

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2019

518/3 อาคารเมธีชาเช็นเตอร์ นอช ชั้น 7

ถนนเพลินจิต แขวงลุมพินี

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บริษัท สำนักงาน ดร.วิรัช แอนด์ แอสโซซิเอตส์ จำกัด
DR.VIRACH & ASSOCIATES OFFICE CO., LTD.

CERTIFIED PUBLIC ACCOUNTANTS

สำนักงานใหญ่ เลขประจำตัวผู้เสียภาษี 0105556000751

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AUDITOR'S REPORT

To : The Shareholders of

Nonthavej Hospital Public Company Limited

Opinion

I have audited the accompanying financial statements of Nonthavej Hospital Public Company Limited, which comprise the statements of financial position as at December 31, 2019, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonthavej Hospital Public Company Limited as at December 31, 2019, its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

The completeness of revenue recognition from medical treatment for inpatients.

The recognition of revenue on medical treatment for inpatients at the end of the year. The Company has recognized revenue by using the data from the resource base of the Company, which may result the accuracy and completeness of revenue recognition from medical treatment for inpatients.

I have assessment and testing of its systems and revenue recognition system and subsequent event testing for revenue on medical treatment for inpatients to ensure the revenue recognition from medical treatment of inpatients are properly recorded and complete.

Based on our testing, in my opinion, the revenues from medical treatment for inpatients are properly recorded and complete.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and my auditor's report thereon. I have received such other information in the annual report that has been prepared for issuance before the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Dr. Preecha Suan)

Certified Public Accountant Registration No. 6718

Dr. Virach & Associates Office Co., Ltd.

Bangkok : February 19, 2020

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

ASSETS

	<i>Notes</i>	BAHT	
		2019	2018
Current Assets			
Cash and cash equivalents	3.2 and 4	49,589,425	32,572,567
Short-term investments			
Open-ended funds	3.3 and 5.1	139,302	505,668,461
Trading securities	3.3 and 5.2	1,053,981	1,464,164
Fixed deposit at bank	3.3 and 5.3	985,000,000	225,000,000
Total short-term investments		986,193,283	732,132,625
Trade and other receivables	3.4 and 6	172,632,003	159,555,731
Inventories	3.5 and 7	48,875,501	46,831,872
Other current assets			
Prepaid expenses		17,780,597	16,773,773
Other current assets		6,357,409	2,437,889
Total other current assets		24,138,006	19,211,662
Total Current Assets		1,281,428,218	990,304,457
Non-current Assets			
Available-for-sale securities	3.3 and 5.4	8,680,461	7,536,292
Property, plant and equipment	3.6 and 8	1,237,455,629	1,279,071,991
Intangible assets	3.7 and 9	8,257,395	11,810,681
Deferred tax assets	3.8 and 16	10,020,038	6,552,094
Other non-current assets	3.9 and 10	4,162,987	8,614,075
Total Non-current Assets		1,268,576,510	1,313,585,133
TOTAL ASSETS		2,550,004,728	2,303,889,590

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Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

	<i>Notes</i>	BAHT	
		2019	2018
Current Liabilities			
Trade and other payables	11	197,645,972	177,656,373
Assets acquisition payable		15,468,657	5,621,598
Accrued corporate income tax		50,447,988	38,421,033
Other current liabilities		6,928,688	6,339,782
Total Current Liabilities		270,491,305	228,038,786
Non-current Liabilities			
Provision for long-term employee benefits	3.12 and 12	54,317,642	38,566,626
Total Non-current Liabilities		54,317,642	38,566,626
TOTAL LIABILITIES		324,808,947	266,605,412
Shareholders' Equity			
Share capital			
Authorized share capital			
160,000,000 common stocks of Baht 1 par value		160,000,000	160,000,000
Issued and paid-up share capital			
160,000,000 common stocks at Baht 1 each		160,000,000	160,000,000
Additional paid-in capital			
Premium on common stocks		172,000,000	172,000,000
Retained earnings			
Appropriated			
Legal reserve	13	16,000,000	16,000,000
Unappropriated		1,870,429,250	1,683,432,982
Other components of shareholders' equity		6,766,531	5,851,196
Total Shareholders' Equity		2,225,195,781	2,037,284,178
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,550,004,728	2,303,889,590

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

		BAHT	
	<i>Notes</i>	2019	2018
REVENUES			
Revenues from medical treatment		2,256,364,233	2,197,533,758
Other income		35,689,289	17,960,237
Total Revenues		2,292,053,522	2,215,493,995
EXPENSES			
Cost of medical treatment		1,489,478,284	1,438,616,998
Selling expenses		6,781,768	7,328,430
Administrative expenses		277,340,270	259,195,114
Loss from write off asset under construction	8	-	34,472,190
Directors' remuneration	14	4,672,000	4,801,000
Total Expenses	15	1,778,272,322	1,744,413,732
Profit before Income Tax Expenses		513,781,200	471,080,263
Income Tax Expenses	3.10 and 16	93,184,932	84,233,032
Profit for the years		420,596,268	386,847,231
Other Comprehensive Income (Loss) :-			
Gain (loss) on changes in value of available-for-sale investments		1,144,169	(859,731)
Income tax on net change from the remeasuring of investment in available-for-sale securities		(228,834)	171,946
Gain (loss) from the measuring of investment in available-for-sale securities-net of tax		915,335	(687,785)
Actuarial gain from employee benefit plan	12 and 16	-	21,673,433
Component of income tax		-	(4,334,686)
Actuarial gain from employee benefit plan-net of tax		-	17,338,747
Other comprehensive income for the years-net of tax		915,335	16,650,962
Total comprehensive income for the years		421,511,603	403,498,193
Earnings Per Share			
Basic Earnings Per Share	3.11	2.63	2.42

The number of 160,000,000 common stocks used in computation.

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

	BAHT					
	Issued and paid-up share capital	Premium on common stocks	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
			Legal reserve	Unappropriated	Other comprehensive income (loss)	
					Available for sale securities	
Balances as at January 1, 2018	160,000,000	172,000,000	16,000,000	1,492,047,004	6,538,981	1,846,585,985
Comprehensive income for the year						
Actuarial gain from employee benefit plan-net of tax						
Total comprehensive income for the year 2018						
Dividend payment						
Balances as at December 31, 2018	160,000,000	172,000,000	16,000,000	1,683,432,982	5,851,196	2,037,284,178
Total comprehensive income for the year 2019						
Dividend payment						
Balances as at December 31, 2019	160,000,000	172,000,000	16,000,000	1,870,429,250	6,766,531	2,225,195,781

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

BAHT

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES :		
PROFIT BEFORE INCOME TAX EXPENSES		
ADJUSTMENTS TO RECONCILE PROFIT BEFORE INCOME TAX	513,781,200	471,080,263
EXPENSES TO NET CASH PROVIDED FROM (USED IN) OPERATION :-		
Depreciation	128,703,411	129,315,291
Amortization of deferred expenses	4,172,327	2,691,142
Amortization of computer softwares	4,067,186	4,269,949
Loss from write off asset under construction	-	34,472,190
Loss from deteriorated inventories	-	30,551
Unrealized loss on open-ended funds	1,773,586	2,582,645
Unrealized loss on trading securities	410,183	453,580
Gain on disposal of equipment	(109,170)	(134,608)
Bad debts	-	343,892
Doubtful debts increase (decrease)	549,105	(219,667)
Dividend income	(328,217)	(105,796)
Interest income	(7,268,517)	(816,511)
Long-term employee benefits expenses	19,551,316	8,035,213
PROFIT FROM OPERATION BEFORE CHANGE IN		
OPERATING ASSETS AND LIABILITIES ITEMS	665,302,410	651,998,134
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS		
Fixed deposit at bank	(760,000,000)	(225,000,000)
Open-ended funds	503,755,573	(21,381,832)
Trade and other receivables	(13,625,377)	(11,144,231)
Inventories	(2,043,629)	(7,843,960)
Other current assets	(673,448)	(1,373,947)
Other non-current assets	278,761	(2,657,374)
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS		
Trade and other payables	19,379,703	(2,484,968)
Assets acquisition payable	(3,444,857)	747,747
Other current liabilities	588,906	(34,815)
Provision for long-term employee benefits	(3,800,300)	(4,946,350)
Cash received from operation	405,717,742	375,878,404
Interest income	3,025,621	187,758
Income tax paid	(84,854,755)	(87,500,456)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	323,888,608	288,565,706

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

	BAHT	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in plant and equipment	(74,556,337)	(55,925,752)
Proceeds from disposal of equipment	966,370	598,894
Purchase of computer softwares	-	(3,049,500)
Proceeds from dividend income	318,217	105,796
NET CASH USED IN INVESTING ACTIVITIES	(73,271,750)	(58,270,562)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	(233,600,000)	(212,800,000)
NET CASH USED IN FINANCING ACTIVITIES	(233,600,000)	(212,800,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,016,858	17,495,144
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	32,572,567	15,077,423
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	49,589,425	32,572,567
ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS		
Non-cash flows items comprise :		
Unrealized gain (loss) on available-for-sale securities	1,144,169	(859,731)
Increase in plant and equipment from assets payable	12,778,016	1,237,470
Increase in intangible assets from asset payables	513,900	-
Increase in equipment from retention	609,896	1,363,221
Dividends receivable	10,000	-
Effect from adjusted estimation of employee benefit		
Decrease in deferred income tax assets	-	4,334,686
Decrease in provision for long-term employee benefits	-	(21,673,433)
Increase in retained earnings	-	17,338,747

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Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. GENERAL INFORMATION

1.1	Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
1.2	Company location	432, Ngamvongwan Road, Tambol Bangkhen, Amphur Muangnonthaburi, Nonthaburi, Thailand.
	Branch	530, Rattanathibeth Road, Tambol Bangkrasor, Amphur Muangnonthaburi, Nonthaburi, Thailand.
1.3	Type of business	Hospital

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

- 2.1 The financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards issued by Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004), the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission.
- 2.2 Financial reporting standards and financial reporting standard interpretations that became effective in the current accounting year are as follow:

Thai Accounting Standards (TAS)

- | | |
|---------------------------|--|
| 1. TAS 1 (revised 2018) | Presentation of Financial Statements |
| 2. TAS 2 (revised 2018) | Inventories |
| 3. TAS 7 (revised 2018) | Statement of Cash Flows |
| 4. TAS 8 (revised 2018) | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5. TAS 10 (revised 2018) | Events after the Reporting Period |
| 6. TAS 12 (revised 2018) | Income Taxes |
| 7. TAS 16 (revised 2018) | Property, Plant and Equipment |
| 8. TAS 17 (revised 2018) | Leases |
| 9. TAS 19 (revised 2018) | Employee Benefits |
| 10. TAS 20 (revised 2018) | Accounting for Government Grants and Disclosure of Government Assistance |
| 11. TAS 21 (revised 2018) | The Effects of Changes in Foreign Exchange Rates |
| 12. TAS 23 (revised 2018) | Borrowing Costs |

13. TAS 24 (revised 2018)	Related Party Disclosures
14. TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
15. TAS 27 (revised 2018)	Separate Financial Statements
16. TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
17. TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
18. TAS 33 (revised 2018)	Earnings per Share
19. TAS 34 (revised 2018)	Interim Financial Reporting
20. TAS 36 (revised 2018)	Impairment of Assets
21. TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
22. TAS 38 (revised 2018)	Intangible Assets
23. TAS 40 (revised 2018)	Investment Property
24. TAS 41 (revised 2018)	Agriculture

Thai Financial Reporting Standards (TFRS)

25. TFRS 1	First-time Adoption of Thai Financial Reporting Standards
26. TFRS 2 (revised 2018)	Share-based Payment
27. TFRS 3 (revised 2018)	Business Combinations
28. TFRS 4 (revised 2018)	Insurance Contracts
29. TFRS 5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
30. TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resources
31. TFRS 8 (revised 2018)	Operating Segments
32. TFRS 10 (revised 2018)	Consolidated Financial Statements
33. TFRS 11 (revised 2018)	Joint Arrangements
34. TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
35. TFRS 13 (revised 2018)	Fair Value Measurement
36. TFRS 15	Revenue from Contracts with Customers

Thai Accounting Standard Interpretations (TSIC)

37. TSIC 10 (revised 2018)	Government Assistance - No Specific Relation to Operating Activities
38. TSIC 15 (revised 2018)	Operating Leases - Incentives
39. TSIC 25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders
40. TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
41. TSIC 29 (revised 2018)	Service Concession Arrangements: Disclosures

42. TSIC 32 (revised 2018) Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (TFRIC)

43. TFRIC 1 (revised 2018) Changes in Existing Decommissioning, Restoration and Similar Liabilities
44. TFRIC 4 (revised 2018) Determining Whether an Arrangement Contains a Lease
45. TFRIC 5 (revised 2018) Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
46. TFRIC 7 (revised 2018) Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies
47. TFRIC 10 (revised 2018) Interim Financial Reporting and Impairment
48. TFRIC 12 (revised 2018) Service Concession Arrangements
49. TFRIC 14 (revised 2018) TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
50. TFRIC 17 (revised 2018) Distributions of Non-cash Assets to Owners
51. TFRIC 20 (revised 2018) Stripping Costs in the Production Phase of a Surface Mine
52. TFRIC 21 (revised 2018) Levies
53. TFRIC 22 Foreign Currency Transactions and Advance Consideration

These financial reporting standards and financial reporting standard interpretations do not have any significant impact on the financial statements.

- 2.3 The Federation of Accounting Professions has issued the new and revised financial reporting standards and financial reporting standard interpretations.

Effective for fiscal years beginning on or after January 1, 2020, financial reporting standards and financial reporting standard interpretations adopted at the first time on 7 revised standards.

Thai Accounting Standards (TAS)

1. TAS 1 Presentation of Financial Statements
2. TAS 2 Inventories
3. TAS 7 Statement of Cash Flows
4. TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
5. TAS 10 Events After the Reporting Period
6. TAS 12 Income Taxes

7. TAS 16	Property, Plant and Equipment
8. TAS 19	Employee Benefits
9. TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
10. TAS 21	The Effects of Changes in Foreign Exchange Rates
11. TAS 23	Borrowing Costs
12. TAS 24	Related Party Disclosures
13. TAS 26	Accounting and Reporting by Retirement Benefit Plans
14. TAS 27	Separate Financial Statements
15. TAS 28	Investments in Associates and Joint Ventures
16. TAS 29	Financial Reporting in Hyperinflationary Economies
17. TAS 32 (adopted in 2020)	Financial Instruments: Presentation
18. TAS 33	Earnings Per Share
19. TAS 34	Interim Financial Reporting
20. TAS 36	Impairment of Assets
21. TAS 37	Provisions, Contingent Liabilities and Contingent Assets
22. TAS 38	Intangible Assets
23. TAS 40	Investment Property
24. TAS 41	Agriculture

Thai Financial Reporting Standards (TFRS)

25. TFRS 1	First-time Adoption of Thai Financial Reporting Standards
26. TFRS 2	Share-based Payment
27. TFRS 3	Business Combinations
28. TFRS 4	Insurance Contracts
29. TFRS 5	Non-current Assets Held for Sale and Discontinued Operations
30. TFRS 6	Exploration for and Evaluation of Mineral Resources
31. TFRS 7 (adopted in 2020)	Financial Instruments: Disclosures
32. TFRS 8	Operating Segments
33. TFRS 9 (adopted in 2020)	Financial Instruments
34. TFRS 10	Consolidated Financial Statements
35. TFRS 11	Joint Arrangements
36. TFRS 12	Disclosure of Interests in Other Entities
37. TFRS 13	Fair Value Measurement

- | | |
|-------------------------------|---------------------------------------|
| 38. TFRS 15 | Revenue from Contracts with Customers |
| 39. TFRS 16 (adopted in 2020) | Leases |

Thai Accounting Standard Interpretations (TSIC)

- | | |
|-------------|---|
| 40. TSIC 10 | Government Assistance - No Specific Relation to Operating Activities |
| 41. TSIC 25 | Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders |
| 42. TSIC 29 | Service Concession Arrangements: Disclosures |
| 43. TSIC 32 | Intangible Assets - Web Site Costs |

Thai Financial Reporting Standard Interpretations (TFRIC)

- | | |
|--------------------------------|--|
| 44. TFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 45. TFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| 46. TFRIC 7 | Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies |
| 47. TFRIC 10 | Interim Financial Reporting and Impairment |
| 48. TFRIC 12 | Service Concession Arrangements |
| 49. TFRIC 14 | TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| 50. TFRIC 16 (adopted in 2020) | Hedges of a Net Investment in a Foreign Operation |
| 51. TFRIC 17 | Distributions of Non-cash Assets to Owners |
| 52. TFRIC 19 (adopted in 2020) | Extinguishing Financial Liabilities with Equity Instruments |
| 53. TFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine |
| 54. TFRIC 21 | Levies |
| 55. TFRIC 22 | Foreign Currency Transactions and Advance Consideration |
| 56. TFRIC 23 (adopted in 2020) | Uncertainty over Income Tax Treatments |

The Company's management is evaluating the impact of such financial reporting standards and financial reporting standard interpretations on the financial statements in the year when they are adopted.

- 2.4 These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

Revenue from hospital operations

Revenues from hospital operations, mainly consisting of medical fees, hospital room sales and medicine sales, are recognised as income when services have been rendered or medicine delivered.

Service income is recognized when services have been rendered.

Revenue from rental is recognized over the term of rental agreement.

Dividend income is recognized when the right to receive is established.

Other revenues and expenses are recognized on an accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand and deposits at the financial institutions due not more than 3 months from the acquisition date and not subject to withdrawal restrictions.

3.3 Investments

Trading securities are investments in listed securities and open-ended fund stated at fair value. The Company recognizes revaluation of securities as unrealized gain (loss) on trading securities in the statements of comprehensive income.

Available-for-sale securities are investments in listed securities stated at fair value. The objective of holding these securities is for long-term investments. The Company recognizes revaluation of available-for-sale securities as separate item in statements of comprehensive income under the caption "Surplus on changes in value of available-for-sale investments".

The Company calculated cost of the disposed securities during the year by weighted average method.

Fixed deposit at bank due within one year are shown at cost.

3.4 Allowance for doubtful accounts

The Company provided allowance for doubtful accounts which are expected to be uncollectible accounts receivable based on the past experience in debt collection and the current status of outstanding debtors on the statement of financial position date.

Bad debts are immediately written off during the year whenever incurred.

3.5 Inventories

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the moving average method.

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method based on the estimated useful life of the following assets :

PARTICULARS	USEFUL LIFE (YEARS)
Land	No calculation for depreciation
Temporary building	3
Building and structure	10-50
Medical tools and equipment	5-10
Others	5-15

3.7 Intangible assets

Deferred computer software is stated at cost net from cumulative amortization which is calculated by the straight-line method within 5 years.

3.8 Deferred tax assets/liabilities

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets/liabilities.

As each statements of financial position date, the Company reviews and adjusts the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets or deferred tax liabilities to be utilised.

3.9 Deferred expenses

Deferred expenses are stated at cost net from cumulative amortization which is calculated by the straight-line method within 3-5 years.

3.10 Income tax expenses

Income tax expenses are calculated from profit/loss for the years consist of current tax and deferred tax. Income tax expenses recognized in statements of comprehensive income unless part of transaction recorded in shareholders' equity recorded directly to equity.

3.11 Earnings per share

Basic earnings per share is calculated by dividing the profit for the years by the number of weighted average common stocks held by outsiders during the years.

3.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Long-term employee benefits

Defined contribution plan

The Company provides a provident fund, which is a defined contribution plan. The assets of which are held in a separate trust fund and managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to the statements of comprehensive income in the incurred year.

Defined benefits plan

Provision for employee retirement benefits is recognised as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

3.13 Significant accounting judgments and estimates

In preparation of financial statements in accordance with generally accepted accounting principles requires management to use judgment on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and

liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, depreciation of plant and equipment, amortization of intangible assets, amortization of deferred expenses and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

4. CASH AND CASH EQUIVALENTS

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Cash	2,355,643	3,438,957
Bank deposits	47,233,782	29,133,610
Total	49,589,425	32,572,567

5. INVESTMENTS

5.1 Open-ended fund

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Open-ended fund	152,218	503,907,791
Valuation adjustment	(12,916)	1,760,670
Open-ended fund-Fair value	139,302	505,668,461

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Unrealized loss on open-ended fund	(1,773,586)	(2,582,645)
Realized gain on open-ended fund	8,785,613	6,299,364
Gain on investments in Open-ended Fund	7,012,027	3,716,719

5.2 Short-term investments - Trading securities

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Short-term investments-at cost	2,007,731	2,007,731
Valuation adjustment	(953,750)	(543,567)
Short-term investments-Fair value	1,053,981	1,464,164

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Unrealized loss on trading securities	410,183	453,580

5.3 Fixed deposit at bank

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
6 Month fixed deposit at bank	985,000,000	225,000,000
Interest rate per annum	0.75 - 1.65	1.25-1.45
Accrued interest	4,853,887	628,753

5.4 Available-for-sale securities

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Acquisition cost	222,296	222,296
Valuation adjustment	8,458,165	7,313,996
Fair value at ending years	8,680,461	7,536,292

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Gain (loss) on changes in value of available-for-sale securities	1,144,169	(859,731)

6. TRADE AND OTHER RECEIVABLES

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
The trade accounts receivable are classified by outstanding balances of aging as follows :		
Current	157,251,617	147,969,339
Overdue within 3 months	11,488,704	8,895,975
Over 3 - 6 months	1,604,291	1,748,209
Over 6 - 12 months	1,902,586	1,031,971
Over 12 months	3,658,852	2,625,179
Total	175,906,050	162,270,673
Allowance for doubtful debts	(3,274,047)	(2,724,942)
Trade accounts receivable-net	172,632,003	159,545,731
Other receivables	-	10,000
Total trade and other receivables	172,632,003	159,555,731

7. INVENTORIES

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Medicines and medical supplies	40,903,388	37,841,102
General supplies	7,972,113	8,990,770
Total	48,875,501	46,831,872

8. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	AMOUNT IN BAHT									
	Land	Building and structure	Medical tools and equipment	Vehicles	Furniture and fixtures	Office equipment	Computer equipment	Other equipment and tools	Assets under construction	Total
<u>Cost</u>										
January 1, 2018	575,208,866	1,039,370,592	711,612,808	16,124,881	77,501,043	64,998,375	115,951,921	30,009,943	55,299,078	2,686,077,507
Increase for the year 2018	-	1,193,628	5,016,938	-	669,664	741,632	5,198,670	605,991	45,099,920	58,526,443
Disposal/Write off	-	(4,339,424)	(26,058,445)	-	(1,287,978)	(749,573)	(6,950,817)	(1,209,745)	(34,472,190)	(75,068,172)
Transfer in (out)	-	31,787,817	-	-	3,701,132	1,890,306	-	377,085	(37,756,340)	-
December 31, 2018	575,208,866	1,068,012,613	690,571,301	16,124,881	80,583,861	66,880,740	114,199,774	29,783,274	28,170,468	2,669,535,778
Increase for the year 2019	-	9,319,536	44,408,674	13,218,180	797,531	925,169	9,242,811	1,827,915	8,204,433	87,944,249
Disposal	-	(458,211)	(40,460,188)	-	(150,100)	(1,038,254)	(7,939,494)	(727,308)	-	(50,773,555)
Transfer in (out)	-	4,261,768	-	-	-	20,537	-	-	(4,282,305)	-
December 31, 2019	575,208,866	1,081,135,706	694,519,787	29,343,061	81,231,292	66,788,192	115,503,091	30,883,881	32,092,596	2,706,706,472
<u>Accumulated Depreciation</u>										
January 1, 2018	-	664,930,735	402,700,346	13,111,893	68,789,959	48,331,110	82,181,959	21,234,190	-	1,301,280,192
Depreciation for the year	-	55,999,907	53,786,198	394,968	3,118,475	4,380,967	9,687,840	1,946,936	-	129,315,291
Disposals	-	(4,339,151)	(25,640,066)	-	(1,285,320)	(741,887)	(6,920,388)	(1,204,884)	-	(40,131,696)
December 31, 2018	-	716,591,491	430,846,478	13,506,861	70,623,114	51,970,190	84,949,411	21,976,242	-	1,390,463,787
Depreciation for the year	-	58,300,697	51,690,230	958,861	2,784,540	4,298,736	9,043,407	1,626,940	-	128,703,411
Disposals	-	(455,234)	(39,693,813)	-	(148,849)	(1,034,085)	(7,860,341)	(724,033)	-	(49,916,355)
December 31, 2019	-	774,436,954	442,842,895	14,465,722	73,258,805	55,234,841	86,132,477	22,879,149	-	1,469,250,843
<u>Net book value</u>										
December 31, 2018	575,208,866	351,421,122	259,724,823	2,618,020	9,960,747	14,910,550	29,250,363	7,807,032	28,170,468	1,279,071,991
December 31, 2019	575,208,866	306,698,752	251,676,892	14,877,339	7,972,487	11,553,351	29,370,614	8,004,732	32,092,596	1,237,455,629

In 2018, Company has written off asset under construction in outstanding since 2006 amount of Baht 34.47 million, which includes the cost of building design and the cost of initial preparation for the construction of the building.

In 2019 and 2018, part of Company's land at book value of Baht 7.87 million are mortgaged as collateral for bank overdrafts and loans from certain commercial bank.

9. INTANGIBLE ASSETS

PARTICULARS	AMOUNT IN BAHT		
	DEFERRED COMPUTER SOFTWARES	COMPUTER SOFTWARES UNDER INSTALLATION	TOTAL
<u>Cost</u>			
January 1, 2018	95,214,921	602,310	95,817,231
Increase for the year 2018	3,049,500	-	3,049,500
December 31, 2018	98,264,421	602,310	98,866,731
Increase for the year 2019	482,100	31,800	513,900
December 31, 2019	98,746,521	634,110	99,380,631
<u>Accumulated amortization</u>			
January 1, 2018	82,786,101	-	82,786,101
Amortization for the year 2018	4,269,949	-	4,269,949
December 31, 2018	87,056,050	-	87,056,050
Amortization for the year 2019	4,067,186	-	4,067,186
December 31, 2019	91,123,236	-	91,123,236
<u>Net book value</u>			
December 31, 2018	11,208,371	602,310	11,810,681
December 31, 2019	7,623,285	634,110	8,257,395

10. OTHER NON-CURRENT ASSETS

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Deferred expenses	6,220,725	5,890,895
<u>Add</u> Increase	534,695	3,020,972
<u>Less</u> Amortization for the years	(4,172,327)	(2,691,142)
Net book value	2,583,093	6,220,725
Deposit for assets	1,178,992	1,367,392
Others	400,902	1,025,958
Total	4,162,987	8,614,075

11. TRADE AND OTHER PAYABLES

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Trade accounts payables	63,212,805	51,696,198
Accrued expenses	46,501,433	44,666,084
Accrued doctors' fees	65,167,962	59,955,946
Others	22,763,772	21,338,145
Total	197,645,972	177,656,373

12. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

Provision for long-term employee benefits as at December 31, 2019 and 2018 which are compensations on employees' retirement, are as follows

PARTICULARS	AMOUNT IN BAHT	
	2019	2018
Defined benefit obligation at beginning of years	38,566,626	57,151,196
<u>Add</u> Past service cost	10,560,537	-
Current service cost	7,994,388	6,969,096
Interest cost	996,391	1,066,117
<u>Less</u> Actuarial gain from employee benefit plan	-	(21,673,433)
Benefits paid during the years	(3,800,300)	(4,946,350)
Defined benefit obligation at end of years	54,317,642	38,566,626

The principal assumptions used in determining the employee benefits are shown as follows:

PARTICULARS	2019 and 2018
Discount rate	2.29 % per annum
Salary increase rate	3.5 - 5.5 % per annum
Staff turnover rate	8 - 25 % per annum

On April 5, 2019, the new Labor Protection Act, announced in the Government Gazette, that will become effective 30 days after its publication in the Government Gazette, the new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of 20 years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits. The Company has recorded the effect of the change in the year then ended December 31, 2019 by recognizing past service costs as expenses immediately in the statements of comprehensive income amount of Baht 10.56 million.

13. LEGAL RESERVE

The Company has appropriated the legal reserve which duly met 10 % of authorized share capital, in compliance with the Public Company Act. Such reserve is forbidden for dividend payment.

14. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On April 30, 2019, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 1.46 per share to the shareholders of 160 million shares, totalling Baht 233.60 million, including directors' remuneration amounting to Baht 3.87 million, and annual meeting allowance as specified. The dividend payment was made on May 29, 2019.

On April 26, 2018, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 1.33 per share to the shareholders of 160 million shares,

totalling Baht 212.80 million, including directors' remuneration amounting to Baht 4.08 million, and annual meeting allowance as specified. The dividend payment was made on May 25, 2018.

15. EXPENSES BY NATURE

EXPENSES	AMOUNT IN BAHT	
	2019	2018
Medicine and medical supply consumptions	428,872,715	421,403,835
Directors and management benefit expenses	13,908,667	12,550,000
Employee benefit expenses	516,066,786	482,251,498
Doctors' fees	499,506,352	488,451,764
Depreciation and amortization expenses	136,942,924	136,276,382
Bad debts	-	343,892
Doubtful debts increase (decrease)	549,105	(219,667)
Loss from write off asset under construction	-	34,472,190
Other expenses	179,425,773	168,883,838
Total	1,778,272,322	1,744,413,732

16. INCOME TAXES

Corporate income tax of the Company for the years ended December 31, 2019 and 2018 are calculated from the accounting profits and adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in corporate income tax computation.

The Company income taxes are calculated at the rate of 20 percent in 2019 and 2018.

Income tax expenses recognized in statements of comprehensive income consist:

(AMOUNT IN BAHT)

FOR THE YEARS ENDED DECEMBER 31,	2019	2018
Corporate income tax for the years	96,881,710	85,414,116
Amortization and reversal of temporary differences assets/liabilities on temporary differences	(3,696,778)	(1,181,084)
Income tax expenses	93,184,932	84,233,032

As at December 31, 2019 and 2018, the deferred tax assets/liabilities arose from the following temporary differences:

(AMOUNT IN BAHT)		
PARTICULARS	2019	2018
Temporary differences in the statements of comprehensive income		
Unrealized (gain) loss on open-ended fund	12,916	(1,760,670)
Unrealized loss on trading securities	953,750	543,567
Allowance for doubtful accounts receivables	3,274,047	2,724,942
Provision for long-term employees benefits	54,317,642	60,240,059
Total	58,558,355	61,747,898
Temporary differences in other comprehensive income		
- Recognized in other components of shareholders' equity		
Gain from the remeasuring of investment in available-for-sale securities	(8,458,165)	(7,313,996)
- Recognized in retained earnings		
Provision for long-term employee benefits	-	(21,673,433)
Total	50,100,190	32,760,469
Deferred tax assets calculated from tax rate of 20%	10,020,038	6,552,094

17. FINANCIAL INFORMATION BY SEGMENT

The Company is engaged in the business of medical treatment in one geographical area, Thailand. Therefore, the financial information by segment is not shown in these financial statements.

18. COMMITMENT

18.1 As at December 31, 2019 and 2018, the Company has commitment from the issuance of bank guarantee as follow :

PARTICULAR	AMOUNT IN BAHT	
	2019	2018
Letters of guarantee issued by commercial bank	4,276,800	4,276,800

18.2 Commitment under service agreement

As at December 31, 2019, the Company has entered into service agreements which can be cancelled when the counter party has prior notice 30 to 60 days in advance the amount of Baht 30.87 million.

18.3 Capital expenditure commitments

As at December 31, 2019, the Company has capital expenditure commitments to pay a total of Baht 28.59 million in regarding to the improvement of system and construction project.

19. PROVIDENT FUNDS

In compliance with the Provident Fund Act. B.E. 2530 (1987), the Company and its employees have jointly set up the provident fund which consists of partial contribution by its staff and another part by the Company as defined. The Company has appointed TISCO Asset Management Company Limited to be fund manager to manage this fund according to the Ministerial Regulations. The members are entitled to receive benefits according to the rules as stipulated.

Fund contribution from the Company is recorded as expenses in the statements of comprehensive income for the years ended December 31, 2019 and 2018 amount of Baht 4.47 million and Baht 4.32 million, respectively.

20. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company has information relating to financial instruments, as follows:

20.1 Accounting policies

- Accounting policies are disclosed in Note 3 to the financial statements.

20.2 Risk from breach of contracts

- The Company might have risk from breach of contract, in case the contracting party does not follow the requirement in the contract which may cause damage to the Company.
- The risk with respect to the concentration of credit arose from trade accounts receivable are limited due to the large number of customers and their dispersion.
- For the financial assets shown in the statements of financial position, the book value of such assets is net from various provisions to be estimated fair value.

Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

20.3 Risk relating to interest rate on financial assets and liabilities

Risk from the fluctuation in interest rate may have negative effect to the Company for the current and the following years. The Company expects that it can manage the contingent risk, due to the Company has set up a plan and follow up the situation closely.

20.4 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of the financial instruments.

- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value.

21. CAPITAL MANAGEMENT

The main objectives of the Company in capital management is to provide the appropriate financial structure and maintain ability to continue its business as a going concern in order to generate returns for shareholders and benefits for other stakeholders.

22. EVENTS AFTER THE REPORTING PERIOD

On February 19, 2020, the Board of Directors of the Company Meeting No.1/2020 was held and approved a resolution to pay Annual Dividend to shareholders at Baht 1.58 per share totaling amount Baht 252.80 million. Such dividend will be proposed for approval in the next Ordinary General Shareholders' Meeting.

23. FINANCIAL STATEMENTS APPROVAL

These financial statements are duly approved by the Company's directors on February 19, 2020.