

Srivichaivejvivat Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2018

## **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 2018, 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 2018, 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 2018, the Group had accrued medical treatment income from the two government agencies amounting to Baht 94 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: 20 February 2019

**Srivichaivejvivat Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	111,555,317	83,656,509	33,513,427	13,334,675
Trade and other receivables	8	317,396,415	254,507,301	148,308,551	102,076,355
Medicine and supplies	9	49,750,874	49,953,690	15,465,949	14,172,468
Other current assets		13,368,414	10,526,045	2,335,305	1,973,333
<b>Total current assets</b>		<b>492,071,020</b>	<b>398,643,545</b>	<b>199,623,232</b>	<b>131,556,831</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	3,889,400	3,850,300	-	-
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
Property, plant and equipment	12	1,144,567,357	1,112,426,519	742,676,378	738,940,763
Leasehold rights	13	187,605,418	145,497,492	-	-
Goodwill	14	64,863,745	64,863,745	-	-
Deferred tax assets	22	11,085,903	10,097,323	1,821,725	1,651,569
Other non-current assets		44,115,727	39,064,623	31,553,366	25,261,378
<b>Total non-current assets</b>		<b>1,496,627,550</b>	<b>1,416,300,002</b>	<b>1,227,551,385</b>	<b>1,217,353,626</b>
<b>Total assets</b>		<b>1,988,698,570</b>	<b>1,814,943,547</b>	<b>1,427,174,617</b>	<b>1,348,910,457</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 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loan					
from financial institutions	15	108,000,000	9,175,467	100,000,000	-
Trade and other payables	16	317,974,572	345,446,233	113,713,596	122,945,842
Current portion of payable from purchase of investment	11	4,468,339	4,235,393	4,468,339	4,235,393
Current portion of long-term loans	17	97,104,952	77,518,000	81,755,322	73,560,000
Current portion of liabilities under finance lease agreements	18	7,363,969	8,120,947	1,098,774	2,248,628
Income tax payable		12,640,295	4,843,118	4,368,523	2,362,566
Other current liabilities		3,590,170	3,000,740	1,132,661	1,112,300
<b>Total current liabilities</b>		<b>551,142,297</b>	<b>452,339,898</b>	<b>306,537,215</b>	<b>206,464,729</b>
<b>Non-current liabilities</b>					
Payable from purchase of investment, net of current portion	11	32,470,946	36,939,285	32,470,946	36,939,285
Long-term loans, net of current portion	17	189,524,808	216,444,000	129,690,438	184,590,000
Liabilities under finance lease agreements, net of current portion	18	2,695,356	6,700,664	608,652	640,535
Provision for long-term employee benefits	19	28,766,375	26,043,128	7,813,806	6,865,884
Deferred tax liabilities	22	9,141,862	9,937,272	5,239,036	5,445,016
Other non-current liabilities		3,326,287	3,294,510	-	-
<b>Total non-current liabilities</b>		<b>265,925,634</b>	<b>299,358,859</b>	<b>175,822,878</b>	<b>234,480,720</b>
<b>Total liabilities</b>		<b>817,067,931</b>	<b>751,698,757</b>	<b>482,360,093</b>	<b>440,945,449</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 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<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	36,199,441	30,932,973	36,199,441	30,932,973
Unappropriated		506,159,574	403,422,119	300,011,535	268,428,487
Other components of shareholders' equity		18,669,496	18,669,496	-	-
Equity attributable to owners of the Company		1,169,632,059	1,061,628,136	944,814,524	907,965,008
Non-controlling interests of the subsidiaries		1,998,580	1,616,654	-	-
<b>Total shareholders' equity</b>		<b>1,171,630,639</b>	<b>1,063,244,790</b>	<b>944,814,524</b>	<b>907,965,008</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,988,698,570</b>	<b>1,814,943,547</b>	<b>1,427,174,617</b>	<b>1,348,910,457</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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from hospital operations		2,246,686,151	1,962,081,344	895,086,088	799,475,593
Dividend income	11	-	-	48,074,918	54,418,156
Other income		12,559,498	12,395,040	5,507,569	2,780,090
<b>Total revenues</b>		<b>2,259,245,649</b>	<b>1,974,476,384</b>	<b>948,668,575</b>	<b>856,673,839</b>
<b>Expenses</b>					
Cost of hospital operations		1,710,129,501	1,531,956,270	680,679,781	604,528,119
Selling expenses		67,068,719	58,682,254	23,918,460	21,532,326
Administrative expenses		244,766,125	215,076,753	108,685,647	98,245,947
<b>Total expenses</b>		<b>2,021,964,345</b>	<b>1,805,715,277</b>	<b>813,283,888</b>	<b>724,306,392</b>
<b>Profit before finance cost and income tax expenses</b>		<b>237,281,304</b>	<b>168,761,107</b>	<b>135,384,687</b>	<b>132,367,447</b>
Finance cost		(20,675,445)	(18,966,283)	(17,087,032)	(17,177,948)
<b>Profit before income tax expenses</b>		<b>216,605,859</b>	<b>149,794,824</b>	<b>118,297,655</b>	<b>115,189,499</b>
Income tax expenses	22	(39,488,078)	(24,111,795)	(12,968,289)	(10,077,643)
<b>Profit for the year</b>		<b>177,117,781</b>	<b>125,683,029</b>	<b>105,329,366</b>	<b>105,111,856</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>-</b>	<b>(5,598,099)</b>	<b>-</b>	<b>(2,823,451)</b>
<b>Total comprehensive income for the year</b>		<b>177,117,781</b>	<b>120,084,930</b>	<b>105,329,366</b>	<b>102,288,405</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		176,483,773	125,275,785	105,329,366	105,111,856
Non-controlling interests of the subsidiaries		634,008	407,244		
		<b>177,117,781</b>	<b>125,683,029</b>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		176,483,773	119,689,312	105,329,366	102,288,405
Non-controlling interests of the subsidiaries		634,008	395,618		
		<b>177,117,781</b>	<b>120,084,930</b>		
<b>Earnings per share</b>					
23					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.31	0.22	0.18	0.18

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

**Srivichaivejvivat Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Profit before tax	216,605,859	149,794,824	118,297,655	115,189,499
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	132,158,241	112,524,825	53,604,141	47,585,789
Reversal bad debts and allowance for doubtful accounts	(177,219)	(755,625)	(177,219)	(650,457)
Reduction of medicine and supplies to net realisable value (reversal)	46,060	(17,268)	59,714	(65,270)
Loss (gain) on disposals of equipment	(609,101)	222,451	(1,717,500)	-
Loss on write-off of equipment	457,879	548,693	116,271	388,239
Expenses of withholding tax write-off	2,664,159	3,019	-	-
Reversal of income tax expenses	-	(63,000)	-	-
Provision for long-term employee benefits	3,375,247	3,020,299	1,105,322	960,489
Dividend income from subsidiaries	-	-	(48,074,918)	(54,418,156)
Interest income	(429,879)	(466,700)	(379,340)	(149,309)
Interest expenses	20,675,445	18,966,283	17,087,032	17,177,948
Profit from operating activities before changes in operating assets and liabilities	374,766,691	283,777,801	139,921,158	126,018,772
Operating assets (increase) decrease				
Trade and other receivables	(62,711,895)	(15,497,087)	(46,054,977)	6,986,921
Medicine and supplies	156,756	(10,141,288)	(1,353,195)	(2,731,084)
Other current assets	(2,842,369)	(5,707,619)	(361,972)	(1,348,135)
Other non-current assets	230,753	2,491,041	(260,960)	(108,040)
Operating liabilities increase (decrease)				
Trade and other payables	2,283,076	23,580,560	1,282,493	4,300,989
Other current liabilities	283,930	246,188	20,361	181,110
Other non-current liabilities	31,777	(2,132,574)	-	-
Cash paid for long-term employee benefits	(346,500)	(1,264,600)	(157,400)	(724,000)
Cash flows from operating activities	311,852,219	275,352,422	93,035,508	132,576,533
Cash paid for income tax	(34,496,702)	(29,537,811)	(11,338,468)	(9,087,292)
Interest income	429,879	516,370	149,203	149,309
<b>Net cash flows from operating activities</b>	<b>277,785,396</b>	<b>246,330,981</b>	<b>81,846,243</b>	<b>123,638,550</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 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	-39,100	-100,000	-	-
Interest income	-	-	230,137	-
Acquisition of buildings improvement and equipment	(140,681,284)	(139,695,938)	(59,483,263)	(39,776,722)
Cash paid for purchase of building improvement and equipment	(52,834,783)	(30,710,286)	(15,855,744)	(3,902,187)
Increase in leasehold rights	(28,529,746)	(15,612,911)	-	-
Cash paid for payable of leasehold rights	(1,077,475)	(434,918)	-	-
Acquisition of intangible assets	(9,446,067)	(10,504,539)	(8,655,551)	(10,003,073)
Cash receipt from dividend of subsidiaries	-	-	48,074,918	54,418,156
Proceeds from sales of equipment	609,150	254,652	15,601,186	-
Advance for purchase of equipment and intangible assets	(6,956,454)	(6,711,065)	(2,862,220)	(3,196,520)
Cash paid for payable from purchase of investment	(4,235,393)	(5,193,436)	(4,235,393)	(5,193,436)
Interest expenses	(2,264,607)	(1,306,565)	(2,264,607)	(1,306,565)
<b>Net cash flows used in investing activities</b>	<b>(245,455,759)</b>	<b>(210,015,006)</b>	<b>(29,450,537)</b>	<b>(8,960,347)</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loan from financial institutions	98,824,533	9,175,467	100,000,000	-
Cash receipt from long-term loans from financial institutions	73,330,000	36,170,000	30,000,000	-
Repayment of long-term loans from financial institutions	(80,662,240)	(86,068,000)	(76,704,240)	(73,560,000)
Repayment of liabilities under finance lease agreements	(9,876,427)	(10,047,928)	(2,716,801)	(2,839,559)
Dividend paid	(68,023,220)	(62,349,911)	(68,022,158)	(62,354,900)
Dividend paid to non-controlling interests of the subsidiaries	(252,082)	(261,844)	-	-
Interest expenses	(17,771,393)	(16,865,878)	(14,773,755)	(15,814,036)
<b>Net cash flows used in financing activities</b>	<b>(4,430,829)</b>	<b>(130,248,094)</b>	<b>(32,216,954)</b>	<b>(154,568,495)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>27,898,808</b>	<b>(93,932,119)</b>	<b>20,178,752</b>	<b>(39,890,292)</b>
Cash and cash equivalents at beginning of year	83,656,509	177,588,628	13,334,675	53,224,967
<b>Cash and cash equivalents at end of year</b>	<b>111,555,317</b>	<b>83,656,509</b>	<b>33,513,427</b>	<b>13,334,675</b>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
Non-cash related transactions				
Acquisition of buildings improvement and equipment for which no cash has been paid	21,972,325	53,912,258	4,968,707	15,855,744
Purchase of vehicle under finance lease agreements	4,407,500	8,084,000	1,401,000	2,306,000
Leasehold rights which no cash has been paid	1,795,762	-	-	-
Reclassify investment properties to property, plant and equipment	-	23,310,328	-	-
Reclassify property, plant and equipment to leasehold rights	26,027,770	-	-	-
Transfer advance for purchase of equipment to equipment	6,509,225	7,336,191	3,016,211	3,066,604

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

Srivichaivejvivat Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

<b>Consolidated financial statements</b>											
Equity attributable to owners of the Company											
	Note	Equity attributable to owners of the Company			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	
		Issued and paid-up share capital	Share premium	Retained earnings Appropriated - statutory reserve	Unappropriated	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
<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>
<b>Balance as at 1 January 2018</b>		570,665,433	37,938,115	30,932,973	403,422,119	37,530,739	(18,861,243)	18,669,496	1,061,628,136	1,616,654	1,063,244,790
Profit for the year		-	-	-	176,483,773	-	-	-	176,483,773	634,008	177,117,781
Other comprehensive income for the year		-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	176,483,773	-	-	-	176,483,773	634,008	177,117,781
Dividend paid	26	-	-	-	(68,479,850)	-	-	-	(68,479,850)	(252,082)	(68,731,932)
Transferred to statutory reserve	20	-	-	5,266,468	(5,266,468)	-	-	-	-	-	-
<b>Balance as at 31 December 2018</b>		<u>570,665,433</u>	<u>37,938,115</u>	<u>36,199,441</u>	<u>506,159,574</u>	<u>37,530,739</u>	<u>(18,861,243)</u>	<u>18,669,496</u>	<u>1,169,632,059</u>	<u>1,998,580</u>	<u>1,171,630,639</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 2018**

(Unit: Baht)

**Separate financial statements**

	Note	Issued and paid-up share capital	Shares premium	Retained earnings		Total shareholders' equity
				- statutory reserve	Unappropriated	
<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>
						-
<b>Balance as at 1 January 2018</b>		570,665,433	37,938,115	30,932,973	268,428,487	907,965,008
Profit for the year		-	-	-	105,329,366	105,329,366
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	105,329,366	105,329,366
Dividend paid	26	-	-	-	(68,479,850)	(68,479,850)
Transferred to statutory reserve	20	-	-	5,266,468	(5,266,468)	-
<b>Balance as at 31 December 2018</b>		<u>570,665,433</u>	<u>37,938,115</u>	<u>36,199,441</u>	<u>300,011,535</u>	<u>944,814,524</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 2018

#### 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	
			<u>2018</u>	<u>2017</u>
			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 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

### **(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of IFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

IFRS 7	Financial Instruments: Disclosures
IFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **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. Buildings 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 instruments	-	2 - 10	years
Office furniture, fixtures and equipment	-	3, 5	years
Motor vehicles	-	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 defined benefit plans 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	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Medical service income	-	-	11	6	Normal price less certain discount
Sales of equipment	-	-	15	-	Market Price
Dividend income	-	-	48	54	Resolution of the Annual General Meeting of the shareholders of subsidiaries
Medical service expenses	-	-	33	25	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 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties</u>				
(Note 8)				
Subsidiaries	-	-	3,301	1,005
Total trade and other receivables - related parties	-	-	3,301	1,005
<u>Trade and other payables - related parties</u>				
(Note 16)				
Subsidiaries	-	-	4,590	9,293
Related company and individuals	699	165	29	42
Total trade and other payables - related parties	699	165	4,619	9,335
<u>Other non-current liabilities - related parties</u>				
Related individuals	3,295	3,295	-	-
Total other non-current liabilities - related parties	3,295	3,295	-	-

Short-term loan to related party and short-term loan from related party

As at 31 December 2018 and 2017, 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
<u>Loan to related party</u>	<u>Related by</u>	<u>31 December 2017</u>	<u>during the year</u>	<u>during the year</u>	<u>31 December 2018</u>
The Bangkok					
Orthopedic Hospital					
Company Limited	Subsidiary	-	10,000	(10,000)	-
Total		-	10,000	(10,000)	-

		(Unit: Thousand Baht)			
		Separate financial statements			
		Balance as at	Increase	Decrease	Balance as at
<u>Loan from related party</u>	<u>Related by</u>	<u>31 December 2017</u>	<u>during the year</u>	<u>during the year</u>	<u>31 December 2018</u>
Srisakornvejvivat					
Company Limited	Subsidiary	-	5,000	(5,000)	-
Total		-	5,000	(5,000)	-

Short-term loan to related party and short-term loan from related party 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 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	36,281	31,777	25,905	22,700
Post-employment benefits	7	7	7	7
<b>Total</b>	<b>36,288</b>	<b>31,784</b>	<b>25,912</b>	<b>22,707</b>

**7. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	4,946	2,561	1,541	815
Bank deposits	106,609	81,096	31,972	12,520
<b>Total</b>	<b>111,555</b>	<b>83,657</b>	<b>33,513</b>	<b>13,335</b>

As at 31 December 2018, the Company and its subsidiaries had bank deposits in saving accounts and fixed deposits which carried interests between 0.10 and 1.00 percent per annum (2017: between 0.10 and 0.875 percent per annum).

**8. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	1,273	708
Past due				
Up to 3 months	-	-	1,252	241
3 - 6 months	-	-	503	51
6 - 12 months	-	-	268	-
<b>Total trade receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>3,296</b>	<b>1,000</b>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	143,432	141,521	59,156	50,100
Past due				
Up to 3 months	56,674	33,328	20,250	9,028
3 - 6 months	4,831	4,957	1,840	2,629
6 - 12 months	1,686	1,042	466	200
Over 12 months	394	250	204	194
Total	207,017	181,098	81,916	62,151
Less: Allowance for doubtful accounts	(17)	(194)	(17)	(194)
Total trade receivables - unrelated parties, net	207,000	180,904	81,899	61,957
Total trade receivables - net	207,000	180,904	85,195	62,957
<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	7,411	2,576	1,551	1,052
Accrued income				
Accrued social security income	80,654	45,016	58,944	34,765
Accrued national health security income	13,680	13,381	-	-
Other accrued income	8,651	12,630	2,614	3,297
Total other receivables - unrelated parties	110,396	73,603	63,109	39,114
Total other receivables	110,396	73,603	63,114	39,119
Total trade and other receivables - net	317,396	254,507	148,309	102,076

## 9. Medicine and supplies

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Medicine and supplies - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Medicine	25,423	28,507	(227)	(244)	25,196	28,263
Medical supplies	22,095	19,210	(97)	(43)	21,998	19,167
Other supplies	2,566	2,524	(9)	-	2,557	2,524
Total	50,084	50,241	(333)	(287)	49,751	49,954

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Medicine and supplies - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Medicine	11,112	10,558	(114)	(75)	10,998	10,483
Medical supplies	3,956	3,219	(31)	(11)	3,925	3,208
Other supplies	543	481	-	-	543	481
<b>Total</b>	<b>15,611</b>	<b>14,258</b>	<b>(145)</b>	<b>(86)</b>	<b>15,466</b>	<b>14,172</b>

During the current year, the Company and its subsidiaries reduced cost of medicine and supplies by Baht 0.7 million (2017: Baht 0.6 million) (The Company only: Baht 0.4 million and 2017: Baht 0.3 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 0.7 million (2017: Baht 0.6 million) (The Company only: Baht 0.3 million and 2017: Baht 0.4 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 percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			(%)	(%)				
Saivichai Development Company Limited	150,000	150,000	99.43	99.43	159,526	159,526	34,900	34,304
Srisakornvejjivat Company Limited	99,200	99,200	99.56	99.56	108,506	108,506	11,852	14,814
Srivichai Vocational College Company Limited	100	100	99.98	99.98	100	100	900	800
The Bangkok Orthopedic Hospital Company Limited	9,000	9,000	100.00	100.00	142,868	142,868	423	4,500
<b>Total</b>					<b>411,000</b>	<b>411,000</b>	<b>48,075</b>	<b>54,418</b>

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 instruments	Office furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2017	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
Additions	-	5,022	58,223	22,241	5,340	82,744	173,570
Reclassify	-	(19,528)	-	-	-	(7,200)	(26,728)
Disposals/write-off	-	(1,013)	(12,533)	(6,083)	(2,507)	-	(22,136)
Transfers in (out)	-	16,557	4,090	336	6,223	(27,206)	-
31 December 2018	371,064	891,151	581,112	285,293	107,573	76,943	2,313,136
<b>Accumulated depreciation:</b>							
1 January 2017	-	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
Reclassify	-	(700)	-	-	-	-	(700)
Depreciation for the year	-	23,315	59,511	21,001	11,271	-	114,944
Depreciation on disposals/write-off	-	(1,006)	(12,340)	(5,831)	(2,501)	-	(21,678)
31 December 2018	-	503,313	361,716	233,802	69,738	-	1,168,569
<b>Net book value:</b>							
31 December 2017	371,064	408,409	216,787	50,167	37,395	28,605	1,112,427
31 December 2018	371,064	387,838	219,396	51,491	37,835	76,943	1,144,567
<b>Depreciation for the year</b>							
2017 (Baht 86 million included in cost of hospital operations, and the balance in selling and administrative expenses)							104,180
2018 (Baht 94 million included in cost of hospital operations, and the balance in selling and administrative expenses)							114,944



(Unit: Thousand Baht)

## Separate financial statements

	Land	Buildings and buildings improvement	Tools and medical instruments	Office furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2017	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
Additions	-	3,458	17,232	5,834	1,406	40,939	68,869
Disposals/Write-off	-	(1,012)	(24,067)	(2,126)	(2,893)	-	(30,098)
Transfers in (out)	-	13,463	-	-	-	(13,463)	-
31 December 2018	286,127	598,893	163,100	76,368	29,189	42,612	1,196,289
<b>Accumulated depreciation:</b>							
1 January 2017	-	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
Depreciation for the year	-	17,603	21,323	8,712	3,496	-	51,134
Depreciation on disposals/write-off	-	(1,005)	(10,144)	(2,061)	(2,888)	-	(16,098)
31 December 2018	-	260,219	113,452	58,652	21,290	-	453,613
<b>Net book value:</b>							
31 December 2017	286,127	339,363	67,662	20,659	9,994	15,136	738,941
31 December 2018	286,127	338,674	49,648	17,716	7,899	42,612	742,676
<b>Depreciation for the year</b>							
2017 (Baht 38 million included in cost of hospital operations, and the balance in selling and administrative expenses)							47,261
2018 (Baht 40 million included in cost of hospital operations, and the balance in selling and administrative expenses)							51,134

As at 31 December 2018, the Company and its subsidiaries had vehicles with net book value of Baht 15 million (2017: Baht 19 million) (The Company only: Baht 3 million and 2017: Baht 4 million) which were acquired under finance lease agreements.

As at 31 December 2018, 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 586 million (2017: Baht 527 million) (the Company only: 150 Baht million and 2017: Baht 131 million).

The Company and its subsidiaries have pledged part of their land with constructions thereon, their book values as at 31 December 2018 are Baht 815 million (2017: Baht 741 million) (Separate financial statements: Baht 667 million, 2017: Baht 640 million), as collateral against credit facilities received from the commercial bank, and credit facilities of its subsidiaries.

### 13. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements			Total
	Land rental	Construction on leased land	Construction in progress on leased land	
<b>Cost:</b>				
1 January 2017	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
Increases	-	4,701	25,625	30,326
Reclassify	-	26,728	-	26,728
Transfers in (out)	-	3,655	(3,655)	-
31 December 2018	2,073	229,095	27,273	258,441
<b>Accumulated amortisation:</b>				
1 January 2017	1,811	46,503	-	48,314
Amortisation for the year	70	7,506	-	7,576
31 December 2017	1,881	54,009	-	55,890
Reclassify	-	700	-	700
Amortisation for the year	70	14,176	-	14,246
31 December 2018	1,951	68,885	-	70,836

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land rental	Construction on leased land	Construction	Total
			in progress on leased land	
<b>Net book value:</b>				
31 December 2017	192	140,002	5,303	145,497
31 December 2018	122	160,210	27,273	187,605
<b>Amortisation for the year</b>				
2017 (Baht 6 million included in cost of hospital operations, and the balance in selling and administrative expenses)				7,576
2018 (Baht 12 million included in cost of hospital operations, and the balance in selling and administrative expenses)				14,246

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. The subsidiary has mortgaged leasehold rights with a total net book value as at 31 December 2018 of Baht 31 million (2017: None), as collateral for credit facilities granted by a commercial bank.

#### 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 summarised below:

	(Unit: percent per annum)
	The Bangkok Orthopedic Hospital Company Limited
	<hr/>
Growth rate	2.5
Discount rate	11.7

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 and short-term loans from financial institutions

		(Unit: Thousand Baht)			
		Consolidated		Separate	
	Interest rate	financial statements		financial statements	
	(percent per annum)	2018	2017	2018	2017
Bank overdrafts	MOR to MOR+1	-	9,175	-	-
Short-term loans from financial institutions	3.10% - 5.70%	108,000	-	100,000	-
Total		108,000	9,175	100,000	-

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

Short-term loans from financial institutions are secured by the pledge of part of land with constructions and leasehold right thereon of a subsidiary and guarantee provided by the Company, a subsidiary and directors of the Company.

#### 16. Trade and other payables

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties		401	-	4,590	9,293
Trade payables - unrelated parties		135,763	149,072	56,030	56,686
Other payables - related individuals		298	165	29	42
Other payables - unrelated parties		63,458	78,640	13,483	19,459
Doctor fee payables		42,589	41,697	18,430	16,551
Accrued expenses		75,466	75,872	21,152	20,915
Total trade and other payables		<u>317,975</u>	<u>345,446</u>	<u>113,714</u>	<u>122,946</u>

## 17. Long-term loans

Loan	Interest rate (%)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements	financial statements	financial statements	financial statements
			2018	2017	2018	2017
<b>Srivichaivejvivat Public Company Limited</b>						
1	MLR-1.25 to MLR-1	Monthly installments as from December 2014	5,600	12,800	5,600	12,800
2	MLR-1.25 to MLR-1	Monthly installments as from October 2015	26,250	41,250	26,250	41,250
3	MLR-1.25 to MLR-1	Monthly installments as from January 2016	30,000	45,000	30,000	45,000
4	MLR-1	Monthly installments as from January 2016	22,640	31,760	22,640	31,760
5	MLR-1	Monthly installments as from April 2016	10,200	17,400	10,200	17,400
6	MLR-0.75	Monthly installments as from July 2016	89,900	109,940	89,900	109,940
7	4.50%	Monthly installments as from September 2018	26,856	-	26,856	-
<b>Saivichai Development Company Limited</b>						
8	MLR-1	Monthly installments as from November 2017	12,494	14,642	-	-
9	MLR-1	Monthly installments as from November 2018	36,590	21,170	-	-
<b>The Bangkok Orthopedic Hospital Company Limited</b>						
10	MLR-2.65 to MLR-1.5	Monthly installments as from September 2019	26,100	-	-	-
Total			286,630	293,962	211,446	258,150
Less: Portion due within one year			(97,105)	(77,518)	(81,755)	(73,560)
Long-term loans, net of current portion			189,525	216,444	129,691	184,590

The loans are secured by the pledge of part of the land with constructions thereon of the Company and two subsidiaries, the leasehold of a subsidiary, and guaranteed provided by the Company, a subsidiary and directors of the Company.

Under loan agreements of a subsidiary, the subsidiary is required to comply with several covenants specified in the agreements, including maintenance of a certain debt-to-equity ratio and maintenance of the Company's shareholding in a subsidiary.

As at 31 December 2018, two subsidiaries had long-term credit facilities under loan agreements which have not yet been drawn down amounting to Baht 41 million (2017: None).

## 18. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities under finance lease agreements	10,458	15,572	1,785	2,987
Less: Deferred interest expenses	(399)	(750)	(77)	(98)
Total	10,059	14,822	1,708	2,889
Less: Portion due within one year	(7,364)	(8,121)	(1,099)	(2,248)
Liabilities under finance lease agreements				
- net of current portion	2,695	6,701	609	641

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 2.64 and 5.76 percent per annum (2017: between 5.03 and 5.76 percent per annum) (The Company only: between 5.15 and 5.40 percent per annum and 2017: between 5.15 and 5.27 percent per annum).

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

	(Unit: Thousand Baht)					
	As at 31 December 2018					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	2 - 5 years	Total	1 year	2 - 5 years	Total
Future minimum lease payments	7,680	2,778	10,458	1,154	631	1,785
Deferred interest expenses	(316)	(83)	(399)	(55)	(22)	(77)
Present value of future minimum lease payments	7,364	2,695	10,059	1,099	609	1,708

	(Unit: Thousand Baht)					
	As at 31 December 2017					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	2 - 5 years	Total	1 year	2 - 5 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

## 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Provision for long-term employee benefits at beginning of year</b>	26,043	17,290	6,866	3,100
Included in profit or loss:				
Current service cost	2,580	2,361	881	794
Interest cost	786	712	215	185
Loss (gain) on settlement	9	(53)	9	(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
Reclassify to short-term employee benefits	(305)	-	-	-
Benefits paid during the year	(347)	(1,264)	(157)	(724)
<b>Provisions for long-term employee benefits at end of year</b>	<b>28,766</b>	<b>26,043</b>	<b>7,814</b>	<b>6,866</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of hospital operations	2,225	1,987	737	647
Selling and administrative expenses	1,150	1,033	368	314
<b>Total expenses recognised in profit or loss</b>	<b>3,375</b>	<b>3,020</b>	<b>1,105</b>	<b>961</b>

The Company and its subsidiaries expect to pay Baht 2 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.4 million) (2017: Baht 0.7 million, separate financial statements: Baht 0.2 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 11 - 17 years (Separate financial statements: 12 years) (2017: 11 - 17 years, separate financial statements: 12 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</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 2018 and 2017 are summarised below:

(Unit: Thousand Baht)					
31 December 2018					
		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	(2,727)	3,204	(810)	956
Future salary increase rate	1.00	3,713	(3,195)	1,093	(935)
Staff turnover rate	20.00	(3,876)	5,273	(1,349)	1,912

  

(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

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 8 million (The Company only: Baht 2 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.



## 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	685,100	618,097	288,584	253,091
Depreciation and amortisation	132,158	112,525	53,604	47,586
Doctor fees	456,447	412,595	172,753	158,243
Medical treatment expense for referred patients	144,906	129,214	88,429	74,529
Medicine, medical supplies and other supplies used	341,033	295,387	118,024	103,212

## 22. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Current income tax charge	41,272	25,783	13,344	10,224
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>(1,784)</u>	<u>(1,671)</u>	<u>(376)</u>	<u>(146)</u>
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>39,488</u>	<u>24,112</u>	<u>12,968</u>	<u>10,078</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial losses	<u>-</u>	<u>1,399</u>	<u>-</u>	<u>706</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	216,606	149,795	118,298	115,189
Applicable tax rate	20% and 0% - 15%	20% and 0% - 10%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	43,244	29,832	23,660	23,038
Effects of:				
Non-deductible expenses	1,525	881	619	459
Tax-exempted dividend income	-	-	(9,615)	(10,884)
Additional expense deductions allowed	(5,281)	(6,601)	(1,696)	(2,535)
Total	(3,756)	(5,720)	(10,692)	(12,960)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>39,488</b>	<b>24,112</b>	<b>12,968</b>	<b>10,078</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
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	4	39	4	39
Allowance for diminution in value of medicine and supplies	66	57	29	17
Recognition of rental expenses	4,052	3,564	-	-
Provision for employee benefits	6,470	5,808	1,789	1,596
Loss on fair value adjustment of leasehold rights of subsidiary from acquisition of business	494	629	-	-
Total	11,086	10,097	1,822	1,652

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
<b>Deferred tax liabilities</b>				
Accumulated depreciation - Plant	7,764	8,064	5,239	5,445
Gain on fair value adjustment of fixed assets of subsidiary from acquisition of business	1,378	1,873	-	-
<b>Total</b>	<b>9,142</b>	<b>9,937</b>	<b>5,239</b>	<b>5,445</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period (Thousand Baht)	176,484	125,276	105,329	105,112
Weighted average number of ordinary shares (Thousand shares)	570,665	570,665	570,665	570,665
Earnings per share (Baht per share)	0.31	0.22	0.18	0.18

### 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 2018, the Company and its subsidiaries have revenues from one major customer in amount of Baht 400 million, arising from hospital business (2017: Baht 333 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 2018 amounting to approximately Baht 4 million (2017: Baht 5 million) (the Company only: Baht 2 million and 2017: Baht 2 million) were recognised as expenses.

## 26. Dividends

Dividends	Approved by	Cash dividend (Thousand Baht)	Dividend per share (Baht)
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
Final dividends for 2017	The Annual General Meeting of the shareholders on 21 April 2018	68,480	0.12
Total dividends for 2018		68,480	0.12

## 27. Commitments and contingent liabilities

### 27.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitments relating to the construction of buildings and the buildings improvement of approximately Baht 110.0 million (2017: Baht 31.5 million) (The Company only: Baht 11.5 million and 2017: Baht 14.9 million), and relating to medical service system and acquisition of medical devices and hospital equipment of approximately Baht 51.5 million (2017: Baht 55.1 million) (The Company only: Baht 4.1 million and 2017: Baht 18.7 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	9.8	9.0	0.5	0.6
In over 1 and up to 5 years	30.0	30.4	-	0.1
In over 5 years	67.4	74.9	-	-

## 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 2018, future minimum payments required under those service contracts were contracting to Baht 22 million (2017: Baht 11 million) (The Company only: Baht 9 million and 2017: Baht 4 million).

## 27.4 Guarantees

(a) The Company has guaranteed bank credit facilities of its subsidiary amounting to Baht 63 million (2017: None).

(b) 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bank guarantees for the medical treatment service contracts with the Social Security Office	14	13	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

On 25 July 2018, the Company, as a joint defendant, was sued together with the attending doctors (3 defendants in total) for damages amounting to approximately Baht 20 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, must be held jointly responsible for the wrongful acts of the attending doctors. The Company and its doctors are of the opinion that they did not commit any wrongful acts as claimed, and therefore decided to file statements of defence. The case is currently being considered by the court. However, the management and the legal adviser of the Company believe that the litigation will not result in the Company incurring any material loss, and the Company therefore did not record any liabilities in the accounts.

## 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, short-term and 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 accounts receivable and other receivable. 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 accounts receivable and other receivable 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, short-term and long-term loans 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 2018, the Group's debt-to-equity ratio was 0.70:1 (2017: 0.70:1) and the Company's was 0.51:1 (2017: 0.48:1).

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

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2019.