

Srivichaivejvivat Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2017

## **Independent Auditor's Report**

To the Shareholders of Srivichaivejvivat Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Srivichaivejvivat Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Srivichaivejvivat Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Srivichaivejvivat Public Company Limited and its subsidiaries and of Srivichaivejvivat Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

## **Key Audit Matters**

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### **Estimation of accrued medical treatment income**

The Group has revenues from the provision of medical services to patients under the government welfare schemes of the Social Security Office and the National Health Security Office. The amounts of such revenues are determined based on government policy, the number of insured persons registered with the Group, and statistical information on the services provided by the Group. As discussed in Note 8 to the financial statements, as at 31 December 2017, the Group had accrued medical treatment income from the two government agencies amounting to Baht 58 million. An estimation of accrued medical treatment income requires management to exercise significant judgement. There is thus a risk of the amount of such accrued income.

I have examined the accrued medical treatment income by

- Assessing and testing the Group's internal controls with respect to the estimation of accrued medical treatment income by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls,
- Assessing the appropriateness of the criteria, methodology and conditions applied by the Group in estimating accrued medical treatment income in accordance with government policy.
- Performing the reasonableness of past estimates of accrued medical income by comparing those estimates with the actual amounts received.
- Examining cash receipt transactions relating to accrued medical treatment income subsequent to the period-end date.

## **Goodwill**

I have focused my audit on the consideration of the impairment of goodwill with indefinite useful lives, as discussed in Notes 14 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

I am responsible for the audit resulting in this independent auditor's report.

Khitsada Lerdwana  
Certified Public Accountant (Thailand) No. 4958

EY Office Limited  
Bangkok: 23 February 2018

**Srivichaivejvivat Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2017**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	83,656,509	177,588,628	13,334,675	53,224,967
Trade and other receivables	8	254,507,301	238,304,259	102,076,355	108,412,819
Medicine and supplies	9	49,953,690	39,795,134	14,172,468	11,376,114
Other current assets		10,526,045	4,818,426	1,973,333	625,198
<b>Total current assets</b>		<b>398,643,545</b>	<b>460,506,447</b>	<b>131,556,831</b>	<b>173,639,098</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	3,850,300	3,750,300	-	-
Investments in subsidiaries	11	-	-	410,999,916	410,999,916
Other long-term investment		40,500,000	40,500,000	40,500,000	40,500,000
Investment properties		-	23,310,328	-	-
Property, plant and equipment	12	1,112,426,519	985,294,848	738,940,763	725,584,716
Leasehold rights	13	145,497,492	137,460,461	-	-
Goodwill	14	64,863,745	64,863,745	-	-
Deferred tax assets	22	10,097,323	8,105,246	1,651,569	1,005,332
Other non-current assets		39,064,623	31,088,635	25,261,378	15,345,354
<b>Total non-current assets</b>		<b>1,416,300,002</b>	<b>1,294,373,563</b>	<b>1,217,353,626</b>	<b>1,193,435,318</b>
<b>Total assets</b>		<b>1,814,943,547</b>	<b>1,754,880,010</b>	<b>1,348,910,457</b>	<b>1,367,074,416</b>

The accompanying notes are an integral part of the financial statements.



**Srivichaijevivat Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2017**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts	15	9,175,467	-	-	-
Trade and other payables	16	345,446,233	298,779,053	122,945,842	106,387,995
Current portion of payable from purchase of investment	11	4,235,393	5,193,436	4,235,393	5,193,436
Current portion of long-term loans	17	77,518,000	85,710,000	73,560,000	73,560,000
Current portion of liabilities under finance lease agreements	18	8,120,947	8,054,501	2,248,628	2,011,857
Income tax payable		4,843,118	7,302,898	2,362,566	1,225,859
Other current liabilities		3,000,740	2,754,552	1,112,300	931,190
<b>Total current liabilities</b>		<b>452,339,898</b>	<b>407,794,440</b>	<b>206,464,729</b>	<b>189,310,337</b>
<b>Non-current liabilities</b>					
Payable from purchase of investment, net of current portion	11	36,939,285	41,174,678	36,939,285	41,174,678
Long-term loans, net of current portion	17	216,444,000	258,150,000	184,590,000	258,150,000
Liabilities under finance lease agreements, net of current portion	18	6,700,664	7,833,479	640,535	1,238,523
Provision for long-term employee benefits	19	26,043,128	17,290,289	6,865,884	3,100,082
Deferred tax liabilities	22	9,937,272	11,015,140	5,445,016	5,650,997
Other non-current liabilities		3,294,510	5,427,084	-	-
<b>Total non-current liabilities</b>		<b>299,358,859</b>	<b>340,890,670</b>	<b>234,480,720</b>	<b>309,314,280</b>
<b>Total liabilities</b>		<b>751,698,757</b>	<b>748,685,110</b>	<b>440,945,449</b>	<b>498,624,617</b>

The accompanying notes are an integral part of the financial statements.

**Srivichaivejvivat Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2017**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Shareholders' equity</b>					
Share capital					
Registered					
570,666,666 ordinary shares of Baht 1 each		570,666,666	570,666,666	570,666,666	570,666,666
Issued and fully paid					
570,665,433 ordinary shares of Baht 1 each		570,665,433	570,665,433	570,665,433	570,665,433
Share premium		37,938,115	37,938,115	37,938,115	37,938,115
Retained earnings					
Appropriated - statutory reserve	20	30,932,973	25,677,380	30,932,973	25,677,380
Unappropriated		403,422,119	351,761,596	268,428,487	234,168,871
Other components of shareholders' equity		18,669,496	18,669,496	-	-
Equity attributable to owners of the Company		1,061,628,136	1,004,712,020	907,965,008	868,449,799
Non-controlling interests of the subsidiaries		1,616,654	1,482,880	-	-
<b>Total shareholders' equity</b>		<b>1,063,244,790</b>	<b>1,006,194,900</b>	<b>907,965,008</b>	<b>868,449,799</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,814,943,547</b>	<b>1,754,880,010</b>	<b>1,348,910,457</b>	<b>1,367,074,416</b>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

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 Directors  
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Srivichaivejvivat Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from hospital operations		1,962,081,344	1,718,603,313	799,475,593	787,995,166
Dividend income	11	-	-	54,418,156	17,378,089
Other income		12,395,040	23,943,162	2,780,090	3,283,618
<b>Total revenues</b>		<b>1,974,476,384</b>	<b>1,742,546,475</b>	<b>856,673,839</b>	<b>808,656,873</b>
<b>Expenses</b>					
Cost of hospital operations		1,531,956,270	1,289,962,791	604,528,119	566,452,065
Selling expenses		58,682,254	50,982,928	21,532,326	21,374,521
Administrative expenses		215,076,753	196,756,032	98,245,947	97,487,170
<b>Total expenses</b>		<b>1,805,715,277</b>	<b>1,537,701,751</b>	<b>724,306,392</b>	<b>685,313,756</b>
<b>Profit before finance cost and income tax expenses</b>		<b>168,761,107</b>	<b>204,844,724</b>	<b>132,367,447</b>	<b>123,343,117</b>
Finance cost		(18,966,283)	(15,739,195)	(17,177,948)	(14,186,476)
<b>Profit before income tax expenses</b>		<b>149,794,824</b>	<b>189,105,529</b>	<b>115,189,499</b>	<b>109,156,641</b>
Income tax expenses	22	(24,111,795)	(35,640,898)	(10,077,643)	(16,801,834)
<b>Profit for the year</b>		<b>125,683,029</b>	<b>153,464,631</b>	<b>105,111,856</b>	<b>92,354,807</b>
<b>Other comprehensive income:</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial losses	19	(6,997,140)	-	(3,529,313)	-
Less: income tax effect	22	1,399,041	-	705,862	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax					
		(5,598,099)	-	(2,823,451)	-
<b>Other comprehensive income for the year</b>		<b>(5,598,099)</b>	<b>-</b>	<b>(2,823,451)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>120,084,930</b>	<b>153,464,631</b>	<b>102,288,405</b>	<b>92,354,807</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		125,275,785	153,073,892	105,111,856	92,354,807
Non-controlling interests of the subsidiaries		407,244	390,739		
		<b>125,683,029</b>	<b>153,464,631</b>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		119,689,312	153,073,892	102,288,405	92,354,807
Non-controlling interests of the subsidiaries		395,618	390,739		
		<b>120,084,930</b>	<b>153,464,631</b>		
<b>Earnings per share</b>					
23					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.22	0.27	0.18	0.16

The accompanying notes are an integral part of the financial statements.



**Srivichaijevivat Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>				
Profit before tax	149,794,824	189,105,529	115,189,499	109,156,641
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	112,524,825	94,613,512	47,585,789	42,015,508
Reversal bad debts and allowance for doubtful accounts	(755,625)	(1,420,771)	(650,457)	(1,475,644)
Reversal reduction of medicine and supplies to net realisable value	(17,268)	(200,446)	(65,270)	(210,006)
Loss (gain) on disposals of equipment	222,451	(76,896)	-	-
Loss on write-off of equipment	548,693	112,013	388,239	7,052
Expenses of withholding tax write-off	3,019	2,754,155	-	-
Reversal of income tax expenses	(63,000)	-	-	-
Reversal of retention	-	736,874	-	-
Provision for long-term employee benefits	3,020,299	1,916,505	960,489	642,477
Dividend income from subsidiaries	-	-	(54,418,156)	(17,378,089)
Interest income	(466,700)	(836,153)	(149,309)	(297,454)
Interest expenses	18,966,283	15,739,195	17,177,948	14,186,476
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>283,777,801</b>	<b>302,443,517</b>	<b>126,018,772</b>	<b>146,646,961</b>
<b>Operating assets (increase) decrease</b>				
Trade and other receivables	(15,497,087)	(35,560,202)	6,986,921	(1,883,514)
Medicine and supplies	(10,141,288)	(6,448,257)	(2,731,084)	986,351
Other current assets	(5,707,619)	860,981	(1,348,135)	(107,839)
Other non-current assets	2,491,041	(489,056)	(108,040)	40,680
<b>Operating liabilities increase (decrease)</b>				
Trade and other payables	23,580,560	24,910,697	4,300,989	(7,445,294)
Other current liabilities	246,188	67,660	181,110	191,504
Other non-current liabilities	(2,132,574)	2,132,574	-	-
Cash paid for long-term employee benefits	(1,264,600)	(3,307,400)	(724,000)	(3,000,000)
<b>Cash flows from operating activities</b>	<b>275,352,422</b>	<b>284,610,514</b>	<b>132,576,533</b>	<b>135,428,848</b>
Cash paid for income tax	(29,537,811)	(35,261,158)	(9,087,292)	(22,243,316)
Interest income	516,370	778,413	149,309	285,463
<b>Net cash flows from operating activities</b>	<b>246,330,981</b>	<b>250,127,769</b>	<b>123,638,550</b>	<b>113,470,995</b>

The accompanying notes are an integral part of the financial statements.

**Srivichaivejvivat Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	-100,000	-3,300,000	-	-
Interest income	-	11,991	-	11,991
Cash paid for business acquisition	-	(40,739,641)	-	(96,500,000)
Acquisition of buildings improvement and equipment	(147,032,129)	(116,465,995)	(42,843,326)	(61,253,182)
Cash paid for purchase of building improvement and equipment	(30,710,286)	(25,074,001)	(3,902,187)	(17,967,966)
Increase in leasehold rights	(15,612,911)	(16,516,553)	-	-
Cash paid for payable of leasehold rights	(434,918)	-	-	-
Acquisition of intangible assets	(10,504,539)	(5,944,868)	(10,003,073)	(5,681,915)
Cash receipt from dividend of subsidiaries	-	-	54,418,156	17,378,089
Proceeds from sales of equipment	254,652	548,592	-	-
Decrease (increase) in advance for purchase of equipment and intangible assets	625,126	(6,769,007)	(129,916)	845,055
Cash paid for payable from purchase of investment	(5,193,436)	-	(5,193,436)	-
Interest expenses	(1,306,565)	-	(1,306,565)	-
<b>Net cash flows used in investing activities</b>	<b>(210,015,006)</b>	<b>(214,249,482)</b>	<b>(8,960,347)</b>	<b>(163,167,927)</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts	9,175,467	-	-	-
Cash receipt from long-term loans from financial institution	36,170,000	167,500,000	-	167,500,000
Repayment of long-term loans from financial institution	(86,068,000)	(80,108,000)	(73,560,000)	(61,740,000)
Repayment of liabilities under finance lease agreements	(10,047,928)	(7,164,386)	(2,839,559)	(2,327,594)
Dividend paid	(62,349,911)	(56,668,429)	(62,354,900)	(56,676,579)
Dividend paid to non-controlling interests of the subsidiaries	(261,844)	(81,912)	-	-
Interest expenses	(16,865,878)	(14,953,520)	(15,814,036)	(13,951,214)
<b>Net cash flows from (used in) financing activities</b>	<b>(130,248,094)</b>	<b>8,523,753</b>	<b>(154,568,495)</b>	<b>32,804,613</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(93,932,119)</b>	<b>44,402,040</b>	<b>(39,890,292)</b>	<b>(16,892,319)</b>
Cash and cash equivalents at beginning of year	177,588,628	133,186,588	53,224,967	70,117,286
<b>Cash and cash equivalents at end of year</b>	<b>83,656,509</b>	<b>177,588,628</b>	<b>13,334,675</b>	<b>53,224,967</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash related transactions				
Payable from purchase of investment	-	46,368,114	-	46,368,114
Acquisition of buildings improvement and equipment for which no cash has been paid	53,912,258	30,710,286	15,855,744	3,902,187
Purchase of vehicle under finance lease agreements	8,084,000	7,619,000	2,306,000	2,310,000
Leasehold rights which no cash has been paid	-	434,918	-	-
Reclassify investment properties to property, plant and equipment	23,310,328	-	-	-

The accompanying notes are an integral part of the financial statements.

Srivichaivejvrat Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
	Note	Issued and paid-up		Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Difference resulting from business combination under common control	Change in parent's ownership interest in subsidiaries without change in control	Total other components of shareholders' equity			
		share capital	Share premium	statutory reserve	Unappropriated						
<b>Balance as at 1 January 2016</b>		570,665,433	37,938,115	21,059,640	260,371,986	37,530,739	(18,861,243)	18,669,496	908,704,670	1,174,053	909,878,723
Profit for the year		-	-	-	153,073,892	-	-	-	153,073,892	390,739	153,464,631
Other comprehensive income for the year		-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	153,073,892	-	-	-	153,073,892	390,739	153,464,631
Dividend paid	26	-	-	-	(57,066,542)	-	-	-	(57,066,542)	(81,912)	(57,148,454)
Transferred to statutory reserve	20	-	-	4,617,740	(4,617,740)	-	-	-	-	-	-
<b>Balance as at 31 December 2016</b>		<u>570,665,433</u>	<u>37,938,115</u>	<u>25,677,380</u>	<u>351,761,596</u>	<u>37,530,739</u>	<u>(18,861,243)</u>	<u>18,669,496</u>	<u>1,004,712,020</u>	<u>1,482,880</u>	<u>1,006,194,900</u>
<b>Balance as at 1 January 2017</b>		570,665,433	37,938,115	25,677,380	351,761,596	37,530,739	(18,861,243)	18,669,496	1,004,712,020	1,482,880	1,006,194,900
Profit for the year		-	-	-	125,275,785	-	-	-	125,275,785	407,244	125,683,029
Other comprehensive income for the year		-	-	-	(5,586,473)	-	-	-	(5,586,473)	(11,626)	(5,598,099)
Total comprehensive income for the year		-	-	-	119,689,312	-	-	-	119,689,312	395,618	120,084,930
Dividend paid	26	-	-	-	(62,773,196)	-	-	-	(62,773,196)	(261,844)	(63,035,040)
Transferred to statutory reserve	20	-	-	5,255,593	(5,255,593)	-	-	-	-	-	-
<b>Balance as at 31 December 2017</b>		<u>570,665,433</u>	<u>37,938,115</u>	<u>30,932,973</u>	<u>403,422,119</u>	<u>37,530,739</u>	<u>(18,861,243)</u>	<u>18,669,496</u>	<u>1,061,628,136</u>	<u>1,616,654</u>	<u>1,063,244,790</u>

The accompanying notes are an integral part of the financial statements.

**Srivichaivejvivat Public Company Limited and its subsidiaries**

**Statement of changes in shareholders' equity (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

<b>Separate financial statements</b>						
	Note	Issued and	Retained earnings		Total	
		paid-up	Shares premium	Appropriated		Unappropriated
		share capital		- statutory reserve	equity	
<b>Balance as at 1 January 2016</b>		570,665,433	37,938,115	21,059,640	203,498,346	833,161,534
Profit for the year		-	-	-	92,354,807	92,354,807
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	92,354,807	92,354,807
Dividend paid	26	-	-	-	(57,066,542)	(57,066,542)
Transferred to statutory reserve	20	-	-	4,617,740	(4,617,740)	-
<b>Balance as at 31 December 2016</b>		<u>570,665,433</u>	<u>37,938,115</u>	<u>25,677,380</u>	<u>234,168,871</u>	<u>868,449,799</u>
						-
<b>Balance as at 1 January 2017</b>		570,665,433	37,938,115	25,677,380	234,168,871	868,449,799
Profit for the year		-	-	-	105,111,856	105,111,856
Other comprehensive income for the year		-	-	-	(2,823,451)	(2,823,451)
Total comprehensive income for the year		-	-	-	102,288,405	102,288,405
Dividend paid	26	-	-	-	(62,773,196)	(62,773,196)
Transferred to statutory reserve	20	-	-	5,255,593	(5,255,593)	-
<b>Balance as at 31 December 2017</b>		<u>570,665,433</u>	<u>37,938,115</u>	<u>30,932,973</u>	<u>268,428,487</u>	<u>907,965,008</u>
						-

The accompanying notes are an integral part of the financial statements.





## Srivichaivejvivat Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2017

#### 1. General information

##### 1.1 Corporate information

Srivichaivejvivat Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in hospital business. The registered office of the Company is at 74/5 Moo 4, Phetkasem Road, Omnoi, Krathumbaen, Samutsakorn.

##### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

##### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Srivichaivejvivat Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			2017	2016
			Percent	Percent
Saivichai Development Company Limited	Operating of hospitals	Thailand	99.43	99.43
Srisakornvejvivat Company Limited	Operating of hospitals	Thailand	99.56	99.56
Srivichai Vocational College Company Limited	Operating of vocational school	Thailand	99.98	99.98
The Bangkok Orthopedic Hospital Company Limited	Operating of hospitals	Thailand	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

#### **(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Revenue for hospital operations*

Revenues from hospital operations mainly consist of medical fees, medicine sales and hospital room sales, are recognised as income when services have been rendered or medicine delivered. Except for operating revenues from the Social Security Office and National Health Security Office which are recognised as income according to annual lump sum amount and adjust relative weights per the number of registrants of the Company and its subsidiaries.

###### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

###### *Revenue from tuition fees and educational media*

Revenues from tuition fees and educational media are recognised over the teaching period.

###### *Rental income*

Rental income is recognised over the rental period and at the rate determined in agreement.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

###### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

##### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### **4.4 Medicine and supplies**

Medicine and supplies are valued at the lower of cost (average method) and net realisable value.

#### **4.5 Investments**

(a) Investment in non-marketable equity security, which the Company classifies as other investment, is stated at cost net of allowance for impairment loss (if any).

(b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

#### **4.6 Property, plant and equipment/Depreciation**

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Buildings	-	20, 40 and 50	years
Buildings improvement	-	5, 20	years
Tools and medical instrument	-	2 - 10	years
Office furniture, fixtures and equipment	-	3, 5	years
Motor vehicle	-	5, 10	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the profit or loss when the asset is derecognised.

#### **4.7 Leasehold rights**

Leasehold rights are initially recognised at the amount transferred to acquire the leasehold rights to land plus the cost of the construction on the land and to acquire the leasehold rights to building under the lease agreement.

Leasehold rights are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). Amortisation is calculated by reference to the cost of the leasehold rights on a straight-line basis over the period specified in the land lease agreements. Amortisation is included in determining income.

No amortisation is provided on construction in progress on leasehold land.

#### **4.8 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the subsidiary's cash generating units that are expected to benefit from the synergies of the combination. The subsidiary estimates the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.9 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company or its subsidiaries, whether directly or indirectly, or which are under common control with the Company or its subsidiaries.

They also include individuals which directly or indirectly own a voting interest in the Company or its subsidiaries that gives them significant influence over the Company or its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company's or its subsidiaries' operations.

#### **4.10 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.11 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the profit or loss.

#### **4.12 Employee benefits**

##### **Short-term employee benefits**

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

##### **Post-employment benefits**

###### *Defined contribution plans*

The Company, the subsidiaries and their employees have jointly established separate provident funds. The funds are monthly contributed by employees, the Company and the subsidiaries. The funds' assets are held in separate trust funds and the Company and the subsidiaries' contributions are recognised as expenses when incurred.

### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

### **4.13 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **4.14 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.



## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Accrued medical treatment income**

Accrued medical treatment income represents medical income that has not been collected from the Social Security Office and National Health Security Office. The Company and its subsidiaries are not able to determine the certain amount to be collected. In this regard, the management is required to make an estimation of such accrued income in accordance with bases, methods and terms specified by such authority, and consider the amount of the latest actual collection together with the current circumstances.

### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's and its subsidiaries' plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Goodwill**

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Litigation**

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Medical service income	-	-	6	19	Normal price less certain discount
Dividend income	-	-	54	17	Resolution of the Annual General Meeting of the shareholders of subsidiaries
Medical service expenses	-	-	25	24	Normal price less certain discount
<u>Transactions with related individuals</u>					
Medical service income	1	1	-	-	Normal price less certain discount

As at 31 December 2017 and 2016, the balances of the accounts between the Company, its subsidiaries and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade and other receivables - related parties</u>				
(Note 8)				
Subsidiaries	-	-	1,005	10,578
Total trade and other receivables - related parties	-	-	1,005	10,578
<u>Trade and other payables - related parties</u>				
(Note 16)				
Subsidiaries	-	-	9,293	11,647
Related individuals	165	170	42	15
Total trade and other payables - related parties	165	170	9,335	11,662

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other non-current liabilities - related parties</u>				
Related individuals	3,295	3,295	-	-
Total other non-current liabilities - related parties	<u>3,295</u>	<u>3,295</u>	<u>-</u>	<u>-</u>

### Loans from related parties

As at 31 December 2017 and 2016, the balances of loans between the Company and the related parties and the movement are as follows:

		(Unit: Thousand Baht)			
		Separate financial statements			
		Balance as at	Increase	Decrease	Balance as at
Loan from related party	Related by	31 December 2016	during the year	during the year	31 December 2017
Srisakornvejvivat					
Company Limited	Subsidiary	-	10,000	(10,000)	-
The Bangkok					
Orthopedic Hospital					
Company Limited	Subsidiary	-	10,000	(10,000)	-
Total		<u>-</u>	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>

Short-term loans from related parties carry interest at a rate of 3% per annum, are repayable at call and are unsecured.

### Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	31,777	34,998	22,700	25,163
Post-employment benefits	7	19	7	19
Total	<u>31,784</u>	<u>35,017</u>	<u>22,707</u>	<u>25,182</u>

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	2,561	1,629	815	640
Bank deposits	81,096	175,960	12,520	52,585
<b>Total</b>	<b>83,657</b>	<b>177,589</b>	<b>13,335</b>	<b>53,225</b>

As at 31 December 2017, the Company and its subsidiaries had bank deposits in saving accounts and fixed deposits which carried interests between 0.10 and 0.875 percent per annum (2016: between 0.10 and 1.35 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	708	8,756
Past due				
Up to 3 months	-	-	241	1,733
3 - 6 months	-	-	51	20
6 - 12 months	-	-	-	64
<b>Total trade receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>10,573</b>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	141,521	117,582	50,100	40,212
Past due				
Up to 3 months	33,328	34,743	9,028	9,791
3 - 6 months	4,957	6,716	2,629	734
6 - 12 months	1,042	2,482	200	617
Over 12 months	250	955	194	845
<b>Total</b>	<b>181,098</b>	<b>162,478</b>	<b>62,151</b>	<b>52,199</b>
Less: Allowance for doubtful accounts	(194)	(950)	(194)	(845)
<b>Total trade receivables - unrelated parties, net</b>	<b>180,904</b>	<b>161,528</b>	<b>61,957</b>	<b>51,354</b>
<b>Total trade receivables - net</b>	<b>180,904</b>	<b>161,528</b>	<b>62,957</b>	<b>61,927</b>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other receivable - related party</u>				
Other receivable - related party	-	-	5	5
Total other receivable - related party	-	-	5	5
<u>Other receivables - unrelated parties</u>				
Other receivables	2,576	2,922	1,052	890
Accrued income				
Accrued social security income	45,016	52,286	34,765	40,153
Accrued national health security income	13,381	9,380	-	-
Other accrued income	12,630	12,188	3,297	5,438
Total other receivables - unrelated parties	73,603	76,776	39,114	46,481
Total other receivables	73,603	76,776	39,119	46,486
Total trade and other receivables - net	254,507	238,304	102,076	108,413

## 9. Medicine and supplies

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Medicine and supplies - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Medicine	28,507	21,404	(244)	(239)	28,263	21,165
Medical supplies	19,210	16,098	(43)	(65)	19,167	16,033
Other supplies	2,524	2,597	-	-	2,524	2,597
Total	50,241	40,099	(287)	(304)	49,954	39,795

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Medicine and supplies - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Medicine	10,558	7,711	(75)	(131)	10,483	7,580
Medical supplies	3,219	3,115	(11)	(20)	3,208	3,095
Other supplies	481	701	-	-	481	701
Total	14,258	11,527	(86)	(151)	14,172	11,376

During the current year, the Company and its subsidiaries reduced cost of medicine and supplies by Baht 0.6 million (2016: Baht 1.3 million) (The Company only: Baht 0.3 million and 2016: Baht 1.0 million), to reflect the net realisable value. This was included in cost of hospital operations. In addition, the Company and its subsidiaries reversed the write-down of cost of medicine and supplies by Baht 0.6 million (2016: Baht 1.4 million) (The Company only: Baht 0.4 million and 2016: Baht 1.2 million), and reduced the amount of medicine and supplies recognised as expenses during the year.

#### 10. Restricted bank deposits

These represent bank deposits pledged with the bank to secure bank guarantees issued by that bank on behalf of the subsidiary.

#### 11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding		Cost		(Unit: Thousand Baht) Dividend received	
			percentage				during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)				
Saivichai Development Company Limited	150,000	150,000	99.43	99.43	159,526	159,526	34,304	10,440
Srisakornvejvivat Company Limited	99,200	99,200	99.56	99.56	108,506	108,506	14,814	4,938
Srivichai Vocational College Company Limited	100	100	99.98	99.98	100	100	800	2,000
The Bangkok Orthopedic Hospital Company Limited	9,000	9,000	100.00	100.00	142,868	142,868	4,500	-
Total					411,000	411,000	54,418	17,378

The company had agreement to pay the unpaid amount of business acquisition for the Bangkok Orthopedic Hospital Company Limited of Baht 58.5 million in 9 annual installments of Baht 6.5 million each, starting from 2016.

## 12. Property, plant and equipment

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>							
	Land	Buildings and buildings improvement	Tools and medical instrument	Office furniture, fixtures and equipment	Motor vehicle	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2016	339,820	779,057	303,343	217,692	65,609	29,233	1,734,754
Additions	-	5,783	71,260	15,757	6,478	55,517	154,795
Increase from acquisition of business	8,400	16,431	57,638	16,549	10,024	-	109,042
Disposals/write-off	-	-	(8,410)	(3,912)	(79)	-	(12,401)
Transfers in (out)	-	54,377	22,794	450	6,091	(83,712)	-
31 December 2016	348,220	855,648	446,625	246,536	88,123	1,038	1,986,190
Additions	-	4,371	95,341	30,384	8,239	70,693	209,028
Reclassify	22,844	9,234	-	-	-	-	32,078
Disposals/write-off	-	(10,345)	(17,673)	(8,834)	(2,014)	-	(38,866)
Transfers in (out)	-	31,205	7,039	713	4,169	(43,126)	-
31 December 2017	371,064	890,113	531,332	268,799	98,517	28,605	2,188,430
<b>Accumulated depreciation:</b>							
1 January 2016	-	422,441	215,916	185,061	36,471	-	859,889
Increase from acquisition of business	-	7,791	39,268	12,238	6,585	-	65,882
Depreciation for the year	-	25,733	35,906	16,527	8,775	-	86,941
Depreciation on disposals/write-off	-	-	(7,937)	(3,815)	(65)	-	(11,817)
31 December 2016	-	455,965	283,153	210,011	51,766	-	1,000,895
Reclassify	-	8,768	-	-	-	-	8,768
Depreciation for the year	-	26,687	48,932	17,290	11,271	-	104,180
Depreciation on disposals/write-off	-	(9,716)	(17,540)	(8,669)	(1,915)	-	(37,840)
31 December 2017	-	481,704	314,545	218,632	61,122	-	1,076,003
<b>Net book value:</b>							
31 December 2016	348,220	399,683	163,472	36,525	36,357	1,038	985,295
31 December 2017	371,064	408,409	216,787	50,167	37,395	28,605	1,112,427
<b>Depreciation for the year</b>							
2016 (Baht 70 million included in cost of hospital operations, and the balance in selling and administrative expenses)							86,941
2017 (Baht 86 million included in cost of hospital operations, and the balance in selling and administrative expenses)							104,180

(Unit: Thousand Baht)

## Separate financial statements

	Land	Buildings and buildings improvement	Tools and medical instrument	Office furniture, fixtures and equipment	Motor vehicle	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2016	286,127	520,620	125,419	57,970	22,648	26,285	1,039,069
Additions	-	3,410	30,848	6,078	2,785	24,344	67,465
Write-off	-	-	(22)	(258)	-	-	(280)
Transfers in (out)	-	49,741	-	152	-	(49,893)	-
31 December 2016	286,127	573,771	156,245	63,942	25,433	736	1,106,254
Additions	-	1,905	17,225	13,212	5,874	22,789	61,005
Write-off	-	(1,081)	(3,535)	(4,494)	(631)	-	(9,741)
Transfers in (out)	-	8,389	-	-	-	(8,389)	-
31 December 2017	286,127	582,984	169,935	72,660	30,676	15,136	1,157,518
<b>Accumulated depreciation:</b>							
1 January 2016	-	211,612	69,014	42,544	16,004	-	339,174
Depreciation for the year	-	15,603	16,962	7,044	2,159	-	41,768
Depreciation on write-off	-	-	(21)	(252)	-	-	(273)
31 December 2016	-	227,215	85,955	49,336	18,163	-	380,669
Depreciation for the year	-	17,324	19,765	7,055	3,117	-	47,261
Depreciation on write-off	-	(918)	(3,447)	(4,390)	(598)	-	(9,353)
31 December 2017	-	243,621	102,273	52,001	20,682	-	418,577
<b>Net book value:</b>							
31 December 2016	286,127	346,556	70,290	14,606	7,270	736	725,585
31 December 2017	286,127	339,363	67,662	20,659	9,994	15,136	738,941
<b>Depreciation for the year</b>							
2016 (Baht 33 million included in cost of hospital operations, and the balance in selling and administrative expenses)							41,768
2017 (Baht 38 million included in cost of hospital operations, and the balance in selling and administrative expenses)							47,261



As at 31 December 2017, the Company and its subsidiaries had vehicles with net book value of Baht 19 million (2016: Baht 20 million) (The Company only: Baht 4 million and 2016: Baht 6 million) which were acquired under finance lease agreements.

As at 31 December 2017, certain items of buildings improvement and equipment were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 527 million (2016: Baht 497 million) (the Company only: 131 Baht million and 2016: Baht 114 million).

The Company and its subsidiaries had pledged part of their property with constructions thereon, their book values as at 31 December 2017 are Baht 741 million (2016: Baht 732 million), as collateral against credit facilities received from the commercial bank, and credit facilities of another subsidiary (the Company only: Baht 640 million and 2016: Baht 633 million).

### 13. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land rental	Construction on leased land	Construction in progress on leased land	Total
<b>Cost:</b>				
1 January 2016	2,073	166,730	20	168,823
Increases	-	329	16,622	16,951
Transfers in (out)	-	16,442	(16,442)	-
31 December 2016	2,073	183,501	200	185,774
Increases	-	622	14,991	15,613
Transfers in (out)	-	9,888	(9,888)	-
31 December 2017	2,073	194,011	5,303	201,387
<b>Accumulated amortisation:</b>				
1 January 2016	1,740	39,791	-	41,531
Amortisation for the year	71	6,712	-	6,783
31 December 2016	1,811	46,503	-	48,314
Amortisation for the year	70	7,506	-	7,576
31 December 2017	1,881	54,009	-	55,890

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land rental	Construction	Construction	Total
		on leased land	in progress on leased land	
<b>Net book value:</b>				
31 December 2016	262	136,998	200	137,460
31 December 2017	192	140,002	5,303	145,497
<b>Amortisation for the year</b>				
2016 (Baht 6 million included in cost of hospital operations, and the balance in selling and administrative expenses)				6,783
2017 (Baht 6 million included in cost of hospital operations, and the balance in selling and administrative expenses)				7,576

Leasehold rights include transfer fees paid to acquire leased land and construction expenses for construction on leased land. The subsidiary made an agreement to lease land from 1990 to 2020, but in 2005 the lease was extended by another 15 years, until 2035.

Another subsidiary entered into an agreement with another individual to lease a building from 2004 to 2026 and an agreement with a related individuals to lease a building from 2016 to 2027.

#### 14. Goodwill

Goodwill of The Bangkok Orthopedic Hospital Company Limited (a subsidiary) from a business acquisition, amounting to Baht 65 million, consisted of the business opportunities provided by acquiring a hospital ready to operate immediately from the acquisition date and future business expansion.

The recoverable amounts of the CGUs were determined based on value in use calculations made using cash flow projections covering a five-year period extracted from financial budgets approved by the management.

Key assumptions used in the value is use calculation are summarized below:

	(Unit: percent per annum)
	The Bangkok Orthopedic Hospital Company Limited
Growth rate	2.5
Discount rate	9.7

The management determined the growth rate based on historical operating results and expected market growth. The discount rate used reflects the risks specific to hospital business.

The management determined that there was no impairment of goodwill from the business acquisition.

#### 15. Bank overdrafts

	Interest rate (percent per annum)	(Unit: Thousand Baht)	
		Consolidated financial statements	
		2017	2016
Bank overdrafts	MOR to MOR+1	9,175	-
Total		9,175	-

Bank overdrafts are secured by the pledge of part of land with constructions thereon of its subsidiary and guarantee provided by a subsidiary and directors of the Company.

#### 16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	2017	2016	2017	2016
Trade payables - related parties	-	-	9,293	11,647
Trade payables - unrelated parties	149,072	118,542	56,686	51,133
Other payables - related individuals	165	170	42	15
Other payables - unrelated parties	78,640	80,712	19,459	12,310
Doctor fee payables	41,697	35,175	16,551	15,455
Accrued expenses	75,872	64,180	20,915	15,828
Total trade and other payables	345,446	298,779	122,946	106,388

## 17. Long-term loans

Loan	Interest rate (%)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements	financial statements	financial statements	financial statements
			2017	2016	2017	2016
<b>Srivichaijevivat Public Company Limited</b>						
1	MLR-1.25 to MLR-1	Monthly installments as from December 2014	12,800	20,000	12,800	20,000
2	MLR-1.25 to MLR-1	Monthly installments as from October 2015	41,250	56,250	41,250	56,250
3	MLR-1.25 to MLR-1	Monthly installments as from January 2016	45,000	60,000	45,000	60,000
4	MLR-1	Monthly installments as from January 2016	31,760	40,880	31,760	40,880
5	MLR-1	Monthly installments as from April 2016	17,400	24,600	17,400	24,600
6	MLR-0.75	Monthly installments as from July 2016	109,940	129,980	109,940	129,980
<b>Saivichai Development Company Limited</b>						
7	MLR-1 to MLR	Monthly installments as from June 2012	-	12,150	-	-
8	MLR-1	Monthly installments as from November 2017	14,642	-	-	-
9	MLR-1	Monthly installments as from November 2018	21,170	-	-	-
Total			293,962	343,860	258,150	331,710
Less: Portion due within one year			(77,518)	(85,710)	(73,560)	(73,560)
Long-term loans, net of current portion			216,444	258,150	184,590	258,150

The loans are secured by the pledge of part of land with constructions thereon of the Company and of its subsidiary and guarantee provided by a subsidiary and directors of the Company.

## 18. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Liabilities under finance lease agreements	15,572	16,898	2,987	3,406
Less: Deferred interest expenses	(750)	(1,010)	(98)	(155)
Total	14,822	15,888	2,889	3,251
Less: Portion due within one year	(8,121)	(8,055)	(2,248)	(2,012)
Liabilities under finance lease agreements - net of current portion	6,701	7,833	641	1,239

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are 2 to 5 years and the effective interest rates are between 5.03 and 5.76 percent per annum (2016: between 3.88 and 8.36 percent per annum) (The Company only: between 5.15 and 5.27 percent per annum and 2016: between 5.15 and 8.36 percent per annum).

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	As at 31 December 2017					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1 - 2 years	Total	1 year	1 - 2 years	Total
Future minimum lease payments	8,687	6,885	15,572	2,338	649	2,987
Deferred interest expenses	(566)	(184)	(750)	(90)	(8)	(98)
Present value of future minimum lease payments	8,121	6,701	14,822	2,248	641	2,889

(Unit: Thousand Baht)

	As at 31 December 2016					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1 - 3 years	Total	1 year	1 - 3 years	Total
Future minimum lease payments	8,702	8,196	16,898	2,133	1,273	3,406
Deferred interest expenses	(647)	(363)	(1,010)	(121)	(34)	(155)
Present value of future minimum lease payments	8,055	7,833	15,888	2,012	1,239	3,251

## 19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and its subsidiaries, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Provision for long-term employee benefits at beginning of year</b>	17,290	12,827	3,100	5,458
Included in profit or loss:				
Current service cost	2,361	1,355	794	499
Interest cost	712	561	185	143
Gains on settlement	(53)	-	(18)	-
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	1,204	-	92	-
Financial assumptions changes	2,886	-	803	-
Experience adjustments	2,907	-	2,634	-
Increase from acquisition of business	-	5,854	-	-
Benefits paid during the year	(1,264)	(3,307)	(724)	(3,000)
<b>Provisions for long-term employee benefits at end of year</b>	<b>26,043</b>	<b>17,290</b>	<b>6,866</b>	<b>3,100</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of hospital operations	1,987	1,321	647	373
Selling and administrative expenses	1,033	595	314	269
<b>Total expenses recognised in profit or loss</b>	<b>3,020</b>	<b>1,916</b>	<b>961</b>	<b>642</b>

The Company and its subsidiaries expect to pay Baht 0.7 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.2 million) (2016: Baht 1.3 million, separate financial statements: Baht 0.7 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 11 - 17 years (Separate financial statements: 12 years) (2016: 14 - 17 years, separate financial statements: 17 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.20 - 4.30	4.20 - 4.30	4.30	4.30
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate				
(depending on age)	0.00 - 30.00	0.00 - 30.00	0.00 - 25.00	0.00 - 25.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Thousand Baht)					
31 December 2017					
		Consolidated		Separate	
		financial statements	financial statements	financial statements	financial statements
	(% per annum)	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Discount rate	1.00	(2,597)	3,060	(754)	894
Future salary increase rate	1.00	3,244	(2,798)	941	(806)
Staff turnover rate	20.00	(3,388)	4,576	(1,173)	1,652

  

(Unit: Thousand Baht)					
31 December 2016					
		Consolidated		Separate	
		financial statements	financial statements	financial statements	financial statements
	(% per annum)	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Discount rate	1.00	(1,583)	1,839	(446)	526
Future salary increase rate	1.00	2,371	(2,047)	643	(544)
Staff turnover rate	20.00	(2,550)	3,489	(827)	1,176

## 20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	618,097	526,338	253,091	231,090
Depreciation and amortisation	112,525	94,614	47,586	42,016
Doctor fees	412,595	337,673	158,243	148,096
Medical treatment expense for referred patients	129,214	128,926	74,529	89,043
Medicine, medical supplies and other supplies used	295,387	236,857	103,212	95,942

## 22. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Current income tax charge	25,783	35,096	10,224	16,238
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,671)	545	(146)	564
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>24,112</u>	<u>35,641</u>	<u>10,078</u>	<u>16,802</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial losses	<u>1,399</u>	<u>-</u>	<u>706</u>	<u>-</u>



The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	149,795	189,106	115,189	109,157
Applicable tax rate	20% and 0% - 10%	0% and 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	29,832	37,671	23,038	21,831
Adjustment in respect of income tax of previous year	-	885	-	-
Effects of:				
Non-deductible expenses	881	1,559	459	108
Tax-exempted dividend income	-	-	(10,884)	(3,475)
Additional expense deductions allowed	(6,601)	(4,474)	(2,535)	(1,662)
Total	(5,720)	(2,915)	(12,960)	(5,029)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>24,112</b>	<b>35,641</b>	<b>10,078</b>	<b>16,802</b>

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	39	190	39	169
Allowance for diminution in value of medicine and supplies	57	61	17	30
Recognition of rental expenses	3,564	4,008	-	-
Provision for employee benefits	5,808	3,082	1,596	806
Loss on fair value adjustment of leasehold rights of subsidiary from acquisition of business	629	764	-	-
Total	10,097	8,105	1,652	1,005

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
<b>Deferred tax liabilities</b>				
Accumulated depreciation - Plant	8,064	8,364	5,445	5,651
Gain on fair value adjustment of fixed assets of subsidiary from acquisition of business	1,873	2,651	-	-
<b>Total</b>	<b>9,937</b>	<b>11,015</b>	<b>5,445</b>	<b>5,651</b>

### 23. Earnings per share

Basic earnings per share is calculated by dividing profit for this year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the period (Thousand Baht)	125,276	153,074	105,112	92,355
Weighted average number of ordinary shares (Thousand shares)	570,665	570,665	570,665	570,665
Earnings per share (Baht per share)	0.22	0.27	0.18	0.16

### 24. Segment information

The Company and its subsidiaries are principally engaged in the hospital business. A subsidiary is engaged in operating a vocational school, but revenue from this business is immaterial. Therefore, revenues, operating profit and total assets presented in the financial statements relate to the said principal business.

#### Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

## Major customer

For the year 2017, the Company and its subsidiaries have revenues from one major customer in amount of Baht 333 million, arising from hospital business (2016: Baht 325 million derived from one major customer, arising from hospital business).

## 25. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, the Company and its subsidiaries contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by the American International Assurance Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 5 million (2016: Baht 3 million) (the Company only: Baht 2 million and 2016: Baht 1 million) were recognised as expenses.

## 26. Dividends

Dividends	Approved by	Cash dividend (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2015	The Annual General Meeting of the shareholders on 22 April 2016	57,066	0.10
Total dividends for 2016		57,066	0.10
Final dividends for 2016	The Annual General Meeting of the shareholders on 29 April 2017	62,773	0.11
Total dividends for 2017		62,773	0.11

## 27. Commitments and contingent liabilities

### 27.1 Capital commitments

As at 31 December 2017, the Company and its subsidiaries had capital commitments relating to the construction of buildings and the buildings improvement of approximately Baht 31.5 million (2016: Baht 0.3 million) (The Company only: Baht 14.9 million and 2016: Baht 0.2 million), and relating to medical service system and acquisition of medical devices and hospital equipment of approximately Baht 55.1 million (2016: Baht 60.7 million) (The Company only: Baht 18.7 million and 2016: Baht 24.7 million).

## 27.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, property and equipment. The terms of the agreements are generally between 1 and 45 years.

Future minimum lease payments required under those operating lease agreements were as follows:

	(Unit: Million Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
In up to 1 year	9.0	6.0	0.6	0.5
In over 1 and up to 5 years	30.4	26.1	0.1	-
In over 5 years	74.9	77.1	-	-

## 27.3 Service commitments

The Company and its subsidiaries have entered into consulting, cleaning services provider, security services provider, medical equipment maintenance service, and other service agreements with unrelated parties.

As at 31 December 2017, future minimum payments required under those service contracts were contracting to Baht 11 million (2016: Baht 12 million) (The Company only: Baht 4 million and 2016: Baht 6 million).

## 27.4 Guarantees

There were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Bank guarantees for the medical treatment service contracts with the Social Security Office	13	15	10	10
Bank guarantees for the medical treatment service contracts with the National Health Security Office	4	4	-	-
Bank guarantees for electricity use	4	4	1	1

## **27.5 Litigation**

In 2011, the Company, as a joint defendant, was sued together with a hospital and the attending doctors (3 defendants in total) for damages amounting to approximately Baht 11 million. The plaintiff claimed that the attending doctors had jointly committed a tort in their provision of medical treatment, and that the Company, as the operator of the hospital business and employer of the doctors, was jointly responsible for the wrongful acts of the attending doctors. The Company and its doctors believe that they did not commit any wrongful acts as claimed and they therefore decided to file statements of defence. The Court of First Instance ordered the dismissal of the case on 8 July 2013.

The plaintiff subsequently appealed against the judgement and. on 11 April 2014, the Appeal Court ordered the Company to pay a total of Baht 0.2 million to the plaintiff, together with interest at 7.5 percent per annum from 30 September 2011 until payment is made.

Subsequently, the plaintiff wished to appeal the judgement to the Supreme Court, but on 23 August 2017, the Supreme Court issued an order denying the plaintiff permission to file a Supreme Court appeal. The case is therefore considered to be finalised.

## **28. Financial instruments**

### **28.1 Financial risk management**

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, bank overdrafts, long-term loans and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, The Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

### ***Interest rate risk***

The Company and its subsidiaries exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, long-term borrowings and liabilities under finance lease agreements. However, since most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

### ***Foreign currency risk***

The Company and its subsidiaries had no exposure to foreign currency risk as they rarely have not transactions denominated in other currencies.

## **28.2 Fair values of financial instruments**

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

## **29. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.70:1 (2016: 0.74:1) and the Company's was 0.48:1 (2016: 0.57:1).

## **30. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.