

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF FINANCIAL INFORMATION

**To : the Shareholders and The Board of Directors of
Nonthavej Hospital Public Company Limited**

I have reviewed the accompanying statement of financial position of Nonthavej Hospital Public Company Limited as at June 30, 2014, and the related statements of comprehensive income for the three-month and six-month periods ended June 30, 2014, changes in shareholders' equity and cash flows for the six-month period then ended, and the condensed notes to the financial statements, of Nonthavej Hospital Public Company Limited. Management is responsible for the preparation and presentation of this interim financial information in accordance with Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

(Mr. Chaiyakorn Aunpitipongsa)

Certified Public Accountant Registration No. 3196

Dr. Virach & Associates Office Co., Ltd.

Bangkok : August 8, 2014

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

ASSETS

		THOUSAND BAHT	
		As at June 30, 2014	As at December 31, 2013
		UNAUDITED REVIEWED	AUDITED
	Notes		
Current Assets			
Cash and cash equivalents	5	28,682	35,834
Short-term investments			
Deposits at financial institutions	6.4	1,330	1,330
Open-ended funds	6.1	148	133
Trading securities	6.2	1,872	1,769
Trade and other receivables	7	98,614	113,981
Inventories		33,347	40,727
Other current assets			
Prepaid expenses		12,726	10,532
Other current assets		2,949	4,472
Total other current assets		15,675	15,004
Total Current Assets		179,668	208,778
Non-current Assets			
Long-term investments			
Available-for-sale securities	6.3	5,536	5,157
Fixed deposits at bank with restrictions	8	3,283	3,277
Property, plant and equipment		1,447,787	1,421,074
Intangible assets			
Deferred computer softwares		31,456	36,485
Deferred tax assets	14	8,209	7,741
Other non-current assets		6,055	4,522
Total Non-current Assets		1,502,326	1,478,256
TOTAL ASSETS		1,681,994	1,687,034

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

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
LIABILITIES AND SHAREHOLDERS' EQUITY

		THOUSAND BAHT	
		As at June 30, 2014	As at December 31, 2013
		UNAUDITED	AUDITED
		REVIEWED	
	Notes		
Current Liabilities			
Short-term loans from financial institutions	<i>9</i>	180,000	160,000
Trade and other payables	<i>10</i>	164,081	154,759
Assets acquisition payable		13,925	21,659
Accrued corporate income tax		23,754	25,898
Other current liabilities		3,952	5,084
Total Current Liabilities		385,712	367,400
Non-current Liabilities			
Provision for long-term employee benefits		43,081	39,408
Total Non-current Liabilities		43,081	39,408
TOTAL LIABILITIES		428,793	406,808
Shareholders' Equity			
Share capital			
Authorized share capital			
160,000,000 common stocks of Baht 1 par value		160,000	160,000
Issued and paid-up share capital			
160,000,000 common stocks at Baht 1 each		160,000	160,000
Additional paid-in capital			
Premium on common stocks		172,000	172,000
Retained earnings			
Appropriated			
Legal reserve		16,000	16,000
Unappropriated		900,950	928,278
Other components of shareholders' equity		4,251	3,948
Total Shareholders' Equity		1,253,201	1,280,226
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,681,994	1,687,034

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

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2014

		THOUSAND BAHT			
		EXCEPT EARNINGS PER SHARE PRESENTED IN BAHT			
		THREE-MONTH PERIODS		SIX-MONTH PERIODS	
Notes		2014	2013	2014	2013
REVENUES					
	Revenues from medical treatment	438,658	426,871	912,790	862,606
	Other income	5,500	4,512	7,744	7,536
	Total Revenues	444,158	431,383	920,534	870,142
EXPENSES					
	Cost of medical treatment	314,954	306,642	637,037	601,841
	Selling expenses	9,338	3,862	11,370	8,616
	Administrative expenses	63,872	58,650	121,557	114,127
	Directors' remuneration	666	720	1,374	1,453
	Finance cost	875	-	1,998	-
	Total Expenses	389,705	369,874	773,336	726,037
	Profit before Income Tax Expenses	54,453	61,509	147,198	144,105
	Income Tax Expenses	10,493	12,289	28,926	28,564
	Profit for the periods	43,960	49,220	118,272	115,541
Other Comprehensive Income					
	Gain on remeasuring available-for-sale securities	236	197	379	877
	Income tax on net change in fair value of available-for-sale investments	(47)	(39)	(76)	(175)
	Other comprehensive income for the periods	189	158	303	702
	Total comprehensive income for the periods	44,149	49,378	118,575	116,243
Earnings Per Share (Baht)					
	Basic Earnings Per Share	0.28	0.31	0.74	0.72
	The number of 160,000,000 common stocks used in computation.				

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

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

		THOUSAND BAHT					
		Issued and paid-up share capital	Premium on common stocks	Retained earnings		Other components of shareholders' equity Available for sale securities	Total shareholders' equity
				Legal reserve	Unappropriated		
Notes							
Year 2014							
		160,000	172,000	16,000	928,278	3,948	1,280,226
		-	-	-	118,272	303	118,575
	<i>11</i>	-	-	-	(145,600)	-	(145,600)
		<u>160,000</u>	<u>172,000</u>	<u>16,000</u>	<u>900,950</u>	<u>4,251</u>	<u>1,253,201</u>
Year 2013							
		160,000	172,000	16,000	828,357	4,111	1,180,468
		Cumulative effects on the change					
		in accounting policy - income tax					
	<i>3</i>	-	-	-	7,499	(822)	6,677
		<u>160,000</u>	<u>172,000</u>	<u>16,000</u>	<u>835,856</u>	<u>3,289</u>	<u>1,187,145</u>
		-	-	-	115,541	702	116,243
	<i>11</i>	-	-	-	(148,800)	-	(148,800)
		<u>160,000</u>	<u>172,000</u>	<u>16,000</u>	<u>802,597</u>	<u>3,991</u>	<u>1,154,588</u>

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

UNAUDITED

REVIEWED

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

	THOUSAND BAHT	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES :		
PROFIT BEFORE INCOME TAX EXPENSES	147,198	144,105
ADJUSTMENTS TO RECONCILE PROFIT BEFORE INCOME TAX		
EXPENSES TO NET CASH PROVIDED FROM (USED IN) OPERATION :-		
Depreciation	62,600	58,164
Amortization of quality system	565	584
Amortization of computer softwares	5,197	7,907
Unrealized gain on open-ended funds	(15)	(20)
Unrealized (gain) loss on trading securities	(103)	280
Loss on disposal of building and equipment	166	64
Bad debts increase	473	-
Doubtful debts increase (decrease)	(837)	109
Dividend income	(43)	(119)
Interest income	(176)	(2,897)
Interest expenses	1,998	-
Long-term employee benefits expenses	3,721	3,800
PROFIT FROM OPERATION BEFORE CHANGE IN		
OPERATING ASSETS AND LIABILITIES ITEMS	220,744	211,977
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS		
Deposits at financial institutions	-	200,000
Trade and other receivables	15,731	(11,458)
Inventories	7,380	6,375
Other current assets	(649)	(431)
Other non-current assets	(2,623)	(3,170)
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS		
Trade and other payables	9,647	(11,482)
Assets acquisition payable	(13,828)	(34,512)
Other current liabilities	(1,132)	(1,015)
Provision for long-term employee benefits	(48)	-
Cash received from operation	235,222	356,284
Interest income	154	3,829
Interest expense paid	(2,323)	-
Income tax paid	(31,614)	(42,930)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	201,439	317,183

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

UNAUDITED

REVIEWED

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

	THOUSAND BAHT	
	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in property, plant and equipment	(83,207)	(446,362)
Proceeds from disposal of building and equipment	347	336
Purchase of computer softwares	(168)	-
Increase in fixed deposits at bank with restrictions	(6)	(7)
Proceeds from dividend income	43	119
NET CASH USED IN INVESTING ACTIVITIES	<u>(82,991)</u>	<u>(445,914)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loans from financial institutions	20,000	320,000
Dividend payment	(145,600)	(148,800)
NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES	<u>(125,600)</u>	<u>171,200</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,152)	42,469
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	<u>35,834</u>	<u>62,419</u>
CASH AND CASH EQUIVALENTS AS AT JUNE 30,	<u><u>28,682</u></u>	<u><u>104,888</u></u>
ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS		
Non-cash flows items comprise :		
Unrealized gain on available-for-sale securities	379	877
Increase in building and equipment from assets payable	6,094	17,393
Increase in equipment from transferring deposits	525	1,000

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

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014

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	30/8, Ngamvongwan Road, Tambol Bangkhen, Amphur Muangnonthaburi, Nonthaburi, Thailand.
	Branch	68/888, Rattanathibeth Road, Tambol Bangkrasor, Amphur Muangnonthaburi, Nonthaburi, Thailand.
1.3	Type of business	Hospital

2. BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS

2.1 The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard No.34 Interim Financial Reporting issued by the Federation of Accounting Professions and the Notification of the Office of Securities and Exchange Commission. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2013.

2.2 Accounting standards that became effective in the current accounting period

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2014, in the notes to financial statements for the year ended December 31, 2013. In addition, during the current period, the Federation of Accounting Professions has issued TAS 36 (revised 2012) Impairment of Assets that is also effective for fiscal years beginning on or after January 1, 2014.

The Company's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they do not have a significant impact.

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

3. CHANGES IN ACCOUNTING POLICY

In 2013, the Company has adopted accounting standard No.12 Income Taxes which has to adjust the increase in beginning retained earnings for the financial statements as at January 1, 2013 amounted of Baht 7.49 million.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2013.

5. CASH AND CASH EQUIVALENTS

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	As at June 30, 2014	As at December 31, 2013
Cash	1,753	5,890
Bank deposits	26,929	29,944
Total	28,682	35,834

6. INVESTMENTS**6.1 Open-ended fund**

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	As at June 30, 2014	As at December 31, 2013
Open-ended fund	147	147
Allowance for investment adjustment	1	(14)
Open-ended fund-Fair value	148	133

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	For the six-month periods ended June 30,	
	2014	2013
Unrealized gain on open-ended fund	15	20

6.2 Short-term investments - Trading securities

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	As at June 30, 2014	As at December 31, 2013
Short-term investments-at cost	2,008	2,008
Allowance for investment adjustment	(136)	(239)
Short-term investments-Fair value	1,872	1,769

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	For the six-month periods ended June 30,	
	2014	2013
Unrealized gain (loss) on trading securities	103	(280)

6.3 Long-term investments - Available-for-sale securities

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	As at June 30, 2014	As at December 31, 2013
Acquisition cost	222	222
Unrealized gain on investment revaluation	5,314	4,935
Fair value at ending periods	5,536	5,157

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	For the six-month periods ended June 30,	
	2014	2013
Unrealized gain on available-for-sale securities	379	877

6.4 Deposits at financial institutions

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	As at June 30, 2014	As at December 31, 2013
Bill of Exchange 6 - 8 Months	1,330	1,330

7. TRADE AND OTHER RECEIVABLES

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	As at June 30, 2014	As at December 31, 2013
The trade accounts receivable are classified by outstanding balances of aging as follows :		
Current	90,599	100,450
Overdue within 3 months	6,094	9,524
Over 3 - 6 months	834	1,949
Over 6 - 12 months	1,125	2,551
Over 12 months	3,026	3,428
Total	101,678	117,902
Allowance for doubtful debts	(3,144)	(3,981)
Trade accounts receivable-net	98,534	113,921
Other receivables	80	60
Total trade and other receivables	98,614	113,981

8. FIXED DEPOSITS AT BANK WITH RESTRICTIONS

Fixed deposits at bank, for the portion of long-term investments are pledged for electricity expense with the commercial bank as collateral for the issuance of bank guarantee.

9. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

PARTICULARS	THOUSAND BAHT		Repayment	
	As at June 30, 2014	As at December 31, 2013	As at June 30, 2014	As at December 31, 2013
Short-term loans	180,000	160,000	1. Principal Baht 80 million are repayable in July 2014. 2. Principal Baht 80 million are repayable in August 2014. 3. Principal Baht 20 million are repayable in September 2014. 4. Interest rate as stipulated in the agreement.	1. Principal Baht 70 million are repayable in January 2014. 2. Principal Baht 90 million are repayable in March 2014. 3. Interest rate as stipulated in the agreement.

10. TRADE AND OTHER PAYABLES

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	As at June 30, 2014	As at December 31, 2013
Trade accounts payable	48,929	55,564
Accrued expenses	33,458	28,392
Accrued doctors' fees	59,587	50,368
Others	22,107	20,435
Total	164,081	154,759

11. DIVIDEND PAYMENT AND DIRECTOR'S REMUNERATION

On April 25, 2014, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 0.91 per share to the shareholders of 160 million shares, totalling Baht 145.60 million, including directors' remuneration amounting to Baht 2.41 million. The dividend payment was made on May 23, 2014.

On April 26, 2013, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 0.93 per share to the shareholders of 160 million shares, totalling Baht 148.80 million, including directors' remuneration amounting to Baht 2.46 million. The dividend payment was made on May 23, 2013.

12. EXPENSES BY NATURE

(AMOUNT IN THOUSAND BAHT)

EXPENSES	For the six-month periods ended June 30,	
	2014	2013
Medicine and medical supply consumptions	188,228	179,187
Directors and management benefit expenses	6,159	6,238
Employee benefit expenses	217,425	206,042
Doctors' fees	210,539	193,469
Depreciation and amortization expenses	68,362	66,655
Bad debts	473	-
Doubtful debts increase (decrease)	(837)	109
Finance cost	1,998	-
Other expenses	80,989	74,337
Total	773,336	726,037

13. 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.

14. INCOME TAXES

Corporate income taxes of the Company for the three-month and six-month periods ended June 30, 2014 and 2013 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 per cent in 2014 and 2013.

Income tax expenses recognize in statements of comprehensive income consist:

(AMOUNT IN THOUSAND BAHT)

FOR THE PERIODS ENDED JUNE 30,	2014	2013
<u>For 3 month periods</u>		
Corporate income tax for the periods	10,832	12,737
Amortization and reversal of temporary differences assets/liabilities on temporary differences	(339)	(448)
Income tax expenses	10,493	12,289
<u>For 6 month periods</u>		
Corporate income tax for the periods	29,470	29,397
Amortization and reversal of temporary differences assets/liabilities on temporary differences	(544)	(833)
Income tax expenses	28,926	28,564

As at June 30, 2014 and December 31, 2013, the deferred tax assets/liabilities arose from the following temporary differences:

(AMOUNT IN THOUSAND BAHT)

PARTICULARS	As at June 30, 2014	As at December 31, 2013
Accumulated temporary differences in the statements of income		
Unrealized (gain) loss on open-ended fund	(1)	14
Unrealized loss on trading securities	136	239
Allowance for doubtful accounts receivable	3,144	3,981
Provision for long-term employees benefits	43,081	39,408
Total	46,360	43,642
Temporary differences in the Shareholders' Equity		
Gain on remeasuring available-for-sale securities	(5,314)	(4,935)
Total	41,046	38,707
Deferred tax assets calculated from tax rate of 20%.	8,209	7,741

15. COMMITMENT

15.1 As at June 30, 2014 and December 31, 2013, the Company has commitment from the issuance of bank guarantee as follow :

(AMOUNT IN THOUSAND BAHT)

PARTICULAR	As at June 30, 2014	As at December 31, 2013
Letters of guarantee issued by commercial bank	4,277	4,277

15.2 Commitment under service agreement

As at June 30, 2014, the Company has entered into service agreements which can be cancelled when the counter party has prior notice 30 to 90 days in advance the amount of Baht 8.44 million, and the contract which can not be cancelled amount of Baht 2.24 million.

15.3 Capital expenditure commitments

As at June 30, 2014, the Company has capital expenditure commitments to pay a total of Baht 7.13 million regarding to the building renovation agreement and Baht 28.05 million in regarding to the contract design the additional structure of the new hospital.

16. FINANCIAL STATEMENTS APPROVAL

These interim financial statements are duly approved by the Company's Board of Directors on August 8, 2014.