

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2016

518/3 อาคารเมธียาเซ็นเตอร์ นอช ชั้น 7

ถนนเพลินจิต แขวงลุมพินี

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DR.VIRACH & ASSOCIATES OFFICE CO., LTD.

CERTIFIED PUBLIC ACCOUNTANTS

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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 statement of financial position as at December 31, 2016, 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, 2016, 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 under the Royal Patronage of His Majesty the King 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.

1. Impairment evaluation of asset under construction

As at December 31, 2016, the financial statement of Company has asset under construction in outstanding since 2006 amount of Baht 34.47 million, which was shown as part of the total asset under construction amount of Baht 57.20 million in Note 9. Currently, the asset under construction has no progress which may result in impairment of asset under construction. The management must consider as indication of impairment of asset under construction. If impaired, the allowance for impairment of construction in progress is depended on the management judgment.

I have audited the supporting documents in relation to the management consideration of impairment indicators for asset under construction.

Based on our testing, in my opinion, the asset under construction is fairly presentation.

2. 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.

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

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

3. The completeness of allowance for doubtful accounts.

As at December 31, 2016, the financial statement of Company has allowance for doubtful account amount of Baht 2.63 million in Note 6. The Company provided allowance for doubtful accounts by management judgment. The management must consider the ability to pay from account receivable, which may result the completeness of recognition allowance for doubtful accounts.

I have audited the accounting policy of allowance for doubtful accounts to ensure the allowance for doubtful accounts are properly recorded and complete.

Based on our testing, in my opinion, the allowance for doubtful accounts are properly recorded and complete.

Other Information

Management is responsible for the other information. The other information comprise 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.

C. Aunpitipongsa

(Mr. Chaiyakorn Aunpitipongsa)

Certified Public Accountant Registration No. 3196

Dr.Virach & Associates Office Co., Ltd.

Bangkok : February 23, 2017

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

ASSETS

	<i>Notes</i>	BAHT	
		2016	2015
Current Assets			
Cash and cash equivalents	3.2 and 4	40,418,942	31,487,115
Short-term investments			
Open-ended funds	3.3 and 5.1	306,486,156	213,509,165
Trading securities	3.3 and 5.2	1,751,516	1,579,510
Trade and other receivables	3.4 and 6	121,523,134	114,717,652
Inventories	3.5 and 7	31,243,299	35,965,586
Other current assets			
Prepaid expenses		13,723,212	15,182,920
Other current assets		1,232,002	4,352,413
Total other current assets		14,955,214	19,535,333
Total Current Assets		516,378,261	416,794,361
Non-current Assets			
Available-for-sale securities	3.3 and 5.3	9,746,800	5,823,100
Property, plant and equipment	3.6 and 8	1,386,705,510	1,343,760,409
Intangible assets	3.7 and 9	18,817,583	26,134,390
Deferred tax assets	3.8 and 16	8,694,774	8,267,078
Other non-current assets	3.9 and 10	7,057,201	5,749,229
Total Non-current Assets		1,431,021,868	1,389,734,206
TOTAL ASSETS		1,947,400,129	1,806,528,567

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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, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY

	<i>Notes</i>	BAHT	
		2016	2015
Current Liabilities			
Trade and other payables	11	173,151,216	174,055,165
Assets acquisition payable		5,908,641	7,899,964
Accrued corporate income tax		27,593,981	32,335,147
Other current liabilities		5,625,073	5,293,444
Total Current Liabilities		212,278,911	219,583,720
Non-current Liabilities			
Provision for long-term employee benefits	3.12 and 12	51,153,634	44,301,805
Total Non-current Liabilities		51,153,634	44,301,805
TOTAL LIABILITIES		263,432,545	263,885,525
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		1,328,347,981	1,190,162,399
Other components of shareholders' equity		7,619,603	4,480,643
Total Shareholders' Equity		1,683,967,584	1,542,643,042
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,947,400,129	1,806,528,567

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

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NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

		BAHT	
	<i>Notes</i>	2016	2015
REVENUES			
Revenues from medical treatment		1,979,390,987	1,901,847,063
Other income		12,399,071	9,958,694
Total Revenues		1,991,790,058	1,911,805,757
EXPENSES			
Cost of medical treatment		1,333,572,098	1,289,727,963
Selling expenses		3,843,003	6,402,918
Administrative expenses		263,349,880	239,928,648
Directors' remuneration	14	3,823,000	3,203,000
Total Expenses	15	1,604,587,981	1,539,262,529
Profit before Income Tax Expenses		387,202,077	372,543,228
Income Tax Expenses	3.10 and 16	69,816,495	74,287,105
Profit for the years		317,385,582	298,256,123
Other Comprehensive Income :-			
Surplus on changes in value of available-for-sale investments		3,923,700	284,300
Income tax on net change from the remeasuring of investment in available-for-sale securities		(784,740)	(56,860)
Available-for-sale securities-net of tax		3,138,960	227,440
Actuarial gain from employee benefit plan	16	-	4,793,422
Component of income tax		-	(958,684)
Actuarial gain from employee benefit plan-net of tax		-	3,834,738
Other comprehensive income for the years-net of tax		3,138,960	4,062,178
Total comprehensive income for the years		320,524,542	302,318,301
Earnings Per Share			
	3.11		
Basic Earnings Per Share		1.98	1.86
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, 2016

	Notes	BAHT					
		Issued and paid-up share capital	Premium on common stocks	Retained earnings		Other components of	Total shareholders' equity
				Legal reserve	Unappropriated	shareholders' equity	
						Other comprehensive	
						income	
				Available for			
				sale securities			
Balances as at January 1, 2015		160,000,000	172,000,000	16,000,000	1,048,071,538	4,253,203	1,400,324,741
Total comprehensive income for the year :-							
Comprehensive income for the year		-	-	-	298,256,123	227,440	298,483,563
Actuarial gain from employee benefit							
plan-net of tax		-	-	-	3,834,738	-	3,834,738
Total comprehensive income for the year		-	-	-	302,090,861	227,440	302,318,301
Dividend payment	14	-	-	-	(160,000,000)	-	(160,000,000)
Balances as at December 31, 2015		160,000,000	172,000,000	16,000,000	1,190,162,399	4,480,643	1,542,643,042
Total comprehensive income for the year		-	-	-	317,385,582	3,138,960	320,524,542
Dividend payment	14	-	-	-	(179,200,000)	-	(179,200,000)
Balances as at December 31, 2016		160,000,000	172,000,000	16,000,000	1,328,347,981	7,619,603	1,683,967,584

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NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	BAHT	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES :		
PROFIT BEFORE INCOME TAX EXPENSES		
ADJUSTMENTS TO RECONCILE PROFIT BEFORE INCOME TAX	387,202,077	372,543,228
EXPENSES TO NET CASH PROVIDED FROM (USED IN) OPERATION :-		
Depreciation	122,321,842	129,943,666
Amortization of deferred expenses	2,798,589	1,444,576
Amortization of computer softwares	10,370,058	9,643,626
Unrealized gain on open-ended funds	(330,165)	(710,516)
Unrealized (gain) loss on trading securities	(172,006)	173,273
(Gain) loss on disposal of building and equipment	6,885,576	(78,580)
Bad debts	1,025,442	208,501
Doubtful debts decrease	(287,479)	(347,816)
Dividend income	(134,635)	(79,158)
Interest income	(143,259)	(239,844)
Long-term employee benefits expenses	6,851,829	8,440,430
PROFIT FROM OPERATION BEFORE CHANGE IN		
OPERATING ASSETS AND LIABILITIES ITEMS	536,387,869	520,941,386
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS		
Open-ended funds	(92,646,826)	(212,651,299)
Trade and other receivables	(7,543,445)	(4,384,404)
Inventories	4,722,287	7,775,553
Other current assets	4,580,119	(3,147,352)
Other non-current assets	(4,245,661)	(957,426)
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS		
Trade and other payables	(903,949)	2,455,510
Assets acquisition payable	(2,193,702)	(5,141,359)
Other current liabilities	331,629	(212,247)
Provision for long-term employee benefits	-	(4,452,630)
Cash received from operation	438,488,321	300,225,732
Interest income	143,259	251,380
Income tax paid	(75,770,097)	(73,593,857)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>362,861,483</u>	<u>226,883,255</u>

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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, 2016

	BAHT	
	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in plant and equipment	(172,271,326)	(68,027,603)
Proceeds from disposal of plant and equipment	460,286	123,718
Purchase of computer softwares	(3,053,251)	(6,228,523)
Decrease in fixed deposits at bank with restrictions	-	3,347,364
Proceeds from dividend income	134,635	79,158
NET CASH USED IN INVESTING ACTIVITIES	(174,729,656)	(70,705,886)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	(179,200,000)	(160,000,000)
NET CASH USED IN FINANCING ACTIVITIES	(179,200,000)	(160,000,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,931,827	(3,822,631)
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	31,487,115	35,309,746
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	40,418,942	31,487,115
ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS		
Non-cash flows items comprise :		
Unrealized gain on available-for-sale securities	3,923,700	284,300
Increase in plant and equipment from assets payable	202,379	1,814,654
Increase in computer softwares from assets payable	-	379,048
Increase in equipment from transferring deposits	139,100	900,000
Effect of actuarial estimates from employee benefit plan		
- Decrease deferred tax assets	-	958,684
- Decrease provision for long-term employee benefits	-	(4,793,422)
- Increase retained earnings	-	3,834,738

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NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, Rattana Thibeth 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 Accounting standards that became effective in the current accounting year are as follow:

1. Conceptual Framework for Financial Reporting (revised 2015)

Thai Accounting Standards (TAS)

2. TAS 1 (revised 2015) Presentation of Financial Statements
3. TAS 2 (revised 2015) Inventories
4. TAS 7 (revised 2015) Statement of Cash Flows
5. TAS 8 (revised 2015) Accounting Policies, Changes in Accounting Estimates and Errors
6. TAS 10 (revised 2015) Events after the Reporting Period
7. TAS 11 (revised 2015) Construction Contracts
8. TAS 12 (revised 2015) Income Taxes
9. TAS 16 (revised 2015) Property, Plant and Equipment
10. TAS 17 (revised 2015) Leases
11. TAS 18 (revised 2015) Revenue
12. TAS 19 (revised 2015) Employee Benefits

13. TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
14. TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
15. TAS 23 (revised 2015)	Borrowing Cost
16. TAS 24 (revised 2015)	Related Party Disclosures
17. TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
18. TAS 27 (revised 2015)	Separate Financial Statements
19. TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
20. TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
21. TAS 33 (revised 2015)	Earnings per Share
22. TAS 34 (revised 2015)	Interim Financial Reporting
23. TAS 36 (revised 2015)	Impairment of Assets
24. TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
25. TAS 38 (revised 2015)	Intangible Assets
26. TAS 40 (revised 2015)	Investment Property
27. TAS 41	Agriculture

Thai Financial Reporting Standards (TFRS)

28. TFRS 2 (revised 2015)	Share-Base Payment
29. TFRS 3 (revised 2015)	Business Combinations
30. TFRS 4 (revised 2015)	Insurance Contracts
31. TFRS 5 (revised 2015)	Non-current Assets Held for Sales and Discontinued Operations
32. TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Assets
33. TFRS 8 (revised 2015)	Operating Segments
34. TFRS 10 (revised 2015)	Consolidated Financial Statements
35. TFRS 11 (revised 2015)	Joint Arrangements
36. TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
37. TFRS 13 (revised 2015)	Fair Value Measurement

Thai Accounting Standard Interpretations (TSIC)

38. TSIC 10 (revised 2015)	Government Assistance-No specific Relation to Operating Activities
39. TSIC 15 (revised 2015)	Operating Leases-Incentives
40. TSIC 25 (revised 2015)	Income Taxes-Changes in the Tax Status of an Entity or Its Shareholders
41. TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease

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|----------------------------|--|
| 42. TSIC 29 (revised 2015) | Disclosures - Service Concession Arrangements |
| 43. TSIC 31 (revised 2015) | Revenue-Barter Transactions Involving Advertising Services |
| 44. TSIC 32 (revised 2015) | Intangible Assets - Web Site Costs |

Thai Financial Reporting Standard Interpretations (TFRIC)

- | | |
|-----------------------------|--|
| 45. TFRIC 1 (revised 2015) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 46. TFRIC 4 (revised 2015) | Determining Whether an Arrangement Contains a Lease |
| 47. TFRIC 5 (revised 2015) | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| 48. TFRIC 7 (revised 2015) | Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies |
| 49. TFRIC 10 (revised 2015) | Interim Financial Reporting and Impairment |
| 50. TFRIC 12 (revised 2015) | Service Concession Arrangements |
| 51. TFRIC 13 (revised 2015) | Customer Loyalty Programmes |
| 52. TFRIC 14 (revised 2015) | TAS 19 (revised 2015) -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| 53. TFRIC 15 (revised 2015) | Agreements for the Construction of Real Estate |
| 54. TFRIC 17 (revised 2015) | Distributions of Non-cash Assets to Owners |
| 55. TFRIC 18 (revised 2015) | Transfers of Assets from Customer |
| 56. TFRIC 20 (revised 2015) | Stripping Costs in the Production Phase of a Surface Mine |
| 57. TFRIC 21 (revised 2015) | Levies |

These accounting standards, financial reporting standards, accounting standard interpretations 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 accounting standards but not yet effective.

Effective for fiscal years beginning on or after January 1, 2017

Thai Accounting Standards (TAS)

- | | |
|-------------------------|---|
| 1. TAS 1 (revised 2016) | Presentation of Financial Statements |
| 2. TAS 2 (revised 2016) | Inventories |
| 3. TAS 7 (revised 2016) | Statement of Cash Flows |
| 4. TAS 8 (revised 2016) | Accounting Policies, Changes in Accounting Estimates and Errors |

5. TAS 10 (revised 2016)	Events after the Reporting Period
6. TAS 11 (revised 2016)	Construction Contracts
7. TAS 12 (revised 2016)	Income Taxes
8. TAS 16 (revised 2016)	Property, Plant and Equipment
9. TAS 17 (revised 2016)	Leases
10. TAS 18 (revised 2016)	Revenue
11. TAS 19 (revised 2016)	Employee Benefits
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13. TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
14. TAS 23 (revised 2016)	Borrowing Costs
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21. TAS 34 (revised 2016)	Interim Financial Reporting
22. TAS 36 (revised 2016)	Impairment of Assets
23. TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
24. TAS 38 (revised 2016)	Intangible Assets
25. TAS 40 (revised 2016)	Investment Property
26. TAS 41 (revised 2016)	Agriculture
27. TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
28. TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
29. TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (TFRS)

30. TFRS 2 (revised 2016)	Share-based Payment
31. TFRS 3 (revised 2016)	Business Combinations
32. TFRS 4 (revised 2016)	Insurance Contracts
33. TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
34. TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
35. TFRS 8 (revised 2016)	Operating Segments

- | | |
|----------------------------|---|
| 36. TFRS 10 (revised 2016) | Consolidated Financial Statements |
| 37. TFRS 11 (revised 2016) | Joint Arrangements |
| 38. TFRS 12 (revised 2016) | Disclosure of Interests in Other Entities |
| 39. TFRS 13 (revised 2016) | Fair Value Measurement |

Thai Accounting Standard Interpretations (TSIC)

- | | |
|----------------------------|--|
| 40. TSIC 10 (revised 2016) | Government Assistance - No Specific Relation to Operating Activities |
| 41. TSIC 15 (revised 2016) | Operating Leases - Incentives |
| 42. TSIC 25 (revised 2016) | Income Taxes - Changes in the Tax Status of and Enterprise or Its Shareholders |
| 43. TSIC 27 (revised 2016) | Evaluating the Substance of Transactions in the Legal Form of a Lease |
| 44. TSIC 29 (revised 2016) | Service Concession Arrangements : Disclosures |
| 45. TSIC 31 (revised 2016) | Revenue - Barter Transactions Involving Advertising Services |
| 46. TSIC 32 (revised 2016) | Intangible Assets - Web Site Costs |

Thai Financial Reporting Standard Interpretations (TFRIC)

- | | |
|-----------------------------|--|
| 47. TFRIC 1 (revised 2016) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 48. TFRIC 4 (revised 2016) | Determining Whether an Arrangement Contains a Lease |
| 49. TFRIC 5 (revised 2016) | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| 50. TFRIC 7 (revised 2016) | Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies |
| 51. TFRIC 10 (revised 2016) | Interim Financial Reporting and Impairment |
| 52. TFRIC 12 (revised 2016) | Service Concession Arrangements |
| 53. TFRIC 13 (revised 2016) | Customer Loyalty Programmes |
| 54. TFRIC 14 (revised 2016) | TAS 19 (revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| 55. TFRIC 15 (revised 2016) | Agreements for the Construction of Real Estate |
| 56. TFRIC 17 (revised 2016) | Distributions of Non-cash Assets to Owners |
| 57. TFRIC 18 (revised 2016) | Transfers of Assets from Customers |
| 58. TFRIC 20 (revised 2016) | Stripping Costs in the Production Phase of a Surface Mine |
| 59. TFRIC 21 (revised 2016) | Levies |

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

- 2.4 These financial statements have been prepared on a historical cost basis ~~ex~~cept 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.

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 Deferred computer software

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	
	2016	2015
Cash	3,215,816	3,366,913
Bank deposits	37,203,126	28,120,202
Total	40,418,942	31,487,115

5. INVESTMENTS**5.1 Open-ended fund**

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Open-ended fund	305,445,266	212,798,440
Valuation adjustment	1,040,890	710,725
Open-ended fund-Fair value	306,486,156	213,509,165

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Unrealized gain on open-ended fund	330,165	710,516

5.2 Short-term investments - Trading securities

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Short-term investments-at cost	2,007,731	2,007,731
Valuation adjustment	(256,215)	(428,221)
Short-term investments-Fair value	1,751,516	1,579,510

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Unrealized gain (loss) on trading securities	172,006	(173,273)

5.3 Available-for-sale securities

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Acquisition cost	222,296	222,296
Surplus on changes in value of available-for-sale investments	9,524,504	5,600,804
Fair value at ending years	9,746,800	5,823,100

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Surplus on changes in value of available-for-sale investments	3,923,700	284,300

6. TRADE AND OTHER RECEIVABLES

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
The trade accounts receivable are classified by outstanding balances of aging as follows :		
Current	116,448,648	110,312,426
Overdue within 3 months	2,643,386	2,321,234
Over 3 - 6 months	1,334,460	416,504
Over 6 - 12 months	1,130,660	1,166,242
Over 12 months	2,505,394	3,328,139
Total	124,062,548	117,544,545
Allowance for doubtful debts	(2,629,414)	(2,916,893)
Trade accounts receivable-net	121,433,134	114,627,652
Other receivables	90,000	90,000
Total trade and other receivables	121,523,134	114,717,652

7. INVENTORIES

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Medicines and medical supplies	24,390,568	28,338,589
General supplies	6,852,731	7,626,997
Total	31,243,299	35,965,586

8. PROPERTY, PLANT AND EQUIPMENT

	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, 2015	575,208,866	980,727,952	553,231,745	16,346,676	74,995,015	55,682,919	85,439,813	25,826,994	63,990,667	2,431,450,647
Increase for the year 2015	-	4,384,404	43,050,882	1,158,000	505,150	4,359,097	515,436	483,085	16,286,203	70,742,257
Sold	-	(16,000)	(3,186,640)	(901,000)	-	(29,202)	-	(25,578)	-	(4,158,420)
Transfer to/from	-	552,423	-	-	-	8,631,810	-	-	(9,184,233)	-
December 31, 2015	575,208,866	985,648,779	593,095,987	16,603,676	75,500,165	68,644,624	85,955,249	26,284,501	71,092,637	2,498,034,484
Increase for the year 2016	-	3,365,602	129,622,176	33,705	265,506	749,880	4,863,111	4,718,986	28,993,839	172,612,805
Sold	-	(7,797,919)	(43,962,375)	-	(4,119,369)	(6,504,896)	(7,751,720)	(2,194,727)	-	(72,331,006)
Transfer to/from	-	23,239,539	-	-	2,266,312	1,614,408	15,622,000	145,639	(42,887,898)	-
December 31, 2016	575,208,866	1,004,456,001	678,755,788	16,637,381	73,912,614	64,504,016	98,688,640	28,954,399	57,198,578	2,598,316,283
<u>Accumulated Depreciation</u>										
January 1, 2015	-	518,190,138	322,696,606	13,204,686	52,019,678	40,772,147	62,330,090	19,230,346	-	1,028,443,691
Depreciation for the year	-	54,311,114	49,171,229	462,375	8,408,080	5,828,016	9,681,689	2,081,163	-	129,943,666
Disposals	-	(15,999)	(3,153,542)	(900,999)	-	(20,360)	-	(22,382)	-	(4,113,282)
December 31, 2015	-	572,485,253	368,714,293	12,766,062	60,427,758	46,579,803	72,011,779	21,289,127	-	1,154,274,075
Depreciation for the year	-	49,527,794	47,366,630	440,090	7,735,263	5,730,107	9,750,526	1,771,432	-	122,321,842
Disposals	-	(7,635,505)	(37,003,611)	-	(4,114,649)	(6,472,426)	(7,574,043)	(2,184,910)	-	(64,985,144)
December 31, 2016	-	614,377,542	379,077,312	13,206,152	64,048,372	45,837,484	74,188,262	20,875,649	-	1,211,610,773
<u>Net book value</u>										
December 31, 2015	575,208,866	413,163,526	224,381,694	3,837,614	15,072,407	22,064,821	13,943,470	4,995,374	71,092,637	1,343,760,409
December 31, 2016	575,208,866	390,078,459	299,678,476	3,431,229	9,864,242	18,666,532	24,500,378	8,078,750	57,198,578	1,386,705,510

In 2016 and 2015, 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. DEFERRED COMPUTER SOFTWARES

	AMOUNT IN BAHT		
	DEFERRED COMPUTER SOFTWARES	COMPUTER SOFTWARES UNDER INSTALLATION	TOTAL
<u>Cost</u>			
January 1, 2015	113,563,144	6,099,970	119,663,114
Increase for the year 2015	1,790,966	4,816,605	6,607,571
Transfer to/from	2,055,470	(2,055,470)	-
December 31, 2015	117,409,580	8,861,105	126,270,685
Increase for the year 2016	2,961,183	92,068	3,053,251
Unused	(34,492,492)	-	(34,492,492)
Transfer to/from	8,568,995	(8,568,995)	-
December 31, 2016	94,447,266	384,178	94,831,444
<u>Accumulated amortization</u>			
January 1, 2015	90,492,669	-	90,492,669
Amortization for the year 2015	9,643,626	-	9,643,626
December 31, 2015	100,136,295	-	100,136,295
Amortization for the year 2016	10,370,058	-	10,370,058
Unused	(34,492,492)	-	(34,492,492)
December 31, 2016	76,013,861	-	76,013,861
Net book value			
December 31, 2015	17,273,285	8,861,105	26,134,390
December 31, 2016	18,433,405	384,178	18,817,583

10. OTHER NON-CURRENT ASSETS

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Deferred expenses	2,082,013	3,526,589
<u>Add</u> Increase	4,176,485	-
<u>Less</u> Amortization for the years	(2,798,589)	(1,444,576)
Net book value	3,459,909	2,082,013
Deposit for assets	1,445,906	1,792,535
Others	2,151,386	1,874,681
Total	7,057,201	5,749,229

11. TRADE AND OTHER PAYABLES

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Trade accounts payables	51,215,047	55,427,564
Accrued expenses	45,837,470	43,228,375
Accrued doctors' fees	56,142,978	50,273,174
Others	19,955,721	25,126,052
Total	173,151,216	174,055,165

12. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

Provision for long-term employee benefits as at December 31, 2016 and 2015 which are compensations on employees' retirement, are as follows

PARTICULARS	AMOUNT IN BAHT	
	2016	2015
Defined benefit obligation at beginning of years	44,301,805	45,107,427
Actuarial gain from employee benefit plan	-	(4,793,422)
Current service cost	5,918,024	6,949,775
Interest cost	933,805	1,490,655
Benefits paid during the years	-	(4,452,630)
Defined benefit obligation at end of years	51,153,634	44,301,805

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

PARTICULARS	For the years ended December 31, 2016 and 2015
Discount rate	2.14 % per annum
Salary increase rate	3.5 - 5.5 % per annum
Staff turnover rate	8 - 24 % per annum

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 28, 2016, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 1.12 per share to the shareholders of 160 million shares, totalling Baht 179.20 million, including directors' remuneration amounting to Baht 2.98 million. The dividend payment was made on May 27, 2016.

On April 29, 2015, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 1.00 per share to the shareholders of 160 million shares, totalling Baht 160.00 million, including directors' remuneration amounting to Baht 2.65 million. The dividend payment was made on May 28, 2015.

15. EXPENSES BY NATURE

EXPENSES	AMOUNT IN BAHT	
	2016	2015
Medicine and medical supply consumptions	387,595,281	371,943,090
Directors and management benefit expenses	18,079,625	16,877,375
Employee benefit expenses	444,581,536	422,736,138
Doctors' fees	459,496,131	438,657,992
Depreciation and amortization expenses	135,490,489	141,031,868
Bad debts	1,025,442	208,501
Doubtful debts decrease	(287,479)	(347,816)
Other expenses	158,606,956	148,155,381
Total	1,604,587,981	1,539,262,529

16. INCOME TAXES

Corporate income tax of the Company for the years ended December 31, 2016 and 2015 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 2016 and 2015.

Income tax expenses recognize in statements of comprehensive income consist:

(AMOUNT IN BAHT)

FOR THE YEARS ENDED DECEMBER 31,	2016	2015
Corporate income tax for the years	71,028,931	74,907,653
Amortization and reversal of temporary differences assets/liabilities on temporary differences	(1,212,436)	(620,548)
Income tax expenses	69,816,495	74,287,105

As at December 31, 2016 and 2015, the deferred tax assets/liabilities arose from the following temporary differences:

(AMOUNT IN BAHT)		
PARTICULARS	2016	2015
Temporary differences in the statements of income		
Unrealized gain on open-ended fund	(1,040,890)	(710,725)
Unrealized loss on trading securities	256,215	428,221
Allowance for doubtful accounts receivables	2,629,414	2,916,893
Provision for long-term employees benefits	51,153,634	49,095,227
Total	52,998,373	51,729,616
Temporary differences in the statements of comprehensive income		
- Recognized in other components of shareholders' equity		
Gain from the remeasuring of investment in available-for-sale securities	(9,524,504)	(5,600,804)
- Recognized in retained earnings		
Provision for long-term employees benefits	-	(4,793,422)
Total	43,473,869	41,335,390
Deferred tax assets calculated from tax rate of 20%.	8,694,774	8,267,078

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, 2016 and 2015, the Company has commitment from the issuance of bank guarantee as follow :

PARTICULAR	AMOUNT IN BAHT	
	2016	2015
Letters of guarantee issued by commercial bank	4,276,800	4,276,800

18.2 Commitment under service agreement

As at December 31, 2016, 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 19.53 million.

18.3 Capital expenditure commitments

As at December 31, 2016, the Company has capital expenditure commitments to pay a total of Baht 27.00 million in regarding to the contract design for the addition of the new hospital.

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 comprehensive income statements for the years ended December 31, 2016 and 2015 amount of Baht 4.24 million and Baht 4.18 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. FINANCIAL STATEMENTS APPROVAL

These financial statements are duly approved by the Company's directors on February 23, 2017.