

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of
Sikarin Public Company Limited

Opinion

I have audited the consolidated financial statements of Sikarin Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Sikarin Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Sikarin Public Company Limited and its subsidiaries as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Sikarin Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with 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 and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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Key Audit Matters

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

Recognition of revenue from general medical treatment

The Company's revenue from medical treatment is a significant value in the consolidated financial statements and separate financial statements representing 98 percent and 99 percent of total revenues, respectively. In addition, the revenue of the company has many components such as revenue from drug and medicine sale, revenue from medical service, revenue from patient's room, etc. Furthermore, discounts given to the party are different. Therefore, I pay special attention on the amount, value, and recognition period for the Company's medical service revenue.

I have audited the recognition of medical service revenue by assessing and testing the effectiveness of the internal control system of the company with respect to revenue cycle by inquiring the responsible person, understanding and selecting the sample to test compliance with the control designed by the company. In addition, I random sampling to test medical treatment supporting documents during the year, audited near the end of the accounting period and audited credit note issued by the company after the end of the accounting period. I analyzed to compare the subdivide revenue account to determine the irregularity that may arise of medical service transaction throughout the accounting period particularly entries through general vouchers.

Recognition of revenue from social security

The Company is engaged in hospital business rendering service in the social security system, thus the medical service fee is received from the social security unit. The revenue from social security has several types both individual package per head as calculated from the insured who selected the service with the company and another from the allocation by the actual service of the patient in that hospital for the disease under treatment, joint disease and incurrent disease that may arise during the treatment, number of bed occupancy days of the patient. This includes relative weight which is the average of the resource used in the treatment and average cost of total treatment compared to all hospitals in the social security system. The information to be acquired to support the calculation for the correct figure is difficult and requires long time to gather information from the social security. Therefore, the company has to estimate various factors along with using the judgment of the management. The use of judgment and estimate affect the balance of accrued revenue in the amount of Baht 160.21 million as presented in the financial statements and Note 7. The actual result may differ from the amount of estimate. Therefore, the estimation of accrued revenue from social security is a risk of material misstatement to the correctness and revenue measurement.

I made an understanding of the criteria in granting medical service fee from social security in each category, audited the correctness, source and reliability of the information, score used in calculating the revenue estimate. I also compared the balance of estimate against the statistics of the past amount received for appropriateness and audited the payment amount from social security after the end of the accounting period. This assures that accrued revenue from social security is recorded by the correct amount.

In addition, I assessed the trend of the insured receiving treatment in the year as compared to the insured of the previous year to analyze medical treatment trend received from the social security whether they are consistent by referencing internal source of information in the medical statistics department. This is to ensure that the medical treatment revenue from the social security is correctly measured.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report 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 will 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 identified above when it becomes available 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements and separate financial statements in accordance with 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 consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and separate 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 consolidated financial statements and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate 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 and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify our 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 and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate 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 we 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 consolidated financial statements and separate 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Potjanarat Siripipat.

(Miss Potjanarat Siripipat)
Certified Public Accountant
Registration No. 9012

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 14, 2019

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		Baht				
		Consolidated financial statements		Separate financial statements		
Note		2018	2017	2018	2017	
Current assets						
	Cash and cash equivalents	5	141,341,063	66,882,031	71,118,232	48,415,193
	Short-term investments in fixed deposit		474,794	471,053	474,794	471,053
	Trade accounts receivable	6	267,771,082	230,195,564	195,293,266	175,286,922
	Accrued income	7	160,211,516	140,676,705	160,211,516	140,676,705
	Other receivable	8, 10	19,437,532	25,010,317	18,741,048	20,126,388
	Inventories	9	108,553,097	104,656,557	82,300,321	80,773,102
	Non-current assets held for sale		-	5,368,745	-	-
	Other current assets		13,001,677	13,486,136	7,544,961	6,792,949
	Total current assets		710,790,761	586,747,108	535,684,138	472,542,312
Non-current assets						
	Investment in subsidiaries	11	-	-	1,392,744,103	1,366,194,103
	Investments in related company	12	-	-	-	-
	Long-term loans to subsidiary	10	-	-	28,980,964	7,198,519
	Investment property	13	5,332,385	5,382,258	5,332,385	5,382,258
	Property, plant and equipment	14	4,389,761,124	4,324,967,230	2,939,283,752	2,955,477,265
	Intangible assets	15	16,506,599	9,759,994	15,765,056	9,122,709
	Leasehold right	16	67,016,171	70,966,594	54,849,120	57,566,653
	Goodwill	11	326,167,591	326,167,591	-	-
	Deffered tax assets	17	4,086,896	5,869,506	-	-
	Other non-current assets					
	Fixed deposit pledged as collateral	18	2,015,024	1,998,157	-	-
	Others	19	10,579,205	17,836,479	3,015,355	2,784,834
	Total non-current assets		4,821,464,995	4,762,947,809	4,439,970,735	4,403,726,341
	Total assets		5,532,255,756	5,349,694,917	4,975,654,873	4,876,268,653

Notes to financial statement form an intergral part of these statement.

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Current liabilities					
Bank overdrafts and short - term loans					
from institute	21	100,243,782	115,092,180	100,243,782	79,286,359
Trade accounts payable		148,620,390	148,504,194	111,682,088	114,891,400
Other payable	10	223,309,754	192,301,062	179,190,024	160,320,168
Current portion of long-term loans from institute	22	186,094,733	194,081,731	126,099,876	151,229,731
Current portion of liabilities under long-term agreements	23	69,403,894	69,161,333	47,727,705	55,266,924
Accrued income tax		11,634,324	4,336,663	11,079,992	3,574,158
Accrued dividend		3,591,982	2,446,870	3,591,982	2,446,870
Retention payable		30,000,000	-	30,000,000	-
Other current liabilities		6,520,148	7,584,936	5,353,565	5,633,392
Total current liabilities		779,419,007	733,508,969	614,969,014	572,649,002
Non-current liabilities					
Long-term loans from institute	22	709,874,572	787,397,876	495,870,000	621,969,876
Liabilities under long-term agreements	23	112,935,819	99,182,613	57,561,920	70,772,969
Deferred tax liabilities	17	86,627,919	83,343,534	86,627,919	83,343,534
Employee benefits obligation	24	61,069,280	89,103,869	41,604,982	60,676,121
Other non-current liabilities		971,500	1,095,000	-	-
Total non-current liabilities		971,479,090	1,060,122,892	681,664,821	836,762,500
Total liabilities		1,750,898,097	1,793,631,861	1,296,633,835	1,409,411,502

Notes to financial statement form an intergral part of these statement.

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital	25				
Authorized share capital		1,033,692,422	981,561,198	1,033,692,422	981,561,198
Year 2018 : 2,067,384,843 ordinary shares of Baht 0.50 each					
Year 2017 : 151,009,415 ordinary shares of Baht 6.50 each					
Issued and paid-up share capital		999,664,325	981,561,198	999,664,325	981,561,198
Year 2018 : 1,999,328,649 ordinary shares of Baht 0.50 each					
Year 2017 : 151,009,415 ordinary shares of Baht 6.50 each					
Share premium	25	1,413,513,436	1,350,152,491	1,413,513,436	1,350,152,491
Share premium - capital reduction		7,107,485	7,107,485	7,107,485	7,107,485
Share premium - treasury shares		105,081,744	105,081,744	105,081,744	105,081,744
Warrants	26	346,073	-	346,073	-
Retained earnings					
-Appropriated					
Statutory reserve	27	67,045,366	59,513,615	67,045,366	59,513,615
-Unappropriated		868,718,685	702,237,379	806,816,996	678,697,324
Difference from change in shareholding proportion					
in subsidiary	11	(6,480,304)	-	-	-
Unrealized increment per assets appraisal	14	279,445,613	284,743,294	279,445,613	284,743,294
Total equity attributable to owners of the parent		3,734,442,423	3,490,397,206	3,679,021,038	3,466,857,151
Non-controlling interest	11	46,915,236	65,665,850	-	-
Total shareholder's equity		3,781,357,659	3,556,063,056	3,679,021,038	3,466,857,151
Total liabilities and shareholders' equity		5,532,255,756	5,349,694,917	4,975,654,873	4,876,268,653

Notes to financial statement form an intergral part of these statement.

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Medical service revenues	10	3,398,663,140	3,108,044,917	2,678,952,567	2,474,955,302
Food and beverage revenues		42,022,818	45,036,914	-	-
Other income	10	33,274,050	27,016,293	18,767,778	16,702,280
Total revenues		<u>3,473,960,008</u>	<u>3,180,098,124</u>	<u>2,697,720,345</u>	<u>2,491,657,582</u>
Expenses					
Cost of medical services	10	2,448,255,234	2,274,643,332	1,933,784,291	1,805,564,282
Cost of food and beverage		25,397,712	27,704,404	-	-
Administrative expenses	10	638,749,322	599,629,450	463,689,560	446,554,531
Financial cost		60,371,131	73,857,768	39,265,329	56,073,679
Total expenses		<u>3,172,773,399</u>	<u>2,975,834,954</u>	<u>2,436,739,180</u>	<u>2,308,192,492</u>
Profit before income tax expense		301,186,609	204,263,170	260,981,165	183,465,090
Income tax expense	31	57,821,879	41,093,990	47,736,501	32,830,061
Profit for the year		<u>243,364,730</u>	<u>163,169,180</u>	<u>213,244,664</u>	<u>150,635,029</u>
Other comprehensive income :					
Item that will not be reclassified to profit or loss					
Actuarial gain (losses) arising from post-employee benefit	24	31,032,310	-	19,081,498	-
Income tax relating not be reclassified	31.1	(6,206,462)	-	(3,816,300)	-
Other comprehensive income for the year, net of income tax		<u>24,825,848</u>	<u>-</u>	<u>15,265,198</u>	<u>-</u>
Total comprehensive income for the year		<u><u>268,190,578</u></u>	<u><u>163,169,180</u></u>	<u><u>228,509,862</u></u>	<u><u>150,635,029</u></u>
Profit attributable to					
Owners of the parent		242,419,603	162,708,646	213,244,664	150,635,029
Non-controlling interest		945,127	460,534	-	-
		<u>243,364,730</u>	<u>163,169,180</u>	<u>213,244,664</u>	<u>150,635,029</u>
Total comprehensive income attributable to					
Owners of the parent		266,871,496	162,708,646	228,509,862	150,635,029
Non-controlling interest		1,319,082	460,534	-	-
		<u>268,190,578</u>	<u>163,169,180</u>	<u>228,509,862</u>	<u>150,635,029</u>
Earnings per share					
Basic earning per share	32.2				
Attributable to owners of the parent		<u>0.12</u>	<u>0.08</u>	<u>0.11</u>	<u>0.08</u>

Notes to financial statement form an intergral part of these statement.

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

Baht

Consolidated financial statements

Note	Equity attributable to owners of the parent										Non-controlling interest	Total shareholders' equity
	Share capital	Share premium	Share premium - Capital reduction	Share premium - treasury shares	Warrants	Retained earnings		Difference from change in shareholding proportion in subsidiary	Unrealized increment per assets appraisal-net	Total equity attributable to owners of the parent		
	issued and paid-up					Appropriated statutory reserve	Unappropriated					
Ending balance, as at December 31, 2016	981,561,198	1,350,152,491	7,107,485	105,081,744	-	50,578,248	626,056,073	-	290,206,499	3,410,743,738	65,205,316	3,475,949,054
Appropriated statutory reserve	27	-	-	-	-	8,935,367	(8,935,367)	-	-	-	-	-
Dividend paid	28	-	-	-	-	-	(83,055,178)	-	-	(83,055,178)	-	(83,055,178)
Unrealized increment per assets appraisal transferred												
to retained earning							5,463,205	-	(5,463,205)	-	-	-
Total comprehensive income for the year							162,708,646	-	-	162,708,646	460,534	163,169,180
Ending balance, as at December 31, 2017	981,561,198	1,350,152,491	7,107,485	105,081,744	-	59,513,615	702,237,379	-	284,743,294	3,490,397,206	65,665,850	3,556,063,056
Share increase - common stock	25	18,103,127	63,360,945	-	-	-	-	-	-	81,464,072	-	81,464,072
Warrants	26	-	-	-	346,073	-	-	-	-	346,073	-	346,073
Appropriated statutory reserve	27	-	-	-	-	7,531,751	(7,531,751)	-	-	-	-	-
Dividend paid	28	-	-	-	-	-	(98,156,120)	-	-	(98,156,120)	-	(98,156,120)
Change in shareholding proportion in subsidiary	11	-	-	-	-	-	-	(6,480,304)	-	(6,480,304)	(20,069,696)	(26,550,000)
Unrealized increment per assets appraisal transferred												
to retained earning							5,297,681	-	(5,297,681)	-	-	-
Total comprehensive income for the year							242,419,603	-	-	242,419,603	945,127	243,364,730
Profit for the year							242,419,603	-	-	242,419,603	945,127	243,364,730
Other comprehensive income : net of income tax												
Acturial gain arising from post - employee benefit							24,451,893	-	-	24,451,893	373,955	24,825,848
Ending balance, as at December 31, 2018	999,664,325	1,413,513,436	7,107,485	105,081,744	346,073	67,045,366	868,718,685	(6,480,304)	279,445,613	3,734,442,423	46,915,236	3,781,357,659

Notes to financial statement form an intergral part of these statement.

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2018

		Baht								
		Separate financial statements								
Note	Share capital	Share premium	Share premium	Share premium	Warrants	Retained earnings		Unrealized increment per assets appraisal-net	Total shareholders' equity	
	issued and paid-up		- Capital reduction	- Treasury shares		Appropriated statutory reserve	- Unappropriated			
	Ending balance, as at December 31, 2016	981,561,198	1,350,152,491	7,107,485	105,081,744	-	50,578,248	614,589,635	290,206,499	3,399,277,300
27	Appropriated statutory reserve	-	-	-	-	-	8,935,367	(8,935,367)	-	-
28	Dividend	-	-	-	-	-	-	(83,055,178)	-	(83,055,178)
	Unrealized increment per assets appraisal transferred to retained earning	-	-	-	-	-	-	5,463,205	(5,463,205)	-
	Total comprehensive income for the year	-	-	-	-	-	-	150,635,029	-	150,635,029
	Ending balance, as at December 31, 2017	981,561,198	1,350,152,491	7,107,485	105,081,744	-	59,513,615	678,697,324	284,743,294	3,466,857,151
25	Share increase - common stock	18,103,127	63,360,945	-	-	-	-	-	-	81,464,072
26	Warrants	-	-	-	-	346,073	-	-	-	346,073
27	Appropriated statutory reserve	-	-	-	-	-	7,531,751	(7,531,751)	-	-
28	Dividend	-	-	-	-	-	-	(98,156,120)	-	(98,156,120)
	Unrealized increment per assets appraisal transferred to retained earning	-	-	-	-	-	-	5,297,681	(5,297,681)	-
	Total comprehensive income for the year	-	-	-	-	-	-	213,244,664	-	213,244,664
	Profit for the year	-	-	-	-	-	-	213,244,664	-	213,244,664
	Other comprehensive income : net of incom tax	-	-	-	-	-	-	15,265,198	-	15,265,198
	Acturial gain arising from post - employee benefit	-	-	-	-	-	-	15,265,198	-	15,265,198
	Ending balance, as at December 31, 2018	999,664,325	1,413,513,436	7,107,485	105,081,744	346,073	67,045,366	806,816,996	279,445,613	3,679,021,038

Notes to financial statement form an intergral part of these statement.

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Cash flows from operating activities</u>				
Profit for the year	243,364,730	163,169,180	213,244,664	150,635,029
Items to reconcile profit for the year to net cash flows from operating activities				
Depreciation and amortized expense	326,979,609	310,995,981	250,618,752	237,627,966
Bad debt and doubtful accounts (reverse)	2,336,179	4,450,785	2,285,780	3,531,002
(Gain) loss on sale of non-current assets held for sale	(831,255)	-	-	-
(Gain) loss on sale of fixed assets	126,879	2,934,263	(1,297,043)	2,927,709
Warrants	346,073	-	346,073	-
Interest income	(260,918)	(128,171)	(137,803)	(76,169)
Interest expense	60,371,131	73,857,768	39,265,329	56,073,679
Employee benefits expense	9,257,102	8,583,973	5,975,440	5,758,113
Income tax expense	57,821,879	41,093,990	47,736,501	32,830,061
Profit from operations before changes in operating assets and liabilities	699,511,409	604,957,769	558,037,693	489,307,390
Operating assets (increase) decrease				
Trade accounts receivable	(39,911,698)	(26,170,294)	(22,292,124)	(20,484,282)
Accrued income	(19,534,811)	24,369,004	(19,534,811)	24,369,004
Other receivable	5,572,785	(1,440,604)	1,385,340	4,870,840
Inventories	(3,896,540)	(12,842,806)	(1,527,219)	(11,215,735)
Other current assets	484,459	(3,614,789)	(752,011)	(906,324)
Other non-current assets	1,566,705	381,800	(230,521)	581,500
Operating liabilities increase (decrease)				
Trade accounts payable	116,196	(1,845,698)	(3,209,312)	(4,142,176)
Other payable	30,901,646	(3,124,291)	18,812,564	(3,151,762)
Unearn revenue	30,000,000	-	30,000,000	-
Other current liabilities	(1,064,788)	(3,010,747)	(279,827)	(3,996,673)
Other non current liabilities	(123,500)	75,552	-	-
Cash received from operation	703,621,863	577,734,896	560,409,772	475,231,782
Cash paid for employee benefits expense	(6,259,381)	(889,800)	(5,965,081)	-
Cash paid for income tax	(52,196,769)	(43,751,451)	(40,762,582)	(34,083,553)
Net cash provided by operating activities	645,165,713	533,093,645	513,682,109	441,148,229

Notes to financial statement form an intergral part of these statement.

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Cash flows from investing activities</u>				
(Increase) decrease in short-term investment in fixed deposit	(3,741)	339,102	(3,741)	339,102
Cash paid for investment in subsidiary from non-controlling interest	(26,550,000)	-	(26,550,000)	-
Cash paid for property, plant and equipment	(275,051,732)	(317,850,307)	(183,542,623)	(266,451,835)
Cash paid for intangible assets	(13,590,697)	(293,170)	(13,303,637)	(260,000)
Cash paid for land improvement - leasehold right	(2,691,637)	(3,936,598)	(2,691,637)	(3,936,598)
Cash received from sale of non-current assets held for sale	6,200,000	-	-	-
Cash received from sale of fixed assets	1,355,947	2,143,724	1,330,576	2,111,624
(Increase) decrease in fixed deposit pledged as collateral	(16,867)	1,702,714	-	1,719,440
Cash received for interest income	260,918	128,156	137,803	76,169
Net cash used in investing activities	<u>(310,087,809)</u>	<u>(317,766,379)</u>	<u>(224,623,259)</u>	<u>(266,402,098)</u>
<u>Cash flows from financing activities</u>				
Increase (decrease) in bank overdrafts and short-term loans from institute	(14,848,398)	60,675,500	20,957,423	32,724,786
Cash paid for long-term loans to subsidiary	-	-	(25,458,285)	-
Cash receive from long-term loans to subsidiary	-	-	3,675,840	3,675,839
Cash receive from long-term loans from institute	120,000,000	675,000,000	-	675,000,000
Cash paid for long-term loans from institute	(205,510,302)	(715,502,598)	(151,229,731)	(672,650,598)
Cash paid for liabilities under long-term agreements	(83,092,738)	(67,085,450)	(58,189,672)	(57,168,675)
Cash paid for interest expenses	(61,620,498)	(76,042,416)	(40,564,450)	(58,276,881)
Cash paid for dividend	(97,011,008)	(82,349,979)	(97,011,008)	(82,349,979)
Cash receive from paid-up for share capital	81,464,072	-	81,464,072	-
Net cash used in financing activities	<u>(260,618,872)</u>	<u>(205,304,943)</u>	<u>(266,355,811)</u>	<u>(159,045,508)</u>
Net increase in cash and cash equivalents	74,459,032	10,022,323	22,703,039	15,700,623
Cash and cash equivalents - at beginning of the year	66,882,031	56,859,708	48,415,193	32,714,570
Cash and cash equivalents - at ending of the year	<u>141,341,063</u>	<u>66,882,031</u>	<u>71,118,232</u>	<u>48,415,193</u>
<u>Supplemental disclosures of cash flow information</u>				
The Company acquired fixed assets by mean of liabilities under long-term agreement	97,088,505	44,336,240	37,439,404	18,900,000

Notes to financial statement form an intergral part of these statement.

SIKARIN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2018

1. GENERAL INFORMATION

(a) Legal status

The Company has registered to be a limited public company under the Limited Public Company Act B.E. 2535 with the Ministry of Commerce on November 10, 1994.

(b) Address, nature of business and number of employees of Company and its subsidiaries.

Name	Location	Main business activities	Number of employees (person)	
			2018	2017
Sikarin Public Company Limited consisted of		Hospital, general heal with		
1. Sikarin Hospital	976 Lasal Road South Bangna Bangkok, 10260	235 beds	1,309	1,370
2. Rattarin Hospital	999/23-29 Sukhumvit Road Bangpu Mai Samutprakarn, 10280	100 beds	198	179
3. Sikarin Hatyai Hospital	169 Nipatsongkhroa 1 Road, Hat Yai, Songkhla, 90110	120 beds	733	697

2. BASIS OF PREPARATION

2.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E. 2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re: the financial statements presentation for public limited company, issued under the accounting Act B.E. 2543.

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

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 such financial statements in Thai language.

2.2 Basis for the preparation of consolidated financial statements

2.2.1 The consolidated financial statements have included the financial statements of Sikarin Public Company Limited and its subsidiaries as follows;

Company name	Type of business	Percentage of holding (% of share capital)		Head office location
		2018	2017	
S K R Management Co.,Ltd.	Rental spaces management and sale food and beverage	99.99	99.99	Bangkok
Sikarin Hatyai Hospital Co.,Ltd.	Hospital	95.91	94.11	Songkhla

2.2.2 The Company record investment in subsidiary by purchase method.

2.2.3 Accounting policy for subsidiary companies will utilize the same policy as Sikarin Public Company Limited.

2.2.4 Outstanding balances and significant transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

2.2.5 Non - controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held the company and are presented separately from the portion of owners of the parent.

3. THE NEW AND REVISED ACCOUNTING STANDARDS ARE EFFECTIVE IN THE CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2018 are as follows:

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events After the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits

TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings Per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-Based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases - Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services

TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

The management of the Company and its subsidiaries evaluated that these new and revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in current year.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Recognition of revenues and expenses

Revenues from hospital operations, mainly consisting of medical fees, hospital room sales, and medicine sales, are recognized as in come when the services have been rendered medical supply or medicine delivered.

Revenues from social security welfare are recognized on an accrual basis.

Revenues from food and beverage are recognized when are delivered.

Rental income, other income, costs and expenses are recognized on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and short - term investment in promissory notes, which are not due over 3 months or less and excluded cash at banks which are used for guarantee.

4.3 Allowance for doubtful accounts

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts (if any).

The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in the statement of comprehensive income as part of administrative expenses.

The allowance for doubtful accounts is estimated losses are based on a percentage of outstanding receivables classified by aging of accounts receivable. Assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

4.4 Inventories

Inventories are stated at the lower of cost or net realizable value, whichever is lower.

Cost is calculated using the first-in, first-out basis, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

4.5 Investments

Investments in associates and subsidiaries

Associates are those companies in which the Company has significant influence over the associates, that is the Company has power to participate in determining relating to the financial and operating policies of the enterprise but not up to the level of governing such policies. Investments in associated are stated by equity method in consolidated financial statements. In case of the associates have capital deficiencies the recognition of Company's portion on such investments will be equal to zero only.

Subsidiaries are those companies in which the Company has the power to control the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.

Investments in associates and subsidiaries are stated at cost net from allowance on impairment (if any). Loss on impairment of investment will be recognized as loss in the statement of comprehensive income in the separate financial statements and investments in associates and subsidiaries are stated at equity in the consolidated financial statements.

General investments - investment in related parties and other companies

Related parties are those companies in which the Company has shareholding less than 20% and/or the companies which directly or indirectly have some common management, major shareholders or such related persons.

Other companies are those companies in which the Company has shareholding but has no power to govern or participate in setting up any policy.

General investments in related parties and other companies are stated at cost net from allowance on impairment (if any). Loss on impairment of investment will be recognized as loss in the statement of comprehensive income.

4.6 Goodwill

The Company and its subsidiaries use the acquisition method to account for business combinations and measure the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the Company and its subsidiaries measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

The Company and its subsidiaries account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is the excess of the cost of the business combination over the Company's interest in the fair value of the identifiable net assets of the subsidiary. If the Company's interest in the fair value of the identifiable net assets of the subsidiary exceeds the cost of the business combination, the excess is immediately recognized as gain in profit or loss.

Goodwill is initially measured at cost at the acquisition date and after that it will be measured at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

4.7 Investment property

Investment property is stated at cost less accumulated depreciation and allowance on impairment (if any).

Depreciation of investment property under building category is calculated by the straight-line method over the estimated useful life of 30 years. Depreciation of investment property is included in determining income.

The Company and its subsidiary have has policy to revalue its assets every five years.

4.8 Property, plant and equipment

Property are stated at appraised value.

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Plant and equipment are stated at revaluation after deducted accumulated depreciation and allowance on impairment (if any).

Depreciation of plant and equipment are calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Buildings and improvement	15 - 30	Years
Others	5 - 10	Years

Since 1999 the Company changed the measurement subsequent to initial recognition of property, plant and equipment from cost less accumulated depreciation to a valued amount (allowed alternative method by the accounting principle). The value is determined by an independent appraiser. The surplus resulting from the revaluation was shown under the caption of "Shareholders' Equity" in the balance sheet. The revaluation surplus on fixed asset is depreciated over the period of the remaining useful live by directly charging to retained earnings.

The Company and its subsidiary have policy to revalue its assets every five years.

Borrowing Costs during construction were capitalized as property.

4.9 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

4.10 Intangible asset

Intangible asset represents computer software is stated at cost after deducted accumulated amortization.

Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that the computer software is available for use over the estimated useful life of the software of 5 years.

4.11 Leasehold right

Leasehold right is stated at cost after deducted accumulated amortization. Amortization is charged to the statement of comprehensive income on straight-line method, based on the term of lease agreement.

Leasehold right of land	10-20	years
Building on leasehold right	15-20	years
Utilizable right on land improvement	9-20	years

4.12 Finance lease

Leases of assets that substantially transfer to the Company all the rewards and risks of ownership of assets and that the Company intends to exercise the option of the leases to purchase the assets at the expiration of the lease term, are accounted for as finance leases.

At the inception of a finance lease, the cost of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals. Finance charges are charged to the current period operations in proportion to the capital balances outstanding.

4.13 Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

4.14 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of comprehensive income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income.

4.15 Employee benefit

Short-term employment benefits

The Company and its subsidiary recognize salary, overtime, bonus, social securities and welfares as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company and its subsidiary have obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in comprehensive income.

In the year 2018, the Company and its subsidiaries had changed the retirement age of staff from retirement at 55 years to retirement at 60 years which effected on January 1, 2018 onwards.

4.16 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented in premium on treasury share and retained earnings, consecutively.

4.17 Share-based payment

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (warrant) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to stay).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

4.18 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company and its subsidiary record income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately.

4.19 Fair value of financial instruments

The Fund uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

4.20 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 amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Accrued revenues from hospital operations

In determines the certain amount of receivable from the social security office provided to patients with severe diseases and of chronic diseases. In this regard, the amount of such income are set, adjusted and accrued based on the latest actual collection within current relative circumstances.

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

Impairment of investment in subsidiary

The Company reviews the impairment of investment in the subsidiary, which requires management to prepare projections of the cash flows expected to be generated by the investment in the future, and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

Investment property/Depreciation

In determining depreciation of investment property, the management is required to make estimates of the useful lives and residual values of the investment property and to review the useful lives and residual values when there are any changes.

In addition, the management is required to review investment property for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

In determining the fair value disclosure of investment property, the management used the income approach supported by current and previous valuations by an independent appraiser.

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 plant and equipment and to review the estimated 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 the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, the management is required 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.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5. CASH AND CASH EQUIVALENTS

This account consisted of: -

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	5,773,584	5,215,296	3,790,571	3,593,784
Credit card	3,586,200	2,783,555	2,536,802	2,232,371
Cash at bank - current account	22,079,290	4,016,324	8,675,762	4,000,760
Cash at bank - savings account	109,901,989	54,866,856	56,115,097	38,588,278
Total	141,341,063	66,882,031	71,118,232	48,415,193

Savings accounts earned interest rate at 0.125 - 0.750 per annum.

6. TRADE ACCOUNTS RECEIVABLE

This account consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounts receivable - general	10,437,618	13,100,926	8,599,027	10,751,093
Accounts receivable - contract	268,075,433	222,136,052	196,571,395	168,775,854
Accounts receivable - compensation fund	5,303,371	4,746,427	5,198,002	4,628,033
Accounts receivable - social fund	-	3,921,320	-	3,921,320
Total	283,816,422	243,904,725	210,368,424	188,076,300
Less Allowance for doubtful accounts	(16,045,340)	(13,709,161)	(15,075,158)	(12,789,378)
Net	267,771,082	230,195,564	195,293,266	175,286,922

Accounts receivable were presented by aging as follows: -

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Age 0 month to 3 months	239,054,722	204,292,881	167,880,270	152,051,765
Age 3 months to 6 months	20,632,005	15,423,913	19,886,379	14,380,940
Age 6 months to 12 months	5,761,139	7,378,824	5,203,401	5,754,271
Age over 12 months	18,368,556	16,809,107	17,398,374	15,889,324
Total	283,816,422	243,904,725	210,368,424	188,076,300

Transactions with allowance for doubtful accounts - accounts receivable as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Beginning balance	13,709,161	9,258,376	12,789,378	9,258,376
Increase (Decrease)	2,344,342	4,450,785	2,285,780	3,531,002
Write off	(8,163)	-	-	-
Ending balance	16,045,340	13,709,161	15,075,158	12,789,378

The Company's management has contemplated about provision of allowance for doubtful accounts and believed that it is adequate for covering collection losses.

7. ACCRUED INCOME

This account consisted of:-

	Baht	
	Consolidated financial statements/ Separate financial statements	
	2018	2017
Accrued Income from capitation	6,094,750	6,816,593
Accrued Income from risk adjusted capitation	54,586,095	17,139,488
Accrued Income from Diagnosis Related Groups (DRGs)	73,562,835	96,322,499
Accrued Income from additional capitation	12,648,318	19,088,000
Accrued Income from health promotion	514,025	1,310,125
Accrued Income from quality medical services	12,805,493	-
Total	160,211,516	140,676,705

Year 2018

On February 19, 2018, the Company was notified of the data check result for medical service for a disease that has high cost (DRGs) for the year 2015 from the social security office by random check not less than 10 percent of the existing data available at that time to represent data to obtain all medical service charges. The result of audit shows error 55.83 percent or the value that is expected to be collected back from the social security office at Baht 34.41 million. The Company has clarified the first argument to the social security office to review the checking results. the Company expects to be collected back from the social security office approximately Baht 30 million. Therefore, the Company records to reduce the revenue - in-patient service charge of DRGs disease in the amount of Baht 30 million and records as advance revenue - pending return to the social security office in the same amount in the year of 2018.

On December 24, 2018, the Company was notified of the data check result for medical service for a disease that has high cost (DRGs) for the year 2016 from the social security office by random check not less than 10 percent of the existing data available at that time to represent data to obtain all medical service charges. The result of audit shows error 36.49 percent or the value that is expected to be collected back from the social security office at Baht 36.25 million. However, the Company has clarified the argument to the social security office to review the checking results again.

Year 2017

On April 11, 2017, the company was notified of the data check result for medical service for a disease that has high cost (DRGs) for the year 2015 from the social security office by random check not less than 10 percent of the existing data available at that time to represent data to obtain all medical service charges. funded for Diagnosis Related Groups (DRGs) in - patient treatment. Later in 2016, the Social Security Office has found the amount of medical service fees that exceed the amount to be refunded to the hospital from the hospital according to the percentage of AdjRW that is incorrect by 42.29% from the refunded amount of medical service fee in 2013 amounting to Baht 19.67 million The outstanding balance that the hospital has to pay back to the Social Security Office is Baht 6.67 million. The Social Security Office will deduct such amount from the medical service fee for the package payment of the hospital for 6 installments: No. 1-5 at Baht 1.12 million each and No. 6 at Baht 1.07 million. The first installment starts in April 2017. The Company has recorded the amount returned to the Social Security Office at the amount of Baht 6.67 million as the advance payment in the full amount and is gradually write off when the Social Security Office has deducted the capitation payment and the Company has recorded the deduction in revenue from DRGs by the same amount in the second quarter of 2017.

For the remaining accrued revenue from medical service fee for DRGs in-patient treatment that the Social Security Office has delayed the payment of Baht 12.99 million, the Company still made an appeal and sent additional documents to the Social Security Office for verification. However, the Company's management expects to have an uncertainty in receiving the payment of this amount in full. Therefore, the Company recorded to reduce accrued revenue and revenue from DRGs in-patient treatment to Baht 12.99 in the year of 2017.

8. OTHER RECEIVABLE

This account consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other receivables, in pending of Court	3,152,035	3,152,035	3,152,035	3,152,035
Welfare for staff receivables	3,055,507	2,696,327	3,055,507	2,696,327
Other receivables	14,873,536	19,367,300	14,640,841	16,611,561
Advance	1,508,489	2,946,690	1,044,700	818,500
Total	22,589,567	28,162,352	21,893,083	23,278,423
<u>Less Allowance for doubtful accounts</u>	<u>(3,152,035)</u>	<u>(3,152,035)</u>	<u>(3,1852,035)</u>	<u>(3,152,035)</u>
Net	<u>19,437,532</u>	<u>25,010,317</u>	<u>18,741,048</u>	<u>20,126,388</u>

9. INVENTORIES

This account consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Medical	47,997,424	53,109,715	35,393,956	42,073,093
Medical supplies	26,288,994	23,767,294	16,680,406	14,288,712
Other supplies	34,266,679	27,779,548	30,225,959	24,411,297
Total	<u>108,553,097</u>	<u>104,656,557</u>	<u>82,300,321</u>	<u>80,773,102</u>

10. TRANSACTIONS WITH RELATED PARTIES

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The company and its subsidiaries had significant business transactions with related parties. Such transaction was concluded on commercial terms and agreed upon bases which were ordinary course of business and summarized below.

Nature of relationships with related parties as follows:

Name of parties	Nature of relationships
<u>Subsidiary Companies</u>	
S K R Management Co.,Ltd.	Subsidiary company, which the Company has 99.99% shareholding
Sikarin Hatyai Hospital Co.,Ltd.	Subsidiary company, which the Company has 95.91% shareholding (As at December 31, 2017, Company has 94.11% shareholding)
<u>Related Companies</u>	
Kanjanaburi Memorial Hospital Co.,Ltd.	Related company, which the Company has 6.67% shareholding
Kho Yai Resort and Spa Hotel Co.,Ltd.	Shareholding
Juldis River Mansion Co.,Ltd.	Shareholding

Transactions with related parties are as follows:-

Pricing policies	Baht				
	Consolidated financial statements		Separate financial statements		
	2018	2017	2018	2017	
<u>Transaction during the year</u>					
<u>Subsidiaries</u>					
Medical service revenues - sale of drug	At prices which had been agreed upon	-	-	28,161	-
Other income - share of revenue from foods	At prices which had been agreed upon	-	-	1,931,622	2,108,600
Other income - sale of Smart card	At prices which had been agreed upon	-	-	535,000	-
Cost of medical services - purchase of drug	At prices which had been agreed upon	-	-	5,250	-
Expense - land rental	At prices which had been agreed upon	-	-	10,200,000	10,200,000
Expense - marketing expense	At prices which had been agreed upon	-	-	11,700	-
Purchase assets	At prices which had been agreed upon	-	-	-	2,831,750
Management's remuneration consisted of:-					
Short-term employee benefits		51,377,502	61,707,590	37,535,634	51,366,120
Port-term employee benefits		2,218,131	2,207,304	2,026,178	2,026,178
		<u>53,595,633</u>	<u>63,914,894</u>	<u>39,561,812</u>	<u>53,392,298</u>

	Baht			
	Consolidated financial statement		Separate financial statements	
	2018	2017	2018	2017
<u>Balance at the year</u>				
Subsidiary company				
Other receivable	-	-	141,824	330,158
Long-term loan	-	-	28,980,964	7,198,519
Other payable	-	-	1,350	-
Related Company				
Other non-current assets (See note 19)				
Advances for purchase land and constructions				
- Juldis River Mansion Co.,Ltd.	149,500,000	149,500,000	149,500,000	149,500,000
<u>Less</u> Allowance for contingent loss from				
advance for purchase of assets	(149,500,000)	(149,500,000)	(149,500,000)	(149,500,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Long-term loan to subsidiary

On April 1, 2015, the Company entered into an agreement to provide financial support and transferred the rights for the building construction licenses at Sikarin's Mall project with SKR Management Co.,Ltd. (Subsidiary). The Company provided the financial support to subsidiary amounting to Baht 19 million for all advance payment expenses in the construction Sikarin's Mall project from construction installment, equipment, marginal deposit for electricity, and other related expenses until the project will be finished. On the same date, the Company transferred the rights for the building construction licenses at Sikarin's Mall amounting to Baht 16.54 million to the subsidiary. The subsidiary had to reimburse the construction fee by allowing the Company to exercise all over the ground on the land title deed No. 231,233 and 255, Tambon Bangna, Amphur Bangna, Bangkok to be used as a parking place for its customers and company's staff without any fees and expenses for a period of 55 months from June 15, 2015 to December 31, 2019 according to the agreement to exercise over the ground dated June 15, 2015.

On November 1, 2018 the Company entered into a financial assistance agreement dated on November 1, 2018 to SKR Management Co., Ltd. (a subsidiary) in the amount of Baht 35.69 million to pay for buildings and its structures on the project of Sikarin's Mall Phase 2. The such subsidiary will repay by 60 installments. The first repayment is on January 31, 2019 and the last repayment will be on December 31, 2023. The installment can be shown as follow:

Installment No.1-59 (Principle with interest)	Baht 673,500.00
Installment No.60 (Principle with interest)	Baht 672,273.41

As at December 31, 2018, the Company has paid for the construction of a subsidiary in the amount of Baht 25.46 million

Share of revenue from food and beverage

On October 1, 2014, the Company had made a memorandum of understanding with SKR Management Co., Ltd. on allocation the share of revenue from sales of food and beverage to the Company. Both parties agreed to allocate the share of revenue from sales of food and beverage at 85:15 which meant the subsidiaries, business operator, would get 85 percent and the parent company, location owner, would get 15 percent. The starting date was October 1, 2014, onwards.

On January 1, 2016 the company had recorded the additional memorandum with Sikarin Public Co., Ltd. regarding the dividing proportion of revenue from operation on food & beverage by changing revenue sharing from 85:15 to 95:5 effective from January 1, 2016, onwards.

Land rental

On December 18, 2015, the Company has entered into sub-lease land agreement with SKR Management Co., Ltd. and has agrees to sub-lease total 2 land titles to rai 2 square war, for 3 years from January 1, 2016 to December 31, 2018. The rental fee is baht 850,000.00 monthly and the Company has renewed the agreement for another three years ended December 31, 2021. The rental rates has unchanged.

Directors and Management's Remuneration

Directors and management's remuneration represent the benefits paid to the Company's directors and management such as salaries and related benefit including the benefit paid by other means. The Company's directors and management are the persons who are defined under the Securities and Exchange Act.

Directors of the Company are comprised of board of director audit committee, executive board, compensation committee and recruitment committee.

Managements of the Company are comprised of the executive committee, director of hospital and chief of administration.

11. INVESTMENTS IN SUBSIDIARIES

This account consisted of:-

Name of company	Type of business	Paid-up capital (Baht)		Proportion of share holding (%)	
		2018	2017	2018	2017
SKR Management Co., Ltd.	Rental space services and restaurant	5,000,000	5,000,000	99.99	99.99
Sikarin Hatyai Hospital Co.,Ltd.	Hospital	500,000,000	500,000,000	95.91	94.11

Name of company	Equity Method	Baht				
		Separate financial statements		Dividend income		
		At cost method		Dividend income		
	2018	2017	2018	2017	2018	2017
SKR Management Co., Ltd.	23,112,069	16,324,554	4,999,600	4,999,600	-	-
Sikarin Hatyai Hospital Co.,Ltd.	1,101,411,461	1,050,000,278	1,387,744,503	1,361,194,503	-	-
Total	1,124,523,530	1,066,324,832	1,392,744,103	1,366,194,103	-	-

The subsidiaries that have material non-controlling interests

The Company has consolidated Sikarin Hatyai Hospital Co., Ltd. that have material non-controlling interest:

Name of Company	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Baht			
				Profit(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
				2018	2017	2018	2017
Sikarin Hatyai Hospital Co.,Ltd.	Thai	4.09	5.89	1,319,082	460,534	46,915,236	65,665,850

Summarized financial information as at December 31, 2018 and 2017 in respect of Sikarin Hatyai Hospital Co.,Ltd. amounts before intragroup eliminations.

	Baht	
	2018	2017
Current assets	166,322,027	108,694,803
Non-current assets	1,457,312,849	1,399,488,112
Current liabilities	160,598,313	156,747,376
Non-current liabilities	288,143,662	221,459,676
Non-Controlling interests	46,915,236	65,665,850
Revenue to the non-controlling interests		
Profit attributable	945,127	460,534
Other comprehensive income	373,955	-
	<u>1,319,082</u>	<u>460,534</u>
Net cash provided by from operating activities	123,596,859	87,352,291
Net cash used in investing activities	(59,334,768)	(50,873,789)
Net cash used in financing activities	(16,045,506)	(42,583,596)
Net cash increase (decrease)	<u>48,216,585</u>	<u>(6,105,094)</u>

Sikarin Hatyai Hospital Co.,Ltd.

On October 19, 2016, the Extraordinary General Meeting of Shareholders No. 1/2016 has a resolution for the Company to receive all the transfer of Sikarin Hatyai Holding Co.,Ltd. (“SHH”) which includes all ordinary shares SHH held in Sikarin Hatyai Hospital Co.,Ltd. (“SKHY”) 41,170,499 shares or 82.34% of the issued and paid up ordinary shares of SKHY. The Company has newly issued the ordinary shares for 25,009,415 shares at par value of Baht 6.50 per share to SHH at the offering price Baht 59.00 per share. This is the negotiation price with SHH in return for SHH transfer all business to the Company in lieu of newly issued ordinary shares payment of the Company with cash.

The trading price above is derived from the valuation of the Company and SHH is employed a financial adviser to compare the fair value of the Company and SKHY by using Discounted Cash Flow Approach: DCF. The share valuation of SKHY for 41,170,499 shares at par value of Baht 10 per share that the Company will receive as compensation has the fair value of Baht 35.84 per share. The Swap Ratio is 1.0000:1.6462 (1 newly issued ordinary share of the Company can be changed to 1.6462 ordinary share of SHH). However, the transaction date on November 14, 2016, the fair value of ordinary share of the Company to SHH has a closing price at Baht 49.25 per share. Therefore, the share value of SKHY that the Company has transferred is Baht 1,231.71 million.

Such transaction is resulted Sikarin Hatyai Hospital Co.,Ltd. to become a subsidiary of the Company. The Company has a direct shareholding of 94.11% (including the existing shares held by the Company in SKHY 5,886,792 shares or 11.77%) and the Company has to prepare the consolidated financial statements of the Group from November 14, 2016, onwards.

The Company has assessed the fair value of the investment as at the date before controlling with net asset value of Baht 1,099.75 million, representing 11.77 percent of the Company’s holding. Therefore, the fair value of the investment as at the date before controlling is Baht 129.48 million and the Company has recognized unrealized gains from fair value adjustment of such investment in the income statement of the buyer for the year 2016 as follows:

	Baht	
	Consolidated financial statements	Separate financial statements
	Equity method	Cost method
Investment at beginning of the period	61,271,012	58,868,160
Share of profit	1,524,181	-
Investment before the control	62,795,193	58,868,160
Fair value of investment before the control	129,480,814 **	129,480,814
Unrealized gain on measurement of investment	66,685,621	70,612,654

The value of the assets and liabilities acquired by Sikarin Hatyai Hospital Co.,Ltd. as at November 14, 2016 has been included in the consolidated financial statements of the Group which is measured at fair value by an independent appraiser, Fanix Appraisal Co.,Ltd. The appraiser has applied the comparative approach of market price as the criteria for setting the price of land and land improvements and cost approach as a basis for pricing the building, building components and other equipment with the transaction as follows:

	<u>Baht</u>
<u>Asset</u>	
Cash and cash equivalents	16,267,993
Trade accounts receivable and other receivable	74,193,460
Inventory	21,611,731
Non - current asset held for sale	5,368,745
Property, plant and equipment	1,355,019,900
Intangible asset	744,166
Deferred tax assets	6,823,835
Other non-current assets	5,286,110
Total assets	<u>1,485,315,940</u>
<u>Liabilities</u>	
Bank overdrafts	12,627,408
Trade accounts payable and other payable	90,544,578
Long-term loan from financial institutions	256,607,533
Employee benefits obligation	25,659,457
Other non-current liabilities	124,448
Total liabilities	<u>385,563,424</u>
Net assets acquired	<u>1,099,752,516</u>
Total purchase consideration - ordinary shares 25,009,415 at close price Baht 49.25	1,231,713,689
Fair value of previous equity interests	<u>**129,480,814</u>
	1,361,194,503
Non - controlling interest	64,725,604
	<u>1,425,920,107</u>
Goodwill	<u>326,167,591</u>

On June 29, 2018 the Company purchased the ordinary shares of Sikarin Hatyai Hospital Co.,Ltd. from a minor shareholder for 900,000 shares at Baht 29.50 per share totaling Baht 26.55 million. This purchase has resulted in the shareholding proportion of the Company to increase from 94.11 percent to 95.91 percent. As a result, the Company has a difference from the change in shareholding proportion in the subsidiary in the amount of Baht 6.48 million as presented in shareholders' equity in the consolidated financial statements.

12. INVESTMENTS IN RELATED COMPANY

This account consisted of :-

	Type of Business	Portion of Interest Percent	Baht	
			Consolidated financial statements/ Separate financial statements	
			2018	2017
Kanjanaburi Memorial Hospital Co., Ltd.	Hospital	6.67	4,845,895	4,845,895
<u>Less Allowance for impairment of investment</u>			(4,845,895)	(4,845,895)
Total Investment in related company - net			-	-

Investment in Kanjanaburi Memorial Hospital Co., Ltd., which has continuing loss and has significant accumulated deficit and its operations shows a declining trend, the Company wrote off such investment in securities for its impairment. At present, there is no information.

13. INVESTMENT PROPERTY

This account consisted of :-

	Baht				
	Consolidated financial statements				
	Balance per book as at Dec. 31, 2017	Additions	Deductions	Transfer in (out)	Balance per book as at Dec. 31, 2018
<u>At Cost</u>					
Land	4,615,000	-	-	-	4,615,000
Building	1,496,248	-	-	-	1,496,248
	6,111,248	-	-	-	6,111,248
<u>Less Accumulated depreciation</u>					
Building	728,990	48,873	-	-	778,863
Investment property - net	5,382,258				5,332,385

Baht					
Consolidated financial statements					
	Balance per book as at Dec. 31, 2016	Additions	Deductions	Transfer in (out)	Balance per book as at Dec. 31, 2017
<u>At Cost</u>					
Land	4,615,000	-	-	-	4,615,000
Building	1,496,248	-	-	-	1,496,248
	<u>6,111,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,111,248</u>
<u>Less Accumulated depreciation</u>					
Building	679,116	49,874	-	-	728,990
Investment property - net	<u>5,432,132</u>				<u>5,382,258</u>

Baht					
Separate financial Statements					
	Balance per book as at Dec. 31, 2017	Additions	Deductions	Transfer in (out)	Balance per book as at Dec. 31, 2018
<u>At Cost</u>					
Land	4,615,000	-	-	-	4,615,000
Building	1,496,248	-	-	-	1,496,248
	<u>6,111,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,111,248</u>
<u>Less Accumulated depreciation</u>					
Building	728,990	49,873	-	-	778,863
Investment property net	<u>5,382,258</u>				<u>5,332,385</u>

Baht					
Separate financial Statements					
	Balance per book as at Dec. 31, 2016	Additions	Deductions	Transfer in (out)	Balance per book as at Dec. 31, 2017
<u>At Cost</u>					
Land	4,615,000	-	-	-	4,615,000
Building	1,496,248	-	-	-	1,496,248
	<u>6,111,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,111,248</u>
<u>Less Accumulated depreciation</u>					
Building	679,116	49,874	-	-	728,990
Investment property net	<u>5,432,132</u>				<u>5,382,258</u>

Baht				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Depreciation for the year	49,873	49,874	49,873	49,874

Investment property is a land and building, locate at Juldis Park District, Tambol Mu Si, Ampur Pak Chong, Nakhon Ratchasima, Area 2 rai 2 ngan 39 square wah. The Company used these building as a seminar center. Later, the Management has made a decision not to use it and expected to sell it in the future. The market approach had been used by an appraiser to evaluate the investment property in 2015 to Baht 12.95 million.

14. PROPERTY, PLANT AND EQUIPMENT

This account consisted of :-

	Baht					
	Consolidated financial statements					
	Balance per book as at Dec. 31, 2017	Additions	Deductions	Transfer in (out)		Balance per book as at Dec. 31, 2018
<u>At cost</u>						
Land	762,953,070	-	-	-	762,953,070	
Land improvement	107,989,434	-	-	-	107,989,434	
Building and improvement	3,524,418,952	34,569,937	(2,103,981)	211,000,434	3,767,885,342	
Office equipment	410,645,861	20,618,792	(5,760,150)	2,234,690	427,739,193	
Medical equipment and tools	996,913,341	128,517,889	(5,986,595)	-	1,119,444,635	
Other equipment	83,531,179	5,610,095	(156,591)	5,503,898	94,488,581	
Vehicles	59,002,713	5,762,623	(6,778,695)	-	57,986,641	
Construction in progress	82,627,780	178,417,314	-	(218,739,022)	42,306,072	
Total	<u>6,028,082,330</u>	<u>373,496,650</u>	<u>(20,786,012)</u>	<u>-</u>	<u>6,380,792,968</u>	
<u>Less accumulated depreciation</u>						
Land improvement	36,790,868	6,360,419	-	-	43,151,287	
Building and improvement	1,099,038,553	171,431,083	(655,955)	-	1,269,813,681	
Office equipment	241,029,780	31,584,097	(5,758,059)	-	266,855,818	
Medical equipment and tools	571,090,333	79,576,496	(5,953,907)	-	644,712,922	
Other equipment	60,801,161	8,783,931	(156,576)	-	69,428,516	
Vehicles	50,293,523	2,861,804	(6,778,691)	-	46,376,636	
Total	<u>2,059,044,218</u>	<u>300,597,830</u>	<u>(19,303,188)</u>	<u>-</u>	<u>2,340,338,860</u>	
Property, plant and equipment - net	<u>3,969,038,112</u>				<u>4,040,454,108</u>	
<u>At Revaluation-net</u>						
Land and land improvement	227,393,171	-	-	-	227,393,171	
Building and improvement	124,215,278	-	(5,207,793)	-	119,007,485	
Office equipment	316,610	-	(80,103)	-	236,507	
Medical equipment and tools	4,004,055	-	(1,334,206)	-	2,669,849	
Vehicles	4	-	-	-	4	
Property, plant and equipment Revaluation - net	<u>355,929,118</u>	<u>-</u>	<u>(6,622,102)</u>	<u>-</u>	<u>349,307,016</u>	
Property, plant and equipment - net	<u>4,324,967,230</u>				<u>4,389,761,124</u>	

Baht					
Consolidated financial statements					
	Balance per book as at Dec. 31, 2016	Additions	Deductions	Transfer in (out)	Balance per book as at Dec. 31, 2017
<u>At cost</u>					
Land	708,494,207	54,458,863	-	-	762,953,070
Land improvement	106,530,900	1,458,534	-	-	107,989,434
Building and improvement	3,326,969,912	53,604,575	(669,296)	144,513,761	3,524,418,952
Office equipment	403,493,712	12,387,751	(5,235,602)	-	410,645,861
Medical equipment and tools	931,033,334	73,290,130	(7,410,123)	-	996,913,341
Other equipment	74,063,104	6,256,851	(4,935,834)	8,147,058	83,531,179
Vehicles	66,784,293	606,070	(8,387,650)	-	59,002,713
Construction in progress	86,937,879	148,350,720	-	(152,660,819)	82,627,780
Total	<u>5,704,307,341</u>	<u>350,413,494</u>	<u>(26,638,505)</u>	<u>-</u>	<u>6,028,082,330</u>
<u>Less accumulated depreciation</u>					
Land improvement	30,405,351	6,385,517	-	-	36,790,868
Building and improvement	941,535,803	158,116,573	(613,823)	-	1,099,038,553
Office equipment	213,374,552	32,868,005	(5,212,777)	-	241,029,780
Medical equipment and tools	503,581,902	74,648,260	(7,139,829)	-	571,090,333
Other equipment	56,171,589	8,697,018	(4,067,446)	-	60,801,161
Vehicles	54,586,549	4,094,614	(8,387,640)	-	50,293,523
Total	<u>1,799,655,746</u>	<u>284,809,987</u>	<u>(25,421,515)</u>	<u>-</u>	<u>2,059,044,218</u>
Property, plant and equipment - net	<u>3,904,651,595</u>				<u>3,969,038,112</u>
<u>At Revaluation-net</u>					
Land and land improvement	227,393,171	-	-	-	227,393,171
Building and improvement	129,423,071	-	(5,207,793)	-	124,215,278
Office equipment	396,713	-	(80,103)	-	316,610
Medical equipment and tools	5,545,164	-	(1,541,109)	-	4,004,055
Vehicles	4	-	-	-	4
Property, plant and equipment					
Revaluation - net	<u>362,758,123</u>	<u>-</u>	<u>(6,829,005)</u>	<u>-</u>	<u>355,929,118</u>
Property, plant and equipment - net	<u>4,267,409,718</u>				<u>4,324,967,230</u>

	Baht					
	Separate financial statements					
	Balance per book as at Dec. 31, 2017	Additions	Deductions	Transfer in (out)		Balance per book as at Dec. 31, 2018
<u>At cost</u>						
Land	196,256,593	-	-	-	196,256,593	
Land improvement	102,279,857	-	-	-	102,279,857	
Building and improvement	2,704,045,242	30,989,448	-	174,242,703	2,909,277,393	
Office equipment	367,141,770	18,308,512	(5,338,796)	1,054,715	381,166,201	
Medical equipment and tools	747,780,435	62,068,458	(5,770,105)	-	804,078,788	
Other equipment	6,921,774	74,697	(53,500)	-	6,942,971	
Vehicles	50,667,174	4,528,623	(6,778,695)	-	48,417,102	
Construction in progress	82,627,780	106,368,702	-	(175,297,418)	13,699,064	
Total	<u>4,257,720,625</u>	<u>222,338,440</u>	<u>(17,941,096)</u>	<u>-</u>	<u>4,462,117,969</u>	
<u>Less accumulated depreciation</u>						
Land improvement	33,358,398	5,580,858	-	-	38,939,256	
Building and improvement	941,852,012	142,235,703	-	-	1,084,087,715	
Office equipment	202,545,570	27,929,213	(5,337,941)	-	225,136,842	
Medical equipment and tools	427,210,038	53,573,897	(5,737,432)	-	475,046,503	
Other equipment	6,436,885	174,551	(53,498)	-	6,557,938	
Vehicles	46,769,575	2,382,095	(6,778,691)	-	42,372,979	
Total	<u>1,658,172,478</u>	<u>231,876,317</u>	<u>(17,907,562)</u>	<u>-</u>	<u>1,872,141,233</u>	
Property, plant and equipment - net	<u>2,599,548,147</u>				<u>2,589,976,736</u>	
<u>At Revaluation-net</u>						
Land and land improvement	227,393,171	-	-	-	227,393,171	
Building and improvement	124,215,278	-	(5,207,793)	-	119,007,485	
Office equipment	316,610	-	(80,103)	-	236,507	
Medical equipment and tools	4,004,055	-	(1,334,206)	-	2,669,849	
Vehicles	4	-	-	-	4	
Property, plant and equipment						
Revaluation - net	<u>355,929,118</u>	<u>-</u>	<u>(6,622,102)</u>	<u>-</u>	<u>349,307,016</u>	
Property, plant and equipment - net	<u>2,955,477,265</u>				<u>2,939,283,752</u>	

	Baht				
	Separate financial statements				
	Balance per book as at Dec. 31, 2016	Additions	Deductions	Transfer in (out)	Balance per book as at Dec. 31, 2017
<u>At cost</u>					
Land	153,868,616	42,387,977	-	-	196,256,593
Land improvement	102,279,857	-	-	-	102,279,857
Building and improvement	2,556,396,763	47,241,194	(669,296)	101,076,581	2,704,045,242
Office equipment	362,323,539	9,976,692	(5,158,461)	-	367,141,770
Medical equipment and tools	710,644,586	44,545,972	(7,410,123)	-	747,780,435
Other equipment	10,479,294	102,798	(3,660,318)	-	6,921,774
Vehicles	58,404,824	650,000	(8,387,650)	-	50,667,174
Construction in progress	55,030,212	128,674,149	-	(101,076,581)	82,627,780
Total	<u>4,009,427,691</u>	<u>273,578,782</u>	<u>(25,285,848)</u>	<u>-</u>	<u>4,257,720,625</u>
<u>Less accumulated depreciation</u>					
Land improvement	27,777,541	5,580,857	-	-	33,358,398
Building and improvement	812,571,770	129,894,065	(613,823)	-	941,852,012
Office equipment	178,542,035	29,160,705	(5,157,170)	-	202,545,570
Medical equipment and tools	385,249,592	49,100,275	(7,139,829)	-	427,210,038
Other equipment	8,895,882	350,053	(2,809,050)	-	6,436,885
Vehicles	51,834,726	3,322,489	(8,387,640)	-	46,769,575
Total	<u>1,464,871,546</u>	<u>217,408,444</u>	<u>(24,107,512)</u>	<u>-</u>	<u>1,658,172,478</u>
Property, plant and equipment - net	<u>2,544,556,145</u>				<u>2,599,548,147</u>
<u>At Revaluation-net</u>					
Land and land improvement	227,393,171	-	-	-	227,393,171
Building and improvement	129,423,071	-	(5,207,793)	-	124,215,278
Office equipment	396,713	-	(80,103)	-	316,610
Medical equipment and tools	5,545,164	-	(1,541,109)	-	4,004,055
Vehicles	4	-	-	-	4
Property, plant and equipment					
Revaluation - net	<u>362,758,123</u>	<u>-</u>	<u>(6,829,005)</u>	<u>-</u>	<u>355,929,118</u>
Property, plant and equipment - net	<u>2,907,314,268</u>				<u>2,955,477,265</u>

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Depreciation for the year				
- Cost of medical service	277,825,108	284,809,987	227,575,077	211,144,405
- Administrative expense	29,394,824	6,829,005	10,923,342	12,938,038
Gain (Loss) on disposal assets	(126,879)	771,726	1,297,043	778,280
Capitalized finance cost	1,356,413	2,227,648	1,356,413	2,227,648
Capitalization rate of borrowing cost (per annum)	4.36-4.44	4.37-5.72	4.36-4.44	4.37-5.72

As at December 31, 2018 and 2017, the company and subsidiaries have unrealized increment per assets appraisal, which is presented in shareholders' equity in the amount of Baht 279.45 million and Baht 284.74 million, is net from deferred tax amounted Baht 69.86 million and Baht 71.19 million, respectively.

As at December 31, 2018 and 2017, the Company has vehicles and medical equipment under long-term agreement which has book value in the amount of Baht 265.36 million and Baht 181.64 million, (Bath 168.03 million and Bath 133.46 million for separate financial statements) respectively.

Land title deeds together with building and a condominium of the Company and subsidiaries are mortgaged against bank overdrafts and long-term loans. The insurance policy on building specifies the banks as the beneficiaries, and a portion of land and building of the Company is committed and pledged as collateral to a bank for the issuance of a letter of guarantee to the Social Security Office for undertaking the business of medical service pursuant to Social Security Act B.E. 2533.

The Company and its subsidiaries had held for the latest land valuation, land improvements, buildings, and building components on December 2015 by Fanix Appraisal Co.,Ltd., an independent appraiser. The market approach had been used by an appraiser to evaluate the criteria for determining the value of land and office building and applied cost approach on the basis of pricing the hospital building and building components. The Company and its subsidiaries had found that the valuation of assets based on such method exceeding the value of assets that was shown according to the fair value from the previous evaluation at the amount of Baht 240.97 million (The Company's at the amount of Baht 240.97 million). Therefore, the Company and its subsidiaries recorded the unrealized gain on the revaluation net of tax in the statement of other comprehensive income for the year 2015 at the amount of Baht 192.76 million.

The property, plant and equipment that are measured at fair value hierarchy; as follow

	Baht			
	Consolidated financial statement			
	Level 1	Level 2	Level 3	Total
Land and land improvement	-	381,574,000	-	381,574,000
Office building	-	82,961,000	-	82,961,000
Hospital building and building components	-	-	643,917,000	643,917,000
Total	-	464,535,000	643,917,000	1,108,452,000

	Baht			
	Separate financial statement			
	Level 1	Level 2	Level 3	Total
Land and land improvement	-	381,574,000	-	381,574,000
Office building	-	73,961,000	-	73,961,000
Hospital building and building components	-	-	643,917,000	643,917,000
Total	-	455,535,000	643,917,000	1,099,452,000

15. INTANGIBLE ASSETS

This account consisted of :-

	Baht				
	Consolidated financial statements				
	Balance per book as at Dec. 31, 2017	Additions	Deductions	Transfer In (out)	Balance per book as at Dec. 31, 2018
<u>At cost</u>					
Software	72,210,325	13,590,697	-	-	85,801,022
<u>Less Accumulated amortization</u>	<u>(62,450,331)</u>	<u>(6,844,092)</u>	-	-	<u>(69,294,423)</u>
Software - net	<u>9,759,994</u>				<u>16,506,599</u>

	Baht				
	Consolidated financial statements				
	Balance per book as at Dec. 31, 2016	Additions	Deductions	Transfer In (out)	Balance per book as at Dec. 31, 2017
<u>At cost</u>					
Software	71,917,155	293,170	-	-	72,210,325
<u>Less Accumulated amortization</u>	<u>(54,604,032)</u>	<u>(7,846,299)</u>	-	-	<u>(62,450,331)</u>
Software - net	<u>17,313,123</u>				<u>9,759,994</u>

	Baht				
	Separate financial statements				
	Balance per book as at Dec. 31, 2017	Additions	Deductions	Transfer In (out)	Balance per book as at Dec. 31, 2018
<u>At cost</u>					
Software	70,531,784	13,303,637	-	-	83,835,421
<u>Less Accumulated amortization</u>	<u>(61,409,075)</u>	<u>(6,661,290)</u>	-	-	<u>(68,070,365)</u>
Software - net	<u>9,122,709</u>				<u>15,765,056</u>

	Baht				
	Separate financial statements				
	Balance per book as at Dec. 31, 2016	Additions	Deductions	Transfer In (out)	Balance per book as at Dec. 31, 2017
<u>At cost</u>					
Software	70,271,784	260,000	-	-	70,531,784
<u>Less Accumulated amortization</u>	<u>(53,737,548)</u>	<u>(7,671,527)</u>	-	-	<u>(61,409,075)</u>
Software - net	<u>16,534,236</u>				<u>9,122,709</u>

16. LEASEHOLD RIGHT

This account consisted of :-

	Baht					
	Consolidated financial statements					
	Balance per book	Additions	Deductions	Transfer		Balance per book
	as at			In (out)		as at
Dec. 31, 2017				Dec. 31, 2018		
<u>At cost</u>						
Leasehold right	4,500,000	-	-	-	4,500,000	
Building on leasehold right	65,487,235	2,691,637	-	-	68,178,872	
Utilizable right on land improvement	55,509,899	-	-	-	55,509,899	
Total	125,497,134	2,691,637	-	-	128,188,771	
<u>Less Accumulated amortization</u>						
Leasehold right	4,499,999	-	-	-	4,499,999	
Building on leasehold right	22,800,142	6,642,060	-	-	29,442,202	
Utilizable right on land improvement	27,230,399	-	-	-	27,230,399	
Total	54,530,540	6,642,060	-	-	61,172,600	
Net	70,966,594				67,016,171	

	Baht					
	Consolidated financial statements					
	Balance per book	Additions	Deductions	Transfer		Balance per book
	as at			In (out)		as at
Dec. 31, 2016				Dec. 31, 2017		
<u>At cost</u>						
Leasehold right	4,500,000	-	-	-	4,500,000	
Building on leasehold right	65,487,235	-	-	-	65,487,235	
Utilizable right on land improvement	59,273,119	3,936,598	(7,699,818)	-	55,509,899	
Total	129,260,354	3,936,598	(7,699,818)	-	125,497,134	
<u>Less Accumulated amortization</u>						
Leasehold right	4,499,999	-	-	-	4,499,999	
Building on leasehold right	19,045,303	3,754,839	-	-	22,800,142	
Utilizable right on land improvement	27,922,053	3,302,175	(3,993,829)	-	27,230,399	
Total	51,467,355	7,057,014	(3,993,829)	-	54,530,540	
Net	77,792,999				70,966,594	

	Baht				
	Separate financial statements				
	Balance per book as at Dec. 31, 2017	Additions	Deductions	Transfer In (out)	Balance per book as at Dec. 31, 2018
<u>At cost</u>					
Leasehold right	4,500,000	-	-	-	4,500,000
Building on leasehold right	48,945,959	2,691,637	-	-	51,637,596
Utilizable right on land improvement	55,509,899	-	-	-	55,509,899
Total	108,955,858	2,691,637	-	-	111,647,495
<u>Less Accumulated amortization</u>					
Leasehold right	4,499,999	-	-	-	4,499,999
Building on leasehold right	19,658,807	2,615,049	-	-	22,273,856
Utilizable right on land improvement	27,230,399	2,794,121	-	-	30,024,520
Total	51,389,205	5,409,170	-	-	56,798,375
Net	57,566,653	-	-	-	54,849,120

	Baht				
	Separate financial statements				
	Balance per book as at Dec. 31, 2016	Additions	Deductions	Transfer In (out)	Balance per book as at Dec. 31, 2017
<u>At cost</u>					
Leasehold right	4,500,000	-	-	-	4,500,000
Building on leasehold right	48,945,959	-	-	-	48,945,959
Utilizable right on land improvement	59,273,119	3,936,598	(7,699,818)	-	55,509,899
Total	112,719,078	3,936,598	(7,699,818)	-	108,955,858
<u>Less Accumulated amortization</u>					
Leasehold right	4,499,999	-	-	-	4,499,999
Building on leasehold right	17,136,858	2,521,949	-	-	19,658,807
Utilizable right on land improvement	27,922,053	3,302,175	(3,993,829)	-	27,230,399
Total	49,558,910	5,824,124	(3,993,829)	-	51,389,205
Net	63,160,168	-	-	-	57,566,653

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Loss from write-off assets	-	(3,705,989)	-	(3,705,989)

Part of building and improvement on the rental land and land improvement, which the rental agreement that the constructions are permanent properties thereon will be transferred to the landlord at immediately on the date of rental cancellation (Note 30).

The leasehold right contract is for the period of 10 - 20 years and the Company amortized as expenses by the straight-line method for the period of the contract.

17. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as follows:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets	4,086,896	5,869,506	13,480,219	16,718,600
Deferred tax liabilities	(86,627,919)	(83,343,534)	(100,108,138)	(100,062,134)
	<u>(82,541,023)</u>	<u>(77,474,028)</u>	<u>(86,627,919)</u>	<u>(83,343,534)</u>

Changes in deferred tax assets and deferred tax liabilities for the year ended December 31, 2018 and 2017, are summarized as follows:

	Baht			
	Consolidated financial statements			Balance per book as at Dec. 31, 18
	Balance per book as at Dec. 31, 17	Revenue (expenses) during the year		
In profit or loss		In other comprehensive income		
Deferred tax assets:				
Trade account and other receivables	2,741,832	467,236	-	3,209,068
Difference of rental between straight line method and agreement	2,025,500	118,691	-	2,144,191
Provisions for employee benefits	17,820,774	599,544	(6,206,462)	12,213,856
Total	<u>22,588,106</u>	<u>1,185,471</u>	<u>(6,206,462)</u>	<u>17,567,115</u>
Deferred tax liabilities:				
Additional portion from fixed assets revaluation	71,185,823	1,324,420	-	69,861,403
Liabilities under financial lease agreements	14,753,780	(1,370,424)	-	16,124,204
Unrealized gain on measurement of investment	14,122,531	-	-	14,122,531
Total	<u>100,062,134</u>	<u>(46,004)</u>	<u>-</u>	<u>100,108,138</u>

	Baht			
	Consolidated financial statements			Balance per book as at Dec. 31, 17
	Balance per book as at Dec. 31, 16	Revenue (expenses) during the year		
In profit or loss		In other comprehensive income		
Deferred tax assets:				
Trade account and other receivables	3,543,619	(801,787)	-	2,741,832
Difference of rental between straight line method and agreement	1,785,530	239,970	-	2,025,500
Provisions for employee benefits	16,254,863	1,565,911	-	17,820,774
Total	<u>21,584,012</u>	<u>1,004,094</u>	<u>-</u>	<u>22,588,106</u>
Deferred tax liabilities:				
Additional portion from fixed assets revaluation	72,551,625	1,365,802	-	71,185,823
Liabilities under financial lease agreements	12,159,918	(2,593,862)	-	14,753,780
Unrealized gain on measurement of investment	14,122,531	-	-	14,122,531
Total	<u>98,834,074</u>	<u>(1,228,060)</u>	<u>-</u>	<u>100,062,134</u>

	Baht			
	Separate financial statements			
	Balance per book as at Dec. 31, 17	Revenue (expenses) during the year		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Trade account and other receivables	2,557,876	457,156	-	3,015,032
Difference of rental between straight line method and agreement	2,025,500	118,691	-	2,144,191
Provisions for employee benefits	12,135,224	2,072	(3,816,300)	8,320,996
Total	<u>16,718,600</u>	<u>577,919</u>	<u>(3,816,300)</u>	<u>13,480,219</u>
Deferred tax liabilities:				
Additional portion from fixed assets revaluation	71,185,823	1,324,420	-	69,861,403
Liabilities under financial lease agreements	14,753,780	(1,370,424)	-	16,124,204
Unrealize gain on measurement of investment of	14,122,531	-	-	14,122,531
Total	<u>100,062,134</u>	<u>(46,004)</u>	<u>-</u>	<u>100,108,138</u>

	Baht			
	Separate financial statements			
	Balance per book as at Dec. 31, 16	Revenue (expenses) during the year		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Trade account and other receivables	1,851,675	706,201	-	2,557,876
Difference of rental between straight line method and agreement	1,785,530	239,970	-	2,025,500
Provisions for employee benefits	10,983,602	1,151,622	-	12,135,224
Total	<u>14,620,807</u>	<u>2,097,793</u>	<u>-</u>	<u>16,718,600</u>
Deferred tax liabilities:				
Additional portion from fixed assets revaluation	72,551,625	1,365,802	-	71,185,823
Liabilities under financial lease agreements	12,159,918	(2,593,862)	-	14,753,780
Unrealize gain on measurement of investment of	14,122,531	-	-	14,122,531
Total	<u>98,834,074</u>	<u>(1,228,060)</u>	<u>-</u>	<u>100,062,134</u>

18. **FIXED DEPOSIT PLEDGED AS COLLATERAL**

As at December 31, 2018 and 2017, The subsidiaries had cash at bank - fixed deposit of Baht 1.78 million are pledged as collateral for electricity use with a financial institution of Baht 1.28 million, used as collateral for purchases with a creditor of Baht 0.05 million.

19. OTHER NON-CURRENT ASSETS

This account consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Advances for purchases of land and constructions	149,500,000	149,500,000	149,500,000	149,500,000
Deposits and guarantee	5,372,360	6,939,065	3,015,355	2,784,834
Withholding tax	5,206,845	10,897,414	-	-
Total	160,079,205	167,336,479	152,515,355	152,284,834
<u>Less</u> Allowance for contingent loss from advance				
for purchase of assets	(149,500,000)	(149,500,000)	(149,500,000)	(149,500,000)
Total Other non-current assets	10,579,205	17,836,479	3,015,355	2,784,834

Advance for purchase of land from Juldis River Mansion company amounting to Baht 149.5 million, sale price of Baht 159.72 and with the remaining of Baht 10.22 million will be paid at the date of which title deeds are transferred by the end of the year 2000. At present, such land is mortgaged as collateral to a bank by the land seller on which a problem may arise with regard to the transfer of title deeds or the refund of advance payment. And on September 16, 2002, the Court awarded Baht 149.5 million and interest rate 7.5% per annum. At the moment, the Court order in the process of waiting the asset protection officer summon creditors. The Company has provided for contingent losses for the full amount of such advances for purchases of land.

20. CREDIT FACILITIES

As at December 31, 2018 and 2017, the Company and its subsidiaries had credit facilities with domestic commercial banks as follows:

	Baht			
	Consolidated financial statements			
	2018		2017	
	Facilities	Remaining balance	Facilities	Remaining balance
Overdraft facilities	370,000,000	369,756,218	290,000,000	174,907,820
Short-term credit loans	350,000,000	250,000,000	270,000,000	270,000,000
Long-term credit loans	1,728,110,000	832,140,695	1,473,110,000	491,630,393
Letters of guarantee	80,780,000	37,458,572	80,780,000	42,832,072
Total facilities	2,528,890,000	1,489,355,485	2,113,890,000	979,370,285

	Baht			
	Separate financial statements			
	2018		2017	
	Facilities	Remaining balance	Facilities	Remaining balance
Overdraft facilities	320,000,000	319,756,218	240,000,000	160,713,641
Short-term credit loans	350,000,000	250,000,000	270,000,000	270,000,000
Long-term credit loans	1,328,410,000	706,440,124	1,193,410,000	420,210,393
Letters of guarantee	79,000,000	37,458,572	79,000,000	41,052,072
Total facilities	<u>2,077,410,000</u>	<u>1,313,654,914</u>	<u>1,782,410,000</u>	<u>891,976,106</u>

The credit loans are secured by land and buildings, condominiums and bank deposit on fixed accounts.

21. **BANK OVERDRAFTS AND SHORT TERM LOAN FROM INSTITUTYTIONS**

This account consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Overdraft	243,782	115,092,180	243,782	79,286,359
Short term loan - Promissory note	100,000,000	-	100,000,000	-
	<u>100,243,782</u>	<u>115,092,180</u>	<u>100,243,782</u>	<u>79,286,359</u>

As at December 31, 2018 and 2017, the Company and subsidiary have credit facilities for bank overdrafts with interest rate of MOR per annum. The bank overdraft is secured by the mortgage of land and its construction title deed of them.

As at December 31, 2018, the Company had a short-term loan in the form of three promissory notes with a local commercial bank in the total amount of Baht 100 million, interest at 3.75 - 4.00% per annum. The promissory notes No. 1 - 3 has maturity date on January 11, 2019, February 4, 2019, and February 8, 2019, respectively.

The short-term loan of Company which had been guaranteed by the condominium of the Company.

22. LONG-TERM LOANS FROM INSTITUTIONS

This account consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Beginning balance	981,479,607	1,021,982,205	773,199,607	770,850,205
Increase	120,000,000	675,000,000	-	675,000,000
Decrease	(205,510,302)	(715,502,598)	(151,229,731)	(672,650,598)
Ending balance	895,969,305	981,479,607	621,969,786	773,199,607
<u>Less</u> Current portion within one year	(186,094,733)	(194,081,731)	(126,099,876)	(151,229,731)
Net	<u>709,874,572</u>	<u>787,397,876</u>	<u>495,870,000</u>	<u>621,969,876</u>

The Company has long-term loans as follows:-

1. On June 27, 2012, Company has entered into the loan agreement with a domestic commercial bank at the amount of 15 million Baht and has been withdrawn 14.75 million Baht. The Company has to pay the MLR interest rate per year every end of the month and monthly installments of principal not less than Baht 250,000 which is to be completed within 60 months.

2. On at December 7, 2012, the Company has entered into long-term loan request agreement with a domestic commercial bank at the amount of 238.21 million Baht in order to repay the loans from the 6 original agreements and then included into only one loan agreement. The Company has to pay the THBFX 3M interest rate plus the difference 3% per year on every month since the month that has been withdrawn the first installment loan onwards and repays the monthly principal in accordance with the repayment schedule attached to this agreement which will be completed by July 2018. In addition, the Company has entered into an interest rate swap transaction agreement to fix the interest rate at 6.50% per year in order to protect the fluctuation of market interest rate.

3. On March 27, 2013, the Company entered into another long-term loan agreement in order to renovate the building of the hospital and purchase computers amounting to Baht 110 million at MLR-1.50 percent per annum throughout the agreement period with monthly interest repayment. The first installment of principle had started since the 13th month from the date of agreement amounting to Baht 1.83 million per month for 6 years. The Company had withdrawn the loan in total amount.

4. On August 13, 2013, the Company entered into an additional long-term loan agreement in order to construct the new hospital building amounting to Baht 600 million at MLR-1.50 percent per annum throughout the agreement period with monthly interest repayment. The first installment of principle had started since the 19th month from the date of agreement amounting to Baht 9.09 million per month for 7 years. The Company had withdrawn the loan at the amount of Baht 371.22 million.

On February 27, 2015 and March 26, 2015, the Company entered into the revised memorandum on the loan agreements No. 1 and No. 2, respectively, under the loan agreement amounting to Baht 600 million and had some changes in the period of imbursement and debt repayment as follows:

- 1) Extend period of all remaining loan within 24 months from the date of the previous agreement to be within 28 months from the date of the revised agreement No. 1
- 2) Change the principle repayment to monthly installment at Baht 9.09 million within the last business day of the month. The loan payment starts from the 19th month and from the date of the previous agreement to repay monthly installment at Baht 10.91 million within the last business day of the month. The first installment will start in January 2016.
- 3) From the date of the revised agreement No. 2 onwards, there are some changes on the interest rate in accordance with the previous agreement that had to repay at MLR-1.50% per annum to the interest rate as follows:
 - 3.1) Credit limit Baht 400 million, repay interest rate THBFIX + 2.90% per annum
 - 3.2) Credit limit Baht 200 million, repay interest rate MLR 1.50% per annum

The Company paid this loan on September 8, 2017 from the refinance of the company on August 30, 2017

5. On June 8, 2015, the Company entered into loan agreement amounting to Baht 5.2 million with a local leasing company in order to be a working capital in the operation. The term of repayment was made in 36 monthly installments with Baht 156,525 each installment plus the interest rate 5.60 percent per annum every end of the month. The first repayment starts June 30, 2015 and the final repayment will be on May 31, 2018.

6. On June 24, 2015, the Company entered into loan agreement amounting of Baht 30 million with a local bank in order to be a working capital in the medical tool and equipment. The term of repayment was made in 51 monthly installments with Baht 590,000.00 each installment and repay interest at MLR - 1.50% per annum. The first repayment starts April 30, 2015 and The final repayment will be on July 31, 2020.

7. On March 22, 2016, the Company has entered into the long-term loan credit agreement with a local commercial bank amounting to Baht 220 million to repay the construction costs for the expansion of the new hospital building. The principle repayment is scheduled in monthly installments from the date of drawdown of the first installment of the loan onwards at the amount of Baht 2.62 million monthly within 84 months. The monthly interest is also paid separately at the rate of 5.525% per annum.

8. On July 24, 2017, the Company entered into a long-term loan agreement with a local commercial bank for Baht 100 million to repay the construction fee for the intensive care unit room expansion, sterile unit and heart disease rehabilitation center in building 3. The principal repayment is scheduled monthly from July onwards at 1.67 million per month within 66 months and monthly interest payment at MLR - 2.975% per annum (The Company paid this loan on September 8, 2017 from the refinance of the company on August 30, 2017).

9. On August 30, 2017, the Company entered into a long-term loan agreement with a local commercial bank for Baht 575 million in 2 credit lines as follows:

Credit line 1 Baht 425 million is to pay off the loan to another commercial bank (refinance) is scheduled to pay the principal in total 84 monthly installments from the loan draw down under this agreement. In installments 1- 83, the principal is to be paid at Baht 5.06 million per installment and installment 84 to be paid for the remaining principal and interest in the full amount. The monthly interest in years 1-3 is MLR - 2.8 per annum and years 4 -7 is MLR - 2.4 per annum.

Credit line 2 Baht 150 million is for working capital within the business. The principal repayment is monthly in total 84 installments from the first loan draw down under this agreement. From installments 1-83, the principal repayment is Baht 1.78 million and installment 84 is to settle the remaining principal and interest in full. Interest payment in years 1-3 is at MLR - 2.8 percent per annum and years 4-7 at MLR - 2.4 percent per annum.

The loan of Company is guaranteed by mortgage of company's land and constructions. Under the loan agreement, the Company has to comply with the conditions specified in the contract, such as maintaining certain financial ratios such as debt to capital (debt to equity ratio) of less than 1.5 times and the ratio DSCR (debt service coverage ratio) of more than 1.25 times.

Subsidiary has long-term loan as follows:

1. On April 18, 2016, a subsidiary is entered into credit agreement with a local commercial bank amounting to Baht 300 million to repay the existing loan with a commercial bank. The subsidiary has withdrawn the loan amounting to Baht 279.70 million. The subsidiary has to repay the interest at 5.525% per annum every end of month from the month that is withdrawn the first loan installment onwards and repay the capital amounting to Baht 3.571 million monthly and the debt repayment is completed within 7 years from the month that is withdrawn the first loan installment.

2. On March 19, 2018, A subsidiary entered into a credit agreement with a local commercial bank in the credit line of Bath 120 million to invest in the business expansion. A subsidiary has drawdown the loan in the amount of Bath 120 million. A subsidiary has to pay interest at the rate of 2.60 percent per annum at the end of the month from the first loan drawdown month onwards and repay the principal on a monthly basis at Bath 1.43 million per month. Loan has to be fully settled within 7 years from the first loan drawdown month. In addition, A subsidiary entered into a credit agreement to hedge against interest rate swap (IRS) to prevent the risk from interest rate fluctuation of long-term loan. The fixed interest rate is 2.60 percent per annum and the fluctuated interest rate is average MLR (Indicative swap MLR-1.25%)

The loan of subsidiary is guaranteed by land and the director of the subsidiary and the Company has to comply with the conditions as specified in the agreement such as maintain debt to equity ratio not over 1.2 times, DSCR (debt service coverage ratio) more than 1.2 times.

23. LIABILITIES UNDER LONG-TERM AGREEMENTS

This account consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities under financial lease agreements (net from deferred interest)	30,510,665	74,750,362	28,792,977	59,693,513
Liabilities under hire-purchase agreements (net from deferred interest)	151,829,048	93,593,584	76,496,648	66,346,380
Total	182,339,713	168,343,946	105,289,625	126,039,893
<u>Less</u> Current portion within one year	(69,403,894)	(69,161,333)	(47,727,705)	(55,266,924)
Net	<u>112,935,819</u>	<u>99,182,613</u>	<u>57,561,920</u>	<u>70,772,969</u>

As at December 31, 2018 and 2017, the Company and its subsidiaries liabilities under long-term agreements, representing the hire-purchase agreement of cars and financial lease agreement of medical devices local leasing companies, total 91 contracts (66 contracts for separate financial statement) and 83 contracts (59 contracts for separate financial statement) for a period of 48-60 installments respectively. The payments of these contracts are as follows :

	Baht					
	Consolidated financial statements					
	2018			2017		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Payment due within 1 year	69,403,894	5,591,376	74,995,270	69,161,333	6,250,375	75,411,708
Payment due over 1 year to 5 years	112,935,819	4,476,534	117,412,353	99,182,613	4,686,162	103,868,775
Total	<u>182,339,713</u>	<u>10,067,910</u>	<u>192,407,623</u>	<u>168,343,946</u>	<u>10,936,537</u>	<u>179,280,483</u>

	Baht					
	Separate financial statements					
	2018			2017		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Payment due within 1 year	47,727,705	3,690,820	51,418,525	55,266,924	3,840,840	59,107,764
Payment due over 1 year to 5 years	57,561,920	3,013,306	60,575,226	70,772,969	2,848,579	73,621,548
Total	<u>105,289,625</u>	<u>6,704,126</u>	<u>111,993,751</u>	<u>126,039,893</u>	<u>6,689,419</u>	<u>132,729,312</u>

24. **EMPLOYEE BENEFITS OBLIGATION**

The statements of financial position,

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Defined benefits obligation at January 1,	89,103,869	81,409,696	60,676,121	54,918,008
Benefits paid by the plan	(6,259,381)	(889,800)	(5,965,081)	-
Current service and interest costs	9,257,102	8,583,973	5,975,440	5,758,113
Actuarial (gain) losses arising from post- employee	(31,032,310)	-	(19,081,498)	-
Defined benefits obligation at December 31,	<u>61,069,280</u>	<u>89,103,869</u>	<u>41,604,982</u>	<u>60,676,121</u>

Expenses recognised in statements of comprehensive income,

For the years ended December 31, 2018 and 2017

	Baht			
	Consolidated financial statement		Separate financial statements	
	2018	2017	2018	2017
Current service cost	6,410,427	6,042,601	4,133,074	4,045,792
Interest on obligation	2,846,675	2,541,372	1,842,366	1,712,321
Total	<u>9,257,102</u>	<u>8,583,973</u>	<u>5,975,440</u>	<u>5,758,113</u>

Principal actuarial assumptions at the reporting date

For the years ended December 31, 2018 and 2017

	%			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.80 - 3.52	2.88 - 3.91	2.80 - 3.52	2.88 - 4.71
Salary increase rate	6.10 - 6.36	6.19 - 7.82	6.10 - 6.20	6.20
Employee turnover rate	0 - 25	0 - 26	0 - 24	0 - 22
Mortality rate	100 of Thai Mortality Table 2017	100 of Thai Mortality Table 2008	100 of Thai Mortality Table 2017	100 of Thai Mortality Table 2008
Disability rate	10 of Thai Mortality Table 2017	10 of Thai Mortality Table 2008	10 of Thai Mortality Table 2017	10 of Thai Mortality Table 2008

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2018 and 2017 are summarized below:

Consolidate financial statements

	Baht			
	2018		2017	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(4,269,335)	4,716,809	(4,727,596)	5,088,994
Salary increase rate	4,562,427	(4,178,597)	5,396,898	(5,017,525)
Turnover rate	(3,192,135)	3,479,864	(5,778,563)	5,656,255

Separate financial statements

	Baht			
	2018		2017	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(3,062,475)	3,380,175	(3,259,868)	3,533,109
Salary increase rate	3,271,245	(2,999,062)	3,687,885	(3,431,103)
Turnover rate	(1,869,048)	2,030,024	(3,929,329)	3,641,815

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a New Labour Protection Act, which is in the process being enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. When the labour law comes into force, the Company and its subsidiaries will recognize the increase in the employee benefits obligations approximately Baht 19.33 million, resulting in the decrease in profit approximately Baht 19.33 million. (increase in the employee benefits obligations approximately Baht 13.16 million, resulting in the decrease in profit approximately Baht 13.16 million for separate financial statement).

25. SHARE CAPITAL AND PREMIUM ON SHARE CAPITAL

This account consisted of :-

	Authorized share capital (shares)	Issued and paid-up share capital		
		Number of shares (shares)	Ordinary shares (Baht)	Share premium (Baht)
At January 1, 2017	151,009,415	151,009,415	981,561,198	1,350,152,491
Issuance of shares	-	-	-	-
At December 31, 2017	151,009,415	151,009,415	981,561,198	1,350,152,491
change of par value from Baht 6.50 per share to Baht 0.50 per share	1,963,122,395	1,963,122,395	-	-
Issuance of shares				
Right Offering	39,262,448	36,206,254	18,103,127	63,360,945
SKR-ESOPW1	65,000,000	-	-	-
At December 31, 2018	<u>2,067,384,843</u>	<u>1,999,328,649</u>	<u>999,664,325</u>	<u>1,413,513,436</u>

According to the ordinary shareholders' meeting for the year 2018 No. 40/2018 held on April 23, 2018, the shareholders approved the significant transactions have been approved as follows:

- 25.1 To approve the change of par value from Baht 6.50 per share to Baht 0.50 per share to increase the liquidity of the Company's ordinary shares. In addition, the change of this par value will not change the registered capital of the Company but it will increase the number of shares of the Company from 151,009,415 shares at the par value of Baht 6.50 per share to 1,963,122,395 shares at the par value of Baht 0.50 per share. The company registered the change in par value per shares to Department of Business Development on April 25, 2018.
- 25.2 To approve the increase of registered capital of the Company amounted Baht 52,131,224.00 from Baht 981,561,197.50 to be registered share capital of Baht 1,033,692,421.50 by issuing the ordinary share capital increase for 104,262,448 shares at the par value of Baht 0.50 per share. The company registered the increase share capital to Department of Business Development on April 26, 2018. The above increase of registered capital shares can be allocated as follow :
 - (1) To allocate the share capital increase not over 39,262,448 shares at the par value of Baht 0.50 per share to the existing shareholders under the right offering at the rate of 50 existing shares: 1 new share (fraction of shares will be rounded off) by offering at Baht 2.25 per share. However, the existing shareholders are entitled to reserve the share capital increase not over their own rights according to the defined ratio. The date and names of the shareholders who are entitled to be allocated and offered the share capital increase will be on May 3, 2018. The subscription date to purchase the share capital increase for the existing shareholders will be on May 15 - 18 and 21, 2018. The Company can offer the increase of registered capital shares totaling 36,206,254 shares, amounted Baht 81,464,071.50. The Company has share premium for Baht 63,360,944.50. The company registered the change of paid-up capital to Department of Business Development on May 30, 2018.

- (2) To allocate the share capital increase not over 65,000,000 shares at the par value of Baht 0.50 per share to support the exercise to purchase the ordinary shares of the Company that are allocated to directors and employees of the Company and/or subsidiaries No. 1 (SKR - ESOPW1).

26. SHARE-BASED PAYMENT - WARRANTS

According to the minutes of the shareholders' meeting 2018 No.40 dated April 23, 2018, the shareholders of the company approved the issuance and allocation of warrants to the directors and employees of the Company and subsidiary ("ESOP"). The warrants registered are not transferable to other persons. There is no offering price and has a term of 3 years from the issuing and offering date. The offering date is within 1 year from the approved date from the meeting of the shareholders. The exercise is only one time when the warrants are due.

Details of the rate of warrant exercise and exercise price are as follows:

	Issuing and offering date	Exercise date	No. of units issued	Exercise price Baht/unit	Exercise rate unit/share
SKR-ESOPW1	9 November 2018	8 November 2021	65,000,000	4.75 (par value 0.50)	1.000

The right to purchase the shares has the fair value estimate by using Black-Scholes financial model as at November 9, 2018 with the following assumption.

Assessment assumption	SKR-ESOPW1	Source of assumption
Share value (Baht per share)	3.84	Average share price dated back 15 days
Fluctuation (percentage)	13.48	Average weighted share price dated back 3 years
Dividend payout expectation (percentage)	1.29	Average dated back 4 quarters
Risk free interest (percentage)	2.11	Average zero coupon yield dated back 3 years
Exercise rate (percentage)	74 - 100	Staff turnover 2017

From the above assumption, the warrant is Baht 0.11 per unit. The company issued the warrants to buy the shares for 65 million units. The financial advisor has analyzed the possibility to exercise the right to buy the Company's shares throughout the exercise period of 3 years. It was found that the value of the right exercise to buy shares is around Baht 5.29 million to Baht 7.15 million. The Company expects full exercise 100 percent. Therefore, the warrants have the value of Baht 7.15 million.

As at December 31, 2018, the Company recognizes the expense related to the warrant to purchase ordinary shares throughout the eligibility period as expense in the separate consolidated statement of income and records total consolidated shareholders' equity and separate shareholders' equity in the amount of Baht 346,073.

27. APPROPRIATED STATUTORY RESERVE

Under the provision of the Public Limited Companies Act B.E. 2535, the Company is required to set aside as statutory reserve at least 5% of its annual net income until the reserve reaches 10% of the authorized capital. The reserve is not available for dividend distribution.

28. DIVIDEND

According to the ordinary shareholders' meeting for the year 2018 No. 40/2018 held on April 23, 2018, the shareholders approved appropriation of dividend from profit for year 2017 of Baht 0.65 per share to the Company's shareholders of 151 million ordinary shares in total amount of Baht 98.16 million. The Company paid such dividend on May 10, 2018. Addition it also approved the allocation of legal reserves of Baht 7.53 million.

At the ordinary shareholders' meeting for the year 2017 held on April 19, 2017, the shareholders approved appropriation of dividend from profit for year 2016 of Baht 0.55 per share to the Company's shareholders' of 151 million ordinary shares in total amount of Baht 83.06 million. The Company paid such dividend on May 4, 2017. Addition it also approved the allocation of legal reserves of Baht 8.94 million.

29. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2018 and 2017 are as follow :-

	Baht			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	2018	2017	2018	2017
Medical supplies and supplies used	613,397,174	449,136,138	499,574,177	460,165,226
Cost of food and beverage	34,517,361	35,812,634	-	-
Depreciation and amortized leasehold right	308,697,616	310,995,981	250,618,752	237,627,966
Medical professional fee	680,363,507	639,129,140	541,589,195	514,357,770
Staff cost	1,097,413,764	1,020,280,650	694,942,517	660,541,456

30. LONG-TERM LEASES

As at December 31, 2018, the Company and its subsidiaries have long-term leases as follows :-

Type of lease	Period	Consolidated financial statements			
		Remaining rental expenses (Baht)			
		Within 1 year	1-5 years	Over 5 years	Total
1. Land on beside of Sikarin hospital					
(one contract)	01/09/08 - 31/08/28	3,246,000	17,268,720	14,758,480	35,273,200
(one contract)	01/03/13 - 28/02/28	5,680,000	29,804,000	22,252,000	57,736,000
- Subsidiary (four contracts)	22/05/15 - 21/11/28	7,453,760	33,771,120	22,556,560	63,781,440
2. Parking on beside of Rattarin hospital					
(one contract)	17/09/18 - 16/09/19	192,000	-	-	192,000
3. Land in front of Sikarin hospital					
- Subsidiary (one contract)	8/04/14 - 7/04/29	5,523,600	27,618,000	21,975,300	55,116,900
4. Land in black of Sikarin Hatyai hospital					
- Subsidiary (two contracts)	01/02/17 - 31/01/20	384,000	-	-	384,000
		<u>22,479,360</u>	<u>108,461,840</u>	<u>81,542,340</u>	<u>212,483,540</u>
Type of lease	Period	Separate financial statements			
		Remaining rental expenses (Baht)			
		Within 1 year	1-5 years	Over 5 years	Total
1. Land on beside of Sikarin hospital					
(one contract)	01/09/08 - 31/08/28	3,246,000	17,268,720	14,758,480	35,273,200
(one contract)	01/03/13 - 28/02/28	5,680,000	29,804,000	22,252,000	57,736,000
2. Parking on beside of Rattarin hospital					
(one contract)	17/09/18 - 16/09/19	192,000	-	-	192,000
2. Land in front of Sikarin hospital					
(sublease in subsidiary)					
(one contract)	01/01/19 - 31/12/21	10,200,000	20,400,000	-	30,600,000
		<u>19,318,000</u>	<u>67,472,720</u>	<u>37,010,480</u>	<u>123,801,200</u>

As at December 31, 2017, the Company and its subsidiaries have long-term leases as follows :-

Type of lease	Period	Consolidated financial statements			
		Remaining rental expenses (Baht)			
		Within 1 year	1-5 years	Over 5 years	Total
1. Land on beside of Sikarin hospital					
(one contract)	01/09/08 - 31/08/28	2,813,200	15,148,000	20,125,200	38,086,400
(one contract)	01/03/13 - 28/02/28	5,550,000	29,180,000	27,400,000	62,130,000
- Subsidiary (four contracts)	22/05/15 - 21/11/28	6,258,160	34,359,840	29,421,600	70,039,600
2. Land in front of Sikarin hospital					
- Subsidiary (one contract)	8/04/14 - 7/04/29	5,523,600	27,618,000	29,186,700	62,328,300
3. Land in black of Sikarin Hatyai hospital					
- Subsidiary (one contract)	10/02/17 - 10/02/19	301,337	-	-	301,337
- Subsidiary (one contract)	05/04/16 - 04/04/19	144,000	-	-	144,000
- Subsidiary (two contracts)	01/02/17 - 31/01/20	384,000	384,000	-	768,000
		<u>20,974,297</u>	<u>106,689,840</u>	<u>106,133,500</u>	<u>233,797,637</u>
Type of lease	Period	Separate financial statements			
		Remaining rental expenses (Baht)			
		Within 1 year	1-5 years	Over 5 years	Total
1. Land on beside of Sikarin hospital					
(one contract)	01/09/08 - 31/08/28	2,813,200	15,148,000	20,125,200	38,086,400
(one contract)	01/03/13 - 28/02/28	5,550,000	29,180,000	27,400,000	62,130,000
2. Land in front of Sikarin hospital					
(sublease in subsidiary)					
(one contract)	01/01/16 - 31/12/18	10,200,000	-	-	10,200,000
		<u>18,563,200</u>	<u>44,328,000</u>	<u>47,525,200</u>	<u>110,416,400</u>

31. **INCOME TAX EXPENSE**

31.1 Major components of income tax expense for the years ended December 31, 2018 and 2017 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Income tax expense shown in profit or loss :				
Current tax expense:				
Income tax expense for the year	58,961,346	40,870,024	48,268,416	33,699,794
Deferred tax expense :				
Changes in temporary differences relating to the original recognition and reversal	(1,139,467)	223,966	(531,915)	(869,733)
Total	<u>57,821,879</u>	<u>41,093,990</u>	<u>47,736,501</u>	<u>32,830,061</u>
Income tax relating to components of other comprehensive income :				
Deferred tax relating to :				
Actuarial gains (losses) arising from post-employee benefit	6,206,462	-	3,816,300	-
	<u>6,206,462</u>	<u>-</u>	<u>3,816,300</u>	<u>-</u>

In addition, for the years ended December 31, 2018 and 2017, the Company has transferred the deferred tax at the amount of Baht 1.32 million and Baht 1.34 million, respectively, from retained earnings to revaluation reserve. This amount relates to the difference between the actual depreciation based on the fixed assets and equivalent depreciation based on the cost of the fixed assets.

31.2 A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2018 and 2017 which are summarized as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit for the year	301,186,609	204,263,170	260,981,165	183,465,090
The applicable tax rate (%)	20	20	20	20
Tax expense at the applicable tax rate	<u>60,237,321</u>	<u>40,852,634</u>	<u>52,196,233</u>	<u>36,693,018</u>
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	2,351,043	4,535,703	152,665	120,258
Tax effect of income or profit that are not required in determining taxable profit:				
- Deductible expenses	(4,766,485)	(4,294,347)	(4,612,397)	(3,983,215)
Total reconciliation items	<u>(2,415,442)</u>	<u>241,356</u>	<u>(4,459,732)</u>	<u>(3,862,957)</u>
Total income tax expense	<u>57,821,879</u>	<u>41,093,990</u>	<u>47,736,501</u>	<u>32,830,061</u>

31.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2018 and 2017 are summarized as follows:

	Consolidated financial statements			
	2018		2017	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	301,186,609		204,263,170	
Income tax expense at the applicable tax rate	60,237,321	20	40,852,634	20
Reconciliation items	(2,415,442)	(1)	241,356	-
Income tax expense at the average effective tax rate	57,821,879	19	41,093,990	20

	Separate financial statements			
	2018		2017	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	260,981,165		183,465,090	
Income tax expense at the applicable tax rate	52,196,233	20	36,693,018	20
Reconciliation items	(4,459,732)	(2)	(3,862,957)	(2)
Income tax expense at the average effective tax rate	47,736,501	18	32,830,061	18

32. EARNINGS PER SHARE

For comparison purposes, the Company has recalculated earnings per share for the year ended December 31, 2017 by considering the weighted average number of ordinary shares which had changed in par value and in the number of shares in accordance with the amendment to par values and number of shares as described in note 25.1 to the financial statements.

32.1 Weighted average number of ordinary shares

Weighted average number of ordinary shares for the years ended December 31, 2018 and 2017, is calculated are as follows:-

	Number of shares			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Number of ordinary shares at the beginning of the year	1,963,122,395	1,963,122,395	1,963,122,395	1,963,122,395
<u>Add</u> Common stock sold during the year	22,318,924	-	22,318,924	-
Weighted average number of ordinary shares	1,985,441,319	1,963,122,395	1,985,441,319	1,963,122,395

32.2 Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares which are issued and paid-up during the year.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit for the year from ordinary activities (Baht)	242,419,603	162,708,646	213,244,664	150,635,029
Weighted average number of ordinary share (Shares)	1,985,441,319	1,963,122,395	1,985,441,319	1,963,122,395
Earnings per share (Baht per share)	0.12	0.08	0.11	0.08

33. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources and assess its performance to the company's operating segment.

The one main operating segment of the Company and its subsidiaries are to provide healthcare as private hospital and hospital under the affiliated of social security and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2018 and 2017 are as follows:

	Baht					
	Consolidated financial statements					
	Balance as at January 1, 2018	Cash flows Increase (decrease)*	Non-cash transaction		Balance as at December 31, 2018	
		Increase	Acquisition of subsidiary	Differences on translation of financial statements		
Bank overdrafts and short - term loans from institute	115,092,180	(14,848,398)	-	-	-	100,243,782
Long-term loans from institute	981,479,607	(85,510,302)	-	-	-	895,969,305
Liabilities under long-term agreements	168,343,946	(83,092,738)	97,088,505	-	-	182,339,713
Total	1,264,915,733	(183,451,438)	97,088,505	-	-	1,178,552,800

	Baht					
	Consolidated financial statements					
	Balance	Cash flows	Non-cash transaction		Balance	
	as at January 1, 2017	Increase (decrease)*	Increase	Acquisition of subsidiary	Differences on translation of financial statements	
Bank overdrafts and short - term loans from institute	54,416,680	60,675,500	-	-	-	115,092,180
Long-term loans from institute	1,021,982,205	(40,502,598)	-	-	-	981,479,607
Liabilities under long-term agreements	191,093,156	(67,085,450)	44,336,240	-	-	168,343,946
Total	<u>1,267,492,041</u>	<u>(46,912,548)</u>	<u>44,336,240</u>	<u>-</u>	<u>-</u>	<u>1,264,915,733</u>

	Baht					
	Separate financial statements					
	Balance	Cash flows	Non-cash transaction		Balance	
	as at January 1, 2018	Increase (decrease)*	Increase	Differences on translation of financial statements	as at December 31, 2018	
Bank overdrafts and short - term loans from institute	79,286,359	20,957,423	-	-	-	100,243,782
Long-term loans from institute	773,199,607	(151,229,731)	-	-	-	621,969,876
Liabilities under long-term agreements	126,039,893	(58,189,672)	37,439,404	-	-	105,289,625
Total	<u>978,525,859</u>	<u>(188,461,980)</u>	<u>37,439,404</u>	<u>-</u>	<u>-</u>	<u>827,503,283</u>

	Baht					
	Separate financial statements					
	Balance	Cash flows	Non-cash transaction		Balance	
	as at January 1, 2017	Increase (decrease)*	Increase	Differences on translation of financial statements	as at December 31, 2017	
Bank overdrafts and short - term loans from institute	46,561,573	32,724,786	-	-	-	79,286,359
Long-term loans from institute	770,850,205	2,349,402	-	-	-	773,199,607
Liabilities under long-term agreements	164,308,568	(57,168,675)	18,900,000	-	-	126,039,893
Total	<u>981,720,346</u>	<u>(22,094,487)</u>	<u>18,900,000</u>	<u>-</u>	<u>-</u>	<u>978,525,859</u>

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

35. **COMMITMENTS AND CONTINGENT LIABILITIES**

The Company and its subsidiaries have commitments and Contingent Liabilities as follow:-

		Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
35.1	Commitments				
	Commitment under agreement to construction				
	building and systems	32,974,493	11,506,928	21,575,320	11,506,928
		<u>32,974,493</u>	<u>11,506,928</u>	<u>21,575,320</u>	<u>11,506,928</u>
35.2	Contingent liabilities				
	To banks for the letters of guarantees issued on				
	behalf of the company	41,541,424	37,947,928	41,541,424	37,947,928
		<u>41,541,424</u>	<u>37,947,928</u>	<u>41,541,424</u>	<u>37,947,928</u>

36. **LAWSUIT**

The Company was sued by a patient claiming for medical treatment with the capital amount as at December 31, 2018 in total Baht 24.16 million. Until the reporting date, such case is under consideration at court and the outcome of the case is not final. According to the management, it is not likely to have any expected damage. The Company has not recorded a provision in the financial statements.

37. **DISCLOSURE OF FINANCIAL INSTRUMENTS**

37.1 Financial risk management policies

The Company and its subsidiary are exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Company and its subsidiary do not hold or issue derivative financial instruments for speculative or trading purposes.

37.2 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates, which may affect the interest earnings and expenses in the present and future years. The Company is primarily exposed to interest rate risk that relates primarily to deposit at Financial institution, short term investments, and loans from financial institutions from its variable rate borrowing due to changes

in interest rates. The Company and its subsidiary have no policy to use any derivative financial instruments to reduce this risk.

As at December 31, 2018 and 2017, the financial assets and liabilities with the fixed interest rates classified by the remaining periods to earlier of reprising dated or maturity dates, commencing as from the statement of financial position date were as follows:

Baht								
Consolidated financial statement								
2018				2017				
Floating	Fixed	No interest	Total	Floating	Fixed	No interest	Total	
Interest rate	Interest rate			Interest rate	Interest rate			
<u>Financial assets</u>								
Cash and cash equivalents	109,901,989	-	31,439,074	141,341,063	54,866,856	-	12,015,175	66,882,031
Short-term investments in fixed deposit	-	474,794	-	474,794	-	471,053	-	471,053
Accounts receivable and other receivable	-	-	287,208,614	287,208,614	-	-	255,205,81	255,205,881
<u>Financial liabilities</u>								
Bank overdrafts and short-term loan	243,782	100,000,000	-	100,243,782	115,092,180	-	-	115,092,180
Accounts payable and other payable	-	-	371,930,144	371,930,144	-	-	340,805,256	340,805,256
Long-term loans	-	895,969,305	-	895,969,305	-	981,479,607	-	981,479,607
Liabilities under long-term agreement	-	182,339,713	-	182,339,713	-	168,343,946	-	168,343,946

Baht						
2018						
Consolidated financial statement						
Reprising or maturity date				No	Total	Interest rate
At call	Within 1 year	1 - 5 years	Over 5 years	maturity		(percent)
<u>Financial assets</u>						
Short-term investment in fixed deposit	474,794	-	-	-	474,794	0.90 - 1.00
<u>Financial liabilities</u>						
Shot-term loans	100,000,000	-	-	-	100,000,000	4.00
Long-term loans	186,094,733	647,874,572	62,000,000	-	895,969,305	3.85 - 6.50
Liabilities under long-term agreement	69,403,894	112,935,819	-	-	182,339,713	5.18 - 7.62

Baht						
2017						
Consolidated financial statement						
Reprising or maturity date				No	Total	Interest rate
At call	Within 1 year	1 - 5 years	Over 5 years	maturity		(percent)
<u>Financial assets</u>						
Short-term investment in fixed deposit	471,053	-	-	-	471,053	0.90 - 1.00
<u>Financial liabilities</u>						
Long-term loans	194,081,731	623,237,876	164,160,000	-	981,479,607	3.85 - 6.52
Liabilities under long-term agreement	69,161,333	99,182,613	-	-	168,343,946	5.40 - 8.38

Baht								
Separate financial statement								
2018				2017				
Floating	Fixed	No interest	Total	Floating	Fixed	No interest	Total	
Interest rate	Interest rate			Interest rate	Interest rate			
<u>Financial assets</u>								
Cash and cash equivalents	56,115,097	-	15,003,135	71,118,232	38,588,278	-	9,826,915	48,415,193
Short - term investment in fixed deposit	-	474,794	-	474,794	-	471,053	-	471,053
Accounts receivable and other receivable	-	-	214,034,314	214,034,314	-	-	195,413,310	195,413,310
<u>Financial liabilities</u>								
Bank overdrafts and short-term loan	243,782	100,000,000	-	100,243,782	79,286,359	-	-	79,286,359
Accounts payable and other payable	-	-	290,872,112	290,872,112	-	-	275,211,568	275,211,568
Long-term loans	-	621,969,876	-	621,969,876	-	773,199,607	-	773,199,607
Liabilities under long-term agreement	-	105,289,625	-	105,289,625	-	126,039,893	-	126,039,893

Baht						
2018						
Separate financial statement						
Reprising or maturity date				No	Total	Interest rate
At call	Within 1 year	1 - 5 years	Over 5 years	maturity		(percent)
<u>Financial assets</u>						
Short - term investment in fixed deposit	-	474,794	-	-	474,794	0.90 - 1.00
<u>Financial liabilities</u>						
Shot-term loans	-	100,000,000	-	-	100,000,000	4.00
Long-term loans	-	126,099,876	433,870,000	62,000,000	621,969,876	3.85 - 6.50
Liabilities under long-term agreement	-	47,727,705	57,561,920	-	105,289,625	5.18 - 7.62

Baht						
2017						
Separate financial statement						
Reprising or maturity date				No	Total	Interest rate
At call	Within 1 year	1 - 5 years	Over 5 years	maturity		(percent)
<u>Financial assets</u>						
Short - term investment in fixed deposit	-	471,053	-	-	471,053	0.90 - 1.00
<u>Financial liabilities</u>						
Long-term loans	-	151,229,731	457,809,876	164,160,000	773,199,607	3.85 - 6.52
Liabilities under long-term agreement	-	55,266,924	70,772,969	-	126,039,893	5.40 - 8.38

37.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations of the financial condition of its counterparties, to provide a term of payment, and to require partial payment of deposit, or call for collateral as other security. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

37.4 Liquidity risk

The Company and its subsidiary monitor its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in

37.5 Fair Value

The carrying amount of financial assets and financial liabilities as presented in the statement of financial position are mostly bear floating interest rates or fixed interest rates which are close to market rate. The management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying amount.

38. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2018, the group of Company's debt-to-equity ratio was 0.47:1 (as at December 31, 2017 0.51:1) and the Company's debt-to-equity ratio was 0.35:1 (as at December 31, 2017 0.41:1)

39. THE NEWLY ISSUED AND REVISED FINANCIAL REPORTING STANDARDS AND EFFECTIVE IN THE FUTURE

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are newly issued and revised.

These newly issued and revised financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2019 are as follows:

TAS 1 (revised 2018)	Presentation of Financial Statements
TAS 2 (revised 2018)	Inventories
TAS 7 (revised 2018)	Statement of Cash Flows
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2018)	Events After the Reporting Period
TAS 12 (revised 2018)	Income Taxes
TAS 16 (revised 2018)	Property, Plant and Equipment
TAS 17 (revised 2018)	Leases
TAS 19 (revised 2018)	Employee Benefits
TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2018)	Borrowing Costs
TAS 24 (revised 2018)	Related Party Disclosures
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2018)	Separate Financial Statements
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2018)	Earnings Per Share
TAS 34 (revised 2018)	Interim Financial Reporting
TAS 36 (revised 2018)	Impairment of Assets
TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2018)	Intangible assets
TAS 40 (revised 2018)	Investment Property
TAS 41 (revised 2018)	Agriculture
TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 2 (revised 2018)	Share-Based Payment
TFRS 3 (revised 2018)	Business Combinations
TFRS 4 (revised 2018)	Insurance Contracts
TFRS 5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations

TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2018)	Operating Segments
TFRS 10 (revised 2018)	Consolidated Financial Statements
TFRS 11 (revised 2018)	Joint Arrangements
TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2018)	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TSIC 10 (revised 2018)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2018)	Operating Leases - Incentives
TSIC 25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2018)	Service Concession Arrangements: Disclosure
TSIC 32 (revised 2018)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2018)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2018)	Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2018)	Service Concession Arrangements
TFRIC 14 (revised 2018)	TAS 19 (revised 2018)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2018)	Distributions of Non - cash Assets to Owners
TFRIC 20 (revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2018)	Levies

Newly financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2020 are as follows.

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The management of the Company and its subsidiaries believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are newly issued and revised will not have any significant impact on the financial statements for the year when they are initially applied.

40. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 14, 2019.