

Part 3 Financial Position and Operating Performance

13. Key Financial Information

13.1 Financial Statement

13.1.1 Auditor's Report

Auditor's report in the past 3 years, financial statement for the year 2016-2018 was audited by Mr. Chanchai Chaiprasit, a certified auditor number 3760 from PriceWaterhouse Coopers ABAS Co., Ltd. which was in the approved list of Securities and Exchange Commission, give an unqualified opinion with the comment that the consolidated financial statement of Principal Capital Public Company Limited (Company) and its subsidiaries (business group) as well as the financial statement for the Company show the financial position of business group of the Company, operating result and cash flow statement of the Company only and were prepared accurately in substance based on standard of financial report. This financial statement was verified and certified by the Board of Directors

13.1.2 Financial Statements

Principal Capital Public Company Limited and it Subsidiaries

Statement of Financial Position

As of December 31

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets												
Current assets												
Cash and cash equivalents	449,319	3.14	371,922	2.84	274,101	1.90	91,810	0.81	71,738	0.74	46,975	0.55
Short-term investments	6,064	0.04	647,920	4.95	110,718	0.77	3,930	0.03	46,531	0.48	46,043	0.54
Restricted bank deposits at a financial institution	5,446	0.04	5,446	0.04	5,927	0.04	5,000	0.04	5,000	0.05	5,000	0.06
Trade and other receivables -net	267,617	1.87	199,956	1.53	267,239	1.85	43,687	0.38	13,375	0.14	15,673	0.18
Short-term loan to a subsidiary	-	-	-	0.00	-	0.00	520,836	4.57	101,749	1.06	936,318	11.04
Inventories - net	49,572	0.35	49,984	0.38	47,492	0.33	5,891	0.05	308	0.00	528	0.01
Work in progress under services contracts	-	0.00	12,937	0.10	3,284	0.02	-	-	-	-	-	-
Other current assets	96,599	0.67	85,286	0.65	109,474	0.76	9,016	0.08	6,341	0.07	13,122	0.15
Total current assets	874,616	6.11	1,373,451	10.49	818,234	5.66	680,169	5.97	245,042	2.54	1,063,658	12.54
Non-current assets												
Restricted deposits at a financial institutions	12,166	0.08	13,600	0.10	12,346	0.09	-	-	-	-	-	-

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Investment in subsidiaries	-		-	0.00	-	0.00	8,013,254	70.34	8,013,254	83.17	6,011,055	70.87
Long-term investments	330	0.00	-	0.00	560	0.00	330	0.00	-	-	-	-
Investment property - net	2,719,903	19.00	2,754,026	21.04	5,210,724	36.06	-	-	-	-	-	-
Property, plant and equipment – net	8,942,750	62.46	7,187,430	54.92	6,672,397	46.18	2,679,825	23.52	1,366,438	14.18	1,397,080	16.47
Intangible assets – net	69,632	0.49	77,062	0.59	69,369	0.48	3,677	0.03	3,817	0.04	4,604	0.05
Leasehold rights	25,222	0.18	22,423	0.17	10,388	0.07	-	-	-	-	-	-
Goodwill	1,648,636	11.51	1,648,636	12.60	1,648,636	11.41	-	-	-	-	-	-
Deferred tax assets	4,604	0.03	5,301	0.04	2,946	0.02	-	-	2,468	0.03	2,138	0.03
Non-current assets	20,222	0.14	6,285	0.05	4,210	0.03	14,492	0.13	4,341	0.05	3,839	0.05
Total Non-Current Assets	13,443,465	93.89	11,714,762	89.51	13,631,575	94.34	10,711,578	94.03	9,390,318	97.46	7,418,717	87.46
Total Assets	14,318,081	100.00	13,088,213	100.00	14,449,809	100.00	11,391,747	100.00	9,635,360	100.00	8,482,375	100.00
Liabilities and shareholders' equity												
Current Liabilities												
Overdraft	7,415	0.05	1,448	0.01	-	-	-	-	-	-	-	-
Short-term loan	1,030,400	7.20	30,000	0.23	-	-	1,000,400	8.78	-	-	-	-
Trade and other payables	463,546	3.24	1,370,900	10.47	339,568	2.35	98,774	0.87	1,053,985	10.94	20,497	0.24
Advanced received from customer-current	24,502	0.17	23,707	0.18	18,546	0.13	6,076	0.05	4,078	0.04	2,312	0.03
Short-term loan from a related	461,891	3.23	445,619	3.40	34,060	0.24	614,851	5.40	-	-	-	-

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
party												
Current portion of financial lease	26,437	0.18	8,706	0.07	11,676	0.08	-	-	-	-	-	-
Current portion of long-term loan	184,000	1.29	138,199	1.06	222,878	1.54	32,818	0.29	-	-	-	-
Current portion of long-term loan from related party	530,404	3.70	-	-	-	-	530,404	4.66	-	-	-	-
Income tax payable	18,944	0.13	71,779	0.55	19,348	0.13	-	-	-	-	-	-
Deposits received from customers – current	30,674	0.21	49,054	0.37	22,924	0.16	9,203	0.08	29,076	0.30	9,893	0.12
Other current liabilities	75,224	0.53	75,598	0.58	66,939	0.46	5,830	0.05	4,871	0.05	3,714	0.04
Total current liabilities	2,853,437	19.93	2,215,008	16.92	735,937	5.09	2,307,636	20.26	1,092,010	11.33	36,416	0.43
Non-current liabilities												
Financial lease	74,640	0.52	11,057	0.08	18,025	0.12	31,522	0.28	-	-	-	-
Long-term borrowing from a financial institution	2,063,843	14.41	1,102,412	8.42	1,550,416	10.73	915,501	8.04	-	-	-	-
Advances received from customers	3,320	0.02	9,635	0.07	15,950	0.11	-	-	-	-	-	-
Deposits received from customers	19,193	0.13	19,676	0.15	20,749	0.14	-	-	-	-	-	-
Long-term promissory note from related party	-	-	521,470	3.98	512,536	3.55	-	-	521,470	5.41	512,536	6.04
Deferred tax liabilities	333,153	2.33	171,398	1.31	171,631	1.19	170,322	1.50	-	-	-	-

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Employee benefit obligations	85,163	0.59	71,012	0.54	64,525	0.45	15,152	0.13	12,681	0.13	9,069	0.11
Other non-current liabilities	43,713	0.31	42,443	0.32	64,371	0.45	3,446	0.03	27,620	0.29	39,147	0.46
Total non-current liabilities	2,623,025	18.32	1,949,103	14.89	2,418,203	16.74	1,135,945	9.97	561,771	5.83	560,752	6.61
Total liabilities	5,476,462	38.25	4,164,111	31.82	3,154,141	21.83	3,443,581	30.23	1,653,781	17.16	597,168	7.04
Equity												
Issued and paid up capital	3,240,088	22.63	3,240,088	24.76	3,240,088	22.42	3,240,088	28.44	3,240,088	33.63	3,240,088	38.20
Premium on share capital	4,476,767	31.27	4,476,767	34.20	4,476,767	30.98	4,476,767	39.30	4,476,767	46.46	4,476,767	52.78
Retained earnings			-	-	-	-			-	-	-	-
Appropriated – legal reserve	44,200	0.31	44,200	0.34	39,379	0.27	44,200	0.39	44,200	0.46	39,379	0.46
Unappropriated	(447,623)	(3.13)	(278,896)	(2.13)	69,102	0.48	187,112	1.64	220,525	2.29	128,974	1.52
Other components of equity	764,130	5.34	764,130	5.84	-	-	-	-	-	-	-	-
Equity attributable to owners of the parent	8,077,561	56.42	8,246,288	63.01	7,825,336	54.16	7,948,166	69.77	7,981,579	82.84	7,885,208	92.96
Non-controlling interests	764,058	5.34	677,813	5.18	3,470,333	24.02	-	-	-	-	-	-
Total equity	8,841,619	61.75	8,924,101	68.18	11,295,669	78.17	7,948,166	69.77	7,981,579	82.84	7,885,208	92.96
Total liabilities and equity	14,318,081	100.00	13,088,213	100.00	14,449,809	100.00	11,391,747	100.00	9,635,360	100.00	8,482,375	100.00

Principal Capital Public Company Limited and it Subsidiaries

Statement of Comprehensive Income

For the year ended December 31

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016		2018		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenue from hospital business	2,084,631	76.56	1,690,423	75.54	1,716,823	82.87	206,947	41.91	-	-	-	-
Revenue from sale and services	638,074	23.44	547,348	24.46	354,849	17.13	286,784	58.09	280,254	100.00	260,373	100.00
Cost of hospital business	(1,577,358)	(57.93)	(1,274,462)	(56.95)	(1,184,914)	(57.20)	(172,493)	(34.94)	-	-	-	-
Costs of sales and services	(451,282)	(16.57)	(453,257)	(20.25)	(252,519)	(12.19)	(162,004)	(32.81)	(138,946)	(49.58)	(115,352)	(44.30)
Gross profit	694,066	25.49	510,051	22.79	634,238	30.61	159,234	32.25	141,308	50.42	145,021	55.70
Other income	51,246	1.88	166,524	7.44	44,802	2.16	23,846	4.83	143,332	51.14	13,483	5.18
Gain from asset acquisition at lower fair value	82,544	3.03	-	-	-	-	82,544	16.72	-	-	-	-
Selling expenses	(60,303)	(2.21)	(45,388)	(2.03)	(30,050)	(1.45)	(18,370)	(3.72)	(12,425)	(4.43)	(11,749)	(4.51)
Administrative expenses	(746,491)	(27.42)	(761,051)	(34.01)	(576,526)	(27.83)	(212,042)	(42.95)	(159,626)	(56.96)	(149,366)	(57.37)
Other expenses	(16,579)	(0.61)	(8,324)	(0.37)	-	-	-	-	-	-	-	-
Finance costs	(126,109)	(4.63)	(69,120)	(3.09)	(29,308)	(1.41)	(74,702)	(15.13)	(8,934)	(3.19)	(2,026)	(0.78)
Profit (loss) before income tax expenses	(121,627)	(4.47)	(207,308)	(9.26)	43,157	2.08	(39,488)	(8.00)	103,656	36.99	(4,637)	(1.78)
Income tax (expense) income	(31,017)	(1.14)	(164,306)	(7.34)	(24,371)	(1.18)	4,253	0.86	(7,245)	(2.59)	1,552	0.60
Profit (loss) for the year	(152,643)	(5.61)	(371,614)	(16.61)	18,786	0.91	(35,235)	(7.14)	96,411	34.40	(3,085)	(1.18)
Other comprehensive income (expense)												

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Remeasurements of employee benefit obligations	4,702	0.17	11,494	0.51	15,614	0.75	2,277	0.46	(50)	(0.02)	-	-
Deferred income tax on Remeasurements of employee benefit obligations	(940)	(0.03)	(2,298)	(0.10)	(3,123)	(0.15)	(455)	(0.09)	10	0.00	-	-
Other comprehensive income (expense) for the year, net of tax	3,761	0.14	9,195	0.41	12,491	0.60	1,822	0.37	(40)	(0.01)	-	-
Total comprehensive income (expense) for the year	(148,882)	(5.47)	(362,418)	(16.20)	31,277	1.51	(33,413)	(6.77)	96,371	34.39	(3,085)	(1.18)
Profit (loss) attributable to Owner of the parent	(173,397)	(6.37)	(345,096)	(15.42)	(53,656)	(2.59)	(35,235)	(7.14)	96,411	34.40	(3,085)	(1.18)
Non-controlling interests	20,754	0.76	(26,518)	(1.19)	72,442	3.50	-	-	-	-	-	-
	(152,643)	(5.61)	(371,614)	(16.61)	18,786	0.91	(35,235)	(7.14)	96,411	34.40	(3,085)	(1.18)
Total comprehensive income (expense) attributable to												
Owner of the parent	(168,727)	(6.20)	(343,177)	(15.34)	(53,656)	(2.59)	(33,413)	(6.77)	96,371	34.39	(3,085)	(1.18)
Non-controlling interests	19,845	0.73	(19,241)	(0.86)	84,933	4.10	-	-	-	-	-	-
	(148,882)	(5.47)	(362,418)	(16.20)	31,277	1.51	(33,413)	(6.77)	96,371	34.39	(3,085)	(1.18)
Earnings (loss) per share (Baht)	(0.054)		(0.107)		(0.036)		(0.011)		0.030		(0.002)	

Principal Capital Public Company Limited and its Subsidiaries

Summary of Statement of Cash Flow

For the Year ended December 31

Unit : Baht in thousand	Consolidated Financial Statement			Separated Financial Statement		
	2018	2017	2016 Restated	2018	2017	2016 Restated
Cash flows from operating activities	15,459	112,328	272,040	(112,893)	192,656	22,473
Cash flows from investing activities	(2,001,298)	97,818	(670,699)	(2,412,100)	(167,893)	(565,312)
Cash flows from financing activities	2,057,270	(112,325)	(60,493)	2,545,065	-	(530,607)
Net increase (decrease) in cash and cash equivalents	71,431	97,821	(459,152)	20,072	24,763	(12,232)
Cash and cash equivalents at the beginning of the year	370,473	274,100	733,252	71,738	46,975	59,207
Cash and cash equivalents at the end of the year	441,904	371,922	274,100	91,809	71,738	46,975

13.1.3 Significant Financial Ratio

	Unit	Consolidated Financial Statement			Separated Financial Statement		
		2018	2017	2016	2018	2017	2016
Liquidity Ratio							
Current Ratio	Times	0.31	0.62	1.11	0.29	0.22	29.21
Quick Ratio	Times	0.25	0.55	0.89	0.06	0.12	2.98
Activity Ratio							
Accounts Receivables turnover	Times	21.46	15.70	21.44	25.58	24.36	20.79
Average collection period	Days	17	23	17	14	15	18
Total assets turnover	Days	0.35	0.35	0.42	0.30	0.31	0.19
Accounts payable turnover	Times	12.83	10.12	19.02	16.89	8.99	14.42
Average payment period	Days	28	36	19	22	41	25
Cash cycle	Days	(2)	(3)	9	(4)	(25)	(7)
Inventory turnover	Times	41	35	32	108	332	293
Average selling period	Days	9	10	12	3	1	1
Profitability Ratio							
Gross profit margin	%	25.49	22.79	30.61	32.25	50.42	55.70
Net profit margin	%	(6.07)	(14.40)	(2.54)	(5.87)	22.76	(1.13)
Return on equity	%	(0.02)	(4.29)	(1.09)	(0.00)	1.22	(0.06)
Return on assets	%	0.03	(1.00)	0.69	0.33	1.24	(0.05)
Financial Policy Ratio							
Debt to equity ratio	Times	0.68	0.50	0.40	0.43	0.21	0.08
Interest coverage ratio	Times	0.04	(2.00)	2.47	0.47	12.60	(1.29)
Information per share							
Earnings (losses) per share	Baht	(0.054)	(0.107)	(0.036)	(0.011)	0.030	(0.002)
Book value per share	Baht	2.49	2.55	2.42	2.45	2.46	2.43

14. Management Discussion and Analysis**Significant Matters of the year 2018**

On 27 February 2018, the Company acquired and acceptance of transfer of the hospital business of Thai Health Maintenance Organization Co., Ltd. ("THM") which was a company operating a private hospital business under the name "Piyamin Hospital" (currently, such name has been changed to "PRINC Hospital Suvarnabhumi"), located in Samut Prakan Province, and three Piyamin medical clinics located in Bangkok for the expansion and growth of the hospital business network of the group companies. In this connection, the Company paid to THM a total consideration of Baht 900 million, from this transaction the Company gain the profit from the Under Fair Value purchase at the amount of Baht 82.5 million, shown in the Statement of Comprehensive Income of Q1/2018.

On April 17, 2018, the Company had set up the subsidiary named "Principal Healthcare-Uthai Company Limited" for the purpose to acquire the unoperated hospital and will be renovate to the 60 beds hospital. Expecting to operate in the 4th quarter of 2019.

On October 17, 2018, the Board of Directors' meeting resolved to approve an investment and acquisition of assets by a subsidiary, which is the entire business transfer of a private hospital in northern of Thailand, this is to create a Hub and Spoke System for the group companies' hospital business and increase potential profitability of the group companies in the future. The subsidiary that will acquire the business is indirect held shares by the Company's Subsidiary, the transaction cost is Baht 120 million. The subsidiary was registered with the Ministry of Commerce on 18 October 2018 with authorized share capital of Baht 200,000,000, consisted of 20,000,000 ordinary shares at a value of Baht 10 each, and 100% of ownership interest is held by Principal Healthcare Co., Ltd.

The SET has approved that the Company will be reclassified from "Property & Construction" industry and "Property Development" sector to "Services" industry and "Health Care Services" sector in order to be in line with revenue structure, operations and business policy. The reclassification will be effective from February 13, 2019 onwards.

Economic and Industry Conditions and Outlook

Healthcare business growth in Thailand was favorable with the supporting factors from government and private sector that promote Thailand to be one of the Medical Hub of Asia. One of the healthcare industry is hospital business that major private hospitals continue to expand their hospital network by opening a new hospital and merger and acquisition as well as partnering with the medium-sized and small-sized hospitals to support higher domestic demand and demand from oversea.

The domestic demand boosting factors come from urbanization and the expansion of medium-income earners group. The sickness rate of Thai people tends to increase. The hospitals do not only play a role in providing treatment but also offering sickness protection services. This type of service offers large business opportunity to the hospital. Moreover, Thailand has started entering into aging society and in 2031 will be timing to fully enter into the aging society. The population with the age over 65 years will be accounted for more than 20% of total population of the country. This makes people more concerned about their health.

Private hospital business in Thailand will keep on growing at 5-7% per year in the next 3 years with 2 major supporting factors. One is the increase in number of aging population and higher demand from the neighboring countries which offset the reduction in demand from Middle East countries. Most of the companies emphasize on upgrading service and increasing utilization. In addition, health insurance will have a significant role in this industry due to the increase in medical cost together with the increase in longevity of life. This would support the growth of private hospital business in the long run.

The Company targeting to expand in the hospital business consistency in 3-5 years, focus on the upcountry that doesn't have a private hospital with numbers of populations and required in medical service and spread all over the country, not just in the lower northern but set up as a network to strengthening the network and share resources of every hospitals such as tools, medical equipment including to the human resource both in medical and supporting team.

The Company intend to manage our group of hospitals as a completely network system by set up the Shared Service to be the core unit to manage and operate the support team such as accounting, HR, Procurement and IT system, especially in the IT system which the Company provide to be the same network system in every hospital and be a Cloud Basis which can share the patient ID and database in every hospital.

Financial Performance and Analysis

Principal Capital Public Company Limited ("Company") would like to submit the following Management Discussion and Analysis on the Company and Consolidated Financial Statements for the Year 2018, ended December 31, 2018, compared with the Year 2017 as follows.

Statement of Comprehensive Income	2018	2017	Increase (decrease)	Change %
Unit: million				
Revenues from hospital operations	2,084.6	1,690.4	394.2	23.3
Revenues from sales and services	638.1	547.3	90.7	16.6
Costs of hospital operations	1,577.4	1,274.5	302.9	23.8
Cost of sales and services	451.3	453.3	(2.0)	(0.4)
Gross profit	694.1	510.1	184.0	36.1
Other income	133.8	166.5	(32.7)	(19.7)
Selling and Administrative expenses	823.4	814.8	8.6	1.1
Finance costs	126.1	69.1	57.0	82.4

Loss for the year	(152.6)	(371.6)	219.0	58.9
Total comprehensive expense for the year	(148.9)	(362.4)	213.5	58.9

During year 2018, the Company and its subsidiaries has revenues from hospital operations of Baht 2,084.6 million, revenue from sale and service at the amount of Baht 638.1 million, costs of hospital operations of Baht 1,577.4 million, costs of sales and services of Baht 451.3 million, SG&A of Baht 823.4 million, resulted in net loss for the Company and its subsidiaries of Baht 152.6 million. The overall operating result of this year is 58.9% better than previous year. Financial performance are as follows:

Revenues from sales and services

Unit: million Baht	2018		2017		Change
	Amount	%	Amount	%	%
Hospital business	2,084.6	76.6	1,690.4	75.5	23.3
Property development and rental business	574.2	21.1	476.4	21.3	20.5
Other business	63.9	2.3	71.0	3.2	(10.0)
Total	2,722.7	100.0	2,237.8	100.0	21.7

The Company and its subsidiaries reported revenue from sale and service of Baht 2,722.7 million, increasing by Baht 484.9 million or 21.7%, resulted from

- Revenue from hospital business increased by Baht 394.2 million or 23.3%, mainly because;
 - The Company and its subsidiaries had additional revenue from PRINC Hospital Suvarnabhumi of Baht 206.9 million after business acquisition in early 2018 but there was no such revenue in 2017.
 - The revenue from the 3 existing hospitals (Phitsanuvej Hospital, Paknampho Hospital and Sahavej Hospital) increased by Baht 164.1 million from the increasing in number of In-patient and Out-Patient, eventhough some hospitals were renovated which decrease the amount of the patients.
- Property development and rental business increasing by Baht 97.8 million or 20.5% mainly from;
 - Somerset Ekamai Bangkok generated higher revenue amounting to Baht 79.4 million from the increase of occupancy rate from 82.0% in 2017 to 86.0% in 2018 and the Average Daily Rate also increased from Baht 2,447 to Baht 2,546. In 2018 is the first year that fully operated.
 - Bangkok Business Center, the office for rent reported the increase in revenue by Baht 13.5 million from higher average rental rate from Baht 553 to Baht 572 while occupancy rate in

2018 was in the same level as last year (2018: 87.9% vs 2017: 88.1%). The average rental rate for the new customer is over 600 Baht per square meter.

- While, Marriott Executive Apartment Sathorn Vista – Bangkok, the revenue slightly decreased from the previous year (Revenue in 2018 was 228.6 Million Baht, Revenue in 2017 was 230.1 Million Baht) due to the impact from the decreasing of Chinese Tourists in the middle of the year but recover in Q4 of 2018, the revenue increase more than the same quarter of the previous year.

Other income: other income was lower than 2017 by Baht 32.7 million. There was interest income of Baht 10.1 million and there was gains on sales of investment property of Baht 104.4 million in 2017. While in 2018 there was gain on bargain purchase of Baht 82.5 million.

Selling and Administrative Expenses: higher than 2017 at the amount of Baht 8.6 million due to

- Higher selling expense of Baht 14.9 million from the additional expenses amounting to Baht 5.9 million of PRINC Hospital Suvarnabhumi that the Company just acquired in 2018 and the increase in expenses of other subsidiary companies.
- Administrative expense decreased by Baht 14.6 million because there was transfer fee and special business tax from sale of investment property of subsidiary amounting to Baht 96.7 million in 2017 while there was additional expense amounting to Baht 56.6 million of PRINC Hospital Suvarnabhumi in 2018.
- Other expenses increased by Baht 8.3 million from the increase of expense in hospital business.

EBITDA:

Unit: million Baht	2018	2017	Increase (decrease)	Change %
EBITDA	426.0	257.5	168.5	65.5
Finance costs	126.1	69.1	57.0	82.4
Depreciation and amortization	421.5	395.7	25.9	6.5
Loss before income tax expense	(121.6)	(207.3)	85.7	41.3
Income tax expense	31.0	164.3	(133.3)	(81.1)
Loss for the year	(152.6)	(371.6)	219.0	58.9
% EBITDA	15.7%	11.5%		

In 2018, the Company and its subsidiaries had EBITDA at the amount of Baht 426.0 Million, higher than previous year by Baht 168.5 Million or 65.5%. EBITDA margin increased by 4.2% from 2017 as a result of higher revenue growth than the growth of cost with the reduction in selling and administrative expense.

Loss for the Year: the Company and its subsidiaries reported net loss of Baht 152.6 million in 2018 comparing to the performance in 2017 which has loss at the amount of Baht 371.6 Million, apparently the operating result improved substantially as net loss decreased by more than 50% from last year due to from higher revenue, gross profit margin with the reduction in SG&A and tax expense.

Financial Position

Statement of Financial Position	31 December	31 December	Increase	Change
Unit: million Baht	2018	2017	(Decrease)	%
Total assets	14,318.1	13,088.2	1,230.0	9.4
Total liabilities	5,476.5	4,164.1	1,312.4	31.5
Equity attributable to owners of the parent	8,077.6	8,246.3	(168.7)	(2.0)
Debt to Equity Ratio (times)	0.68	0.50		

As of December 31, 2018, the Company and its subsidiaries had total assets of Baht 14,318.1 million, increased by Baht 1,230.0 million, compare with total assets as of December 31, 2017, main reasons are;

- PRINC Hospital Suvarnabhumi's property, plant and equipment of Baht 1,347.0 million has been added to the Company's balance sheet as a result of business acquisition.
- Cash and cash equivalent, trade and other receivables increased by Baht 145.1 million in corresponding to revenue growth.
- Short-term investments of the Company and its subsidiaries decreased by Baht 641.9 million

As of December 31, 2018, the Company and its subsidiaries had total liabilities of Baht 5,476.5 million, increased by Baht 1,312.4 million, compared with total liabilities as of December 31, 2017, main reasons are;

- The increase of long-term borrowings from financial institutions of Baht 2,007.6 million.
- Increase in financial lease liabilities by Baht 81.3 million
- Meanwhile trade and other payables decreased by Baht 907.4 million from the payment of the remaining share payables.

Total shareholders' equity decreased by Baht 168.7 million from the operating loss in this year.

Debt to Equity Ratio was 0.68 times, increasing from 0.50 times in December 31, 2017 from the increase in long-term borrowings from financial institutions of the Company and its subsidiaries for the expansion of Healthcare Business.

Liquidity

Unit: million Baht	2018	2017
Net cash generated from operating activities	15.4	112.3
Net cash (used in) from investing activities	(2,001.3)	97.6
Net cash from (used in) financing activities	2,057.3	(113.8)
Net increase in cash and cash equivalents	71.4	96.3

Liquidity Ratio	31 December 2018	31 December 2017
Current Ratio (times)	0.31	0.62
Quick Ratio (times)	0.25	0.55

In 2018 the Company had net cash generated from operating activities of Baht 15.4 million, decreased from 2017 as a result of the increase in interest paid. There was net cash used in investing activities of Baht 2,001.3 million from the payments for purchases of subsidiaries of Baht 1,000.0 million and cash payment for the entire business transfer (EBT) amounting to Baht 900.0 million while there was net cash flow from financing activities of Baht 2,057.3 million from the proceeds from borrowings financial institutions from of Baht 2,189.2 million.

As of December 31, 2018 current ratio decreased from 0.62 times in 2017 to 0.31 times in 2018 from the increasing from total liabilities. Quick ratio also decreased to 0.25 times from 0.55 in 2017.

5) Commitments and contingencies

5.1) Contingent liabilities for capital expenditure

Unit: Baht in million	2018	2017
Building and equipment	473.36	44.21

5.2) 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 13 years.

Unit: Baht in million	2018	2017
Not later than 1 year	36.94	22.30
More than 1 year but not later than 5 years	18.19	26.99
More than 5 years	9.29	10.58
Total	64.42	58.87

5.3) Long-term service commitments

On January 24, 2007, the Company entered into management agreements with a group company of a well-known international hotel chain, appointing the hotel group to manage the Company's serviced apartment. 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, with the right to extend for a 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 December 31, 2017 were Baht 16.4 million.

On January 14, 2016, the Group entered into management agreements with a group company of a well-known international hotel chain, appointing the hotel group to manage the Company's serviced apartment. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 10 years, starting from the commencement of operations with the right to extend for a 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 December 31, 2018 were Baht 16.4 million.

6) Factors influencing future performance of the Company

For private hospital business, it is deemed a potential business with strong growth prospect for the next 1-3 years. It is expected that the business will continue to grow around 5%-7% per year from 2 major factors which is the increase in number of aging population and higher demand from neighboring country. This would offset the lower demand from the Middle East. The hospital operator will focus on the growth from within. Merger and acquisition still exists. But the size of M&A would not be as large as the past 10 years. Major players shall focus on upgrading service and occupied beds per year.

Thai economy in 2019 is expected to grow at a rate of 3.8% with supporting factors be favorable government spending and the growth in public investment especially project related to Eastern Economic Corridor (EEC) including the infrastructure project and private investment such as high speed train link 3 airports, airport and airplane maintenance and service center at U-tapao, Laemchabang pier etc. In term of private investment, it is expected to see the investment in S-Curve industry after obtaining BOI's approval. In addition, the investment of private sector and export tends to increase and the private investment grows continuously from 2018.

Hotels business is expected to be growing favorably in corresponding to the growth of tourism industry in the next 3 years (2018-2021) with the expected growth in number of Thai and foreign tourist at the average rate of 8%-10% and 5%-7% per year accordingly. This help support the occupancy rate to 68%-70%.

Office for rent business outlook remains unchanged. The demand for office space was growing steadily at 200,000 sq.m. per year and the rental rate is expected to increase at slow pace until 2021 which has new office supply more than the average demand. Co-working space will become a new demand in office building market especially new Grade A office. In the past 18 months, 44,000 sq.m. office space were leased as co-working space. The opening of co-working space will be a direct competitor of original office space. This may lower the overall demand.