,548)	764,129,669	1,893,497	766,023,166	8,809,727,620	901,499,070	9,711,226,690		

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited  
Statement of Changes in Equity (Cont'd)  
For the year ended 31 December 2019

	Separate financial statements						Total equity Baht
	Issued and paid-up share capital Baht	Premium on paid-up capital Baht	Retained earnings (deficits)		Unappropriated Baht	Total equity Baht	
			Appropriated - legal reserve Baht				
<b>Opening balance as at 1 January 2018</b>	3,240,087,520	4,476,767,055	44,199,790	220,524,525		7,981,578,890	
Total comprehensive expense for the year	-	-	-	(33,412,986)		(33,412,986)	
<b>Closing balance as at 31 December 2018</b>	<u>3,240,087,520</u>	<u>4,476,767,055</u>	<u>44,199,790</u>	<u>187,111,539</u>		<u>7,948,165,904</u>	
<b>Opening balance as at 1 January 2019</b>	3,240,087,520	4,476,767,055	44,199,790	187,111,539		7,948,165,904	
Proceeds from ordinary shares issued	222,249,300	686,750,337	-	-		908,999,637	
Total comprehensive expense for the year	-	-	-	(253,121,907)		(253,121,907)	
<b>Closing balance as at 31 December 2019</b>	<u>3,462,336,820</u>	<u>5,163,517,392</u>	<u>44,199,790</u>	<u>(66,010,368)</u>		<u>8,604,043,634</u>	

The accompanying notes are an integral part of these consolidated and separate financial statements.

## Principal Capital Public Company Limited

## Statement of Cash Flows

For the year ended 31 December 2019

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
<b>Cash flows from operating activities</b>					
Loss before income tax					
From continuing operation		(153,069,811)	(89,237,170)	(260,060,641)	(39,488,263)
From discontinued operation		(31,746,014)	(32,389,681)	-	-
Total		(184,815,825)	(121,626,851)	(260,060,641)	(39,488,263)
Adjustments for:					
Depreciation and amortisation	27	472,434,408	421,545,134	96,716,475	76,196,597
Allowance for (reversal of)					
- doubtful accounts -					
trade and other receivables		14,684,829	(1,739,471)	1,143,996	(309,899)
- obsolete inventories		(27,432)	(207,013)	-	-
Write-offs withholding tax receivables		3,637,475	4,833,954	-	1,520,205
Realised gains on sales of					
trading securities	8	(303,431)	(1,393,478)	(129,685)	(28,978)
Unrealised gains on changes in					
fair values of trading securities	8	(463,072)	(83)	(451,779)	-
(Gain) loss on disposal of investment in					
subsidiaries	13	(245,989,546)	-	44,999,980	-
Gain on bargain purchase		-	(82,544,015)	-	(82,544,015)
Gain on disposals of investment property		-	(122,250)	-	-
(Gain) loss on disposals of equipment		(399,337)	1,163,271	(350,379)	(22,250)
Loss on write-offs of equipment		371,326	474,559	270,020	-
Loss on write-offs of intangible assets		17,881	-	17,833	-
Employee benefit expenses	22	44,053,300	18,009,389	4,920,064	2,373,243
Interest income		(1,550,050)	(1,483,917)	(23,501,987)	(8,007,481)
Finance costs	26	153,190,151	126,109,180	100,981,926	74,701,628
Share of profit from an associate		(160,724)	-	-	-
Profit (loss) from operating activities before changes					
in operating assets and liabilities		254,679,953	363,018,409	(35,444,177)	24,390,787
Trade and other receivables		26,890,920	(71,924,445)	(5,591,820)	(29,770,109)
Inventories		(7,124,380)	8,296,525	832,559	2,094,305
Work in progress under service contracts		-	12,936,775	-	-
Other current assets		4,205,074	1,931,261	480,432	2,959,488
Other non-current assets		(9,096,605)	(11,803,188)	10,958,505	(8,016,835)
Trade and other payables		107,045,859	(17,257,537)	17,490,130	15,155,841
Advances received from customers		9,951,185	(25,954,987)	4,484,097	(18,437,520)
Deposits received from customers		(623,728)	(18,862,481)	(2,016,334)	(19,872,643)
Other current liabilities		18,499,339	(373,529)	617,050	958,456
Employee benefits paid	22	(5,836,046)	(2,096,366)	(131,600)	(563,600)
Other non-current liabilities		(1,900,522)	1,269,347	13,990,689	(24,173,892)
Cash generated from (used in) operations		396,691,049	239,179,784	5,669,531	(55,275,722)
Interest paid		(147,354,670)	(106,714,280)	(81,401,759)	(50,462,484)
Income tax paid		(59,841,635)	(117,006,320)	(3,969,470)	(7,154,802)
Income tax received		3,524,159	-	-	-
Net cash generated from (used in)					
operating activities		193,018,903	15,459,184	(79,701,698)	(112,893,008)

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited  
Statement of Cash Flows (Cont'd)  
For the year ended 31 December 2019

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Proceeds from disposals of					
short-term investments	8	1,280,173,746	947,709,541	220,000,000	46,559,601
Purchases of short-term investments	8	(1,799,170,418)	(304,417,682)	(700,056,938)	(3,930,214)
Decrease in restricted deposits					
at financial institutions		566,421	1,433,895	-	-
Cash received from short-term loans					
to related parties		3,500,000	-	402,000,000	57,500,000
Payment of short-term loans to subsidiaries		-	-	(1,253,699,958)	(468,999,963)
Payments for purchases of investment in					
an associate		(250,000)	-	-	-
Payments for purchases of subsidiaries		(96,000,000)	(1,900,000,000)	-	(1,900,000,000)
Payments for transaction costs of disposal of investment					
in subsidiaries		(7,974,000)	-	-	-
Cash received from decrease in share capital of a subsidiary		13,000,000	-	-	-
Cash received from receivables under finance lease		-	-	262,868	-
Cash received from interest income		1,565,357	1,441,440	504,736	420,815
Proceeds from disposals of investment in					
subsidiaries - net of cash disposed		1,331,789,403	-	5,000,000	-
Proceeds from disposals of equipment		10,191,836	636,554	561,215	246,411
Payments for land purchase deposit		(1,000,000)	-	-	-
Purchases of investment property		(1,534,599)	(26,759,542)	-	-
Purchases of property, plant and equipment		(1,088,376,406)	(704,177,315)	(381,273,116)	(142,654,466)
Purchases of intangible assets		(46,155,404)	(14,366,347)	(2,101,298)	(1,241,990)
Payments for leasehold rights		(1,291,156)	(2,799,050)	-	-
Net cash used in investing activities		(400,965,220)	(2,001,298,506)	(1,708,802,491)	(2,412,099,806)
<b>Cash flows from financing activities</b>					
Payments for financing fee		(1,500,000)	(4,660,000)	(1,500,000)	(4,160,000)
Proceeds from borrowings from					
financial institutions		1,971,669,415	2,189,224,888	1,667,578,669	1,949,128,955
Repayments of borrowings from					
financial institutions		(2,670,332,830)	(181,312,200)	(2,061,732,706)	-
Proceeds from borrowings from related parties		200,000,000	-	1,546,751,770	602,500,000
Repayments of borrowings from related parties		(324,500,000)	-	(296,000,000)	-
Payments of finance lease liabilities		(45,930,296)	(12,382,061)	(14,323,083)	(2,404,181)
Dividends paid		(8,000,000)	(23,600,004)	-	-
Proceeds from share issuance		908,999,637	-	908,999,637	-
Proceeds from subsidiaries' ordinary shares issued		120,000,020	90,000,000	-	-
Payments for acquisition in a subsidiary's ownership interest		(4,500,000)	-	-	-
Proceeds from partial disposal of					
investment in a subsidiary		16,000,000	-	-	-
Net cash from financing activities		161,905,946	2,057,270,623	1,749,774,287	2,545,064,774
<b>Net (decrease) increase in cash and cash equivalents</b>		(46,040,371)	71,431,301	(38,729,902)	20,071,960
Cash and cash equivalents at					
the beginning of the year, net		441,904,877	370,473,576	91,809,673	71,737,713
<b>Cash and cash equivalents at the end of the year</b>		<b>395,864,506</b>	<b>441,904,877</b>	<b>53,079,771</b>	<b>91,809,673</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
<b>Cash and cash equivalents include the following for the purposes of the statement of cash flows:</b>				
Cash and cash equivalents	395,864,506	449,319,453	53,079,771	91,809,673
Bank overdrafts from a financial institution	-	(7,414,576)	-	-
	<u>395,864,506</u>	<u>441,904,877</u>	<u>53,079,771</u>	<u>91,809,673</u>

**Non-cash transactions**

Significant non-cash transactions for the year ended 31 December are as follows:

Purchases of plant and equipment not yet paid for	109,706,566	158,481,726	6,898,829	31,416,223
Purchases of equipment under finance lease contracts	213,204,744	92,971,598	91,461,948	42,481,769
Purchases of intangible assets not yet paid for	-	373,957	-	373,957

## **1 General information**

Principal Capital Public Company Limited ("the Company") is a public limited company which is listed on the Stock Exchange of Thailand and 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.

The principal business operations of the Group are operating private hospitals, serviced apartments, office building for rent, property development and letting and implementing information systems.

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 27 February 2020.

## **2 Accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

### **2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention, except others which stated in the following accounting policies.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 2.2 Revised financial reporting standards, and related interpretations

### 2.2.1 The Group has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019

#### a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers

The Group has adopted the new TFRS 15, Revenue from contracts with customers from 1 January 2019 (initial application date) by applying the modified retrospective approach and the comparative figures have not been restated. The Group applies practical expedient relates to completed contracts and contract modifications as allowed by TFRS 15. The Group has applied the revised financial reporting standards which are effective on 1 January 2019 and relevant to the Group. The application of those financial reporting standards does not have significant impact to the Group.

The adoption of TFRS 15 mainly affects the Group's accounting treatment as follows;

#### Accounting for medical service contracts with multiple elements

Multiple element arrangements such as health check-up programme with membership card and gift voucher which the Group must provide multiple services, the Group separates those services into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer or until the rights expired, except for the price allocated to membership cards which will be recognised as revenue on a straight line basis over the membership term.

#### b) Thai Accounting Standard no.40 (revised 2018), Investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

### 2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by the Group.

#### a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

**b) TFRS 16, Leases**

Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

The Group has not early adopted new financial reporting standards which are effective on 1 January 2020 before the effective date. The Group's management is currently assessing the impacts on beginning retained earnings.

**2.3 Principles of consolidation accounting**

**a) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method. Directly attributable costs of acquisition of the investment is capitalised as costs of the investment.

**b) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting.

In the separate financial statements, investments in associates are accounted for using cost method.

**c) Equity method**

The investment is initially recognised at cost which is consideration paid and directly attributable costs.

The Group's subsequently shares of its associates' profits or losses and other comprehensive income in the profit or loss and other comprehensive income, respectively. The subsequent cumulative movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in associates equals or exceeds its interest in the associates and joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

**d) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

If the ownership interest in associates is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in associates is recognised in profit or loss.

When the Group loses control or significant influence over investments, any retained interest in the investment is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount of the retained interest which is reclassified to investment in an associate, or a joint venture, or a financial asset accordingly.

e) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

## **2.4 Business combination**

The Group applies the acquisition method to account for business combinations with an exception on business combination under common control. The consideration transferred for the acquisition of a subsidiary comprises.

- fair value of the assets transferred,
- liabilities incurred to the former owners of the acquiree
- equity interests issued by the Group

Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group initially recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest recognised and the acquisition-date fair value of any previous equity interest in the acquiree (for business combination achieved in stages) over the fair value of the identifiable net assets acquired is recorded as goodwill. In the case of a bargain purchase, the difference is recognised directly in profit or loss.

### *Acquisition-related cost*

Acquisition-related cost are recognised as expenses.

### *As in fair value of contingent consideration paid/received*

Subsequent changes to the fair value of the contingent consideration that is an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured.

### *Business combination under common control*

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree at their carrying values presented in the highest level of the consolidation at the acquisition date. The Group retrospectively adjusted the business combination under common control transactions as if the combination had occurred on the later of the beginning of the preceding comparative period and the date the acquiree has become under common control.

Consideration of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs.

The difference between consideration under business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "surplus arising from business combination under common control" in equity and is derecognised when the investment is disposed of (transferred to retained earnings).

## **2.5 Foreign currency translation**

### a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency and the Company's and the Group's presentation currency.

### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the date of revaluation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

## **2.6 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call financial institution, short-term highly liquid investments with maturities of three months or less from acquisition date and bank overdrafts.

In the statements of financial position, bank overdrafts are shown in current liabilities.

## **2.7 Trade receivables**

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Group presented trade receivables at cost less allowance for doubtful accounts.

## **2.8 Inventories**

Inventories are stated at the lower of cost and net realisable value .

Cost of inventories is determined by the weighted average method. Cost of inventories comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

## **2.9 Investments in equity securities**

Investments other than investments in subsidiaries and associates are initially recognised at fair value of consideration paid plus direct transaction cost.

### *Trading investments*

Trading investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised to the profit or loss.

### *General investments*

General investments are carried at cost less allowance for impairment.

## 2.10 Non-current assets (or disposal groups) held-for-sale and discontinued operation

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount will be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of the carrying amount and fair value less costs to sell.

An impairment loss is recognised to write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of the asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale, and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

## 2.11 Investment property

Investment properties, principally land and office buildings for rental, are held for long-term rental yields or for capital appreciation or both and are not occupied by the Group.

Investment property is measured initially at cost, including directly attributable costs and borrowing costs.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other investment properties is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building and building improvements	5 - 20 years
------------------------------------	--------------

## 2.12 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building and building improvements	5 - 40 years
Furniture, fixtures and office equipment	3 - 5 years
Medical equipment	3 - 10 years
Vehicles	5 years

Linens, dishware, glassware, and silverware, and some equipment supplies necessary for operating the serviced apartments, at the appropriate quantities for the normal operations, are recorded at the acquisition value. These assets are not depreciated. Subsequent replenishment or replacements of these items are recorded as period costs.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### **2.13 Goodwill**

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

### **2.14 Intangible assets**

#### *Computer software*

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives not over than 3 - 10 years.

### **2.15 Impairment of assets**

Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

### **2.16 Leases**

#### *Leases - where the Group is the lessee*

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

*Leases - where the Group is the lessor*

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

## **2.17 Borrowings**

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## **2.18 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that take substantial period of time to get ready for its intended use or sale) are added to the cost of those assets less investment income earned from those specific borrowings. The capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Other borrowing costs are expensed in the period in which they are incurred.

## **2.19 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

*Current tax*

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred income tax*

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **2.20 Employee benefits**

a) *Short-term employee benefits*

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave and paid sick leave, profit-sharing and bonuses, and medical care that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

b) *Defined contribution plan*

The Group pays contributions to a separate fund. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

c) *Defined benefit plans*

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are charged or credited to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past service costs are recognised immediately in profit or loss.

## **2.21 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **2.22 Share capital**

Ordinary shares with discretionary dividends are classified as equity.

Incremental costs directly attributable to the issue of new shares or options (net of tax) are shown as a deduction in equity.

## **2.23 Legal reserve**

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside at least 5% of its net profit after taking into account the beginning balance of deficits (if any) as a legal reserve until the reserve is not less than 10% percent of the registered capital. The legal reserve is non-distributable.

## **2.24 Revenue recognition**

Revenue include all revenues from ordinary business activities. All ancillary income in connection with rendering of services in the course of the Group's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectibility of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

### *Revenues from hospital operations*

Revenues from hospital operations include doctor fee, room service, and medical fee. The revenues, net amount of discount, are recognised when services or medicine have been delivered.

### *Revenues from services*

Revenues from the serviced apartments and office building management businesses are recognised on an accrual basis at the amount net of value added taxes and trade discounts.

Revenues from information system implementation services are recognised using the percentage-of-completion method. The stage of completion is determined by reference to the actual cost incurred to date to total estimated cost for each project. Provision for anticipated loss on the projects will be made where there is the possibility that the loss is expected.

*Revenues from rental operations*

Rental revenues from investment property are recognised in statement of income by using the straight-line method over the rental contract period.

*Other income*

Interest income and other income are recognised on an accrual basis, unless collectability is in doubt.

*Contract assets and liabilities*

The Group will recognise revenue from contract as assets when the Group has performed by transferring a good or service to the customer before due date or prior to receiving payment from customer.

The Group will recognise revenue from contract as liabilities at contract due date or receiving payment from customer prior to the Group performing by transferring the related good or service to the customer.

The Group will offset the amount of contract assets or contract liabilities of the same contract.

**2.25 Dividend distribution**

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, and interim dividend are approved by the Board of Directors.

**2.26 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 the Board of Directors that makes strategic decisions.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group exposes to a variety of financial risks: market risk (currency risk, fair value risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors provides written principles for overall risk management which is carried out by a central treasury department (the Group treasury), including identification, evaluation and hedge of financial risks in close co-operation with operating units. The Risk Management Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and liquidity risk.

#### 3.1.1 Foreign exchange risk

The Group is exposed to foreign exchange risk arising from some currency exposures, primarily relates to its certain payables. However, the Group believes that foreign exchange risk will have no material effect to their operational results and they therefore do not use derivative financial instruments to hedge this risk.

#### 3.1.2 Interest rate risk

The Group has risk of float interest rate from bank overdraft and borrowings from financial institutions. The Group also has loans to and loans from related parties with fixed interest rate. The Group does not hedge its exposure to interest rate risk.

#### 3.1.3 Credit risk

The Group has no credit risk due to the Group has a large number of customers in various businesses. The Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group has no significant risk with financial institutions since cash is placed with reputable financial institutions. The Group does not have credit risk other than that provided in the allowance for doubtful accounts as presented in the financial statements. The estimate for allowance for doubtful accounts encompasses consideration of past collection experiences and other factors such as the local economic conditions.

#### 3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

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**3.2 Fair value**

The following table presents the Group's financial assets that are measured at fair value as at 31 December 2019, excluding where its fair value is approximating the carrying amount.

	Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>Assets</b>								
<b>Financial assets at fair value through profit or loss</b>								
Trading securities (Note 8)	519,600	8	-	-	-	-	519,600	8

	Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>Assets:</b>								
<b>Financial assets at fair value through profit or loss</b>								
Trading securities (Note 8)	480,582	-	-	-	-	-	480,582	-

*Transfer between fair value hierarchy*

The Group has no transfers between fair value hierarchy levels during the year.

*The Group's valuation processes*

The fair value of financial instruments in level 1 is calculated from fund's net asset value by reference to the asset management company.

#### 4 Critical estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Goodwill impairment*

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The calculations use cash flow projections based on financial budget approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in note 18. These long-term growth rates are not exceed long-term growth rates specific into the industry in which each CGU operates.

##### *Defined retirement benefit obligations*

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 22.

#### 5 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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6 Segment information

The Group's committee identifies reportable segments of its business to examine the Group's performance by product lines as follows:

	Hospital business		Property development and rental business				Other businesses				Eliminations		Total	
	2018		2019		2018		2019		2018		2019		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	
Revenues from sales and services														
External customers	2,296.2	2,084.6	575.3	574.2	-	-	-	-	-	-	-	-	-	2,871.5
Inter-segment	126.8	84.7	57.8	62.0	-	-	-	-	-	-	(184.6)	-	-	-
Total	2,423.0	2,169.3	633.1	636.2	-	-	-	-	-	-	(184.6)	(146.7)	-	2,871.5
2,658.8														2,658.8
Timing of revenue recognition:														
At a point in time	2,126.7	1,882.4	42.3	43.0	-	-	-	-	-	-	(3.8)	(2.4)	-	2,165.2
Over time	296.3	286.9	590.8	593.2	-	-	-	-	-	-	(180.8)	(144.3)	-	706.3
Total	2,423.0	2,169.3	633.1	636.2	-	-	-	-	-	-	(184.6)	(146.7)	-	2,871.5
2,658.8														2,658.8
Gross profit (loss)	434.5	595.5	284.4	291.1	-	-	-	-	-	-	(80.0)	(181.1)	-	638.9
Selling and administrative expenses	(689.1)	(629.9)	(264.4)	(1,533.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	44.5	1,377.4	-	(909.2)
Profit (loss) before income tax expense	(345.8)	36.2	(132.6)	(1,195.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	325.5	1,069.8	-	(153.1)
Income tax (expense) income	(11.2)	(19.2)	(6.5)	(21.1)	-	-	-	-	-	-	15.3	9.1	-	(2.4)
Profit (loss) for the year from continuing operations	(357.0)	17.0	(139.1)	(1,216.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	340.8	1,078.9	-	(155.5)
Profit (loss) for the year from discontinued operations (Note 14)	-	-	-	-	34.7	(38.7)	(66.1)	6.5	(31.4)	(32.2)	-	-	-	-
As at 31 December														
Investment property, net	-	-	1,576.4	2,719.7	-	-	-	-	-	-	-	-	-	1,576.4
Property, plant and equipment, net	6,226.0	5,175.7	3,670.2	3,766.9	-	-	-	-	-	-	-	-	-	9,896.2
Goodwill	1,657.2	1,644.1	-	-	-	-	-	-	-	-	-	-	-	1,657.2
Total assets	8,351.3	6,727.9	12,119.6	10,493.1	1.8	108.7	(5,852.7)	(3,011.6)	14,620.0	14,318.1	-	-	-	14,318.1

**7 Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Cash at bank and on hand	393,568	449,319	50,784	91,810
Short-term bank deposits	2,296	-	2,296	-
	395,864	449,319	53,080	91,810

The effective interest rate on short-term bank deposits was 1.20% and these deposits have a maturity of 90 days. (2018: None).

**8 Short-term investments**

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Short-term deposits due between 6 to 12 months	6,227	6,056	3,987	3,930
Trading securities - Investment units	519,137	8	480,130	-
Changes in fair values of trading securities	463	-	452	-
	525,827	6,064	484,569	3,930

As at 31 December 2019, fixed deposits of the Group and the Company represent 6 to 12 months fixed deposits (2018: 6 to 12 months fixed deposits) bearing interest at the rates of 0.75% to 1.38% per annum (2018: 0.75% to 1.40% per annum).

The movements in short-term investments in trading securities during the years are as follows:

	Consolidated financial statements Thousand Baht	Separate financial statements Thousand Baht
<b>At 1 January 2018</b>	646,294	46,531
Additions	300,000	-
Disposals	(947,710)	(46,560)
Realised gains on disposals of trading securities	1,393	29
Interest income from held-to-maturity due within 1 year	31	-
<b>At 31 December 2018</b>	8	-
Additions	1,799,000	700,000
Disposals	(1,280,174)	(200,000)
Realised gains on disposals of trading securities	303	130
Change in fair value of trading securities	463	452
<b>At 31 December 2019</b>	519,600	480,582

The fair value of investment in trading securities are based on quoted market prices at the statement of financial position date. The fair values are within level 1 of the fair value hierarchy.

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**9 Trade and other receivables, net**

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Trade receivables - third parties	200,434	136,504	37,527	22,750
<u>Less</u> Allowance for doubtful accounts	(7,432)	(7,192)	(1,264)	(120)
Trade receivables, net	193,002	129,312	36,263	22,630
Accrued income	8,332	40,972	748	3,208
<u>Less</u> Allowance for doubtful accounts	-	(2,017)	-	-
Accrued income, net	8,332	38,955	748	3,208
Trade receivables - related parties (Note 30b)	321	655	4,627	5,449
Unbilled contract revenue	-	36,991	-	-
Prepaid expenses	23,231	51,227	5,510	11,831
Advances	1,150	9,280	104	77
Other receivable - related party	3,914	-	-	-
Other receivables - third parties	3,500	1,197	814	492
	233,450	267,617	48,066	43,687

Outstanding trade receivables - third parties can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Not overdue (due within 1 month)	111,555	83,235	20,603	16,894
Overdue				
Up to 3 months	51,712	33,602	12,801	3,696
3 - 6 month	22,715	6,432	1,343	749
6 - 12 months	7,125	3,195	1,623	187
Over 12 months	7,327	10,040	1,157	1,224
	200,434	136,504	37,527	22,750
<u>Less</u> Allowance for doubtful accounts	(7,432)	(7,192)	(1,264)	(120)
	193,002	129,312	36,263	22,630

Outstanding trade receivables - related parties can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Not overdue (due within 1 month)	321	655	4,627	5,449

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10 Inventories, net

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Medicines	32,617	30,885	2,202	2,454
Medical supplies	25,794	18,245	2,590	3,152
Goods for sales	78	-	-	-
General supplies	488	308	-	-
Food and beverage	267	285	267	285
	59,244	49,723	5,059	5,891
<u>Less</u> Allowance for obsolete inventories	(124)	(151)	-	-
	59,120	49,572	5,059	5,891

During the year ended 2019 and 2018, amounts recognised as cost of sales in profit or loss are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Cost of sales and services	384,887	357,516	28,247	31,339

11 Restricted bank deposits

As at 31 December 2019, the Company's restricted deposits represents fixed deposits totalling Baht 5.0 million (2018: Baht 5.0 million) with the interest rate of 1.00% per annum (2018: 1.00% per annum) pledged as collateral for letters of guarantee (Note 31).

As at 31 December 2019, the Group's restricted deposits represents savings and fixed deposits totalling Baht 7.8 million (2018: Baht 17.6 million) with the interest rates of 1.00 % to 1.25% per annum (2018: 1.00% to 1.25% per annum) pledged as collateral for letters of guarantee (Note 31).

12 Other current assets

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Short-term deposits	3,556	24,696	2,209	2,215
Receivables from the Revenue Department	17,439	36,112	-	450
Withholding tax refundable	30,643	30,188	9,604	5,635
Undue input VAT	1,821	1,879	387	612
Retention receivables	-	2,567	-	-
Others	1,036	1,157	305	104
	54,495	96,599	12,505	9,016

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13 Investments in subsidiaries

As at 31 December 2019, the Group included the following subsidiaries in the preparation of consolidated financial statements. The subsidiaries have ordinary shares and preference shares in which the Group directly holds those shares. The proportion of ownership interests held by the Group is equal to voting rights in subsidiaries held by the Group.

Investments in subsidiaries as at 31 December comprised the following:

Company's name	Country of incorporation	Nature of business	Ownership interests held by the Group		Ownership interests held by non-controlling interests	
			2019 Percent	2018 Percent	2019 Percent	2018 Percent
<b>Direct: Subsidiaries under Principal Capital Public Company Limited</b>						
Principal Investment Co., Ltd.	Thailand	Business consultancy	99.99	99.99	-	-
Convergence Systems Co., Ltd.	Thailand	Information system implementation	-	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.	Thailand	Investment holding and hospital management services	99.99	99.99	-	-
<b>Indirect: Subsidiaries under V Brilliant Group Holding Co., Ltd</b>						
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 rental	-	99.99	-	-
Udon Business District Co., Ltd.	Thailand	Property development	99.99	99.99	-	-
Ban Chang Business District Co., Ltd.	Thailand	Property development	99.99	99.99	-	-
<b>Indirect: Subsidiaries under Principal Healthcare Co., Ltd.</b>						
Pitsanuloke Medical Co., Ltd.	Thailand	Hospital	60.00	60.00	40.00	40.00
Paknampo Hospital Co., Ltd.	Thailand	Hospital	91.43	90.92	8.57	9.08
Principal Healthcare-Uthai Co., Ltd.	Thailand	Hospital	99.99	99.99	-	-
Principal Healthcare-Lamphun Co., Ltd.	Thailand	Hospital	80.00	99.99	20.00	-
Principal Healthcare-Sisaket Co., Ltd.	Thailand	Hospital	60.00	-	40.00	-
Principal Healthcare-Chumphon Co., Ltd.	Thailand	Hospital	99.99	-	-	-
<b>Indirect: Subsidiaries under Pitsanuloke Medical Co., Ltd.</b>						
Union Pichit Doctors Co., Ltd.	Thailand	Hospital	60.00	60.00	40.00	40.00
Pitsanuvej Uttaradit Hospital Co., Ltd.	Thailand	Hospital	60.00	60.00	40.00	40.00
Pitsanuvej Pattana Co., Ltd.	Thailand	Hospital	60.00	60.00	40.00	40.00
<b>Indirect: A subsidiary under Paknampo Hospital Co., Ltd.</b>						
P.N.P Hospital Co., Ltd.	Thailand	Hospital	91.43	90.92	8.57	9.08

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Movement of investments in subsidiaries for the year ended 31 December was as follows:

	<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
As at 1 January	8,013,254	8,013,254
Disposal of investment	(50,000)	-
As at 31 December	<u>7,963,254</u>	<u>8,013,254</u>

At the Shareholders' meeting of Union Pichit Doctors Co., Ltd. held on 5 April 2019, the shareholders have passed a resolution to approve increase the Company's authorised share capital from 1,000,000 ordinary shares of par Baht 100 each to 2,200,000 ordinary shares of par Baht 100 each to the existing shareholders in proportion to the number of shares held by each of them. The subsidiary registered the increased share capital with the Ministry of Commerce on 16 April 2019.

At the Extraordinary General meeting of Principal Healthcare-Uthai Co., Ltd. held on 26 July 2019, the shareholders have passed a resolution to approve increase the Company's authorised share capital from 5,000,000 ordinary shares of par Baht 10 each to 20,000,000 ordinary shares of par Baht 10 each to the existing shareholders in proportion to the number of shares held by each of them. The subsidiary registered the increased share capital with the Ministry of Commerce on 9 August 2019.

At the Board of Directors' meeting held on 13 August 2019, the Board of Directors have passed a resolution to approve establishment of Principal Healthcare-Sisaket Co., Ltd. with authorised share capital of Baht 250.0 million, which consisted of 25,000,000 ordinary shares at a par value of Baht 10 each. Principal Healthcare Co., Ltd. acquired 60% ownership interests. The subsidiary registered the establishment with the Ministry of Commerce on 27 November 2019.

At the Extraordinary General meeting of the Company held on 5 September 2019, the shareholders have passed a resolution to approve the disposition of investment in Bangkok Management Co., Ltd. to a related party. On 27 September 2019, the Group disposed the investment for a consideration of Baht 1,329.0 million. The Baht 240.4 million gain on disposal was recognised in the consolidated statement of comprehensive income.

At the Extradinary General meeting of V33 Co., Ltd. held on 21 October 2019, the shareholders have passed a resolution to approve decrease in the Company's authorised share capital from 50,000,000 ordinary shares at par Baht 10 each to 37,500,000 shares at par Baht 10 each. The subsidiary registered the decreased share capital with the Ministry of Commerce on 2 December 2019.

At the Board of Directors' meeting held on 25 November 2019, the Board of Directors have passed a resolution to approve the disposition of investment in Convergence Systems Co., Ltd. to a third party. On 29 November 2019, the Group disposed the investment for a consideration of Baht 5.0 million. The Baht 5.6 million of gain on disposal was recognised in the consolidated statement of comprehensive income and the Baht 45.0 million of loss on disposal was recognised in the separate statement of comprehensive income.

At the Board of Directors' meeting held on 17 December 2019, the Board of Directors have passed a resolution to approve establishment of Principal Healthcare-Chumphon Co., Ltd. with authorised share capital of Baht 1.0 million, which consisted of 100,000 ordinary shares at a par value of Baht 10 each. Principal Healthcare Co., Ltd. acquired 99.99% ownership interests. The subsidiary registered the establishment with the Ministry of Commerce on 17 December 2019.

On 1 March 2019, the Company has already released the mortgage of all preferred shares and ordinary shares of Principal Healthcare Co., Ltd., a subsidiary, which had been pledged as securities for borrowing facilities from a financial institution.

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**Summarised financial information on subsidiaries with material non-controlling interests**

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

*Summarised statement of financial position*

	Pitsanuloke Medical Co., Ltd.		Paknampo Hospital Co., Ltd		Union Pichit Doctors Co., Ltd		Principal Healthcare-Lamphun Co., Ltd		Pitsanuvej Uttaradit Co., Ltd	
	As at 31 December		As at 31 December		As at 31 December		As at 31 December		As at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current assets	306,057	440,064	87,428	69,995	40,976	30,544	155,418	49,989	13,699	12,654
Current liabilities	(236,938)	(222,594)	(554,588)	(284,526)	(51,827)	(111,052)	(26,734)	(642)	(133,683)	(186,754)
<b>Total net current assets</b>	<b>69,119</b>	<b>217,470</b>	<b>(467,160)</b>	<b>(214,531)</b>	<b>(10,851)</b>	<b>(80,508)</b>	<b>128,684</b>	<b>49,347</b>	<b>(119,984)</b>	<b>(174,100)</b>
Non-current assets	1,365,658	982,367	1,752,498	1,815,159	190,328	189,141	144,184	-	586,122	394,861
Non-current liabilities	(230,445)	(241,092)	(361,584)	(613,727)	(47,395)	(44,676)	(72,840)	-	(230,643)	(147,626)
<b>Total net non-current assets</b>	<b>1,135,213</b>	<b>741,275</b>	<b>1,390,914</b>	<b>1,201,432</b>	<b>142,933</b>	<b>144,465</b>	<b>71,344</b>	<b>-</b>	<b>355,479</b>	<b>247,235</b>
<b>Net assets</b>	<b>1,204,332</b>	<b>958,745</b>	<b>923,754</b>	<b>986,901</b>	<b>132,082</b>	<b>63,957</b>	<b>200,028</b>	<b>49,347</b>	<b>235,495</b>	<b>73,135</b>
Non-controlling assets	481,733	383,498	79,166	89,611	52,833	25,583	40,006	-	94,198	29,254

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Summarised statement of comprehensive income

	Pitsanuloke Medical Co., Ltd.		Paknampo Hospital Co., Ltd		Union Pichit Doctors Co., Ltd		Principal Healthcare-Lamphun Co., Ltd		Pitsanuvej Uttaradit Co., Ltd	
	As at 31 December		As at 31 December		As at 31 December		As at 31 December		As at 31 December	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Revenue	1,202,047	1,161,534	531,820	514,356	174,884	176,739	69,444	-	85,857	-
Profit (loss)	144,248	116,261	(61,508)	(72,274)	(31,263)	(25,421)	(383)	(653)	(61,890)	(2,160)
Other comprehensive income (expense)	1,428	(3,115)	(639)	5,292	(619)	(358)	880	-	-	-
Total comprehensive income (expense)	145,676	113,146	(62,147)	(66,982)	(31,882)	(25,779)	497	(653)	(61,890)	(2,160)
Profit (loss) allocated to non-controlling interests	58,270	40,348	(5,326)	(6,856)	(12,753)	(10,816)	99	-	(24,756)	(864)
Dividends paid to non-controlling interests	8,000	23,600	-	-	-	-	-	-	-	-

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*Summarised statement of cash flows*

	Pitsanuloke Medical Co., Ltd.		Paknampo Hospital Co., Ltd		Union Pichit Doctors Co., Ltd		Principal Healthcare-Lamphun Co., Ltd		Pitsanuvej Uttaradit Co., Ltd	
	As at 31 December		As at 31 December		As at 31 December		As at 31 December		As at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Net cash generated from (used in) operating activities	195,624	178,228	199	40,821	(19,857)	(13,468)	23,250	(24,011)	(21,513)	4,934
Net cash flow used in investing activities	(384,859)	(261,094)	(13,506)	(109,186)	(22,615)	(52,347)	(267,955)	-	(269,862)	(274,680)
Net cash flow from (used in) financing activities	67,185	189,655	18,541	(70,059)	40,517	72,714	218,964	50,000	290,918	273,116
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(122,050)</b>	<b>106,789</b>	<b>5,234</b>	<b>(138,424)</b>	<b>(1,955)</b>	<b>6,899</b>	<b>(25,741)</b>	<b>25,989</b>	<b>(457)</b>	<b>3,370</b>
Cash and cash equivalents at the beginning of the period	146,710	39,921	(156)	138,268	7,122	223	25,989	-	3,390	20
<b>Cash and cash equivalents at the ending of the period</b>	<b>24,660</b>	<b>146,710</b>	<b>5,078</b>	<b>(156)</b>	<b>5,167</b>	<b>7,122</b>	<b>248</b>	<b>25,989</b>	<b>2,933</b>	<b>3,390</b>

#### 14 Discontinued operation

On 29 November 2019, the Group disposed the investment in Convergence Systems Co., Ltd which operated information system implementation (Note 13). The operating results and cash flows of this discontinued operation before the disposal are as follows:

##### *Financial performance and cash flow information*

The financial performance and cash flow information presented are for 11 months ended 29 November 2019 and the year ended 31 December 2018.

	<b>Consolidated financial statements</b>	
	<b>2019 Thousand Baht</b>	<b>2018 Thousand Baht</b>
Revenue from sales and services	19,158	63,833
Cost of sales and services	(27,876)	(75,252)
Gross loss	(8,718)	(11,419)
Other income	61	101
Administrative expenses	(28,704)	(21,072)
<b>Loss before income tax from discontinued operation</b>	<b>(37,361)</b>	<b>(32,390)</b>
Income tax income	307	195
<b>Loss from discontinued operation</b>	<b>(37,054)</b>	<b>(32,195)</b>
Gain on disposal	5,615	-
<b>Loss for the year from discontinued operation, net of tax</b>	<b>(31,439)</b>	<b>(32,195)</b>
Operating cash flows	9,824	(38,069)
Investing cash flows	49	95
<b>Total cash flows from discontinued operation</b>	<b>9,873</b>	<b>(37,974)</b>

Consideration received and gain(loss) on disposal of discontinued operation are summarised as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<b>2019 Thousand Baht</b>	<b>2019 Thousand Baht</b>
Total sales consideration - cash	5,000	5,000
Book value of net identifiable liabilities and investment of discontinued operation	615	(50,000)
Gain (loss) on disposal of discontinued operation	5,615	(45,000)

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16 Investment property, net

	Consolidated financial statements		
	Land Thousand Baht	Building and improvements Thousand Baht	Total Thousand Baht
<b>As at 1 January 2018</b>			
Cost	2,048,135	848,891	2,897,026
<u>Less</u> Accumulated depreciation	-	(143,000)	(143,000)
Net book amount	2,048,135	705,891	2,754,026
<b>For the year ended 31 December 2018</b>			
Opening net book amount	2,048,135	705,891	2,754,026
Additions	122	26,760	26,882
Transfers from property, plant and equipment (Note 16)	-	1,458	1,458
Depreciation charges	-	(62,463)	(62,463)
Closing net book amount	2,048,257	671,646	2,719,903
<b>As at 31 December 2018</b>			
Cost	2,048,257	808,461	2,856,718
<u>Less</u> Accumulated depreciation	-	(136,815)	(136,815)
Net book amount	2,048,257	671,646	2,719,903
<b>For the year ended 31 December 2019</b>			
Opening net book amount	2,048,257	671,646	2,719,903
Additions	-	1,535	1,535
Disposition of subsidiaries	(1,055,459)	(30,269)	(1,085,728)
Depreciation charges	-	(59,334)	(59,334)
Closing net book amount	992,798	583,578	1,576,376
<b>As at 31 December 2019</b>			
Cost	992,798	816,708	1,809,506
<u>Less</u> Accumulated depreciation	-	(233,130)	(233,130)
Net book amount	992,798	583,578	1,576,376

As 31 December 2019, fair value of investment properties in the consolidated financial statements including blank land, and land with buildings are as follows:

	Consolidated financial statements	
	2019 Thousand Baht	2018 Thousand Baht
Market approach	596,418	1,617,210
Income approach	1,279,000	1,279,000
Total fair value	1,875,418	2,896,210

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Revaluation of land with building, which was classified as investment properties, was recalculated by independent appraiser by using market approach (Maximum benefits from observed data in a market and using minimum reference data from client's forecasting in level 2 of fair value estimation). In addition, appraiser used income approach (Discounted cash flow method). Therefore, the Group classified revaluation of investment properties in level 3 of fair value estimation.

As at 31 December 2019, the Group's land and buildings of net book value of Baht 1,064.5 million (31 December 2018: Baht 1,102.9 million) has been pledged as securities for borrowing facilities from financial institutions (Note 20).

Amount recognised in profit and loss that are related to investment property are as follows:

	<b>Consolidated financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Thousand</b>	<b>Thousand</b>
	<b>Baht</b>	<b>Baht</b>
Rental income	112,582	114,138
Direct operating expense arise form investment property that generated rental income	55,304	55,261
Direct operating expense arise from investment property that did not generate rental income	4,682	5,948

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16 Property, plant and equipment

	Consolidated financial statements												
	Land improvements		Building and improvements		Medical equipment		Furniture, fixtures, and office equipment		Vehicles		Construction in process		Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>At 1 January 2018</b>													
Cost	2,216,898	4,805,952	833,476	549,178	73,893	495,426	8,974,823						
Less Accumulated depreciation	-	(893,585)	(481,352)	(355,374)	(57,083)	-	(1,787,394)						
Net book amount	2,216,898	3,912,367	352,124	193,804	16,810	495,426	7,187,429						
<b>For the year ended 31 December 2018</b>													
Opening net book amount	2,216,898	3,912,367	352,124	193,804	16,810	495,426	7,187,429						
Entire business transfer - Property, plant and equipment	368,475	773,826	15,272	13,210	1,043	5,799	1,177,625						
Additions	64,403	32,504	99,599	50,413	4,447	672,250	923,616						
Disposals and write-offs	-	(1,391)	(37)	(185)	(197)	(361)	(2,171)						
Transfer in (out)	-	526,584	20,792	663	-	(548,039)	-						
Transfers to investment property (Note 15)	-	(1,458)	-	-	-	-	(1,458)						
Depreciation charge	-	(166,559)	(101,040)	(65,203)	(9,489)	-	(342,291)						
Closing net book amount	2,649,776	5,075,873	386,710	192,702	12,614	625,075	8,942,750						
<b>At 31 December 2018</b>													
Cost	2,649,776	7,006,783	971,597	619,740	80,134	625,075	11,953,105						
Less Accumulated depreciation	-	(1,930,910)	(584,887)	(427,038)	(67,520)	-	(3,010,355)						
Net book amount	2,649,776	5,075,873	386,710	192,702	12,614	625,075	8,942,750						

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Consolidated financial statements									
	Land Thousand Baht	Building and improvements Thousand Baht	Medical equipment Thousand Baht	Furniture, fixtures, and office equipment Thousand Baht	Vehicles Thousand Baht	Construction in process Thousand Baht	Total Thousand Baht		
<b>For the year ended 31 December 2019</b>									
Opening net book amount	2,649,776	5,075,873	386,710	192,702	12,614	625,075	8,942,750		
Entire business transfer - Property, plant and equipment (Note 24)	35,252	62,843	13,833	1,429	2,042	3,513	118,912		
Additions	26,946	35,796	255,862	64,506	15,633	844,263	1,243,006		
Disposition of subsidiaries	-	-	-	(164)	(6)	-	(170)		
Disposals and write-offs	-	(373)	(13,991)	(4,202)	(481)	-	(19,047)		
Transfer in (out)	-	1,332,290	22	18,148	-	(1,350,460)	-		
Depreciation charge	-	(201,138)	(112,620)	(67,757)	(7,766)	-	(389,281)		
Closing net book amount	2,711,974	6,305,291	529,816	204,662	22,036	122,391	9,896,170		
<b>At 31 December 2019</b>									
Cost	2,711,974	8,463,295	1,211,111	681,566	96,788	122,391	13,287,125		
Less Accumulated depreciation	-	(2,158,004)	(681,295)	(476,904)	(74,752)	-	(3,390,955)		
Net book amount	2,711,974	6,305,291	529,816	204,662	22,036	122,391	9,896,170		

The Group's land and building and improvements of net book value as at 31 December 2019 of Baht 7,485.3 million (2018: Baht 7,202.0 million) has been pledged as a security for borrowings (Note 20).

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	Separate financial statements							Total Thousand Baht
	Land Thousand Baht	Building and improvements Thousand Baht	Medical equipment Thousand Baht	Furniture, fixtures, and office equipment Thousand Baht	Vehicles Thousand Baht	Construction in process Thousand Baht		
<b>At 1 January 2018</b>								
Cost	227,517	1,424,272	-	168,529	10,990	-	1,831,308	
Less Accumulated depreciation	-	(331,665)	-	(124,241)	(8,963)	-	(464,869)	
Net book amount	227,517	1,092,607	-	44,288	2,027	-	1,366,439	
<b>For the year ended 31 December 2018</b>								
Opening net book amount	227,517	1,092,607	-	44,288	2,027	-	1,366,439	
Entire business transfer - Property, plant and equipment	368,475	773,826	15,272	13,210	1,043	5,799	1,177,625	
Additions	-	14,666	35,808	22,125	1,221	136,615	210,435	
Disposals and write-offs	-	-	(37)	(169)	(27)	-	(233)	
Transfer in (out)	-	-	5,101	-	-	(5,101)	-	
Depreciation charge	-	(53,213)	(6,152)	(12,665)	(2,411)	-	(74,441)	
Closing net book amount	595,992	1,827,886	49,992	66,789	1,853	137,313	2,679,825	
<b>At 31 December 2018</b>								
Cost	595,992	3,084,284	63,625	215,004	14,304	137,313	4,110,522	
Less Accumulated depreciation	-	(1,256,398)	(13,633)	(148,215)	(12,451)	-	(1,430,697)	
Net book amount	595,992	1,827,886	49,992	66,789	1,853	137,313	2,679,825	

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	Separate financial statements							Total Thousand Baht
	Land Thousand Baht	Building and improvements Thousand Baht	Medical equipment Thousand Baht	Furniture, fixtures, and office equipment Thousand Baht	Vehicles Thousand Baht	Construction in process Thousand Baht		
<b>For the year ended 31 December 2019</b>								
Opening net book amount	595,992	1,827,886	49,992	66,789	1,853	137,313	2,679,825	
Additions	-	22,600	93,948	22,809	4,596	315,670	459,623	
Disposals and write-offs	-	(373)	(8,000)	(2,525)	-	-	(10,898)	
Transfer in (out)	-	382,736	7	3,329	-	(386,072)	-	
Depreciation charge	-	(64,327)	(12,368)	(16,713)	(1,323)	-	(94,731)	
Closing net book amount	595,992	2,168,522	123,579	73,689	5,126	66,911	3,033,819	
<b>At 31 December 2019</b>								
Cost	595,992	3,488,706	149,579	231,436	18,900	66,911	4,551,524	
Less Accumulated depreciation	-	(1,320,184)	(26,000)	(157,747)	(13,774)	-	(1,517,705)	
Net book amount	595,992	2,168,522	123,579	73,689	5,126	66,911	3,033,819	

The Group's land and building and improvements of net book value as at 31 December 2019 of Baht 2,764.5 million (2018: Baht 2,506.2 million) has been pledged as a security for borrowings (Note 20).

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Leased assets included above, where the Group is a lessee under finance leases, comprise medical equipment, office equipment and vehicles

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Cost - finance leases	307,953	132,080	87,799	42,482
<u>Less</u> Accumulated depreciation	(58,619)	(34,551)	(4,568)	(1,387)
Net book amount	249,334	97,529	83,231	41,095

Borrowing costs totaling Baht 14.8 million (2018: Baht 8.9 million), arising from financing specifically entered into for the construction of plant and equipment installation of Baht 10.1 million (2018: Baht 2.6 million) and financing generally of Baht 4.7 million (2018: Baht 6.3 million), were capitalised during the year and are included in additions. A capitalisation rate of 3.67% (2018: 3.57%) was used representing actual borrowing cost of the loan used to finance construction of plant and equipment.

**17 Intangible assets, net**

	Consolidated financial statements			
	Information system service agreements Thousand Baht	Computer software Thousand Baht	Computer software in progress Thousand Baht	Total Thousand Baht
<b>At 1 January 2018</b>				
Cost	35,490	109,537	8,725	153,752
<u>Less</u> Accumulated amortisation	(35,490)	(41,200)	-	(76,690)
Net book amount	-	68,337	8,725	77,062
<b>For the year ended 31 December 2018</b>				
Opening net book amount	-	68,337	8,725	77,062
Additions	-	4,278	10,462	14,740
Write-offs	-	-	(114)	(114)
Transfers in (out)	-	13,542	(13,542)	-
Transfers to prepaid expense	-	-	(5,265)	(5,265)
Amortisation charges	-	(16,791)	-	(16,791)
Closing net book amount	-	69,366	266	69,632
<b>At 31 December 2018</b>				
Cost	35,490	127,371	266	163,127
<u>Less</u> Accumulated amortisation	(35,490)	(58,005)	-	(93,495)
Net book amount	-	69,366	266	69,632

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	Consolidated financial statements			
	Information system service agreements Thousand Baht	Computer software Thousand Baht	Computer software in progress Thousand Baht	Total Thousand Baht
<b>For the year ended 31 December 2019</b>				
Opening net book amount	-	69,366	266	69,632
Additions	-	42,271	5,997	48,268
Disposition of a subsidiary	-	(57)	-	(57)
Write-offs	-	(47)	-	(47)
Transfers in (out)	-	2,820	(2,820)	-
Amortisation charge	-	(23,819)	-	(23,819)
Closing net book amount	-	90,534	3,443	93,977
<b>At 31 December 2019</b>				
Cost	-	169,312	3,443	172,755
<u>Less</u> Accumulated amortisation	-	(78,778)	-	(78,778)
Net book amount	-	90,534	3,443	93,977
				<b>Separate financial statements Thousand Baht</b>
<b>Computer software</b>				
<b>At 1 January 2018</b>				
Cost				14,412
<u>Less</u> Accumulated amortisation				(10,595)
Net book amount				3,817
<b>For the year ended 31 December 2018</b>				
Opening net book amount				3,817
Additions				1,616
Amortisation charge				(1,756)
Closing net book amount				3,677
<b>At 31 December 2018</b>				
Cost				16,028
<u>Less</u> Accumulated amortisation				(12,351)
Closing net book amount				3,677
<b>For the year ended 31 December 2019</b>				
Opening net book amount				3,677
Additions				2,959
Write-offs				(18)
Amortisation charge				(1,987)
Closing net book amount				4,631
<b>At 31 December 2019</b>				
Cost				18,969
<u>Less</u> Accumulated amortisation				(14,338)
Closing net book amount				4,631

18 Goodwill

	Consolidated financial statements	
	2019 Baht	2018 Baht
<b>As 1 January</b>		
Cost	1,648,636	1,648,636
Less Provision for impairment	-	-
Net book amount	1,648,636	1,648,636
<b>For the year ended 31 December</b>		
Opening net book amount	1,648,636	1,648,636
Entire business transfer (Note 24)	13,093	-
Disposition of subsidiaries	(4,576)	-
Closing net book amount	1,657,153	1,648,636
<b>At 31 December</b>		
Cost	1,657,153	1,648,636
Less Provision for impairment	-	-
Net book amount	1,657,153	1,648,636

Goodwill is allocated to the Group's cash-generating units (CGUs).

A segment-level summary of the goodwill allocation categorised by business segments is presented below;

	Consolidated financial statements	
	2019 Baht	2018 Baht
<b>Goodwill allocation to;</b>		
Hospital business	1,657,153	1,644,060
Other business	-	4,576
Total	1,657,153	1,648,636

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	Hospital
Long-term growth rate	2.00%
Discount rate	6.86% - 7.71%

These assumptions have been used for the analysis of each CGU within the business segment.

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Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The recoverable amount calculated based on value in use is not less than carrying amount. A raise in discount rate 0.03% to 3.88% would remove the remaining headroom.

**19 Deferred income taxes**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	5,923	6,276	3,504	2,216
Deferred tax assets to be recovered more than 12 months	37,261	22,304	336	9,709
	<u>43,184</u>	<u>28,580</u>	<u>3,840</u>	<u>11,925</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(6,094)	(341)	(4,798)	(318)
Deferred tax liabilities to be settled more than 12 months	(347,692)	(356,788)	(163,832)	(181,929)
	<u>(353,786)</u>	<u>(357,129)</u>	<u>(168,630)</u>	<u>(182,247)</u>
<b>Deferred tax (net)</b>	<u>(310,602)</u>	<u>(328,549)</u>	<u>(164,790)</u>	<u>(170,322)</u>

The movements in deferred tax assets and liabilities during the year is as follows:

	Consolidated financial statements				Total Thousand Baht
	Allowance for doubtful accounts Thousand Baht	Property, plant and equipment Thousand Baht	Intangible assets Thousand Baht	Employee benefit obligations Thousand Baht	
<b>Deferred tax assets:</b>					
At 1 January 2018	1,032	208	(930)	14,202	14,512
Entire business transfer Charged/(credited) to profit or loss	-	-	-	588	588
Credited to other comprehensive income	(1)	(11)	691	3,183	3,862
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(940)</u>	<u>(940)</u>
At 31 December 2018	<u>1,031</u>	<u>197</u>	<u>(239)</u>	<u>17,033</u>	<u>18,022</u>
At 1 January 2019	1,031	197	(239)	17,033	18,022
Entire business transfer Disposition of a subsidiary Charged/(credited) to profit or loss	-	-	-	512	512
Credited to other comprehensive income	(31)	3,583	14,829	7,643	26,024
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(831)</u>	<u>(831)</u>
At 31 December 2019	<u>1,000</u>	<u>3,780</u>	<u>14,590</u>	<u>23,569</u>	<u>42,939</u>

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	Unrealised gains of changes in fair value of short-term investments Thousand Baht	Provisions for staff expenses Thousand Baht	Property, plant and equipment Thousand Baht	Finance lease liabilities Thousand Baht	Total Thousand Baht
<b>Deferred tax liabilities:</b>					
At 1 January 2018	(253)	39	(179,753)	(642)	(180,609)
Entire business transfer	-	-	(177,176)	-	(177,176)
Charged to profit or loss	253	3	9,984	974	11,214
At 31 December 2018	-	42	(346,945)	332	(346,571)
At 1 January 2019	-	42	(346,945)	332	(346,571)
Entire business transfer	-	-	(16,604)	-	(16,604)
Charged/(credited) to profit or loss	(93)	(48)	11,137	(1,362)	9,634
At 31 December 2019	(93)	(6)	(352,412)	(1,030)	(353,541)

Separate financial statements				
	Employee benefit obligations Thousand Baht	Finance lease liabilities Thousand Baht	Total Thousand Baht	
<b>Deferred tax assets:</b>				
At 1 January 2018		2,536	-	2,536
Entire business transfer		588	-	588
Charged/(credited) to profit or loss		362	(160)	202
Credited to other comprehensive income		(455)	-	(455)
At 31 December 2018		3,031	(160)	2,871
At 1 January 2019		3,031	(160)	2,871
Charged to profit or loss		958	293	1,251
Credited to other comprehensive income		(281)	-	(281)
At 31 December 2019		3,708	133	3,841

Separate financial statements				
	Unrealised gains of changes in fair value of short-term investments Thousand Baht	Provisions for staff expenses Thousand Baht	Property, plant and equipment Thousand Baht	Total Thousand Baht
<b>Deferred tax liabilities:</b>				
At 1 January 2018	(107)	39	-	(68)
Entire business transfer	-	-	(177,176)	(177,176)
Charged to profit or loss	107	3	3,941	4,051
At 31 December 2018	-	42	(173,235)	(173,193)
At 1 January 2019	-	42	(173,235)	(173,193)
Charged/(credited) to profit or loss	(90)	(48)	4,701	4,563
At 31 December 2019	(90)	(6)	(168,534)	(168,630)

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Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 529.2 million (2018: Baht 150.0 million) in respect of losses amounting to Baht 2,646.0 million (2018: Baht 750.2 million) that can be carried forward against future taxable income. Losses amounting to Baht 1,957.6 million (2018: Baht 324.6 million) will be expired in 2024 and 2023 respectively.

**20 Borrowings**

	Consolidated financial statements		Separate financial statement	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>Current</b>				
Bank overdrafts	-	7,415	-	-
Short-term borrowings				
- Bank borrowings	50,000	1,029,962	-	999,962
- Accrued interest	11	438	-	438
Current portion of long-term borrowings				
- Bank borrowings	259,820	182,911	95,309	32,525
- Accrued interest	505	1,089	302	293
- Finance lease liabilities	64,812	26,437	27,250	9,280
Borrowings from related parties (Note 30 d)				
- Borrowings from related parties	317,000	441,500	1,852,752	602,500
- Accrued interest	31,416	20,391	33,359	12,351
Current portion of long-term promissory notes (Note 30 e)				
- Long-term promissory notes from a related party	510,510	510,510	510,510	510,510
- Accrued interest	28,828	19,894	28,828	19,894
<b>Total current borrowings</b>	<b>1,262,902</b>	<b>2,240,547</b>	<b>2,548,310</b>	<b>2,187,753</b>
<b>Non-current</b>				
Long-term borrowings				
- Bank borrowings	2,267,471	2,063,843	1,457,763	915,501
- Finance lease liabilities	204,918	74,640	90,692	31,522
<b>Total non-current borrowings</b>	<b>2,472,389</b>	<b>2,138,483</b>	<b>1,548,455</b>	<b>947,023</b>
<b>Total borrowings</b>	<b>3,735,291</b>	<b>4,379,030</b>	<b>4,096,765</b>	<b>3,134,776</b>

The borrowings include secured liabilities in a total amount of Baht 2,577.2 million (2018: Baht 3,246.7 million). Borrowings from financial institutions are secured by land and buildings (Notes 15 and 16).

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The movements of borrowings during 2019 (excluding finance lease liabilities) are analysed as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Opening balance	4,277,953	3,093,974
Additions		
- Principle	2,154,579	3,247,721
- Interest	157,635	108,566
Repayments		
- Principle	(2,984,488)	(2,391,623)
- Interest	(138,530)	(78,991)
Financing fee	(2,857)	(1,797)
Amortisation of financing fee	1,269	973
Closing balance	<u>3,465,561</u>	<u>3,978,823</u>

The borrowings interest rates at the statement of financial position date were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Bank overdrafts	MOR	MOR	-	-
Bank borrowings	MLR -2.6% to -3.1%	MLR -2.0% to -3.1%	MLR -2.6% to -3.1%	MLR -2.0% to -3.1%

The carrying amounts and fair values of certain long-term borrowings are as follows:

	<b>Consolidated financial statements</b>			
	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Long-term borrowings from financial institutions	2,267,471	2,063,843	2,268,269	2,079,771
	<b>Separate financial statements</b>			
	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Long-term borrowings from financial institutions	1,457,763	915,501	1,458,992	935,914

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The fair value of borrowings is within the level 2 of the fair value hierarchy which based on discounted cash flows using a discount rate based upon the market borrowing rate at the statement of financial position date.

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	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>Maturity of long-term borrowings (excluding finance lease liabilities)</b>				
Not later than 1 year	799,663	714,403	634,949	563,223
Later than 1 year but not later than 2 years	702,370	595,400	333,253	175,827
Between 2 years and 5 years	1,346,215	1,200,837	936,384	500,968
Over 5 years	218,886	267,606	188,126	238,706
<b>Total long-term borrowings</b>	<b>3,067,134</b>	<b>2,778,246</b>	<b>2,092,712</b>	<b>1,478,724</b>
	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>Minimum lease payments of finance lease liabilities:</b>				
Not later than 1 year	73,184	30,813	31,193	10,869
Later than 1 year but not later than 5 years	216,932	80,375	96,670	33,900
<u>Less</u> Future finance charges on finance leases	(20,386)	(10,111)	(9,921)	(3,967)
<b>Present value of finance lease liabilities</b>	<b>269,730</b>	<b>101,077</b>	<b>117,942</b>	<b>40,802</b>
Representing lease liabilities:				
- Short-term	64,812	26,437	27,250	9,280
- Long-term	204,918	74,640	90,692	31,522
	269,730	101,077	117,942	40,802
	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>Present value of finance lease liabilities</b>				
Not later than 1 year	64,812	26,437	27,250	9,280
Later than 1 year but not later than 5 years	204,918	74,640	90,692	31,522
	269,730	101,077	117,942	40,802

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The Group have the following undrawn committed borrowing facilities:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Floating rate				
- expiring within 1 year	-	76,961	-	-
- expiring beyond 1 year	1,419,886	1,568,505	924,630	1,380,871
	1,419,886	1,645,466	924,630	1,380,871

The facilities expiring within one year are annual facilities subject to review at various dates during year. The other facilities have been arranged to help finance the proposed expansion of the Group and the Company activities.

**21 Trade and other payables**

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Trade accounts payable - third parties	148,770	118,430	30,957	14,313
Trade accounts payable - related parties (Note 30 b)	1,717	-	3,299	3,363
Other payables	149,011	221,482	17,441	35,309
Accrued expenses	173,046	96,633	26,332	18,788
Accrued management expenses	13,441	27,001	13,441	27,001
	485,985	463,546	91,470	98,774

**22 Employee benefit obligations**

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Statement of financial position:				
Retirement benefits	117,848	85,163	18,535	15,152
Profit or loss charge included in operating profit for:				
Retirement benefits	44,053	18,009	4,920	2,373
Remeasurement for:				
Retirement benefits	(4,155)	(4,701)	(1,406)	(2,277)

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The movements in the defined benefit obligation during the year are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
At 1 January	85,163	71,012	15,152	12,681
Entire business transfer (Note 24)	2,562	2,939	-	2,939
Disposition of a subsidiary	(3,940)	-	-	-
Current service cost	20,770	16,519	4,009	3,580
Past service cost	21,492	(357)	595	(1,461)
Interest expense	1,791	1,847	316	254
	127,838	91,960	20,072	17,993
Remeasurement:				
Gain from change in demographic assumptions	(1,360)	(7,746)	(92)	(146)
(Gain) loss from change in financial assumptions	8,094	(769)	58	(346)
Experience (gain) loss	(10,888)	3,814	(1,372)	(1,785)
	(4,154)	(4,701)	(1,406)	(2,277)
Benefits paid	(5,835)	(2,096)	(131)	(564)
As at 31 December	117,848	85,163	18,535	15,152

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 days' pay to 400 days' pay. The effects of the amendment were recognised as past service cost during the year.

The significant actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Percent	2018 Percent	2019 Percent	2018 Percent
Discount rate	1.49 - 2.86	2.27 - 3.65	1.49 - 2.27	2.27
Salary growth rate	0.00 - 5.00	2.00 - 4.50	0.00 - 4.00	2.00 - 4.00
Staff turnover rate (depending on age)	0.00 - 37.00	0.00 - 37.00	0.00 - 22.00	0.00 - 34.00

The sensitivity analysis for significant principal actuarial assumptions can be analysed as follow:

	Consolidated financial statements					
	Impact on defined employee benefit obligations					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2019	2018	2019	2018	2019	2018
Discount rate	1%	1%	Decreased by 8.59%	Decreased by 8.40%	Increased by 10.12%	Increased by 9.85%
Salary growth rate	1%	1%	Increased by 9.77%	Increased by 9.47%	Decreased by 8.48%	Decreased by 8.24%
Staff turnover rate (depending on age)	1%	1%	Decreased by 9.13%	Decreased by 8.96%	Increased by 4.61%	Increased by 3.57%

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	Separate financial statements					
	Change in assumption		Impact on defined employee benefit obligations			
	2019	2018	Increase in assumption		Decrease in assumption	
		2019	2018	2019	2018	
Discount rate	1%	1%	Decreased by 3.97%	Decreased by 2.83%	Increased by 4.46%	Increased by 3.12%
Salary growth rate	1%	1%	Increased by 5.05%	Increased by 2.97%	Decreased by 4.59%	Decreased by 2.74%
Staff turnover rate (depending on age)	1%	1%	Decreased by 4.31%	Decreased by 3.01%	Increased by 1.57%	Increased by 0.48%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The duration of the defined benefit obligation of each entity in the Group is 9.30 to 31.00 years (2018: 6.12 to 27.90 years).

### 23 Share capital and premium on share capital

	Number of shares	Ordinary shares Thousand	Share premium Thousand	Total Thousand
As at 1 January 2018	3,240,087,520	3,240,088	4,476,767	7,716,855
Issuance of shares	-	-	-	-
As at 31 December 2018	3,240,087,520	3,240,088	4,476,767	7,716,855
Issuance of shares	222,249,300	222,249	686,750	908,999
As at 31 December 2019	3,462,336,820	3,462,337	5,163,517	8,625,854

The total number of authorised ordinary shares is 3,462,336,820 shares (2018: 3,240,087,520 shares) with a par value of Baht 1 per share (2018: Baht 1 per share).

At the Shareholders meeting held on 25 April 2019, the shareholders have passed a resolution to approve decrease the Company's authorised share capital that previously reserved for expired warrant (PRINC - W1) and increase the Company's authorised share capital from 3,240,638,433 ordinary shares of par Baht 1 each to 3,564,096,272 ordinary shares of par Baht 1 each. The Company registered the increased share capital with the Ministry of Commerce on 15 May 2019.

As at 28 November 2019, the Company received share payment from a shareholder amount Baht 909.0 million for 222,249,300 ordinary shares with par Baht 1 each at Baht 4.09 per share. The total receiving amount separated to par value and premium on paid-up share capital as Baht 222.25 million and Baht 686.75 million respectively.

24 Entire business transfer

On 28 February 2019, a subsidiary acquired Sirivej Lamphun Hospital, a private hospital operating in Lamphun. The purpose of the acquisition was to create a hub-and-spoke model for the Group's hospitals and enhance the profitability of the Group in the future. The acquisition was through an entire business transfer.

The amounts below are fair values of assets acquired and liabilities assumed at the date of acquisition.

	<u>Thousand baht</u>
Total purchase consideration - cash	96,000
	<u>Fair value Thousand Baht</u>
Trade receivables	5,428
Inventories	2,397
Property, plant and equipment	118,912
Other non-current assets	779
Advances received from customers	(3,814)
Finance lease liabilities	(1,415)
Employee benefit obligations	(2,562)
Deferred tax liabilities	(16,091)
<b>Net identifiable assets acquired (100%)</b>	<b>103,634</b>
<u>Less</u> Non-controlling interests (20%)	<u>(20,727)</u>
<b>Net identifiable assets acquired</b>	<b>82,907</b>
<u>Add</u> Goodwill	<u>13,093</u>
	<u>96,000</u>

The Group completed the measurement the fair value of identifiable assets acquired and liabilities assumed of Lamphoon Ruamphaet Co., Ltd. during the fourth quarter of 2019. The fair value measurement of the identifiable assets and liabilities is reasonable.

25 Liabilities relating to contracts with customers

25.1 Contract liabilities

The Group has recognised the following liabilities related to contracts with customers:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Contract liabilities - current	34,875	18,145	10,487	6,076

*Significant changes in contract liabilities*

Contract liabilities for medical services and building and office services have increased by 16.7 million following new hospital operations and the entire business transfer in 2019 as disclosed in Note 24.

*Revenue recognised in relation to contract liabilities*

Revenue recognised in 2019 relates to carried-forward contract liabilities.

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Revenue recognised that was included in the contract liability balance at the beginning of the period				
- Medical services	5,720	2,586	404	-
- Building and office services	8,028	10,762	5,451	4,078
- Information system implementation	-	2,340	-	-
	13,748	15,688	5,855	4,078

## 25.2 Unsatisfied long-term contracts

As at 31 December 2019 and 2018 the unsatisfied performance obligations resulting from contracts are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Medical service contract	4,816	-	-	-
Building and office service contracts	89,785	76,424	-	-

Management expects that 55.92% of the transaction price allocated to the unsatisfied contracts as of 31 December 2019 will be recognised as revenue during the next reporting period amounting to Baht 50.2 million. The remaining 44.08% amounting to Baht 39.6 million will be recognised in the 2021 to 2023.

## 26 Finance costs

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Borrowings from financial institutions	112,387	91,022	67,920	46,649
Borrowings from related parties	31,695	32,195	30,045	27,509
Finance leases	9,108	2,892	3,017	544
	153,190	126,109	100,982	74,702

## 27 Expense by nature

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Employee benefit expenses	954,997	838,089	189,558	181,871
Depreciation (Notes 15 and 16)	448,615	404,754	94,731	74,441
Amortisation (Note 17)	23,819	16,791	1,987	1,756
Management fees	31,959	30,196	16,823	16,406
Operating lease payments	24,667	22,516	6,510	6,212

28 Income tax expense

Income tax expense for the year comprises the following:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Current tax:				
Current tax on profits for the year	37,785	46,093	-	-
<b>Total current tax</b>	<b>37,785</b>	<b>46,093</b>	<b>-</b>	<b>-</b>
Deferred tax:				
Increase in deferred tax assets (Note 19)	(26,024)	(4,148)	(1,251)	(365)
Decrease in deferred tax liabilities (Note 19)	(9,634)	(10,928)	(4,563)	(3,888)
<b>Total deferred tax</b>	<b>(35,658)</b>	<b>(15,076)</b>	<b>(5,814)</b>	<b>(4,253)</b>
<b>Income tax expense (income)</b>	<b>2,127</b>	<b>31,017</b>	<b>(5,814)</b>	<b>(4,253)</b>
Income tax expense(income) attributable to				
Loss from continuing operation	2,434	31,211	(5,814)	(4,253)
Loss from discontinued operation	(307)	(194)	-	-
	2,127	31,017	(5,814)	(4,253)

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The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Loss before tax				
From continuing operation	(153,070)	(89,237)	(260,061)	(39,488)
From discontinued operation	(31,746)	(32,390)	-	-
	(184,816)	(121,627)	(260,061)	(39,488)
Tax calculated at a tax rate of 20% (2018: 20%)	(36,963)	(24,325)	(52,012)	(7,898)
Tax effect of:				
Associate's results reported net of tax	(32)	-	-	-
Income not subject to tax	-	(19,449)	-	(16,616)
Expenses not deductible for tax purpose	21,899	3,781	2,577	1,364
Additional expenses deductible for tax purpose	(66,907)	(18,900)	(4,087)	(677)
Utilisation of previously unrecognised tax losses	(10,942)	-	-	-
Tax losses for which no deferred income tax assets were recognised	95,072	89,910	47,708	19,574
Income tax expense(income)	2,127	31,017	(5,814)	(4,253)

**29 Earnings (loss) per share**

Basic earnings (loss) per share are calculated by dividing the profit (loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
From continuing operations attributable to the ordinary equity holders of the Company	(150,278)	(141,202)	(254,247)	(35,235)
From discontinued operation	(31,439)	(32,195)	-	-
Net loss attributable to ordinary shareholders of the Company (Thousand Baht)	(181,717)	(173,397)	(254,247)	(35,235)
Weighted average number of ordinary shares outstanding (shares)	3,260,181,292	3,240,087,520	3,260,181,292	3,240,087,520
Loss per share (Baht per share)	(0.056)	(0.054)	(0.078)	(0.011)

There is no diluted earnings per share during the year 2019 and 2018.

### 30 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company are control by the Viddayakorn Family in the proportions of 80.83%. The remaining 19.17% of the shares are widely held.

The investments in subsidiaries are disclosed in Note 13.

The following transactions were carried out with related parties:

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

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>For the year ended 31 December</b>				
<b>Revenue from services</b>				
Subsidiaries	-	-	50,376	54,804
Related parties	4,336	4,478	2,772	2,220
	4,336	4,478	53,148	57,024
<b>Revenue from rental</b>				
Related parties	5,431	7,280	-	-
<b>Interest income</b>				
Subsidiaries	-	-	23,030	7,587
<b>Rental and its related service fees</b>				
Subsidiaries	-	-	4,469	4,596
<b>Service fees</b>				
Subsidiaries	-	-	10,654	12,744
Related parties	5,468	-	3,377	-
	5,468	-	14,031	12,744
<b>Interest expense</b>				
Subsidiaries	-	-	21,112	12,351
Related parties	31,772	31,430	8,934	15,157
	31,772	31,430	30,046	27,508

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

The outstanding balances at the end of the period ended in relation to transactions with related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>Accounts receivable</b>				
Subsidiaries	-	-	4,306	5,251
Related parties	4,235	655	321	198
	4,235	655	4,627	5,449
<b>Deposits</b>				
Subsidiary	-	-	1,006	1,006
<b>Accounts payable</b>				
Subsidiaries	-	-	2,492	3,363
Related parties	1,717	-	807	-
	1,717	-	3,299	3,363
<b>Accrued expenses</b>				
Subsidiaries	-	-	33	66
Related parties	184	-	-	-
	184	-	33	66
<b>Advances received from customers</b>				
Related party	-	9,472	-	-

c) **Short-term loans to subsidiaries**

The movements of loans to subsidiaries can be analysed are as follows:

	Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht
At 1 January	520,836	101,749
Loans advanced during the period		
- principle	1,253,700	469,000
- interest	22,919	7,587
Loans repayment received		
- principle	(402,500)	(57,500)
Reclassified as short term loan to other party	(38,966)	-
At 31 December	1,355,989	520,836
Short-term loans to subsidiaries	1,330,700	511,500
Accrued interest income	25,289	9,336

Short-term loans to subsidiaries have bear an interest rate of 12-month fixed deposit plus 1.00% per annum and an interest rate from source of borrowings plus 0.50% to 1.00% per annum are due within 6 months from the borrowing date.

d) Short-term borrowings from related parties

The movements of short-term borrowings from related parties can be analysed are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
At 1 January	461,891	445,619	614,851	-
Borrowings received during the period				
- principle	200,000	-	1,597,479	602,500
- interest	22,838	16,272	21,112	12,351
Borrowings repaid during the period				
- principle	(324,500)	-	(347,228)	-
- interest	(11,813)	-	(103)	-
At 31 December	348,416	461,891	1,886,111	614,851
<b>Short term borrowings</b>				
Subsidiaries	-	-	1,852,752	602,500
Related parties	317,000	441,500	-	-
<b>Accrued interest expense</b>				
Subsidiaries	-	-	33,359	12,351
Related parties	31,416	20,391	-	-

The Company has short-term borrowings from subsidiaries which were bear an interest rate of 12-month fixed deposit plus 1.00% 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 bear an interest rate of 4.25% per annum and are due within 6 months from the borrowing date.

e) Long-term promissory notes from a related party

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>Current portion of long-term promissory notes</b>				
Related party	510,510	510,510	510,510	510,510
<b>Accrued interest expense</b>				
Related party	28,828	19,894	28,828	19,894

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The movements in long-term promissory notes from a related party for the year ended 31 December 2019 are analysed as follows:

	<b>Consolidated financial statements and separate financial statements Thousand baht</b>
Opening balance	530,404
Additions - Interest	8,934
Closing balance	539,338

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 of the Group**

Key management compensation is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Thousand Baht</b>	<b>2018 Thousand Baht</b>	<b>2019 Thousand Baht</b>	<b>2018 Thousand Baht</b>
Short-term employee benefits	88,993	88,738	37,672	36,142
Retirement benefits	6,432	7,072	2,679	2,366
	95,425	95,810	40,351	38,508

**31 Letter of guarantees**

As at 31 December 2019, the Company had letters of guarantee issued by financial institutions of Baht 16.4 million (2018: Baht 16.4 million) in respect of certain performance bonds in relation for medical services and obligation of property development business as required in the normal course of business.

As at 31 December 2019, the Group had letters of guarantee issued by financial institutions of Baht 28.8 million (2018: Baht 35.9 million) in respect of certain performance bonds in relation for guaranteeing electricity usages with Metropolitan Electricity Authority as required in the normal course of business.

**32 Commitments**

**32.1 Capital expenditure commitments**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Thousand Baht</b>	<b>2018 Thousand Baht</b>	<b>2019 Thousand Baht</b>	<b>2018 Thousand Baht</b>
Plant and equipment	21,909	473,362	12,166	186,193

### 32.2 Operating lease commitments

The Group has entered into non-cancellable lease agreements in respect to leases of land, equipment and its related service agreements. The lease terms are between 1 to 12 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Not later than 1 year	33,637	36,936	5,714	7,244
Later than 1 year but not later than 5 years	16,895	18,197	4,638	12,211
More than 5 years	8,344	9,290	-	-
	<u>58,876</u>	<u>64,423</u>	<u>10,352</u>	<u>19,455</u>

### 32.3 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 year ended 31 December 2019 were Baht 16.8 million.

On 14 January 2016, the Group 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 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 year ended 31 December 2019 were Baht 15.1 million.

### 32.4 Entire business transfer commitment

On 18 December 2019, the Group entered into an entire business transfer agreement of a private hospital in Chumphon province at a consideration of not exceeding Baht 570 million. The Group paid deposit as at the agreement date for Baht 20 million. The Group expects the transfer and obtaining control will incur in the first quarter of 2020.

### 32.5 Joint venture commitment

On 18 December 2019, the Company signed a joint venture agreement with a company to study the feasibility of the elderly care business and establish health care service and facility of service center for elderly care for support expansion of elderly care business in the future.