

PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED

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

30 SEPTEMBER 2020



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

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

I have reviewed the interim consolidated financial information of Principal Capital Public Company Limited and its subsidiaries, and the interim separate financial information of Principal Capital Public Company Limited. These comprise the consolidated and separate statements of financial position as at 30 September 2020, the consolidated and separate statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated and separate statements of changes in equity and cash flows for the nine-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim consolidated and separate financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim consolidated and separate financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of matter

I draw attention to note 4 of the interim financial information, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. My conclusion is not modified in respect to this matter.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Chanchai Chaiprasit', is written over a light blue horizontal line.

Chanchai Chaiprasit
Certified Public Accountant (Thailand) No. 3760
Bangkok
11 November 2020

Principal Capital Public Company Limited
Statement of Financial Position
As at 30 September 2020

| | Notes | Consolidated financial information | | Separate financial information | |
|---|-------|---|--|---|--|
| | | Unaudited 30 September 2020 Baht | Audited 31 December 2019 Baht | Unaudited 30 September 2020 Baht | Audited 31 December 2019 Baht |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 165,986,668 | 395,864,506 | 38,637,716 | 53,079,771 |
| Financial assets measured at fair value through profit or loss | 9 | 109,035,844 | - | - | - |
| Short-term fixed deposits | | 1,590,553 | - | - | - |
| Short-term investments | | - | 525,827,195 | - | 484,568,615 |
| Restricted deposits at financial institutions - current | | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Trade and other receivables, net | 10 | 216,979,795 | 233,450,311 | 46,325,289 | 48,066,031 |
| Current portion of lease receivables, net | | - | - | 1,654,930 | 1,610,766 |
| Short-term loans to a subsidiary | 19 | - | - | - | 1,355,988,644 |
| Short-term loan to third party | | 7,727,508 | 39,044,440 | 7,727,508 | 39,044,440 |
| Inventories, net | | 66,384,295 | 59,120,105 | 6,544,190 | 5,058,708 |
| Other current assets | | 53,952,530 | 54,495,093 | 12,208,083 | 12,504,764 |
| Total current assets | | 626,657,193 | 1,312,801,650 | 118,097,716 | 2,004,921,739 |
| Non-current assets | | | | | |
| Restricted deposits at financial institutions | | 2,596,825 | 2,799,725 | - | - |
| Lease receivables, net | | - | - | 5,496,985 | 6,743,766 |
| Investment in an associate | | 356,125 | 410,724 | - | - |
| Investments in subsidiaries | 11 | - | - | 7,968,353,340 | 7,963,253,540 |
| Financial assets measured at fair value through profit or loss | 9 | 330,000 | - | 330,000 | - |
| Long-term investments | | - | 330,000 | - | 330,000 |
| Long-term loans to a subsidiary | 19 | - | - | 2,563,339,016 | - |
| Investment property, net | 12 | 1,150,624,896 | 1,576,376,289 | - | - |
| Property, plant and equipment, net | 13 | 10,757,052,205 | 9,896,169,674 | 3,121,177,768 | 3,033,818,641 |
| Intangible assets, net | 14 | 232,158,599 | 93,977,215 | 3,759,912 | 4,631,436 |
| Right-of-use assets, net | 15 | 408,043,854 | - | 121,204,326 | - |
| Leasehold rights | | - | 26,512,846 | - | - |
| Goodwill | 18 | 1,823,978,253 | 1,657,153,409 | - | - |
| Deferred tax assets | | 25,875,910 | 23,278,149 | - | - |
| Other non-current assets | | 55,308,353 | 30,235,735 | 6,386,423 | 3,533,695 |
| Total non-current assets | | 14,456,325,020 | 13,307,243,766 | 13,790,047,770 | 11,012,311,078 |
| Total assets | | 15,082,982,213 | 14,620,045,416 | 13,908,145,486 | 13,017,232,817 |

Director _____ Director _____

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

Principal Capital Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2020

| | Notes | Consolidated | | Separate | |
|--|--------|-----------------------|----------------------|-----------------------|----------------------|
| | | financial information | | financial information | |
| | | Unaudited | Audited | Unaudited | Audited |
| | | 30 September | 31 December | 30 September | 31 December |
| | | 2020 | 2019 | 2020 | 2019 |
| | | Baht | Baht | Baht | Baht |
| Liabilities and equity | | | | | |
| Current liabilities | | | | | |
| Short-term borrowings from financial institutions | 17 | - | 50,010,959 | - | - |
| Trade and other payables | 16 | 726,667,345 | 485,984,915 | 578,117,347 | 91,469,880 |
| Advances received from customers - current | | 33,822,237 | 36,796,688 | 5,735,940 | 10,560,023 |
| Short-term borrowings from related parties | 17, 19 | 353,104,685 | 348,416,234 | 2,081,399,097 | 1,886,110,809 |
| Current portion of lease liabilities | 17 | 64,881,232 | 64,811,684 | 33,828,146 | 27,249,664 |
| Current portion of long-term borrowings from financial institutions | 17 | 241,429,660 | 260,324,773 | 154,025,452 | 95,611,054 |
| Current portion of promissory notes from a related party | 17, 19 | 120,441,750 | 539,337,616 | 120,441,750 | 539,337,616 |
| Income tax payable | | 5,055,313 | 15,457,743 | - | - |
| Deposits received from customers - current | | 28,498,053 | 24,638,843 | 9,162,500 | 7,187,000 |
| Other current liabilities | | 83,758,502 | 92,631,682 | 19,435,112 | 6,446,686 |
| Total current liabilities | | 1,657,658,777 | 1,918,411,137 | 3,002,145,344 | 2,663,972,732 |
| Non-current liabilities | | | | | |
| Lease liabilities | 17 | 213,699,269 | 204,917,951 | 82,977,591 | 90,691,684 |
| Long-term borrowings from financial institutions | 17 | 3,149,847,736 | 2,267,470,954 | 2,221,731,875 | 1,457,763,495 |
| Deposits received from customers | | 20,545,195 | 24,479,412 | - | - |
| Deferred tax liabilities | | 389,294,172 | 333,879,767 | 162,008,456 | 164,789,591 |
| Employee benefit obligations | | 144,868,919 | 117,847,500 | 19,421,854 | 18,534,694 |
| Hospital acquisition payables | | 145,389,304 | - | - | - |
| Other non-current liabilities | | 13,643,858 | 41,812,005 | 5,138,505 | 17,436,987 |
| Total non-current liabilities | | 4,077,288,453 | 2,990,407,589 | 2,491,278,281 | 1,749,216,451 |
| Total liabilities | | 5,734,947,230 | 4,908,818,726 | 5,493,423,625 | 4,413,189,183 |

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

Principal Capital Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2020

| | Consolidated | | Separate | |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | financial information | | financial information | |
| | Unaudited | Audited | Unaudited | Audited |
| | 30 September 2020 Baht | 31 December 2019 Baht | 30 September 2020 Baht | 31 December 2019 Baht |
| Liabilities and equity (Cont'd) | | | | |
| Equity | | | | |
| Share capital | | | | |
| Authorised share capital | | | | |
| 3,808,570,502 ordinary shares at a par value of Baht 1 each | 3,808,570,502 | - | 3,808,570,502 | - |
| 3,564,096,272 ordinary shares at a par value of Baht 1 each | - | 3,564,096,272 | - | 3,564,096,272 |
| Issued and paid-up share capital | | | | |
| 3,462,336,820 paid-up ordinary shares at a par value of Baht 1 each | 3,462,336,820 | 3,462,336,820 | 3,462,336,820 | 3,462,336,820 |
| Premium on paid-up share capital | 5,163,517,392 | 5,163,517,392 | 5,163,517,392 | 5,163,517,392 |
| Retained earnings (deficits) | | | | |
| Appropriated - legal reserve | 44,199,790 | 44,199,790 | 44,199,790 | 44,199,790 |
| Unappropriated | (1,050,303,240) | (626,349,548) | (255,332,141) | (66,010,368) |
| Other components of equity | 764,873,173 | 766,023,166 | - | - |
| Equity attributable to owners of the parent | 8,384,623,935 | 8,809,727,620 | 8,414,721,861 | 8,604,043,634 |
| Non-controlling interests | 963,411,048 | 901,499,070 | - | - |
| Total equity | 9,348,034,983 | 9,711,226,690 | 8,414,721,861 | 8,604,043,634 |
| Total liabilities and equity | 15,082,982,213 | 14,620,045,416 | 13,908,145,486 | 13,017,232,817 |

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

Principal Capital Public Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 September 2020

| | Note | Consolidated financial information | | Separate financial information | |
|--|------|---------------------------------------|--------------------|-----------------------------------|---------------------|
| | | Unaudited 2020 | Unaudited 2019 | Unaudited 2020 | Unaudited 2019 |
| | | Baht | Baht | Baht | Baht |
| Revenues from hospital operations | 7 | 573,114,411 | 651,209,502 | 43,883,323 | 63,487,645 |
| Revenues from sales and services | 7 | 76,049,357 | 147,418,214 | 32,546,339 | 73,286,227 |
| Costs of hospital operations | | (503,242,355) | (498,415,330) | (63,354,617) | (67,673,930) |
| Costs of sales and services | | (66,954,222) | (103,592,810) | (27,964,660) | (35,693,650) |
| Gross profit (loss) | | 78,967,191 | 196,619,576 | (14,889,615) | 33,406,292 |
| Other income | | 25,038,979 | 7,724,742 | 29,362,039 | 4,633,990 |
| Gain on disposal of investment in subsidiaries | | 17,079,077 | 240,374,977 | - | - |
| Selling expenses | | (12,096,557) | (15,054,731) | (2,715,281) | (4,359,820) |
| Administrative expenses | | (200,842,265) | (205,681,854) | (48,395,751) | (57,704,938) |
| Other expenses | | (4,020,718) | (4,222,878) | - | - |
| Finance costs | | (34,693,740) | (43,363,295) | (32,221,435) | (27,396,777) |
| Share of profit (loss) of an associate | | (41,361) | 87,326 | - | - |
| Profit (loss) before income tax expense | | (130,609,394) | 176,483,863 | (68,860,043) | (51,421,253) |
| Income tax (expense) income | | (10,836,839) | (2,201,706) | (2,725,476) | 3,479,387 |
| Profit (loss) for the period | | (141,446,233) | 174,282,157 | (71,585,519) | (47,941,866) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income (expense) for the period | | (141,446,233) | 174,282,157 | (71,585,519) | (47,941,866) |
| Profit (loss) attributable to: | | | | | |
| Owner of the parent | | (137,134,949) | 165,136,654 | (71,585,519) | (47,941,866) |
| Non-controlling interests | | (4,311,284) | 9,145,503 | - | - |
| | | (141,446,233) | 174,282,157 | (71,585,519) | (47,941,866) |
| Total comprehensive income (expense) attributable to: | | | | | |
| Owner of the parent | | (137,134,949) | 165,136,654 | (71,585,519) | (47,941,866) |
| Non-controlling interests | | (4,311,284) | 9,145,503 | - | - |
| | | (141,446,233) | 174,282,157 | (71,585,519) | (47,941,866) |
| Earnings (loss) per share (Baht) | | | | | |
| Basic earnings (loss) per share | | (0.040) | 0.051 | (0.021) | (0.015) |

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

Principal Capital Public Company Limited
Statement of Comprehensive Income
For the nine-month period ended 30 September 2020

| | Note | Consolidated financial information | | Separate financial information | |
|---|------|---------------------------------------|--------------------|-----------------------------------|----------------------|
| | | Unaudited | Unaudited | Unaudited | Unaudited |
| | | 2020 | 2019 | 2020 | 2019 |
| | | Baht | Baht | Baht | Baht |
| Revenues from hospital operations | 7 | 1,600,267,550 | 1,736,911,569 | 121,345,649 | 184,691,585 |
| Revenues from sales and services | 7 | 282,575,635 | 443,097,487 | 133,369,920 | 216,451,469 |
| Costs of hospital operations | | (1,449,740,600) | (1,387,650,862) | (187,518,143) | (189,225,055) |
| Costs of sales and services | | (222,816,708) | (264,491,081) | (87,607,246) | (105,333,402) |
| Gross profit (loss) | | 210,285,877 | 527,867,113 | (20,409,820) | 106,584,597 |
| Other income | | 51,658,518 | 33,180,927 | 69,277,627 | 18,369,436 |
| Gain on disposal of investment in subsidiaries | | 17,079,077 | 240374977 | - | - |
| Selling expenses | | (42,167,294) | (45,361,706) | (9,624,329) | (12,366,752) |
| Administrative expenses | | (569,166,494) | (618,584,728) | (141,640,161) | (159,712,243) |
| Other expenses | | (11,726,442) | (12,438,749) | - | - |
| Finance costs | | (97,139,173) | (125,049,778) | (89,706,224) | (78,998,732) |
| Share of profit (loss) of an associate | | (54,599) | 87,326 | - | - |
| Profit (loss) before income tax expense | | (441,230,530) | 75,382 | (192,102,907) | (126,123,694) |
| Income tax (expense) income | | (5,236,194) | (6,648,505) | 2,781,134 | 3,450,036 |
| Loss for the period | | (446,466,724) | (6,573,123) | (189,321,773) | (122,673,658) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive expense for the period | | <u>(446,466,724)</u> | <u>(6,573,123)</u> | <u>(189,321,773)</u> | <u>(122,673,658)</u> |
| Profit (loss) attributable to: | | | | | |
| Owner of the parent | | (423,953,692) | (10,224,631) | (189,321,773) | (122,673,658) |
| Non-controlling interests | | (22,513,032) | 3,651,508 | - | - |
| | | <u>(446,466,724)</u> | <u>(6,573,123)</u> | <u>(189,321,773)</u> | <u>(122,673,658)</u> |
| Total comprehensive income | | | | | |
| (expense) attributable to: | | | | | |
| Owner of the parent | | (423,953,692) | (10,224,631) | (189,321,773) | (122,673,658) |
| Non-controlling interests | | (22,513,032) | 3,651,508 | - | - |
| | | <u>(446,466,724)</u> | <u>(6,573,123)</u> | <u>(189,321,773)</u> | <u>(122,673,658)</u> |
| Loss per share (Baht) | | | | | |
| Basic loss per share | | <u>(0.122)</u> | <u>(0.003)</u> | <u>(0.055)</u> | <u>(0.038)</u> |

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

Principal Capital Public Company Limited
Statement of Changes in Equity
For the nine-month period ended 30 September 2020

Consolidated financial information (Unaudited)

| | Attributable to owners of the parent | | | | | | | | | | | | Total equity |
|--|--------------------------------------|--------------------------|------------------------------|---|--|----------------------------------|----------------------------|---------------------------|-------------|---------------|---------------|---------------|---------------|
| | Retained earnings (deficits) | | | Other components of equity | | | | | | | | | |
| | Issued and paid-up share capital | Premium on share capital | Appropriated - legal reserve | Difference arising from business combination under common control | Difference arising from change in ownership interest in subsidiaries | Total other components of equity | Total owners of the parent | Non-controlling interests | Baht | Baht | Baht | Baht | |
| Note | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | |
| Opening balance as at 1 January 2019 | 3,240,087,520 | 4,476,767,055 | 44,199,790 | (447,622,766) | 764,129,669 | - | 764,129,669 | - | - | 764,129,669 | 8,077,561,268 | 764,057,968 | 8,841,619,236 |
| Proceeds from ordinary shares issued of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | 60,000,000 | 60,000,000 |
| Change in ownership interest in a subsidiary | - | - | - | - | - | 185,390 | 185,390 | 185,390 | 185,390 | 185,390 | 185,390 | 36,541,378 | 36,726,768 |
| Dividend paid | - | - | - | - | - | - | - | - | - | - | - | (8,000,000) | (8,000,000) |
| Total comprehensive expense for the period | - | - | - | (10,224,631) | - | - | (10,224,631) | - | - | (10,224,631) | (10,224,631) | 3,651,508 | (6,573,123) |
| Closing balance as at 30 September 2019 | 3,240,087,520 | 4,476,767,055 | 44,199,790 | (457,847,397) | 764,129,669 | 185,390 | 764,315,059 | 185,390 | 185,390 | 8,067,522,027 | 856,250,854 | 8,923,772,881 | |
| Opening balance as at 1 January 2020 | 3,462,336,820 | 5,163,517,392 | 44,199,790 | (626,349,548) | 764,129,669 | 1,893,497 | 766,023,166 | 1,893,497 | 1,893,497 | 8,809,727,620 | 901,499,070 | 9,711,226,690 | |
| Proceeds from ordinary shares issued of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | 40,000,000 | 40,000,000 |
| Change in ownership interest in a subsidiary | - | - | - | - | - | (1,149,993) | (1,149,993) | (1,149,993) | (1,149,993) | (1,149,993) | (1,149,993) | 1,149,993 | - |
| Subsidiary establishment | - | - | - | - | - | - | - | - | - | - | - | 4,900,000 | 4,900,000 |
| Entire business transfer | - | - | - | - | - | - | - | - | - | - | - | 38,375,017 | 38,375,017 |
| Total comprehensive expense for the period | - | - | - | (423,953,692) | - | - | (423,953,692) | - | - | (423,953,692) | (423,953,692) | (22,513,032) | (446,466,724) |
| Closing balance as at 30 September 2020 | 3,462,336,820 | 5,163,517,392 | 44,199,790 | (1,050,303,240) | 764,129,669 | 743,504 | 764,873,173 | 743,504 | 743,504 | 8,384,623,935 | 963,411,048 | 9,348,034,983 | |

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

Principal Capital Public Company Limited
Statement of Changes in Equity (Cont'd)
For the nine-month period ended 30 September 2020

| | Separate financial information (Unaudited) | | | | | |
|--|---|-------------------------------------|---|----------------------|------------------------|----------------------|
| | Issued and paid-up share capital Baht | Premium on share capital Baht | Retained earnings (deficits) | | Unappropriated Baht | Total equity Baht |
| | | | Appropriated - legal reserve Baht | | | |
| Opening balance as at 1 January 2019 | 3,240,087,520 | 4,476,767,055 | 44,199,790 | 187,111,539 | 7,948,165,904 | |
| Total comprehensive expense for the period | - | - | - | (122,673,658) | (122,673,658) | |
| Closing balance as at 30 September 2019 | <u>3,240,087,520</u> | <u>4,476,767,055</u> | <u>44,199,790</u> | <u>64,437,881</u> | <u>7,825,492,246</u> | |
| Opening balance as at 1 January 2020 | 3,462,336,820 | 5,163,517,392 | 44,199,790 | (66,010,368) | 8,604,043,634 | |
| Total comprehensive expense for the period | - | - | - | (189,321,773) | (189,321,773) | |
| Closing balance as at 30 September 2020 | <u>3,462,336,820</u> | <u>5,163,517,392</u> | <u>44,199,790</u> | <u>(255,332,141)</u> | <u>8,414,721,861</u> | |

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

Principal Capital Public Company Limited
Statement of Cash Flows
For the nine-month period ended 30 September 2020

| | Consolidated | | Separate | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | financial information | | financial information | |
| | Unaudited 2020 Baht | Unaudited 2019 Baht | Unaudited 2020 Baht | Unaudited 2019 Baht |
| Cash flows from operating activities | | | | |
| Profit (loss) before income tax | (441,230,530) | 75,382 | (192,102,907) | (126,123,694) |
| Adjustments for: | | | | |
| Depreciation and amortisation | 419,965,072 | 349,006,681 | 97,409,667 | 68,510,672 |
| Allowance for doubtful accounts | | | | |
| - trade and other receivables | 2,812,998 | 13,517,015 | 2,123,061 | 876,566 |
| Write-offs withholding tax receivables | 150,750 | 2,021,372 | - | - |
| Realised gains on disposals of financial assets measured at fair value through profit or loss | (948,888) | - | (789,736) | - |
| Unrealised gains on changes in fair values of financial assets measured at fair value through profit or loss | (27,954) | (95,265) | - | - |
| Gain on disposal of investment in subsidiaries | (17,079,077) | (240,374,977) | - | - |
| Gain on lease agreement termination | (88,354) | - | (88,354) | - |
| (Gain) loss on disposals of equipment | (133,562) | (385,035) | (40,106) | 59,322 |
| Loss on write-offs of equipment | 508,223 | 41,404 | 115,420 | - |
| Gain on disposals of investment property | (7,767,606) | - | - | - |
| Loss on write-offs of intangible assets | - | 17,881 | - | 17,833 |
| Employee benefit expenses | 20,783,759 | 36,729,851 | 1,797,180 | 4,224,606 |
| Interest income | (1,039,229) | (783,321) | (54,585,760) | (13,795,539) |
| Finance costs | 97,139,173 | 125,049,778 | 89,706,224 | 78,998,732 |
| Share of profit (loss) from an associate | 54,599 | (87,326) | - | - |
| Profit (loss) from operating activities before changes in operating assets and liabilities | 73,099,374 | 284,733,440 | (56,455,311) | 12,768,498 |
| Trade and other receivables | (1,994,847) | (13,469,078) | (371,589) | (19,587,551) |
| Inventories | 1,854,403 | (3,701,116) | (1,485,484) | 503,773 |
| Other current assets | 3,327,441 | 18,481,223 | 2,344,725 | 1,079,392 |
| Other non-current assets | (5,682,123) | 2,903,075 | (2,852,729) | 1,133,169 |
| Trade and other payables | (34,088,793) | 79,538,059 | (24,790,885) | 1,832,857 |
| Advances received from customers | (2,974,451) | 4,499,292 | (4,824,084) | 139,604 |
| Deposits received from customers | (75,007) | 2,143,437 | 1,975,500 | 1,541,690 |
| Other current liabilities | (8,873,180) | (557,188) | 12,988,426 | (966,701) |
| Employee benefits paid | (7,129,872) | (8,020) | (910,020) | - |
| Other non-current liabilities | (28,168,147) | 19,353,182 | (12,298,482) | 11,738,645 |
| Cash generated from (used in) operations | (10,705,202) | 393,916,306 | (86,679,933) | 10,183,376 |
| Interest paid | (101,771,441) | (110,348,181) | (60,078,207) | (65,973,021) |
| Income tax paid | (32,401,927) | (53,287,125) | (2,048,044) | (2,916,200) |
| Income tax received | - | 3,524,159 | - | - |
| Net cash generated from (used in) operating activities | (144,878,570) | 233,805,159 | (148,806,184) | (58,705,845) |

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

Principal Capital Public Company Limited

Statement of Cash Flows (Cont'd)

For the nine-month period ended 30 September 2020

| | Consolidated | | Separate | |
|---|-----------------------|-----------------|-----------------------|-----------------|
| | financial information | | financial information | |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | 2020 | 2019 | 2020 | 2019 |
| Notes | Baht | Baht | Baht | Baht |
| Cash flows from investing activities | | | | |
| Proceeds from disposals of short-term investments | 779,186,975 | 470,102 | 655,358,351 | - |
| Purchases of short-term investments | (363,009,335) | (1,060,033,407) | (170,000,000) | (27,312) |
| Decrease in restricted deposits at financial institutions | 202,900 | - | - | - |
| Cash received from short-term loans to related parties | - | - | 267,000,000 | 402,000,000 |
| Cash received from short-term loans to third party | 32,000,000 | - | 32,000,000 | - |
| Payments of short-term loans to a subsidiary | - | - | (1,430,799,932) | (556,649,978) |
| Cash received from short-term loans to director | 70,000 | - | - | - |
| Payments of short-term loans to a related party | (16,474,826) | - | - | - |
| Payments for purchases of investment in an associate | - | (250,000) | - | - |
| Payments for a subsidiary establishment | 11 | - | (5,099,800) | - |
| Payments for entire business transfer | 18 | (719,149,790) | (96,000,000) | - |
| Payment for disposal of investment in subsidiaries | - | (7,974,000) | - | - |
| Cash received from lease receivables | - | - | 1,202,620 | - |
| Cash received from interest income | 4,704,748 | 731,840 | 10,354,278 | 234,457 |
| Proceeds from disposal of investment in a subsidiary, net | 16,392,855 | 1,327,396,922 | - | - |
| Proceeds from disposals of equipment | 1,158,141 | 1,059,815 | 1,038,752 | 116,288 |
| Purchases of deposit in land | - | (1,000,000) | - | - |
| Purchases of investment property | (1,326,073) | (1,367,441) | - | - |
| Purchases of plant and equipment | (573,279,647) | (774,806,980) | (190,524,340) | (297,644,224) |
| Purchases of intangible assets | (41,610,510) | (65,458,732) | (446,814) | (1,346,060) |
| Payments for right-of-use assets | (9,053,467) | (1,291,156) | - | - |
| Net cash used in investing activities | (890,188,029) | (678,523,037) | (829,916,885) | (453,316,829) |
| Cash flows from financing activities | | | | |
| Payments for financing fees | (3,597,200) | (1,500,000) | - | (1,500,000) |
| Proceeds from borrowings from financial institutions | 1,431,198,798 | 1,617,178,024 | 867,228,115 | 1,380,820,985 |
| Repayments of borrowings from financial institutions | (613,958,924) | (1,400,000,885) | (44,193,606) | (1,028,312,081) |
| Proceeds from borrowings from related parties | - | 200,000,000 | 255,844,687 | 430,694,627 |
| Payments on borrowings from related parties | (2,000,000) | (201,000,000) | (93,000,000) | (294,500,000) |
| Payments on lease liabilities | (38,353,907) | (31,791,362) | (21,598,182) | (9,988,892) |
| Dividends paid to non-controlling interests | (6) | (8,000,000) | - | - |
| Proceeds from a subsidiary establishment | 4,900,000 | - | - | - |
| Proceeds from ordinary shares issued of a subsidiary | - | 60,000,000 | - | - |
| Proceeds from partial disposal of investment in subsidiaries | 27,000,000 | 16,000,000 | - | - |
| Net cash generated from financing activities | 805,188,761 | 250,885,777 | 964,281,014 | 477,214,639 |

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

| | Consolidated | | Separate | |
|--|-----------------------|--------------------|-----------------------|-------------------|
| | financial information | | financial information | |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | 2020 | 2019 | 2020 | 2019 |
| | Baht | Baht | Baht | Baht |
| Net decrease in cash and cash equivalents | (229,877,838) | (193,832,101) | (14,442,055) | (34,808,035) |
| Cash and cash equivalents at the beginning of the period, net | 395,864,506 | 441,904,877 | 53,079,771 | 91,809,673 |
| Cash and cash equivalents at end of the period | <u>165,986,668</u> | <u>248,072,776</u> | <u>38,637,716</u> | <u>57,001,638</u> |

Cash and cash equivalents include the following
for the purposes of the statement of cash flows:

| | | | | |
|--|--------------------|--------------------|-------------------|-------------------|
| Cash and cash equivalents | 165,986,668 | 250,909,865 | 38,637,716 | 57,001,638 |
| Bank overdrafts from a financial institution | - | (2,837,089) | - | - |
| | <u>165,986,668</u> | <u>248,072,776</u> | <u>38,637,716</u> | <u>57,001,638</u> |

Non-cash transactions

Significant non-cash transactions for the nine-month period ended 30 September are as follows:

| | | | | |
|---|-------------|-------------|-------------|------------|
| Purchases of plant and equipment not yet paid for | 251,148,623 | 195,335,362 | 102,577,631 | 44,214,489 |
| Purchases of equipment under finance lease contracts | 13,310,508 | 92,088,379 | 4,239,143 | 33,164,160 |
| Asset under lease contracts - property and plant | 120,284,637 | - | 10,517,959 | - |
| Purchases of intangible assets not yet paid for | - | 5,000,000 | - | - |
| Other payables - related party according to assets transfer for repayment long-term promissory notes from a related party | - | - | 417,219,011 | - |

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

1 General information

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

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

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

The principal business operations of the Company and its subsidiaries ("the Group") are operating private hospitals, serviced apartments, office building rental and property development and rental.

The interim consolidated and separate financial information are presented in Thai Baht and rounded to the nearest thousand, unless otherwise stated.

The interim consolidated financial information were authorised for issue by the Board of Directors on 11 November 2020.

2 Significant events during the current period

The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 has adverse effects on the operating results for the nine-month period ended 30 September 2020 particularly on the hotel businesses. It resulted that the revenue from hotel businesses dropped by Baht 142.5 million equivalent to 43.20% comparing to prior year. The series of precautionary measures continued to be implemented across regions including certain level of restrictions and controls over travelling has resulted in a decrease in revenue of hospital businesses of existing hospitals Baht 319.6 million equivalent to 19.54% when comparing with prior year. Management expected that the precautionary measures will continue to affect the hospital operation throughout the year 2020. The Group is now paying close attention to the development of the COVID-19 situation and on operating strategy revision process in order to adapt the hotel and hospital business to this event effectively.

3 Basis of preparation

The interim consolidated and separated financial information has been prepared in accordance with Thai Accounting Standard (TAS) no. 34, Interim Financial Reporting, accounting guidance issued by the Federation of Accounting Professions (TFAC) and other financial reporting requirements issued under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019.

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

4 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019, except for the following:

- 1) the adoption of the new financial reporting as described in Note 5; and
- 2) the following application of the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) announced by TFAC for the reporting periods ending between 1 January 2020 and 31 December 2020.

Impairment of assets

The Group has chosen to exclude information related to COVID-19 as an indication of the impairment of assets.

For goodwill that the Group has to test for impairment annually, the Group has chosen not to include information related to COVID-19 that potentially affect financial projections to consider for the asset's impairment testing.

5 Adoption of new financial reporting standards and changes in accounting policies

Since 1 January 2020 the Group has adopted financial reporting standards relating to financial instruments (TAS 32, TFRS 7 and TFRS 9), but has not restated comparatives for the 2019 reporting period, and leases standard (TFRS 16) by applied simplified approach, as permitted in the standards. The reclassifications and adjustments arising from the new requirements are therefore recognised in the opening statement of financial position on 1 January 2020.

The following tables show the adjustments made to the amounts recognised in each line item in the statement of financial position upon adoption of the financial reporting standards relate to financial instruments (TAS 32 and TFRS 9) and leases standard (TFRS 16):

| | Consolidated financial information | | | |
|--|---|---|---|--|
| | As at 31 December 2019 Previously reported Baht | TAS 32 and TFRS 9 Reclassifications and adjustments Baht | TFRS 16 Reclassifications and adjustments Baht | As at 1 January 2020 Restated Baht |
| Assets | | | | |
| Current assets | | | | |
| Financial assets measured at fair value through profit or loss | - | 519,600,530 | - | 519,600,530 |
| Short-term fixed deposits* | - | 6,226,665 | - | 6,226,665 |
| Short-term investments | 525,827,195 | (525,827,195) | - | - |
| Trade and other receivables* | 233,450,311 | - | - | 233,450,311 |
| Total current assets | 1,312,801,650 | - | - | 1,312,801,650 |
| Non-current assets | | | | |
| Financial assets measured at fair value through profit or loss | - | 330,000 | - | 330,000 |
| Long-term investments | 330,000 | (330,000) | - | - |
| Property, plant and equipment | 9,896,169,674 | - | (282,534,609) | 9,613,635,065 |
| Right-of-use assets | - | - | 333,588,141 | 333,588,141 |
| Leasehold rights | 26,512,846 | - | (26,512,846) | - |
| Deferred tax assets | 23,278,149 | - | - | 23,278,149 |
| Total non-current assets | 13,307,243,766 | - | 24,540,686 | 13,331,784,452 |
| Total assets | 14,620,045,416 | - | 24,540,686 | 14,644,586,102 |

Principal Capital Public Company Limited
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For the interim period ended 30 September 2020

| | Consolidated financial information | | | |
|--------------------------------------|---|--|---|--|
| | As at 31 December 2019 Previously reported Baht | TAS 32 and TFRS 9 Reclassifications and adjustments Baht | TFRS 16 Reclassifications and adjustments Baht | As at 1 January 2020 Restated Baht |
| Liabilities and equity | | | | |
| Current liabilities | | | | |
| Current portion of lease liabilities | 64,811,684 | - | 7,011,426 | 71,823,110 |
| Total current liabilities | 1,918,411,137 | - | 7,011,426 | 1,925,422,563 |
| Non-current liabilities | | | | |
| Lease liabilities | 204,917,951 | - | 17,529,260 | 222,447,211 |
| Deposits received from customers* | 24,479,412 | - | - | 24,479,412 |
| Deferred tax liabilities | 333,879,767 | - | - | 333,879,767 |
| Other non-current liabilities* | 41,812,005 | - | - | 41,812,005 |
| Total non-current liabilities | 2,990,407,589 | - | 17,529,260 | 3,007,936,849 |
| Total liabilities | 4,908,818,726 | - | 24,540,686 | 4,933,359,412 |
| Equity | | | | |
| Retained earnings (deficits) | | | | |
| - Unappropriated | (626,349,548) | - | - | (626,349,548) |
| Other components of equity | 766,023,166 | - | - | 766,023,166 |
| Total equity | 9,711,226,690 | - | - | 9,711,226,690 |
| Total liabilities and equity | 14,620,045,416 | - | 24,540,686 | 14,644,586,102 |

* Financial assets and financial liabilities measured at amortised cost.

| | Separate financial information | | | |
|---|---|--|---|--|
| | As at 31 December 2019 Previously reported Baht | TAS 32 and TFRS 9 Reclassifications and adjustments Baht | TFRS 16 Reclassifications and adjustments Baht | As at 1 January 2020 Restated Baht |
| Assets | | | | |
| Current assets | | | | |
| Financial assets measured at fair value through profit or loss | - | 480,581,464 | - | 480,581,464 |
| Short-term fixed deposits* | - | 3,987,151 | - | 3,987,151 |
| Short-term investments | 484,568,615 | (484,568,615) | - | - |
| Trade and other receivables* | 48,066,031 | - | - | 48,066,031 |
| Total current assets | 2,004,921,739 | - | - | 2,004,921,739 |
| Non-current assets | | | | |
| Financial assets measured at fair value through profit or loss | - | 330,000 | - | 330,000 |
| Long-term investments | 330,000 | (330,000) | - | - |
| Property, plant and equipment | 3,033,818,641 | - | (117,443,856) | 2,916,374,785 |
| Right-of-use assets | - | - | 125,488,905 | 125,488,905 |
| Total non-current assets | 11,012,311,078 | - | 8,045,049 | 11,020,356,127 |
| Total assets | 13,017,232,817 | - | 8,045,049 | 13,025,277,866 |

Principal Capital Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2020

| | Separate financial information | | | |
|--------------------------------------|--|--|---|---|
| | As at 31 December 2019 Previously reported Baht | TAS 32 and TFRS 9 Reclassifications and adjustments Baht | TFRS 16 Reclassifications and adjustments Baht | As at 1 January 2020 Restated Baht |
| Liabilities and equity | | | | |
| Current liabilities | | | | |
| Current portion of lease liabilities | 27,249,664 | - | 3,491,374 | 30,741,038 |
| Total current liabilities | 2,663,972,732 | - | 3,491,374 | 2,667,464,106 |
| Non-current liabilities | | | | |
| Lease liabilities | 90,691,684 | - | 4,553,675 | 95,245,359 |
| Deferred tax liabilities | 164,789,591 | - | - | 164,789,591 |
| Other non-current liabilities* | 17,436,987 | - | - | 17,436,987 |
| Total non-current liabilities | 1,749,216,451 | - | 4,553,675 | 1,753,770,126 |
| Total liabilities | 4,413,189,183 | - | 8,045,049 | 4,421,234,232 |
| Equity | | | | |
| Retained earnings (deficits) | | | | |
| - Unappropriated | (66,010,368) | - | - | (66,010,368) |
| Total equity | 8,604,043,634 | - | - | 8,604,043,634 |
| Total liabilities and equity | 13,017,232,817 | - | 8,045,049 | 13,025,277,866 |

* Financial assets and financial liabilities measured at amortised cost.

The Group has adopted the new financial reporting standards relating to financial instruments from 1 January 2020 by applying the modified retrospective approach.

The adoption of the new financial reporting standards on financial instruments mainly affects the Group's accounting treatment as follows;

Classification and measurement of investments in equity instruments (previously called general investments)

All equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss, or ii) at fair value through other comprehensive income without subsequent recycling to profit or loss.

Currently, the Group has equity instruments measured at cost of Baht 330,000. These instruments will be reclassified and remeasured to fair value through profit or loss. However, there is no significant impact from remeasurement to the opening balance of retained earnings.

Impairment

The new requirements on the impairment losses will lead to expected credit losses having to be considered and recognised at the initial recognition and subsequent period. As of 1 January 2020, the Group assesses impairment losses of trade receivables by applied simplified approach. The application of the remeasurement not have significant impact to the opening balance of retained earnings.

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 4.03%.

Principal Capital Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2020

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of TFRS 16 are only applied after that date.

| | Consolidated financial information Baht | Separate financial information Baht |
|--|--|--|
| Operating lease commitments disclosed as at 31 December 2019 | 58,876,537 | 10,352,248 |
| (Less): discounted using the lessee's incremental borrowing rate of at the date of initial application | (4,006,942) | (395,637) |
| Add: finance lease liabilities recognised as at 31 December 2019 | 269,729,636 | 117,941,348 |
| (Less): short-term leases recognised on a straight-line basis as expense | (1,341,955) | - |
| (Less): low-value leases recognised on a straight-line basis as expense | (768,536) | - |
| (Less): contracts reassessed as service agreements / service portion included in leases | (28,218,419) | (1,911,562) |
| Lease liability recognised as at 1 January 2020 | 294,270,321 | 125,986,397 |
| Current lease liabilities | 71,823,110 | 30,741,038 |
| Non-current lease liabilities | 222,447,211 | 95,245,359 |
| | 294,270,321 | 125,986,397 |

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid and accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

| | Consolidated financial information | | Separate financial information | |
|----------------------------------|---|------------------------------------|---|------------------------------------|
| | 30 September 2020 Baht | 1 January 2020 Baht | 30 September 2020 Baht | 1 January 2020 Baht |
| Properties | 154,939,917 | 50,051,966 | 19,307,592 | 16,259,078 |
| Equipment | 238,587,306 | 269,190,426 | 95,396,318 | 104,104,741 |
| Motor vehicles | 14,516,631 | 14,345,749 | 6,500,416 | 5,125,086 |
| Total right-of-use assets | 408,043,854 | 333,588,141 | 121,204,326 | 125,488,905 |

Practical expedients applied

In applying TFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an Arrangement contains a Lease

Changes in accounting policies from adoption of the financial reporting standards related to financial instruments and leases

Financial assets

Classification and measurements

From 1 January 2020, the Group classifies its financial assets as follows:

- those to be measured subsequently at fair value either through profit or loss (FVPL) or through other comprehensive income (FVOCI)
- those to be measured at amortised cost.

The Group initially recognises a financial asset on trade date at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except financial assets that are measured at FVPL whose transaction costs are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows that represent solely payments of principal and interest (SPPI) are measured at amortised cost. Interest income is included in finance income using the effective interest method. Any gain or loss on derecognition is presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item.
- FVOCI: Assets that are held for collection of contractual cash flows that represent SPPI and for selling the financial assets are measured at FVOCI. Movements in the carrying amount are taken through OCI, except impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Interest revenue is included in finance income. Foreign exchange gains and losses are presented in other gains/(losses). Impairment losses are presented as separate line item. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss in other gains/(losses).
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on subsequent measurement is presented in other gains/(losses).

The Group reclassifies debt instruments only when its business model for managing those assets changes.

Equity instruments

All equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss, or ii) at fair value through other comprehensive income without subsequent recycling to profit or loss. The classification of equity instruments is considered on investment-by-investment basis. Dividends from such investment continue to be recognised in profit or loss as other income.

Impairment

From 1 January 2020, the Group assesses expected credit loss on a forward looking basis for its financial assets carried at FVOCI and at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk, except trade receivables, contract assets, and lease receivables which the Group applies the simplified approach in determining its expected credit loss.

For the reporting periods ending between 1 January 2020 and 31 December 2020, the Group has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC by excluding forward-looking information in assessing the expected credit loss under the simplified approach of trade receivables.

Lease agreements

The Group leases various lands, offices, equipment and cars. Rental contracts are typically made for fixed periods of 2 to 30 years but may have extension options.

Before 2020 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis including:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and include any lease payments made at or before the commencement date less any lease incentives received and restoration costs. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT-equipment, small items of office furniture, cars, billboards, medical equipments and room.

6 Estimates

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

The Group's management assess that the loans to subsidiaries and third party have low default risks. Management decide not to reserve provision for doubtful of these loans during this quarter. However, they will consider the new event and information which may affect to this estimate frequently. If the event might significant effect to this accounting estimate, management will reconsider for reassessment this estimate.

Principal Capital Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the interim period ended 30 September 2020

7 Segment reporting

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

| | Consolidated financial information | | | | | | | | | | | | |
|---|---|----------------|--|-----------------|--------------|--------------|----------------|------------------|------------------|-----------------|-----------------|------------------|-----------------|
| | For the three-month period ended 30 September | | | | | | | | | | | | |
| | Hospital business | | Property development and rental business | | | | Other business | | | | Eliminations | | Total |
| 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht |
| Revenues from sales and services | | | | | | | | | | | | | |
| External customers | 573.1 | 651.2 | 76.0 | 144.2 | - | - | 3.2 | - | - | - | - | 649.1 | 798.6 |
| Inter-segment | 30.9 | 29.1 | 14.5 | 14.6 | - | - | 0.6 | (45.4) | (44.3) | - | - | - | - |
| Total | 604.0 | 680.3 | 90.5 | 158.8 | - | - | 3.8 | (45.4) | (44.3) | - | - | 649.1 | 798.6 |
| Gross profit (loss) | 105.9 | 187.2 | 22.9 | 69.5 | - | - | (9.5) | (49.8) | (50.6) | - | - | 79.0 | 196.6 |
| Selling and administrative expenses | (206.0) | (194.7) | (45.1) | (59.4) | (0.1) | (0.1) | (3.4) | 38.3 | 36.8 | (212.9) | (220.7) | (212.9) | (220.7) |
| Profit (loss) before income tax expense | (129.8) | (33.2) | 25.1 | 239.2 | (0.1) | (0.1) | (13.7) | (25.8) | (15.8) | (130.6) | (176.5) | (130.6) | (176.5) |
| Income tax (expense) income | (8.7) | (6.3) | (2.0) | 3.0 | - | - | 0.1 | (0.1) | 1.0 | (10.8) | (2.2) | (10.8) | (2.2) |
| Profit (loss) for the period | (138.5) | (39.5) | 23.1 | 242.2 | (0.1) | (0.1) | (13.6) | (25.9) | (14.8) | (141.4) | (174.3) | (141.4) | (174.3) |
| Timing of revenue recognition | | | | | | | | | | | | | |
| At a point in time | 509.1 | 549.8 | 2.1 | 4.5 | - | - | 1.5 | (1.2) | (1.1) | 510.0 | 554.7 | 510.0 | 554.7 |
| Over time | 94.9 | 130.5 | 88.4 | 154.3 | - | - | 2.3 | (44.2) | (43.2) | 139.1 | 243.9 | 139.1 | 243.9 |
| Total revenue | 604.0 | 680.3 | 90.5 | 158.8 | - | - | 3.8 | (45.4) | (44.3) | 649.1 | 798.6 | 649.1 | 798.6 |
| As at 30 September | | | | | | | | | | | | | |
| Investment property, net | - | - | 1,150.6 | 1,589.7 | - | - | - | - | - | 1,150.6 | 1,589.7 | - | 1,589.7 |
| Property, plant and equipment, net | 7,169.8 | 6,017.8 | 3,587.3 | 3,693.4 | - | - | 0.1 | - | - | 10,757.1 | 9,711.3 | - | 9,711.3 |
| Goodwill | 1,824.0 | 1,657.2 | - | - | - | - | 4.5 | - | - | 1,824.0 | 1,661.7 | - | 1,661.7 |
| Total assets | 10,026.3 | 7,619.3 | 14,279.4 | 10,983.3 | 1.6 | 1.6 | 51.8 | (9,224.3) | (3,757.2) | 15,083.0 | 14,897.2 | (3,757.2) | 14,897.2 |

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| Consolidated financial information | | | | | | | | | | | | | | | | |
|--|-------------------|----------------|-----------------|-----------------|--|------------|--------------|------------------|------------------|-----------------|-----------------|--------------|--------------|---------|--------------|--------------|
| For the nine-month period ended 30 September | | | | | | | | | | | | | | | | |
| | Hospital business | | | | Property development and rental business | | | | Other business | | Eliminations | | Total | | | |
| | 2020 | | 2019 | | 2020 | | 2019 | | 2020 | | 2019 | | 2020 | | 2019 | |
| | Million Baht | Million | Million Baht | Million | Million Baht | Million | Million Baht | Million | Million Baht | Million Baht | Million | Million Baht | Million Baht | Million | Million Baht | Million Baht |
| Revenues from sales and services | | | | | | | | | | | | | | | | |
| External customers | 1,600.3 | 1,736.9 | 282.5 | 433.8 | - | - | 9.3 | - | - | - | - | - | - | 1,882.8 | 2,180.0 | |
| Inter-segment | 86.6 | 72.9 | 42.9 | 43.9 | - | - | 81.8 | (129.5) | (198.6) | | | | | - | - | |
| Total | 1,686.9 | 1,809.8 | 325.4 | 477.7 | - | - | 91.1 | (129.5) | (198.6) | 1,882.8 | 2,180.0 | | | | | |
| Gross profit (loss) | 251.5 | 438.7 | 100.9 | 212.8 | - | - | 50.3 | (142.1) | (173.9) | 210.3 | 527.9 | | | | | |
| Selling and administrative expenses | (579.1) | (556.3) | (135.3) | (173.4) | (0.2) | (0.2) | (30.5) | 103.3 | 96.3 | (611.3) | (663.9) | | | | | |
| Profit (loss) before income tax expense | (416.2) | (168.0) | 93.7 | 246.2 | (0.2) | (0.2) | 17.5 | (118.5) | (95.6) | (441.2) | 0.1 | | | | | |
| Income tax (expense) income | (9.7) | (17.7) | (4.8) | (5.2) | - | - | 0.3 | 9.3 | 15.9 | (5.2) | (6.7) | | | | | |
| Profit (loss) for the period | (425.9) | (185.7) | 88.9 | 241.0 | (0.2) | (0.2) | 17.8 | (109.3) | (79.7) | (446.5) | (6.6) | | | | | |
| Timing of revenue recognition | | | | | | | | | | | | | | | | |
| At a point in time | 1,407.7 | 1,479.8 | 7.5 | 14.1 | - | - | 3.6 | (3.7) | (2.2) | 1,411.5 | 1,495.3 | | | | | |
| Over time | 279.2 | 330.0 | 317.9 | 463.6 | - | - | 87.5 | (125.8) | (196.4) | 471.3 | 684.7 | | | | | |
| Total revenue | 1,686.9 | 1,809.8 | 325.4 | 477.7 | - | - | 91.1 | (129.5) | (198.6) | 1,882.8 | 2,180.0 | | | | | |
| As at 30 September | | | | | | | | | | | | | | | | |
| Investment property, net | - | - | 1,150.6 | 1,589.7 | - | - | - | - | - | 1,150.6 | 1,589.7 | | | | | |
| Property, plant and equipment, net | 7,169.8 | 6,017.8 | 3,587.3 | 3,693.4 | - | - | 0.1 | - | - | 10,757.1 | 9,711.3 | | | | | |
| Goodwill | 1,824.0 | 1,657.2 | - | - | - | - | 4.5 | - | - | 1,824.0 | 1,661.7 | | | | | |
| Total assets | 10,026.3 | 7,619.3 | 14,279.4 | 10,983.3 | 1.6 | 1.6 | 51.8 | (9,224.3) | (3,757.2) | 15,083.0 | 14,897.2 | | | | | |

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8 Fair value

The following table presents financial assets that are measured at fair value, excluding where its fair value is approximating the carrying amount.

| | Consolidated financial information | | | | | | | |
|--|------------------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| | Level 1 | | Level 2 | | Level 3 | | Total | |
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Assets | | | | | | | | |
| Financial assets measured at fair value through profit or loss | | | | | | | | |
| Debt investments (Note 9) | 109,036 | 519,600 | - | - | - | - | 109,036 | 519,600 |
| Equity Instruments (Note 9) | - | - | - | - | 330 | 330 | 330 | 330 |

| | Separate financial information | | | | | | | |
|--|--------------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| | Level 1 | | Level 2 | | Level 3 | | Total | |
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Assets | | | | | | | | |
| Financial assets measured at fair value through profit or loss | | | | | | | | |
| Debt investments (Note 9) | - | 480,581 | - | - | - | - | - | 480,581 |
| Equity Instruments (Note 9) | - | - | - | - | 330 | 330 | 330 | 330 |

9 Financial assets measured at fair value through profit or loss

Movements of investments in trading securities and investments in equity instruments for the nine-month period ended 30 September 2020 is as follows:

| | Consolidated financial information | | Separate financial information | |
|---|------------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| | Trading securities | Investments in equity instruments | Trading securities | Investments in equity instruments |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Opening net book amount (After reclassification according to changes in accounting policies from adoption of the financial reporting standards (Note 5)) | | 519,601 | 330 | 480,581 |
| Additions | | 363,000 | - | 170,000 |
| Disposals | | (774,543) | - | (651,371) |
| Realised gains on disposals | | 950 | - | 790 |
| Change in fair value | | 28 | - | - |
| Closing net book amount | | 109,036 | 330 | - |

10 Trade and other receivables, net

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

| | Consolidated financial information | | Separate financial information | |
|---|------------------------------------|------------------|--------------------------------|------------------|
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Not overdue (due within 1 month) | 107,345 | 111,555 | 7,334 | 20,603 |
| Overdue | | | | |
| Up to 3 months | 40,656 | 51,712 | 16,074 | 12,801 |
| 3 - 6 months | 7,128 | 22,715 | 3,466 | 1,343 |
| 6 - 12 months | 5,918 | 7,125 | 2,704 | 1,623 |
| Over 12 months | 11,912 | 7,327 | 3,552 | 1,157 |
| | 172,959 | 200,434 | 33,130 | 37,527 |
| <u>Less</u> Allowance for doubtful accounts | (10,245) | (7,432) | (3,387) | (1,264) |
| | 162,714 | 193,002 | 29,743 | 36,263 |

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

| | Consolidated financial information | | Separate financial information | |
|----------------------------------|------------------------------------|------------------|--------------------------------|------------------|
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Not overdue (due within 1 month) | 352 | 321 | 5,634 | 4,627 |

11 Investments in subsidiaries

11.1 Investment details

As at 30 September 2020, the change of investments in subsidiaries that have been significantly changed from 31 December 2019 are as follows:

| Entity name | Country of incorporation | Nature of business | % of ownership interest | | Separate financial information | | |
|---|--------------------------|----------------------|-------------------------|------------------|--------------------------------|------------------|------|
| | | | 30 September 2020 | 31 December 2019 | Investment at cost method | | |
| | | | % | % | 30 September 2020 | 31 December 2019 | |
| | | | | | | Baht | Baht |
| Subsidiaries | | | | | | | |
| Direct holding | | | | | | | |
| Principal NKG Co., Ltd. | Thailand | Medical Services | 51.00 | - | 5,099,800 | - | - |
| Indirect holding: Subsidiaries under V Brilliant Group Holding Co., Ltd. | | | | | | | |
| Udon Business District Co., Ltd | Thailand | Property development | - | 99.99 | - | - | - |
| V33 Co., Ltd. | Thailand | Property development | - | 99.99 | - | - | - |
| VMEA Co., Ltd. | Thailand | Property rental | 99.99 | - | - | - | - |
| Indirect holding: Subsidiaries under Principal Healthcare Co., Ltd. | | | | | | | |
| Principal Healthcare - Chumphon Co., Ltd. | Thailand | Hospital | 90.00 | 99.99 | - | - | - |
| Principal Healthcare - Lamphun Co., Ltd. | Thailand | Hospital | 86.67 | 80.00 | - | - | - |
| Principal Healthcare - Sisaket Co., Ltd. | Thailand | Hospital | 60.00 | 60.00 | - | - | - |
| Principal Healthcare - Ubonratchathani Co., Ltd. | Thailand | Hospital | 99.99 | - | - | - | - |

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| Entity name | Country of incorporation | Nature of business | % of ownership interest | | Separate financial information Investment at cost method | |
|---|--------------------------|--------------------|-------------------------|------------------|---|------------------|
| | | | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| | | | % | % | Baht | Baht |
| Indirect holding: A subsidiary under Paknampo Hospital Co., Ltd. P.N.P Hospital Co., Ltd. | Thailand | Hospital | - | 91.43 | - | - |

11.2 Movements of investments

Movements of investment in subsidiaries for the nine-month period ended 30 September 2020 and for the year ended 31 December 2019 are as follows:

| | Separate financial information | |
|------------------------|--------------------------------|------------------|
| | 30 September 2020 | 31 December 2019 |
| | Thousand Baht | Thousand Baht |
| Opening net book value | 7,963,254 | 8,013,254 |
| Increase in investment | 5,099 | - |
| Disposal in investment | - | (50,000) |
| Closing net book value | 7,968,353 | 7,963,254 |

At the Board of Directors' meeting held on 17 December 2019, the Board of Directors have passed a resolution to approve establishment of Principal NKG Co., Ltd. with authorised share capital of Baht 10,000,000 which consisted of 100,000 ordinary shares at a par value of Baht 100 each. The Company acquired 51.00% ownership interest. The Company's subsidiary registered the establishment with the Ministry of Commerce on 18 March 2020.

At the Extraordinary General meeting of V33 Co., Ltd. held on 30 January 2020, the shareholders have passed a resolution to approve decrease in the Company's authorised share capital from 37,500,000 ordinary shares at par Baht 10 each to be 28,125,000 shares at par Baht 10 each in proportion to the number of shares held by each of them. The Company's subsidiary registered the decreased share capital with the Ministry of Commerce on 2 March 2020.

At the Extraordinary General meeting of Principal Healthcare - Chumphon Co., Ltd. held on 17 February 2020, the shareholders have passed a resolution to approve increase the Company's authorised share capital from 100,000 ordinary shares of par Baht 10 each to be 27,000,000 ordinary shares of par Baht 10 each to the existing shareholders in proportion to the number of shares held by each of them. The Company's subsidiary registered the increased share capital with the Ministry of Commerce on 28 February 2020.

At the General meeting of P.N.P hospital Co., Ltd. held on 10 April 2020, the shareholders registered for the dissolution with the Ministry of Commerce on 28 April 2020. The subsidiary has already done the liquidation process.

At the General meeting of V33 Co., Ltd. held on 22 April 2020, the shareholders have passed a resolution to approve decrease in the Company's authorised share capital from 28,125,000 ordinary shares at par Baht 10 each to be 28,125,000 shares at par Baht 7.5 each in proportion to the number of shares held by each of them. The Company's subsidiary registered the decreased share capital with the Ministry of Commerce on 8 June 2020.

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At the Board of Directors' meeting of Principal Healthcare Co., Ltd. held on 8 June 2020, the Board of Directors have passed a resolution to approved establishment of Principal Healthcare - Ubon ratchathani Co., Ltd. with authorised share capital of Baht 300,000,000 which consisted of 30,000,000 ordinary shares of a par value of Baht 10 each. Principal Healthcare Co., Ltd. held in the properties of 99.99 of this subsidiary. The Company's subsidiary registered the establishment with the Ministry of Commerce on 3 July 2020.

At the Extraordinary General meeting of Principal Healthcare - Lamphun Co., Ltd. held on 16 June 2020, the shareholders have passed a resolution to approve increase the Company's authorised share capital from 20,000,000 ordinary shares of par Baht 10 each to be 30,000,000 ordinary shares of par Baht 10 each in proportion to the number of shares held by each of them. According to the minority shareholder refused to exercise the right to purchase new shares issued and consequently the major shareholder exercise the right to purchase all new shares issued. As a result, the proportion number of shares held by major shareholders increased from 80.00% to 86.67%. The Company's subsidiary registered the increased share capital with the Ministry of Commerce on 23 June 2020.

At the Board of Directors' meeting of Principal Healthcare - Sisaket Co., Ltd. on 24 June 2020, the Board of Directors have passed a resolution for calling the remaining shares subscription of issued shares from shareholders for 25,000,000 shares. The paid up of issued shares Baht 6 per share would be Baht 10 per share as its par value. The subsidiary received all called share subscriptions and registered the establishment with the Ministry of Commerce on 3 August 2020.

At the Annual General meeting of shareholders on 10 August 2020, the shareholders have passed a resolution to approve the disposition of investment in V33 Co., Ltd. and Udon Business District Co., Ltd. to a related party. The consideration price exceeded the fair value of both subsidiaries determined under the share sale and purchase agreement dated 8 September 2016. As a result, the Group recognised gain on disposal of the investment in the consolidated statement of comprehensive income of Baht 17.1 million.

At the Board of Directors' meeting of V Brilliant Group Holding Co., Ltd. held on 10 August 2020, the Board of Directors have passed a resolution to approve establishment of VMEA Co., Ltd. with authorised share capital of Baht 1,000,000 which consisted of 100,000 ordinary shares at a par value of Baht 10 each. The Company acquired 99.99% ownership interest. The subsidiary registered the establishment with the Ministry of Commerce on 20 August 2020.

12 Investment property, net

The movements of investment property during the nine-month period ended 30 September 2020 are as follows:

| | Consolidated financial information Thousand Baht | Separate financial information Thousand Baht |
|---------------------------|---|---|
| Opening net book amount | 1,576,376 | - |
| Additions | 1,326 | - |
| Disposal | (111,594) | - |
| Disposals of subsidiaries | (278,538) | - |
| Depreciation | (36,945) | - |
| Closing net book amount | 1,150,625 | - |

As at 30 September 2020, the Group's lands and buildings of net book value of Baht 1,029.8 million (31 December 2019: Baht 1,064.5 million) has been pledged as securities for borrowing facilities from a financial institution (Note 17).

The Group disposed lands to a related party for repayment long-term promissory notes from a related party. The consideration price was determined under the share sale and purchase agreement dated 8 September 2016. The gain from disposed lands amount of Baht 7.8 million recognised in the consolidated statement of comprehensive income.

13 Property, plant and equipment, net

The movements of property, plant and equipment during the nine-month period ended 30 September 2020 are as follows:

| | Consolidated financial information Thousand Baht | Separate financial information Thousand Baht |
|---|---|---|
| Opening net book amount | 9,896,170 | 3,033,819 |
| Adjustment from adoption of TFRS 16 on 1 January 2020 (Note 5) | (282,535) | (117,444) |
| Entire business transfer | | |
| - property, plant and equipment (Note 18) | 735,453 | - |
| Additions | 716,007 | 286,688 |
| Disposals of subsidiaries | (2,174) | - |
| Disposals and write-offs | (729) | (1,108) |
| Depreciation | (305,140) | (80,777) |
| Closing net book amount | 10,757,052 | 3,121,178 |

As at 30 September 2020, the Company's land and buildings of net book value of Baht 2,958.7 million (31 December 2019: Baht 2,764.5 million) has been pledged as securities for borrowing facilities from a financial institution (Note 17).

As at 30 September 2020, the Group's land and buildings of net book value of Baht 7,625.8 million (31 December 2019: Baht 7,485.3 million) has been pledged as securities for borrowing facilities from financial institutions (Note 17).

During the nine-month period ended 30 September 2020, borrowing costs totalling Baht 1.3 million (31 December 2019: Baht 14.8 million), arising from financing specifically entered into for the construction of plant and equipment installation of Baht 0.5 million (31 December 2019: Baht 10.1 million) and financing generally of Baht 0.8 million (31 December 2019: Baht 4.7 million), were capitalised during the year and are included in additions. A capitalisation rate of 3.18% (31 December 2019: 3.67%) was used representing actual borrowing costs of the loan used to finance construction of plant and equipment installation.

14 Intangible assets, net

The movements of intangible assets during the nine-month period ended 30 September 2020 are as follows:

| | Consolidated financial information Thousand Baht | Separate financial information Thousand Baht |
|-------------------------------|---|---|
| Opening net book amount | 93,977 | 4,631 |
| Entire business transfer | | |
| - intangible assets (Note 18) | 131,500 | - |
| Additions | 41,611 | 447 |
| Amortisation | (34,929) | (1,318) |
| Closing net book amount | 232,159 | 3,760 |

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15 Right-of-use assets, net

The movements of right-of-use assets during the nine-month period ended 30 September 2020 are as follows:

| | Consolidated financial information Thousand Baht | Separate financial information Thousand Baht |
|---|---|---|
| Opening net book amount | - | - |
| Adjustment from adoption of TFRS 16 on 1 January 2020 (Note 5) | 333,588 | 125,489 |
| Entire business transfer | | |
| - right-of-use land (Note 18) | 76,519 | - |
| Additions | 40,889 | 16,441 |
| Lease termination | - | (5,412) |
| Depreciation | (42,952) | (15,314) |
| Closing net book amount | 408,044 | 121,204 |

16 Trade and other payables

| | Consolidated financial information | | Separate financial information | |
|---|--|---|--|---|
| | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht |
| Trade accounts payable - third parties | 109,704 | 148,770 | 8,061 | 30,957 |
| Trade accounts payable - related parties (Note 19) | 1,601 | 1,717 | 1,791 | 3,299 |
| Other payables | 329,335 | 149,011 | 129,067 | 17,441 |
| Other payables - a related party | - | - | 417,219 | - |
| Hospital acquisition payables | 155,470 | - | - | - |
| Accrued expenses | 129,700 | 173,046 | 21,122 | 26,332 |
| Accrued management expenses | 857 | 13,441 | 857 | 13,441 |
| | 726,667 | 485,985 | 578,117 | 91,470 |

The Group transferred the assets of subsidiaries to a related party for repayment of long-term promissory notes of the Company. Thus, the Company obliged a liability for its subsidiary amount Baht 417.2 million (Note 19).

17 Borrowings

| | Consolidated financial information | | Separate financial information | |
|---|--|---|--|---|
| | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht |
| Current | | | | |
| Short-term borrowings | | | | |
| - Bank borrowings | - | 50,000 | - | - |
| - Accrued interest | - | 11 | - | - |
| Current portion of long-term borrowings | | | | |
| - Bank borrowings | 241,158 | 259,820 | 153,847 | 95,309 |
| - Accrued interest | 271 | 505 | 178 | 302 |
| - Lease liabilities | 64,881 | 64,812 | 33,828 | 27,250 |
| Short-term borrowings from related parties (Note 19) | | | | |
| - Borrowings from related parties | 315,000 | 317,000 | 2,015,596 | 1,852,752 |
| - Accrued interest | 38,105 | 31,416 | 65,803 | 33,359 |
| Current portion of long-term promissory notes (Note 19) | | | | |
| - Long-term promissory notes from a related party | 120,442 | 510,510 | 120,442 | 510,510 |
| - Accrued interest | - | 28,828 | - | 28,828 |
| Total current borrowings | 779,857 | 1,262,902 | 2,389,694 | 2,548,310 |
| Non-current | | | | |
| Long-term borrowings | | | | |
| - Bank borrowings | 3,149,848 | 2,267,471 | 2,221,732 | 1,457,763 |
| - Lease liabilities | 213,699 | 204,918 | 82,977 | 90,692 |
| Total non-current borrowings | 3,363,547 | 2,472,389 | 2,304,709 | 1,548,455 |
| Total borrowings | 4,143,404 | 3,735,291 | 4,694,403 | 4,096,765 |

The borrowings of the Group and the Company include secured liabilities in a total amount of Baht 3,391.3 million and Baht 2,375.8 million respectively (31 December 2019: Baht 2,577.2 million and Baht 1,553.4 million respectively). Borrowings from financial institutions are secured by land and buildings of the Group (Notes 12 and 13).

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The movements of borrowings during the nine-month period ended 30 September 2020 (excluding lease liabilities) are analysed as follows:

| | Consolidated financial information Thousand Baht | Separate financial information Thousand Baht |
|--|---|---|
| Opening balance | 3,465,561 | 3,978,823 |
| Additions | | |
| - Principle | 1,431,074 | 1,123,073 |
| - Interest | 88,400 | 86,081 |
| Repayments | | |
| - Principle | (1,006,027) | (527,262) |
| - Interest | (111,521) | (83,646) |
| Financing fee for principal drawdown during period | (3,750) | - |
| Amortisation of financing fee | 1,087 | 529 |
| Closing balance | 3,864,824 | 4,577,598 |

In second quarter of the year 2020, the Group passed the memorandum of loan agreement with a financial institution which amount is Baht 2,330.0 million to extend the principal repayment term amounting to Baht 51.7 million for six-month period during June to November 2020.

18 Entire business transfer

On 2 March 2020, a subsidiary acquired Virajsilp Hospital, a private hospital operating in Chumphon. 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 provisional amounts of assets acquired and liabilities assumed at the date of acquisition.

| | Thousand Baht |
|---|-------------------------------------|
| Net purchase consideration | 512,200 |
| | Fair value Thousand Baht |
| Inventories | 7,788 |
| Property, plant and equipment | 238,994 |
| Right-of-use land | 76,519 |
| Intangible assets | 131,500 |
| Trade and other payables | (10,177) |
| Employee benefit obligations | (12,890) |
| Deferred tax liabilities | (47,984) |
| Net identifiable assets acquired (100%) | 383,750 |
| <u>Less</u> Non-controlling interests (10%) | <u>(38,375)</u> |
| Net identifiable assets acquired | 345,375 |
| <u>Add</u> Goodwill presented in consolidated financial information | <u>166,825</u> |
| | 512,200 |

The Group completed the measurement the fair value of identifiable assets acquired and liabilities assumed of Virajsilp Hospital Co., Ltd. during the third quarter of 2020. There was no change in fair value measurement of identifiable assets acquired and liabilities assumed which reported in the interim financial information for the second quarter of 2020.

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On 1 September 2020, a subsidiary acquired Sunpasit Inter Hospital, a private hospital operating in Ubon Ratchathani. The purpose of the acquisition was to create a hub-and-spoke model for the Group's hospital and enhance the profitability of the Group in the future.

The estimate amounts of asset below are provisional amounts of assets acquired and liabilities assumed at the date of acquisition.

| | Thousand Baht |
|--|----------------------|
| Net purchase consideration | 189,300 |
| Present value of hospital acquisition payables | 290,672 |
| | <u>479,972</u> |
| | Fair value |
| | Thousand Baht |
| Inventories | 1,331 |
| Property, plant and equipment | 496,459 |
| Deferred tax assets | 96 |
| Trade and other payables | (86) |
| Employee benefit obligations | (478) |
| Deferred tax liabilities | (17,350) |
| | <u>479,972</u> |
| Net identifiable assets acquired | 479,972 |

Net identifiable assets acquired from entire business transfer are provisional amounts at the date of acquisition. As at 30 September 2020, the initial accounting for the business combination was still incomplete. The adjustments to the provisional fair values of assets, liabilities acquired in a business combination will be made once the measurement has been done.

A subsidiary of the Group entered to a business transfer agreement with Ruamphaet Sapphasit Co., Ltd. and its shareholders on 9 July 2020. There was a mention to sell the subsidiary's shares to a former shareholder of Ruamphaet Sapphasit Co., Ltd. within 6 months after the business transfer date not exceeding 20.00% of total shares held by the Group at par value. However, the term and conditions of the share sale and purchase agreement is on negotiation process and still incomplete.

19 Related party transactions

The Company's shares are held by the Viddayakorn Family in the proportions of 81.23%. The remaining 18.77% of the shares are widely held.

Related transaction pricing policy as follow;

| Related transaction | Pricing policy |
|---|--|
| Revenue from service, rental and its related service fees | Arm's Length Price |
| Interest income/expense | The Company's finance cost plus margin |

The following material transactions were carried out with related parties:

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

| | For the three-month period ended 30 September | | | |
|--|---|--------------------------|-----------------------------------|--------------------------|
| | Consolidated financial information | | Separate financial information | |
| | 2020 Thousand Baht | 2019 Thousand Baht | 2020 Thousand Baht | 2019 Thousand Baht |
| Revenue from services | | | | |
| Subsidiaries | - | - | 13,432 | 12,729 |
| Related parties | 829 | 1,860 | 829 | 621 |
| | 829 | 1,860 | 14,261 | 13,350 |
| Revenue from rental | | | | |
| Related parties | 270 | 1,795 | - | - |
| Interest income | | | | |
| Subsidiaries | - | - | 20,857 | 5,110 |
| Rental and its related service fees | | | | |
| Subsidiaries | - | - | 124 | 1,199 |
| Service fees | | | | |
| Subsidiaries | - | - | 2,333 | 2,569 |
| Related parties | 3,861 | 1,392 | 1,795 | 1,094 |
| | 3,861 | 1,392 | 4,128 | 3,663 |
| Interest expenses | | | | |
| Subsidiaries | - | - | 12,695 | 3,708 |
| Related parties | 5,626 | 8,820 | 2,251 | 2,252 |
| | 5,626 | 8,820 | 14,946 | 5,960 |

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| | For the nine-month period ended 30 September | | | |
|--|--|--------------------------|-----------------------------------|--------------------------|
| | Consolidated financial information | | Separate financial information | |
| | 2020 Thousand Baht | 2019 Thousand Baht | 2020 Thousand Baht | 2019 Thousand Baht |
| Revenue from services | | | | |
| Subsidiaries | - | - | 39,067 | 38,187 |
| Related parties | 2,479 | 3,193 | 2,479 | 1,851 |
| | 2,479 | 3,193 | 41,546 | 40,038 |
| Revenue from rental | | | | |
| Related parties | 1,007 | 5,389 | - | - |
| Interest income | | | | |
| Subsidiaries | - | - | 53,763 | 13,535 |
| Rental and its related service fees | | | | |
| Subsidiaries | - | - | 385 | 3,493 |
| Service fees | | | | |
| Subsidiaries | - | - | 6,257 | 7,453 |
| Related parties | 11,731 | 1,591 | 5,938 | 1,094 |
| | 11,731 | 1,591 | 12,195 | 8,547 |
| Interest expenses | | | | |
| Subsidiaries | - | - | 36,553 | 9,969 |
| Related parties | 16,776 | 25,792 | 6,706 | 6,682 |
| | 16,776 | 25,792 | 43,259 | 16,651 |

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

| | Consolidated financial information | | Separate financial information | |
|-------------------------|--|---|--|---|
| | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht |
| | Accounts receivable | | | |
| Subsidiaries | - | - | 5,282 | 4,306 |
| Related parties | 3,388 | 4,235 | 352 | 321 |
| | 3,388 | 4,235 | 5,634 | 4,627 |
| Deposits | | | | |
| A subsidiary | - | - | 1,006 | 1,006 |
| Accounts payable | | | | |
| Subsidiaries | - | - | 1,145 | 2,492 |
| Related parties | 1,601 | 1,717 | 646 | 807 |
| | 1,601 | 1,717 | 1,791 | 3,299 |
| Accrued expenses | | | | |
| Subsidiaries | - | - | 200 | 33 |
| Related parties | - | 184 | - | - |
| | - | 184 | 200 | 33 |

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c) Short-term loans to a subsidiary

The movements of short-term loans to a subsidiary during the nine-month period ended 30 September 2020 and during the year ended 31 December 2019 are analysed as follows:

| | Separate financial information | |
|--|--|---|
| | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht |
| Opening balance | 1,355,989 | 520,836 |
| Loans advanced during the period | | |
| - principle | 906,800 | 1,253,700 |
| - interest | 20,498 | 22,919 |
| Loans repayment received | | |
| - principle | (267,000) | (402,500) |
| Reclassified as short-term loan to third party | - | (38,966) |
| Reclassified as long-term loan to a subsidiary | (2,016,287) | - |
| Closing balance | - | 1,355,989 |
| Short-term loans | - | 1,330,700 |
| Accrued interest | - | 25,289 |

Short-term loans to a subsidiary were made on commercial terms and conditions. The loans have bear an interest rate of 12-month fixed deposits rate plus 1.00% per annum and an interest rate of source of borrowings plus 1.00% per annum and are due within 6 months from the borrowing date. No provision has been required in interim period and year ended 2019 for the short-term loans.

The movements of long-term loans to a subsidiary during the nine-month period ended 30 September 2020 and during the year ended 31 December 2019 are analysed as follows:

| | Separate financial information | |
|--|--|---|
| | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht |
| Opening balance | - | - |
| Reclassified from short-term loans to a subsidiary | 2,016,287 | - |
| Loan advanced during the period | | |
| - principle | 524,000 | - |
| - interest | 33,052 | - |
| Loans repayment received | | |
| - interest | (10,000) | - |
| Closing balance | 2,563,339 | - |
| Long-term loans | 2,494,500 | - |
| Accrued interest | 68,839 | - |

On 1 June 2020 and 1 September 2020, the Company surrendered the original promissory notes due within 6 months for replacement with the promissory notes due within 3 years, Baht 996.0 million and Baht 1,020.3 million of short-term loans to a subsidiary in form of promissory notes has been reclassified to long-term loans to a subsidiary.

Long-term loans to a subsidiary were made on commercial terms and conditions. The loans have bear an interest rate of MLR deduct 2.10% per annum, an interest rate of 12-month fixed deposits plus 1.50% per annum and an interest rate of source of borrowings plus 1.00% per annum which are due within 3 years from the borrowing date. No provision has been required in interim period and year ended 2019 for the long-term loans.

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d) Short-term borrowings from related parties

The movements of short-term borrowings from related parties during the nine-month period ended 30 September 2020 and during the year ended 31 December 2019 are analysed as follows:

| | Consolidated financial information | | Separate financial information | |
|--|--|---|--|---|
| | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht |
| Opening balance | 348,416 | 461,891 | 1,886,111 | 614,851 |
| Borrowings received during the period | | | | |
| - principle | - | 200,000 | 255,845 | 1,597,479 |
| - interest | 10,070 | 22,838 | 36,553 | 21,112 |
| Borrowings repaid during the period | | | | |
| - principle | (2,000) | (324,500) | (93,000) | (347,228) |
| - interest | (3,381) | (11,813) | (4,110) | (103) |
| Closing balance | 353,105 | 348,416 | 2,081,399 | 1,886,111 |
| Short-term borrowings | | | | |
| - Subsidiaries | - | - | 2,015,596 | 1,852,752 |
| - Related party | 315,000 | 317,000 | - | - |
| Accrued interest | | | | |
| - Subsidiaries | - | - | 65,803 | 33,359 |
| - Related party | 38,105 | 31,416 | - | - |

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) Current portion of promissory notes from a related party

The movements of current portion of promissory notes from a related party during the nine-month period ended 30 September 2020 are analysed as follows:

| | Consolidated and separate financial information Thousand Baht |
|----------------------|---|
| Opening balance | 539,338 |
| Additions - interest | 6,706 |
| Repayments | |
| - principle | (390,068) |
| - interest | (35,534) |
| Closing balance | 120,442 |

Consolidated
and separate
financial information
Thousand
Baht

| | |
|---|---------|
| Current portion of long-term promissory notes as at 30 September 2020 | 120,442 |
| Accrued interest as at 30 September 2020 | - |

Current portion of 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.

The assets transfer for repayment of promissory notes and accrued interest was in accordance with the share sale and purchase agreement dated 8 September 2016. The Group would sell its subsidiaries and investment properties back to a related person at agreed transaction price mentioned in the agreement amounting to Baht 417.2 million (Notes 11 and 12).

f) Key management compensation of the Group

Key management compensation is as follows:

| | For the three-month period ended 30 September | | | |
|---------------------|---|------------------|-----------------------------------|------------------|
| | Consolidated financial information | | Separate financial information | |
| | 2020 | 2019 | 2020 | 2019 |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Short-term benefits | 17,950 | 21,155 | 9,439 | 7,808 |
| Retirement benefits | 1,873 | 1,951 | 932 | 700 |
| | 19,823 | 23,106 | 10,371 | 8,508 |
| | For the nine-month period ended 30 September | | | |
| | Consolidated financial information | | Separate financial information | |
| | 2020 | 2019 | 2020 | 2019 |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Short-term benefits | 46,182 | 69,327 | 20,251 | 26,719 |
| Retirement benefits | 4,889 | 5,852 | 2,302 | 2,100 |
| | 51,071 | 75,179 | 22,553 | 28,819 |

20 Letter of guarantees

As at 30 September 2020, the Company had letters of guarantee issued by financial institutions of Baht 18.5 million (31 December 2019: Baht 16.4 million) in respect of certain performance bonds in relation for medical services, obligation of property development business and guaranteeing electricity usages with Metropolitan Electricity Authority as required in the normal course of business.

As at 30 September 2020, the Group had letters of guarantee issued by financial institutions of Baht 28.7 million (31 December 2019: Baht 28.8 million) in respect of certain performance bonds in relation for medical services, obligation of property development business, guaranteeing electricity usages with Metropolitan Electricity Authority and Provincial Electricity Authority and guaranteeing gasoline filling as required in the normal course of business.

21 Commitments

21.1 Capital commitments

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

| | Consolidated financial information | | Separate financial information | |
|---------------------|--|---|--|---|
| | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht |
| Plant and equipment | 356,781 | 21,909 | 19,355 | 12,166 |

21.2 Operating lease and service agreement commitments

The Group has entered into low-value assets leases agreement and short-term leases agreement with lease term less than 1 year (2019: operating leases) which are non-cancellable lease agreements in respect to leases of equipment and its related service agreements. The terms are between 1 to 4 years. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | Consolidated financial information | | Separate financial information | |
|---|--|---|--|---|
| | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht | 30 September 2020 Thousand Baht | 31 December 2019 Thousand Baht |
| Not later than 1 year | 17,121 | 33,637 | 1,361 | 5,714 |
| Later than 1 year but not later than 5 years | 5,411 | 16,895 | 129 | 4,638 |
| Later than 5 years | - | 8,344 | - | - |
| | 22,532 | 58,876 | 1,490 | 10,352 |

21.3 Long-term service commitments

As at 30 September 2020, the Group and the Company have a contractual commitment with a few well-known international standard hotel chains to manage the Group's serviced apartments.

There are no significant changes in the contractual commitment from the disclosed information on 31 December 2019 financial statements.

22 Events occurring after the reporting date

At the Board of Directors' meeting of VMEA Co., Ltd. held on 3 September 2020, the Board of Directors have passed a resolution to approve increase its authorised share capital from 100,000 ordinary shares of par Baht 10 each to be 200,000,000 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 28 October 2020 which will be reserved for Partial Business Transfer transaction (PBT) in 2020.

At the Extraordinary General meeting of Pitsanuvej Pattana Co., Ltd. on 27 October 2020, the shareholders have passed a resolution to approve for the dissolution with the Ministry of Commerce on 5 November 2020. Currently, the subsidiary is in the process of liquidation.