

your
Healthy living,
our commitment.



**NONTHAVEJ
HOSPITAL**



NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

ANNUAL REPORT 2012

your
Healthy living,
our commitment.

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Message From The Chairman

Dear Shareholders,

During of the past year, the business profits have grown up as well. And the company still develops the high-quality of health care continually.

We aim to develop high-standard system of hospital services such as; JCI-USA (Joint Commission International Accreditation), HA (Hospital Accreditation), Quality medical laboratory (ISO 15189:2003) and GMP/HACCP (Quality Standard Good Manufacturing Practice/ Hazard Analysis and Critical Control Point). Besides, we emphasize to develop the specialized centers effectively, medical facilities and equipments, also medical team and staffs to improve services to make customer satisfied. In addition, we received the Platinum Award Hospital Quality from American International Assurance Company Limited.

The company focuses on the contribution of social environment to the community as well. Such as the campaigns to conserve the energy and environment, and project named "Love Breast", we provided 80 persons who have risks to get a cancer with breast cancer screening by Digital Mammogram and Breast Ultrasound with free of charges. This is to bless to our Queen in occasional of her 80th Birthday Anniversary.

Board of Directors understand that our greatest asset is the trust we earn, by fulfilling our commitments and we appreciate the support of our physician teams, medical supporters and all staffs in accordance to develop the health care qualification in order to provide a great service to customers.



Mr. Loppachai Kaenrattana
Chairman

Board of Directors

Mr.Lopachai Keanratana

Chairman / Executive Director / Authorized Director



Ages 87

Education / Training

High school from Treamudomsuksa

Relationship of Management

Father of Mrs. Patama Prommas

Experience for 5 years backward

1979 - Present : Chairman

Position in other Listed Company

None

Shares in Company

37,581,800 Shares

% of Share

23.49 %

Dr.Prompan Prommas,M.D.

Chief Executive Officer (CEO) / Executive Director /
Authorized Director / Nomination Director



Ages 61

Education / Training

MB.(Siriraj College Mahidol University) Medical
Training

- Thai Board of Pediatric
- Directors Certification Program

Relationship of Management

Spouse of Mrs. Patama Prommas

Experience for 5 years backward

2006 - Present : Chief Executive Officer (CEO)/Authorized Director
1983 - 2006 : Hospital Director

Position in other Listed Company

None

Shares in Company

60,311,000 shares (In name of spouse 50,641,000 shares)

% of Share

37.69 % (In name of spouse 31.65 %)

Mrs.Patama Prommas

Vice Executive Officer(CEO)and Administrative Director /
Executive Director / Authorized Director /
Remuneration Director



Ages 57

Education / Training

Master Degree of Administration from Kasetsart University
Training

- Directors Certification Program
- Company Secretary Program
- Investors ' Relations Program

Relationship of Management

Daughter of Mr. Lopchai Kaenrattana and Spouse of
Dr. Prompan Prommas, M.D.

Experience for 5 years backward

2006 - Present : Vice Executive Officer (CEO)
1984 - Present : Administrative Director/Director Authorized

Position in other Listed Company

- None

Shares in Company

60,311,000 shares (In name of spouse 9,670,000 shares)

% of Share

37.69% (In name of spouse 6.04 %)

Mrs.Prompan Siripat

Non Executive Director (Director) / Nomination Chairman



Ages 85

Education / Training

- Prasanmit Vithayalai
- Diploma in Accounting from Thammasat University, and politics. Training
- Directors Certification Program

Relationship of Management

Sister of Dr. Charoon Charoon Chairroj, M.D.

Experience for 5 years backward

1977 - Present : Owner Promphanvittaya School

Position in other Listed Company

- None

Shares in Company

3,390,000 shares

% of Share

2.12 %

Dr.Saravut Sontikaew, M.D.
Non Executive Director (Director)



Ages 60

Education / Training

B.Sc.MD. Diploma Thai Board of Internal Medicine
Training
– Directors Certification Program

Relationship of Management

None

Experience for 5 years backward

2012 – Present : Director Human Management of Bangkok University
2009 – 2012 : Executive Director Department of Medical Service BMA.
2007 – 2009 : Vice Executive Director Department of Medical Service BMA.
2005 – 2007 : Hospital Director Charoenkrung Pracharag Hospital
2004 – 2005 : Hospital Director Ladkrabung Bangkok Hospital
1988 – 2007 : Charoenkrung Pracharag Hospital
1987 – Present : Director and Usually Honorary Philanthropic Foundation
1981 – 2004 : Chief Internal Medicine Internal Medicine Department
Charoenkrung Pracharag Hospital

Position in other Listed Company

None

Shares in Company

3,332,000 shares

% of Share

2.08%

Dr.Kamales Santivejkul ,Ph.D

Non Executive Director (Independence Director) /
Remuneration Director



Ages 61

Education / Training

Ph.D.(Business Administration) Oklahoma State University, U.S.A.
Training
- Directors Certification Program

Relationship of Management

None

Experience for 5 years backward

2008 - Present : Associate Professor&CIO Chulalongkorn University.
2004 - 2008 : Vice President & CIO Chulalongkorn University.
1996 - 2000 : Office Information Technology Chulalongkorn University.
1986 - 2004 : Director Computer Center of Commerce and Accountancy
Chulalongkorn University.
1988 - 2007 : Department of Banking and Finance Faculty of Commerce
and Accountancy Chulalongkorn University.
1995 - 2004 : Centers of Academic Resources Chulalongkorn University.

Position in other Listed Company

1995 - Present : Independence Director / Audit Committee Chairman of
Seafresh Industry PCL.
2009 - Present : Independence Director / Audit Committee of Sin Industry PCL.
2006 - Present : Director of Innovation Chamchuri Co.,Ltd.
2004 - Present : Director of C&C International Venture Co.,Ltd.

Shares in Company

275,000 shares

% of Share

0.17 %

Dr.Prawit Ninsuwanakul, Ph.D

Non Executive Director (Independence Director) /
Audit Committee Chairman



Ages 69

Education / Training

1965 : Bachelor's Degree, Accounting, Chulalongkorn University
1969 : Master's Degree, Accounting Science, University of Illinois,U.S.A.
1974 : Doctorate, Accounting, University of Illinois,U.S.A Courses in Directors' Duties.
2000 : Chairman 2000 Program 1/2000, Thai Institute of Directors Association.
2003 : Directors Accreditation Program: DAP 6/2003, Thai Institute of Directors Association.
2004 : Directors Certification Program: DCP 42/2004, Thai Institute of Directors Association.
2005 : Audit Committee Program: ACP 6/2005, Thai Institute of Directors Association. Certified Professional Auditor (C.P.A.)
2008 : Chartered Director, Thai Institute of Directors.

Relationship of Management

None

Experience for 5 years backward

Since 2005 : Director, Public Sector Audit and Evaluation Committee .
Chairman, Public Sector Audit and Evaluation Sub-Committee, Southern Province Group, The Prime Minister's Office.
Director, Performance Evaluation of state Enterprise Committee, Ministry of Finance.
Chairman, Sub-Committee for Preparation of Memorandum of Understanding State Enterprise Public Finance Institute, Ministry of Finance.
Since 2003 : Director, Government Accounting Standards and Policies, The Comptroller General's Department, Ministry of Finance.
Since 2002 : Director, Subcommittee for Formulating Financial Reports from Public and Private Higher Education Institutions, Commission on Higher Education, Ministry of Education.
Since 2002 : Independence Director / Chairman of the Audit Committee, Thai Plastic and Chemicals ,PCL.
Since 2001 : Chairman of the Professional Ethics Subcommittee, Federation of the Accounting Profession .
Since 2000 : Director, Advisory Subcommittee for the Program to Develop Budgetary, Inventory, Financial, and Cost Accounting Systems, Commission on Higher Education, Ministry of Education.
Since 2000 : Associate Judge, The Central Intellectual and International Trade Court.
Since 1997 : Director, Fund Management Committee, King Prajadhipok's Institute.
Since 1996 : Director and Member of the Audit Committee, The Fund for Educational Loans, Ministry of Finance.
Since 1996 : Director Finance and Property Committee, Suranaree University of Technology, Mae Fah Luang University, Walailak University, Mahachulalongkorn - rajavidyalaya University.
Since 1980 : Chairman, Ninsuwan Management Consultants Co.,Ltd.

Position in other Listed Company

Independence Director and Chairman of the Audit Committee ,
Thai Plastic and Chemicals ,PCL.

Shares in Company

None

% of Share

None

Dr.Charoon Chairoj, M.D.

Non Executive Director (Independence Director)
Audit Committee Director / Remuneration Chairman



Ages 82

Education / Training

B.Sc.MD.Diploma Thai Board of Anesthesiology
Training
- Directors Certification Program

Relationship of Management

Brother of Mrs.Prompan Siripat

Experience for 5 years backward

1989 - 1998 : Director Member Royal Society
Anaesthesia of Thailand

Position in other Listed Company

None

Shares in Company

700,000 shares

% of Share

0.44 %

Dr.Viroonporn Prompangsa, M.D.

Non Executive Director (Independence Director) /
Audit Committee Director / Nomination Director



Ages 60

Education / Training

B.Sc.MD.FRCST Certificate of Proficiency in General
Surgery
Diploma Board of Neurological Surgery
Training
- Directors Certification Program

Relationship of Management

None

Experience for 5 years backward

Present : Chief – Neurosurgical Neurosurgical
Vajira Hospital Department Nawamin University.

Position in other Listed Company

None

Shares in Company

230,000 shares

% of Share

0.14 %

Report of the Audit Committee

The Audit Committee of Nonthavej Hospital Public Company Limited of three independent directors, none of whom are corporate executives, employees, or consultants. The Audit Committee consists of Dr.Prawit Ninsuvannakul as Chairman, Dr.Viroonporn Prompangsa, M.D. and Dr.Charoon Chairroj, M.D. as directors.

The Audit Committee implemented the duties and accepted the responsibilities assigned to it by the Board of Directors, according to the regulations pertaining to the Audit Committee. This year, the Audit Committee found that the operations of the company are transparent and open to scrutiny, that internal controls are satisfactory, that the system of risk management is appropriate, and that financial reports are accurate, complete, and credible.

In 2012, the Audit Committee had 5 meetings where all the directors duly attended every meeting. Meetings were also held with corporate executives, the Auditor, and the Internal Auditor when appropriate. The main activities may be summarized as follows:

1. Initial review and approval, on behalf of the Board of Directors, of the Company's quarterly and annual financial statements of the Company for 2012 to ensure that they were prepared in accordance with generally accepted accounting standards, and that everything was performed fairly and consistently according to the regulations of the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Audit Committee also examined whether the information in the financial statement was disclosed in an adequate and timely manner, for the benefit of investors or users of financial statements to make investment decisions. Regarding the review and approval of the financial statements, the Auditor was invited to take part in every meeting. His observations were used to improve corporate operations and enhance the quality of the financial statements. The Audit Committee has reviewed the Audit plan for 2012 and monitored the Auditor's work. The Audit Committee also met the Auditor without the presence of management in order to consult freely in matters of importance on the investigation results.
Moreover, the Audit Committee has reviewed financial statements in accordance with International Financial Reporting Standards (IFRS). The Committee found that the company has compliant with accounting standards and sufficient disclosure in notes to financial statements
2. Review of the Company's compliance with the SET's Principles of good corporate governance. The Company's adherence to these principles was commendable, and the Company disclosed all relevant matters in its annual report. It seeks, Moreover, to establish within the organization a process of continuous development in corporate governance.
3. This year, the Audit Committee met the Working Group of Risk Management Committee in order to follow up the progress of the management to ensure a systematic tracking on Company's risk and provide advices for continuous improvement.

4. Review of the suitability and adequacy of the Company's systems of internal controls and internal auditing. The Audit Committee and the Auditor had the same opinion that there were no significant problems or deficiencies. The Audit Committee provided some suggestions to improve the efficiency of internal operational systems.
5. Review of the work of the Department of internal Audits. The review covered auditing plan, auditing operations, as well as reports from the audit and follow-up. In addition, the Audit Committee considers the budget and manpower of the Office of Internal Audit annually. Suggestions concerning ways to make its performance more effectiveness with which it implements its operations plan. Furthermore, the Audit Committee evaluated the annual audit plan for 2012 on the basis of assessments of the Company's internal controls and risk management, the Audit Committee constantly offered advice regarding the quality of audits in terms of personnel and operations by way of supporting the independence of the Internal Auditor. Together with management, the Audit Committee considered the matter of appointing, withdrawing, transferring, or dismissing the manager of the Office of Internal Audits.
6. Consideration with external and internal auditors in determining the objectives, plans, results, and main topics of consideration in corporate audits and investigations of compliance with the legislation and regulations pertaining to securities, the stock market, and the Company's business.
7. Ongoing monitoring of and consultation with management concerning general matters of management that could affect the Company. If any matter is found to significantly affect the Company's financial status or operational results, the Audit Committee is to make a report to the Board of Directors and seek prompt rectification. If no such resolution is undertaken, the Audit Committee is to submit a further report to the SEC or the SET.
8. Considering and proposing an auditor and his compensation to the Board of Directors, for subsequent submission to shareholders. Consideration of this matter is to be based upon performance, professionalism, and the reasonableness of the auditing fee. It is proposed that either Mr. Virach Aphimeteetamrong, Mr. Chaikorn Aunpitipongsa or Mr. Apiruk Atianuwat of Dr. Virach & Associates to be appointed as the Company auditor for 2013.

The Audit Committee, finally, was independent in its deliberations and recommendations, in order that operational results might conform to corporate objectives and manifest greater efficiency. The Audit Committee received excellent cooperation from all parties involved, for which we would like to express our appreciation at this time.

On behalf of the Audit committee



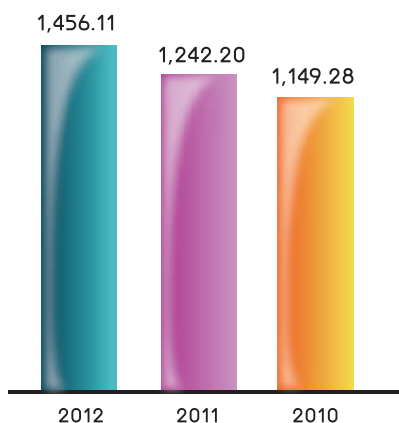
Prawit Ninsuvannakul

Ph.D., C.P.A., Chartered Director

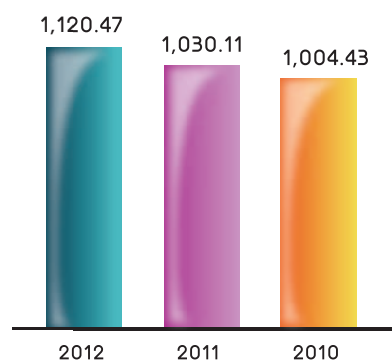
Chairman of the Audit Committee

Summary of results important.

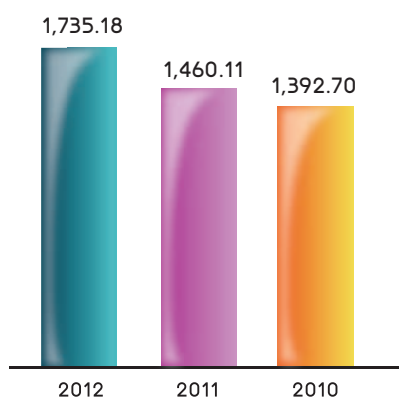
Total Assets (million baht)



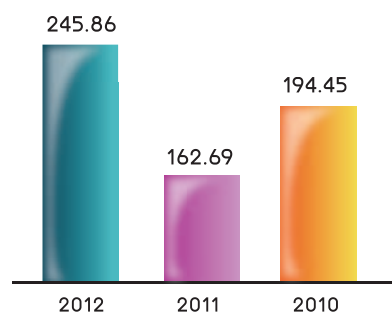
Total Owner's (million baht)



Total Revenues (million baht)

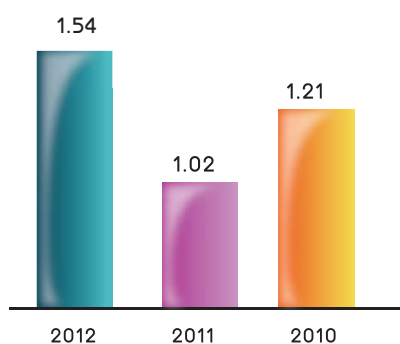


Profit (million baht)

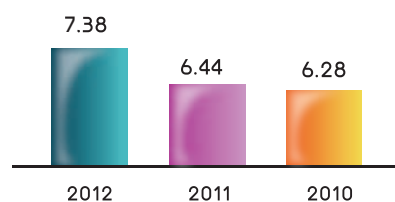


Summary of results important.

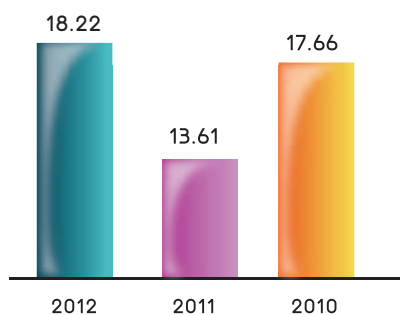
Earning per share (baht)



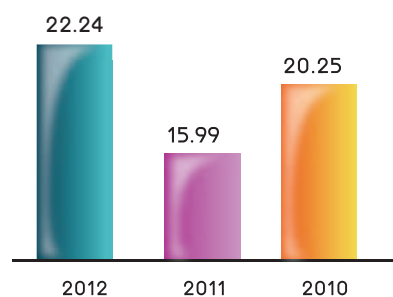
Book value per share (baht)



ROA (%)



ROE (%)



1. General Information

1.1 The Company

Company Name	:	Nonthavej Hospital Public Company Limited.
General Name	:	Nonthavej Hospital
Business Managerial	:	Hospital
Characteristic	:	General hospital , provide medical care in all specialties . Through in-patient and out-patient and opens 24 hours everyday.
Office location	:	30/8 Moo2 Ngamwongwan road, Bangkhen , A.mueng , Nonthaburi 11000
Branch	:	68/888 Rattanathibeth Rd. Bangkrasor Nonthaburi 11000
Register number	:	0107536001087
Home page	:	www.nonthavej.co.th
E-Mail	:	nonthavej@nonthavej.co.th
Telephone number	:	0-2596-7888 (Automatic 200 number)
Fax number	:	0-2589-8753

1.1.1 Out - Patient Department.

There are 90 examining rooms , offers specialties Centers are 16 Centers and specialties Clinic are 6 Clinic of medical care as follow:

Minimally Invasive Surgery Center (MIS)	Orthopedics Center
Obstetrics Center	Children & Teens Center
Infertility Center	Wellness Center
Breast Cancer Center	Heart Center
Gynecology and Advanced Laparoscopy Center	Diabetics Center
Gynecologic Oncology Center	Urology Center
Dermatology & Aesthetic Center	Respiratory Center
Gastrointestinal & Liver Center	Gastrointestinal Center
Dental Center	Diagnostic Digital Imaging Center
Neurology Clinic	Hemorrhoid Clinic
Eye Ear Nose Throat Clinic	General Practice and Surgery Clinic
Psychiatric Clinic	Physical Therapy and Occupational Therapy Clinic

1.1.2 In - patient Department, categorized as follow.

Labour Room	Operation Room
ICU & CCU and NCU Room	Nursery Room
Single Room	Single Room Double bed Room
Deluxe	VIP

1.1.3 Supports Services , categorized as follow.

Emergency Department	X-ray Department
Laboratory Department	Hemodailysis Center
Nutrition Department	Nonthavej Polyclinic
Healthy Check Up International	Ambulance Service opens 24 hours everyday

1.2 Other companies which the company holds shares in excess of 10%

-None-

1.3 Other References.

a. Securities officer

Thailand Securities Depository Co., Ltd.
CAPITAL MARKET ACADEMY BUILDING
62 Securities Officer Building
Ratchadaphisek Road Kolngtoey ,Bangkok Thailand 10110
Tel : 66(0)-2-229-2800 (Main)
Fax : 66(0)-2-654-5427
TSD Call Center : 0-229-2888
E-mail : TSDCallCenter@set.or.th
Website : <http://www.tsd.co.th>

b. External Auditor

Dr. Virach & Associates Co.,Ltd.
518/3 Panunee Building , Floor 7th , Plenchit Road
Lumpini District , Khet Pratumwan, Bangkok 10330
Tel & Fax : (660)-2252-2860 , (660)-2254-8386-7

c. Legal Consultant.

The Far East Law Office (Thailand) Co., Ltd.
No. 121/74-75 R.S. Tower 24th FL., Ratchadaphisek Road ,
Dindaeng District , Bangkok 10320
Tel : (660)-2641-3181-88 , (660)-2248-6711
Fax : (660)-2641-3189-90,(660)-2248-6719

2. Summary of the Company's Financial Information

(Unit : Thousand baht)

	2012	2011	2010
Asset at year date			
Current Assets	429,781	273,158	265,133
Total Assets	1,456,115	1,242,199	1,149,278
Current Liabilities	240,547	186,800	144,850
Total Liabilities	275,647	212,094	144,850
Issued and Paid - up share capital	160,000	160,000	160,000
Shareholders ' Equity	1,180,468	1,030,105	1,004,427
Income and Retained Earning			
Revenues from hospital	1,720,971	1,449,216	1,382,894
Total Revenues	1,735,181	1,460,113	1,391,704
Cost of health care services	1,174,395	1,011,988	946,418
Gross Profit	546,576	437,228	436,476
Selling and administrative expenses	239,960	211,079	185,927
Profit before Income Tax Expenses	320,826	234,801	257,295
Income Tax Expenses	74,962	72,110	62,849
Profit for the years	245,864	162,691	194,446
Share data (Baht)			
Earning per share	1.54	1.02	1.22
Dividend per share	0.61	0.73	0.66
Book value per share	7.38	6.44	6.28
Financial Ratio			
Current Ratio	1.79	1.46	1.83
Receivable Turnover	17.97	18.43	19.77
Receivable Period	20.03	19.53	18.21
Inventory Turnover	32.45	33.41	33.25
Inventory Period	11.09	10.78	10.83
Gross Margin (%)	31.76	30.17	31.86
Net Profit Margin (%)	14.29	11.23	14.06
Return on Asset (%)	18.22	13.61	18.06
Return on Equity (%)	22.24	15.99	20.86
Assets Turnover	1.29	1.22	1.26
Growth Rate			
Total Assets (%)	17.22	8.09	9.16
Total Equity (%)	14.60	2.56	9.66
Total Revenues (%)	18.84	4.92	5.00
Net Profit (%)	51.12	-16.33	9.87

3.Business Operations

3.1 General Business Operations

The Nonthavej Hospital Public Company Limited began its operation on September 3, 1981. It is the first Private Hospital in Nonthaburi Province and located at 30/8 Ngamwongwan Road, Bang Khen, Amphur Muang, Nonthaburi 11000, Telephone number 0-2596-7888 and Facsimile number 0-2589-8753, Website : www.nonthavej.co.th . The hospital is located on the premise of 4 rais 3 ngan and 80 square wah. The hospital operates through in-patient, out-patient, and emergency departments and opens 24 hours everyday. Our ambulance services are also available around the clock. With specialized medical staff in all fields, competent supporting staff, state of the efficient medical equipment and technology, today, we are equipped with 208 beds to accommodate in-patients and 90 examination rooms to accommodate out-patients, which enable us to service up to 2,000 of out-patients each day.

3.2 Income Structure

(Unit : Millions baht)

Each type of patient	2012		2011		2010	
	Baht	%	Baht	%	Baht	%
Out – Patient	893.14	51.90	763.78	52.70	740.96	53.58
In – Patient	827.83	48.10	685.44	47.30	641.94	46.42
Total	1,720.97	100.00	1,449.22	100.00	1,382.89	100.00
Increased (Decreased)	271.75	18.75	66.33	4.80	63.90	4.84

(Unit : Millions baht)

Each type of revenue	2012		2011		2010	
	Baht	%	Baht	%	Baht	%
Medicine and Supply	534.22	31.04	468.35	32.32	435.81	31.51
Doctor fees	378.86	22.01	315.38	21.76	301.54	21.81
Room and Services	222.51	12.93	187.06	12.91	178.95	12.94
Medical Equipment	200.75	11.66	167.77	11.58	162.49	11.75
Lab and X-Ray	281.59	16.36	224.88	15.52	228.09	16.49
Meals	21.25	1.23	14.50	1.00	14.30	1.03
Other	81.79	4.75	71.28	4.92	61.71	4.46
Total Revenue	1,720.97	100.00	1,449.22	100.00	1,382.89	100.00

3.3 Significant Changes In the past Year

Open Diagnostic Digital Imaging Center to build confidence in health care efficiency and standardization , respond requirement the health care comprehensive and improve service areas within the hospital. Such as Emergency department , Surgical department and Room patients are modern and service development to improvement process. Bringing Information Technology to help increase speed and accuracy of the services.

Trends on Industrial Situation and Competition

1. Industrial Structure

Due to the economical and social improvements, people nowadays have had more awareness on the health issues. The quality of life has increased and the behavior toward healthcare has improved. Consequently, private hospitals have a lot of opportunity in answering increasing needs among customers, as well as high chance in business growth, despite the great competition in the industry.

2. Competitive Position

For the past 30 years of operation, Nonthavej Hospital has been offering great medical services and improving its potential by setting up Excellent Center in different areas. The medical team is full of specialized doctors and staff in each area.

The hospital's competitors are surrounding hospitals within 20 kilometers and the other hospitals which customers have great confidence in.

Nonthavej's Competitive Edges

1. Locational Advantage: Nonthavej is located on Ngamwongwan Road, which is a center of a large residential community. It is located near many places of interests such as big shopping malls notably the Mall Shopping Center, Tesco-Lotus Super-Center, and Homepro. The hospital is also nearby major public and educational premises such as the Ministry of Public Health, the Ministry of Commerce, the Electricity Generating Authority of Thailand, the Provincial Electricity Authority, the Telephone Organization of Thailand and Dhurakitpundit University.

2. The Service Cares Provided : Our overriding objective is to be the provider of high quality health care services. To this end, we not only employ specialized physicians in all aspects of medical practices but also continue to equip our medical staff with knowledge, skills as well as modern medical technology.

3. The Reliable Reputation : With our highly qualified and specialized physicians and medical staff, Nonthavej has recognized by the general public and patients as the reliable provider of health care services over the past 30 years of its establishment. As a result, the company been very successful in its business operation as observed by the continued ability to generate profits.

4. Personnel: Nonthavej has been recognized by the general public and patients as the reliable provider of health care services over more than 30 years of its establishment. In addition, the company has been very successful in its business operation as observed by the continued strong financial performances and positions. With such renowned reputation, the company has been able to recruit numbers of highly qualified individuals to join the company.

Nonthavej's Disadvantage:

Due to the fact that we are located near the large residential community and a few shopping malls, the traffic around the area can be packed at times.

4. Risk Factors:

Legal Dispute Risk

Offering medical services has a possible risk from the misunderstanding among the medical team, patients and patient's family, in terms of diagnosis, causes of ailments, and information about treatment procedures. Therefore, the hospital has various measures to monitor the quality management system and vocational standards to prevent these risks. These measures are the assessment process called Hospital Accreditation (HA), ISO 9001:2008 and Joint Commission International Accreditation (JCI) for management system, ISO 15189 for medical laboratories, HACCP for food safety, GMP, and other vocational standards.

Industrial Competition Risk

Medical and hospital industry is very competitive and has a tendency to become even more competitive. The Government has a policy of healthy services to the greatest and setting up Excellent Center to cover all medical areas. Advanced medical technologies are used in order to increase the efficiency of the services, while the staff and medical products are being continuously improved in order to increase the competitiveness.

Medical Staff Shortage Risk

Hospital industry needs to have knowledgeable, efficient, experienced, and specialized staff in different areas, such as doctors, pharmacists, technician staff, and nurses, who all play an important role in delivering services. With the rising competition from public and private sectors and the fact that medical staff can be limited, there is a high risk in the staff shortage.

The company is aware of the importance in finding, improving, and maintaining staff that is knowledgeable, experienced and efficient. The methods to develop human resources as such are;

1. Concentrating on hunting and hiring staff with the suitable knowledge, experience and competency for the job
2. Managing the compensation and welfare for staff by improving the salary and benefit structure so that it is appropriate for each position and competitive in the market.
3. Developing the human resources by using the training road map which is suitable for the staff's roles and career growth.
4. Building up the labor relation by health promoting activities have been organized for staff so that they have successful operational result and form a connection with the organization.

5. Management & Organizational Chart

5.1 Shareholders

The name of the largest shareholders on December 28, 2012

Name	Share	% of share
1. Mrs.Patama Prommas	50,641,000	31.65
2. Mr.Lopachai Keanratana	37,581,800	23.49
3. Thailand Securities Depository Co.,Ltd. For Depositor	31,956,170	19.97
4. Dr. Prompan Prommas,MD.	9,670,000	6.04
5. Miss.Prapichaya Prommas	4,144,000	2.59
6. Mrs.Prompan Siripat	3,390,000	2.12
7. Dr. Saravut Sontikaew ,MD.	3,332,000	2.08
8. Mr.Prasert Prasatthongsoj	1,258,000	0.79
9. Dr. Charoon Chairaj, M.D.	700,000	0.44
10. Mrs.Siriaorn Thanosawan	<u>600,000</u>	<u>0.37</u>
Total	<u>143,272,970</u>	<u>89.55</u>

Group of the largest shareholders has an influence to assignment policy of the company is following :

1. Group of Keanratana family % of share 23.49 by Mr.Lopachai Keanratana is Chairman / Executive Director / Authorized Director and affix the company's seal.

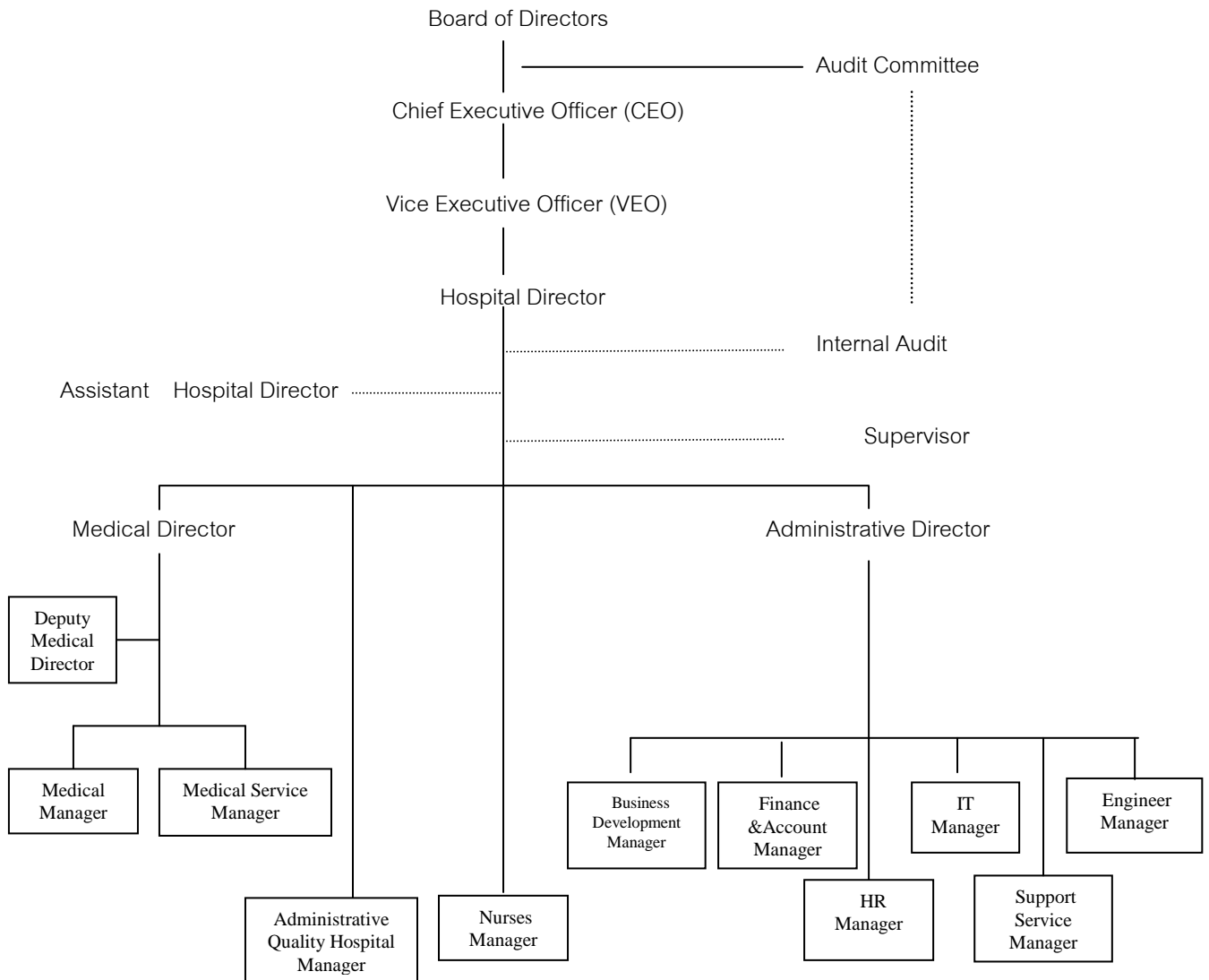
2. Group of Prommas family % of share 40.28 by Dr. Prompan Prommas,M.D. is Chief Executive Officer / Executive Director / Authorized Director and affix the company's seal. And Mrs. Patama Prommas Vice Executive Officer / Administrative Director / Executive Director / Authorized Director and affix the company 's seal.

And Miss Prapichaya Prommas a daughter of Prommas family.

5.2 Management

(1) Management

(1.1) Organization Chart



The Board of Directors

The Board of Directors consists of 9 directors of which

	<u>Name</u>	<u>Position</u>
1. Mr.Lopchai	Kaenratana	Chairman
2. Dr. Prompan	Prommas, M.D.	Director / Nomination Director
3. Mrs. Patama	Prommas	Director / Remuneration Director
4. Mrs.Prompan	Siripat	Director / Nomination Chairman
5. Dr. Saravut	Sontikaew,M.D.	Director
6. Dr. Kamales	Santivejkul,Ph.D.	Independence Director / Remuneration Director
7. Dr. Prawit	Ninsuvannakul,Ph.D.	Independence Director / Audit Committee Chairman
8. Dr. Charoon	Chairoj, M.D.	Independence Director / Audit Committee Director / Remuneration Chairman
9. Dr. Viroonporn	Prompongsa, M.D.	Independence Director / Audit Committee Director / Nomination Director
Miss Suree	Sangkornpanich	Secretary Company

Director Authorized to sign on Behalf of the Company Mr. Lopchai Kaenrattana or Dr.

Prompan Prommas, M.D. or Mrs.Patama Prommas , two directors sign jointly and affix the company's seal.

The Board of Directors' Scope of Authorities

1. Management must observe laws, rules, and objectives set out by the company. They also are responsible for the protection of the shareholders'benefits as well as obliged to the decision made at the shareholders' meeting.

2. Responsible to setting up policy and vision for the company. They must monitor the performance of the company's management to ensure that it is being done in accordance to the policy set out by the Board of Directors. The company's management must be done in an effective and efficient manner.

3. Set out effective internal audit and internal control system for the company.

4. Monitor closely the operation of the company to ensure the company's compliance with laws and rules prescribed by the company. This will lead to an efficient operation for the company as a whole.

5. Call for the shareholders' meeting. The shareholders' meeting shall oblige by the standard procedures prescribed for SET's registered company to ensure transparency and fairness.

6. Responsible for reporting financial and general information of the company to the shareholders and general investors in a completed and transparent manner.

The Composition of the Board of Directors

1. The Board of Directors consists of not less than 5 directors of which at least half of the number of directors are directors whom are residents of the Kingdom of Thailand.
2. The nomination of directors will be determined at the Shareholders' Meeting. The Nominating Committee will recommend the qualified candidates for such nomination. The regulations and procedures governing the nomination of directors at the Shareholders Meeting are as follows:
 - 2.1 For each shareholder, one share renders into one vote.
 - 2.2 Each shareholder can cast his or her votes (as specified in 2.1) to one or more directors. In case where the shareholder decides to vote for more than one director, his/her votes for each candidate will carry the same weight.
 - 2.3 The person with highest number of votes and the next highest ranking shall be nominated directors. The number of directors nominated shall be equal to the number of directors the Shareholders Meeting deem necessary or the number decided to be nominated at that particular meeting. In case where there are two people who receive the same number of votes, and make the number of directors higher than the Shareholders Meeting deem necessary or the number decided to be nominated at that particular meeting, the chairman of the meeting shall cast the final vote.
3. At the Annual General Shareholders Meeting, the term for one-third of directors will be terminated. The director whose term has ended shall be eligible for re-nomination.
4. Directors can be voted out of the office before their terms end at the Shareholders Meeting. Such vote requires at least three-fourth of the number of shares with voting rights and proxies held by shareholders attending the meeting. And, the total number of shares of not least than half of the number of shares with voting rights and proxies held by the shareholders attended the meeting.
5. Any directors can resign from the directorship position upon submitting the resignation form to the company. The resignation shall become effective the day that the resignation letter is received by the company.

(1) The Audit Committee

The Audit Committee of Directors consists of 3 directors of which

	<u>Name</u>	<u>Position</u>
1. Dr. Prawit	Ninsuvannakul, Ph.D.	Independence Director / Audit Committee Chairman
2. Dr. Charoon	Chairoj, M.D.	Independence Director / Audit Committee Director
3. Dr. Viroonporn Prompongsa, M.D.		Independence Director / Audit Committee Director
Mr. Warawut	Srisura	Secretary Audit Committee

The Audit Committee' Scope of Authorities

1. Review the company's financial reporting Process to ensure accuracy and adequacy.
2. Ensure the suitability and effectiveness of internal control and internal audit procedure.
3. Consider the independence of the Audit Office to propose the appointment, removal, transfer or dismissal of the director of the Internal Audit office
4. Ensure compliance with securities and exchange laws, SET regulations, and relevant laws.
5. Consider, select, nominate, and recommend the fee for the external auditor.
6. Consider the accurate and complete disclosure of Company information in case of connected transactions or potential conflicts of interest
7. Prepare a report on the committee's supervision of business for disclosure in the annual report, to be signed by Chairman.
8. Perform tasks assigned by the Board and with the approval of the Committee.

The Composition of the Audit Committee can be summarized as follows:

The Audit Committee was established by the approval from the Board of Directors. It has a three years term and consists of at least three independent directors – of which at least one must be an expert in the field of finance or accounting. The director whose term has ended shall be eligible for re-nomination.

(2) The Nomination of Directors and Managements

The Nomination of Directors consists of 3 directors of which

<u>Name</u>	<u>Position</u>
1. Mrs.Prompan Siripat	Nomination Chairman
2. Dr. Prompan Prommas, M.D.	Nomination Director
3. Dr. Viroonporn Prompongsa, M.D.	Nomination Director

The Nomination Committee' Scope of Authorities

1. Screen and recommend the names of qualified candidates for directors in the Board of Directors, Audit Committee, and other Committees to the Board of Directors. The Board of Directors, in turn, will put forward its recommendation to the Shareholders' Meeting.
2. Screen for qualified persons to assume the position of chairman/vice chairman and other directors in case where vacancy becomes available.
3. Consider on nomination, transfer, remove the company's management staff.
4. Prescribe transparent regulations and procedures governing the recruitment of directors.

The Composition of the Nomination Committee can be summarized as follows:

The directors of the Nomination Committee must be the directors that are appointed by the Board of Directors. It has at least three directors, of which at least one must be an independent director.

(3) Remuneration for the Directors and Managements

The Remuneration of Directors consists of 3 directors of which

	<u>Name</u>	<u>Position</u>
1. Dr. Charoon	Chairoj, M.D.	Remuneration Chairman
2. Mrs. Patama	Prommas	Remuneration Director
3. Dr. Kamales	Santivejkul, Ph.D.	Remuneration Director

The Remuneration Committee' Scope of Authorities

1. Consider guidelines in setting remuneration for directors, Board of directors, whether such remuneration are in monetary or non-monetary nature. The remuneration shall also include honorarium, fringe benefits and other benefits. The mentioned guidelines shall be recommended to the Shareholders Meeting.
2. Specify procedures and regulations in setting remuneration for directors in a fair and reasonable manner. Such specification shall be recommend to the Shareholders' Meeting for approval.

The Composition of the Remuneration Committee can be summarized as follows:

The directors of the Remuneration Committee must be the directors that are appointed by the Board of Directors. It has at least three directors, of which at least one must be independent director.

Remuneration must be the money

Remuneration by the Board of Directors(9 person)

Name - Surname	Total Directors / Meeting (Time)	Remuneration for Directors per year	Remuneration for Audit Committee per year	Meeting per year
1. Mr.Lopchai Kaenratana	7/7	180,800	-	35,000
2. Dr. Prompan Prommas, M.D.	7/7	180,800	-	35,000
3. Mrs. Patama Prommas	7/7	180,800	-	35,000
4. Mrs. Prompan Siripat	7/7	180,800	-	35,000
5. Dr.Saravut Sontikaew,M.D.	7/7	180,800	120,000	35,000
6. Dr.Kamales Santivejkul , Ph.D	7/7	180,800	240,000	35,000
7. Dr.Prawit Ninsuvannakul ,Ph.D	7/7	180,800	-	35,000
8. Dr. Charoon Chairoj, M.D.	7/7	180,800	-	35,000
9. Dr.Viroonporn Prompangsa, M.D.	7/7	180,800	120,000	35,000
Total		1,627,200	480,000	315,000

Remuneration for the Directors and Managements

Salary and Bonus	13,162,625	baht
Remuneration for Meeting	315,000	baht
Remuneration for Directors	1,627,200	baht
Other (Remuneration Audit Committee)	<u>480,000</u>	baht
Total	<u>15,584,825</u>	baht

Remuneration for the company's management staff (9) for 2012 consisted of salary and annual bonus totaled 15,584,825 baht.

(4) Good Corporate Governance

The company is mindful of the importance of good supervision policy in further enhancing the company's effectiveness, and competitiveness as well as ensuring of sustainable growth. In addition, transparency, and clarity of business practices and the conduct of business in aiming to maximize the shareholders' value are supportive in gaining acceptance by the general public. The Company therefore would like to report the corporate governance issues as follows:

1. The Rights of Shareholders

The Company acknowledges the importance of all shareholders' rights, including major and minority shareholders. Shareholders' rights include basic rights of shareholders as investors and as owners of the Company, such as rights to buy, sell, transfer their shares; rights to receive dividends from the Company; rights in shareholders' meetings; rights to express their opinions; rights to participate in making decisions on important issues, such as election of directors, approval of important transactions that affect direction of the business and operation of the Company, amendment of memorandum of association and articles of association of the Company.

In 2012, the Company has implemented the following to encourage and facilitate the exercise of shareholders' rights in shareholders' meeting:

1. The Company gives shareholders the right to propose important and appropriate issues for incorporation as an agenda in the Company's annual general meeting and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director before the annual general meeting of shareholders. Shareholders can find details of the criteria and guidelines on the Company's website.
2. The Company sends invitation letters to shareholders in advance to inform them of the meeting agenda which includes opinion of the Board of Directors on each agenda item, together with supporting documents and information sufficient to facilitate shareholders in making their decisions. In addition, the invitation letter package includes details of required documents in order to protect shareholders' rights to attend the shareholders' meeting, together with their rights to vote. Moreover, the invitation letter to shareholders' meeting is disclosed on the Company's website. For the annual general meeting of shareholders, the invitation letter is posted on the website 30 days prior to the meeting date.
3. For those shareholders unable to attend the meeting, the shareholders have the right to authorize a person or an independent director as their proxy to attend the meeting and vote on their behalf, using one of the proxy forms sent with the invitation letter. Moreover, shareholders can download the proxy form from the Company's website.

4. The Company implements the computer system for registration and the voting process, including the production of voting cards. This helps accelerate and ensures the accuracy of the registration and vote counting process. Upon completion of the meeting, shareholders are able to verify the details.
5. Before going into each agenda, the Chairman of the Board of Directors, who acts as chairman of the meeting, informs the meeting of the voting process for each agenda. During the meeting, the chairman of the meeting gives all shareholders the opportunity to comment, ask questions or give opinions and suggestions on any agenda items. The Chairman and management see the importance of every question and give precise and clear answers.
6. The Company Secretary records minutes of the shareholders' meetings which are correct and complete. In addition, the minutes are sent to the Stock Exchange of Thailand and posted on the Company's website within 14 days after the meeting date, so that shareholders are promptly informed and are able to verify.

In addition, the Company also emphasizes on providing correct, timely, equal and transparent information sufficient for all shareholders and investors to make their investment decision.

2. The Equitable Treatment of Shareholders

The Company is strongly committed to equitable treatment of every shareholder, whether they are major or minority shareholders, institutional investors, or foreign shareholders. To ensure equal treatment of all shareholders, the Company created various mechanisms, such as:

1. The Company provides a channel for minority shareholders to propose issues deemed important and appropriate to include in the agenda of the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director. The announcement has been made through the Stock Exchange of Thailand and the Company's website. Independent directors will consider and propose the matter to the Board of Directors to be included in the meeting agenda as appropriate.
2. The Company provides proxy forms for shareholders' meetings. The proxy forms allow shareholders to specify their voting decision on each agenda, and are in accordance with the format provided by the Ministry of Commerce. The proxy forms are sent with the invitation letter. As an alternative for shareholders, the Company also proposes one independent director as the proxy.
3. The shareholders' meetings proceed according to the order of the agenda, without adding new and uninformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making decisions, and to ensure that there are no sudden changes to the important information in the shareholders' meetings.

4. The Company sees the importance of the consideration of transactions which may have conflict of interest or may be connected or related transactions, and abides by good corporate governance principles, including rules and regulations of the authorities. In cases of these transactions, directors, management and those who are related persons do not participate in the consideration to approve such transactions.
5. The Company provides oversight and control to prevent improper use of inside information. Details can be found in section 5.2(5) Internal Control of Information. In addition, directors and management of the Company must report the purchase or sale of the Company's securities to the Securities and Exchange Commission and the Company within three business days.

3. The Role of Stakeholders

We are mindful of the importance of different groups that are also the stakeholders of the company. We have already set up the regulation with stakeholders in employee guidebook for the officer and executive to realize in the importance of stockholder's right.

Shareholders:	The company is determined to operate the business in the way of which to maximize the value for our shareholders. The business operation must be transparent and credible which in turn will lead to a continuous growth.
Customers (Patients):	The company is determined to provide quality services that shall focus on the need and expectation of our customers (patients). We also treat our customers' confidential information with the utmost care. We have set up a unit responsible for customers' complaints and the staff from the unit will immediately process the complaint case for our customers without delay.
Staff:	<p>We emphasize on the continued development of knowledge and skills of our employees. The company also encourages the development of good Working culture such as teamwork. We have an equitable and fair treatment policy for our employees. Our employees shall receive a fair remuneration package.</p> <ul style="list-style-type: none"> - We have the welfare treats to the officers and their family. - We have checking health for the officers regularly every year include following of checking always. - Encourage give the officers have strength health. - We have children assistance in the sense of the education - The flood of the past more than three hundred people are affected. We have homeless people living in the area over the past two months, including the money and facilities to assist employees who are more than eight hundred houses were damaged baht.

Contracting Party :	We honor our trade agreements and terms that we have with our contracting party. We treat our contracting party as equal partner and recognize the importance of our mutual benefits.
Competitors :	We are supportive the competition policy that is fair and market-oriented.
Society/Community :	<p>The realization on the part of society, which is responsible for public assistance, social support communities. By providing a mobile health unit to health services in the community. The knowledge of first aid. And the movement to educate and provide health care practices, including protection to reduce the chance of illness. Health and wellbeing of the community.</p> <p>The Company continued with the Chamber of Commerce, Nonthaburi. Love is in the breast cancer screening. To those who are vulnerable and needy have been Gram Digital Mammogram and Ultra Sound (Breast cancer screening) of 80 patients, are aimed to give a royal charity on the occasion of HM the Queen's 80th Birthday Anniversary.</p> <p>The company continues to build relationships with the community. In addition to the past. Lecture medical knowledge. Protection from disease. Basic first aid. One of the company is on an annual basis. The training plan for all accidents. And fire protection plan with the disaster. Dubai Municipality. As part of its policy of promoting energy conservation and the environment. By providing knowledge and awareness to the employees so that everyone can conserve energy.</p>

4. Investors' Relations

The company places strong emphasis on the disclosures of accurate, complete, and timely information to our stakeholders. In this light, we have established the Investors Relations Unit to liaise with investors, shareholders, stock analysts, and other relevant agencies on behalf of the company. We also disclose our company's information through our website at www.nonthavej.co.th. This has increased a channel for investors or interested parties in accessing to the company's data. Our Investor Relations Officer is Ms. Suree Sangkompanich. Investors can contact Ms. Suree at 0-2596-7888 extension 2515 or at email: suree@nonthavej.co.th or ir@nonthavej.co.th

5. Responsibilities of the Board of Directors

1) The Board of Directors Structure

The Board of Directors is comprised of qualified directors with extensive experience in various fields. Every director participates in setting the Company's vision, mission, strategies, goals, business plans and budgets. The Board of Directors also ensures that the plans are carried out efficiently and effectively by the management, to ensure the maximization of the Company's value and stability to shareholders. The Board of Directors meets quarterly to review the management's report on the Company's operations. Details of duties and responsibilities of the Board of Directors can be found in Section 5.2 (1) Management Structure.

2) Leadership and Vision

The Board of Directors takes part in formulating the company's vision, purposes, strategies, objectives, and business plans. The Board of Directors is also responsible for supervising the management to effectively and efficiently carry out the set vision and purposes accordingly. The Board of Directors also takes part in establishing indicators and target measurement for the company. The Board will follow-up on the company's operation against the set target. In case where operation falls short of the target, the Board shall identify a remedial course of action and continue to monitor the development very closely.

The Board of Directors has established the Audit Committee to closely surveillance and make sure that there exists an appropriate and suitable internal control system. The Committee is also to ensure the prevention of matter involving the conflict of interests.

The Board of Directors has also established the Risk Management Committee to manage the overall's organizational risks. The Committee is to identify and manage risks down to the unit level.

3) Conflict of Interests

The company has laid down explicit policy concerning the matters that may arise the conflict of interests. For transactions relating between the company and the person of which incident for conflict of interests may arise, the transaction (matter) must be reviewed by the company's management as well as granted approval from the Board of Directors. And, the concerned directors are not eligible to cast their votes on the agenda of the meeting that involved their personal interests. Furthermore, the Audit Committee has a surveillance responsibility in preventing against the conflict of interest incidents.

In accordance with the company's policy, directors, management and concerned staff of the company are forbidden from disclosing classified information to external party or non-concerned party. They are also prohibited from buying/selling the company's shares during the period within one month prior to the financial statement being released to the public. The company also requires its management to report the change in their security holdings to both the SEC and SET.

4) Business Ethics

In the undertaking of business, the company has issued ethical code of conducts for the Board of Directors, management and staff of the company to follow. The main principles in the company's code of conducts require everyone to perform their duties with transparency, honesty, integrity, fairness, and morality.

5) Balance of Power for Non-Executive Directors

The Board of Directors consists of 9 directors of which

- four directors are members of the company's management team, and
- five directors are independent directors.

Thus independent directors constitute more than one-third of the company's Board of Directors.

6) Aggregation or Segregation of Positions

- The chairman of the Board of Directors is the representative of majority shareholders.
- The chairman of the Board of Directors is not the same individual as the managing director,

although both represent the majority shareholders. The fact that the independent directors make up more than one-third of the Board of Directors is an assurance of the check-and-balance system in the company's management.

7) Remuneration for Directors and the Management

The Board of Directors has established the Recruitment Committee in screening and recommending the names of qualified candidates to be the company's directors to the Board of Directors. The Board of Directors, in turn, shall put forward the recommendation to the Shareholders' Meeting.

The Board of Directors has also established the Remuneration Committee to consider setting guidelines on remuneration for the company's directors. The Board of Directors shall recommend the mentioned guidelines to the Shareholders Meeting.

8) Board of Directors' Meetings

The Board of Directors shall meet at least four times a year. The additional meeting shall be called for as necessary. The agenda of the meeting as well as documents pertaining to the meetings shall be circulated seven days prior to the meeting date to give the directors adequate time to analyze the information.

The Board of Directors ' Meetings in 2012 as follows:

Name - Surname	Total Directors / Meeting (Time)
1. Mr.Lopchai Kaenratana	7/7
2. Dr. Prompan Prommas, M.D.	7/7
3. Mrs. Patama Prommas	7/7
4. Mrs. Prompan Siripat	7/7
5. Dr.Saravut Sontikaew,M.D.	7/7
6. Dr.Kamales Santivejkul , Ph.D	7/7
7. Dr.Prawit Ninsuvannakul ,Ph.D	7/7
8. Dr. Charoon Chairaj, M.D.	7/7
9. Dr. Viroonporn Prompangsa, M.D.	7/7

9) Committee

The Board of Directors has established the three Sub-Committees, which entail the Audit Committee, the Nomination Committee, and the Remuneration Committee. These Sub-Committees consist of directors whom are also in the management team as well as independent directors. The composition, roles and responsibility of these Sub-Committees are stated in 5 Management &Organizational Chart 5.2 Management , (2) The Nomination of directors and managements , (3) Remuneration for the Directors and managements.

10) Controlling System and Internal Audit

The company emphasizes on the importance of the internal control system both at management and operating level. The duties and mandates of the management and staff of the company are clearly specified in writing. There is an internal control mechanism to supervise and ensure the utilization of company's assets. To ensure of the check-and-balance mechanism, there is a separation of roles and duties between the operating staffs and the controllers. There is also an internal control system concerning the company's financial transactions. The financial reports are prepared and reported through the relevant line of command.

There is an Audit Committee with the responsibility of closely surveillance the company's operation. In addition, the Internal Audit Department is responsible for the assurance that the company's major operation and financial transactions are effectively in compliance with the stated guidelines as well as laws and relevant regulations (compliance control). To guarantee an independence nature of the Internal Audit Department, it is to report the finding directly to the Audit Committee.

The company strongly emphasizes on risk management. We have established the Risk Management Committee to identify, assess as well as formulate preventive measures against potential risks arising from business operation. The Committee is also to follow-up and supervises on risk management system. It will report the findings to the Audit Committee whom in turn will forward report to the company's Board of Directors.

11) Directors' Reporting

The Board of Directors is responsible for the financial statements and financial information of the company that are shown in the annual report. The financial statement is prepared in accordance to Generally Accepted Accounting Principles in Thailand. We are consistently following good accounting policies and practices. Also, in our financial statement, it includes the notes to the financial statement that disclose integral information.

The Board of Directors has instituted the internal control system to ensure of accurate, and sufficient accounting records to prevent fraudulent.

The Board of Directors has also established the Audit Committee consisted of independent directors who are not part of the company's management team. The Audit Committee is to ascertain the quality of company's financial reports and internal control system. The Audit Committee's commentary is included in the company's annual report.

With the overall company's internal system well in place, the Board of Directors acknowledges that the company's financial statements are not only trustworthy but also reliable.

(5) The Usage of Internal Information

The company has an explicit policy concerning the management of confidential information. Please refer to details in (4) Good Corporate Governance 2. The Equitable Treatment of Shareholders

(6) Internal Control

The Board of Directors has delegated to the Audit Committee with the responsibility for the selection of the company's external auditor. The Audit Committee is also responsible for supervision and examination of the company's overall internal control. The Audit Committee, in turn, delegates to the Internal Audit Department with the responsibility on the undertaking of an annual internal auditing. The Internal Audit Department is also responsible for formulating annual auditing plan for the approval of the Audit Committee. After the undertaking of the annual auditing, the Internal Audit Department shall report its findings to the Audit Committee for information. The Audit Committee, in turn, shall report the findings to the company's Board of Directors for information.

The joint assessments made by the Audit Committee and the Board of Directors on the adequacy of the company's internal control system can be summarized as follows:

Organization and the Environments

The company has a very well-defined organizational structure consisted of committees, sub-committees, and inter-department committees responsible for different mandates. The company has also established the Balance Scorecard System to measure the company's performance against the business objectives. It also helps to manage overall risks as well as to improve the organization's overall quality.

The company has defined different policies concerning the good governance namely, the formulation of ethical code of conducts, the management of confidential information, and the formulation of preventive measures against the conflict of interests. The company has established sub-committees such as recruitment sub-committee and remuneration sub-committee. The establishments of these committees were to ensure of a transparent process in both the selection and remuneration of the company's directors.

Risk Management

The company has established the Risk Management Committee to manage the overall's organizational risks. It also aims to revise and improve the company's risk management system in a continuous manner. The risk of an organization to monitor risk management within the organization through the vulnerability of the report and risk committee on a regular basis about the results of risk management within the organization.

Administrative Control

The company has clearly defined duty and responsibility for the management. This includes the power both on specific items and on the maximum amount of money can be authorized. In case there is conflict of interests, there are specified rules and procedures for the directors or management to follow. In addition, the management is required to make a regular report of the company's operations to the Board of Directors.

Management of Information Technology and Communication of Information

The company has established a two-way internal communication system – between management and staff. The company also reports important information to the Board of Directors on a regular basis. For external communications, the company has established the Investors Relations Unit to liaise with our stakeholders on information of the company as well as to respond to their enquiries.

Monitoring System

The company regularly holds meetings to monitor the operations, risks, and other relevant indicators. For the risks management or any indicators that do not meet their targets, appropriate actions shall then be taken by the company.

The Audit Committee has commented on the company's internal audit and risks management in the 2012 internal audit report.

5.3 Policy of Dividend Payment

The Company has policy of Dividend Payment for Shareholder's 60 percent of profits in the year.

6. Transaction with Subsidiaries

The Company has certain accounting transactions with related person. These transactions are in general with the normal trading terms and conditions and the market price. The relationship of the related person is being the Company's director.

RELATED TRANSACTION IN INCOME STATEMENTS	AMOUNT IN BAHT	
	2012	2011
Consulting fee on the information system	-	450,000

7. Management's Discussion and Analysis of Financial Conditions

Financial Position

1. Capital Structure

The capital structure of the company (in percentage) can be summarized as follows:

Current Assets	29 %	Current Liabilities	17%
Fixed Assets	67%	Long term debts	2%
Other Assets	4%	Shareholders' Equity	81%
Total Assets	100%	Total Liabilities and Shareholders' Equity	100%

The company's capital structure depicted the ratio of total assets to liabilities and shareholders' equity as 100: 19 + 81. The ratio of current liabilities to total assets stood at 17 percent.

The current assets registered at the level of 29 percent of the total assets . The rest of Company's assets at the level of 67 percent of the fixed assets. In 2012 the company had investment of the Medical equipments and computers.

2. Asset Management

Composition of Assets:

As of December 31, 2012, the company assets were totaled at 1,456.12 million baht, an increase of 1,242.20 million baht, equivalent of 17.22% percent at the end of 2011. The major changes in assets were as follows:

2.1 Current Assets

As of December 31, 2012, the company current assets totaled at 429.78 million baht, equivalent of 29.52 percent of totaled assets, an increase of 156.62 million baht, equivalent of 57.34 percent from end of 2011. The current assets were as follows:

2.1.1 Cash and Cash Equivalents:

As of December 31, 2012, cash, deposits in saving accounts and fixed term deposits maturing in less than 3 months amounted to 62.42 million baht, equivalent of 12.11 percent of totaled assets. It showed a decrease of 88.07 million baht , equivalent of 58.52 percent of totaled assets from end of 2011 . (Please see details in the Notes to Financial Statements 3.11 and 5)

2.1.2 Short-term investments

As of December 31, 2012, Deposits at financial institutions fixed term in 6-8 months amounted to 201.33 million baht (Please see details in the Notes to Financial Statements 6.4) , Open-ended funds amounted to 0.16 million baht and Trading securities amounted to 2.00 million baht. (Please see details in the Notes to Financial Statements 3.2 and 6.1 and 6.2)

2.1.3 Account Receivables (net):

As of December 31, 2012, account receivables stood at the level of 107.95 million baht, a higher amount than last year figure of 30.37 million baht equivalent of 39.15 percent. The mentioned figure represented account receivables and credit card slips waiting to be deposited.

2.1.4 Inventories:

As of December 31, 2012, the inventories stood at 39.72 million baht, an increase of 7.06 million baht, equivalent of 21.60 percent from last year. The inventories were mainly composed of drugs, pharmaceuticals, and medical supplies. (Please see details in the Notes to Financial Statements 3.4 and 8)

2.1.5 Other current assets

As of December 31, 2012, the other current assets stood at 16.20 million baht, an increase of 5.12 million baht, equivalent of 46.17 percent from last year. The increase higher than last year was due to other receivables, Cash loan payment, Office supplies and Equipment technician.

2.2 Non Current assets

As of December 31 2012, the Intangible assets Deferred computer software-net stood at 1,026.33 million baht equivalent of 70.48 percent of totaled assets, an increase from the last year figure 57.29 million baht equivalent of 5.91 percent from last year.

2.2.1 Long-term investments:

As of December 31, 2012, the company's fixed assets stood at 7.53 million baht, an increase from the last year figure of 2.85 million baht, equivalent of 60.86 percent from last year.

- As of December 31, 2012, Available-for-sale securities stood at 4.33 million baht, an increase higher than last year of 2.08 million baht, equivalent of 92.14 percent from last year. (Please see details in the Notes to Financial Statements 3.2 and 6.3)

- As of December 31, 2012, Fixed deposits at bank with restrictions stood at 3.20 million baht, an increase higher than last year of 2.43 million baht, equivalent of 0.76 percent from last year. (Please see details in the Notes to Financial Statements 9)

2.2.2 Land, Building, and Equipments:

As of December 31, 2012, the company's fixed assets stood at 972.83 million baht, an increase from the last year figure of 48.96 million baht. The increase a higher than last year was to renovate the building, the purchases of medical equipments and the purchases of computers.

2.2.3 Intangible assets

As of December 31 2012, the Intangible assets Deferred computer soft wares-net stood at 40.06 million baht , an increase of 11.06 million baht, equivalent of 38.15 percent from last year.

2.2.4 Other Non-Current Assets

As of December 31 2012, the company other non-current assets totaled at 5.92 million baht, equivalent of 0.41 percent of totaled assets. Such as guarantee using of meter electric and meter water .

3. Liabilities:

Composition of Liabilities:

As of December 31, 2012, the company liabilities were totaled at 275.65 million baht, an increase of 63.55 million baht, equivalent of 29.96% of totaled assets at the end of 2011. The major changes in assets were as follows:

3.1 Current Liabilities

As of December 31, 2012, the company current liabilities totaled at 240.55 million baht, equivalent of 16.52 percent of totaled assets, an increase of 53.75 million baht, equivalent of 28.77 percent from end of 2011. The current assets were as follows:

3.1.1 Trade accounts payable and other payables

As of December 31, 2012, the trade accounts payable and other payables stood at 157.84 million baht, equivalent of 10.84 percent of totaled assets ,an increase of 32.15 million baht, equivalent of 25.58 percent from last year. (Please see details in the Notes to Financial Statements 13)

3.1.2 Assets acquisition payable

As of December 31, 2012, the assets acquisition payable stood at 39.79 million baht, equivalent of 2.73 percent of totaled assets was to renovate the building, the purchases of medical equipments and the purchases of computers.

3.1.3 Accrued corporate income tax

As of December 31, 2012, the accrued corporate income tax stood at 37.90 million baht, equivalent of 2.60 percent of totaled assets ,an increase of 0.50 million baht, equivalent of 1.34 percent from last year.

3.2 Non-Current Liabilities :

As of December 31, 2012, the non-current liabilities totaled at 35.10 million baht, an increase from end of 2011. Since, in year 2012 has been to changes in accounting policies have applied the new accounting policy pertaining to employee benefits, in accordance with TAS 19 Employee Benefits. (Please see details in the Notes to Financial Statements 3.10 , 4 and 14)

4. Quality of Assets:

As of December 2012, the company has classified the figure for account receivables (net) in accordance with their aging profiles amounted to 107.95 million baht, represented a increase of 30.37 million baht from the last year's figure. The provision for doubtful debts in 2011 amounted to 2.40 million baht. (Please see details in the Notes to Financial Statements 7)

The inventories that composed of drugs, pharmaceuticals, and medical supplies were recorded at the historical costs or the market value, whichever figure that was lower. The amount was net of obsolete or expired supplies.

The compositions of the company's fixed assets as of December 31, 2012 were as follows :

(in million baht)

	Historical Cost	Appropriated Depreciations	Net Value
Land	218	0	218
Building& Infrastructures	811	437	374
Medical Equipments	483	253	230
Vehicles	14	13	1
Furniture and Fixtures	67	36	31
Office equipment	47	32	15
Computer equipment	82	45	37
Other equipment and tools	21	16	5
Assets under construction	62	0	62
Total Fixed Assets	1,805	832	973

The fixed assets were recorded at historical value without adjusting to the current market value. Concerning depreciations, the company deemed that the appropriate rate was in place and resulted in the appropriate book value of the fixed assets.

The company also managed its assets to the fullest utilization possible as seen that the return on fixed assets had improved continuously, from 36.44 percent in 2010 and to 28.51 percent in 2012 respectively.

5. Liquidity:

As of December 31, 2012, the Cash and Cash Equivalents stood at 62.42 million baht, a increase of 75.26 million baht from last year. The Cash and Cash Equivalents were as follows:

The net cash flow from operation amounted to 137.70 million baht an decrease of 141.29 million baht from last year. In 2012 the profit before income tax expenses amounted to 320.83 million baht had used the depreciation, amortization expenses and other expenses amounted to 119.99 million baht render of the profit from operation before change in change in operating assets and liabilities items amounted to 440.81 million baht. Also, the change in operating assets and liabilities items amounted to 231.91 million baht render of the cash received from operation amounted to 208.90 million baht, income tax paid amounted to 74.46 million baht.

The net cash used in investing activities amounted to 128.01 million baht as of December 31, 2012.

The net cash used in financing activities amounted to 97.76 million baht. In 2012, the company paid out dividends.

The company's liquidity ratios as of end-December 2012 were as follows:

- The current ratio stood at 1.79 in 2012, as opposed to 1.46 in 2011 and as opposed to 1.83 in 2010.

- The company's account receivable turnover ratio stood at 17.97 times in 2012 as opposed to 18.43 times in 2011 and as opposed to 19.77 times in 2010.

- The average number of days' sales in receivable stood around 20 days in higher than in the previous years. **The sales in receivable of the company.** This showed the company's improvement in its collection activities and management of account receivables.

- The inventory turn over ratio stood around 32.45 times in 2012 as opposed to 33.41 times in 2011 and as opposed to 33.25 times in 2010.

- The average number of days of inventory turnover period stood around 11 days equal the last year, the average of 10-15 days in the previous years. This showed the company's inventory turn over activities quickly and manage stocks inventory in the most effective.

Operating Results:

1. Operating Results:

1.1 Revenues: In 2012, the company generated the total revenues of 1,735.18 million baht, an increase of 275.07 million baht or 18.84 percent last year.

- The Revenues from medical treatment figure were 1,720.97 million baht, an increase of 271.76 million baht, equivalent of 18.75 percent last year.

- The Other income figure were 14.21 million baht, an increase of 3.31 million baht, equivalent of 30.39 percent last year.

1.2 Costs of medical treatment: The costs of providing services included costs of drugs, pharmaceuticals, and medical supplies, physician fees, salaries and compensations for medical professionals. In 2012, the total costs in providing the services totaled 1,174.39 million baht, and increased of 162.41 million baht, equivalent of 16.05 percent from last year. The ratio of the costs in providing services to revenues stood at 68.24 percent in 2012 and 69.83 percent in 2011 respectively. The ratio for 2012 was slightly lower than to 1.59 percent in 2011.

1.3 Selling and Administrative Expenses: In 2012, the selling and administrative expenses amounted to 238.02 million baht, an increase of 26.94 million baht, equivalent of 12.76 percent from 2011. The costs relating to selling and administrative expenses composed of salaries, compensation fees for administration, advertising and promotion expenses, utilities, depreciation and amortization expenses.

The ratio of selling and administrative expenses to revenues registered at 13.83 percent in 2012 and 14.57 percent in 2011 respectively. The ratio for 2012 was slightly lower than to 0.74 percent in 2011.

1.4 Directors' remuneration : In 2012, the Directors' remuneration amounted to 1.94 million baht, an increase of 0.30 million baht, equivalent of 13.49 percent from 2011.

1.5 Income Tax Expenses: In 2012, the income tax expenses amounted to 74.96 million baht, an increase of 2.85 million baht, equivalent of 3.96 percent from 2011. The Company income taxes are calculated at the rates of 23 percent in 2012 decrease from and the rate of 30 percent in 2011.

2. Profitability:

(in percentage)	2012	2011	2010
Gross Profit Margin	31.76	30.17	31.56
Operating Profit Margin	18.64	16.20	18.61
Net Profit Margin	14.29	11.23	14.06
Return on Shareholder's Equity	22.24	15.99	20.25

In 2012, the company generated gross profit margin in 2012 was 31.76 percent, comparable to the level of 30.17 percent in 2011. The company generated in 2012 the net profits of 245.86 million baht, an increase of 83.17 million baht or 51.12 percent from 2011, in 2011 the net profits stood at 162.69 million baht. The net profit margins for the company were as follows: 14.29 percent in 2012, 11.23 percent in 2011 and 14.06 percent in 2010.

The net profit margin ratio in 2012 to the increased from the last years. Because, the company had to ratio of the selling and administrative to revenues an decrease of 0.74 percent from last year. As the costs of medical treatment to revenues ratio an decrease of 1.59 percent from last year. The result of the company had the net profit margin a increase of 3.06 percent from last year.

In 2012, the return on shareholders' equity stood at 22.24 percent compared with 15.99 percent in 2011 and 20.25 percent in 2010 respectively. The return on shareholders in 2012 higher than in 2011 stood at 6.25 percent.

3. Operating Efficiency:

	2012	2011	2010
Return on Total Assets	18.22	13.61	17.66
Return on Fixed Assets	36.44	28.51	32.73
Assets Turnover	1.29	1.22	1.26

The operating efficiency of the company in 2012 had to efficiency higher than year in 2011 and 2010. The company had to the return on fixed assets ratio of 36.44 percent in 2012, 28.51 percent in 2011 and 32.73 percent in 2010. The company had investment of the Medical equipments and computers. In 2012, the assets turnover ratio of 1.29 percent higher than year in 2011 and 2010.

8. Financial Statement

AUDITOR'S REPORT

To : The Shareholders of

Nonthavej Hospital Public Company Limited

I have audited the accompanying financial statements of Nonthavej Hospital Public Company Limited, which comprise the statement of financial position as at December 31, 2012, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonthavej Hospital Public Company Limited as at December 31, 2012, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



(Mr. Apiruk Ati-anuwat)

Certified Public Accountant Registration No. 5202

Dr. Virach & Associates Office Co., Ltd.

Bangkok : February 26, 2013

8.1 Financial Statement

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

ASSETS

	<i>Notes</i>	BAHT	
		2012	2011
Current Assets			
Cash and cash equivalents	3.11 and 5	62,419,115	150,489,821
Short-term investments			
Deposits at financial institutions	6.4	201,330,000	-
Open-ended funds	3.2 and 6.1	157,262	120,203
Trading securities	3.2 and 6.2	2,003,762	1,226,063
Trade and other receivable	3.3 and 7	107,948,686	77,575,010
Inventories	3.4 and 8	39,717,527	32,661,296
Other current assets			
Prepaid expenses		10,193,370	8,020,315
Other current assets		6,011,091	3,065,736
Total other current assets		16,204,461	11,086,051
Total Current Assets		429,780,813	273,158,444
Non-current Assets			
Long-term investments			
Available-for-sale securities	3.2 and 6.3	4,331,900	2,254,500
Fixed deposits at bank with restrictions	9	3,197,261	2,433,420
Property, plant and equipment	3.5 and 10	972,832,873	923,873,115
Intangible assets			
Deferred computer softwares	3.6 and 11	40,056,633	28,995,181
Other non-current assets	3.7 and 12	5,915,677	11,484,849
Total Non-current Assets		1,026,334,344	969,041,065
TOTAL ASSETS		1,456,115,157	1,242,199,509

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, 2012

LIABILITIES AND OWNERS' EQUITY

		BAHT	
	<i>Notes</i>	2012	2011
Current Liabilities			
Trade and other payables	13	157,844,331	125,696,317
Assets acquisition payable		39,789,941	19,462,964
Accrued corporate income tax		37,900,519	37,399,033
Other current liabilities		5,012,309	4,241,892
Total Current Liabilities		240,547,100	186,800,206
Non-current Liabilities			
Provision for long-term employee benefits	3.10,4 and 14	35,099,671	25,294,169
Total Non-current Liabilities		35,099,671	25,294,169
TOTAL LIABILITIES		275,646,771	212,094,375
Shareholders' Equity			
Share capital	15		
Authorized share capital			
160,000,000 common stocks of Baht 10 par value (December 31, 2011: 16,000,000 shares of Baht 10 each)		160,000,000	160,000,000
Issued and paid-up share capital			
160,000,000 common stocks at Baht 1 each (December 31, 2011: 16,000,000 shares of Baht 10 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	16	16,000,000	16,000,000
Unappropriated		828,356,782	680,253,077
Other components of Shareholders' Equity		4,111,604	1,852,057
Total Shareholders' Equity		1,180,468,386	1,030,105,134
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,456,115,157	1,242,199,509

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

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011

		BAHT	
	<i>Notes</i>	2012	2011
REVENUES			
Revenues from medical treatment		1,720,971,415	1,449,215,771
Other income		14,209,528	10,897,506
Total Revenues		1,735,180,943	1,460,113,277
EXPENSES	18		
Cost of medical treatment		1,174,394,509	1,011,988,163
Selling expenses		19,379,749	16,277,125
Administrative expenses		218,638,091	194,801,816
Directors' remuneration	17	1,942,200	2,245,000
Total Expenses		1,414,354,549	1,134,409,203
Profit before Income Tax Expenses		320,826,394	234,801,173
Income Tax Expenses	19	74,962,689	72,110,196
Profit for the years		245,863,705	162,690,977
Other Comprehensive Income			
Gain on remeasuring available-for-sale securities		2,259,547	458,200
Other comprehensive income for the years		2,259,547	458,200
Total comprehensive income for the years		248,123,252	163,149,177
Earnings Per Share	3.9 and 20		
Basic Earnings Per Share		1.54	1.02
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 OWNERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012

BAHT

	Notes	Issued and	Premium on	Retained earnings		Other	Total
		paid-up share capital	common stocks	Legal reserve	Unappropriated	components of shareholders' equity Available for sale securities	shareholders ' equity
Balances as at January 1, 2011		160,000,000	172,000,000	16,000,000	655,033,428	1,393,857	1,004,427,285
Cumulative effects on the change in accounting policy	4	-	-	-	(20,671,328)	-	(20,671,328)
Restated balances		160,000,000	172,000,000	16,000,000	634,362,100	1,393,857	983,755,957
Total comprehensive income for the year		-	-	-	162,690,977	458,200	163,149,177
Dividend payment	16	-	-	-	(116,800,000)	-	(116,800,000)
Balances as at December 31, 2011		160,000,000	172,000,000	16,000,000	680,253,077	1,852,057	1,030,105,134
Total comprehensive income for the year		-	-	-	245,863,705	2,259,547	248,123,252
Dividend payment	16	-	-	-	(97,760,000)	-	(97,760,000)
Balances as at December 31, 2012		160,000,000	172,000,000	16,000,000	828,356,782	4,111,604	1,180,468,386

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

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012

	BAHT	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES :		
PROFIT BEFORE INCOME TAX EXPENSES	320,826,394	234,801,173
ADJUSTMENTS TO RECONCILE PROFIT BEFORE INCOME TAX		
EXPENSES TO NET CASH PROVIDED FROM (USED IN) OPERATION :-		
Depreciation	99,722,688	88,893,791
Amortization of quality system	1,177,943	613,176
Amortization of computer softwares	13,644,312	11,250,122
Loss from exercise of right on trading securities	-	115,476
Unrealized (gain) loss on open-ended funds	(37,059)	3,300
Unrealized (gain) loss on trading securities	(777,699)	69,819
Realized loss on available-for-sale securities	131,877	-
Loss on disposal of building and equipment	950,571	5,723,323
Bad debts	-	5,210
Doubtful debts increase (decrease)	(1,158,604)	1,480,840
Dividend income	(122,570)	(90,898)
Interest income	(4,196,136)	(2,334,241)
Long-term employee benefits expenses	10,651,608	4,715,441
PROFIT FROM OPERATION BEFORE CHANGE IN		
OPERATING ASSETS AND LIABILITIES ITEMS	440,813,325	347,580,773
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS		
Short-term investment s	(201,330,000)	-
Trade and other receivables	(29,215,072)	(5,034,664)
Inventories	(7,056,231)	(4,740,700)
Other current assets	(4,181,223)	(980,627)
Other non-current assets	(4,750,160)	(10,007,821)

INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS

Trade and other payables	32,148,014	21,960,575
Assets acquisition payable	(17,448,421)	(1,976,112)
Other current liabilities	770,417	(157,748)
Provision for Long-term employee benefits	(846,106)	(92,600)
Cash received from operation	208,904,543	344,216,835
Interest income	3,258,949	2,321,966
Income tax paid	(74,461,203)	(67,544,196)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	137,702,289	278,994,605

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

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012

	2011	2010
	<u>BAHT</u>	
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in building and equipment	(120,333,020)	(160,098,038)
Proceeds from disposal of building and equipment	1,561,440	707,161
Proceeds from the sale of available-for-sale-securities	50,270	-
Purchase of computer softwares	(8,650,414)	(3,930,041)
Increase in fixed deposits at bank with restrictions	(763,841)	(33,127)
Proceeds from dividend income	122,570	90,898
NET CASH USED IN INVESTING ACTIVITIES	<u>(128,012,995)</u>	<u>(163,263,147)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	(97,760,000)	(116,800,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>(97,760,000)</u>	<u>(116,800,000)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(88,070,706)	(1,068,542)
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	<u>150,489,821</u>	<u>151,558,363</u>
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	<u><u>62,419,115</u></u>	<u><u>150,489,821</u></u>
ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS		
Non-cash flows items comprise :		
Unrealized gain on available-for-sale securities	2,259,547	458,200
Increase in equipment from assets payable	37,775,398	17,556,648
Increase in equipment from transferring deposits	9,141,389	2,600,000
Increase in computer softwares from transferring assets under construction	16,055,350	850,511
Increase in quality system from transferring assets under construction	-	1,405,357

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

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 FINANCIAL STATEMENTS

2.1 The financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards determined 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 New accounting standards not yet effective

The new accounting standards which are effective to the financial statements beginning on or after January 1, 2013 are as follows:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rate
TFRS 8	Operating Segments
SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except TAS 12 Income Taxes. The effects of the change will be recognized retrospectively in the financial statements. Management estimates that the effects on the statements of financial position as at December 31, 2012 would be resulted in financial statements have assets increase of Baht 6.68 million and retained earnings increase of Baht 6.68 million.

The standards which are effective to the financial statements beginning on or after January 1, 2014 are as follows:

SIC 29	Service Concession Arrangements: Disclosures
TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes

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

- 2.3 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 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 "Unrealized gain (loss) on investment revaluation".

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

3.3 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.

3.4 Inventories

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

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the using 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	15-50
Medical tools and equipment	10
Others	5-10

3.6 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.

3.7 Deferred quality system

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

3.8 Operating leases

Leases where most of substantial risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to expenses in the statements of comprehensive income over the lease term.

3.9 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.

3.10 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.

3.11 Cash and cash equivalents

For the purpose of preparation of cash flows statements, 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.

3.12 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 quality system and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

4. CHANGES IN ACCOUNTING POLICIES

In 2011, the Company has applied the new accounting standards in accordance with Thai Accounting Standard No. 19 : Employee Benefits. To adopt this accounting policy, the Company has chosen the perceived value of debt increase by adjusted to the beginning retained earnings of the period in the year 2011, in amount of Baht 20,671,328.

5. CASH AND CASH EQUIVALENTS

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Cash	4,461,031	3,910,205
Bank deposits	57,958,084	146,579,616
Total	62,419,115	150,489,821

6. INVESTMENTS

6.1 Open-ended fund

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Open-ended fund	147,141	147,141
Allowance for investment adjustment	10,121	(26,938)
Open-ended fund-Fair value	157,262	120,203

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Unrealized gain (loss) on open-ended fund	37,059	(3,300)

6.2 Short-term investments - Trading securities

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Trading securities-at cost	2,007,731	2,007,731
Allowance for investment adjustment	(3,969)	(781,668)
Trading securities-Fair value	2,003,762	1,226,063

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Unrealized gain (loss) on trading securities	777,699	(69,819)

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

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Acquisition cost	220,296	402,443
Unrealized gain on investment revaluation	4,111,604	1,852,057
Fair value at ending periods	4,331,900	2,254,500

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Realized loss on available-for-sale securities	(131,877)	-

6.4 Deposits at financial institutions

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Bill of Exchange 6 - 8 Months	201,330,000	-

7. TRADE AND OTHER RECEIVABLES

AGING	AMOUNT IN BAHT	
	2012	2011
The trade accounts receivable are classified by outstanding balances of aging as follows :		
Current	96,525,497	69,668,149
Overdue within 3 months	9,320,713	6,958,854
Over 3 – 6 months	1,285,434	295,429
Over 6 – 12 months	394,207	197,275
Over 12 months	2,765,182	4,016,254
Total	110,291,033	81,135,961
Allowance for doubtful debts	(2,402,347)	(3,560,951)
Trade accounts receivable-net	107,888,686	77,575,010
Other receivables	60,000	-
Total trade and other receivables	107,948,686	77,575,010

8. INVENTORIES

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Medicines and medical supplies	31,997,371	26,154,418
General supplies	7,720,156	6,506,878
Total	39,717,527	32,661,296

9. 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.

10. 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, 2011	218,303,489	717,870,285	392,602,258	15,485,434	75,192,523	33,748,438	80,624,719	29,155,620	57,754,066	1,620,736,832
Increase	-	8,786,153	56,257,990	108,496	1,863,076	5,122,815	15,719,129	3,534,559	88,862,468	180,254,686
Sold	-	(1,153,142)	(23,434,767)	(236,361)	(39,721,229)	(624,931)	(18,778,455)	(12,628,403)	-	(96,577,288)
Transfer to/from	-	26,863,584	-	-	7,703,123	9,597,151	2,602,383	-	(49,022,109)	(2,255,868)
December 31, 2011	218,303,489	752,366,880	425,425,481	15,357,569	45,037,493	47,843,473	80,167,776	20,061,776	97,594,425	1,702,158,362
Increase	-	1,161,403	82,538,758	118,650	2,992,384	918,199	18,578,014	949,191	59,993,208	167,249,807
Sold/Unused	-	(1,550,935)	(24,906,982)	(1,360,455)	(337,778)	(3,144,313)	(16,396,776)	(300,093)	-	(47,997,332)
Transfer to/from	-	58,805,866	-	-	19,561,351	1,080,000	-	166,400	(95,668,967)	(16,055,350)
December 31, 2012	218,303,489	810,783,214	483,057,257	14,115,764	67,253,450	46,697,359	82,349,014	20,877,274	61,918,666	1,805,355,487
<u>Accumulated Depreciation</u>										
January 1, 2011	-	372,679,266	230,453,137	12,241,810	64,096,425	27,067,920	48,662,700	24,337,002	-	779,538,260
Depreciation for the year	-	32,386,116	30,189,404	1,375,652	6,038,119	4,073,018	12,636,654	2,194,828	-	88,893,791
Disposals	-	(1,153,126)	(18,606,728)	(236,355)	(39,720,775)	(623,737)	(17,181,047)	(12,625,036)	-	(90,146,804)
December 31, 2011	-	403,912,256	242,035,813	13,381,107	30,413,769	30,517,201	44,118,307	13,906,794	-	778,285,247
Depreciation for the year	-	34,615,984	35,598,395	974,033	5,824,675	5,007,278	15,560,301	2,142,022	-	99,722,688
Disposals/Unused	-	(1,480,403)	(24,319,943)	(1,360,452)	(337,736)	(3,091,087)	(14,602,020)	(293,680)	-	(45,485,321)
December 31, 2012	-	437,047,837	253,314,265	12,994,688	35,900,708	32,433,392	45,076,588	15,755,136	-	832,522,614
<u>Net book value</u>										
December 31, 2011	218,303,489	348,454,624	183,389,668	1,976,462	14,623,724	17,326,272	36,049,469	6,154,982	97,594,425	923,873,115
December 31, 2012	218,303,489	373,735,377	229,742,992	1,121,076	31,352,742	14,263,967	37,272,426	5,122,138	61,918,666	972,832,873

In 2012 and 2011, 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.

11. DEFERRED COMPUTER SOFTWARES

	AMOUNT IN BAHT	
	DEFERRED COMPUTER SOFTWARES	
<u>Cost</u>		
January 1, 2011	75,456,939	
Increase	3,930,041	
Transfer to/from	850,511	
December 31, 2011	80,237,491	
Increase	8,650,414	
Transfer to/from	16,055,350	
December 31, 2012	104,943,255	
<u>Accumulated amortization</u>		
January 1, 2011	39,992,188	
Amortization for the year 2011	11,250,122	
December 31, 2011	51,242,310	
Amortization for the year 2012	13,644,312	
December 31, 2012	64,886,622	
Net book value		
December 31, 2011	28,995,181	
December 31, 2012	40,056,633	

12. OTHER NON-CURRENT ASSETS

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Deferred quality system	2,921,007	3,534,183
<u>Less</u> Amortization for the year	(1,177,943)	(613,176)
Net book value	1,743,064	2,921,007
Deposit for assets	3,519,875	6,750,000
Others	652,738	1,813,842
Total	5,915,677	11,484,849

13. TRADE ACCOUNTS PAYABLE AND OTHER PAYABLES

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Trade accounts payable	51,536,899	41,442,631
Accrued expenses	41,475,015	29,527,859
Accrued doctors' fees	46,912,778	39,931,892
Others	17,919,639	14,793,935
Total	157,844,331	125,696,317

14. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

Provision for long-term employee benefits as at December 31, 2012 and 2011 which are compensations on employees' retirement, are as follows

PARTICULARS	AMOUNT IN BAHT	
	2012	2011
Defined benefit obligation from adoption a new accounting policy at the beginning of the year		20,671,328
Defined benefit obligation at beginning of year	25,294,169	-
Current service cost	9,686,964	3,924,659
Interest cost	964,644	788,342
Benefits paid during the year	(846,106)	(92,600)
Different from provision	-	2,440
Defined benefit obligation at end of year	35,099,671	25,294,169

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

	2012	2011
Discount rate	3.3761% per annum	3.8137% per annum
Salary increase rate	3 – 5.5 % per annum	4 – 8 % per annum
Staff turnover rate	6 – 23 % per annum	7 – 23 % per annum

15. SHARE CAPITAL

On April 26, 2012, the Ordinary General Shareholders' Meeting, was held and approved a resolution to change the par value of the Company's shares from Baht 10 per share to Baht 1 per share and change the Company's registered capital from 16 million shares to 160 million shares, while the Company's registered share capital remains at the same amount of Baht 160 million.

The Company has registered the change of par value, the amendments of the Memorandum of Association and the Articles of Association of the Company with the Ministry of Commerce on May 11, 2012.

16. 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.

17. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On April 26, 2012, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 6.11 per share to the shareholders of 16 million shares, totalling Baht 97.76 million, including directors' remuneration amounting to Baht 1.63 million. The dividend payment was made on May 25, 2012.

On April 28, 2011, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 7.30 per share to the shareholders of 16 million shares, totalling Baht 116.80 million, including directors' remuneration amounting to Baht 1.94 million. The dividend payment was made on May 27, 2011.

18. EXPENSES BY NATURE

EXPENSES	AMOUNT IN BAHT	
	2012	2011
Medicine and medical supply consumptions	364,950,665	313,708,648
Directors and management benefit expenses	12,835,325	13,530,000
Employee benefit expenses	400,252,725	345,807,589
Doctors' fees	377,488,418	320,897,564
Depreciation and amortization expenses	114,544,943	100,757,089
Bad debts	-	5,210
Doubtful debts	(1,158,604)	1,480,840
Other expenses	145,441,077	129,125,164
Total	1,414,354,549	1,225,312,104

19. INCOME TAX

The Company's corporate income taxes for the years ended December 31, 2012 and 2011 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 rates of 23 per cent in 2012 and the rate of 30 per cent in 2011.

20. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common stock issued during the year, after adjusting the number of common stock in proportion to the change in the number of shares as a result of a change in par value from Baht 10 each to Baht 1 each as discussed in Note 15. The number of common stock is adjusted as if the share split had occurred at the beginning of the earliest period reported.

PARTICULARS	2012	2011
Profit for the years (Baht)	245,863,705	162,690,977
Number of common stock after reflecting the change of value (Thousand shares)	160,000	160,000
Basic earnings per share (Baht)	1.54	1.02

21. 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.

22. COMMITMENT

- 22.1 As at December 31, 2012 and 2011, the Company has commitment from the issuance of bank guarantee as follow :

PARTICULAR	AMOUNT IN BAHT	
	2012	2011
Letters of guarantee issued by commercial bank	4,276,800	3,578,700

22.2 Commitment under service agreement

As at December 31, 2012, 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 3.84 million, and the contract which can not be cancelled amount of Baht 2.03 million.

22.3 Capital expenditure commitments

As at December 31, 2012, the Company has capital expenditure commitments to pay a total of Baht 1.90 million regarding to the building renovation agreement.

23. TRANSACTIONS WITH RELATED PERSON

The Company has certain accounting transactions with related person. These transactions are in general with the normal trading terms and conditions and the market price. The relationship of the related person is being the Company's director.

RELATED TRANSACTION IN COMPREHENSIVE INCOME STATEMENTS	AMOUNT IN BAHT	
	2012	2011
Consulting fee on the information system	-	450,000

24. 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, 2012 and 2011 amount of Baht 3.5 million and Baht 3.14 million, respectively.

25. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

25.1 Accounting policies

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

25.2 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.

25.3 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.

25.4 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.

26. 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.

27. FINANCIAL STATEMENTS APPROVAL

These financial statements are duly approved by the Company's directors on February 26, 2013.

8.2 Remuneration for the Auditor

(1) Remuneration for the Audit fee

- Audit fee for 2012	335,000 baht
- Review of Financial Statements (105,000 / Quarter)	315,000 baht

(2) Other (non-audit fee)

- None -

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