

รายงานประจำปี 2558

2015

ANNUAL REPORT



บริษัท พรีเมียม แคปิตอล จำกัด (มหาชน)
PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED



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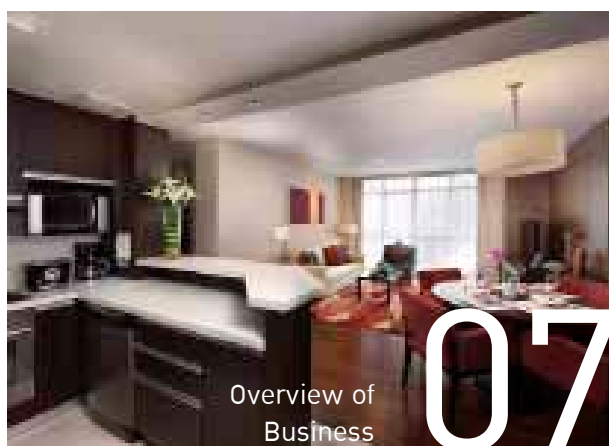
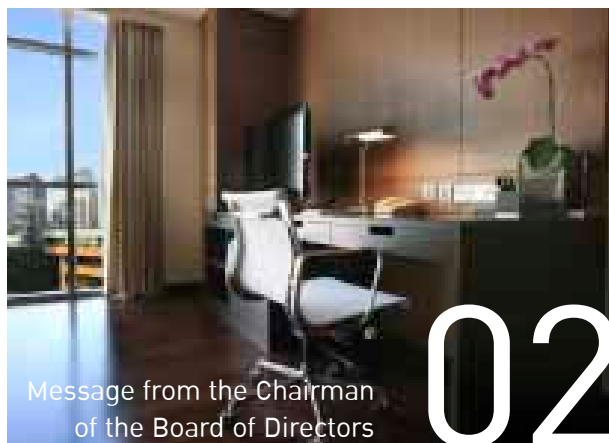
Principal Capital Public Company Limited has a strong determination to expand its business to both real estate development, property rental business and information technology services. Constantly, the Company still keep an eye on investing in potential businesses in and out the stock market, aiming to grow its business domestically and internationally.

mission

The PRINC management team aims to building the utmost benefits for all shareholders by constantly developing company's current real estate projects to the market. In the meantime, it considers various new potential investment projects with the ultimate goal to bring satisfactory revenue from each project back to the Company.

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Message from the Chairman of the Board of Directors



Dr. Pongsak Viddayakorn
Chairman of the Board of Directors

Dear Shareholders

Principal Capital Public Company Limited has passed through the year of challenge in 2015, due to various supporting factors such as rapid recovery of tourism market, which was another key business sector that supported Thai economy during the previous year, resulting to a growth rate of Gross Domestic Product (GDP) in 2015 at 2.8%. In addition, as the Company has subsidiaries operating in different businesses, leading to risk diversification and pushing forward the Company toward continuous revenue growth rate. The Company's revenue in past year was at 424.7 million Baht, with a growth rate of 16.6%. Net profit was at 17.53 million Baht, which showed a growth of net profit at 35.3%, and net profit margin was at 4.1% compared with 3.6% in 2014.

In 2015, the Board of Directors has in depth focused on corporate governance, aiming at awareness and involvement of employees, as well as working in consistent with corporate governance policy that can be fully practical, providing the Company with tolerance to economic condition and being able to better cope with all changes.

For the trend in 2016, tourism sector is still a positive factor supporting the Company's businesses. European market in which a group of tourists having high spending rate begins to recover economically as well as travel cost remains low due to oil price level at lower rate than previous year. Also, cost of tourism in Thailand is considered low according to the depreciation of Thai baht. However, there are also factors that need attention, such as China economic that has begun to slow down and has low stability, may results that Chinese tourists who are the highest group of tourists travelling in Thailand decide to delay the travelling. The domestic demand is also likely to grow at less accelerated rate according to agricultural and export sector's problems which may impact household consumption. Also, the economic driven still depends on efficiency of governmental sector in issuing the economic stimulus package and the implementation of the investment program according to the government plan.

Therefore, in 2016, the Board of Directors shall consider channels to expand the business with caution to ensure that the Company shall expand to only the businesses that our executives have clearly knowledge and understanding in as well as being suitable to the current economic condition, having well tolerance to changing external factors and still focusing on managing the Company in transparent manner, adhering to the principles of good governance and sustainable development.

The Board of Directors would like to extend our sincere thanks and appreciation to all shareholders, customers, financial institutions as well as business partners for their confidence in the Company's growth direction and providing continued support as well as the Board of Directors remain confident in the executive's experience and dedication of all employees to lead the Company toward continued and sustainable growth.

Message from the Chairman of the Executive Committee



Dr. Satit Viddayakorn
Chairman of the Executive
Committee

Dear Shareholders

The year 2015 for Principal Capital Public Company Limited can be considered as a year for establishing a solid foundation, to be prepared for business expansion. It was also a year that the Company benefited from a positive impact from tourism industry that has been growing very well, despite the unfavorable overall economic situation. The accommodation service business, Marriott Executive Apartments Sathorn Vista - Bangkok, has continued to contribute the majority of revenue of the Company. Its revenue for the year 2015 was Baht 214.2 million, increasing by 11.9 percent from the previous year, as a result of our ability to maintain high service standards. The awards won continuously every year confirm our words. Also, the better performance has been driven by an increasing number of foreign tourists and expatriates working in Thailand. For the office management service, the revenue growth was only at 2.2 percent due to the competition with new buildings entering the business. However, the rental rate was still at a satisfactory level.

For the subsidiary company, Convergence System Co., Ltd., the growth rate of revenue was also impressive, increasing by 28.2 percent, due to an increase of new projects. Also, the Company established another subsidiary company, Bangkok Center District

Co., Ltd., to work in cooperation with the public sector to study the feasibility of Public Private Partnership project to develop the property project in Siam Square area. Other than establishing a new subsidiary company, in order to enter proficiently into new markets, such as healthcare industry, the Company has to prepare supporting personnel, thus in 2015, the Company has welcomed various executives and staffs with the specialty in real estate, accounting, information technology, and those with experiences in healthcare business to join in the Company. In addition, with aiming for better standard and increased effectiveness of the accounting system, the Company has implemented PeopleSoft 9.2 as an accounting system to ensure more accuracy and faster information. The Company has been certified for ISO 9001:2008 standard in April 2015, which confirmed our dedication to create standards of work and to enhance quality of work of the Company. After the Company has joined the "Private Sector Collective Action Coalition Against Corruption" in 2014, the Company put ongoing effort to create better understanding regarding the issue to all level of employees. Also, the Company has started works on risk management in greater depth, appointed the Risk management Committee to undertake the responsibility, formulate the Risk Management Policy, and formally implemented it so the Company can best cope with all inevitably changes. All aforementioned matters confirm that all executives and employees of the Company has put substantial effort to drive the Company's growth. The total revenue in 2015 was at 424.7 million Baht, with a growth rate of 16.6 percent. For the year 2016, it is expected to be another year of challenge and opportunities. The Company will remain committed to expand the business through acquisition of real estate business and other businesses in which the executives are specialized, expectantly within this year, in order to create the utmost value for the Company and our shareholders.

Message from the Chairman of the Audit Committee



(Mr. Yarnsak Manomaiphiboon)
Chairman of the Audit Committee
February 26, 2016

Dear Shareholders

In 2015, the Audit Committee has performed its duties independently according to the scope, duties and responsibilities assigned by the Board of Directors, in alignment with the requirements and the best practice guidelines of the Securities and Exchange Commission and the Stock Exchange of Thailand. In 2015, the Audit Committee has held 4 meetings with the executives, the external auditor and the internal auditor, in which all members of the Audit Committee attended every meeting in order to consider issues/problems, to exchange the opinions, to listen to a clarification and to provide useful suggestions to the Company's management. The summarized main points are as follows;

1. To review the quarterly financial report and the financial report for the year 2015, by making an inquiry on issue/problems and listening to a clarification from the external auditor regarding completeness, accuracy, reliability of the Company's financial statement as well as adequacy disclosure of sensitive information and changes in key accounting policies/practices. The Committee and the external auditor held a meeting in the absence of the Management to discuss independently regarding any material matters. The Committee findings determined that the Company's financial statements present fairly, in all material aspects, in accordance with generally accepted accounting principle, and the external auditor expressed an unqualified opinion. In 2016, the new form of auditor report shall be used because it shall be effective in Thailand for the examining of the financial statement for the period ended December 31, 2016, which would make for a clearer financial statement.

2. To consider the report of internal audit findings and the evaluation results of internal control system as well as risk evaluation and analysis

on various key systems, and the Committee concluded that the Company's internal audit system was adequate, appropriate, and effective. In case the Audit Committee considers that there was a point that can improve or enhance the internal control system to be more efficient or more effective, the recommendations from the Committee were given to the Company's Management which providing the cooperation very well. Also, the Committee considered that the Company's internal audit operations were in line with internal audit guidelines prescribed by the Stock Exchange of Thailand and Standards for the Professional Practice of Internal Auditing, which aim at independence, fairness and neutrality. Also, in 2015, the Audit Committee assigned additional work for an internal auditor to examine information technology system to ensure its security according to international standard.

3. To consider the report on compliance with the laws governing securities and exchange market, regulations of the Stock Exchange of Thailand and other laws related to the Company's businesses as well as compliance with the Company's rules and regulations, including the system on connected and conflict of interest transactions (if any) to be operated correctly and in line with the requirement of relevant organizations.

4. To consider the operations on risk management in which the Company starts to set up the Risk Management Committee, by considering and providing opinions on the Charter of Risk Management Committee and the operational plan as well as a focus on building the understanding of risk management to key related parties, which are the Board of Directors, executives and persons who responsible for risk management of each business unit.

5. The Audit Committee has considered the performance of an external auditor from PricewaterhouseCoopers ABAS Co., Ltd. and concluded that such external auditor is an expert in the profession, independent and has performed the functions well and effective. Then, the Committee proposed the appointment of Mr. Chanchai Chairprasit, CPA No. 3760/ or Mr. Pisit Thangtanakul CPA No. 4095 /or Miss Sakuna Yeamsakul CPA No. 4906 from PricewaterhouseCoopers ABAS Co., Ltd. as the Company's external auditor for the year 2016 to the Board of Directors, which will in turn submit it for the approval at the shareholder annual general meeting.

6. To consider and approve the internal audit plan for the year 2016, by focusing on preparing internal audit plan both for the Company and its subsidiaries to be consistent with the results from evaluation of internal control system as well as the assessment and analysis on various key activities.

The Audit Committee concluded that the Company has prepared the financial reports with adequate disclosure according to financial reporting standard as well as has implemented effective risk management system and internal control system as well as good corporate governance system.

On behalf of the Audit Committee

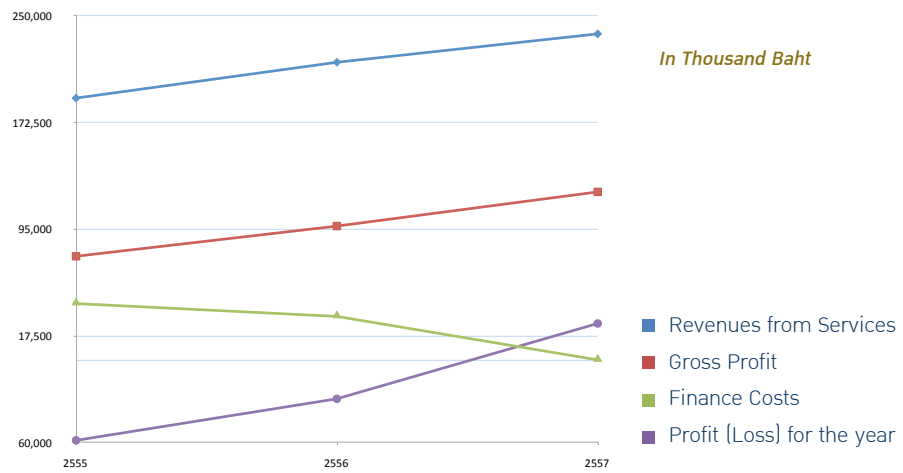
Financial Highlights

PRINCIPALCAPITAL PCL.

Significant Financial Ratio

		Consolidated			Company		
	Unit	2015	2014	2013	2015	2014	2013
Liquidity Ratio							
Current ratio	Times	10.53	10.59	6.15	12.72	15.17	12.79
Quick Ratio	Times	10.40	10.41	6.11	10.39	12.23	12.71
Operating cash flow ratio	Times	1.55	-0.12	0.41	2.14	2.49	0.71
Account Receivable turnover	Times	12.56	9.04	6.32	22.58	17.02	17.25
Average collection period	Days	29	40	57	16	21	21
Account Payable turnover	Times	36.79	40.22	30.64	20.14	25.08	23.80
Payable payment period	Days	10	9	12	18	14	15
Profitability Ratio							
Gross profit ratio	%	41.16	41.74	49.52	55.54	51.53	44.96
Operating profit margin Profit	%	3.92	2.93	2.27	13.88	11.28	-12.99
Net profit margin ratio	%	4.13	3.56	-0.42	14.36	11.17	-13.07
Return on equity ratio (ROE)	%	0.88	0.66	-0.06	1.88	1.36	-1.49
Efficiency Ratio							
Return on assets ratio (ROA)	%	0.85	0.64	-0.06	1.84	1.34	-1.46
Return on Fixed Assets Ratio	%	4.15	4.03	4.01	5.45	4.84	2.17
Total assets turnover ratio	Times	0.21	0.18	0.15	0.13	0.12	0.12
Financial Policy Ratio							
Debt to equity ratio	Times	0.05	0.04	0.06	0.04	0.03	0.03
Interest bearing debt ratio	Times	70.38	56.22	3.33	N/A	N/A	1.89
Dividend payout ratio: net profit	%	N/A	N/A	N/A	N/A	N/A	N/A
Earning (Loss) per Share	Baht	0.02	0.01	(0.003)	0.04	0.03	(0.060)
Net Book Value per Share	Baht	2.07	2.06	2.06	2.08	2.05	2.04

PRINCIPALCAPITAL PCL.

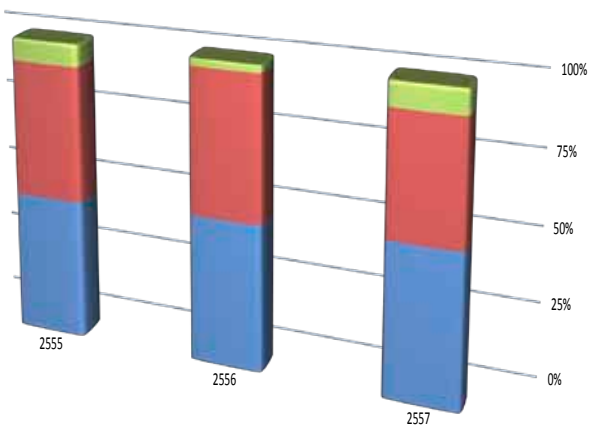


Operating Cash Flow Ratio

Quick Ratio

Current Ratio

Unit: Times



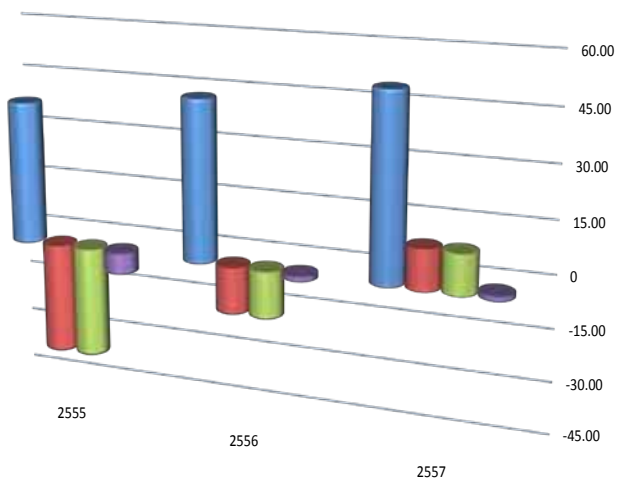
Gross Profit Ratio

Operating Profit Margin Ratio

Net Profit Margin Ratio

Return on Equity Ratio

Unit: %

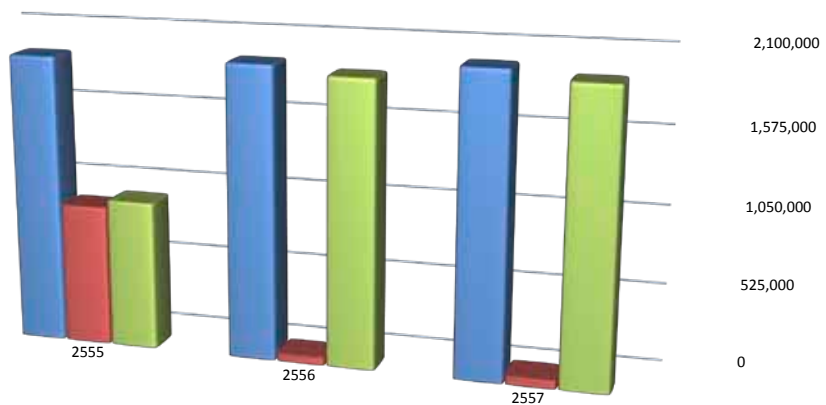


In Thousand Baht

Total Assets

Total Liabilities

Total Shareholders' equity



Overview of Business

Principal Capital Public Company Limited (the Company) engages in property development, rental properties and full-service office management, covering building management, sales, administration, finance and accounting, for buildings in prime locations such as Silom, Sathorn, Sukhumvit and other prime business areas in the Bangkok's Central Business District.

The Company has an investment in 3 subsidiaries as follows:

Convergence Systems Company Limited, of which the Company holds 99.99 percent of its paid-up capital amounting to Baht 50 million, engages in information system implementation services.

Principal Investment Company Limited, of which the Company holds 99.99 percent of its paid-up capital amounting to Baht 10 million, engages in business consultancy services.

Bangkok Center District Company Limited, of which the Company holds 99.99 percent of its registered capital amounting to Baht 300 million with a paid-up amount of Baht 75 million, engages in property development services.

Business Goal and Strategy

The Company carried out the strategy of residential properties development and office building and accommodation management business, including full ranges of property management service, which generates income for the Company on a regular basis. The Company establishes policies and goals to develop and manage quality project to satisfy target customer demands within the Central Business District.

Over the course of conducting business, the Company has dedicated to develop and adjust its business plan to be in line with market competition and economic and politic fluctuations. As conducting business only in property development will lead to the Company's income volatility, to reduce such risk factors, together with the opportunity from lack of effective office buildings and condominium in the market, the Company has expanded its business to cover full services of office and residential buildings management which provides continuous revenue streams.

In the meantime, the business sector focuses more on the importance of developing information systems in the organization, the Company, therefore, acquired Convergence Systems Company Limited, which provides information system implementation services such as consultation and implementation of softwares relating to Hospital Information System, Enterprise Resource Planning (i.e. financial management and human resource management), Supply Chain Management, Business Intelligence, and System Maintenance & supports to other enterprises. The Company particularly focuses on providing sales and services to commercial organizations both in Bangkok and upcountry areas in Thailand and prepares for expansion to accommodate the regional competition after the introduction of the ASEAN Economic Community (AEC).

The investment in Convergence Systems Company Limited provides a steady income stream for the Company without the need for intensive investment. Current key customers are hospitals, while other customers include universities, private companies, and industrial manufacturers. The Company's current major shareholders have long-term experiences in this business and are capable of providing effective advices.

Last year, the Company has introduced a new subsidiary, namely Bangkok Center District Company Limited, to work with the public sector in conducting a feasibility study of Public Private Partnership (PPP) project for property development in Central Business District.

Key Events and Major Developments

Principal Capital Public Company Limited was renamed from Metrostar Property Public Company Limited on August 27, 2013, and listed on the Stock Exchange of Thailand as "PRINC". The Company's key events and major developments are as follows.

- | | |
|------------------|--|
| 2003 – July 2013 | <ul style="list-style-type: none"> - The Company operated various important property developments such as Silom Grand Terrace, St. Louis Grand Terrace, and Sathorn Terrace, which was later renamed to Marriott Executive Apartments - Sathorn Vista Bangkok. - The Company had an initial registered capital of Baht 5 million and gradually increased to Baht 610 million in 2006, with its stocks traded on the Stock Exchange of Thailand since 2005. - The Company received "The Outstanding Architecture Award" in Residential Building 2008 for St. Louis Grand Terrace project from Her Royal Highness Princess Maha Chakri Sirinthorn, nominated by the Association of Siamese Architects under the Royal Patronage of His Majesty the King, and "Good Property Development Certificate 2007-2008" from the Commission for Consumer Protection. |
| 2013 | <ul style="list-style-type: none"> - The Company's major shareholder has changed to Mr. Satit Viddayakorn, and the company later changed its name to Principal Capital Public Company Limited. - The Company established Principal Investment Company Limited and held a total of 99.99 percent of registered capital of Baht 10 million to offer business consultancy service to support the Company's investment. - The Company expanded its asset management service by offering full- service solutions to manage assets of Bangkok Business Center Building, Ekamai. - The company increased its registered capital to 1,400,700,000 Baht with 933,800,000 Baht paid up, and 466,900,000 shares reserved for conversion of warrants (at 1 Bath per share) to purchase common stock of the Company (PRINC-W1). |

- The Company acquired Convergence Systems Company Limited, an information systems (IT) implementation provider for hospitals and other corporate clients, by taking up its 99.99 percent shares, to enhance its business capacity and strategy and lessen its reliance on real estates sector as its sole revenue stream.
- 2014
- The company increased its paid up capital from warrants conversion of 13,924,500 shares amounting to 13,924,500 Baht, leading to the total paid-up capital of 942,724,500 Baht.
 - The Company announced “DECLARATION OF INTENT IN VIEW OF ESTABLISHING THAILAND’S PRIVATE SECTOR COLLECTIVE ACTION COALITION AGAINST CORRUPTION”
 - Marriott Executive Apartments Sathorn Vista - Bangkok won the best residential value 2014 as Bangkok hotels that receive the highest rating. These awards rates nearly 400 leading hotel ratings from various popular locations based on reviews of ORBITZ’s guest, and received TripAdvisor’s 2014 Certificate of Excellence Award Winner and World Travel Award 2014.
 - The Company has started the Quality Management Systems ISO 9001 : 2008 project for 2015 approval
 - The Company’s Corporate Social Responsibilities included Electrical saving, money donation to charity, mangrove forest planting, Old man House luncheon, and Children’s cleft lip surgery

Revenue Structure

Types of Revenue	2015		2014		2013	
	Million THB	%	Million THB	%	Million THB	%
Serviced Apartment revenue	214.23	49.47	191.44	51.22	202.21	68.4/
Service revenue*	167.51	38.69	130.67	34.96	68.17	23.07
Building management revenue	42.93	9.91	42.00	11.24	14.00	4.74
Other revenues	8.35	1.94	9.65	2.58	11.18	3.78
Total revenues	433.02	100.00	373.76	100.00	295.56	100.00

Remark * Revenue from information technology services by Convergence Systems Company Limited was recorded in the course of the period from October to December 2013.

Products and Services

Property Business

The Company's major project in real estate development for rent is Marriott Executive Apartments – Sathorn Vista, Bangkok, located in Soi Sathorn 3 (Soi Suan Plu), a 5-star premium hotel and serviced apartment for rent in the high potential center business district of Silom – Sathorn Road, highly demanded by both Thai and foreign top executives customers.

Residential properties for rent

Marriott Executive Apartments Sathorn Vista – Bangkok

Location	1 Soi Sathorn 3 (Suan Plu), South Sathon Road, Thoongmahamek, Sathorn, Bangkok
Project Area	834.30 square wah
Sale Area	17,290 square meter
Project Details	A 5 star, 31-story hotel and service apartment for rent
Project Highlights	High quality, 5-star residential building for rent in central business district of Bangkok, fully- equipped with facilities and shared amenities.
Number of Units	Residential zone: 184 units, unit size: 61 - 163 square meter
Target customers	Businessmen -Thai and expat- including those working in the Sathorn area (Class A to A+), and tourists who prefer fully-equipped rooms and amenities for long stays.
Project Value	Approximately 2,500 million Baht
Investment Value	Approximately 1,800 million Baht
Operational	Since March 2009

The Company also engages in office building management; that is, Bangkok Business Center Building, located on no. 29 Sukhumvit Soi 63 (Soi Ekkamai), a 30-story building comprises 61 rental office units, 9 serviced offices for rent for both short and long term contracts, 7 meeting rooms, a 50-seat conference room, and a number of shops for rent.

For the new subsidiary, Bangkok Center District Company Limited, the Company is in the process of conducting a feasibility study of Public Private Partnership Project for real estate development in Siam Square area.

Information and Technology Business

Convergence System Company Limited conducts business as follows:

Software Implementation Services

The services includes analyse and design system to meet customers' demand, which can be classified based on the types of softwares as follows

- **PeopleSoft** The company implements PeopleSoft, a software by Oracle, for Enterprise Resource Planning (ERP), which enables organizations to integrate their core business processes-including procurement, manufacturing, sales, accounting, and personnel management-both seamlessly, and in Real time. The organizations are thus able to operate effectively, with all data from every section being centralized, and without conflicts of information, leading to a decrease in both redundant work processes and costs.

- **Hospital Information System** The Company implements HIS software, which collects and manages information related to medical and public health services of hospitals and clinics, such as information about patients, medicines, medical services, and financial data, etc.

- **Business Intelligence** The Company implements QlikView software, which helps management to make effective decisions by displaying data via different presentation formats, such as tables, charts, and important ratios. It also features multiple data sets simultaneously, which enables management to utilize information in their organization quickly and efficiently.

System Maintenance & Support Service

The Company provides maintenance and technical support for enterprise software systems by the experts, providing inspection and maintenance services on schedules. Such services increase the efficiency of the system and ensure that work is delivered to meet clients' objectives accurately and completely. The support helps reduce software errors that may occur in operations.

Marketing and Competition

Industry and Competition

Real Estate Business

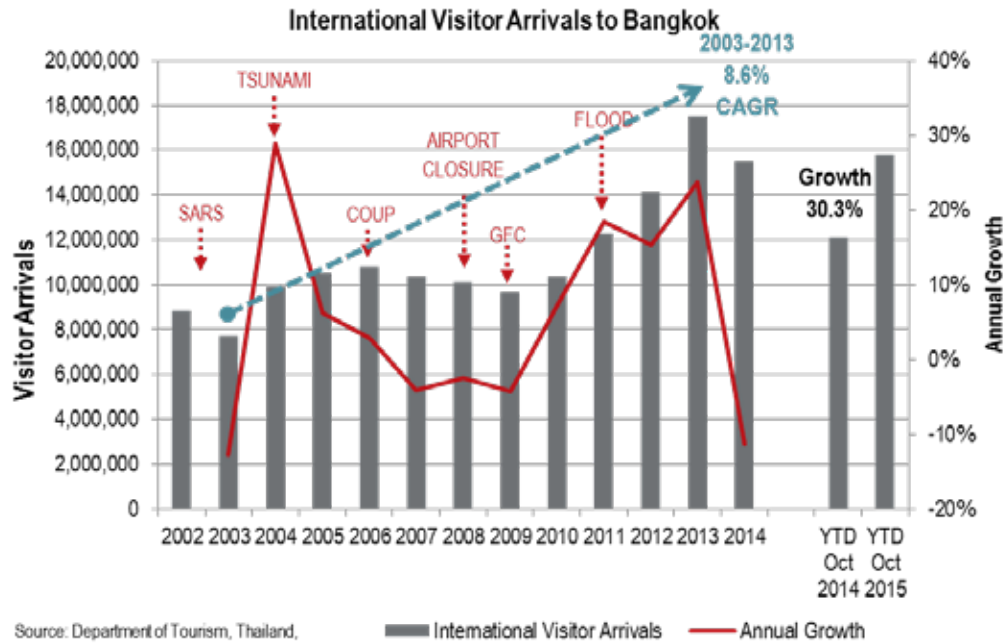
Policy and Market Overview

In regard to hotel and serviced apartments business for rent, the Company focuses on an upper market, targeting high level executives who are both Thai and expatriate, including long-term corporate contract customers that rent the property for their foreign management and staff who come to work in Thailand. Most customers are confident with the reputation and the services of the executive teams from Marriott. The main sales channel is the property's sales team. Booking can also be made via Marriott's reservation system.

Industry Update

Thailand Tourism Industry has been driven by several supporting factors including the proliferation of low cost airlines in many countries, along with the service potential of our providers, thus led to a rapid recovery despite the uncertainty in political situations in some periods.

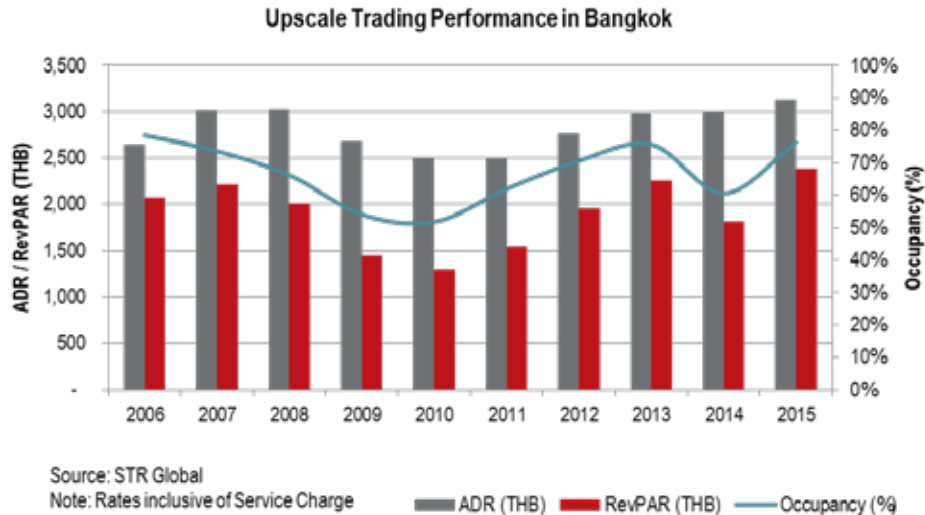
The year 2015 was yet another proof of the strength of the industry that can quickly regain the growth after the political unrest in 2014 which resulted in a drop of 11.3 percent in number of visitors in Bangkok. International visitors arrived to Bangkok in 2015 during the first 10 months showed a growth of 30.3 percent after all the uncertainties were resolved and the tourists were assured to have no impact of the matters. Major international visitors were from China, with an impressive growth of over 100 percent.



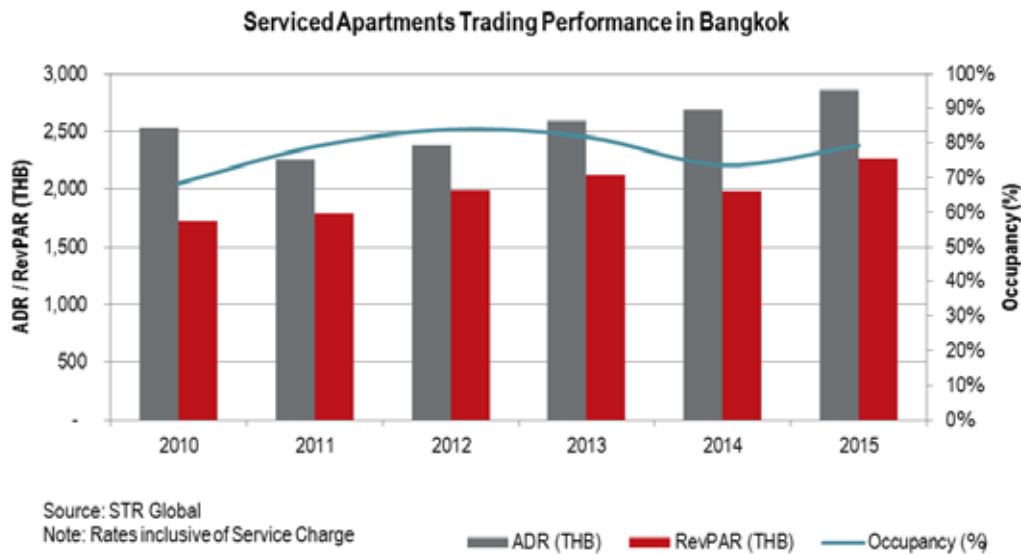
For number of expatriates in Bangkok, which are the main customers of serviced apartments, though had a much less growth, was also having an upward trend with a growth of 5.7 percent in 2015. The major source of expatriates was Japan.



Consequently, with the remarkable upturn of the main customer groups, the performance of the upscale hotels and serviced apartments has improved drastically. RevPar grew 31.5 percent, from 1,818 Baht to 2,392 Baht in 2015.



For serviced apartment sector, which was affected by political uncertainty at a lesser extent compare to the hotel industry due to a less dependency on the number of tourists, a growth was then also be in a slower pace. Average Daily Rate (ADR) was increased from 2,676 Baht to 2,839 Baht, a 6.1 percent growth from the previous year.



Competition

Many serviced apartments in Bangkok offer short stays business, which brings them into direct competition with hotels, especially with the launch of many three and four-star hotels whose ADRs are comparable serviced apartments. Moreover, The Thai Hotels Association was continuing to pressure the Interior Ministry on issuing regulations for serviced apartments to apply for a hotel licence in order to serve daily or short-term clients. Several high-end condominiums had converted some of their units to be serviced apartments with a lower rental rate. These matters made it more difficult for the serviced apartments to increase their rental rates.

Government Policy

The Department of Tourism, Thailand, summarized the tourism industry in 2015 as a successful year. The country attracted 29.88 million international tourist arrivals, a 20.44 percent growth which generated an eight-year high tourism income of 1.44 trillion Baht, an impressive growth of 23.53 percent. The government declared that these were the results of several government policies to stimulate the industry. The Ministry of Tourism and Sports also made ready the strategies for Thailand tourism industry for the period of 2015-2017, which should continue to boost the industry and ensure its contribution to the country's GDP growth. For 2016, should the situation be normal, it is expected that the number of international visitors will range between 32.54 – 34.07 million, a growth of 7.96 – 13.04 percent with an anticipated tourism income of 1.56 – 1.64 trillion Baht. However, though the number of international visitors are growing rapidly, the proportion of visitors from Europe, whose spending and length of stay are usually higher than visitors from East Asia and ASEAN, are decreasing, thus it is predictable that if this trend remains, the length of stay might not increase while spending per person could be slightly higher.

Tourism Council of Thailand estimated that during the first quarter of 2016, the number of international visitors should be 8.53 million, a continuing growth from the last quarter of 2015 as it was still a high season for travelling. Strategies and new products/services to attract high-quality tourists should create an impact in the 2nd and 3rd quarter. The introduction of the AEC should as well be a supporting factor to the industry in general.

Economic Conditions

The Chinese economic slowdown has an impact to its counterparts from more than 50 countries around the world, especially European countries, which consequently reduce their ability to spend for leisure and travel. A reduction in accommodation allowances for the executives and staff of Japanese firms could affect the demand for serviced apartments. The booming of condominium market is another factor that win over some customers who consider a condominium as an investment option compare to an expense of renting a serviced apartment.

Trends of Serviced Apartment Business in 2016

The increasing number of expatriates in Bangkok every quarter, the upward trend of the tourism industry, along with the influx of foreign investors as they view Thailand as a hub of ASEAN, indicate a good outlook for the serviced apartment business. However, land price in the CBD area or the area along the BTS lines dramatically increased in the past few years makes it more suitable for condominium projects that can create more profits in a shorter period than a serviced apartment. Average rents and occupancy rates in 2016 is expected to increase, but may increase by only a few percentage because most clients of serviced apartment projects are on long-term contracts. Besides, there are ADR of hotels to benchmark and thus limit the capacity to adjust the price.

Jones Lang LaSalle Hotels & Hospitality Group commented that though new serviced apartment openings were declining in the past few years, the supply for accommodation unit will continue to increase during 2016-2018 with new hotel launches, renovated hotel that is soon to be finished, and 200-300 units of serviced apartments to be completed in 2016, Marriott Executive Apartment Surawong for example. The overall industry should benefit from the government's economic stimulus policy.

Trends of Office Building Business in 2016

Research and Forecast Report of Colliers International Thailand stated that office buildings will become an interesting sector in 2016 and the next few years. Bangkok, with its capabilities and favorable cost, is still the best place for foreign investors that are looking to invest in other ASEAN countries. The average occupancy and rental rates will continue to steadily increase in 2016 because of limited existing and future supply scheduled to be completed in 2016 - 2018. Meanwhile, demand still continues to grow. New office buildings will become more interesting than existing or older buildings in Bangkok, although not in the CBD area. The CBD and the areas along the BTS and MRT systems are still the most interesting areas for Thai and multinational companies that are looking for office space. The areas along Phayathai and Phahonyothin Roads will become the new development locations for office buildings with some buildings under construction and some still in the preparation process.

Information and Technology Business

Policy and Market Overview

The company's target customers are organizations that are interesting in using the software systems for hospital management, human resources systems, accounting and financial systems, and procurement or business intelligence systems, as well as consulting services and implementation and maintenance system (outsourcing). Currently the Company's key customers are in the business of medical profession, financial business, as well as the manufacturing sector. The company expects that demand for software systems will increase, especially in human resources management and the financial system, which are the core of every industry. The main distribution channel is the Company's marketing representatives, offering services to interested organizations directly. Currently, key customers are hospitals and medical services group.

Competitive Strategy and Highlights

- The highlight of the Company is its executives who possess invaluable experiences in software business, especially softwares for hospital information management system.
- The Company is a distributor for many world-class, high-quality software developers and the exclusive distributor for some softwares in the country, making the Company more competitive to offer such services.
- The Company offers full ranges of services, implementing and developing various system to satisfy customer needs, including system maintenance & support. The Company plans to introduce new services such as IT Outsourcing to maintain and increase its customer base, and enhance company's retention revenue.
- The Company dedicates to provide professional work and technology excellence by continuously developing staff capability to support rapid changes in technology which will enable staff to be capable of offering service effectively and up to date.
- The Company creates strategic partnership by focusing on partnering with counterparts such as manufacturers, distributors, customers, and other business conducting similar types of operation to facilitate the win-win situation.

Industry Update

Software Industry Promotion Agency (Public Organization) SIPA, in cooperation with Thai Development Research Institute (TDRI), announced the survey results on the issue of software services and market capitalization of 2014 and the forecast for 2015 and 2016. The survey found that Thai software and services market in years 2014 has a domestic production values of Baht 54,980 million, increased from 2013 by 9.4 percent after population base adjustment. It can be classified into the value of ready-made software product of Baht 15,031 million, a 4.5 percent growth rate, and the value of software services of Baht 39,949 million, a 11.4 percent growth rate.

In 2015, domestic production was an approximate of Baht 61,096 million or 11.1 percent growth rate, classified into the value of ready-made software product of Baht 15,973 million or 6.3 percent growth rate and the value of software services of Baht 45,113 million, or 13 percent growth rate.

In 2016, ready-made software and software service market are expected to grow at the same rate as in 2015, with an overall growth rate of 12.8 percent, and 7.4 percent and 14.7 percent for ready-made software and software service market respectively, due to digital economy expansion, leading to a further growth in software industry, despite the economic slowdown.

Competition

The Company operates the business in terms of projects by focusing on implementing application software for enterprises and providing ongoing user supports. The Company specializes in Hospital Information System development and implementation, Oracle PeopleSoft Enterprise Financial & Supply Chain Management, Oracle PeopleSoft Enterprise Human Capital Management, and QlikView Business Intelligence, and has the capacity to offer full software service in hospital system development and implementation.

In term of offering full software development and implementation service to hospital business, market competition is relatively low. With a need of most hospital business to change its software to support rapid change in technology, the opportunity to expand business market is still high.

In term of offering full software development and implementation service to other businesses, market competition began more intensive though the number of competitors is still relatively small. The local demand for ready-made software of human resource management is increasing since businesses require information system development to support the opening of ASEAN Economic Community (AEC) in 2016

The opening of the ASEAN Economic Community (AEC) in 2016, however, will not only prompt the influx of massive foreign capital funds, but may also intensify the competition in the region. Hence, it is highly possible to witness more merger and acquisition trends in the information technology business to support rapid growth and increase competitive advantages.

Factors Affecting the Industry

Economic Conditions

The growth of the software service industry is associated with the expansion of economic activities and the proportion of spending on IT of each organization, especially in the service sector with high usage of IT systems, such as in finance, insurance, medical and healthcare, retails, etc. The survey of Software Industry Promotion Agency (Public Organization), or SIPA, found that Thai software and services market in 2015 had domestic production value of Baht 61,096 million, with a growth rate of 11.1 percent, classified into the value of ready-made software product of Baht 15,973 million and the value of software services of Baht 45,113 million. In 2016, it is estimated that the market will grow at the same rate as in 2015, with an approximated growth rate of 12.8 percent. Ready-made software products and services market will increase, in line with digital economic expansion, leading to a further growth in software industry despite economic slowdown. To survive and sustain in the long run, businesses have to develop intellectual properties from manufacturing high quality software tailored for a particular business line.

Trends of Technology Change

Trend and direction for IT usage that are anticipated to be popular in the future, listed by Gartner – an IT research company, are as follows.

1. Mobile Device Battle
2. Mobile Applications & HTML5 Web Technology
3. Personal Cloud
4. The Internet of Things
5. Hybrid IT & Cloud Computing
6. Strategic Big Data
7. Actionable Analytic
8. Mainstream In-Memory Computing (IMC)
9. Integrated Eco-System
10. Enterprise Applications Store

Based on the mentioned trends and directions of IT usages, an expansion in digital economy and an opening of AEC will be key drivers for an expansion of Thai software industry and an increase in value of the market.

Personnel

The growth of the information technology industry in Thailand is confined to the shortage of qualified personnel due to an inconsistent educational program with the requirements of the rapidly changing market, leading to a disruption in development and higher labour cost. In addition, the upcoming ASEAN Economic Community (AEC) is likely to force

the Thai industry to compete with foreign companies in attracting or acquiring qualified personnel, which will directly affect business operation both positively and negatively depending upon business strategies and management.

Products or Services

Real Estate Business

To maintain service standards for top- level customers, the Company has entered into management agreements with Marriott, a wellknown international hotel chain, to manage the Company's residential buildings under Marriott Executive Apartments Sathorn Vista - Bangkok.

Information Technology Business

In the consulting, development, and software installation services, the Company has always selected and gathered quality products from manufacturers that the Company is appointed as a distributor. Furthermore, the Company's personnel must have knowledge and are confident in the quality of the softwares. The Company's key manufacturers and business counterparts are as follows;

- Oracle Corporation (Thailand) a company manufacturing and selling Oracle PeopleSoft Enterprise software
- Telstra Corporation, a company manufacturing and selling ARCUS Hospital Information System software
- QlikTech Company, a company manufacturing and selling QlikView software

Tasks Pending For Delivery

In the present, a subsidiary has not yet delivered a work project worthing to Baht 123 million, accounted for more than 10 percent of total consolidated revenue in 2015. The delivery time is expected to be within two years which is consistent with normal practice of information system development.

Risk Factors

Risk factors affecting the Company's operations can be classified as follows.

Risks to the Business

Risk of Revenue Fluctuation Before 2013, the Company's revenue structure depended primarily on real estate business with major income derived from housing and condominium project, which realize a large sum of income when the projects were completed. The revenue will then be minimal until the Company begins developing new projects. The other sources of income are rents and services by Marriott Executive Apartments Sathorn Vista - Bangkok, where the income is stable through out the year. Still, the revenue from real estate development made the Company's total revenue relatively fluctuated. Hence, since 2013, the Company has not undertaken any property development project, but focused on offering full-service building management to be able to realise steady stream of income and providing IT consulting services and system implementation, under which revenue has been recognized along the progression of existing projects.

Risk of Political Unrest Since the main income of the Company is derived from the rents and services by Marriott Executive Apartments Sathorn Vista – Bangkok, of which performance depends on the number of tourists and expatriate working in the country. The key factors affecting the number of both customer groups is country's political situation. The Company, therefore, has seeked to engage in other businesses which will not depend solely on the mentioned factors to alleviate the risk from political unrests.

Risk of Delivery For the business of providing information technology implementation, on-time delivery and quality are essential. Providing software services usually takes 6-24 months for delivery depending on the size of the project. If the Company is unable to deliver the project within the time specified in the contract, The Company could be fined due to the delay. However, the Company establishes a process to consistently track, monitor, and manage project to ensure on-time delivery as planned.

Risk of Technology Change The information technology business is highly competitive and rapidly changed over time. The Company, thus, may encounter risks in service obsolescence, which could cause the Company to lose the ability to compete. Therefore, the Company is focused on investment plans to keep up with changes in technology as well as encourage its staff to always be ready to learn and response to new innovations.

The risk of a shortage of human resources Because information technology services business is a business that depends on the capabilities and expertise of personnel, the Company highly focuses on human resource management by training to develop their skills regularly, and having manpower planning to prevent a shortage of human resources, which could affect deliveries to customers.

Financial Risk

Risk of Capital Structure and Liquidity Since Marriott Executive Apartments - Sathorn Vista Bangkok, office building management, and information technology consulting and implementation are not capital-intensive business, but largely require the expertise of personnel, thus not affecting the Company's liquidity and disrupting cash flow streams.

Currently, the risk of capital structure and liquidity is low due to a decrease in fluctuation of total revenue and a loan repayment in October 2013, which made the Company free from any long-term loan obligation since November 2013.

Risk of Loans and Account Receivables The Company manages account receivable risk by issuing policies and procedures for the appropriate credit control. Therefore, the Company does not expect to experience any significant damages from granting credits. Besides, the loans offered by the Company and its subsidiaries have no significant concentration because of the Company's diversified customer base. The maximum loss from lending is the book value of the loans stated in the financial statement.

Risk of Changes in Interest Rates After debt repayment in October 2013, the company has not developed any housing or condominiums; hence, the Company is not in need of financing, leading to low risk of interest rate changes.

Remark Changes in loan interest rates (MLR) of Bangkok Bank.

Ending	March	May	September	November
MLR	6.625	6.5	6.5	6.5
MOR	7.5	7.375	7.375	7.375

Risks to Shareholders

Risk affecting the rights and investments of the shareholders

Risk occurred by the Company's single shareholder holding more than 50 percent. As of February 15, 2016 Dr. Satit Viddayakorn holds the Company's 650,842,200 shares, accounting for 68.67 percent of paid shares, allowing Dr. Satit Viddayakorn to control almost all shareholders' resolutions including the appointment of directors and other matters that require the approval of a majority of the shareholders' meeting except the issues related to laws or regulations, which requires the Company to get a 3 out of 4 votes from the general meeting of shareholders. Therefore, other shareholders may not have enough votes to examine and balance the power over issues proposed by the major shareholder.

Operating Assets**Major Assets of the Company**

1) As of December 31, 2015, the Company has a main asset for businesses, including lands and building for housing projects, as follows:

Name / Location	Project	Area (square wah)	Title	Book Value (million Baht) As of December 31, 2015	Obligation (million Baht) As of December 31, 2015
Marriott Executive Apartments Sathorn Vista – Bangkok , Tungmahamak, Sathorn, Bangkok	Serviced Apartment	834.30	owner	1,394.4	-
Total				1,394.4	-

2) The book value of main assets categories, equipment and office supplies of the Company as of December 31, 2015 are as follows

Details	Book Value (million Baht) Company Statement	Book Value (million Baht) Consolidated Statement
Land Building and Improvement	1394.40	1,394.40
Vehicles	6.42	6.51
Office Equipment	1.51	2.77
Furniture, Fixture	27.49	27.49
Total (Net)	1,429.82	1,431.17
Intangible Assets - Net	5.45	6.52
Grand Total	1,435.27	1,437.69

Note :

- the office building of the Company in the present is rented from V Inelligence Company Limited, therefore there is no value for office building.
- Land, Building, and Improvement contain only the Marriott Executive Apartment Sathorn Vista - Bangkok
- intangible assets consist of ready-made accounting programs account for offices use and program for management projects Marriott Executive Apartments Sathorn Vista - Bangkok

Progress of the Business in 2015

- 2015
- The Company has received Quality Management Systems ISO 9001:2008 Certification
 - The Company established a subsidiary, Bangkok Center District Company Limited with the registered capital of Baht 300 million and paid-up capital of Baht 75 million of which the Company held 99.99 percent, to offer property development services
 - Marriott Executive Apartments Sathorn Vista - Bangkok won numerous awards from many organizations as follows
 - World Luxury Hotel Awards 2015 as Continent's Luxury Serviced Apartments
 - 2015 Award Winner from Booking.com (scores 9.1 out of 10)
 - 2015 World Travel Award
 - 2015 Certificate of Excellence by TripAdvisor.com
 - Clean and Green Award by Bangkok Metropolitan Administration
 - The company increased its paid up capital from warrants conversion of 10,251,700 shares amounting to 10,251,700 Baht, leading to the total paid-up capital of 957,976,200 Baht.
 - The Company has participated in numerous corporate social responsibility projects such as fund raising for cleft lip surgery of Operation Smile Thailand Foundation, mangrove forest planting with the International Union for Conservation of Nature and setting up an 'Wish upon a Star' for underprivileged children in the society.

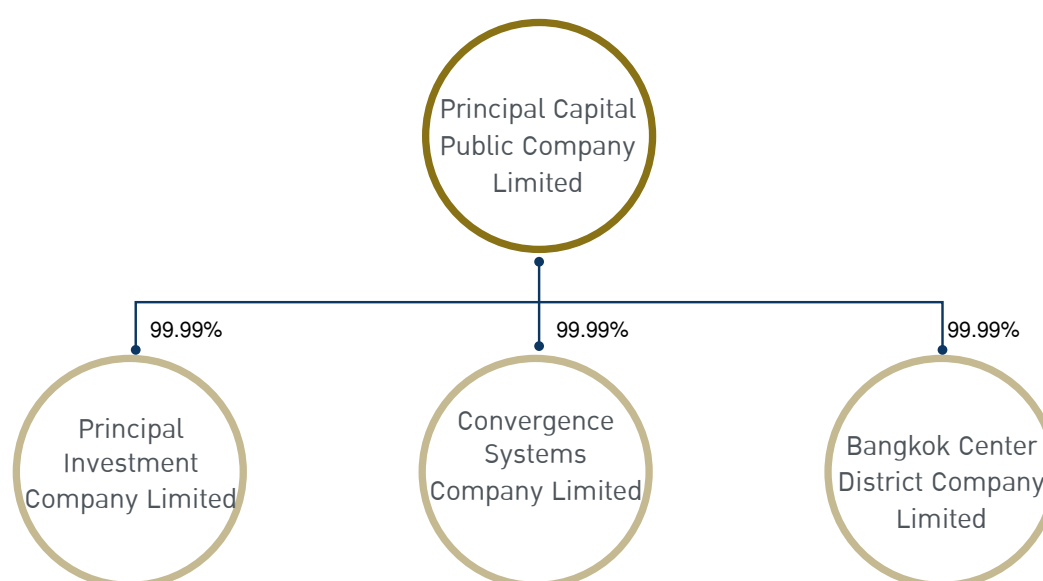
Capital Structure and Overview

Policy for the Investment in Subsidiaries and Associates

As of December 31, 2015, the Company invests in three subsidiaries; namely, Principal Investment Company Limited, Convergence System Company Limited, and Bangkok Center District Company Limited. Investments in the mentioned companies were to serve the aim of increasing the Company's capacity and enhance business strategies. The Company has a policy to have representatives as directors and/or managements in the subsidiaries and participate in policy setting to ensure that their policies will be in line with the Company's goals and to help facilitating business operation.

Detailed information of subsidiaries

Name	Nature of Business	Country of establishment	% of shareholding	
			2558	2557
Principal Investment Company Limited	Business Consulting	Thailand	99.997	99.997
Convergence System Company Limited	Information Technology Business	Thailand	99.997	99.997
Bangkok Center District Company Limited	Property Development	Thailand	99.997	-



Number of registered capital and paid-up shares

As of December 31, 2014, the Company has a registered capital of Baht 1,400,700,000, paid-up capital of Baht 947,724,500, consisting of the number of ordinary shares 947,724,500 shares with par value of Baht 1 each.

During the year 2015, the Company has informed the warrant holders to notify the intention to exercise the right to purchase ordinary shares for 4 times. However, the holders used the right only 3 times and with 10,251,700 units, in which the Company has already allocated such amount of shares to the shareholders and registered an increased capital with the Ministry of Commerce.

Therefore, as of December 31, 2015, the Company has a registered capital of Baht 1,400,700,000, paid-up capital of Baht 957,976,200, consisting of the number of ordinary shares 957,976,200 shares with par value of Baht 1 each.

Shareholders

The list of major shareholders as of April 4, 2016 is summarized as follows:

No.	Shareholder Name	No. of Shares	% of Total Shares
1	Dr. Satit Viddayakorn	650,842,200	67.939
2	Mrs. Payao Chalacheebh	39,074,900	4.079
3	Mr. Peeraphol Suwannapasri	10,600,000	1.106
4	Miss Punlapa Viddayakorn	10,548,200	1.101
5	OCBC SECURITIES PRIVATE LIMITED	10,000,000	1.044
6	Mrs. Piyama Charintorn	9,340,000	0.975
7	Miss Suratchanee Lim-atiboon	8,327,500	0.869
8	Miss Suparada Chalacheebh	6,692,480	0.699
9	Mr. Noppong Simakorn	6,000,000	0.626
10	Miss Rasara Tantayanon	5,095,000	0.532
11	Miss Waraporn Harnkraiwilai	5,000,000	0.522
	Minor shareholders (free float)	196,455,920	20.508
	Total	957,976,200	100.000

The Company sets the record date for the shareholders who shall have the right to attend the meeting on April 1, 2016 and the book closing date on April 4, 2016

Issuance of other securities

Warrants to purchase newly issued ordinary shares

As at August 20, 2013, the Company's Extraordinary General Meeting approved the issuance and offering to sales of the Company's warrant (PRINC-W1) of 466,900,000 units to existing shareholders with the ratio of 1 existing ordinary share for 1 unit of warrant. The details are as follows;

Type of warrants	:	Named certificate and transferable
Offering price per unit	:	0 Baht (Zero Baht)
Exercise ratio	:	1 unit of warrant for 1 newly ordinary share
Exercise price	:	1.20 Baht per share
Exercise date	:	Shall be at every 3 months since the issuance date of warrants, in which the first date of exercise right was on December 27, 2013 and the last date will be on September 30, 2016
Issuance date of warrants	:	October 1, 2013
Term of warrants	:	3 yers after the issuance date

The Stock Exchange of Thailand has accepted the registration of such warrants as registered securities since November 1, 2013, totaling of 466,850,000 units. As of December 31, 2014, the remaining non-exercised warrants was of 452,925,500 units.

During the year 2015, the warrant holders have notified the intention to exercise the right to purchase ordinary shares for 3 times, totaling of 10,251,700 units. The details of exercising the right are as follows;

Exercise Date	No. of Exercise Units	Registration Date for Capital Increase with the Ministry of Commerce
March 31, 2015	9,700,700	April 9, 2015
June 30, 2015	501,000	July 8, 2015
September 30, 2015	50,000	October 6, 2015
December 30, 2015	Non-exercise	-

As of December 31, 2015, the remaining non-exercised warrants was 442,673,800 units.

Dividend Policy

The Company has the policy to pay dividend to the shareholders at a rate of no less than 40% of the Company's annual net profit after deducting corporate income tax, legal reserve and other reserves. For the past years, the Company has never paid the dividend because the Company has just started to generate the profit in the year 2014 and presently in the period of business expansion. Therefore, the dividend payment policy may be adjusted based upon the Company's results of operations, business expansion plan, liquidity condition, as well as other necessary and appropriate factors in the future, with the authority to approve by the Board of Directors. All decisions will be for the aim of the highest benefits for the shareholders.

General Information and Other Key Information

General information of listed company

(1) Principal Capital Public Company Limited

English Title	Principal Capital Public Company Limited Formerly named Metrostar Property Public Company Limited
Type of Business	Property Development
Headquarters	
location	23 rd Floor, Bangkok Business Center, No.29, Sukhumvit 63, Klongton Nua, Wattana, Bangkok 10110.
Branch location	1 Soi Suan Plu, Sathorn, Thungmahamek, Sathorn, Bangkok 10120
Business Registration	0107547000869 (formerly 0107574700864)
Number	
Tel :	02-714-2184
Fax :	02-714-2185
Website	www.principalcapital.co.th
Issued Securities	As of February 15, 2016, the Company has a registered capital of Baht 1,400,700,000, paid up capital of Baht 957,976,200, the number of ordinary shares 957,976,200 shares, par value of Baht 1 each and Warrants (PRINC-W1) issued to existing shareholders, registered with the Stock Exchange of Thailand of 466,850,000 units since November 1, 2013. As of February 15, 2016, the remaining non-exercised warrants of 442,673,800 units.

(2) Principal Investment Company Limited

English Title	Principal Investment Company Limited
Type of Business	Consulting Business
Office location	23 rd Floor, Bangkok Business Center, No.29, Sukhumvit 63, Klongton Nua, Wattana, Bangkok 10110.
Business Registration Number	0105556119227
Tel :	02-714-2184
Fax :	02-714-2185
Issued Securities	-As of February 15, 2016 the Company has a registered capital of Baht 10,000,000, paid up capital of Baht 10,000,000, number of ordinary shares 1,000,000 shares, par value of Baht 10 each.

(3) Convergence System Company Limited

English Title	Convergence System Company Limited
Type of Business	Information Technology Business
Office location	23 rd Floor, Bangkok Business Center, No.29, Sukhumvit 63, Klongton Nua, Wattana, Bangkok 10110.
Business Registration Number	0105551095249
Tel :	02-714-1378
Fax :	02-714-3478
Issued Securities	As of February 15, 2016, the Company has a registered capital of Baht 50,000,000, paid up capital of Baht 50,000,000, number of ordinary shares 1,000,000 shares, par value of Baht 10 each.

(4) Bangkok Center District Company Limited

English Title	Bangkok Center District Company Limited
Type of Business	Real Estate Development
Office location	23 rd Floor, Bangkok Business Center, No.29, Sukhumvit 63, Klongton Nua, Wattana, Bangkok 10110.
Business Registration Number	0105558144911
Tel :	02-714-2173
Fax :	02-714-2185
Issued Securities	As of February 15, 2016, the Company has a registered capital of Baht 300,000,000, paid up capital of Baht 75,000,000, number of ordinary shares 30,000,000 shares, par value of Baht 10 each

Other Important Information

Other References

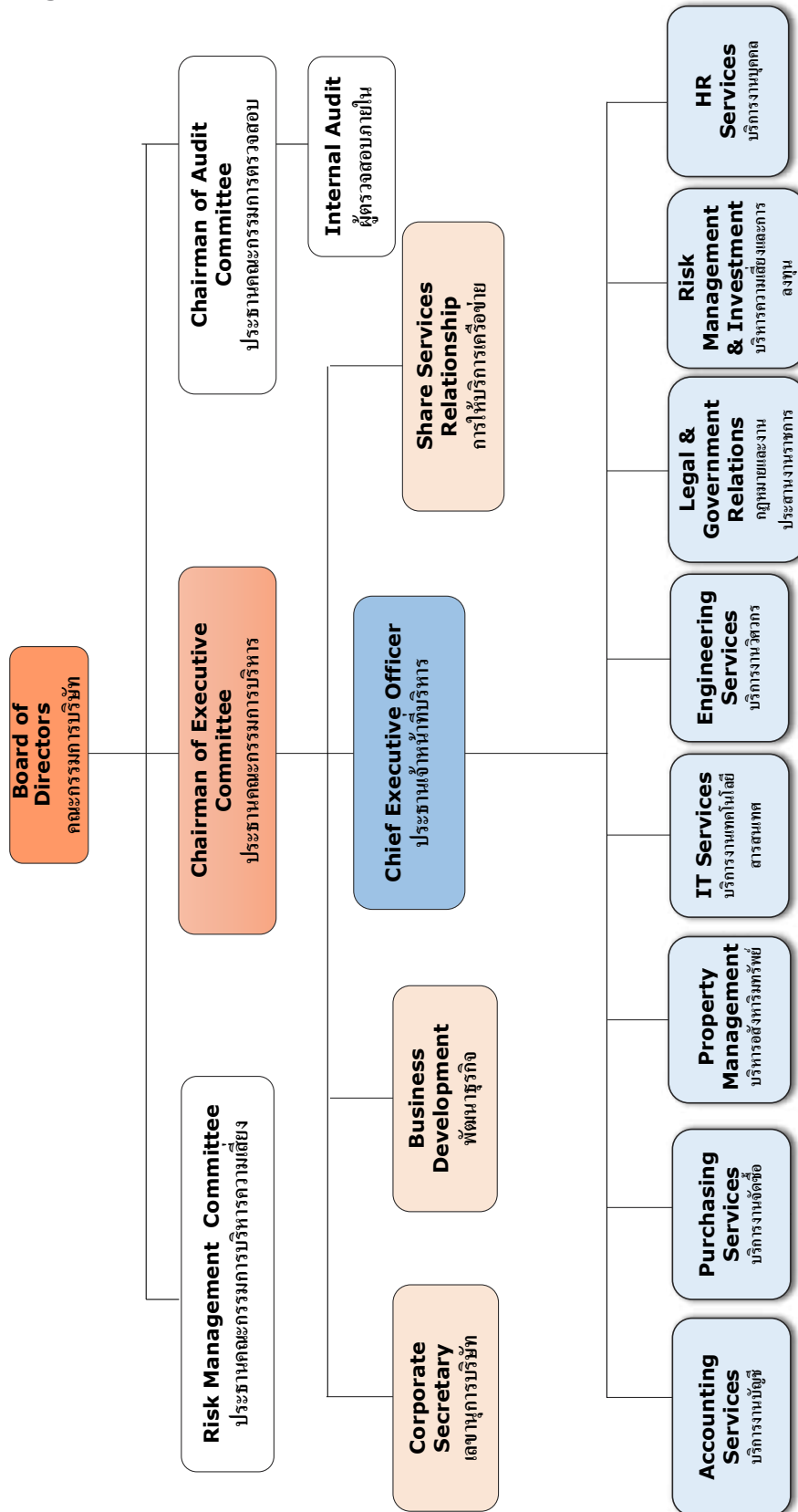
Registrar : Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building, Floor 7th
62 Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand
Tel: (66 2) 229 2800

Auditors : Mr. Chanchai Chaiprasit C.P.A. No. 3760
Mr. Pisit Thangtanagul C.P.A. No. 4095
Miss Nopanuch Apichatsatien C.P.A. No. 5266

PricewaterhouseCoopers ABAS Company Limited
15th Bangkok City Tower
No.179/74-80 South Sathorn Road Bangkok 10120
Tel. 02-344-1000 Fax 02-286-5050

Management Structure and Remuneration

The organizational structure as at March 1, 2016



Director and Executive Remuneration

(1) Cash Remuneration

During 2015, there were 8 meetings of the Board of Directors in which the Company paid the meeting allowance to all board members totaling of 950,000 Baht. The total meeting allowance for the Executive Committee's meeting to all executive directors was totaling of 60,000 baht. Also, the Company paid annual bonus to all directors totaling of 4,000,000 Baht. The total remuneration for the year was 5,010,000 Baht.

Name of directors	Meeting allowance for members of Board of Directors, Executive Committee and Audit Committee	Annual bonus for directors	Total
1. Dr. Pongsak Viddayakorn	135,000.00	600,000.00	735,000.00
2. Mr. Yarnsak Manomaiphiboon	155,000.00	600,000.00	755,000.00
3. Dr. Satit Viddayakorn	110,000.00	400,000.00	510,000.00
4. Miss Aranya Chalernpornvarodom	110,000.00	400,000.00	510,000.00
5. Dr. Jutamas Ingpochai	110,000.00	400,000.00	510,000.00
6. Miss Seerada Tiemprasert	110,000.00	400,000.00	510,000.00
7. Mrs. Sansanee Sutivong	100,000.00	400,000.00	500,000.00
8. Mr. Sastra Chuntarasupt	90,000.00	400,000.00	490,000.00
9. Miss Patraporn Jarupat	90,000.00	400,000.00	490,000.00
Total remuneration for	1,010,000.00	4,000,000.00	5,010,000.00

During 2015, the Company paid the remuneration consisting of salary and bonus to 10 executives (including Dr.Pongsak Viddayakorn, Dr. Satit Viddayakorn and Miss Chayaporn Luannapawan) totaling of 26.42 million Baht. Convergence System Co. Ltd. paid the remuneration consisting of salary and bonus to 8 executives totaling of 14.93 million Baht.

(2) Other Remunerations**Other Remunerations for directors**

None

Other Remuneration for Executives

- Provident Fund

The Company has set up Provident Fund for its employees and executives since January 2014, in which the Company's contribution rate is 3% of the salary.

Human Resources

Staff headcount (including executives) of the Company and its subsidiaries, including remunerations which are salary, overtime, bonus, social security money and other welfares, as at December 31, 2015 are shown as follows;

Year 2015	Principle Capital PCL		Convergence System Co., Ltd.	Principle Investment Co., Ltd.	Bangkok Center District Co., Ltd.
	HQ	MEA			
Operational level (persons)	34	169	118	-	-
Executive level (persons)	9	-	8	-	-
Total staff (persons)	43	169	126	-	-
Remuneration (Million Baht)	42.07	47.70	82.60		

Since the two subsidiaries have no staff, no remuneration has been paid in the year 2015.

Bonus Criteria

Bonus shall be determined for each period with several factors to be taken into consideration, which are the operational results of the Company and the evaluation on performance of each staff.

Labour Dispute

- None -

Staff Development Policy

The Company has the policy to develop its staffs having potential to be ready for business competition and the consideration for all stakeholders. The Company encourages its staffs to get trained on courses relevant to their work in all aspects. Also, the Company has the policy to support staffs who want to further their education to a higher level.

During the previous year, the Company arranged 10 in-house training courses for its staffs and sent some staffs to join external trainings related to their works, such as training for Human Resource and for the corporate secretary.

Remuneration for auditor

The Company and its subsidiaries have paid expenditures to audit company for the year 2015, as follows;

Name of Payers	Name of Audit Company	Audit fee (Baht)	Out of pocket expenses (Baht)
Principal Capital PLC.	PricewaterhouseCoopers ABAS Co.,Ltd.	1,450,000.00	26,740.00
Principal Investment Co., Ltd.	PricewaterhouseCoopers ABAS Co.,Ltd.	60,000.00	1,200.00
Convergence System Co., Ltd.	PricewaterhouseCoopers ABAS Co.,Ltd.	400,000.00	4,400.00
Bangkok Center District Co., Ltd.	PricewaterhouseCoopers ABAS Co.,Ltd.	70,000.00	-
Total remuneration to auditor		1,980,000.00	32,340.00

The audit expenditure only for the Company is 902,000 Baht.

The Board of Directors



01 Dr. Pongsak Viddayakorn,
Chairman of the Board of Directors



02 Mr. Yansak Manomaiphiboon
Independent Director, and
Chairman of the Audit Committee

03 Dr. Satit Viddayakorn
Director, Chairman of
the Executive Committee,
and Chairman of the Risk
Management Committee



04 Miss Aranya Chalernpornvarodom
Independent Director and Audit
Committee Member

05 Dr. Jutamas Ingpochai
Independent Director and
Audit Committee Member



06 Mr. Veera Srirachanachai
Director, Executive Committee
Member, Risk Management
Committee Member and Chief
Executive Officer

07 Miss Wichanan Supajanya
Director, Executive Committee
Member and Business
Development Director



08 Miss Seerada Tiemprasert
Director

09 Miss Patraporn Jurupat
Director

The Board of Directors

For the year 2015, the Board of Directors of Principle Capital Public Company Limited comprised 9 qualified, competent and experienced directors, as follows

Name	Position	The Meeting / Attendance				Reason for Absent
		Board of Directors	Executive Committee	Audit Committee	Shareholders' Meeting	
1. Dr.Pongsak Viddayakorn	Chairman of the Board of Directors	8/8	-		1/1	-
2. Mr. Yarnsak Manomaiphiboon	Independent Director and Chairman of the Audit Committee	8/8	-	4/4	1/1	-
3. Dr. Satit Viddayakorn	Director and Chairman of the Executive Committee and Chairman of the Risk Management Committee	8/8	4/4		1/1	-
4. Miss Aranya Chalernpornvarodom	Independent Director and Member of the Audit Committee	8/8	-	4/4	1/1	-
5. Dr. Jutamas Ingpochai	Independent Director and Member of the Audit Committee	8/8	-	4/4	1/1	-
6. Miss Seerada Tiemprasert	Director	8/8	4/4	-	1/1	-
7. Mrs. Sansanee Sutivong*	Director	7/8	4/4	-	1/1	On Business
8. Mr. Sastra Chuntarasupt *	Director	8/8	-	-	1/1	-
9. Miss Patraporn Jarupat	Director	8/8	-	-	1/1	-

* Mr. Sastra Chuntarasupt resigned from a board member on February 24, 2016 and Mrs. Sansanee Sutivong resigned from a board member on February 25, 2016.

** Mr. Veera Srیشانachaichok has been appointed to be a board member, in substitution of Mr. Sastra Chuntarasupt from February 26, 2016 and Miss Wichanan Supajanya has been appointed to be a board member, in substitution of Mrs. Sansanee Sutivong from February 26, 2016.

Authorities and responsibilities of the Board of Directors

According to the Company's Article of Association, the Board of Directors is empowered to carry out the Company's business operations in accordance with the law, the Company's objectives, the Articles of Association, and the resolutions of the shareholders' meetings. The Board of Directors shall adhere to the "Principles of Good Corporate Governance for Listed Companies" stipulated by the Stock Exchange of Thailand. The Board of Directors shall perform their duties with honesty and with due care for the best interests of the Company and shareholders. Therefore, the Company has established the duties and responsibilities of the Board of Directors for all levels of employees to be observed in performing their duties and for building trust among shareholders and investors, as follows,

1. To carry out the Company's business operations and perform their duties in accordance with the law, the Company's objectives, the Articles of Association, and the resolutions of the shareholders' meetings with honesty and integrity (Duty of Loyalty), circumspection and caution (Duty of Care), responsibility (Duty of Accountability), and ethics for the best interests of the Company, conforming to good corporate governance principles, and treating all shareholders equally.
2. To evaluate the performance of the president on an annual basis and to determine the remuneration of the Chief Executive Officer.
3. To determine the Company's vision, important policies and strategies, financial objectives, business plans, annual budget, risk and to monitor and supervise the management to ensure implementation of those policies and plans effectively and efficiently, and be responsible for the operating performance and executives' performance with best effort and carefulness.
4. To ensure that the accounting system, financial reports and accounting audit are accountable and ensure that the Company has procedures for assessing and monitoring the appropriateness, effectiveness and efficiency of internal control financial reports, and internal audit.
5. To monitor and resolve conflict of interests among stakeholders of the Company and set the guidelines on conducting transactions with conflict of interest so that the transactions are conducted for the best interests of the Company and all shareholders. Persons who have vested interests in a given transaction should not participate in decision-making process. The guidelines shall describe procedures and disclose information of transactions which may create a conflict of interest to ensure accuracy and completeness.
6. To establish risk management policy to cover all activities of the Company and assign management to implement the policy. The management shall report the result to the Board of Directors through

the Audit Committee regularly on a quarterly basis. The Company shall review the effectiveness of risk management once a year and stay alert on early warning signs and unusual transactions.

7. To consider appointment of a person who possesses qualifications and does not possess any characteristics prohibited under the Public Company Act B.E. 2535 and the laws governing securities and exchange and any relevant rules, regulations and/or notifications to be director in case there is a vacancy due to a cause other than retirement by rotation.
8. To consider appointment of independent directors by taking into consideration qualifications and prohibited characteristics under the laws governing securities and exchange, notifications of the Capital Market Supervisory Board, including relevant rules, regulations and/or notifications of Securities Exchange of Thailand or propose to a shareholders' meeting for appointment.
9. To consider appointment of audit committee members who have qualifications under the laws governing securities and exchange notifications of the Capital Market Supervisory Board, including rules, regulations and/or notifications of the Securities Exchange of Thailand.
10. To consider appointment of executive committee and assign authorities and responsibilities. The executive directors are entitled to receive rewards and pension prescribed by the board of directors. However, it does not affect the rights of the appointed executive directors to receive remuneration and other benefits as the Company's officers or employees as prescribed in the Company's Article of Association.
11. To ensure that a written code of business conduct be in place so that all directors, executives and employees understand business ethical standards of the company. Compliance to the code should be closely monitored by the board of directors.
12. To appoint the company secretary in accordance with the Securities and Exchange Act who is responsible for preparing and assembling documents and other tasks as prescribed by the Capital Market Supervisory Board. The company secretary shall be in charge of supervising activities of the board of directors and the Company, which are arranging the board of directors' meetings and shareholders' meeting, advising the directors and the Company on conducts and relevant laws and regulations that they must comply in business operation on regular basis, and disclosing the Company's information accurately, completely, and transparently.
13. To establish anti-corruption policy to cover all activities of the company.
14. The company secretary shall report a summary of securities holding in the Company and affiliated companies by directors, their spouses, and minor child to the board of directors' meeting. A director shall notify the company without delay, through the company secretary, in the following cases;

- having a direct or indirect interest in any contract which is made by the Company during an accounting year;
 - changing in proportion of securities holding in the Company and affiliated companies
15. To attend the training course relevant to director's work organized by the Thai Institute of Directors Association (IOD) for at least 1 course to enhance skills necessary to perform their duties. Directors can choose to attend the following courses: Director Accreditation Program (DAP), or Director Certification Program (DCP) or other equivalent training courses.
 16. Other duties of the directors prescribed in the notifications, regulations, or any other laws of the governing agencies.
 17. To evaluate the implementation of corporate governance policy of the Company and review the policy on a regular basis.
 18. The board of directors can appoint and change the names of the authorized signatory director.

Executive Committee

The Company's executives as at March 1, 2016 consisting of 5 members, as the followings;

Name of Executive Committee	Position
1. Dr. Satit Viddayakorn	Chairman of Executive Committee
2. Mr. Veera Srichanachaichok	Executive Director
3. Miss Chayaporn Luannapavan	Executive Director
4. Miss Preeyaporn Aphiwathwittaya	Executive Director
5. Miss Wichanan Supajanya	Executive Director and Secretary

Authorities and Responsibilities of the Executive Committee

1. Be accountable for the administration regarding the Company's common conduct of businesses and management as well as determine financial plans, budgets, human resource management, technology investment and public relations of the Company, for submission to the Board of Directors for consideration and approval as well as supervise and monitor the Company's results of operation in pursuant with the Company's policy.

2. Undertake the operation and the management of the Company in consistency with every aspect of the Company's objectives, rules, regulations, policies, orders, and the resolutions of the Board of Directors and/or the resolutions of the shareholders' meetings.
3. Have a power to appoint and supervise the operations of the appointed working group of committees to meet policies and objectives as required.
4. Have the power to consider and approve the capital expenditure under 10 million Baht (for each item). In this regard, such issue must be presented to the Board of Directors for further approval/ ratification.
5. Approve key investment spending as specified in the annual budget for expenditure, as assigned by the Board of Directors, or as agreed in principle approved by the Board of Directors.
6. Have the power to consider and approve the Company's short-term investment (less than 1 year) and financial investment (Portfolio Investment) for the period of 2-5 years under an amount not exceeding to 300 million Baht (for each item). In this regard, such issue must be presented to the Board of Directors for further approval/ ratification.
7. Consider dividend payout during the year or an annual payout for submission to the Board of Directors for consideration and approval.
8. Set the structure of the Company, authority as well as appointment, employment, transfer, compensation, remuneration, bonuses for executives who are non-members of the Executive Committee and termination.

The authority of Executive Committee shall not include the approval of any transactions that may have conflict of interests or any transactions that Executive Committee or persons may have conflict of interests or other form of interests that may conflict with the Company or its subsidiaries in accordance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. The approval of such transactions must be presented to the Board meeting and/or the Shareholders' meeting for consideration and approving such transactions in accordance with the Company's regulations and relevant laws.

Audit Committee

The Audit Committee shall comprise at least 3 independent directors, with at least 1 member possesses sufficient knowledge and experiences to review the reliability of financial statements. The Audit Committee members must bear independent qualifications in accordance with the Securities and Exchange Commission notification regarding the qualifications and scope of work of Audit Committee. The Audit Committee is in charge of supervising business operation of the Company, oversight of financial reporting and internal control, selecting the Company's external auditors, considering conflict of interest issues and risk management. For the year 2015, the Company has 3 members of the Audit Committee who have sufficient knowledge, ability and experiences to review the reliability of financial statement, consisting of;

Name of Audit Committee	Position
1. Mr. Yarnsak Manomaiphiboon	Independent director and Chairman of Audit Committee
2. Miss Aranya Chalermponvarodom	Independent director and member of Audit Committee
3. Dr. Jutamas Ingpochai	Independent director and member of Audit Committee

Authorities and Responsibilities of the Audit Committee

1. To review financial reports to ensure that it is accurate and reliable and that sufficient information is disclosed by cooperating with the Company's external auditors and the management responsible for preparing quarterly and annual financial reports.
2. To review the Company's and affiliated company's internal control system, internal audit system, and risk management system to ensure their appropriateness and effectiveness. The Audit Committee may review or examine the transactions that they deem necessary and important, provide recommendation on the improvement of internal control system or risk management system and report the result of examination to the Company's board of directors.
3. To ensure compliance with the laws governing securities and exchange or regulations of Securities Exchange of Thailand, policies, rules, directives, requirements, and other laws related to the Company.

4. To review evidence if in doubt about the action that may seriously affect the Company's financial position and performance or conflicts of interest or violation of laws and regulations that affect the Company's operation.
5. To consider the disclosure of information in case of connected transactions or transactions of potential conflicts of interest and ensure compliance with Securities Exchange of Thailand's laws and regulations, in order to ensure that such transactions are reasonable and most beneficial to the Company.
6. To select and nominate independent persons to be the external auditors of the Company and propose their remuneration by considering credibility, sufficiency of resources and amount of audit works of such auditing firm, including the experience of the person designated for auditing. Audit committee shall have meeting with external auditor without management's presence at least once a year.
7. To ensure accuracy and effectiveness of Information Technology concerning financial reports and internal controls.
8. To promote development of the system of financial reporting to be in line with international standards.
9. To review internal audit plan of the Company in accordance with internationally accepted approaches and standards.
10. To consider the independence of the internal audit department of the Company or recruit external service provider to perform internal audit functions. The Audit Committee may give recommendations on budget and human resources of internal audit department. The Audit Committee shall give consent to the appointment, transfer and dismissal of the head of internal audit department and assess the performance of the head of internal audit department.
11. To prepare a report of the Audit Committee, signed by the Chairman of the Audit Committee, for disclosure in the Company's annual report in accordance with the Securities Exchange of Thailand's regulations.
12. If necessary, the Audit Committee may seek independent opinions from external advisors, at the Company's expense. The Selection of external advisor shall be in accordance with the Company's regulation.
13. The Chairman of the Audit Committee shall attend the shareholders' meeting to explain or answer to enquiries on audit committee or accounting auditor appointment.
14. To review the Audit Committee's charter.

15. To perform other tasks assigned by the board of directors upon which the Audit Committee agrees.

Risk Management Committee

Comprises at least 3 members elected by the Board of Directors, and at least 1 member being a director of the Company. In February 2016 , the Board of Directors has appointed 5 members of Risk Management Committee, consisting of;

Name of Risk Management Committee	Position
1. Dr. Satit Viddayakorn	Chairman of Risk Management Committee
2. Mr. Veera Srichanachaichok	Member of Risk Management Committee
3. Mr. Sirichai Towiriyawate	Member of Risk Management Committee
4. Miss Chayaporn Luannapavan	Member of Risk Management Committee
5. Miss Thiranan Sangphungtham	Member of Risk Management Committee and Secretary

Authorities and Responsibilities of the Risk Management Committee

1. To consider and propose the risk management policy related to the Company's business operations, acceptable risk appetite, and other related operational framework to the Board of Directors.
2. To develop an efficient enterprise risk management system and promote collaboration to ensure risk management is continuously implemented at all levels in the organization.
3. To review risk report of each department and provide recommendations and resolutions.
4. To coordinate with the Audit Committee about significant risk factors and propose appropriate mitigation policy or measures.
5. To oversee the effectiveness of risk management processes.
6. To report significant risks and risk management solutions to the board of directors' meeting periodically.
7. To perform other tasks related to risks management as assigned by the Board of Directors.

Selection and Appointment of Directors and High-Level Executives

(1) Criteria for Selection and appointment of independent director are as the followings;

The Company has the criteria for Selection and appointment of independent Director, by recruiting from the persons who have knowledge, ability and qualifications in compliance with minimum requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, as follows,

1. Shall not hold shares exceeding 1% of all shares with voting rights of the Company, its subsidiary, related company, major shareholder or entity with controlling authority, including shares held by related persons of such independent director.
2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is an entity with controlling authority of the Company, its subsidiary, related company, major shareholder or entity with controlling authority.
3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child of an executive, major shareholder, an entity with controlling authority, or person to be nominated as director, executive or entity with controlling authority of the Company, its subsidiary, or related company.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, related company, major shareholder or entity with controlling authority, in such a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or entity with controlling authority of any person having a business relationship with the Company, its parent company, subsidiary, related company, major shareholder or entity with controlling authority.
5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, related company, major shareholder or entity with controlling authority, and not be a significant shareholder, entity with controlling authority, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, related company, major shareholder or entity with controlling authority.
6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary, related company, major shareholder or entity with controlling

authority, and not be a significant shareholder, entity with controlling authority or partner of the provider of professional services.

7. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.
8. Shall not engage in any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1 % of all shares with voting rights of another company which engages in business in the same nature and in competition with the business of the Company or its subsidiary.
9. Shall not have any other characteristic which prevents him/her from expressing opinion freely on the operation of the Company.

Following the appointment as independent directors with the qualifications correspond to item (1) to item (9) specified above, they may be assigned by the board of directors to make collective decisions involving the business of the Company, the parent company, subsidiary, associated company, a major shareholder or an entity with controlling authority.

Selection and Appointment of the Board members

The Board of Directors shall consist of 5 board members at the minimum, in which more than half of board members must have residence in Thailand and directors must have the qualifications as specified by laws. The Selection and the consideration on qualifications of directors must comply with the following criterias;

1. The appointment of a director shall be in accordance with the Articles of Association of the Company and the provisions of the relevant laws. Incidentally, the appointment of director must be transparent and clear. The consideration must include the educational record and occupational experience and track record of such person with sufficient information to support the decision of the Board of Directors and the shareholders of the Company.
2. A director of the Company must be a knowledgeable, capable, transparent, honest person, to be ethically businesslike and have sufficient time to devote his/her knowledge, ability and the performance of duty to the Company.
3. A director is forbidden to enroll as a partner or as a director of any other juristic persons that hold the same business type or being a competitor with the company, unless the shareholders

shall be notified before the assignment in the meeting. Also, a director shall immediately inform to company if any direct or indirect conflict of interest has been concerned by any agreement with, or holding shares or debenture up or down in the company or the subsidiary company or the affiliated company.

4. A director must possess qualifications and does not have prohibited characteristics pursuant to the law governing the public limited company and the law governing securities and stock market.

The Company's shareholders shall elect directors at the shareholders' meeting using the following rules and procedures.

1. Each shareholder shall have (1) vote per (1) share
2. Each shareholder shall use all his or her votes under (1) to elect one or several persons as a Director. However, he or she may not divide his or her votes among the candidates
3. Those people who receive the highest number of votes shall be elected as directors of the Company on descending basis until the required number of directors is appointed. In the event of a tie, the chairman of the meeting shall have the deciding vote.

The Company shall remove and vacate directors using the following rules and procedures.

1. At the annual general meeting of shareholders, the directors shall vacate office by one-third (1/3). If the number of directors is not divisible by three, it has to be the nearest one-third (1/3). In the first and second year after the registration of the Company, directors shall vacate office by drawing lots. In subsequent years, the directors who have stayed in the position for the longest period shall vacate office.
2. Other than for a vacancy by rotation, a director shall vacate office upon death, resignation, lack of qualifications or having prohibited characteristics under the law governing public limited companies and/or the laws governing securities and exchange, removal by a resolution of the shareholders' meeting, or removal by a court order.
3. Any director who wishes to resign from the directorship shall submit a resignation letter to the Company, and the resignation shall be effective from the date of receipt of the resignation letter by the Company. A director who has resigned may also notify the registrar of such resignation.

4. The shareholders' meeting may pass a resolution to remove any directors from office prior to retirement by rotation, by a vote of not less than three-fourth (3/4) of the number of shareholders attending the meeting and having the right to vote, and the shares held by them shall, in aggregate, amount to not less than one-half of the number of shares held by the shareholders attending the meeting and having the right to vote.
5. In the event that a board position becomes vacant for any reason other than by rotation, the Board of Directors shall elect any person who is qualified and who does not have any of the prohibited characteristics under the law governing public limited companies and under the law governing securities and exchange as a substitute director at the subsequent board of directors meeting, unless the remaining term of office of the vacant directorship is less than two (2) months. The substitute director shall retain office only for the remaining term of office of the director whom he/she replaces.
6. The resolution of the Board of Directors shall be passed by an affirmative vote of not less than three-fourth (3/4) of the remaining directors.

Selection and Appointment of High-Level Executives

Regarding the Selection for the position of Chief Executive Officer, the Chairman of Executive Committee shall consider and screen a person who is completely qualified and has useful knowledge, ability, skill and experience which will be valuable to the Company's operations, including well understanding in the Company's businesses and being able to manage all works toward objectives and goals specified by the Board of Directors. The chairman of Executive Committee shall report to the Board of Directors for acknowledgement after the appointment.

Lists of the Company's executives as at March 1, 2016 are as the followings;

Name of Executive	Position
1. Mr. Veera Srichanachaichok	Chief Executive Officer
2. Mr. Sirichai Towiriyawate	Director of Risk Management and Investment
3. Miss Wichanan Supajanya	Director of Business Development
4. Mr. Anan Kongmaneerat	Director of Engineering Service
5. Mrs. Samerkhae Sattaphong	Director of Purchasing Service
6. Mrs. Sukanit Mahanukul	Director of HR Service
7. Miss Preeyaporn Aphiwathwitthaya	Director of Accounting Services

Roles, Duties and Responsibilities of Chief of Executive Officer

1. Supervise the operation and/or daily administration of the Company. Comply with policies, plans, and budgets approved by the board and/or the board of directors of the Company.
2. Be authorized to manage the businesses of the Company to meet the objectives, articles, policies, procedures, guidelines, orders, resolutions of shareholders' meetings/resolutions of board of directors' meetings, and the management executives in all aspects.
3. Appoint and manage working committees to the benefit and efficiency of good management and transparency, and have the authority to sub-grant power and/or authorize any other person to perform specific tasks on his behalf. The sub-grant power authority and/or assignment shall be under the scope of its authority by power of attorney, which was approved by the board of directors and/or to comply with rules and regulations or orders of the board of directors of the Company and/or the orders of the Company.
4. Determine mission, objectives, policies, as well as supervise of the overall operations, to maximize the benefits of the management.
5. Monitor and evaluate the operations of the Company to prevent the risk of various factors both from internal and external matters.
6. Authorize employment of employees, appointments, transfers, and removal for cross-functional/departments/divisions or termination of employment.
7. Authorize issuing orders, regulations, notifications, and recordings in compliance with the policy and benefits of the Company in order to maintain procedures and discipline within the organization.
8. Perform other duties as assigned by the Board of Directors.
9. Financial approval limit of CEO is based the management manual declared by the Company.

The powers of, and the granting of powers of, the CEO to others as deemed appropriate, shall not include the power and/or granting of powers to approve any transaction for any person who may have any conflict of interest, have a vested interest, or may have any other conflict of interest with the Company, as defined in the notifications of SEC and SET, except where the approval of such transaction is proposed to a working

working committee and/or at a shareholders' meeting, in order to consider and approve as defined by governing articles or laws.

Corporate Secretary

The Board of Directors has approved the appointment of Miss Chayaporn Luannapavan as the Corporate Secretary, effective since May 14, 2014, in which the qualifications of the Corporate Secretary appeared in Details of Directors, Executives, Controlling Persons, Corporate Secretary

Roles, Duties and Responsibilities of Company Secretary

1. Prepare and keep the important documents of the Company.
2. Maintain reports on related transactions, and supervise the activities as assigned by the SEC.
3. Make arrangements for the Board meetings, and specific committee's meetings.
4. Prepare meeting reports, important documents, and arrange a venue for the meeting of the board of directors and shareholders, prepare minutes of meetings, prepare meeting documents, and record the minutes of the meetings.
5. Prepare annual reports to propose to shareholders' meeting.
6. Hold shareholders' meetings, and take care of shareholders and investors.
7. Draft management policies.
8. Supervise the Company and the board of directors to comply with the laws and regulations of the Office of the Stock Exchange Commission (SEC), and the Stock Exchange of Thailand (SET).
9. Support the Company to practice good corporate governance.
10. Serve as a coordinator to, or be, the Company's registrar and coordinate for matters relating to dividend payment activity.
11. Follow up the execution in accordance with the resolutions of the board of directors and shareholders meetings.

Details of Directors, Executives, Controlling Persons, Corporate Secretary

Name-Lastname / Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationship	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
Dr. Pongsak Vidayakorn, MD Chairman	83	<ul style="list-style-type: none"> - Doctor of Medicine, Faculty of Medicine, Siriraj Hospital, Mahidol University DTM & H, Faculty of Tropical Medicine, Mahidol University - Post graduated study, University of Pennsylvania, Philadelphia, USA. - The National Defence College Training - Director Accreditation Program (DAP) at IOD 	None	Father of Dr. Satti Vidayakorn	April 2013 - Present	Chairman	Principal Capital PCL
					1977-2007	President Board of Directors	<u>Listed Companies</u> Bangkok Dusit Medical Services PCL
					1991-2001	Board of Advisors	Samitivej PCL
					2016 - Present	Deputy Chairman	<u>Non Listed Companies</u> Sahabhat Pichit Co., Ltd.
					2015 - Present	Chairman	Phitsanuvej Co., Ltd.
					2014 – Present	Chairman	Ten M.D. nakornsawan Co., Ltd.
					April 2014 – Present	Chairman	Hospital Management Training and Development Institute (HMTDI)
						Shareholder 99.998%	

Name-Lastname / Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationship	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
Mr. Yansak Manonaphiboon Independent Director, and Chairman of Audit Committee,	53	- BSc. 2 nd Honor, Engineering, Chulalongkorn University - MBA, Finance and Management, Indiana University, Bloomington, USA - Program on Corporate Governance for Directors and Senior Management of State Enterprise and Public Organization, Class 3 - Executive Class 5, Capital Market Academy Training Director Certification Program (DCP) 2005 at IOD Director Accreditation Program (DAP) 2004 at IOD	None	None	April 2013 – Present	Independent Director, and Chairman of Audit Committee,	Principal Capital PCL
					February 2012 – Present	Independent Director and Audit Committee Member	Listed Companies Sahaviriya Steel Industry PCL
					April – September 2001	Independent Director, and Chairman of Audit Committee,	Krung Thai Bank PCL
					January 2011 – December 2011	Risk Management Committee member	MCOT PLC
					April 2010 – December 2011	Nomination Committee Member Independent Director, and Chairman of Audit Committee	MCOT PCL
					April 2009– December 2011	Independent Director, and Remuneration Committee Member	MCOT PCL
					February 2009 - March 2011	Chairman of Risk Management	Bualuang Securities PCL
					September 2005 – January 2009	Committee and Executive Director President and Executive Director	Bualuang Securities PCL
					December 2001 – September 2003	Managing Director and Executive Director	Bualuang Securities PCL

Name-Lastname /Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationship	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
					December 2014 – Present	Director	Non Listed Companies
					August 2014 – Present	Chairman of the Board	Thanakom Co.,Ltd.
					May 2012 – Present	Secretariat	Thai Credit Guarantee Corporation (TCG)
					March 2011 – April 2012	Advisor of Executive Committee	Association of the Thai Securities Companies
					May 2007 – March 2011	Executive Director and Vice President	Association of the Thai Securities Companies
					April 2011 – Present	Advisor	Federation of Thai Capital Market Organization
					August 2010 - มีนาคม 2011	Director	Federation of Thai Capital Market Organization
					April - November 2011	Chairman of the Board	Krung Thai Leasing Co., Ltd.
					April 2009 – March 2011	Director	The Thai Bond Market Association

Name-Lastname / Position	Age (Year)	Education/ Training	Shareholding (%) *	Board's Familial	Period	Position	Organization/Company/ Type of Business
Dr. Sati Viddayakorn Director, Chairman of the Executive Committee and Chairman of the Risk Management Committee	53	- Bachelor of Engineering, Mechanical Engineering Chulalongkorn University	67.939	Son of Dr. Pongsak Viddayakorn, MD	April 2013 -Present	Directors, Chairman of the Executive Committee and Chairman of the Risk Management Committee	Principal Capital PCL
		- MBA, Golden Gate University, San Fran cisco, USA				Assistant to President	Listed Companies Bangkok Dusit Medical Services PCL
		- Phd., Business Admin istration, Joint Program of Bangkok University and University of Nebraska- Lincoln, USA.				Director	Non Listed Companies Sahabhat Pichitr Co., Ltd.
		- Senior Executive Program (Sasin, Graduate Institute of Business Administration of Chulalongkorn University)				Director	Phitsanuej Co., Ltd.
		- Executive Education, Harvard Business School Training				Shareholder 99.998%	Service Station Co., Ltd.
		Director Certification Program (DCP)2015 at IOD				Director	Bangkok Center District Co., Ltd.
						Shareholder 0.001%	Hospital Management Training and Development Institute (HMTDI)
						Director	Convergence System Co., Ltd.
						Director	Principal Investment Co., Ltd.
						Shareholder 0.001%	Bangkok Ratchasima Hospital Co., Ltd.
						Managing Director	

Name-Lastname /Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationship	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
Miss Anya Chalermponvarodom Independent Director and Audit Committee Member	68	BA Accounting, 1st Honor, Chulalongkorn University MA Accounting, 1st Honor, Chulalongkorn University Training Chief Financial Officer Federation of Accounting Professional - Directors Accreditation Program 2016 (DAP) IOD	None	None	April 2013 - Present	Independent Director and Audit Committee Member	Principal Capital PCL
							Listed Companies
							None
							Non Listed Companies
					2008 – Present	Advisor of Executive Finance and Accounting Director	Regent Group

Name-Lastname /Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationship	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
Miss Jutamas Ingpochai Independent Director and Audit Committee Member	40	- BBA, Pine Manor College, USA MBA, Boston University, USA PhD. Business, Bangkok University Training Company Secretary Program 2009 (CSP) IOD - Directors Accreditation Program 2012 (DAP) IOD - Advance Audit Committee Program 2016 (AACP) IOD	None	None	April 2014 – Present	Independent Director and Audit Committee Member	Principal Capital PCL
							Listed Companies
					January 2011 – Present	Deputy President Investment Relation Shareholder 0.40%	GFPT PCL
					October 2008 - Present	Corporate Secretary	GFPT PCL
							Non Listed Companies
					October 2012 – Present	Director	Minimax Venture Co., Ltd.

name / Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationship	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
Mr. Veera Srichanachaichok Director, Executive Committee Member, Risk Management Committee Member, and Chief Executive Officer	57	<ul style="list-style-type: none"> - Bachelor of Accounting Thammasat University - MBA – Accounting Thammasat University - Training - Director Certification Program (DCP) 2005 at IOD - Advance Management Program - Executive Leadership Program (EDP) - Risk Management by Allianz Management Institute 	None	None	February 2016 - Present	Director, Executive Committee Member, Risk Management Committee Member, and Chief Executive Officer	Principal Capital PCL
					2008-2011	Director and Managing Director	<u>Listed Companies</u> Prinsiri PLC.
							<u>Non Listed Companies</u>
							None

Name-Lastname /Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationshi	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
Wichanan Supajanya Director, Executive Committee Member, and Business Development Director	45	Bachelor of Architecture Rangsit University Master of Housing - Faculty of Architecture Chulalongkorn University - Advance Certificate of Property Assessment Thammasat University - Mini MBA Certificate Kasetsart University - Certificate RE-CU Faculty of Architecture Chulalongkorn University Note : will attend DAP – IOD in July, 2016	None	None	February 2016 - Present	Director, Executive Committee Member, and Business Development Director	Principal Capital PCL
							Listed Companies
							None
							Non Listed Companies
					June 2014 – October 2015	Business Development Vice President	Property Department, Chulalongkorn University
					March 2013 – May 2014 June 2008 – February 2013	Strategic Planning Vice President Apartment Managing Director, and Residential Assistant Vice President	Property Department, Chulalongkorn University TCC Land Development Co., Ltd.

Name-Lastname / Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationship	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
Miss Seerada Tiemprasert Director	40	- Bachelor of Science- Business Administration, Babson College, Wellesley, Massachusetts, USA - Master of Science- International Business, Boston University, Massachusetts, USA - Training Director Certification Program (DCP) 2014 at IOD	None	None	April 2013 - Present	Director	Principal Capital PCL
							<u>Listed Companies</u>
							None
							<u>Non Listed Companies</u>
					January 2016- Present	Chief Executive Officer	Denali Prestige Asset Management Limited
					2013 - Present	Shareholder 60%	Denali Smith Capital Co., Ltd.
					2011-2013	Executive Director Shareholder 99.99%	
					Present	Director	Credit Suisse AG, Representative Office, Thailand
						Shareholder 50%	Cory and Partner Co., Ltd.

Name-Lastname / Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationship	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
Miss Patraporn Jurapat Director	49	BA, Faculty of Law, Thammasat University -MBA, East Texas State University, Texas, USA. (Master of Laws in Business Laws (English Program) Training Director Certification Program (DCP) 2014 at IOD	None	None	April 2013- Present	Director	Principal Capital PCL
							<u>Listed Companies</u> None
							<u>Non Listed Companies</u> The Juris Co., Ltd.
					2014 – Present	Director Shareholder	
					2012 – Present	Legal Advisor	Freelance
					Feb 2004 - 2011	Deputy Chairman of Legal Affairs	Millennium Microtech Co., Ltd.

Name-Lastname / Position	Age (Year)	Education/ Training	Shareholding (%)*	Board's Familial Relationshi	Work experience of the past 5 years		
					Period	Position	Organization/Company/ Type of Business
Ms.Chayaporn Luannapavan Corporate Secretary, Executive Committee Member, and Risk Management Committee Member	54	BS, Accounting, Kasetsat University Mini -MBA, Thammasat University Training Corporate Secretary Program 2014 at TLCA Anti-Corruption: The Practical Guide (ACPG 11/2014) at IOD Ethical Leadership Program (ELP 1/2015) at IOD	None	None	May 2014 - Present	Corporate Secretary, Executive Committee Member, and Risk Management Committee Member	Principal Capital PCL
					2006 – 2009	Vice President	Listed Companies TMB Bank PCL
					September 2015 - Present	Director Shareholder 0.001%	Non Listed Companies Bangkok Center District Co., Ltd.
					2009-2014 Present	Finance and Accounting Advisor	Freelance
					1997 -- 2008	Accounting Manager	Mitr Phol Sugar Group

Notes: All directors as mentioned above have never dishonestly committed an offence against property and never enter into any transactions which may cause conflict of interest against the Company during the year.

1. Dr. Satit Viddayakorn, Miss Patrapom Jarupat, Mr. Veera Srichamachaichok and Miss Wichanan Supajanya are delegated Authorized signatory.

2. Share Holding (%) as of 4 April, 2016

3. Role and responsibility of Corporate Secretary are defined in The Board of Directors and Management Part

Corporate Governance Policy

In order to comply with good corporate governance policy, the Company has restructured itself to align with the nature of the Company's business operations, which under the supervision of each department's executive. The preliminary supervision shall be operated by Executive Committee, Audit Committee and Risk Management Committee, in which the committee has the power to make decision and monitor the Company's operations according to the Company's regulations and the shareholder's meeting resolution. In this regard, scope and duties of each committee shall be formulated for the maximum working effectiveness, meanwhile there must be sufficient check and balance. The Company's corporate governance policy has been announced on November 26, 2015 and the details can be seen for the Company's website.

www.principalcapital.co.th/investor/good_corporate.html

Supervising the operations of subsidiaries and associated companies

In order that the operations of subsidiaries companies are appropriate, effective and in compliance with the Company's policy and direction, the Board of Directors shall proceed the followings;

1. Assign a person whom the Board of Directors/Executive Committee recognizes having appropriate knowledge and experiences to be a director in such subsidiary company. During the previous year, Dr. Satit Viddayakorn took a position of Chairman of the Board of Convergence System Co., Ltd as well as Mr. Sirichai Towiriyawate, a director of risk management and investment department, whom knowledge of information technology is recognizable, also took a position of another board member.
2. Arrange the meeting to monitor the results of operations every quarter.
3. Arrange an external entity to be responsible for internal audit and report the results to the Board of Directors for acknowledgement.
4. Clarify the Company's important policies such as good corporate governance policy, risk management policy and anti-corruption policy to subsidiaries companies for acknowledgement and implementation.

The Company has formulated the guidelines in the Code of Ethics to control its personnel not to disclose inside information to others, including using it for their own benefit. The main guidelines include not exploiting the Company's inside information for personal or others' interests such as trading share of the Company when the Company will announce performance outcomes, purchasing land or investing in the business in vicinity of the area that the Company plans to expand the business. Also, the Company has the policies and procedures to oversee executives as follows;

1. Provide knowledge to directors and executives to acknowledge their duties to report the securities holding by themselves, by their spouses and by their underage children as well as penalty under Securities and Exchange Act B.E 2535 and the requirements of the Stock Exchange of Thailand.
2. Designate the executives to report the movement of their securities holding to the Securities and Exchange Commission and submit a copy of such report to the Company on the same day of submitting the report to Securities and Exchange Commission.

When any related persons violate the relevant provisions with regard to the use of such inside information, it shall be deemed guilty of violating the Company's regulations and strict disciplinary action shall be taken against such persons. Also, when any actions are done in belief that they are illegal by laws, regulations and governmental instructions, the Company shall submit the case to state authorities for further action.

Compliance with other principles of good corporate governance

(1) Anti-Corruption

After the Company has announced the declaration to join Collective Action Coalition Against Corruption Council in 2014 in which the Company is No.332 in the Signatory Companies of Thailand's Private Sector Collective Action Coalition Against Corruption's Declaration of Intent, the Company arranged the training on October 20, 2015 and invited the external speaker so that employees are aware of an importance of the anti-corruption, understand an act of possible fraud and corruption, as well as gain knowledge of case studies or normal practices on anti-corruption of other organizations.

(2) Checks and balances for non-executive directors

The Company has the total of 9 board members, with the following details;

- Executive directors 2 persons
- Non-executive directors 4 persons
- Independent directors 3 persons

(3) Disclosure of the Company's major policies

The Company has prepared and formulated major policies consisting of Good Corporate Governance Policy, Risk Management Policy, Information Security Policy and Anti-Corruption Policy on November 26, 2015. After that, the Company has published those policies on the company's website:

www.principalcapital.co.th and the Company's internal website for the acknowledgement of the Company's and its subsidiaries' employees. Also, the Company has arrange the meeting to clarify those policies and to provide an opportunity for employees to ask for more details as well as to sign for acknowledgement of those policies on February 17, 2016.

(4) Remuneration for directors and executives

The Company has established a clear and transparent remuneration policy for directors in which the remuneration is at the same level with the companies in the same industry and is high enough to attract and retain the qualified directors as well as has been approved from the shareholder's meeting. Directors who are assigned more duties and responsibilities shall receiver proper remuneration with and increased duties and responsibilities.

(5) The Board meeting

The Board meeting is normally scheduled at every 3 months or at least 4 meetings per year and shall arrange an extra meeting as necessary. The agenda must be clear and sent in advance as well as shall has an agenda on monitoring the results of operations regularly. Administrative and legal departments shall send invitation letter and agendas to the directors for not less than 7 days prior to the meeting day so that the directors shall have enough time to study information before the meeting. The Company shall prepare the minutes of the Board of Directors' meetings and shall collect the approved minutes of the Board of Director's to be ready for examining by the Board and relevant parties.

Internal Control and Risk Management

Principal Capital Public Company Limited recognizes the importance of internal control continuously. The Board of Directors assigns the Audit Committee to review the evaluation on internal control system, aiming to ensure that the internal control system is sufficient and appropriate to the business as well as being effective and efficient operations, including use of resources, assets maintenance, prevention or reducing errors, damages, leakage, wastage or fraud, accurate and having reliable financial report and accounting system as well as performing in accordance with laws, regulations and instruction relevant to the Company's business operations.

For the Company's internal control, the Audit Committee's meeting No.1/2015 dated February 24, 2015 has approved to hire an independent external auditing firm, named 24 InterServices Co., Ltd., as an internal auditor to examine continuously on a quarterly basis, in which Miss Karntima Kongsomyut is the main responsible person in internal auditing of the Company and its 3 subsidiaries consisting of Convergence System Co.Ltd., Principal Investment Co., Ltd. and Bangkok Center District Co., Ltd.

The auditing plan covers all relevant issues, which are asset and liability system, all types of revenue and expenditure system, cost accounting system, all relevant taxation and reporting the examining results to the Audit Committee in every quarter. As such, the internal auditor shall monitor the correction, improvement and solving of various problems that were opinioned in the report whether they have been improved properly, transparent, effective and correctly according to corporate governance policy, laws and relevant set of regulations to the Company's business operations.

According to the past 4 meetings during 2015, the Audit Committee has an opinion that the Company has already improved the weaknesses of internal control system so that the Company's internal control system is now in accordance with the standard and has sufficient effectiveness to ensure that the Company shall operate to achieve its goals and objectives. However, as the Company is expanding its businesses, then the Company should focus on having control system that strictly and in greater depth so as to lay a solid foundation for the system.

Corporate Social Responsibilities: CSR

The Company fully understands that in order for the business to grow steadily and sustainably, a major factor is to create the balance of economic, social and environmental profit. Therefore, other than the determination to expand the business to meet the target, the Company has set up a more continuous social and environmental activities that show clearer concrete outcomes, by focusing on building a foundation of mutual understanding and recognizing within the organization as the first priority. When sub-units of the organization understand, the outcome shall expand continuously as expected. The Company has adhered to the 7 main policies, which is in accordance with the guiding principle of the Stock Exchange of Thailand and ISO 26000 standards, as follows;

1. Good corporate governance

The Company is determined to operate the business with transparency, accountability and disclosure of sensitive information as well as not contrary to the laws and other relevant set of regulations, including taking into account the benefits of all stakeholders. In order for its employees to have the same understanding and the best practice guideline to follow, the Company has formulated the Corporate Governance Policy in 2015 and has publicized such information for its employees to acknowledge via various channels and medias.

2. Doing business with fairness

To achieve fairness in business, the Company has formulated the Anti-Corruption policy as an operational guideline, which will help to reduce the problems on conflict of interest or violation of laws. In 2015, the Company invited an external speaker, Mr. Thanakit Permpoonkantisuk, a guest speaker of the Capital Market Academy on the topic of anti-corruption and fraud in the organization, to lecture and educate its employees. Also, the Company has set up the information policy that covering the use of products with valid license in order to eliminate the problem of intellectual property infringement, by specifying the sanctions of such situation.

3. Human Rights and Treatment to Employees

The Company has treated its employees equally and fairly with the welfare, safety and hygiene according to labour standard. Other than the compensation in a form of wages and bonus, the Company provides the employees with leisure such as bringing the employees to King Naresuan movie to relieve stress from work. Also, the Company has developed the potential of employees by arranging 10 in-house training courses so that the employees can enhance various areas of capacity and develop their relationship within the organization. The training courses held are as follows;

- Leadership Skill Development (Senior Level)
- Strategic Plan Preparation for the Year 2015
- Negotiation Skills
- Presentation Skills
- Service Mind
- Capacity Development to Improve Yourself
- Creating Transparency and Anti-Corruption
- Effective Communication and Teamwork
- And other specific courses for each department

4. Responsibilities to Customers

To maintain high standard of services for high-end customers, the Company has entered into a contract with the Marriot group, which is a famous international hotel group to manage and administer Marriot Executive Apartment Sathorn-Vista, Bangkok project. Also, the Company monitors its results of operation quarterly to ensure that the customers receives the best services. This property has always been awarded with the excellent rating from the customers, including for the year 2015.

5. Environment and Security

The Company organizes the training on fire drill for the buildings administered by the Company and sends its staffs to attend the training on Advanced CPR with BNH Hospital to learn how to behave in case that their colleagues or customers need to be assisted in emergency.

6. Participation in Community and Society Development

The Company has operated CSR-In process activities, which are social and environmental activities affecting to an organization's stakeholders and surroundings.

- 1) The Company has the policy for Convergence System Co., Ltd. to implement the information system along with 3-years maintenance services for an integrative Thai medicine clinic, which focus on the root cause of both physical and psychological pain so that the patients can be freed from endless circle of treatments. Also, this clinic has a policy to not overcharge the patients and offers special prices for the Company's employees so that this is another way to promote the Company's stakeholders' health.
- 2) Each department shall host fund raising or social assistance events in each month, such as donating unused fabrics of the hotel to support the activities of Association for the Promotion of the Status of Women under the Royal Patronage of HRH Princess Soamsawali, for the highest benefit of those resources.

In addition, the Company has operated the CSR - After process activities which are social and environmental activities not directly relating to an organization's operations continuously. During 2015, the Company operates the following activities;

- 1) Raising fund for a mission of giving cosmetic surgery for Cleft Lip of Operation Smile Thailand. This project has continued for many years and this year a fund raised was 30,000 Baht.
- 2) The Company has joined the mangrove tree planting with International Union for Conservation of Nature (IUCN) in Samutsongkram Province and donated for 42,000 Baht.
- 3) Organizing "Wish Upon a Star" activity to raise funds from customers and employees for purchasing gifts for disadvantaged children in Saraburi province, in which the Company can raise fund at 50,000 Baht and contribute additional fund of 14,900 Baht.

7. Given the Importance to Social Responsibility Activities

The Company is determined to develop social responsibility to be more sustainable, so the Company recognizes the necessary in preparing the Sustainability Report in order to declare its determination and to be a starting point for building a sustainable balance to the economic, social and environmental outcomes.

Remark: For more information, please refer to the Company's 2015 Sustainability Report

Related Party Transactions

Disclosure of related party transactions with possible conflict of interest

Persons/ juristic person with possible conflict of interest	Relationship with Principal Capital PLC.	Type of Normal Business Transactions	Value of Related Party Transaction (Million Baht)		Necessity/Reasonability/ Opinion of Audit Committee
			2014	2015	
Miss Patraporn Jarupat	Director	Service fee – legal consultant	0.21	-	<ul style="list-style-type: none"> A contract for legal consultant, starting from August, 2013 The Audit Committee believes such transaction is appropriate because the Company needs to hire legal consultant who fully understand the Company's businesses. Also, the service fee is below the market price.
The Juris Co., Ltd., in which Miss Patraporn Jarupat is a director and a shareholder	Miss Patraporn Jarupat is a director.	Service fee – legal consultant	2.12	0.13	<ul style="list-style-type: none"> A contract for legal consultant, starting from February 2014 The Audit Committee believes such transaction is appropriate because the Company needs to hire legal consultant who fully understand the Company's businesses. Also, the service fee is below the market price.
Remark: For the year 2015, the Company does not extend a contract with The Juris Co.,Ltd., and thus the contract was ended in February 2015.					

Necessity and Reasonability of Related Party Transactions

All related party transactions have been done with reasonability and necessity for the highest benefits of the Company. The Audit Committee believes that those related party transactions of the Company are reasonable and contains normal business conditions, with fair price and conditions as well as not lead to conflict of interests.

Remark: For the year 2015, the Company does not extend a contract with The Juris Co.,Ltd., and thus the contract was ended in February 2015.

Related Party Transaction Policy

In case that the Company's related party transaction is taken place with a person who may has conflict of interest, the Company shall report to the Audit Committee to provide an opinion related to the necessity and appropriateness of such transaction. In case where the Audit Committee has no expertise in considering related party transaction that may take place, the Company shall provide an independent expert or an external auditor of the Company to give an opinion on such related party transaction. However, the approval on entering into related party transactions that may take place in the future, the Board of Directors must comply with the Company's regulations, laws regarding Securities and Stock Market as well as set of regulations, notifications, orders and requirements of the Stock Exchange of Thailand.

For the case of related party transactions that may take place in the future, the Company shall operate to approve the entering into such transaction in which the person who is a stakeholder or may have conflict of interest shall not be involved in the approval process. As such, the Audit Committee is responsible for approval and give an opinion regarding the entering into every transaction. The approval process shall be proceeded in accordance with the procedures of requirements or notifications of the Securities and Exchange Commission, requirements on related party transactions of the Stock Exchange of Thailand as well as other relevant rules and guidelines strictly. The setting of price, remuneration or any fees related to related party transactions must refer to the market price as well as the accounting standard specified by the Federation of Accounting Professions of Thailand, including taking into account the reasonableness of transactions and the benefits to the Company as a major priority and shall disclose relevant details in the Company's notes to financial statement and annual report.

Auditor's Report

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

I have audited the accompanying consolidated and company financial statements of Principal Capital Public Company Limited and its subsidiaries and of Principal Capital Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2015, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

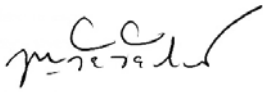
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Principal Capital Public Company Limited and its subsidiaries and of Principal Capital Public Company Limited as at 31 December 2015, and its consolidated and company results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Chanchai Chaiprasit
Certified Public Accountant (Thailand) No. 3760
PricewaterhouseCoopers ABAS Ltd.

Bangkok
26 February 2016

Statement of Financial Position

Principal Capital Public Company Limited

As at 31 December 2015

		Consolidated		Company	
		2015	2014	2015	2014
	Notes	Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	71,893,795	62,149,048	59,207,263	44,114,617
Short-term investments	8	396,975,540	317,769,635	326,751,205	317,769,635
Trade and other receivables, net	9	147,005,883	149,267,621	14,720,985	12,615,516
Short-term loan to and interest receivable from a subsidiary	25	-	-	85,703,923	85,932,568
Inventories		258,915	315,909	258,915	315,909
Other current assets		7,464,742	8,417,884	3,764,685	3,685,443
Total current assets		623,598,875	537,920,097	490,406,976	464,433,688
Non-current assets					
Restricted bank deposits	10	13,913,528	12,920,000	5,126,828	5,000,000
Investments in subsidiaries	11	-	-	134,999,943	59,999,950
Property, plant and equipment, net	12	1,431,166,992	1,470,169,654	1,429,822,515	1,467,551,142
Intangible assets, net	13	6,522,128	11,626,142	5,449,549	2,386,039
Goodwill		4,575,754	4,575,754	-	-
Deferred tax assets	14	1,138,838	-	586,015	-
Other non-current assets		6,372,113	2,761,837	2,753,004	2,199,860
Total non-current assets		1,463,689,353	1,502,053,387	1,578,737,854	1,537,136,991
Total assets		2,087,288,228	2,039,973,484	2,069,144,830	2,001,570,679

The accompanying notes are an integral part of these consolidated and company financial statement

Statement of Financial Position (Cont'd)

Principal Capital Public Company Limited

As at 31 December 2015

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts from					
a financial institution	15	2,629	12,701,554	-	-
Trade and other payables	16	36,681,960	14,947,606	19,596,292	12,782,941
Advances received from					
customers		15,832,175	15,023,490	15,832,175	15,023,490
Current portion of finance					
lease liabilities		-	185,009	-	-
Income tax payable		-	227,763	-	-
Other current liabilities		6,719,803	7,733,250	3,117,938	2,802,462
Total current liabilities		59,236,567	50,818,672	38,546,405	30,608,893
Non-current liabilities					
Deferred tax liabilities	14	44,867	1,340,321	-	813,227
Employee benefit obligations	17	9,603,163	6,645,375	5,877,082	2,478,988
Long-term provisions	26.4	1,438,568	1,241,079	1,438,568	1,241,079
Other non-current liabilities		31,142,763	23,330,895	31,142,763	23,330,895
Total non-current liabilities		42,229,361	32,557,670	38,458,413	27,864,189
Total liabilities		101,465,928	83,376,342	77,004,818	58,473,082

The accompanying notes are an integral part of these consolidated and company financial statement

Statement of Financial Position (Cont'd)

Principal Capital Public Company Limited

As at 31 December 2015

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	18				
Authorised share capital					
1,400,700,000 ordinary shares					
at a par value of Baht 1 each		1,400,700,000	1,400,700,000	1,400,700,000	1,400,700,000
Issued and paid-up share capital					
957,976,200 paid-up ordinary shares					
at a par value of Baht 1 each		957,976,200	-	957,976,200	-
Issued and paid-up share capital					
947,724,500 paid-up ordinary shares					
at a par value of Baht 1 each		-	947,724,500	-	947,724,500
Premium on paid-up share capital		862,725,240	860,674,900	862,725,240	860,674,900
Retained earnings					
Appropriated - legal reserve	20	39,379,215	37,502,948	39,379,215	37,502,948
Unappropriated		125,741,645	110,694,794	132,059,357	97,195,249
Total shareholders' equity		1,985,822,300	1,956,597,142	1,992,140,012	1,943,097,597
Total liabilities and shareholders' equity		2,087,288,228	2,039,973,484	2,069,144,830	2,001,570,679

The accompanying notes are an integral part of these consolidated and company financial statement

Statement of Comprehensive Income

Principal Capital Public Company Limited
For the year ended 31 December 2015

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Revenues from services	6	424,671,960	364,115,171	260,201,421	236,829,176
Costs of services		(249,877,069)	(212,145,823)	(115,683,886)	(114,782,982)
Gross profit		174,794,891	151,969,348	144,517,535	122,046,194
Other income	21	8,349,089	9,652,870	13,937,145	9,856,147
Service expenses		(11,662,308)	(11,791,786)	(11,662,308)	(11,791,786)
Administrative expenses		(153,860,305)	(137,703,985)	(110,666,262)	(93,399,062)
Finance costs		(983,529)	(1,457,281)	-	-
Profit before income tax expense		16,637,838	10,669,166	36,126,110	26,711,493
Income tax income (expense)	23	889,476	2,287,714	1,242,247	(252,537)
Profit for the year		17,527,314	12,956,880	37,368,357	26,458,956
Other comprehensive income (expense):					
Items that will not be reclassified to profit or loss					
Remeasurements of employee benefit obligations	17	(755,245)	-	(784,977)	-
Deferred income tax on remeasurements of employee benefit obligations	23	151,049	(388,112)	156,995	(388,112)
Total items that will not be reclassified to profit or loss		(604,196)	(388,112)	(627,982)	(388,112)
Total comprehensive income for the year		16,923,118	12,568,768	36,740,375	26,070,844
Profit attributable to:					
Owner of the parent		17,527,314	12,956,880	37,368,357	26,458,956
Non-controlling interests		-	-	-	-
		17,527,314	12,956,880	37,368,357	26,458,956

The accompanying notes are an integral part of these consolidated and company financial statement

Statement of Comprehensive Income (Cont'd)

Principal Capital Public Company Limited

For the year ended 31 December 2015

	Note	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Total comprehensive income attributable to:					
Owner of the parent		16,923,118	12,568,768	36,740,375	26,070,844
Non-controlling interests		-	-	-	-
		<u>16,923,118</u>	<u>12,568,768</u>	<u>36,740,375</u>	<u>26,070,844</u>
Earnings per share (Baht)	24				
Basic earnings per share		<u>0.02</u>	<u>0.01</u>	<u>0.04</u>	<u>0.03</u>
Diluted earnings per share		<u>0.01</u>	<u>0.01</u>	<u>0.03</u>	<u>0.02</u>

The accompanying notes are an integral part of these consolidated and company financial statement

Statement of Changes in Shareholders' Equity

Principal Capital Public Company Limited
For the year ended 31 December 2015

	Notes	Consolidated					
		Issued and paid-up share capital	Premium on paid-up share capital	Share subscriptions received in advance	Retained earnings		Total shareholders' equity
		Baht	Baht	Baht	Appropriated - legal reserve	Unappropriated	Baht
Opening balance as at 1 January 2015							
Proceeds from ordinary shares issued	18	947,724,500	860,674,900	-	37,502,948	110,694,794	1,956,597,142
Appropriation during the year	20	10,251,700	2,050,340	-	-	-	12,302,040
Total comprehensive income for the year		-	-	-	1,876,267	(1,876,267)	-
		-	-	-	-	16,923,118	16,923,118
Closing balance as at 31 December 2015		957,976,200	862,725,240	-	39,379,215	125,741,645	1,985,822,300
Opening balance as at 1 January 2014							
Proceeds from ordinary shares issued	18	933,800,000	857,890,000	24,000	36,180,000	99,448,974	1,927,342,974
Appropriation during the year	20	13,924,500	2,784,900	(24,000)	-	-	16,685,400
Total comprehensive income for the year		-	-	-	1,322,948	(1,322,948)	-
		-	-	-	-	12,568,768	12,568,768
Closing balance as at 31 December 2014		947,724,500	860,674,900	-	37,502,948	110,694,794	1,956,597,142

The accompanying notes are an integral part of these consolidated and company financial statement

Statement of Changes in Shareholders' Equity (Cont'd)

Principal Capital Public Company Limited
For the year ended 31 December 2015

PRINCIPALCAPITAL PCL.

	Notes	Company					
		Issued and paid-up share capital	Premium on paid-up capital	Share subscriptions received in advance	Retained earnings		Total shareholders' equity
		Baht	Baht	Baht	Appropriated - legal reserve	Unappropriated	Baht
Opening balance as at 1 January 2015							
Proceeds from ordinary shares issued	18	947,724,500	860,674,900	-	37,502,948	97,195,249	1,943,097,597
Appropriation during the year	20	10,251,700	2,050,340	-	-	-	12,302,040
Total comprehensive income for the year		-	-	-	1,876,267	(1,876,267)	-
Closing balance as at 31 December 2015		<u>957,976,200</u>	<u>862,725,240</u>	<u>-</u>	<u>39,379,215</u>	<u>132,059,357</u>	<u>1,992,140,012</u>
Opening balance as at 1 January 2014							
Proceeds from ordinary shares issued	18	933,800,000	857,890,000	24,000	36,180,000	72,447,353	1,900,341,353
Appropriation during the year	20	13,924,500	2,784,900	(24,000)	-	-	16,685,400
Total comprehensive income for the year		-	-	-	1,322,948	(1,322,948)	-
Closing balance as at 31 December 2014		<u>947,724,500</u>	<u>860,674,900</u>	<u>-</u>	<u>37,502,948</u>	<u>97,195,249</u>	<u>1,943,097,597</u>

The accompanying notes are an integral part of these consolidated and company financial statement

Statement of Cash Flows

Principal Capital Public Company Limited
For the year ended 31 December 2015

Notes	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Cash flows from operating activities				
Profit before income tax	16,637,838	10,669,166	36,126,110	26,711,493
Adjustments for:				
Depreciation and amortisation	51,595,240	69,808,666	42,225,638	46,436,347
Doubtful accounts (reversal)	14,228,363	2,838,476	(146,157)	430,976
Write-offs withholding tax receivables	71,882	-	71,882	-
Realised gains on sales of trading securities	8 (2,283,058)	(521,818)	(2,283,058)	(521,818)
Unrealised gains on changes in fair values of trading securities	8 (3,272,847)	(5,965,455)	(3,048,512)	(5,965,455)
Loss (gain) on sales of equipment and intangible assets	48,455	(20,634)	-	-
Loss on write-offs of equipment and intangible assets	99	1,180,307	99	1,180,307
Long-term employee benefit expenses	17 4,786,543	1,541,398	2,677,117	169,396
Interest income	(731,851)	(519,850)	(6,629,139)	(1,394,607)
Interest expense	983,529	1,457,281	-	-
Profit from operating activities before changes in operating assets and liabilities	82,064,193	80,467,537	68,993,980	67,046,639
Trade and other receivables	(11,966,625)	(68,074,299)	(1,959,312)	5,040,605
Inventories	56,994	(56,718)	56,994	(56,718)
Other current assets	4,960,242	(4,054,639)	1,359,996	81,568
Other non-current assets	(3,610,276)	(217,810)	(553,144)	(380,110)
Trade and other payables	21,975,324	(14,349,360)	7,054,320	(1,738,621)
Advances received from customers	808,685	(251,574)	808,685	(251,574)
Other current liabilities	(1,013,447)	2,271,659	315,476	1,786,183
Long-term employee benefits paid	17 (2,584,000)	(56,700)	(64,000)	(56,700)
Long-term provisions	197,489	-	197,489	-
Other non-current liabilities	7,811,868	6,441,642	7,811,868	6,441,642
Cash generated from operations	98,700,447	2,119,738	84,022,352	77,912,914
Interest paid	(983,529)	(1,457,281)	-	-
Income tax paid	(5,709,597)	(6,977,377)	(1,520,205)	(1,597,672)
Net cash receipts from (payments in) operating activities	92,007,321	(6,314,920)	82,502,147	76,315,242

The accompanying notes are an integral part of these consolidated and company financial statement

Statement of Cash Flows (Cont'd)

Principal Capital Public Company Limited

For the year ended 31 December 2015

	Note	Consolidated		Company	
		2015	2014	2015	2014
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Cash received from sales of short-term investments	8	375,000,000	67,000,000	375,000,000	67,000,000
Cash paid for purchase of short-term investments	8	(448,650,000)	(63,700,000)	(378,650,000)	(63,700,000)
Cash paid for investments in subsidiaries	11	-	-	(74,999,993)	(15,000,000)
Increase in restricted bank deposits		(993,528)	(12,400,000)	(126,828)	(5,000,000)
Interest income received		740,937	501,055	6,866,870	443,244
Proceeds from sales of equipment and intangible assets		71,950	700,935	-	-
Purchases of property, plant and equipment and intangible assets		(7,850,039)	(5,558,725)	(7,801,590)	(3,796,168)
Net cash payments in investing activities		(81,680,680)	(13,456,735)	(79,711,541)	(20,052,924)
Cash flows from financing activities					
Payment of short-term loan to a subsidiary		-	-	-	(85,000,000)
Decrease in bank overdrafts from a financial institution		(12,698,925)	(948,248)	-	-
Repayment of short-term borrowings from management		-	(11,546,355)	-	-
Payments of finance lease liabilities		(185,009)	(325,961)	-	-
Proceeds from ordinary shares issued		12,302,040	16,685,400	12,302,040	16,685,400
Net cash (payments in) receipts from financing activities		(581,894)	3,864,836	12,302,040	(68,314,600)
Net increase (decrease) in cash and cash equivalents		9,744,747	(15,906,819)	15,092,646	(12,052,282)
Cash and cash equivalents at the beginning of the year		62,149,048	78,055,867	44,114,617	56,166,899
Cash and cash equivalents at the end of the year		71,893,795	62,149,048	59,207,263	44,114,617
Non-cash transactions					
Purchases of equipment not yet paid for		87,210	328,180	87,210	328,180

The accompanying notes are an integral part of these consolidated and company financial statement

Notes to the Consolidated and Company Financial Statements

Principal Capital Public Company Limited
For the year ended 31 December 2015

1 General information

Principal Capital Public Company Limited (“the Company”) is a public limited company incorporated and residing 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.
The Company has a branch, the address of which is 1 Soi Suanplu, Sathorn Road, Thungmahamek, Sathorn, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

The principal business operations of the Group are operating serviced apartments, managing an office building, and implementing information systems.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 26 February 2016.

2 Accounting policies

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

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards

2.2.1 The following new financial reporting standards and revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group.

a) Financial reporting standards with major changes

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 34 (revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 13	Fair value measurement

b) Financial reporting standards with minor changes

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contracts
TAS 12 (revised 2014)	Income taxes
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 33 (revised 2014)	Earnings per share
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 3 (revised 2014)	Business combinations
TFRS 8 (revised 2014)	Operating segments
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 13 (revised 2014)	Customer loyalty programmes

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2.2.1 The following new financial reporting standards and revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group. (Cont'd)

The Group's management considers that the new financial reporting standards and revised financial reporting standards do not have significant impact to the financial statements, except for the financial reporting standards.

- TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. This standard does not have significant impact to the financial statements, except for disclosures which is disclosed in Note 17.
- TFRS 13 which aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This standard does not have significant impact to the financial statements, except for disclosures which is disclosed in Note 3.

2.2.2 The following revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted.

a) Financial reporting standards with major changes

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TFRS 2 (revised 2015)	Share-based payment
TFRS 3 (revised 2015)	Business combinations
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement

b) Financial reporting standards with minor changes

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2.2.2 The following revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group and are not early adopted. (Cont'd)

b) Financial reporting standards with minor changes (Cont'd)

TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TFRS 11 (revised 2015)	Joint arrangements
TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 25 (revised 2015)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 31 (revised 2015)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2015)	Intangible assets - Web site costs
TFRIC 1 (revised 2015)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers

The Group's management considers that the new financial reporting standards and revised financial reporting standards do not have significant impact to the financial statements.

2.3 Group Accounting - Investments in subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries (Cont'd)

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the company's separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's subsidiaries is disclosed in Note 11.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the company's functional and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. On the other hand, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss as well.

2.5 Cash and cash equivalents

In the consolidated and company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and company statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2 Accounting policies (Cont'd)

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognized in profit or loss as part of administrative expenses.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the moving average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

2.8 Trading investments

Investments other than investments in subsidiaries are classified as trading investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in the statement of income.

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

At disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. Where disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.9 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2 Accounting policies (Cont'd)

2.9 Property, plant and equipment (Cont'd)

Depreciation is calculated using the straight line method over their estimated useful lives, except for land, which is considered to have an indefinite useful life, as follows:

Building and improvements	10, 20 and 40 years
Office equipment and computers	3 and 5 years
Furniture, fixtures and equipment	5 years
Vehicles	5 years

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

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as 'Other (losses)/gains - net' in profit or loss.

2.10 Intangible assets

(a) Information system service agreements acquired from business combination

Information system service agreements acquired from business combination are recognised at fair value at the acquisition date. These service agreements are carried at fair value less accumulated amortisation.

The Group amortises intangible assets from business combination in the consolidated financial statements by reference to the proportion of information system service revenues recognised till the end of year to the total contract revenues at the date on which a subsidiary was acquired.

(b) Computer software

Computer software licenses specifically purchased are recognised as assets at the amount of acquisition costs and other costs necessary for making the computer software in the usable condition as intended by the management. Computer software licenses are amortised over the useful lives of 3 and 5 years.

2 Accounting policies (Cont'd)

2.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination, from which the goodwill arose according to identifiable operating segments.

2.12 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level at which cash flows could be separately identified. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Leases - where the Group is a lessee

Leases of which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment, where the Group is substantially entitled to all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.14 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid for the establishment of loan facilities are recognised as transaction costs of the loan to the extent to which it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. Where there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2 Accounting policies (Cont'd)

2.15 Current and deferred income taxes

The tax expense for the period comprises current and deferred taxes. Taxes are recognised in profit or loss, except to the extent that they relate to items recognised in other comprehensive income or directly in equity. In this case the taxes are also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred income taxes are recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled.

Deferred income tax assets are recognised only to the extent to which it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income taxes are provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary differences would not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Employee benefits

(a) Retirement benefits

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive at their retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

2 Accounting policies (Cont'd)

2.16 Employee benefits (Cont'd)

(b) Provident fund

The Group operates a provident fund that is a defined contribution plan, the assets of which are held in a separate trust fund managed by the external fund manager. The provident fund is funded by payments from employees and by the Group. Contributions to the provident fund by the Group are charged as profit or loss in the year to which they relate.

2.17 Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

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

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

Interest income is recognised using the effective interest method.

Other income is recognised on an accrual basis, unless collectability is in doubt.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2 Accounting policies (Cont'd)

2.20 Segment reporting

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management under policies approved by the Board of Directors. The management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Risk Management Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and liquidity risk.

3.1.1 Foreign exchange risk

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

3.1.2 Interest rate risk

Interest rate risk is the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments. The financial assets that potentially subject the Group to the interest rate risk is deposits with banks. The Group has bank overdrafts from a financial institution which bears floating interest rates. The Group also has short-term loans to a subsidiary and short-term borrowings from a financial institution. These borrowings bears a fixed interest rates depending on money market rate. Interest rates approximate to the market rates as the borrowings are short-term. The Group does not hedge its exposure to interest rate risk.

3.1.3 Credit risk

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

3.1.4 Liquidity risk

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

3 Financial risk management (Cont'd)

3.2 Fair value estimation

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

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

The following table presents the Group's financial assets that are measured at fair value at 31 December 2015.

	Consolidated			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset				
Trading securities (Note 8)	396,976	-	-	396,976
	Company			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset				
Trading securities (Note 8)	326,751	-	-	326,751

The following table presents the Group's financial assets that are measured at fair value at 31 December 2014.

	Consolidated			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset				
Trading securities (Note 8)	317,700	-	-	317,700
	Company			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset				
Trading securities (Note 8)	317,700	-	-	317,700

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

3 Financial risk management (Cont'd)

3.2 Fair value estimation

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

The carrying amounts of the Group's other financial assets and liabilities as at 31 December 2015 as presented in the financial statements approximate to their fair value since their interest rate is approximately subject to current market interest rate.

4 Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 17.

5 Capital risk management

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

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

6 Segment reporting

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

Significant information relating to revenue and profit classified by the Company and its subsidiaries' operating segments for the year ended 31 December 2015 was as follows:

	Residential service business		Office building management business		Information system implementation business		Business consultancy business		Property development business		Elimination		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	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														
External customers	214.2	191.4	43.0	42.0	167.5	130.7	-	-	-	-	-	-	424.7	364.1
Inter-segment revenues	-	-	3.0	3.4	4.0	-	-	4.5	-	-	(7.0)	(7.9)	-	-
Total	214.2	191.4	46.0	45.4	171.5	130.7	-	4.5	-	-	(7.0)	(7.9)	424.7	364.1
Gross profit (loss)	120.4	98.8	24.1	23.2	33.5	40.6	-	(2.8)	-	-	(3.2)	(7.9)	174.8	151.9
Service and administrative expenses	(78.2)	(74.1)	(44.1)	(31.1)	(44.4)	(50.9)	(1.0)	(1.3)	(1.0)	-	3.2	7.9	(165.5)	(149.5)
Profit (loss) before income tax expenses	44.6	27.0	(8.5)	(0.3)	(17.9)	(11.9)	(0.9)	(4.1)	(0.7)	-	-	-	16.6	10.7
Income tax income (expense)	-	-	1.2	(0.2)	(0.3)	2.4	-	0.1	-	-	-	-	0.9	2.3
Profit (loss) for the year	44.6	27.0	(7.2)	(0.5)	(18.3)	(9.5)	(0.9)	(4.0)	(0.7)	-	-	-	17.5	13.0
Property, plant and equipment, net	1,422.2	1,457.6	7.6	10.0	1.3	2.5	-	0.1	-	-	-	-	1,431.1	1,470.2
Total assets	1,476.9	1,506.0	592.2	495.6	162.4	182.7	2.9	4.2	75.1	-	(222.2)	(148.5)	2,087.3	2,040.0

7 Cash and cash equivalents

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Cash on hand and at banks	61,851	54,523	49,165	36,489
Short-term bank deposits	10,043	7,626	10,042	7,626
	71,894	62,149	59,207	44,115

The effective interest rate on short-term bank deposits was 1.55% per annum (2014: 2.55% per annum). These deposits have an average maturity of 90 days.

8 Short-term investments

As at 31 December 2015, information relating to short-term investments was as follows:

	Consolidated				Company			
	2015		2014		2015		2014	
	Cost Thousand Baht	Fair value Thousand Baht	Cost Thousand Baht	Fair value Thousand Baht	Cost Thousand Baht	Fair value Thousand Baht	Cost Thousand Baht	Fair value Thousand Baht
Trading securities - Investment units								
Investments in trading securities	393,178	396,976	310,941	317,770	323,178	326,751	310,941	317,770
Add Changes in fair values of trading securities	3,798	-	6,829	-	3,573	-	6,829	-
Short-term investments	396,976	396,976	317,770	317,770	326,751	326,751	317,770	317,770

For the year ended 31 December 2015, the movements of investment in securities were as follows:

	Consolidated	Company
	Trading securities Thousand Baht	Trading securities Thousand Baht
Opening balance	317,770	317,770
Additions	448,650	378,650
Disposals	(375,000)	(375,000)
Realised gains on sales of trading securities	2,283	2,283
Unrealised gains on changes in fair values of trading securities	3,273	3,048
Closing balance	396,976	326,751

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

9 Trade and other receivables, net

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Trade accounts receivable - third parties	38,575	38,550	12,701	9,850
<u>Less</u> Allowance for doubtful accounts	(6,580)	(2,915)	(362)	(508)
Trade accounts receivable, net	31,995	35,635	12,339	9,342
Accrued income	123,105	110,961	10	18
<u>Less</u> Allowance for doubtful accounts	(10,564)	-	-	-
Accrued income, net	112,541	110,961	10	18
Prepaid expenses	1,903	2,100	1,578	1,546
Other receivables	567	572	567	572
Trade accounts receivable - related party (Note 25)	-	-	227	1,137
	147,006	149,268	14,721	12,615

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

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Not overdue	26,945	15,625	12,538	9,755
Overdue				
Up to 3 months	4,478	6,287	163	95
3 - 6 months	289	-	-	-
6 - 12 months	535	7,629	-	-
Over 12 months	6,328	9,009	-	-
	38,575	38,550	12,701	9,850
<u>Less</u> Allowance for doubtful accounts	(6,580)	(2,915)	(362)	(508)
	31,995	35,635	12,339	9,342

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

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Not overdue	-	-	227	1,137
Overdue				
Up to 3 months	-	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
	-	-	227	1,137
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	-	-	227	1,137

10 Restricted bank deposits

As at 31 December 2015, the Company had a fixed deposit pledged in relation to the performance in the ordinary course of the Company's business.

As at 31 December 2015, a subsidiary had a fixed deposit pledged in relation to software installation for its customer.

11 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2015 comprised the following:

	Company				
	Company's name	Country of incorporation	Nature of business	Paid-up share capital	Percentage of holding (direct and indirect)
					2015 Percent
					2014 Percent
					2015 Thousand Baht
					2014 Thousand Baht
Principal Investment Company Limited	Thailand	Business consultancy	Baht 10 million	100.00	10,000
Convergence Systems Company Limited	Thailand	Information system implementation	Baht 50 million	100.00	50,000
Bangkok Center District Company Limited	Thailand	Property development	Baht 75 million	100.00	75,000
Investments in subsidiaries					135,000
					60,000

Movement of investments in subsidiaries for the year ended 31 December 2015 was as follows:

	Company
	Cost Thousand Baht
Opening balance	60,000
Addition	75,000
Closing balance	135,000

12 Property, plant and equipment, net (Cont'd)

	Consolidated				
	Land Thousand Baht	Building and improvements Thousand Baht	Office equipment, and computers Thousand Baht	Furniture, fixtures, and equipment Thousand Baht	Vehicles Thousand Baht
For the year ended 31 December 2015					
Opening net book amount	227,517	1,204,106	3,849	25,816	8,881
Additions	-	402	508	2,932	-
Disposals and write offs	-	-	(102)	-	-
Depreciation charges	-	(37,629)	(1,489)	(1,257)	(2,367)
Closing net book amount	227,517	1,166,879	2,766	27,491	6,514
At 31 December 2015					
Cost	227,517	1,422,861	7,176	145,290	12,560
Less Accumulated depreciation	-	(255,982)	(4,410)	(117,799)	(6,046)
Net book amount	227,517	1,166,879	2,766	27,491	6,514

As at 31 December 2015, certain equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before accumulated depreciation of those assets amounted to approximately Baht 118.6 million (2014: Baht 117.7 million).

12 Property, plant and equipment, net (Cont'd)

	Company				
	Land Thousand Baht	Building and improvements Thousand Baht	Office equipment, and computers Thousand Baht	Furniture, fixtures, and equipment Thousand Baht	Vehicles Thousand Baht
					Total Thousand Baht
At 1 January 2014					
Cost	227,517	1,422,822	2,326	141,382	1,805,037
Less Accumulated depreciation	-	(180,755)	(1,190)	(111,767)	(293,887)
Net book amount	227,517	1,242,067	1,136	29,615	1,511,150
For the year ended 31 December 2014					
Opening net book amount	227,517	1,242,067	1,136	29,615	1,511,150
Additions	-	391	672	2,166	3,229
Write-offs	-	(566)	-	(614)	(1,180)
Transfers	-	-	-	-	-
Depreciation charges	-	(37,786)	(313)	(5,351)	(45,648)
Closing net book amount	227,517	1,204,106	1,495	25,816	1,467,551
At 31 December 2014					
Cost	227,517	1,422,459	2,998	142,933	1,806,897
Less Accumulated depreciation	-	(218,353)	(1,503)	(117,117)	(339,346)
Net book amount	227,517	1,204,106	1,495	25,816	1,467,551

12 Property, plant and equipment, net (Cont'd)

	Company					
	Land Thousand Baht	Building and improvements Thousand Baht	Office equipment, and computers Thousand Baht	Furniture, fixtures, and equipment Thousand Baht	Vehicles Thousand Baht	Total Thousand Baht
For the year ended 31 December 2015						
Opening net book amount	227,517	1,204,106	1,495	25,816	8,617	1,467,551
Additions	-	402	459	2,932	-	3,793
Write-offs	-	-	-	-	-	-
Depreciation charges	-	(37,629)	(441)	(1,257)	(2,194)	(41,521)
Closing net book amount	227,517	1,166,879	1,513	27,491	6,423	1,429,823
At 31 December 2015						
Cost	227,517	1,422,861	2,492	145,290	10,990	1,809,150
Less Accumulated depreciation	-	(255,982)	(979)	(117,799)	(4,567)	(379,327)
Net book amount	227,517	1,166,879	1,513	27,491	6,423	1,429,823

As at 31 December 2015, certain equipment items of the Company have been fully depreciated but are still in use. The gross carrying amount before accumulated depreciation of those assets amounted to approximately Baht 115.3 million (2014: Baht 116.7 million).

13 Intangible assets, net

	Consolidated		
	Information system service agreements Thousand Baht	Computer software Thousand Baht	Total Thousand Baht
At 1 January 2014			
Cost	35,490	11,177	46,667
<u>Less</u> Accumulated amortisation	(4,436)	(8,741)	(13,177)
Net book amount	31,054	2,436	33,490
For the year ended 31 December 2014			
Opening net book amount	31,054	2,436	33,490
Additions	-	782	782
Amortisation charges	(21,833)	(813)	(22,646)
Closing net book amount	9,221	2,405	11,626
At 31 December 2014			
Cost	35,490	11,959	47,449
<u>Less</u> Accumulated amortisation	(26,269)	(9,554)	(35,823)
Net book amount	9,221	2,405	11,626
For the year ended 31 December 2015			
Opening net book amount	9,221	2,405	11,626
Additions	-	3,768	3,768
Disposals and write-offs	-	(19)	(19)
Amortisation charges	(8,148)	(705)	(8,853)
Closing net book amount	1,073	5,449	6,522
At 31 December 2015			
Cost	35,490	13,708	49,198
<u>Less</u> Accumulated amortisation	(34,417)	(8,259)	(42,676)
Net book amount	1,073	5,449	6,522

13 Intangible assets, net (Cont'd)

	Company
	Thousand Baht
Computer software	
At 1 January 2014	
Cost	10,350
<u>Less</u> Accumulated amortisation	<u>(7,958)</u>
Net book amount	<u>2,392</u>
Year ended 31 December 2014	
Opening net book amount	2,392
Additions	782
Amortisation charges	<u>(788)</u>
Closing net book amount	<u>2,386</u>
At 31 December 2014	
Cost	11,132
<u>Less</u> Accumulated amortisation	<u>(8,746)</u>
Net book amount	<u>2,386</u>
Year ended 31 December 2015	
Opening net book amount	2,386
Additions	3,768
Write-offs	-
Amortisation charges	<u>(704)</u>
Closing net book amount	<u>5,450</u>
At 31 December 2015	
Cost	12,909
<u>Less</u> Accumulated amortisation	<u>(7,459)</u>
Net book amount	<u>5,450</u>

14 Deferred income taxes

The analyses of deferred tax assets and deferred tax liability are as follows:

	Consolidated		Company	
	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Deferred tax assets				
Deferred tax assets to be recovered within 12 months	69	678	69	197
Deferred tax assets to be recovered after 12 months	2,018	1,236	1,232	356
	2,087	1,914	1,301	553
Deferred tax liabilities				
Deferred tax liabilities to be settled within 12 months	(993)	(3,236)	(715)	(1,366)
Deferred tax liabilities to be settled after 12 months	-	(18)	-	-
	(993)	(3,254)	(715)	(1,366)
Deferred taxes, net	1,094	(1,340)	586	(813)

Presentation in the statements of financial position are as follows:

	Consolidated		Company	
	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Deferred tax assets	1,139	-	586	-
Deferred tax liabilities	(45)	(1,340)	-	(813)
Deferred taxes, net	1,094	(1,340)	586	(813)

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated financial positions are presented at net amount of assets and liabilities incurred in each entity.

The movements of the deferred income tax account are as follows:

	Consolidated		Company	
	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
At 1 January	(1,340)	(6,067)	(813)	(173)
Acquisition of subsidiaries	1,653	4,568	-	-
(Charge)/credit to profit or loss	630	547	1,242	(252)
(Charge)/credit to other comprehensive income	151	(388)	157	(388)
At 31 December	1,094	(1,340)	586	(813)

14 Deferred income taxes (Cont'd)

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

Consolidated			
	At 1 January 2015 Thousand Baht	(Charge)/credit to profit and loss Thousand Baht	Credit to other comprehensive income Thousand Baht
			At 31 December 2015 Thousand Baht
Deferred tax assets			
Allowance for doubtful accounts	583	(583)	-
Provisions for staff expenses	95	(25)	-
Employee benefit obligations	988	591	151
Long-term provisions	248	39	-
	1,914	22	151
			2,087
Deferred tax liabilities			
Acquisition of subsidiaries	(1,885)	1,653	-
Unrealised gains of changes in fair values of short-term investments	(1,366)	605	-
Finance lease liabilities	(3)	3	-
	(3,254)	2,261	-
	(1,340)	2,283	151
			1,094

Consolidated			
	At 1 January 2014 Thousand Baht	(Charge)/credit to profit and loss Thousand Baht	Charge to other comprehensive income Thousand Baht
			At 31 December 2014 Thousand Baht
Deferred tax assets			
Allowance for doubtful accounts	-	583	-
Provisions for staff expenses	-	95	-
Employee benefit obligations	559	817	(388)
Long-term provisions	-	248	-
	559	1,743	(388)
			1,914
Deferred tax liabilities			
Acquisition of subsidiaries	(6,453)	4,568	-
Unrealised gains of changes in fair values of short-term investments	(173)	(1,193)	-
Finance lease liabilities	-	(3)	-
	(6,626)	3,372	-
	(6,067)	5,115	(388)
			(1,340)

14 Deferred income taxes (Cont'd)

The movements in deferred tax assets and liabilities during the year are as follows: (Cont'd)

	Company			
	At 1 January 2015 Thousand Baht	(Charge)/credit to profit and loss Thousand Baht	Credit to other comprehensive income Thousand Baht	At 31 December 2015 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	102	(102)	-	-
Provisions for staff expenses	95	(25)	-	70
Employee benefit obligations	108	679	157	944
Long-term provisions	248	39	-	287
	553	591	157	1,301
Deferred tax liabilities				
Unrealised gains of changes in fair values of short-term investments	(1,366)	651	-	(715)
	(1,366)	651	-	(715)
	(813)	1,242	157	586
	Company			
	At 1 January 2014 Thousand Baht	(Charge)/credit to profit and loss Thousand Baht	Charge to other comprehensive income Thousand Baht	At 31 December 2014 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	-	102	-	102
Provisions for staff expenses	-	95	-	95
Employee benefit obligations	-	496	(388)	108
Long-term provisions	-	248	-	248
	-	941	(388)	553
Deferred tax liabilities				
Unrealised gains of changes in fair values of short-term investments	(173)	(1,193)	-	(1,366)
	(173)	(1,193)	-	(1,366)
	(173)	(252)	(388)	(813)

15 Bank overdrafts from a financial institution

	Interest rate (per annum)	Consolidated		Company	
		2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Bank overdrafts from a financial institution	MRR + 0.75%	3	12,702	-	-

The above bank overdrafts are guaranteed by a director of the Company, a director and management of a subsidiary and land and condominium of the director of the Company.

16 Trade and other payables

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Trade accounts payable - third parties	7,721	5,865	6,964	4,470
Trade accounts payable - related party (Note 25)	-	-	52	-
Other payables	454	1,434	373	916
Accrued expenses	28,507	7,649	12,207	7,397
	<u>36,682</u>	<u>14,948</u>	<u>19,596</u>	<u>12,783</u>

17 Employee benefit obligations

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Statement of financial position	9,603	6,645	5,877	2,479
Statement of income	4,787	1,541	2,677	170
Statement of comprehensive income	755	-	785	-

17 Employee benefit obligations (Cont'd)

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

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
At 1 January	6,645	5,161	2,479	2,366
Current service cost	4,616	1,447	2,582	166
Interest expense	171	94	95	4
	11,432	6,702	5,156	2,536
Remeasurement:				
Gain from change in demographic assumptions	(318)	-	(111)	-
Loss from change in financial assumptions	800	-	615	-
Experience loss	273	-	281	-
	755	-	785	-
Benefits paid	(2,584)	(57)	(64)	(57)
At 31 December	9,603	6,645	5,877	2,479

The amounts recognised in the statement of income are as follows:

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Current service cost	4,616	1,447	2,582	166
Interest expense	171	94	95	4
Total (presented as part of staff expenses)	4,787	1,541	2,677	170

The principal actuarial assumptions used are as follows:

	Consolidated		Company	
	2015 per annum	2014 per annum	2015 per annum	2014 per annum
Discount rate	2.98% - 4.43%	3.50% - 4.43%	2.98%	3.79%
Future salary increases	4.30% - 8.00%	3.00% - 8.00%	4.30% - 5.00%	3.00% - 5.00%
Staff turnover rate (depending on age)	0.00% - 29.00%	0.00% - 29.00%	0.00% - 29.00%	0.00% - 29.00%

17 Employee benefit obligations (Cont'd)

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

Consolidated			
Impact on defined employee benefit obligations			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 7.47% - 17.03%	Increase by 8.35% - 21.17%
Future salary increases	1%	Increase by 8.09% - 20.54%	Decrease by 7.39% - 16.88%
Staff turnover rate (depending on age)	1%	Decrease by 7.05% - 18.27%	Increase by 1.99% - 11.68%

Company			
Impact on defined employee benefit obligations			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 7.47%	Increase by 8.35%
Future salary increases	1%	Increase by 8.09%	Decrease by 7.39%
Staff turnover rate (depending on age)	1%	Decrease by 7.05%	Increase by 1.99%

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

18 Share capital

Issued and paid-up share capital				
	Number of shares	Ordinary shares	Share premium	Total
	Shares	Thousand Baht	Thousand Baht	Thousand Baht
As at 1 January 2014	933,800,000	933,800	857,890	1,791,690
Issuance of shares	13,924,500	13,924	2,785	16,709
As at 31 December 2014	947,724,500	947,724	860,675	1,808,399
Issuance of shares (Note 19)	10,251,700	10,252	2,050	12,302
As at 31 December 2015	957,976,200	957,976	862,725	1,820,701

The total number of authorised ordinary shares is 1,400,700,000 shares (2014: 1,400,700,000 shares) with a par value of Baht 1 per share (2014: Baht 1 per share).

19 Warrants

On 20 August 2013, the Extraordinary General Meeting of the Company's shareholders approved the issuance of 466,900,000 warrants (PRINC-W1), for offer to the existing shareholders at a ratio of 1 warrant for each existing share. Details of the issuance are as follows:

Type	:	Named and transferable
Offering price per unit	:	Baht 0
Exercise ratio	:	1 warrant to 1 ordinary share
Exercise price	:	Baht 1.20 per share
Exercise date	:	Every 3 months from the date of issuance. The first exercise date was 27 December 2013 and the final exercise date is 30 September 2016.
Date of issuance	:	1 October 2013
Maturity of warrants	:	3 years from the date of issuance

The Stock Exchange of Thailand approved the warrants of 466,850,000 units as listed securities on 1 November 2013.

During the year ended 31 December 2015, warrant holders exercised warrants thrice, the details of which are as follows:

- Exercised 9,700,700 warrants; additional shares were registered to the Ministry of Commerce on 9 April 2015.
- Exercised 501,000 warrants; additional shares were registered to the Ministry of Commerce on 8 July 2015.
- Exercised 50,000 warrants; additional shares were registered to the Ministry of Commerce on 6 October 2015.

As at 31 December 2015, there were 442,673,800 warrants outstanding.

20 Legal reserve

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
At 1 January	37,503	36,180	37,503	36,180
Appropriation during the year	1,876	1,323	1,876	1,323
At 31 December	39,379	37,503	39,379	37,503

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

21 Other income

	Consolidated		Company	
	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interest income	732	520	6,629	1,395
Gains on sales of equipment	-	21	-	-
Realised gains on sales of trading securities (Note 8)	2,283	522	2,283	522
Unrealised gains on changes in fair values of trading securities (Note 8)	3,273	5,965	3,048	5,965
Other income	2,061	2,625	1,977	1,974
Total	8,349	9,653	13,937	9,856

22 Expenses by nature

	Consolidated		Company	
	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Staff benefit expenses	172,377	139,476	89,773	70,620
Depreciation charges (Note 12)	42,742	47,163	41,521	45,648
Amortisation charges (Note 13)	8,853	22,646	704	788
Management fees	14,922	12,779	14,922	12,779
Operating lease payments	3,601	3,497	2,517	1,728

23 Income tax expense

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Current tax:				
Current tax on profit for the year	1,394	2,914	-	-
Adjustments in respect of prior year	-	(87)	-	-
Total current tax	1,394	2,827	-	-
Deferred taxes:				
Origination and reversal of temporary differences	(2,283)	(5,115)	(1,242)	253
Total deferred taxes	(2,283)	(5,115)	(1,242)	253
Income tax (income) expense	(889)	(2,288)	(1,242)	253

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

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Profit before tax	16,638	10,669	36,126	26,711
Tax calculated from a tax rate of 20% (2014: 20%)	3,328	2,134	7,225	5,342
Tax effects of:				
Expenses non-deductible for tax purpose	3,386	750	420	663
Additional expenses deductible for tax purpose	(120)	(37)	(47)	(24)
Utilisation of tax losses carried forward for which deferred tax assets had not been recognised	(8,798)	(4,901)	(8,798)	(4,901)
Tax losses for which no deferred income tax assets were recognised	368	725	-	-
Reversal of temporary differences	947	(959)	(42)	(827)
Income tax (income) expense	(889)	(2,288)	(1,242)	253

23 Income tax expense (Cont'd)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Consolidated					
	2015			2014		
	Before tax Baht	Tax (charge)/ credit Baht	After tax Baht	Before tax Baht	Tax (charge)/ credit Baht	After tax Baht
Remeasurements of employee benefit obligations	755	(151)	604	-	388	388
Other comprehensive income	755	(151)	604	-	388	388
Current tax		1,394			2,827	
Deferred taxes		(2,283)			(5,115)	
Income tax income		(889)			(2,288)	

	Company					
	2015			2014		
	Before tax Baht	Tax (charge)/ credit Baht	After tax Baht	Before tax Baht	Tax (charge)/ credit Baht	After tax Baht
Remeasurements of employee benefit obligations	785	(157)	628	-	388	388
Other comprehensive income	785	(157)	628	-	388	388
Current tax		-			-	
Deferred taxes		(1,242)			253	
Income tax (income) expense		(1,242)			253	

24 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares (if any) (Note 18).

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Net profit attributable to ordinary shareholders of the Company	17,527	12,957	37,368	26,459
Weighted average number of ordinary shares outstanding (shares)	955,075,497	937,102,422	955,075,497	937,102,422
Basic earnings per share (Baht per share)	0.02	0.01	0.04	0.03

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by assuming conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is warrants. These warrants were only issued to the existing shareholders of the Company. The warrants are assumed to have been converted into ordinary shares, assuming that all warrants were exercised by considering the fair values of rights to purchase new ordinary shares. (The fair value of rights is determined by the weighted average share price of the Company's ordinary shares during the year.) The purpose of this calculation is to determine the number of additional ordinary shares to be added to the number of shares currently held in the calculation of diluted earnings per share. No adjustment is made to earnings.

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Net profit for calculating diluted earnings per share	17,527	12,957	37,368	26,549
Weighted average number of ordinary shares outstanding (shares)	955,075,497	937,102,422	955,075,497	937,102,422
Adjustments:				
Exercise of warrants	311,873,266	299,926,837	311,873,266	299,926,837
Weighted average number of ordinary shares outstanding for calculating diluted earnings per share (shares)	1,266,948,763	1,237,029,259	1,266,948,763	1,237,029,259
Diluted earnings per share (Baht per share)	0.01	0.01	0.03	0.02

25 Related party transactions

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

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

25 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

a) Revenue from services, interest income and service fees

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
For the year ended 31 December				
Revenue from services				
Subsidiary	-	-	3,039	3,382
	-	-	3,039	3,382
Interest income				
Subsidiary	-	-	6,036	933
	-	-	6,036	933
Service fees				
Subsidiaries	-	-	153	4,500
Related party	130	2,115	130	2,115
	130	2,115	283	6,615

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

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Trade accounts receivable				
Subsidiary	-	-	227	1,137
Advances				
Subsidiary	-	-	-	1,400
Accrued legal consulting fees				
Related party	-	162	-	162
Trade accounts payable				
Subsidiary	-	-	52	-
Accrued expenses				
Subsidiary	-	-	1,200	-

25 Related party transactions (Cont'd)

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

c) Short-term loan to a subsidiary and interest receivable

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Short-term loan to a subsidiary				
Subsidiary	-	-	85,000	85,000
Interest receivable				
Subsidiary	-	-	704	933

A short-term loan to a subsidiary was made in the normal commercial terms and conditions. The short-term loan bears a fixed interest rate of 7.01% per annum (2014: 7.25% per annum) and is due within 120 days from the borrowing date.

d) Key management compensation

Key management compensation is as follows:

	Consolidated		Company	
	2015 Thousand Baht	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
For the year ended 31 December				
Management's benefits				
Short-term employee benefits	42,595	35,189	27,667	17,904
Retirement benefits	3,371	2,260	1,982	778
	<u>45,966</u>	<u>37,449</u>	<u>29,649</u>	<u>18,682</u>

26 Commitments and contingencies

26.1 Operating lease commitments

The Company and its subsidiaries entered into non-cancellable operating lease agreements with respect to leases of equipment and service agreements. The terms of the agreements generally range between 1 to 4 years.

Future minimum payments required under these operating lease agreements and relevant service agreements are as follows:

	Consolidated		Company	
	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Not later than 1 year	3,752	3,684	3,078	2,286
Later than 1 year but not later than 4 years	800	1,244	704	1,069
	4,552	4,928	3,782	3,355

26.2 Long-term service commitments

On 24 January 2007, the Company entered into management agreements with a group company of a well known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 30 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended 31 December 2015 were Baht 14.9 million.

26.3 Guarantees

- As at 31 December 2015, there were outstanding bank guarantees of Baht 10.0 million issued by a bank on behalf of the Company with respect to certain performance required in the normal course of business. (31 December 2014: Baht 10.0 million).
- As at 31 December 2015, there were outstanding bank guarantees of Baht 11.0 million issued by banks on behalf of a subsidiary with respect to certain performance required in the normal course of business (31 December 2014 : Baht 8.8 million).

26.4 Litigations

In 2009, the Company was sued by the juristic person of Saint Louis Grand Terrace to transfer title deed servitude or pay compensation of Baht 49 million and to provide parking areas or pay compensation of Baht 106 million, including payment of building maintenance compensation of Baht 4 million. The Court of First Instance dismissed the case in December 2010. In March 2011, the plaintiff lodged an appeal with the Appeals Court and in July 2013, the Appeals Court dismissed the case in respect of the transfer title deed servitude and to provide parking areas, while ordering payment of building maintenance compensation of not more than Baht 3 million, plus interest at 7.5% per annum. In September 2013, the Company lodged an appeal with the Supreme Court, which is currently hearing the case. However, the Company has set aside provisions totalling Baht 1.4 million, which the Company deems appropriate, for the loss arising from these litigations.

Management Discussion and Analysis

for the year ended December 31, 2015

To: President,

Stock Exchange of Thailand

Principal Capital Public Company Limited ("PRINC") would like to submit the following Management Discussion and Analysis for the Year ended December 31, 2015. The company's consolidated financial statements for year 2015 will consist of 3 subsidiaries: Principal Investment Company Limited, Convergence Systems Company Limited, and Bangkok Center District Company Limited - incorporated since September 7, 2015, while the consolidated financial statements for the year 2014 consisted of only 2 subsidiaries.

Management Discussion and Analysis: MD&A

Economic and Industry Condition

Economic conditions in the fourth quarter of 2015 edged up from the previous quarter, with improvements seen in consumption, investment, and tourism. Private consumption improved, as a result of government stimulus programs, particularly the tax deduction program for New Year shoppers (during December 25 -31, 2015 and the front-loaded purchasing of vehicles ahead of new vehicle excise tax structure. Private investment was mostly concentrated in machinery to repair and improve production capacity, as well as substitute for labors. The real estate sector recovered due to government measures to stimulate property sector.

Tourism in the quarter 4/2015 was improved after a deflation, due to the bombing at Ratchaprasong, in the previous quarter which affected the confidence of tourists. The reason of an increase in Thai and foreign tourists, especially China and Europe (excluding Russia) was partly due to Government, allowing foreign airlines to fly directly to Chiang Mai and Phuket International Airport, reflecting to rises of hotels and residences incomes. In addition, the unrest situation in France did not have a directly impact to Thailand's tourism business.

As a result of the economy recovery, including tourism, the business of the company, residential services business, has increased revenue. The company's subsidiary business, Information system implementation business, also has increased revenue.

Financial Performance and Analysis

Financial information of Year 2015 showed a revenues from services of 424.7 THB Million, cost of services of 249.9 THB Million, service and administrative expenses of 165.5 THB Million, and a profit for the year of 17.5 THB Million, which increased from last year by 4.6 THB Million or 35.3% which can be clarified as below.

Revenues from Services

Unit: Million THB	Residential service business		Office building business		Information system implementation business		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues from Services	214.2	191.4	43.0	42.0	167.5	130.7	424.7	364.1

For the year 2015, PRINC generated Revenues from Services of 424.7 THB Million, increased by 60.6 THB Million or 16.6% from last year, due to the followings:

1. Residential service business (Marriott Executive Apartment Sathorn Vista – Bangkok) increased its revenue by 22.8 THB Million or 11.9% from year 2014 as result of an increase in occupancy rate from 79.4% in year 2014 to 85.8% in year 2015 and an increase in average RevPar by 4.9% (160.4 THB) from the previous year
2. Office building management business had 0.9 THB Million higher in revenue, 2.2% change Year-over-Year, mainly from other services income.
3. Information system implementation business had an increasing in revenue, 36.8 THB Million or 28.2% Year-over-Year due to increases in new projects of information system implementation.

Costs of Services

Unit: Million THB	Residential service business		Office building business		Information system implementation business		Business Consultancy business		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Cost of Services	93.8	92.6	21.9	22.2	134.2	90.0	-	7.3	249.9	212.1

The cost of services of 249.9 THB Million increased by 37.7 THB Million, 17.8% higher from the last year due to the followings:

1. Residential service business : Cost in year 2015 went up by 1.2 THB Million, an increase of 1.3% Year-over-Year, consistent with an increase in this business revenue.
2. Office building management business : Costs , which comprise of staff salaries and building maintenance expenses, decreased by 0.3 THB Million, a change of 1.4% Year-over-Year.
3. Information system implementation business : Costs was higher by 44.2 THB Million, a change of 49.1% Year-over-Year, due to engaging more new employees to cope with new projects of information system implementation.
4. Business consultancy business : Costs in 2014 was 7.3 THB Million; while in 2015, there was no cost occurred.

Service Expenses, Administrative Expenses and Finance Costs

Service expenses of 11.7 THB Million was mainly marketing expenses of the residential service business, which dropped slightly at 0.1 THB Million, a 1.1% negative change Year-over-Year. These expenses normally go in line with the revenue; however, in Year 2015 the marketing expenses went down even with an increasing in revenue, demonstrating the management's efficiency.

Administrative expenses of 153.9 THB Million increased by 16.2 THB Million, 11.7% higher from the last year due to the followings:

1. Residential service business : employee expenses increased by 1.2 THB Million
1. Office building management business : employee expenses increased by 15.3 THB Million as a result of reorganizing company structure to prepare for further business expansion in 2016, leading to engaging more new employees and increasing in remuneration of directors by 1.5 THB Million
2. Information system implementation business : allowance for doubtful accounts of trade account receivable and accrued income in Year 2015 was 14.4 THB Million, increasing from last year by 12.0 THB Million (2.4 THB Million in year 2014).
3. In year 2015 the company had the amortization cost of intangible assets and depreciation charges of vehicle acquired during the acquisition of a subsidiary in the amount of 8.3 THB Million, decreased 13.9 THB Million from last year.

Since the financial lease contract of subsidiary has ended in 2015 and overdraft from financial institution of subsidiary decreased by 12.7 THB Million or 100%, finance costs was decreased by 0.5 THB Million or 32.5% from last year.

Gross Profit Margin, Net Profit Margin, and Return on Equity (ROE)

	2015	2014
Gross Profit Margin	41.2%	41.7%
Net Profit Margin	4.1%	3.6%
Return on Equity (ROE)	0.9%	0.7%

Due to the engaging more new employees to cope with new project of information system implementation of subsidiary company, gross profit margin decrease from the 2014 despite the fact that the company generate more increase in total.

Net profit margin, on the other hand, increased from the last year due to an increase in service revenue and the management's efficiency, resulting in decreases in services expenses and finance costs.

Assets**Components of Assets**

As of 31 December 2015, the Company had total assets of 2,087.3 THB Million with the portion of current assets at 29.9% and non-current assets at 70.1%.

Total assets increased from 31 December 2014 by 47.3 THB Million, or 2.3% as a consequence of increases in current assets amounting to 85.7 THB Million, mainly from short-term investment 79.2 THB Million (from a new subsidiary of 70.2 THB Million), and decreases in non-current assets amounting to 38.4 THB Million, from depreciation computation of plant & equipment and amortization charges of intangible assets during the year.

Short-term Investments

As of 31 December 2015, the Company had short-term investments of 397.0 THB Million, increased from the prior year by 79.2 THB Million. Its proportion to total current assets was 63.7%.

Trade and Other Receivables

Unit: Million THB	2015	2014
Trade and Other Receivables		
Not overdue	27.0	15.6
Overdue		
Up to 3 months	4.5	6.3
3 – 6 months	0.3	-
6 - 12 months	0.5	7.6
Over 12 months	6.3	9.0
	38.6	38.5
Less Allowance for doubtful accounts	(6.6)	(2.9)
Trade Receivables , net	32.0	35.6
Accrued income		
Accrued income	123.1	111.0
Less Allowance for doubtful accounts	(10.6)	-
Accrued income, net	112.5	111.0
Prepaid expenses	1.9	2.1
Other receivables	0.6	0.6
Total Trade and Other Receivables	147.0	149.3
Trade Receivables Turnover (times)	12.55	9.04
Average Collection Period (day)	29	40
% Allowance for doubtful accounts to trade receivables	17.1%	7.6%
% Allowance for doubtful accounts to accrued income	8.6%	-

As of 31 December 2015 and 2014, the Company had outstanding net trade receivables from other parties in the amount of 32.0 THB Million and 35.6 THB Million respectively, which can be clarified as follows:

- From the above table exhibits, aging of trade receivables mostly fell in the category of “not overdue” in the amount of 27.0 THB Million as per the Company’s credit policy. In addition, trade receivable turnover and average collection period matched up with the Company’s credit terms of 30-60 days
- The trade receivables overdue over 12 months in the amount of 6.3 THB Million. The Company took prudent steps in creating a policy on credit terms due to various customer base. Some customers were government officers with stable financial status or employees of reliable private companies. Moreover, the Company has a policy to establish an allowance for doubtful accounts based its past experiences related to debt collection and borrowers’ abilities to repay. The Company also evaluate adequacy of allowance for doubtful debt by assessing the amount of overdue trade receivables, of

which the collection of debt was strictly performed. In this regards, the allowance for doubtful accounts were reviewed regularly to reflect the actual and possible collectible debts. For the period ending 31 December 2015, the subsidiary set an additional amount of 3.8 THB Million for the allowance for doubtful accounts – trade receivables.

Accrued income was from an information system implementation business, of which Revenues are recognised using the percentage-of-completion method. The stage of completion is determined by reference to the actual cost incurred to date to total estimated cost for each projects. Provision for anticipated loss on the projects will be made in the accounts as soon as the possibility of loss is ascertained. As at 31 December 2015 the subsidiary set additional amount of 10.6 THB Million for the doubtful accounts for accrued income.

Inventories

As of 31 December 2015 and 2014, the Company had an inventories of 0.26 THB Million and 0.32 THB Million respectively. Most of the items in the inventories were food and beverages of the residential service business.

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the moving average method. The cost of acquisition comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts eligible to criteria of the company group's policy. Allowance is made for obsolete, slow moving and defective inventories, where necessary.

Restricted Bank Deposits

As of 31 December 2015 and 2014, the Company had a fixed deposit pledged with the value of 13.9 THB Million and 12.9 THB Million respectively. An increase of 1 THB Million was due to an additional subsidiary deposited pledge in relation to its software installation for its customer increasing amount.

Intangible Assets, Net

As of 31 December 2015 and 2014, the Company had a net intangible asset of 6.5 THB Million and 11.6 THB Million respectively. The decrease was mainly due to the amortization of intangible assets acquired during the acquisition of a subsidiary in the amount of 8.1 THB Million and the additional of intangible assets of office building management business during the year in the amount of 3.8 THB Million.

Goodwill

The Goodwill of 4.6 THB Million represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary (Convergence Systems Company Limited) at the date of acquisition. The company presents Goodwill at cost less accumulated impairment losses, which is tested annually for impairment or whenever there is an indication of impairment occurred.

Liquidity

Cash flows

Unit: Million Baht	2015	2014
Net cash from operating activities	92.0	(6.3)
Net cash from investing activities	(81.7)	(13.5)
Net cash from financing activities	(0.6)	3.9
Net increase (decrease) in cash and cash equivalents	9.7	(15.9)
Cash and cash equivalents at the beginning of the period	62.2	78.0
Cash and cash equivalents at the end of the period	71.9	62.1

For the period of year 2015, the Company had cash and cash equivalents of 71.9 THB Million. An increase of 9.7 THB Million in cash and cash equivalents was a result of the increasing in cash flow from operating activities, i.e. increased profit before income tax, allowance in doubtful accounts and trade and other payables. Net cash from investing activities 81.7 THB Million came from cash paid for investment units of financial institution 73.7 THB Million.

Source of Capital

Liabilities, Shareholders' Equity and Debt to equity ratio

Unit: Million Baht	2015	2014
Bank overdrafts from a financial institution	-	12.7
Trade and other payables	36.7	14.9
Other current liabilities	6.7	7.7
Employee benefit obligations	9.6	6.6
Other non- current liabilities	31.1	23.3
Total liabilities	101.5	83.4
Total shareholders' equity	1,985.8	1,956.6
<i>Debt to equity ratio (times)</i>	<i>0.05</i>	<i>0.04</i>

As of 31 December 2015, the Company had total liabilities of 101.5 THB Million, an increase of 18.1 THB Million from 31 December 2014, mainly due to an increase in trade and other payables of 21.7 THB Million, from Information system implementation business 14.6 THB Million and from residential service business 6.0 THB Million, an increase in other non- current liabilities of 7.8 THB Million from accrued incentive fee to group international standard hotel chain, and an increase in employee benefit obligations 3.0 THB Million due to revising report of employee benefit by independent actuaries during the year.

As of 31 December 2015 and 2014, the Company had shareholders' equity of 1,985.8 THB Million and 1,956.6 THB Million respectively as a result of the increase in share capital and premium on paid-up of share capital from exercising warrants, and gaining profits from operations. During the year the company set additional legal reserve in the amount of 1.9 THB Million.

As of 31 December 2015, debt to equity ratio was at 0.05, slightly increase from 0.04 at 31 December 2014 as a result of higher total liabilities in 2015.

Commitments

The company had 2 types of commitment as follows

Operating lease commitments

The Company and its subsidiaries entered into several operating leases related to equipment and service agreements. The terms of the agreements generally range between 1 to 4 years as follows.

Unit: Thousand Baht	2015	2014
Not later than 1 year	3,752	3,684
Later than 1 year but not later than 4 years	800	1,244

Long-term service commitments

The Company entered into management agreements with a company of a well-known international standard hotel chain group, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 30 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years. During the year 2015, Consulting fees and expenses under the contract were 14.9 THB Million.

Factors influencing future performance of the Company

Looking forward, business conditions in the first quarter of 2016 is expected to continue expanding from improved business sentiment, effects of government stimulus measures, and public investment that is likely show solid progress. As a result, private consumption is expected to expand as sentiment improves and consumer purchasing power increases from government stimulus policies. However, some companies may hold back investment for signs of economic recovery and clarity on government policies

The tourism trend of 2016 first quarter stills grow up continuously and changes the focus on promotion policy from the increasing number of tourists to values added by tourist through spending and number of accommodation day by motivating to visit attraction places in nearby provinces. However, the business operators aim to set the appealing marketing plan for customers in public sector and private sector. The plan set to organize the conference and training to replace the number of foreign tourists decreased in the first quarter normally. Whilst Thailand's aviation standards notification is expected to not have direct significant impact on tourism, it may affect the expansion of future flight path and revenues trend if not the same as code share standards.

Please be informed accordingly,

Yours Sincerely,

Signature



(Miss Preeyaporn Aphiwathwittaya)

Accounting Services Director





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