



RAJTHANEE HOSPITAL Public Company Limited

ANNUAL REPORT 2018 RAJTHANEE HOSPITAL Public Company Limited





VISION

Leading private hospital with high-quality treatment and medical service in Phra-Nakhon Si Ayutthaya and central region

MISSION

Providing services of medical standards and professional ethics under the patient-focus approach

VALUES

1. **Quality:** working up to standard, accuracy, safety, swiftness without flaw which satisfied the patients' expectation.
2. **Unity:** working in harmony with generosity and smooth cooperation
3. **Pride:** Confident on and taking pride in our organization which cultivate the bond between staff and organization to build "Rajthanee as our home"



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MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS



The year 2018 has been another proud year for Rajthanee Hospital Public Company Limited (“RJH or the Company”). It has long been our determination to provide quality medical services to our patients together with the development of our medical professionals and staff, as well as efficient and effective organizational management. Therefore, RJH ‘s performance continued to grow achieving our goal.

In 2018, the Company reported total revenue increase of 13 percent over the previous year, to Baht 1,587 million. Net profit increased by 10 percent, to Baht 255 million. This satisfying performance was attributable to the increased number of patients and insured persons under Social Security as well as the efficient management. Moreover, the Company are committed to developing and conducting businesses under good governance along with the balance of society and environment in order

to become a sustainable organization. As the witness of sustainable organization, RJH has been selected by Thaipat Institution as one of the listed companies that have outstanding business practices in the environment, society and governance or ESG100..

This achievement was entirely from the concerted effort of all parties. On behalf of the Board of Directors, executives and all staff, I would like to express gratitude to all shareholders, customers, communities, business partners, private organizations, public sectors and all related parties for their forces that driving the Company to efficient growth. Lastly, I look forward to the continued supports from all parties that lead our organization to sustainability.

Mr. Aurchart Kanchanapitak
Chairman of the Board of Directors

FINANCIAL HIGHLIGHTS

Rajthanee Hospital Public Company Limited and Subsidiary

| | 2018 | 2017 | 2016 |
|---|-------|-------|-------|
| Financial Position (THB, Million) | | | |
| Total assets | 1,879 | 1,901 | 1,824 |
| Total liabilities | 570 | 235 | 283 |
| Total shareholders' equity | 1,309 | 1,666 | 1,541 |
| Financial Performance (THB, Million) | | | |
| Revenues from hospital operation | 1,587 | 1,403 | 1,209 |
| Total revenues | 1,611 | 1,424 | 1,224 |
| Net profit for the year | 258 | 256 | 155 |
| Net profit attributable to equity holders of parent | 255 | 231 | 155 |
| Key Financial Ratios | | | |
| Gross profit margin (%) 1/ | 30.6 | 29.7 | 27.5 |
| Net profit margin (%) | 16.0 | 18.0 | 12.7 |
| Return on average assets (%) | 13.7 | 13.7 | 10.7 |
| Return on average equity (%) | 17.4 | 16.0 | 17.1 |
| Total Debt to equity (x) | 0.4 | 0.1 | 0.2 |
| Interest coverage (x) 2/ | 33.7 | 120.4 | 10.8 |
| Per-share information | | | |
| Earnings per share (THB) | 0.85 | 0.77 | 0.62 |
| Book value per share (THB) | 4.4 | 5.6 | 5.1 |
| Closing price (end of year, THB) | 18.60 | 25.00 | 25.50 |
| Number of shares (end of year, in million) | 300 | 300 | 300 |

Note: 1/ Gross profit margin = Gross profit/ Revenues from hospital business

2/ Interest coverage ratio = EBITDA / interest expenses



Rajthanee MRI Center

The First and Only MRI Center of Ayutthaya Province





Cardiac Catheterization Laboratory

Rajthanee Heart Center

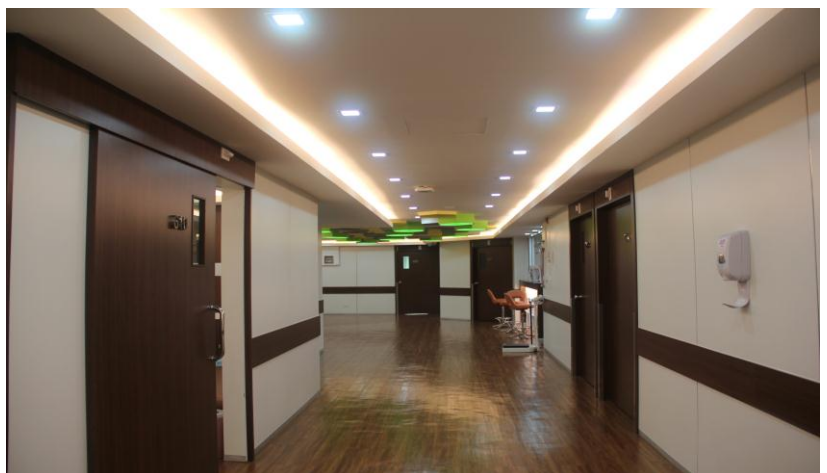


Minimally Invasive Surgery



INPATIENT ROOMS

Rajthaneer and Rajthaneer Rojana Hospital provide variety of rooms which ensure the patients of comfort. The treatment and caretaking are undertaken by highly skilled and attentive team of doctors, nurses and staff.



1. GENERAL AND OTHER IMPORTANT INFORMATION

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED

| | |
|---------------------------------|---|
| Nature of business | Private hospitals with inpatient admission : Rajthanee and Rajthanee Rojana Hospital |
| Head Office | 111 Moo 3, Khlong Suan Phlu Sub-district, Phra Nakhon Si Ayutthaya District, Phra Nakhon Si Ayutthaya 13000 |
| Company Registration No. | 0107538000509 |
| Tel. | 035-335-555-71 |
| Fax. | 035-335-555 ext. 878 |
| Website | www.rajthanee.com |

SECURITIES REGISTRAR

| | |
|-----------------------|---|
| Company's name | Thailand Securities Depository Co., Ltd. (TSD) |
| Head Office | 62 The Stock Exchange of Thailand Building 11/F., Rachadapisek Road, Klongtoey, Bangkok 10110 |
| Tel. | 02-229-2800 |
| Fax. | 02-359-1259 |

EXTERNAL AUDITOR

| | |
|-----------------------|--|
| Company's name | CWWP CO., LTD. |
| Head Office | 128/334-335 Phayathai Plaza Building 31th Floor, Phayathai Road, Thung Phayathai, Ratchathewi, Bangkok 10400 |
| Tel. | 02-216-2265, 02-216-2268-9, 02-216-2279 |
| Fax. | 02-216-2286 |

INTERNAL AUDITOR

| | |
|-----------------------|---|
| Company's name | OUTSOURCING PLUS CO., LTD. |
| Head Office | 87/57 Modern-Town Tower, Soi Sukhumvit 63, Sukhumvit Road, Khlong Tan-Nuea, Watthana, Bangkok 10110 |
| Tel. | 02-392-9715-16 |
| Fax. | 02-392-9716 |

2. POLICY AND BUSINESS OVERVIEW

2.1 Company Background and Major Milestones

2.1.1 Incorporation of the Company

Rajthanee Hospital Public Company Limited (“the Company”) was established in 1990 to operate medical service business. At the onset, the company’s name was “Ayutthaya Wetchakarn Co., Ltd.”. It was founded by a team of doctors, mostly graduated from Siriraj Hospital, together with leading businessmen in Phra Nakhon Si Ayutthaya. These founding members remained current major shareholders such as Doctor Wachira Wudhikulprapan, Doctor Porntip Wudhikulprapan and Doctor Surin Prasithirun. Healthcare in Phra Nakhon Si Ayutthaya was in high demand as many industrial estates were established in this province. Therefore, they decided to establish Rajthanee Hospital in Khlong Suan Phlu Sub-district, Phra Nakhon Si Ayutthaya District, Phra Nakhon Si Ayutthaya. The hospital’s location is in the high-growth area which near main roads such as Asian Highway and Rojana Road. Since the establishment in 1990, the hospital has been well-accepted by Phra Nakhon Si Ayutthaya ‘s community and nearby provinces.

Moreover, the promulgation of Social Security Act B.E. 2533 (1990) which promoted public healthcare and basic security for the insured members, has brought about the company business opportunity. The company has participated Social Security Project in 1994 and ever since, the Social Security income has become one of the company’s main sources of income.

Since the establishment in 1990, the company has been consistently focusing on development of service quality and human quality in order to deliver satisfied services to all patients. The company’s business philosophy is reflected in its motto: “Warm as home, service as family at our Rajthanee”

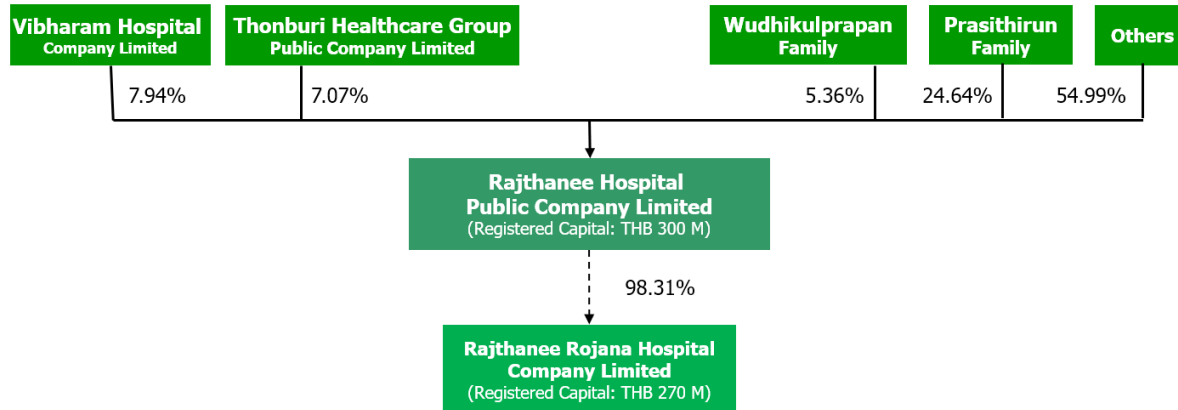
2.1.2 Major Milestones

| Year | Major Milestones |
|------|--|
| 1990 | - Ayutthaya Vechakarn Company Limited was founded to operate hospital business under the name “Rajthanee Hospital”, with initial registered capital of Baht 10,000,000, at Baht 10 per share. The hospital is located on Rojana Road near Asia Highway and the City Hall of Phra Nakhon Si Ayutthaya. |
| 1992 | - The operation was commenced on June 29, 2012, with a total capacity of 33 patient beds. |
| 1994 | - The company applied for Social Security Program under Social Security Act B.E. 2537 (1994). With the confidence on Rajthanee hospital, number of insured persons have been increasing. |
| 1995 | - The company was converted to public company and renamed “Rajthanee Hospital Company Limited” to prepare for the listing on the Stock Exchange of Thailand. In addition, the registered capital was raised to Baht 180,000,000 with the paid-up capital of Baht 140,000,000 for the public offering. However, due to the unfavorable economy and capital market, the listing plan was inevitably postponed. |
| 1999 | - December 29, 1999, the Company was awarded ISO 9002: 1994 Certification. |
| 2002 | - October 8, 2002, the Company was awarded ISO 9001: 2000 Certification. |
| 2005 | - The Company decreased the previously approved capital to Baht 83,514,000 which was the unsold portion. As such, the paid-up capital was Baht 96,486,000. |
| 2009 | - Due to crowded facilities, the Company decided to invest in new building (Building C) |
| 2010 | - The Company was awarded the Environmental and Health Impact Assessment (EHIA), by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment - Building C was open on 8 December 2010 for social security patients, pediatric patients, dental clinic and pharmacy store. |
| 2012 | - The Company was awarded the accreditation for Level 1 Hospital Accreditation (HA) on June 22, 2012. - The Company achieved the acknowledgement for Level 2 Hospital Accreditation (HA) on November 29, 2012. |
| 2013 | - The Company was awarded the accreditation for Level 2 Hospital Accreditation (HA) on November 21, 2013. |

| Year | Major Milestones |
|------|--|
| 2014 | <ul style="list-style-type: none"> - The Company acquired 12 million shares of Rajanavej Hospital Company Limited, at Baht 10.50 per share, equivalent to 52.17% stake. This company was subsequently renamed to Rajthanee Rojana Hospital Company Limited and the hospital name was changed to Rajthanee Rojana Hospital. The hospital has 100 registered beds. Its location is on Rojana-Wangnoi Road near Ronaja Industrial Estate. This hospital is to capture growing healthcare demand from the nearby industrial estates. |
| 2015 | <ul style="list-style-type: none"> - The Company launched cardiac catheterization service on January 7, 2015 and was granted permission as a cardiac referral center for National Health Security Office (NHSO) which enabling it to treat patients referred from other nearby hospitals under the National Health Security Scheme. - The par value was changed from Baht 10 per share to Baht 1 per share and consequently number of shares were increased from 9,648,600 shares to 96,486, 000shares. - The registered capital was raised by 2 0 3 , 5 1 4 , 0 0 0 shares, from Baht 9 6 , 4 8 6 , 0 0 0 to Baht 300,000,000 for the issuance of 128,514,401 dividend shares and for the initial public offering of 74,999,599 shares. The paid-up capital stood at Baht 96,486,000. - The payment of interim dividends for 2014 performance consisted of cash dividend at Baht 0.14799/share and dividend shares at the ratio of 0.75077 existing shares : 1 dividend share or equivalent to Baht 1.33195 per share. The issued dividend shares totaling 128,514,401 shares, with a par value of Baht 1. As a result, the paid-up capital amounted to Baht 225,000,401. - The Company was awarded the accreditation for Step 3 of HA for 2-year period on February 27, 2015. |
| 2016 | <ul style="list-style-type: none"> - The Company listed its shares on the Stock Exchange of Thailand on September 1, 2016. - The subsidiary increased its registered capital from Baht 230 million to Baht 270 million on November 15, 2016. The 4,000,000 new ordinary shares were offered to the existing shareholders at the ratio of 23 existing ordinary shares to 4 new ordinary shares, at Baht 25 each. Following this capital increase, the Company held a 53.93% stake in the subsidiary. |
| 2017 | <ul style="list-style-type: none"> - The Company was awarded the re-accreditation for Step 3 of HA for 3-year period on June 27, 2017. |
| 2018 | <ul style="list-style-type: none"> - January 2018, the Company opened MRI Center, the first and only MRI center in Ayutthaya province. - The company has been selected by Thaipat Institute to be one of ESG100 (Environmental, Social and Governance) ie a listed company with outstanding dedication to environment, society and good governance. - The Company has acquired additional shares in subsidiary which ultimately increased its holding to 98.31%. |

2.2 Structures Company Group and Business Overview

Rajthanee Hospital Public Company Limited ("the Company") has one subsidiary is Rajthanee Rojana Hospital Co., Ltd., with a shareholding structure as shown in the diagram.



- Note:**
1. Shareholding in the company is as of 8 February 2019
 2. Shareholding in Rajthanee Rojana Hospital Co., Ltd is as of 31 December 2018

2.3 Hospital Business Operation

The Company operates two hospitals, namely Rajthanee Hospital and Rajthanee Rojana Hospital. Both are in prime locations of Phra Nakhon Si Ayutthaya Province. Ayutthaya is surrounded by Pathum Thani, Suphan Buri, Ang Thong and Saraburi Provinces. There are 3 large industrial estates, namely Ban Wa (Hi-Tech) Industrial Estate, Bang Pa-in Industrial Estate and Saha Rattana Nakorn Industrial Estate located in Phra Nakhon Si Ayutthaya Province. Meanwhile, Nava Nakorn Industrial Estate, is located Pathum Thani. Moreover, there are two industrial parks, namely Factory Land Wangnoi and Rojana Industrial Park. Therefore, Ayutthaya is considered to be one of densely populated provinces. The industrial employees are the company's main patients. In addition, the Company has policy to allow social security patients to conveniently visit either hospital of the group regardless of which hospitals they insured.

The Company provides medical services, health improvement, rehabilitation and medical prevention encompassing both general and acute illness by general practice and specialty physicians. The 9 main areas of expertise are as follows:

1. Medicine
2. Surgery and Orthopedics
3. Pediatrics
4. Obstetrics and gynecology
5. Otolaryngology
6. Ophthalmology
7. Anesthesiology
8. Radiology
9. Dentistry

The Company and its subsidiary have registered 353 beds as of 31 December 2018, with various types of patient rooms such as, VIP rooms, single rooms, special single rooms, common rooms, ICU and nursery, etc.

Business summary as of December 31, 2018

| Company | Registered Capital (Baht million) | shareholding (%) | Registered Hospital Beds |
|---|--|-------------------------|---------------------------------|
| Rajthanee Hospital Public Company Limited | 300 | - | 253 |
| Rajthanee Rojana Hospital Company Limited | 270 | 98.31 | 100 |
| Group Total | | | 353 |

3. CHARACTERISTICS OF BUSINESS OPERATION

3.1 Revenue Structure

Rajthanee Hospital Group's revenues have steadily increased from 2016 to 2018, as illustrated in the table below.

| Revenue from hospital business | Consolidated financial statements | | | | | |
|---|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2016 | | 2017 | | 2018 | |
| | Bht mil. | % | Bht mil. | % | Bht mil. | % |
| Revenue from general patients^{1/} | | | | | | |
| Revenue from out-patients (OPD) | 381 | 31.5 | 420 | 29.9 | 471 | 29.7 |
| Revenue from in-patients (IPD) | 306 | 25.3 | 353 | 25.1 | 439 | 27.7 |
| Total revenue from general patients | 687 | 56.8 | 773 | 55.1 | 911 | 57.4 |
| Social Security scheme | 522 | 43.2 | 630 | 44.9 | 676 | 42.6 |
| Grand Total | 1,209 | 100.0 | 1,403 | 100.0 | 1,587 | 100.0 |

Note: 1/ Included revenue from self-pay, insurance, corporate contract, civil servant, Universal Coverage, Universal Coverage for Emergency Patients (UCEP) etc.

3.2 Characteristics of products or services

3.2.1 Scope of medical services

(1) Heart Center

Year 2015, the Company launched the Heart Center providing medical treatment for cardio vascular system and heart diseases, such as Ischemic heart disease (IHD), Valvular heart disease, Cardiac arrhythmia and Hypertension, etc. The scope of medical services encompasses initial diagnosis, medication, cardiac catheterization, cardiac surgery. The Company became one of the referral centers of heart diseases in the area of Phra Nakhon Si Ayutthaya and nearby provinces.

The essential scope of services of the Heart Center includes:

- Echocardiography;
- Exercise stress test (EST) ;
- Holter monitor;
- Cardiac Catheterization or coronary artery angiography (CAG) and percutaneous coronary intervention (PCI) ;
- Electrophysiology ;
- Coronary Artery Bypass Graft , Valve Replacement Atrial Septal Defect
- Cardiac Pacemaker

(2) Emergency medicine and brain neurosurgery center

The Company's hospitals are located on main roads, namely Rojana Road and Asian Highway (AH 1) road where accidents frequently take place posing risk of brain injuries. Therefore, the emergency medicine and brain neurosurgery center was established in 1992. With the emergency call center together with a team of physicians available for 24/7, a rescue team can be at the scenes of the accidents in a timely manner.

(3) Other specialized centers

- **Hemodialysis Center:** taking care of patients suffering from acute and chronic kidney diseases
- **Health Check-up Center:** equipped with occupational physicians and check-up programs customized for customers of various ages. The services have included annual check-up programs and pre-employment check-up programs.
- **Dental Center:** complete scope of dental services such as scaling, filling, Pediatric dentistry, Orthodontics, Endodontic, Prosthesis, Periodontal Disease Treatment, oral surgery and dental implant with sterilized equipment
- **Orthopedics Center:** examination and surgery for patients with traumatic and degenerative change of bones, Arthroscopic Shoulder, Back and Knee Surgery, Arthroplasty Replacement Surgery for hip and knee and medical treatments for osteoarthritis and osteoporosis, etc.
- **Phacoemulsification Center:** provide operations for patients with cataract and provide treatments for patients with glaucoma and pterygium.

(4) Surgery clinics

- **General surgery clinic:** provide open/laparoscopic cholecystectomy, appendectomy, rhinoplasty and excision operation with state-of-the-art equipment.
- **Plastic surgery clinic:** provide corrective surgery for traumatic patients and also for aesthetic purpose.
- **Neurosurgery clinic:** provided examination and investigation for risks which may cause cerebrovascular disease and traumatic brain injury, including operations and medical service for patients with hemorrhagic stroke, and rehabilitation treatment to improve their activities in daily life.
- **Urology clinic:** provide examination and treatment for patients with diseases related to genitourinary system such as, Benign Prostatic Hyperplasia (BPH), erectile dysfunction in male patients, including calculi in urinary system.

(5) Internal Medicine Clinics

- **Internal Medicine Clinic:** provide examination and treatment for infectious diseases, pulmonary and respiratory systems, renal system, endocrine system, etc.
- **Medicine clinic - gastroenterology:** provide examination and treatment for gastrointestinal system and liver disease, etc., which includes esophagogastroduodenoscopy (EGD) and colonoscopy.
- **Medicine clinic - dermatology:** provide examination and treatment for skin diseases, including aesthetics.

- **Medicine clinic - hematology:** provide examination and treatment for patients with blood diseases resulting from cancers and genetic blood diseases, including bone marrow aspiration.
- **Medicine clinic - neurology:** provide examination and treatment for patients with cerebrovascular diseases (stroke), degenerative disease of brain and spinal cord.
- **Medicine clinic - nephrology:** provide examination and treatment for patients with acute and chronic renal diseases and provide renal replacement therapy with hemodialysis.

(6) Healthcare clinics and other services

- **General practice clinic:** provide examination and treatment for general diseases such as upper-respiratory infections, acute gastroenteritis, etc.
- **Obstetrics and gynecology clinic:** provide examination, treatment and advice for gynecologic diseases and obstetric patients for various age groups, including antenatal care which has 4D ultrasound scans to detect for any fetal abnormalities, high-risk pregnancy, contraception, infertility and menopause.
- **Pediatrics clinic:** provide examination, treatment and advice for sick children (from newborn to teenage) and well-baby's growth and development, including vaccination program.
- **Otolaryngology clinic:** provide advice, examination and treatment for patients with diseases related to ears, noses and throats such as otitis media and sinusitis, plus operation such as tonsillectomy, nasal polypectomy, tympanoplasty and Fiberoptic laryngoscope.
- **Ophthalmology clinic:** provide examination and treatment for eye disease such as eye infection, cataracts and glaucoma plus operation.
- **Acupuncture clinic:** provide Chinese alternative medicine such as acupuncture, cupping and Chinese herbal medicine.
- **Radiology Department:** provide general x-ray, special x-ray, mammogram, ultrasound equipped with picture archiving and communication system (PACS).

(7) Occupational medicine clinic

Provide complete occupational medicine services to elevate the standard of well-being and safety of industrial workers which include risk assessment for health hazard in workplaces. The services include eye examination, lung function test, audiogram, etc.

3.2.2 Medical services capacity

(1) Number of examination rooms and beds in service

OPD capacity is evaluated by number of examination rooms while IPD capacity is evaluated by number of beds in service.

The Company's service capacity as of 31 December 2018, is as follows:

| Hospital | Number of Examination rooms | Registered Hospital Beds |
|---|-----------------------------|--------------------------|
| Rajthanee Hospital Public Company Limited | 48 | 253 |
| Rajthanee Rojana Hospital Company Limited | 6 | 100 |
| Total | 54 | 353 |

(2) Utilization rate

Utilization rate is evaluated by number of visits or admissions compared to the maximum capacity. The average utilization rate of OPD was 84.9% in 2018, increased from 80.4% and 72.3% in 2017 and 2016 respectively. This increase was due to the growing number of OPD patients while capacity barely changed. The average utilization rate of IPD was steady in the range of 80-82% despite more capacity was added. Overall, the continuous flow of patients stemmed from opening more excellent center, higher intensity treatment as well as recruitment of more specialist physicians.

Service capacity of the Out-Patient Department (OPD)

| | 2016 | 2017 | 2018 |
|---|-------------|-------------|-------------|
| Number of examination room (average)* | 51 | 51 | 52 |
| Number of Hemodialysis units (average)* | 43 | 44 | 47 |
| Utilization rate (%) | 72.3 | 80.4 | 84.9 |

Service capacity of the In-Patient Department (IPD)

| | 2016 | 2017 | 2018 |
|-----------------------------|-------------|-------------|-------------|
| Number of beds in service | 183 | 208 | 234 |
| Utilization rate (%) | 82.7 | 80.5 | 81.0 |

Remarks: * The number of examination rooms and hospital beds are annual average.

3.3 Marketing and Competition

The group's hospitals are located in Phra Nakhon Si Ayutthaya Province which is surrounded by Pathum Thani, Suphan Buri, Ang Thong and Saraburi Provinces. These provinces are considered as high potential area for medical services. Three large industrial estates, namely Ban Wa (Hi-Tech) Industrial Estate, Bang Pa-in Industrial Estate and Saha Rattana Nakorn Industrial Estate, are in Phra Nakhon Si Ayutthaya Province. There are two industrial parks, namely Factory Land Wangnoi and Rojana Industrial Park located in this province. Moreover, the nearby province, Pathum Thani, have Nava Nakorn Industrial Estate

As of December 31, 2018, there are over 400,000 insured persons under Social Security program in Ayutthya of which 160,633 and 22,159 insured persons registered with Rajthani hospital and Rajthaneer Rojana hospital respectively.

3.3.1 Industry Outlook

3.3.1.1 Overview of healthcare business in Thailand

Healthcare is one of the government's top policies. A number of welfare programs have been established to cater needs of varied groups including (1) welfare scheme for state and state enterprise employees; (2) social security scheme for employees in private sector; and (3) universal health coverage scheme for the people who are not eligible for any other healthcare schemes. The government has continuously expanded the benefits and coverage of the schemes to ensure the country's healthcare security in the long term.

Compared with other businesses in Thailand, the healthcare business is less affected by volatility of global economy. While Thailand's economy was negatively impacted by global economic fluctuations and the heavy floods in 2011, the growth of healthcare spending continue to grow. Additionally, Thailand's healthcare business is considered as competitive in this region due to high quality of treatment at relatively lower medical cost. The characteristics of tourism destination and aviation hub also help support Thailand's medical tourism. Moreover, Thai population structure is entering to elderly society. This elderly group is more health conscious and has affordable purchasing power. Therefore, healthcare business growth appeared to be promising.

3.3.1.2 Structure of healthcare service in Thailand

(1) Characteristics of healthcare service providers

The healthcare services in Thailand can be categorized into two main groups, i.e. state and private sectors, the details of which are as followed

- **State sector:** Healthcare services in Thailand are provided mostly by state hospitals, which can be categorized by their strengths and treatment capacity, e.g., university hospitals (i.e. medical schools), hospitals in Bangkok, state provincial hospitals, district hospitals, community healthcare center. Generally, the medical fees charged by state hospitals are lower than those charged by private hospitals as they are subsidized by the government. In addition, these hospitals provide free examination and treatment according to the government's Social Security Scheme.

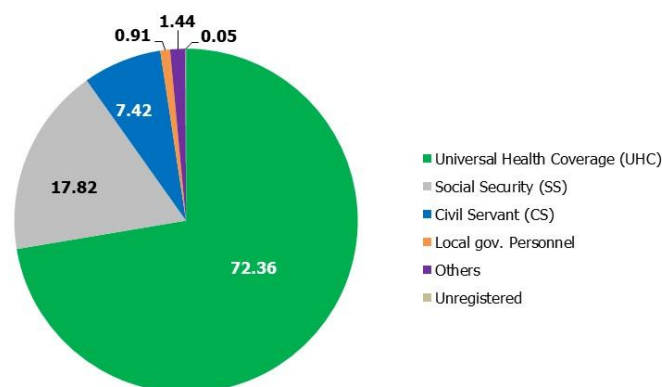
- **Private sector:** The healthcare services can be categorized by sizes, e. g. , large private hospitals, medium private hospitals, and private clinics. Each offers different services, based on the capacity. As some large private hospitals possess high potential to attract foreign patients with high purchasing power.

(2) Healthcare schemes in Thailand

The country's healthcare schemes are specially designed to ensure that people from all walks of society can have access to medical services. At present, there are three major healthcare schemes.

- **Social Security:** Provided by the Social Security Office under supervision of the Ministry of Labor, this scheme offers healthcare benefits to employees in the private sector. The benefits cover sickness, disability, injuries from hazardous incidents and death, both from work or non-work. Moreover, the social security benefits also cover maternity, child allowance, old-age and unemployment. Thailand kicked off the social security scheme in 1972 by establishing a compensation fund to take care of those suffered by occupational hazard in Bangkok. The coverage of the scheme expanded nationwide on July 1, 1988. Later, the Social Security Act B.E. 2533 (1990) has come into effect since September 2, 1990.
- **Universal Health Coverage Scheme:** Under management of the National Health Security Office, the Universal Health Coverage Scheme was established under the National Health Security Act B.E. 2545 (2002). It was aimed to provide healthcare services for those who are not in any other healthcare schemes. The scheme focuses mainly on medical services provision for general sickness
- **Welfare scheme for state and state enterprise employees:** Under supervision of the Comptroller General's Department, the Ministry of Finance, the program offers healthcare services for state workforce, including government officials and state enterprises' employees. The benefits for government officials cover medical allowance for spouses, parents and children not attaining of majority.

Chart 1-1: Segmentation of capitation schemes in 2017



Source: National Health Security Office (NHSO)

In 2017, the proportion of universal health coverage, social security scheme, civil servant scheme and civil municipal scheme were 72.36%, 17.8%, 7.4% and 0.9% respectively. The other 1.4% of the population was under other health coverage schemes such as military veteran welfare, teacher welfare of private school, etc. The remaining 0.05% was not covered by any capitation scheme. However, this portion is in declining trend as intensive publications were made to create awareness among this group. The rare cases are those who, for example, are pending for proof of nationality or aboard residing etc.

3.3.1.3 Business outlook

(1) Growth potential of the medical service industry

- **Below-average health expenditure:** According to World Bank, Thailand's expenditure on healthcare compared to GDP, stood at 3.77% in 2015, which was still below the Asia and global average of 6.77% and 9.90%, respectively. The government's promotion of accessibility to public health services and trend of health consciousness should play key roles in boosting spending on healthcare. Currently, Thailand can be considered one of the leaders in the healthcare service industry in ASEAN.
- **Larger proportion of the elderly in Thai society:** An improved public health system has raised the average age of Thai people. Meanwhile, the country's birth rate has been decreasing continuously. Consequently, the proportion of the elderly (aged over sixty years) to the total population has been on the rise. According to the National Economics and Social Development Board (NESDB), it is estimated that the proportion of the elderly is likely to increase from 16.8% in 2017 to 26.6% in 2027. A larger proportion of the elderly will lead to a rise in spending on healthcare, which will in turn support the expansion of the medical service industry in the future.
- **Expansion of social security services:** According to the Social Security Office, the Ministry of Labour, the amount of subsidies and compensations granted by the Social Security Fund to the healthcare industry has been continuously rising and the uptrend is likely to continue in the future. On average, during 2013-2017, the amount increased by approximately 13.6% CAGR. Moreover, the number of the Social Security Fund's insured persons, according to the National Statistics Office (NSO), the Ministry of Digital Economy and Society, showed a continuous growth on average, at the growth rate of 6.0% CAGR during the same period. Hence, the medical service industry is likely to expand further to serve bigger numbers of population and the Social Security Fund's insured persons.
- **Growth in Medical Tourism:** Foreigners that receive medical services in Thailand are 1-2 million per year and 80% of these are medical tourists. Thailand's major medical tourist markets include Myanmar, Japan, the Middle East and Europe. Currently, competition in this sector is accelerate especially ASEAN and China market. Our major competitors in this region are Singapore and Malaysia.
- **Expatriate worker:** The increase of expatriates who work or do business in Thailand and CLMV is an opportunity for private hospitals. The healthcare supplies of our neighbor countries are

not adequate comparing to the demand while Thailand can provide high quality healthcare at competitive price.

(2) Negative factors to the growth of medical service industry

- **Shortage of medical personnel:** A rapid growth of the medical service industry has led to a shortage of medical personnel. Thus, medical personnel in both public and private sectors are headhunted by private hospitals. This situation indirectly raises private hospitals' costs as they have to offer higher remuneration to attract skillful medical professionals, especially expertise which is a key to business success.
- **Competition:** Beside the competition among private hospitals, several state hospitals also upgrade their services to capture high-income patients previously gained by private hospital. For international competition, even though Thailand is a leading medical tourism, most of healthcare professionals are inferior in term of foreign language. This could be a big challenge for Thailand to become the medical hub of Asia.
- **Economic slowdown:** the economic slowdown has more or less adverse impact on healthcare spending, especially for private hospital. Mid to low income customers turn to utilize social security welfare or buy medicine instead.
- **Political uncertainty:** Foreign patients with high spending power or medical tourists are target groups of large hospitals in Thailand. Domestic political uncertainty could deter their decision to come for treatment in Thailand. However, statistics indicated that political uncertainty did not have meaningful impact on medium-sized hospitals as their main target was local patients.

3.3.2 Marketing and competition

3.3.2.1 Medical service standards

Medical service provider standards are classified into three levels, based on patient service capacity, as follows:

- (1) **Primary care:** Healthcare service providers capable of providing treatment for patients with low-severity and low-complication illness, e. g. clinics or small-sized healthcare service providers
- (2) **Secondary care:** Healthcare service providers capable of providing treatment for patients with illness with greater severity and complication as well as hospitals capable to serve both outpatients and inpatients
- (3) **Tertiary care:** Healthcare service providers reaching the highest standards, equipped with modern medical equipment and specialty clinics for treatment of illness that need specialized health professionals

Currently, the Company's two hospitals, i.e. Rajthanee Hospital and Rajthanee Rojana Hospital, are categorized as secondary care hospitals. Nonetheless, the Company's Heart center is able to provide tertiary care.

3.3.2.2 Target customers

(1) General customers

- **Self-pay customers** are customers who paying their own medical bills. The Company's target groups include middle income earners who live or work near the Company's hospitals
- **Contract customers:** consists of employees from corporate who have contracts with the Company and patients under healthcare. The Company directly charges medical bills to corporate or insurance companies. Note that the number of corporate contract customers is likely to increase in tandem with the growth of the insurance business and the rising popularity of the health-conscious trend.
- **Customers according to the Protection for Motor Vehicle Accident Victims Act B.E. 2535 (1992):** These customers include the injuries from motor vehicle accidents under Protection for Motor Vehicle Accident Victims Act B.E. 2535 (1992). The Company's hospitals are located on main roads, namely Asian Highway and Rojana Road, where road accidents take place regularly. The Group's hospitals do not charge these customers but send medical bills to the insurance companies of the customers or their parties that have insurance policies according to the Act.
- **Customers according to the Workmen Compensation Fund:** These customers are employees of companies or industrial factories who are injured by accidents at work according to the Workmen's Compensation Act B.E. 2537 (1994). The hospital does not charge the customers but send medical bills to charge Employment Injury Compensation Fund.

(2) Capitation customers

- **Customers under Social Security Scheme:** According to the Social Security Act B.E. 2533 (1990), for every payment of wages, the employer shall deduct wages of an insured person to be paid for contributions to the Social Security Fund and the insured person shall be able to receive free medical services from one of the contracted hospitals that he or she has chosen. There are two types of payments that the Social Security Office gives to the hospitals participating in the Social Security Scheme, i.e. 1) capitation payment (note: as of 2017, the capitation payment amounted to Baht 1,500 per year); and 2) additional payment
- **Customers under Universal Healthcare Scheme:** According to the National Health Security Act. 2002, The National Healthcare Policy is one of the policy that the government has considered important. This policy also mechanism to cover people that cannot accessible to healthcare services under Social Security, Civil Servants or other state welfare. It is one of the policies that the government has always considered important and is the main mechanism for the care of people without the right to medical treatment. Social Security or other medical benefits provided by the state. Provide access to health services as needed. It covers both preventive, health services and rehabilitation with mostly cover with disease that high medical cost. Currently, Rajthanee Hospital Group service this customer only Heart Center and Hemodialysis Center.

- **Customers under Universal Coverage for Emergency Patients (UCEP)**: According to the Government policy which announced in April 1, 2017 that demands compulsory emergency healthcare for up to 72 hours in any hospital in Thailand, both private and state hospitals. The patients who require emergency medical care and assistance to be able to access it wherever they are in the country at whichever hospital is closest to them for a period of up to 72 hours and no cost.

3.3.2.3 Competition

Phra Nakhon Si Ayutthaya Province has high potential for healthcare business as the area is densely populated with large economy. In addition, there are several big industrial estates in the province. Comparing to the competitors in Ayutthaya, the Company's hospitals are regarded as leading private hospitals given the competent medical staff, innovative medical equipment, as well as long-term reputation and consumer confidence. The Company's competitors are large government hospitals and private hospitals in the province. Other hospitals in the neighborhood are as follows:

| Hospital | Operated by | Location | Social Security Scheme | Capacity (No. of registered bed) |
|-----------------------------|-------------|-----------------------------------|------------------------|----------------------------------|
| Phra Nakhon Si Ayutthaya | Gov't | Phra Nakhon Si Ayutthaya District | ✓ | 528 |
| Sena Hospital | Gov't | Sena District | ✓ | 180 |
| Peravech Hospital | Private | Phra Nakhon Si Ayutthaya District | - | 53 |
| Karunvej Ayutthaya Hospital | Private | Bang Pa-in District | ✓ | 105 |
| Supamitrsena Hospital | Private | Sena District | - | 100 |

Comparing to the competitors, the Company appears to have competitive edges:

- Medical service capability: The Company has wide range of state-of-the-art medical equipment. Number of examination rooms and hospital beds are considered sufficient.
- Both of the Company's hospitals are situated in prime locations which are conveniently accessible by patients and their relatives.
- The Company's medical team has extensive experience and is specialized in wide range of diseases.

The company nevertheless has to compete with hospitals in suburb area such as Paolo Rangsit or Phatra Thonburi which have high reputation. However, these suburb hospitals are located distant to Ayutthaya clients comparing to the Company's hospitals, the Company remain to be more competitive.

3.3.2.4 Competition strategy

Quality of service

Quality of service is an important factor in patients' decision making when they choose a hospital. With realization of the importance of this factor, the Company ensures that all of its staff have a service mindset to maintain the quality of its service in the long term. Meanwhile, the Company

regularly organizes training courses to review the process and procedure of service to reach its standards. Moreover, the Company's management emphasize that the staff must always consider the patients' safety to be a priority. The Company also set standards of performance in accordance with the World Health Organization's (WHO) code of practice, which is applied along with its quality of service enhancement system. Apart from the quality of service of its staff, the Company also focuses on the improvement of its medical service quality. The Company always keeps up with the new trends of medical equipment technology to increase its examination and treatment capacity. At the same time, the Company recruits knowledgeable and experienced medical staff and nurses to join its team.

With continuous effort to enhance its quality of service, the Company's flagship hospital, i. e. Rajthanee Hospital, was awarded the Level 3 Hospital Accreditation (HA) on February 27, 2015 and was renewed on June 27, 2017. Meanwhile, Rajthanee Rojana Hospital was awarded Level 2 Hospital Accreditation (HA) on January 21, 2019.

Cost management

The capitation revenue from its patients under the Social Security Scheme is one of the Company's main sources of income. The Social Security Office pays a flat rate of capitation per head to the hospitals and clinics that participate in the scheme. Therefore, the hospitals and clinics under the scheme must be capable of cost management while keeping the quality of treatment to meet the standards and ensure medical ethics. Under the circumstance, the Company has policies to reduce expenses that are not related to medical service provided to its patients. In addition, the Company benefits from economies of scale as its two hospitals are located in the same area and can share certain types of resources, which improve efficiency and mutual benefits. For instance, they are able to share certain types of medical equipment and inventory management which enable them to use the other's equipment when in short. Likewise, their medical staff can rotate to work at both hospitals.

Location

The group's hospitals are located in Phra Nakhon Si Ayutthaya Province which is surrounded by Pathum Thani, Suphan Buri, Ang Thong and Saraburi Provinces. These provinces are considered as high potential area for medical services. Three large industrial estates, namely Ban Wa (Hi-Tech) Industrial Estate, Bang Pa-in Industrial Estate and Saha Rattana Nakorn Industrial Estate, are in Phra Nakhon Si Ayutthaya Province. There are two industrial parks, namely Factory Land Wangnoi and Rojana Industrial Park located in this province.

Diversified Income Portfolio

The company's income stream is from varied segments ie self-pay patients, contractual patients, patients under Workmen Compensation Fund and other capitation patients. This diversified portfolio helps mitigate risk when some segments are unfavorable for example the economic downturn tends to discourage self-pay patients' spending but the company has capitation patients to fulfill this loss.

3.4 Sources of supply

3.4.1 Medicines and medical supplies

Medicines and medical supplies are the main products used in hospitals. The Company has a policy to acquire medicines and medical supplies from multiple manufacturers and distributors to prevent the risk of product shortage. Note that the Company's purchase of medicines and medical supplies from each manufacturer and distributor did not exceed 30% of the total value of the medicine and medical supply acquisition during 2017-2018. Furthermore, the Company does not make a commitment with any distributor to purchase medicines or medical supplies that are worth more than 30% of the total value of its future acquisition of these products.

The Company runs an efficient drug and medical supply management system. The staffs at the Company's drug storage keep track of the maximum and minimum levels of each type of medicines and medical supplies to ensure efficient orders and inventory management and to minimize overdue or expired medicines. However, the Company is able to ask the distributors for replacement or return of expired or nearly-expired drugs. Furthermore, the Company's medicines and medical supplies are stored at appropriate temperature conditions, up to international standards, to ensure the quality and efficiency of the medicines and medical supplies when they are used in treatment.

Despite the efficient medicine and medical supply management system, there could be unexpected events, e.g. physicians need to use certain medicines and medical supplies but the Company does not have such products in stock as they have run out, are in short supply or face a delay in delivery from suppliers. The Company has various solutions, e.g. urgent procurement, supply borrowing from nearby hospitals and from the hospitals under its umbrella, including Rajthanee Hospital and Rajthanee Rojana Hospital. This ensures that the Company's customers receive medicines and medical supplies in a timely manner.

3.4.2 Medical equipment

Modern and efficient standard medical equipment is a significant factor to enhance the quality of treatment. With realization of its importance, the Company requests physicians to closely follow technological advancements of medical equipment. Moreover, the Company minutely selects solely manufacturers and distributors who have reach its standards. Only high-quality medical equipment with reasonable prices and good after-sale services shall be selected.

3.4.3 Medical staff

Important human resources of a hospital are medical staff, including physicians, nurses and practical nurse. The Company places great importance on these medical personnel and has policies to encourage them to work for the Company in the long run. For example, the Company offers justified and competitive rates of remuneration and fringe benefits, i. e. medical treatment expenses and accommodation for physicians and nurses. Furthermore, the Company creates favorable organizational culture and pleasant work atmosphere as well as building a good relationship among its employees. Also, the Company provides its staff with scholarships and also encourages them to attend related training courses to widen their knowledge. Moreover, thanks to a strong and long relationship between the Company and medical schools and medical training organizations, the Company always gets attention from medical staff who likes to join its team.

3.5 Environmental and safety management

The Company attaches importance to its service areas' surroundings to ensure that its patients and employees are in appropriate and safe environment.

3.5.1 Environment and health promotion

One of the Company's policies is to organize activities that will help to improve eating habits. The Company sets up exhibitions to publicize information about appropriate choices of food and, at the same time, sells toxin-free vegetables and healthy food to the employees and patients. Moreover, the Company encourages its employees to take the stairs, instead of elevators, as a form of exercise, so that they are in good health and ready to provide services to the patients.

Moreover, the Company sets up outdoor exercise areas and also allocates some space inside the hospitals to build indoor gardens as rest spots. The pleasant environment helps speed up the recovery of the patients and boost happy sentiment in the workplace of the employees.

3.5.2 Environment conservation

The Company is aware of environmental impacts of the hospitals' patient treatment process and other activities. The Company, therefore, sets up environmental care guidelines on pollution prevention and on natural resource saving. Initial steps are as follows:

- **Wastewater treatment**

Wastewater from the hospitals is treated until its quality meets standards before it is disposed outside the hospitals. The Company uses two wastewater treatment systems, namely, oxidation ditch and wastewater treatment tank. Both systems have a combined capacity to treat 360 cubic meters of wastewater per day, which matches the hospitals' current capacity. Tests indicate that the quality of the hospitals' wastewater meets required standards.

- **Hazardous material and waste management**

The hospitals' hazardous materials and waste are mostly syringes, sharps, chemical waste and infectious materials. The Company has standards of waste sorting, measures on wearing personal protection equipment, procedures for spills of hazardous materials as well as route maps and schedules for waste transportation. Trainings are also provided to the parties concerned to minimize risks.

3.5.3 Safety measures

The Company pays attention to safety measures to minimize risks as safety issues could be harmful to patients' and staff's health. In terms of policy, the Company has certified occupational safety staff to monitor and give advice on safety measures. In addition, the Company conducts EVN Rounds on a regular basis to proactively determine risks, find their causes and prepare preliminary solutions. The data derived from the EVN Rounds is proposed to the monthly meeting of the safety, occupational health and work environment committee. Moreover, safety training is provided to the representatives of each department so that they can assess risks in their own departments.

- public utilities reserve: In case of emergencies, e.g. fires or floods, the Company has reserves of public utilities for the patients until the situations return to normal or until the patients are safely transferred to other hospitals. The details are as follows:
- Power reserve: The Company has a 448-KVA generator which is able to run 16 hours continuously. Moreover, fuel can be re-filled to keep the generator working. The generator's capacity is sufficient to serve key departments, e.g. Emergency Center, Surgery Center and

Labor & Delivery Center, and other emergency systems, e. g. elevators, patient beds, refrigerators, water treatment system, lighting system. The generator starts generating electricity within five minutes after the main power system stops functioning.

- Water reserve: The Company's water storage is sufficient to satisfy demand for two days. There are also ground water resources in case of emergency.
- Oxygen reserve: In case the normal oxygen system does not function properly, the Company has oxygen reserve that is sufficient for around 24 hours of usage.

4. RISK FACTOR

1. Risk in retaining medical personnel or key executives

Providing medical services is heavily dependent on quality of medical personnel in relevant fields of specialization. However, the supply of new medical personnel remains rather limited currently. Moreover, as the medical service industry is in an expansionary territory, demand for high quality and experienced medical staff is on the rise. Nonetheless, it takes a long time for these staff to enhance their knowledge and develop necessary capabilities. Given such a circumstance, the Company may be negatively impacted by possible shortages of medical personnel in various fields of specialization in the future.

However, the Company has not been confronted with any problem related to a shortage of medical personnel, thanks to its policies on appropriate remuneration packages and fringe benefits as well as its provision of pleasant working environment and well-being at work to the personnel. Furthermore, the Company has a policy to provide training and scholarships for qualified medical personnel, with an objective to enhance their skills and knowledge in various fields of specialization. This policy should help create a bond between the personnel and the Company, and the Company believes that this policy will help reduce exposure to the risk related to medical personnel scarcity.

2. Risk of intense competition in the medical service market

At present, the medical service market sees more intense competition as major players in the market have continuously consummated mergers and acquisition. The moves for merger and acquisition bring about cost advantages as well as broadening service channels. Furthermore, an increasing number of new comers have taken over revenue sharing from existing operators. Consequently, operators have become more enthusiastic on competing to provide better services and apply pricing strategies to attract potential customers.

Being aware of the risk concerning intense competition in the market, the Company has a policy to enhance its service quality by providing medical services according to the standard of Hospital Accreditation (HA) to be well prepared for providing medical services for patients. The hospital has received the third level of HA since February 27, 2015. And received the re-accreditation on 27 June 2017

3. Risk of being filed lawsuits by patients or relatives

Medical service providers are at risk of being sued by patients or their relatives if the service standard or the result of medical treatment fails to meet their expectations. Addressing this risk, the Company has attempted to continuously enhance its medical service standard, both in terms of examination and treatment evaluation practices. In light of this, the Company provides an evaluation form to survey customers' satisfactions on its service as well as managing risk by responding to customers' complaints in order to prevent lawsuits. This practice should help mitigate possible impacts from this risk factor. It is worth highlighting that as of December 31, 2018 there were no significant lawsuits filed by customers who sought compensations from the Company.

4. Risk of possible default on payments of medical service fees

In addition to patients under the capitation scheme, the Company also provides medical services to non-capitation patients. According to the ethics of medical service provision, the Company provides medical treatments to patients first before collecting the medical service fees. This practice can be risky as there is a possibility that the Company may be unable to collect the medical service fees from the patients after the completion of the medical treatments.

In regard to the quality of the Company's accounts receivables which were mostly attributed to accounts receivables from the Social Security Office, life insurance firms and non-life insurance firms. As these accounts demonstrate low default risk; therefore, the Company accordingly sees low risk of collection of medical service fee payments.

5. Risk of changes in the policies on the Social Security Scheme

At present, the Company's exposure to medical service revenue under the Social Security Scheme is rather high, at approximately 40-50% of the total revenue. This high exposure means that the Company is at risk of being affected by possible changes in the policy regarding the Social Security Scheme. However, the Company's management is confident that Thailand's social security system is relatively established both in terms of the reimbursement and the fund's financial status. Possible changes in the policy may involve upward adjustments to the additional medical service fees to reflect actual service costs borne by participating hospitals, and this possibility will benefit the Company. The Company's management closely monitors relevant government policies through the Hospital Association for Development of Social Security System; therefore, they can express opinions and make suggestions before any new policies are to be implemented.

6. Risk of receipt from Social Security scheme short of the Company's projections

There are uncertainties of the final amount received from Social Security payment for patients with high risks and high-cost treatments which are subject to the country's budget. To make a revenue projection, the Company compiled the historical data and the most recent actual amount received, coupled with the updated conditions from the Social Security Office. As the Company adopted a conservative policy in recording social security revenue, the actual revenue received usually exceeded the record.

5. INFORMATION ON SECURITIES AND SHAREHOLDERS

5.1 Registered Capital and Paid-up Capital

The Company is a listed company with the ticker “RJH ” and with the registered capital and the paid-up capital of Baht 300,000,000, dividing into 300 million shares at a par value of Bath 1 per share. There is no issuance of any other class of shares of which rights and conditions are different from those of ordinary shares, and there is no issuance of any other securities other than ordinary shares.

5.2 Shareholders

The names of the top-10 major shareholders of the Company as of 8 February 2019, are as follows:

| No. | Shareholders | No. of shares | % |
|----------|---|-------------------|---------------|
| 1 | Prasithirun Group | 73,926,382 | 24.64% |
| 1.1 | Mr. Surin Prasithirun | 39,861,805 | 13.29% |
| 1.2 | Ms. Phitraphee Prasithirun | 9,527,800 | 3.18% |
| 1.3 | Ms. Phitramphai Prasithirun | 9,327,800 | 3.11% |
| 1.4 | Ms. Phitrampha Prasithirun | 9,327,800 | 3.11% |
| 1.5 | Mrs. Smorn Prasithirun | 5,881,177 | 1.96% |
| 2 | Wudhikulprapan Group | 16,112,919 | 5.36% |
| 2.1 | Mr. Wachira Wudhikulprapan | 7,660,549 | 2.55% |
| 2.2 | Mrs. Porntip Wudhikulprapan | 4,802,385 | 1.60% |
| 2.3 | Mr. Polwach Wudhikulprapan | 69,900 | 0.02% |
| 2.4 | Mr. Wanat Wudhikulprapan | 3,580,085 | 1.19% |
| 3 | Vibharam Hospital Company Limited ⁽¹⁾ | 23,815,039 | 7.94% |
| 4 | Thonburi Healthcare Group PCL ⁽²⁾ | 21,220,745 | 7.07% |
| 5 | The Hongkong And Shanghai Banking Corporation Limited | 12,000,000 | 4.00% |
| 6 | Bualuang Basic Dividend LTF | 6,636,000 | 2.12% |
| 7 | Bualuang Long-Term Equity | 6,355,300 | 2.11% |
| 8 | Thai Life Insurance Public Company Limited | 5,195,400 | 1.73% |
| 9 | Mr. Narongsak Sripochsomboon | 4,788,098 | 1.59% |
| 10 | Mrs. Nantana Sricharoenmuang | 4,660,000 | 1.55% |

Source: The Stock Exchange of Thailand

Notes:

(1) Vibharam Hospital Company Limited

Vibharam Hospital Company Limited is a private hospital that held shares in the Company of 7.94% of the registered capital. Its major shareholders are Ramkhamhaeng Hospital Public Company Limited, Vibhavadi Medical Center Public Company Limited and Synphaet Company Limited, which held shares

in Vibharam Hospital Company Limited of 41.07% , 38.28% and 12.25% of paid-up capital, respectively.

Ramkhamhaeng Hospital Public Company Limited is a private hospital and has top-10 shareholders, as of 27 March 2018, as follows:

| Ramkhamhaeng Hospital Public Company Limited | | | |
|---|--|----------------------|------------|
| No. | Shareholder | No. of shares | (%) |
| 1 | Bangkok Dusit Medical Services | 4,588,424 | 38.24% |
| 2 | F&S 79 Co.,Ltd. | 1,265,299 | 10.54 |
| 3. | Chiangmai Ram Hospital Company Limited | 862,300 | 7.19 |
| 4. | Mr.Pichaya Somboonsin | 303,302 | 2.53 |
| 5. | Mr.Siripong Leuagwarinkul | 239,472 | 2.00 |
| 6. | Mr.Trut Chen-im | 216,302 | 1.80 |
| 7. | Ms.Reukkhagee Kanchanapitak | 210,686 | 1.76 |
| 8. | Vibharam Hospital Company Limited | 204,600 | 1.71 |
| 9. | Ms.Rhuechit Kanchanapitak | 188,077 | 1.57 |
| 10 | Mr. Aurchart Kanchanapitak | 165,350 | 1.38 |

The shareholdings of the top-10 shareholders of Ramkhamhaeng Hospital Public Company Limited can be summarized below.

Bangkok Dusit Medical Services Public Company Limited has strategic shareholders that held more than 5% of the paid-up capital, as of 9 March 2018, as follows:

| Bangkok Dusit Medical Services Public Company Limited | | | |
|--|--|----------------------|------------|
| No. | Shareholder | No. of shares | (%) |
| 1. | Mr.Prasert Prasarttongosot | 2,893,602,540 | 18.47 |
| 2. | The Viriyah Insurance Company Limited | 948,283,830 | 6.05 |
| 3. | Bangkok Airways Public Company Limited | 918,418,690 | 5.86 |
| 4. | Thai NVDR Company Limited | 898,201,335 | 5.73 |

F&S 79 Company Limited is a private hospital named “Eye Ear Nose Throat Hospital” and has strategic shareholders that held more than 5% of the paid-up capital, as of 24 April 2017, as follows:

| F&S 79 Company Limited | | | |
|-----------------------------------|---------------------------|----------------------|------------|
| No. | Shareholder | No. of shares | (%) |
| 1 | Ms.Chutima Angkachart | 36,840 | 7.31% |
| 2 | Dr.Supachai Chotibut | 35,948 | 7.13% |
| 3 | Ms.Rhuechit Kanchanapitak | 30,000 | 5.95% |
| 4 | Dr.Sakaorat Kunawitsarut | 27,308 | 5.42% |

Chiangmai Ram Hospital Company Limited is a private hospital and has strategic shareholders that held more than 5% of paid-up capital, as of 22 April 2018, as follows:

| Chiangmai Ram Hospital Company Limited | | | |
|---|--|----------------------|------------|
| No. | Shareholder | No. of shares | (%) |
| 1 | Chiang Mai Medical Business Company Limited | 22,482,750 | 56.21 |
| 2 | Ramkhamhaeng Hospital Public Company Limited | 17,156,667 | 42.89% |

Vibhavadi Medical Center Public Company Limited is a private hospital and has top-10 shareholders, as of 20 March 2018, as follows:

| Vibhavadi Medical Center Public Company Limited | | | |
|--|--|----------------------|------------|
| No. | Shareholder | No. of shares | (%) |
| 1. | Mr.Chaiyasit Wiriyamettakul | 1,954,000,000 | 14.81 |
| 2. | F&S 79 Company Limited | 1,928,242,766 | 14.61 |
| 3. | Synphaet Company Limited | 1,147,384,466 | 8.69 |
| 4. | Ramkhamhaeng Hospital Public Company Limited | 932,497,800 | 7.07 |
| 5. | Chaophya Hospital Public Company Limited | 803,634,195 | 6.09 |
| 6. | Vibharam Hospital Company Limited | 564,043,133 | 4.27 |
| 7. | Mr.Pijit Wiriyamettakul | 377,547,200 | 2.86 |
| 8. | Mr.Pisut Wiriyamettakul | 290,200,000 | 2.20 |
| 9. | Ms.Niramol Wiriyamettakul | 172,980,000 | 1.31 |
| 10 | Thai NVDR Company Limited | 164,326,381 | 1.25 |

The shareholdings of the top- 10 shareholders of Vibhavadi Medical Center Public Company Limited can be summarized below.

Synphaet Company Limited is a private hospital has and has strategic shareholders that held more than 5% of the paid-up capital, as of 26 April 2017, as follows:

| Synphaet Company Limited | | | |
|--------------------------|---|---------------|--------|
| No. | Shareholder | No. of shares | (%) |
| 1 | Ramkhamhaeng Hospital Public Company Limited | 29,983,489 | 32.94% |
| 2 | Vibhavadi Medical Center Public Company Limited | 9,100,000 | 10.00% |

Chaophya Hospital Public Company Limited is a private hospital and has strategic shareholders that held more than 5% of the paid-up capital, as of 30 April 2018, as follows:

| Chaophya Hospital Public Company Limited | | | |
|--|--|---------------|--------|
| No. | Shareholder | No. of shares | (%) |
| 1 | Mahachai Hospital Public Company Limited | 13,529,477 | 22.22% |

(2) Thonburi Healthcare Group Public Company Limited

Thonburi Healthcare Group Public Company Limited was operated private hospital held shares 7.07% of the paid-up capital and has top-10 shareholders, as of 9 March 2019, as follows:

| Thonburi Healthcare Group Public Company Limited | | | |
|--|---|---------------|-------|
| No. | Shareholder | No. of shares | (%) |
| 1 | Mrs.Jaruwan Wanasin | 85,991,062 | 10.13 |
| 2 | WJ International Hospital Management Co., Ltd. ¹ | 60,000,000 | 7.07 |
| 3. | Mrs.Nawara Wanasin | 49,872,663 | 5.87 |
| 4. | Global Health Investment Co., Ltd. ² | 43,813,340 | 5.16 |
| 5. | Dr. Amnuay Aunnanan | 43,510,970 | 5.12 |
| 6. | Ms. Sonsang Meaksawan | 20,046,582 | 2.36 |
| 7. | Ramkhamhaeng Hospital Public Company Limited | 15,144,600 | 1.78 |
| 8. | Mr. Asa Meaksawan | 9,161,755 | 1.08 |
| .9 | Dr. Asit Aunnanan | 6,811,300 | 0.80 |
| .10 | Dr. Bun Wanasin | 5,801,848 | 0.68 |

Notes: 1. Dr. Bun Wanasin and Mrs. Jaruwan Wanasin are major shareholders in WJ International Hospital Management Co., Ltd. whose shareholding is 30% and 60%, respectively.

2. Global Health Investment Co., Ltd. is under the controlling power of Wanasin Group, which a major shareholder in Thonburi Healthcare Group Public Company Limited.

5.3 Dividend Policy

5.3.1 Dividend Policy of the Company

The Company has a dividend payout policy of 40% of the net profit after tax and appropriation of legal reserve, based on its separated financial statement. Nonetheless, the Company's payout may in a different manner from that defined in the policy, depending on its operating performance, financial position, financial liquidity, cash requirement for business operation and expansions, and economic conditions.

The annual dividend payment is subject to approvals from shareholders' meetings; while the interim dividend payment can be approved by the Company's board of directors, with the details of the interim dividend payment being subsequently reported to the following shareholder's meeting.

5.3.2 Dividend Policy of the Subsidiary

The subsidiary shall pay out dividends to its shareholders at rate of not less than 40% of net profits after tax and appropriation of legal reserve. However, the subsidiary may consider paying out dividends in a different manner from that defined in the policy, depending on operating performance, financial position, liquidity, cash requirement for business management and expansion of the subsidiary's business, including economic condition.

The annual dividend payment is subject to approvals from the subsidiary's board of directors and shareholders' meetings; while the interim dividend payment can be approved by the subsidiary's board of directors, with the details of the interim dividend payment being subsequently reported to the following shareholder's meeting.

6. STRUCTURE OF ORGANIZATION

The structure of organization is comprised of 4 committees which are the Board of Directors, the Executive Committee, the Audit Committee and The Nomination and Remuneration Committee. The members of the Board of Directors and the executives are highly-qualified persons that meet all requirements pursuant to Section 68 of the Public Limited Company Act, B. E. 2535 (1992) and relevant notifications of the Capital Market Supervisory Board. The name list and the scope of authorities, duties and responsibilities as follows:

6.1. Board of Directors

As of 31 December 2018, the Board of Directors is comprised of 9 directors as follows:

| Names | | | Board of Directors | The Audit Committee and Independent Directors | The Nomination and Remuneration Committee |
|-------|---------------|----------------|---|---|---|
| 1. | Mr.Aurchart | Kanchanapitak | Chairman | - | - |
| 2. | Ms.Vilailak | Aunyamaneerat | Vice Chairman of the Board of Directors | Chairman | Chairman |
| 3. | Mr.Wachira | Wudhikulprapan | Director | - | - |
| 4. | Mrs.Porntip | Wudhikulprapan | Director | - | - |
| 5. | Mrs.Smorn | Prasithirun | Director | - | - |
| 6. | Ms.Phitraphee | Prasithirun | Director | - | - |
| 7. | Mr.Charoonsak | Sripochsomboon | Director | - | - |
| 8. | Mr.Sarun | Supaksaran | Director | Member | Member |
| 9. | Mr.Teerasak | Naranong | Director | Member | Member |

And Ms. Kamolporn Boonprakob as the secretary of the Board of Directors and sub-committee

The Audit Committee is considered to be knowledgeable and have experience of accounting and finance in order to review the Company's financial statements.

6.1.1 The Company's authorized directors

The Company's authorized directors are two out of three directors to jointly sign with the Company's seal affixed.

1. Mr. Wachira Wudhikulprapan
2. Mr. Charoonsak Sripochsomboon
3. Ms. Phitraphee Prasithirun

6.1.2 The Board of Directors 'meetings

In 2018, the Company held meetings of committees and details of attendance of each director are as follows.

| Names | | | Annual General Meeting 2018 | Board of Directors | The Audit Committee and Independent Directors |
|-------|----------------|----------------|-----------------------------|--------------------|---|
| 1 | Mr. Aurchart | Kanchanapitak | - | 3/6 | |
| 2 | Ms. Vilailak | Aunyamaneerat | 1/1 | 7/8 | 4/4 |
| 3 | Mr. Wachira | Wudhikulprapan | 1/1 | 8/8 | - |
| 4 | Mrs. Porntip | Wudhikulprapan | 1/1 | 8/8 | - |
| 5 | Mrs. Smorn | Prasithirun | 1/1 | 8/8 | - |
| 6 | Ms. Phitraphee | Prasithirun | 1/1 | 8/8 | - |
| 7 | Mr. Charoonsak | Sripochsomboon | 1/1 | 8/8 | - |
| 8 | Mr. Sarun | Supaksaran | 1/1 | 8/8 | 4/4 |
| 9 | Mr. Teerasak | Naranong | 1/1 | 8/8 | 4/4 |

Remark:

1. Mr. Aurchart Kanchanapitak has been appointed as a the Company's director by 2018 Annual General Meeting which was held on 27 April 2018. The number of attendances started after the appointment in April 2018 onwards.
2. The Nomination and Remuneration Committee was appointed by resolution of the Board of Directors no. 6/2018 held on 12 November 2018. There was no meeting held in the year 2018

6.1.3 Shareholding ratio of the Board of Directors

As of 8 February 2019 the directors hold shares as follows :

| Names | | | Number of shares | % |
|--------------|----------------|----------------|-------------------|--------------|
| 1. | Mr.Aurchart | Kanchanapitak | 2,908,500 | 0.97 |
| 2. | Ms. Vilailak | Aunyamaneerat | 92,000 | 0.03 |
| 3. | Mr. Wachira | Wudhikulprapan | 7,660,549 | 2.55 |
| 4. | Mrs. Porntip | Wudhikulprapan | 4,802,385 | 1.60 |
| 5. | Mrs. Smorn | Prasithirun | 5,881,177 | 1.96 |
| 6. | Ms. Phitraphee | Prasithirun | 1,230,477 | 0.41 |
| 7. | Mr. Charoonsak | Sripochsomboon | 9,587,800 | 3.19 |
| 8 | Mr. Sarun | Supaksaran | 134,000 | 0.04 |
| 9 | Mr. Teerasak | Naranong | - | - |
| Total | | | 32,296,888 | 10.75 |

Directors do not hold shares more than 25% of the Company's issued shares

6.2 The Executive Committee

As of 31December 2018, the Company's Executive Committee is comprised of 6 members:

| Names | Positions |
|--------------------------------|-------------------------------------|
| 1. Mr. Wachira Wudhikulprapan | Chairman of the Executive Committee |
| 2. Mr. Krisada Manoonwong | Member of the Executive Committee |
| 3. Mrs. Porntip Wudhikulprapan | Member of the Executive Committee |
| 4. Mr. Surin Prasithiran | Member of the Executive Committee |
| 5. Ms. Chatcharin Pinsuwan | Member of the Executive Committee |
| 6. Ms. Manassa Lartdumrongrak | Member of the Executive Committee |

6.3 Executives

As of 31December 2018 , the Company's executives are as follows:

| Names | Positions |
|--------------------------------------|--|
| 1. Mr. Wachira Wudhikulprapan | Managing Director |
| 2. Mr. Krisada Manoonwong | Hospital Director |
| 3. Mr. Chatcharin Pinsuwan | Deputy Hospital Director |
| 4. Ms. Manassa Lartdumrongrak | Assistant Hospital Director (Accounting and Finance) |
| 5. Mrs. Chuleewan Watcharakornyo-tin | Assistant Hospital Director (Medical Support Services) |
| 6. Mr. Thanavit Inthara | Assistant Hospital Director (Marketing) |
| 7. Ms. Siriporn Anontasatien | Finance Manager |
| 8. Ms. Benja Ruengsri | Accounting Manager |

The Company's executive positions are the Managing Director, Hospital Director, Deputy Hospital Director, Assistant Hospital Director. The 4th level of executive position is Assistant Hospital Director, including Accounting Manager and Finance Manager.

6.4 Company Secretary

The Board of Directors appointed Ms. Kamolporn Boonprakob as the Company Secretary to be responsible for administering the Board of Directors' meetings, sub-committee's meeting and shareholders' meetings, for preparing minutes of each meeting annual report, and for safekeeping documents as required by rules and regulations. In addition, Company Secretary is responsible for advising the Board of Directors and management regarding rules and regulations related to listed companies and corporate governance policies.

6.5 Remuneration of the Directors

6.5.1 Directors

Monetary remuneration (only for the position as director)

The Board of Directors of the Company is entitled to the following remuneration:

- Meeting allowance of Baht 20,000 per person for each attendance.
- Bonus of Baht 360,000 per person

The Audit Committee is entitled to the following remuneration:

- Meeting allowance of Baht 20,000 per person for each attendance

| | Names | | Meeting allowance for the year 2018 | | Bonus for the year 2017 |
|--------------|----------------|----------------|-------------------------------------|-----------------|-------------------------|
| | | | Board of Directors | Audit Committee | |
| 1. | Mr.Aurchart | Kanchanapitak | 60,000 | - | - |
| 2. | Ms. Vilailak | Aunyamaneerat | 120,000 | 80,000 | 360,000 |
| 3. | Mr. Wachira | Wudhikulprapan | 140,000 | - | 360,000 |
| 4. | Mrs. Porntip | Wudhikulprapan | 140,000 | - | 360,000 |
| 5. | Mrs. Smorn | Prasithirun | 140,000 | - | 360,000 |
| 6. | Ms. Phitraphee | Prasithirun | 140,000 | - | 360,000 |
| 7. | Mr. Charoonsak | Sripochsomboon | 140,000 | - | 360,000 |
| 8. | Mr. Sarun | Supaksaran | 140,000 | 80,000 | 360,000 |
| 9. | Mr. Teerasak | Naranong | 140,000 | 80,000 | 360,000 |
| 10. | Mr. Noppadol | Noppakun | 40,000 | - | 360,000 |
| Total | | | 1,200,000 | 240,000 | 3,240,000 |

Remarks:

1. In the year 2018, the Board of Directors held eighth meetings but they waive rights to receiving meeting allowance for 7th meeting because there was few meeting agenda.
2. Mr. Aurchart Kanchanapitak has been appointed by 2018 Annual General Meeting replacing Mr. Noppadol Noppakun. Therefore, he did not receive bonus of year 2017

The Board of Directors of the subsidiary is entitled to the following remuneration:

- Meeting allowance of Baht 2,000 per person for each attendance and not exceeding Baht 20,000 for each person per year.
- Bonus for the year 2017 of Baht 150,000 per person

Other remuneration

The Company's policy is to support to the Board of Directors discounts for medical expenses and expenses for training courses of which limits are determined by the Board of Directors.

6.5.2 Executives

Monetary remuneration (excluding that for the position as director)

In 2018, the Company paid the remuneration to 9 executives which includes salaries, bonuses, contributions to the social security fund and the provident fund and other remuneration in a total of Baht 34.14 million

Other remuneration

The Company does not have a policy to pay any other remuneration to the executives.

6.6 Staff

6.6.1 Number of Staff

The Company and subsidiary's number of all physicians and employees as of 31 December 2018, is 1,115 and 249 persons, respectively, which are divided into the following fields of work:

| The Company's number of staffs | December 31, 2018 | |
|--------------------------------|----------------------------------|----------------------------------|
| | Full-time Physicians / Employees | Part-time Physicians / Employees |
| Physicians | 44 | 184 |
| Nurses | 384 | 41 |
| Medical service support staff | 67 | 21 |
| Pharmacists | 63 | 17 |
| Others | 283 | 11 |
| Total | 841 | 274 |

| The Subsidiary's number of staffs | December 31, 2018 | |
|-----------------------------------|----------------------------------|----------------------------------|
| | Full-time Physicians / Employees | Part-time Physicians / Employees |
| Physicians | 8 | 48 |
| Nurses | 27 | 4 |
| Medical service support staff | 6 | 5 |
| Pharmacists | 4 | 8 |
| Others | 128 | 11 |
| Total | 173 | 76 |

6.6.2 Remuneration for physicians and employees

In 2018, the Company paid the total amount of Baht 654.65 million to physicians in form of doctor fees and to employees in forms of salaries, bonuses, overtime, contributions to the social security fund provident fund

Moreover, there are other remunerations to the employees which are employee uniforms and medical welfare, including Baht 0.50 weight of gold to employees who have been working for 10 years so as to promote the working morale.

6.6.3 Provident Fund

The Company established the provident fund pursuant to the Provident Fund Act B.E. 2530 (1987) (as amended) since 2003 which has been managed by BBL Asset Management Co.,Ltd. with the main purpose to promote the morale of the employees and motivate the employees to work for the Company on a long-term basis. For the employees who participate in the provident fund, the Company will make a contribution of 3-15% of the salary rate of the employee, and the employee will make a contribution to the fund at a rate of 3% of the salary rate.

6.6.4 Policy on staff development

The Company realizes the importance of its staff development. Therefore, the Company's policy is to consistently promote the staff development by educating them in terms of work process and work techniques so as to allow them to work systematically and efficiently, including introducing evaluation system based on clear and efficient key performance index and reviewing the work process to be in line with the business plan.

The Company has a policy to appropriately appoint or promote the employees as per their performances each year in order to support those who are knowledgeable and capable and a policy to encourage the employees to attend various training courses and seminars in relation to their works.

6.6.5 Employee Retirement

The company was originally the retirement age is 55 years old, but the Company has a policy to support the shortage of personnel in the future. The new retirement schedule for employees aged is 60 and over starts on January 1, 2015.

7. CORPORATE GOVERNANCE

The Company realizes the importance of good corporate governance, and is committed to follow the Principles of Good Governance Guideline in order to manage its business with transparency, to build confidence for all stakeholders and to compete efficiently at the international level. The Company therefore would like to report the following

7.1 The Rights of Shareholders

The Company realizes and emphasizes basic rights of the shareholders, both as an owner and an investor. Such basic rights include the right to buy or transfer their existing shares, the right to receive adequate information about the Company, the right to receive shared profits from the Company, general rights regarding shareholders' meetings, the right to express their opinions, and the right to make decisions on the Company's crucial matters, e.g., dividend payment, appointments or dismissal of directors, appointments of authorized auditors, approvals of significant transactions that might affect the Company's business operation outlook, and etc.

Apart from the aforementioned rights, the Company also facilitates the right exercises for the shareholders, with the details discussed below:

1. An annual general meeting (AGM) is organized annually, within four months from the end of the previous fiscal year. The meeting invitation letters, attached by agenda details, are sent to the shareholders seven days prior to the AGM date. In addition, the AGM details are publicized on newspapers for three consecutive days beforehand. Each meeting agenda also includes comments from the Board of Directors.
2. Related details on meeting agenda are publicized on the Company's website in advance, with clarifications on the rights for meeting attendance and voting rights being provided.
3. Any shareholder who is unable to attend the AGM is eligible to ask an independent director or any individual to act as his or her representative, provided that he or she submitted any of the proxy forms attached to the AGM invitation letter.
4. A map of the AGM venue is shown in the invitation letter and the AGM date and time are appropriately set at the convenience of the shareholders. In addition, sufficient time is allocated for the AGM in order to facilitate the shareholders.
5. The shareholders are allowed to submit their comments, suggestions, and queries prior to the AGM.
6. During the AGM the shareholders are given time to make queries, provide suggestions or express their opinions independently and equally. In each AGM, the Company's directors and relevant executive management are present and be prepared to provide answers and clarification on discussed issues.

7.2 The Equitable Treatment of Shareholders

The Company offers equal opportunities for all shareholders and determines their voting rights in the AGM in accordance with their stake-holding. The holding of one share is equal to one voting right. No actions limit/infringe the rights of the shareholders regardless of

categories, i.e., major shareholders, minor shareholders, institutional investors, and foreign shareholders. The Company assigns independent directors to take care of minority shareholders. In light of this, the minority shareholders may express their suggestions, opinions or complaints to the independent directors who will consider the matters and take appropriate action. For the case of complaints, for instance, the independent directors examine the facts and accordingly seek appropriate solutions. Regarding the case of suggestions on crucial matters that may affect the overall stakeholders or the Company's business operation, the independent directors shall consider proposing such matters as AGM meeting agendas.

The minority shareholders are eligible to nominate directors or propose additional agendas prior to the AGM date, with the Company providing clear guidelines of how to nominate directors and criteria for considerations of additional agendas suggested by the minority shareholders.

The AGM is conducted in compliance with the Company's rules and regulations, with the agendas being discussed in order. All relevant information for each agenda is clearly provided. No uninformed agendas, especially those relating to important matters that shareholders may require some time to study the details before making decisions, are unnecessarily added in the AGM agenda. Shareholders are allowed to ask an independent director or any individual to act as their representative in case they are unable to attend the AGM by themselves, provided that they submit any of the proxy forms attached to the AGM invitation letter. In terms of the voting procedure, the voting is conducted with transparency according to the agenda. On the agenda about director nomination, each shareholder has the right to vote to select a director(s).

Moreover, the Company asks the directors to report the details about stake-holding in particular agenda before considering such matters in the Board of Directors meetings and the details about stake-holding are recorded in the minute of the meeting. Any directors who involve stake-holding in particular matters and have a tendency to provide bias comments are not allowed to participate in that particular agenda.

Furthermore, the Company also determines the measures to prevent insider trading involved by connected persons, including directors, executives, employees whose duties relate to the Company's internal information (including their spouses and minority children). These particular individuals are not allowed to trade the Company's shares one month before the reports of the Company's quarterly and annual financial statements are released. They are subsequently allowed to trade the Company's shares 24 hours after publicizing the aforementioned financial statement reports. In addition, they are not allowed to reveal such information to outsiders.

The Company provides the directors and executives with information regarding the requirements that they have to report their stake-holding, according to the Securities and Exchange Act B.E. 2535 as well as the regulation set by the Stock Exchange of Thailand. Directors or executives who engage in trading transactions of the Company's securities are required to report their stake-holding, their spouses' holding and their minority children's holding to the Security Exchange Commission of Thailand and the Stock Exchange of Thailand within three working days, according to the Securities and Exchange Act B.E. 2535; such information is subsequently publicized.

7.3 The Roles of Stakeholders

The Company emphasizes the importance of the rights of all stakeholders, both internal ones, i.e., the Company's employees and executives, and external ones, e.g., competitors, trade partners,

customers, and etc. Having been well aware that support and comments from all stakeholders will benefit the Company's operation and business development, the Company thus complies with relevant rules and regulations to ensure that all stakeholders are treated decently. Furthermore, the Company promotes collaborations between the Company and all groups of stakeholders to ensure the business sustainability. The details are discussed below:

- a) **Shareholders:** The Company is committed to driving steady growth, raising its revenue and earnings, adding the Company's values, and thus maximizing returns for the shareholders.
- b) **Customers:** The Company emphasizes quality and standards of the products while taking care of and being responsible for customers faithfully and fairly.
- c) **Trade partners:** The Company has a policy to treat trade partners fairly in accordance with the mutually agreed trade conditions in order to tighten business relations that benefit all parties.
- d) **Competitors:** The Company promotes free and fair competition and behaves well within the decent competition rules.
- e) **Employees:** The Company has a policy to treat employees with equality and fair, providing them with appropriate remuneration and benefit packages as well as supporting their skill development programs.
- f) **Communities and Society:** The Company places great emphasis on the responsibility of the communities and society, running business with ethics and appropriately supporting social activities.
- g) **Environment:** The Company strictly follows environmental rules and regulations and continues to draft policies to control environmental impacts.

It should be highlighted that the Company follows relevant rules and regulations to ensure that the rights of stakeholders are well provided and that they are decently treated.

7.4 Disclose and Transparency

The Company realizes the importance of disclosure of accurate, adequate, and transparent information concerning financial information, general information, in accordance with the principles sent forth by the Security Exchange Commission of Thailand and the Stock Exchange of Thailand, and other information that might have an impact on the Company's securities prices. Such information is important to decision making of the investors and stakeholders. After the Company was listed to the Stock Exchange of Thailand, the Company has publicized its information for shareholders, investors, and public through the following channels:

- General information through the websites of the Stock Exchange of Thailand and the Security Exchange Commission of Thailand
- Financial information through the website: www.setsmart.com
- Annual Information Disclosure Form (56-1) and the Company's annual report
- The Company's website <http://www.rajthanee.com>

Furthermore, the Company has also set up the Investor Relations Department to contact and communicate with investors, shareholders, stock analysts, and relevant state agencies.

The information released to public and stakeholders may also be obtained from the Company's website where information is updated regularly. Users can access to the information promptly and conveniently and gain the highest benefits from such information.

Regarding the financial statement and the financial information in the annual report, the Audit Committee reviews the quality of the financial statement and the internal control system. Sufficient information is disclosed in the footnotes to the financial statement and subsequently reported to the Company's Board of Directors. Also, the report about responsibility of the Board of Directors on the financial reports also accompanies the Audit Committee report in the annual report. Moreover, the Board of Directors also supports the discussions and analysis of the operation department to include in the disclosure of financial statement.

7.5 Responsibilities of the Board of Directors

The Company's Board of Directors consists of qualified members who play a key role in determining the Company's policies and overall organizational direction. In addition, the Board also takes a key role in supervising, auditing, and evaluating the Company's performance, i.e., freely ensuring the Company's performance is well in line with the Company's plans.

The Board of Directors currently consists of nine directors, one of whom are executive directors, and six are non-executive directors. The Company's Audit Committee is comprised of three independent members who act as shareholders representatives, ensuring that the Company's operation is run correctly and transparently.

According to the Company's rules, in an AGM one-third of directors shall leave their positions. In case the total members of the Board could not be divided by three, the number of directors to leave the position shall be the closing number of one-third. In the first and second years after the Company has been listed, the Company shall use a lucky draw method to determine who would have to leave the resign. In the following years, directors who are in the position for the longest duration shall leave the position. It should be noted, however, that resigned directors can be reappointed.

The Company clearly divides roles and responsibilities of Boards of Directors and the executives. To elaborate, the Company's Board of Directors drafts policies and oversees the performance of the executives in the policy level while the executives oversee the Company's management functions in various aspects, ensuring that the Company's management operation is done in the same direction as the set policies. Therefore, the chairman of the Board of Directors and the managing director shall be different persons but both positions are appointed by the Company's Board of Directors who is in charge of seeking the most qualified persons.

Moreover, the Board of Directors also appoints the following committees to oversee the management operation, as the details follows:

- **The Audit Committee:** The Audit Committee consists of three members who help support the Board of Directors in terms of supervision and audit of the management operation, the internal control and compliance matters. The Audit Committee also completes financial reports

in order to ensure that the Company's operation and information disclosure is transparent and reliable.

- The Executive Committee: The Executive Committee is comprised of six members who have duties to determine corporate directions and strategies, ensuring that they meet the objectives set by the Board of Directors. In addition, the Executive Committee also helps facilitate flexible management operation.
- The Nominate Committee: The Nominate Committee consists of three members who help support the Board of Directors in terms of recruiting directors and high-level executives with qualifications and ability to match the needs of the company and the principles of good governance.

The secretary to the Board of Directors is appointed to provide suggestions regarding relevant regulations that directors are supposed to know, facilitate Board of Directors activities, and ensure that all resolutions from the Board of Directors meetings are followed.

7.6 Roles, duties and Responsibilities of the Board of Directors

The Company's Board of Directors consists of qualified members with extensive knowledge, skills and expertise in various fields and leading characteristics. The Board of Directors takes part in determining the Company's visions, missions, strategies, business policies and directions. In addition, the Board of Directors supervises the Company's operation, ensuring that it complied with the laws, objectives, regulations and the resolutions of the AGMs. In order to closely monitor and supervise the Company's operation, the Board of Directors sets up some committees to work on particular functions.

- **Corporate governance principles**

The Company completes written corporate governance principles in comments from the Board of Directors meetings being included. The Board of Directors regularly reviews policies and ensures that they are well followed. After the listing to the Stock Exchange of Thailand, the Company has followed the rules and regulations set forth by the Security Exchange Commission of Thailand and the Stock Exchange of Thailand. Its corporate governance report is disclosed in the annual report and the annual information disclosure form (i.e., 56-1 Form).

- **Code of Conduct and Ethics**

The Company determines the code of conduct and ethics for directors, management, and employees; such code of conduct shall be used as a reference for relevant parties so that they perform duties with faithfully, honesty, and fairness, regarding their treatment to all parties, e.g., all stakeholders, public and society. In addition, the Company also regularly sets up monitoring systems for practices on such code of conduct and ethics

Note that the Company announces the code and conduct and ethics for all employees to follow accordingly.

- **Conflicts of interest**

The Company prescribes the policies relating to conflicts of interest, based on the principle that any decision making about business activities must take the Company's maximum benefits into consideration and avoid any transactions that may bring about possible conflicts of interest. In light of this principle, persons who are involved with any connected transactions are required to inform the Company about their relations or connections with such transactions and they are not allowed to participate in the decision making on such transactions, nor are they authorized to approve such transactions.

The Audit Committee reports connected transactions and transactions with conflicts of interest to the Board of Directors. Having been carefully and appropriately reviewed such transactions, Company seriously follows all rules and regulations set forth by the Stock Exchange of Thailand and/or the Security Exchange Commission of Thailand. Furthermore, all details about any connected transactions are disclosed in the financial statement, the annual report and the annual information disclosure form (56-1 Form).

Vibharam Hospital Co., Ltd. and Thonburi Healthcare Group Plc. currently are the Company's shareholders and their businesses are the same as the Company. There might be the conflicts of interest. To mitigate possible conflicts of interest, the Company, thus, states in its charter that the directors, who represent shareholders of any entities engaging in similar or comparable businesses as the businesses run by the Company and/or the subsidiary and/or the controlling company, are not allowed to attend meetings nor consider voting about any connected transactions involving in potential conflicts of interest. This rule is applicable to all kinds of connected transactions, whether or not such transactions would involve the core business operations of the Company, e.g., branch expansions, acquisition deals (both about hospital business and non-hospital businesses) and etc.

It should be noted that the amendment made to the aforementioned charter is subject to approval from an AGM with the majority of the votes cast by the present shareholders. Stakeholders of connected transactions have no right to cast votes.

- **Internal Control System**

The Company emphasizes the internal control system, both in the management and operation levels. For effective operation, the Company clearly identifies functions and scopes of operation authority of employees in the operating level and executives in a written form. Utilizations of the Company's assets are well controlled while duties of operating employees and supervisors, as well as performance appraisal, are clearly separated. The Audit Committee is appointed to oversee and review the Company's internal control system as well as the internal audit, ensuring that such practices are appropriate and effective. Furthermore, independent internal auditors are also appointed to monitor and inspect the Company's internal control system, with their auditing result being reported to the Audit Committee. This practice helps ensure that the Company's core operation is effectively conducted within the set guidelines.

7.7 The Board of Directors Meetings and Self-appraisal

According to the Company's rules, the Board of Directors convene a meeting at least quarterly, with special meetings being called for if needed. The meeting invitation letters are sent to the members of Board of Directors at least seven days prior to the scheduled meetings. Clear agendas of each meeting, coupled with sufficient relevant details, are sent to directors prior to the meetings to allocate adequate time for them to study the agenda details.

As mentioned above, directors receive detailed agendas and relevant documents prior to every meeting so that they have sufficient time to study relevant information. The secretary to the Board of Directors is assigned to attend every meeting; he or she will then complete minutes of the meeting and subsequently submit it to the Chairman of the Board of Directors for his/her acknowledgement and verification. The acknowledged minutes will subsequently be put on the first agenda of the next

meeting to seek the meeting's acknowledgement. Furthermore, the secretary to the Board of Directors is also in charge of compiling related information and filing meeting documents for future references.

Meeting resolutions are based on the majority votes. One director holds one voting right. Any directors, who are stakeholders of a matter on agenda, are neither to attend the meetings nor cast votes in that particular agenda. In case of equal votes, the chairman has the final say.

Moreover, the Board of Directors encourages performance evaluation at least once annually in order to enhance the Company's operation. Appraisal points are clearly identified and subsequently proposed to the meetings.

7.8 Remuneration

The Company identifies remuneration policies for directors clearly and transparently. The remuneration package for each director is appropriately determined in accordance with his or her duties and responsibilities. The package is sufficient to attract qualified directors to remain with the Company and such package is subject to approval of the Annual General Meeting.

Note that the Company discloses the remuneration packages offered to the directors and executives in compliance to the regulations provided by the Security Exchange Commission of Thailand and the Stock Exchange of Thailand.

7.9 Development of Directors and Executives

The Company has a policy to provide trainings for those in charge of overseeing the Company's overall operation, including directors, members of the Audit Committee, members of the Executive Committee as well as other executives. This policy is aimed at continued enhancement of the Company's operation. During the transition periods, replacements of the former directors are given clear guidelines and useful information in order to ensure that the new comers can continue to perform effectively under the good corporate governance framework.

7.10 Supervisions of the Subsidiary

Furthermore, the Company's representative directors or management must ensure that the subsidiaries disclose information, i.e., about all connected transactions and connected persons, acquisitions and disposal of assets and any other transactions involved by the subsidiaries, accurately and completely. Also, the representatives have to make sure that such information disclosure and aforementioned transactions are conducted well under the Company's set principles. Finally, the representative directors or management also have to supervise the subsidiaries regarding complete, accurate and auditable financial statement, which can be completed within the identified deadline.

In supervising the operations of Rajthaneer Rojana Hospital Company Limited, the Company appointed its representatives namely Mr. Wachira Wudhikulprapan, Mrs. Smorn Prasithirun, Mr. Charoonsak Sriphochsomboon, and Ms Phitraphee Prasithirun to control and oversee the operations of the subsidiary.

Moreover, the Company also has a policy to assign an independent auditor to inspect the operations of the subsidiary in order to prevent any mistakes and ensure transparent operations as necessary and appropriate. The auditing is periodically performed, with auditing reports being submitted to the Audit Committee.

7.11 Auditor Fees

The Company paid audit fees to CWWP Company Limited (the “auditor”), details as follow :

| Year 2018 | RJH | Subsidiary | Total |
|---|------------|-------------------|--------------|
| Annual audit and review of quarterly financial statements | 1,270,000 | 620,000 | 1,890,000 |
| Other non-audit fee ie travelling and overtime | 199,397 | 60,616 | 260,013 |
| Total expenses | 1,469,397 | 680,616 | 2,150,013 |

8. CORPORATE AND SOCIAL RESPONSIBILITIES

8.1. Policy overview

The Company recognizes the importance of sustainable growth of the Company's business while integrating anti-corruption measures with its corporate social responsibility. The Company aims to run a business with concern for stakeholders, economy, society and environment based on ethics and moral principles. The Company believes that running a business with social responsibilities will benefit both society and the Company's growth.

8.2. Operation and reporting

8.2.1 CSR in process

It is the Company's policy to operate its business with responsibilities for society, environment and stakeholders.

1. Fair business practices

The Company realizes the importance of honesty and fairness in all aspects, including general procurement, medicine and medical supply procurement, medical equipment selection and internal management at the hospitals. The whole work process is transparent and accountable.

Moreover, the Company supports fair competition and opposes any behavior that obstructs such competition. The Company does not offer any bribe to vendors in procurement of medicine, medical supplies or medical equipment. In addition, the Company recognizes intellectual property rights and requires its employees to follow laws or regulations related to intellectual property. For example, the Company uses genuine computer software. Meanwhile, the Company runs campaigns against corruption, extortion and bribery.

2. Anti-corruption

The Company puts an emphasis on tackling dishonest behavior, corruption and bribe offering or accepting. Meanwhile, the Company encourages all of its staff to come up against all types of dishonest behavior and corruption. The guidelines fighting corruption are set as follows:

2.1 Announcement of anti-corruption policies

To tackle corruption, the Company draws up written guidelines, which is recorded in "the hospital's work rules and regulations" and conveys the message to its directors, executives and employees for acknowledgement and practice. Furthermore, anti-corruption is one of the topics that are emphasized the Company's new staff orientation to ensure their

acknowledgement and practice. If an employee is found guilty of corruption, his or her employment will be terminated.

2.2 Corruption risk evaluation

- The Board of Directors made a list of the Company's risks sorted by level of the risk in order to prepare internal audit and operational risk management plans.
- Internal audit is carried out according to the risk evaluation plan. Internal auditors are outsourced from experienced audit firms. The qualifications of the auditors comply with laws and regulations to ensure their efficient and transparent auditing. The auditors work together with the Company's Audit Committee.

2.3 Corruption control and prevention

- The Company has regulations governing procurement, employment, contract signing and disbursement with specifications of budget limits, authorized parties and objectives of each item which requires clear evidence. Moreover, internal audit is carried out by experienced and qualified internal auditors.
- The Company's internal control ranges from finance, accounting, data recording to other procedures related to finance and accounting, to ensure that all financial transactions are performed as authorized and transparent.
- Money donation to charity or to public shall be for public charity only and clear evidence shall be presented. The donation procedure shall be in accordance with the Company's rules and regulations.
- Gift presentation or acceptance and business meal hosting shall be transparent, legal and follow normal business practice or traditions with appropriate value.

2.4 Corruption risk report

The Company's directors, executives and employees have a duty to report of any corrupt practices that are related to the Company to their supervisors and cooperate in any investigation.

2.5 Screening and tackling corruption

The Company's Audit Committee makes examinations and re-checks to ensure the Company's good governance that is in accordance with anti-corruption policies for hospitals and related laws. If the audit committee finds or have doubts of any cases of suspected fraud that may affect the Company's transparency, the Audit Committee is free to report what it has found to the directors or the managing directors for timely problem solving. If any director, executive or employee does not comply with the Company's policies or violate their code of ethics, the Company will find an appropriate way or measure to treat that person. The measures range from disciplinary punishment based on the Company's code of conduct to legal actions.

2.6 Protection of the person who informed corruption clues

The Company protects and treats fairly the person who informed corruption clues and the person who cooperates in the corruption reporting and investigation to save him or her from possible impact.

8.3 Respect for human rights

The Company pays attention to and respect for human rights. The Company's physicians, nurses and staff are requested to treat the patients and customers with equality, without any discrimination.

8.3.1 All of the patients are treated equally, disregard for their race, skin color, sex, age, religion, physical status, mental status or social status. Stakeholders can express their opinions and complaints can be made through appropriate channels.

8.3.1 The Company focuses on and respects rights of the patients. Rights of the patients are informed at the new staff's orientation to ensure that the staff acknowledge and understand the rights of patients for appropriate practice. Meanwhile, the declaration of patients' rights are displayed across the hospitals.

8.3.3 The Company monitors its business to ensure that it is not involved in human rights violation, e.g. child labor and sexual harassment.

8.4 Fair treatment to employees

The Company attaches importance to human resource development and fair treatment of employees.

8.4.1 The Company complies with labor laws and respects the employees' human rights-based rights.

8.4.2 The Company ensures fair hiring process and hiring conditions. Compensation and performance appraisal are considered under a fair evaluation process.

8.4.3 The Company supports employees in knowledge expansion to ensure highest efficiency. The Company has human resource development plans, according to the organization's strategies, provides the employees with internal and external training, fosters positive attitude and professional ethics as well as building the spirit of teamwork.

8.4.4 The Company provides its employees with welfare benefits as required by laws, e.g. social security, compensation fund, provident fund, as well as other additions to the legal requirements, e.g. additional medical expenses to social security benefits, group insurance for accident-prone staff, funeral expenses, uniforms, accommodation for medical staff, annual leaves, etc.

8.4.5 The Company provides favorable work environment, e.g. air-conditioning system on underground floor and laundry service room, to ensure that its staff work in a safe and happy atmosphere.

- 8.4.6 The Company provides annual check-ups, according to their age, sex and work environment, to all of its staff. Also, the Company promotes prevention of epidemic and easily-transmitted diseases, e.g. flu and hepatitis B virus, by having all staff vaccinated.
- 8.4.7 To ensure safety and hygiene at workplace, the Company hires professional-level safety officers and sets up the committee of safety, occupational health and work environment. Accident-prevention measures and safety awareness are raised while training and hygiene promotional campaigns are conducted. In addition, the Company sets up a 5S committee to ensure hygienic conditions and safety at workplace.
- 8.4.8 The Company allows its staff to express their opinions by dropping their notes at the opinion boxes or writing a letter of complaints about unfair practice, which are delivered directly to the hospitals' directors, while giving protection for the reporters of the issues.
- 8.4.9 The Company strengthens the staff's bond with the organization by holding the "Happy Work Place" activity.

8.5 Responsibilities for consumers

The Company attaches importance to and has determined effort to develop its operations and services to meet quality standards and consumers' satisfaction with a sense of responsibility, honesty and attention.

- 8.5.1 The Company's physicians and medical staff are knowledgeable and have expertise in various fields to provide quality treatment and service at fair charges.
- 8.5.2 The Company stresses the importance of patient confidentiality and does not violate patient confidentiality.
- 8.5.3 The Company aims to create relationship between the Company and consumers by holding activities to provide knowledge about healthcare and to ensure sustainable relationship.
- 8.5.4 The Company is open for consumers' opinions to get feedback for further improvement to meet requirements and expectations of consumers. The consumers are able to give their feedback via several channels, e.g. opinion box, phone, letter, email and the hospitals' website.
- 8.5.5 The Company aims to properly provide the patients with quality and standard services and consistently complies with hospitals' standards and regulations. The Company receives the hospital accreditation (HA) and the laboratory accreditation (LA).

8.6 Environmental care

The Company is determined to be an environmentally-friendly organization and strictly follows related environmental laws and regulations. Furthermore, the Company establishes policies and sets up the committee of safety, occupational health and work environment to monitor and examine safety- and environment-related units of the hospitals, with realization that safe and hygienic

buildings in good environment will enable the staff to work efficiently while the patients will receive convenient services.

Environment in society and community is another aspect to which the Company pays attention. The Company's projects are designed to be in a good environment and obtained the environmental and health impact assessment (EHIA) approval on December 23, 2010 from the Office of Natural Resources and Environmental Policy and Planning, the Ministry of Natural Resources and Environment. Naresuan University is the Company's consultant. The Company focuses on constructing buildings without impact on the environment, the public or the community nearby. Moreover, the Company keeps up with improvement and reports environment impact to the Office of Natural Resources and Environmental Policy and Planning and authorities involved every six months up until now.

In addition, the Company strictly follows the Ministry of Public Health's ministerial regulations on infectious waste disposal B.E. 545 (2002) and the Ministry of Natural Resources and Environment's announcement on types of buildings and sources of pollution of which wastewater disposal to public water resources shall be monitored and other related laws.

8.7 Development of society and community

The Company attaches importance to responsibilities for community and society. Therefore, the Company formulates policies on social cooperation and development with an emphasis on services and campaigns for healthcare in society. Moreover, the Company has policies to support educational institutes.

- 8.7.1 The Company provides staff for the mobile health units advocated by state agencies in Phra Nakhon Si Ayutthaya province, e.g. Governor, Provincial Red Cross, Provincial Social Security Office, to improve public knowledge about healthcare.
- 8.7.2 The Company gives lectures on health-related topics, e.g. high blood pressure, cervical cancer, hepatitis virus, children and allergies and expectant mother care, at its hospitals. The public and those interested are invited to attend the lectures.
- 8.7.3 The Company holds health promotion activities to companies at the nearby industrial estates, at nearby communities.

8.8 Technology and medical technology

As the Company operates healthcare service business, treatment of patients is its important mission. Apart from attaining the hospital accreditation (HA), the Company organizes activities for its medical staff to apply medical technology and other technology in treatment of the patients to achieve higher safety standards, better results and appropriate examination and treatment. Technological innovations that were seen during 2016-2018 are as follows:

- 8.8.1 Underpants for women's pelvic exam: Beforehand sarongs were used but they did not cover some body parts and the patients felt embarrassed and lacked confidence. The underpants make all patients very satisfied.
- 8.8.2 Little pillows: Small pillows help prevent pressure sores and obviously reduce the chances of pressure sores.

- 8.8.3 Cushions for patients who have wounds at anus or buttocks: The cushions help relieve the patients' pain.
- 8.8.4 "Warning calendar": The calendar shows the expiry dates of disinfectants and sterilized medical equipment to meet infectious control standards.
- 8.8.5 CR Plate: The CR Plate is used for skull and cervical spine lateral cross table to reduce the radiation exposure to the patients and the staff.
- 8.8.6 Contrast media injection into 16-slice computed tomography helps to clarify the images which improve the accuracy of diagnosis.

8.9 Activities for social and environmental benefits (CSR after Process)

The company regularly carries out activities for social and environmental benefits. The activities include:

- Expanding the green areas at the hospitals, including small parks in front of the hospitals' buildings, wards and other suitable areas
- Providing sports areas for the staff and the public to do exercise, jog, bike, play volleyball and futsal
- Donation
- Allowing the disabled to use the hospitals' areas to sell their goods without charging rents
- Awarding scholarships to medical nurse students every year
- Birthday merit making to the staff

9. INTERNAL CONTROL AND RISK MANAGEMENT

9.1 Overview of Internal Control System

The Company's Board of Directors and management are directly responsible for internal control system. The internal control system covers financials, operation, corporate governance and risk management. The Board of Directors authorizes the Audit Committee to perform several functions. First, the Audit Committee is assigned to review the Company's financial reports, ensuring their accuracy and adequacy. Second, the Audit Committee is also authorized to review the Company's internal control system in order to ensure that it is appropriate and effective. Third, the Committee is also in charge of examining whether the Company's risk assessment and management operation is conducted appropriately. Finally, the Audit Committee is also responsible for ensuring that the Company's business operation complies with the laws relating to securities and the securities market, the regulations set by the Stock Exchange of Thailand as well as other relevant laws concerning the Company's business.

An independent internal auditor is responsible for independent inspection and assess of the Company's internal control operation as well as reviewing whether the Company complies with regulatory. For the year 2018 the Company has appointed Outsourcing Plus Co., Ltd. as its independent internal auditor to inspect and assess the internal control system within the Company. The independent internal auditor provided suggestions and the Company continued to improve its internal control, taking such suggestions from the independent internal auditor into consideration.

The Board of Directors Meeting No. 3/2018 held on 11 May 2018 and 6/2018 held on 12 November 2018 when all members of the Audit Committee attended to review the adequacy of the Company's internal control system, according to an assessment form provided by the Securities and Exchange Commission of Thailand. The assessment covers five factors that are significant to the efficiency and effectiveness of the internal control:

1. The Committee of Sponsoring Organizations of the Treadway Commission (COSO)
2. Procurement System
3. Human Resource Management System
4. Information Technology
5. Accounting System
6. Financial System
7. Fixed asset control System
8. Financial Control System

The preliminary opinions provided by the Audit Committee, coupled with the information obtained from queries with the management, suggested that the Company's internal control system was

adequate and accorded with the internal control assessment form provided by the Securities and Exchange Commission of Thailand. This was particularly true for the case of the internal control regarding the transactions involved by major shareholders, directors, executives and connected persons.

Moreover, the Company's auditor, i.e., CWWP Co., Ltd. performed the auditing of the Company's financial statements for fiscal years 2018 there are no observations on the internal control system of the Company's financial accounting

9.2 Internal Control System

The Company employed Outsourcing Plus Co., Ltd. as its independent internal auditor who inspected the operations of all departments within the Company and its subsidiary. The reports of inspection results were presented to the Audit Committee in every meeting. The Audit Committee was the body to review the internal control inspection result reports, in collaboration with the independent internal auditor. After reviews, the Audit Committee provided suggestions necessary for improvement of the independent internal auditor's policies as well as enhancement of the Company's internal control system. It should be noted that the Audit Committee shall convene at least four meetings annually and complete the Audit Committee's report, which will be subsequently reviewed by the Board of Directors and disclosed in the Company's annual reports.

The Company completed a written guideline for scopes of budget approval authorization. The guideline clearly indicates scopes of responsibilities, decision-making power, as well as authority of each position, according to a chain of command. The Company has a policy to review such guideline annually in order to fine-tune it to suit the future business operation outlook.

10. CONTROL OF INSIDER INFORMATION

The Company has a policy and procedure to supervise directors and executives regarding insider trading information. The policy and procedure aimed at preventing directors or management from using undisclosed insider information for their own benefits are discussed below:

- Inform directors and management of their duties to report details about securities possessions of their own, spouses, and minority children to the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand, according to Article 59, and Penalties according to Article 59 and Penalties according to Article 275 of the Securities and Stock Exchanges Act B.E. 2535.
- Directors and executives are required to report any changes made to their securities possessions to the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand, according to Article 59 of the Securities and Stock Exchanges Act B.E. 2535, within three working days from the date the changes are made. A copy of such report shall also be submitted to the Company on the same day when such report is submitted to the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand.
- The Company ensures that all directors, management and relevant persons in the operation level are informed of significant information, which may trigger changes in the Company's share price. Trading on the Company's shares shall be suspended for at least one month before the financial information and insider information is disclosed to the public and at least 24 hours after such information is publicized. Disclosure of significant information to other persons is also prohibited.

Anyone who violates the aforementioned rules and takes advantages of insider information is subject to penalty, e.g., written warnings, salary cuts, employment suspensions without pay and permanent employment termination. Degrees of penalties are determined, based on intentions and degrees of violence.

11. RELATED PARTY TRANSACTION

The connected transactions involved among the Company, subsidiary, persons/juristic persons during the year ending 31 December 2017 and as of 31 December 2018 can be summarized below:

1. Details of persons and juristic persons with potential conflicts of interest

| Persons / juristic persons involving in potential conflicts of interest and transactions with the Company and/or the subsidiary | | Nature of Business | Relationship |
|---|-------------------------------|--|--|
| 1 | Vibharam Hospital Co., Ltd. | Medical service provider | <ul style="list-style-type: none"> As of 28 August 2018, Vibharam Hospital Co., Ltd. held 7.94% of the Company's paid-up capital. The two major shareholders, i.e., Ramkhamhaeng Hospital Plc. and Vibhavadi Hospital Plc. held shares in Vibharam Hospital Co., Ltd at 41.10% and 40.75%, respectively, of the paid-up capital. The Company and Vibharam Hospital Co., Ltd shared one director, i.e., Dr. Auchart Kanjanapitak. Dr. Auchart Kanjanapitak appointed the Company's director on 27 April 2018 |
| 2 | Ramkhamhaeng Hospital Plc. | Medical service provider | <ul style="list-style-type: none"> Ramkhamhaeng Hospital Plc. was the Company's shareholder through Vibharam Hospital Co., Ltd, with a stakeholding of 7.94% of the paid-up capital, as of 28 August 2018 The Company and Ramkhamhaeng Hospital Plc. shared one director, i.e., Dr. Auchart Kanjanapitak. Dr. Auchart Kanjanapitak appointed the Company's director on 27 April 2018 |
| 3. | The Medicpharma Co., Ltd | Distributor of medicine and medical supplies | <ul style="list-style-type: none"> The Company and The Medicpharma Co., Ltd. shared one director, i.e., Dr. Auchart Kanjanapitak. Dr. Auchart Kanjanapitak appointed the Company's director on 27 April 2018 |
| 4 | Charoenpaiboon City Co., Ltd. | Distributor of electrical appliances | <ul style="list-style-type: none"> The major shareholder of Charoenpaiboon City Co., Ltd., i.e., Sripochsomboon Group, also held shares in the Company. As of 28 August 2018, Sripochsomboon Group held 2.96% of the Company's paid-up capital and 100% of Charoenpaiboon City Co., Ltd.'s paid-up capital. |

| Persons / juristic persons involving in potential conflicts of interest and transactions with the Company and/or the subsidiary | | Nature of Business | Relationship |
|---|--|--------------------------------|--|
| 5 | La Cremongs Publishing Ltd., Part. | Printing service provider | <ul style="list-style-type: none"> The major shareholder of La Cremongs Publishing Ltd., Part., i. e. , Wudhikulprapan Group, also held shares in the Company. As of 28 August 2018, Wudhikulprapan Group held 5.74% of the Company's paid-up capital and 90% of La Cremongs Publishing Ltd., Part's paid-up capital. |
| 6 | Bophit Vejchakarn Co., Ltd. | Hemodialysis service provider | <ul style="list-style-type: none"> A shareholder of Bophit Vejchakarn Co., Ltd., i.e., Wudhikulprapan Group, also a shareholder of the Company. Wudhikulprapan Group held 5.74% of the Company's paid-up capital and 8% of paid-up capital in Bophit Vejchakarn Co., Ltd. Prior to the commercial operation in March 2015, Wudhikulprapan Group held 20% of Bophit Vejchakarn Co., Ltd.'s paid-up capital. Later in July 2015, the Group sold some shares to a group of doctors, i.e., existing shareholders of Bophit Vejchakarn Co., Ltd., in order to reduce conflicts of interest. Consequently, Wudhikulprapan Group has, since then, held 8% of the paid-up capital in Bophit Vejchakarn Co., Ltd. |
| 7 | Pairoj Pharmacy | Distributor of modern medicine | <ul style="list-style-type: none"> Mr. Pairoj Watcharakorniyotin, the owner of Pairoj Pharmacy, is a husband of Mrs. Chuleewan Watcharakorniyotin, i.e., a deputy director of the Technical Service Department. |
| 8 | Rajthanee Rojana Hospital Co., Ltd. ("the subsidiary") | Medical service provider | <ul style="list-style-type: none"> Rajthanee Rojana Hospital Co., Ltd. is the Company's subsidiary with a holding of 98.31% of paid-up capital. As of 31 December 2018, the Company and the subsidiaries shared the following four directors: <ol style="list-style-type: none"> Dr. Wachira Wudhikulprapan Ms Smorn Prasithirun Mr. Charoonsak Sripochsomboon Ms. Phitraphee Prasithirun |
| 9 | Dr. Porntip Wudhikulprapan | - | <ul style="list-style-type: none"> The Company's director The Company's consultants of which the contract period ended on 31 December 2018 |
| 10 | Dr. Surin Prasithirun | - | <ul style="list-style-type: none"> The Company's major shareholder and Rajthanee Rojana Hospital Director The Company's consultants |

2. Connected transactions involved by the Company and the subsidiary and connected persons in fiscal year ending 31 December 2017 and 31 December 2018

2.1 General transactions or transactions to support the Company's core business that will continue in the future

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|--------------------------------------|--|----------------------|-------|--|
| | | 2017 | 2018 | |
| 1. Vibharam Hospital Co., Ltd. | <p><u>Expenses related to patient referral cases towards Vibharam Hospital Co., Ltd. (Supra)</u>: The Company referred patients, those mostly with heart diseases, to Vibharam Hospital Co., Ltd.</p> <p><u>Outstanding payable at the end of the period</u></p> | - | - | <p>In the past, the Company had to refer patients to Vibharam Hospital Co., Ltd, i.e., Supra hospital, in order to ensure that the patients, especially those with heart diseases, received more appropriate and better treatment. The rates as well as pricing terms and conditions were set in line with the market's conditions, equivalent to the rates Vibharam Hospital Co., Ltd. charged to other patients with similar conditions. It should be noted, however, that the number of referral cases towards Vibharam Hospital Co., would decrease significantly in the future as the Company already launched its own Heart Center in 1Q15.</p> <p>Comments from the Audit Committee The transaction was necessary and justified as the pricing was set in line with the market's conditions. It was a normal transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.</p> |
| 2. Bophit Vejchakarn Co., Ltd. | <p><u>Expenses related to hemodialysis services</u>: The subsidiary, in collaboration with Bophit Vejchakarn Co., Ltd. provided patients with hemodialysis services, based on the agreed revenue sharing basis.</p> <p><u>Outstanding payable at the end of the period</u></p> | 13.83 | 19.66 | <p>Bophit Vejchakarn Co., Ltd was founded by a group of medical personnel, e.g., doctors, nurses and etc., with extensive experience and knowledge in provision of hemodialysis services under the set standard. The Company's subsidiary partnered with Bophit Vejchakarn Co., Ltd to provide hemodialysis services. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the rates Bophit Vejchakarn Co., Ltd agreed with other juristic persons.</p> <p>Comments from the Audit Committee The transaction was necessary and justified, with agreed revenue sharing. It was a normal business transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.</p> |
| | | 3.78 | 5.03 | |

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|---|--|-------------------------|------------------|--|
| | | 2017 | 2018 | |
| 3. La Cremongs Publishing Ltd.,Part. | <p><u>Expenses related to purchase of printing matters:</u> The Company and its subsidiary hired La Cremongs Publishing Ltd.,Part. to produce some paper documents, such as purchase order forms and etc.</p> <p><u>Outstanding payable at the end of the period</u></p> | 1.04 0.33 | 0.77 0.09 | <p>La Cremongs Publishing Ltd.,Part. provided printing services concerning general paper documents that were necessary for The Company's day-to-day operation, such as purchase order forms and etc. The pricing as well as terms and conditions was set in line with the market's conditions, equivalent to the service prices quoted to the Company by other general service providers.</p> <p>Comments from the Audit Committee The transaction was necessary and justified. The pricing, as well as terms and conditions, was equivalent to the service prices quoted by other general service providers. It was a normal business transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.</p> |
| 4. Charoenpaiboon City Co., Ltd. | <p><u>Expenses related to electrical appliances:</u> The Company purchased office electrical appliances from Charoenpaiboon City Co., Ltd to support its business operation.</p> <p><u>Outstanding payable at the end of the period</u></p> | 0.15 - | 0.31 - | <p>Charoenpaiboon City Co., Ltd distributed electrical appliances. The group consisted of distributors of electrical appliances in Phra Nakhon Si Ayutthaya. The company had been in the market for a long time with good credibility and agreed roduct warranty. Being located nearby the Company, Charoenpaiboon City Co., Ltd managed to deliver products a timely manner. The Company purchased electrical products to support for its hospital business operation. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the prices for products that the Company purchased from other sellers in general.</p> <p>Comments from the Audit Committee The transaction was necessary and justified. The pricing, as well as terms and conditions, was equivalent to the prices for the products sold by other sellers. It was a normal business transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.</p> |

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|---|--|-------------------------|------|---|
| | | 2017 | 2018 | |
| 5. Pairoj Pharmacy | <p><u>Medicine expenses</u>: The Company purchased general medicines from Pairoj Pharmacy to provide treatment for patients.</p> <p><u>Outstanding payable at the end of the period</u></p> | - | - | <p>The pricing, as well as terms and conditions, was set in line with the market's conditions, equitant to the prices of medicines that the Company purchased from other general sellers. The payment was made by petty cash. Due to small purchase volume, the medicines purchased from this retailer were not kept as sizeable inventory, and thus risk about expiries was rather low.</p> <p>However, the management discontinued the policy to purchase medicines from Pairoj Pharmacy from 3Q15 onwards, except for emergency cases. The purchases of medicine on emergency cases were done upon price comparisons and approval from authorized persons as indicated by the Company's rules and regulations.</p> <p>Comments from the Audit Committee The transaction was necessary and justified as the Company needed medicines for treatment purposes. The pricing, as well as terms and conditions, was equivalent to that for other transactions done with other general sellers. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p> |
| 6. The Medicpharma Co., Ltd. | <p><u>Medicine expenses</u> : The Company and its subsidiary purchased medicine from The Medicpharma Co., Ltd. to provide treatment for patients.</p> <p><u>Outstanding payable at the end of the period</u></p> | - | 1.77 | <p>The Medicpharma Co., Ltd. distributed high-quality medicine and medical supplies. The Company needed such products for providing treatment services for its patients. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the prices for products that the Company purchased from other distributors.</p> <p>Comments from the Audit Committee The transaction was necessary and justified. It was a normal business transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.</p> |
| | | - | 0.95 | |

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|--|--|-------------------------|------|--|
| | | 2017 | 2018 | |
| 7. Directors, Executive Directors and Shareholders | <p><u>Medical service fee discounts</u>: The Company offered discounts to the Company's directors, executive directors and shareholders, as indicated in the guideline about discount rules, as well as other connected persons</p> <p><u>Outstanding payable at the end of the period</u></p> | 0.59 | 0.55 | <p>In 2015, the Company offered medical fee discounts as a working motivation to the following persons. The details are as follows:</p> <ul style="list-style-type: none"> A) The Company's directors and executive directors B) Direct relatives, i.e., parents, spouses and children, of directors and executive directors C) Siblings directors and executive directors D) Shareholders as indicated in the guideline about medical fee discounts <p>Since January 2016, the Company has amended conditions of medical fee discounts, e.g., discount limits. Persons eligible for the discounts are as follows:</p> <ul style="list-style-type: none"> A) Company's directors B) Direct relatives, i.e., parents, spouses and children, of directors C) Siblings of the directors <p>Comments from the Audit Committee The transaction was considered as personnel's welfare and work motivation.</p> |
| | | - | - | |

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|---|---|-------------------------|--------|--|
| | | 2017 | 2018 | |
| 8. Rajthanee Rojana Hospital Co., Ltd. | | | | |
| 8.1 Rajthanee Rojana Hospital Co., Ltd. | <u>Diagnosis and treatment cost:</u> The subsidiary provided diagnosis and treatment services for the Company's insured patients under the Social Security Scheme; most patients were out-patients with mild conditions (e.g., headaches, flu, diarrhea, etc.) | 18.63 | 45.91 | <p>This practice ensured appropriate treatment services for patients. The initial service rates were equal to the rates that the Company and the subsidiary charged to general patients, without any discounts. Note that from February 1, 2016 onwards, no discounts on doctor fees for in-patients. Therefore, the conditions are the same as patient referral towards other supra hospitals under private hospital associate in the upper part of Bangkok. The Company and its subsidiary charged similar service rates for each other's patients as follows:</p> <ul style="list-style-type: none"> • <u>OPD</u>: 50% discount for doctor fees and 30% discount for medicine and examination fees • <u>IPD</u>: No discount for doctor fees but 15% discount for medicine and examination fees <p>Since September 1, 2016, the management have adjusted the discounts for the hospital service fees; both the Company and its subsidiary have charged a similar hospital service fee rate of Baht 200. In addition, no discount on hospital service fee has been given in order to make the hospital service fees at the two hospitals more consistent.</p> <p>Furthermore, the medical service fees for patients with heart diseases under the Social Security Scheme were priced on the package basis; this was under similar pricing conditions for any insured patients referred to Company by other hospitals in general.</p> <p>Comments from the Audit Committee The transaction was necessary and justified as this practice ensured appropriate treatment services for patients. The pricing between each other was reasonable and acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p> |
| | <u>Accounts receivable at the end of the period</u> | 6.64 | 14.96 | |
| | <u>Diagnosis and treatment expenses:</u> The company's insured patients under the Social Security Scheme could go to the the main campus to receive diagnosis and treatment services; most patients were IPD cases with relatively severe conditions that required big operations, etc. | 76.30 | 105.38 | |
| | <u>Outstanding payable at the end of the period</u> | 21.28 | 27.28 | |

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|---|--|-------------------------|-------|--|
| | | 2017 | 2018 | |
| 8.2 Rajthanee Rojana Hospital Co., Ltd. | <p><u>Expenses from product purchases:</u> The company buy medicines, drinking water</p> <p><u>Outstanding payable at the end of the period</u></p> | - | 0.006 | <p>Comments from the Audit Committee</p> <p>The transaction was necessary and justified as this practice ensured appropriate treatment services for patients. The pricing between each other was reasonable and acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p> |
| 8.3 Rajthanee Rojana Hospital Co., Ltd. | <p><u>Medicine sales revenue:</u> The Company sold medicines to its subsidiary for treatment purposes</p> <p><u>Balance at the end of the period</u></p> | 0.004 | 0.006 | <p>The Company lent its subsidiary medicines for some emergency cases without any returns calculated. In addition, the Company sold medicines at the cost prices plus 20% profit, starting October 1, 2015 onwards. Both borrowed and sold medicines were scarce items at the subsidiary. Some medicines were already preserved by the subsidiary but the preserved volume remained insufficient to feed emergency cases. For general practice, the Company lent the subsidiary medicines and completed the details of such a lending transaction at the end of every month. The returns could be done either in forms of returned medicines or payments.</p> <p>Comments from the Audit Committee</p> <p>The transaction was necessary and justified as the subsidiary needed medicines for patient treatment purposes. The purchased medicines included the items with small usage volume and the profit of 20% seemed reasonable and acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p> |

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|---|--|-------------------------|------|---|
| | | 2017 | 2018 | |
| 8.4 Rajthanee Rojana Hospital Co., Ltd. | <p><u>Service revenue:</u> The Company provided laundry service as well as medical equipment cleaning and disinfection service for the subsidiary.</p> <p><u>Balance at the end of the period:</u></p> | - | - | <p>The transaction was a way to manage human resources and assets the most effectively in order to utilize excess capacity. The details are as follows:</p> <ul style="list-style-type: none"> Laundry Service: The laundry service fees were comparable to the rates quoted by other service providers nearby. Medical equipment cleaning and disinfection service: The Company charged the service fees based on the number of medical equipment sent for cleaning and disinfection. The pricing was based on the cost plus some profit. <p>Comments from the Audit Committee The transaction was necessary and justified and it was acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors</p> |
| 8.5 Rajthanee Rojana Hospital Co., Ltd. | <p><u>Advisory Fee Revenue:</u> The Company provided personnel for the subsidiary in order to improve various working systems, e.g., accounting, finance computer systems and etc. In addition, the Company also provided advisory and consultancy services in order to raise the subsidiary's work standard to meet the Company's standard.</p> <p><u>Balance at the end of the period:</u></p> | - | - | <p>The transaction was a way to manage human resources and assets the most effectively. The Company's advisory fee rates were agreed by both parties. The agreement lasted one year, from October 1, 2015 to September 30, 2016. The details of the fee rates are as followed:</p> <ul style="list-style-type: none"> Monthly telephone advisory fee amounted to Baht 10,000. If the Company's personnel were required to commute to Rajthanee Rojana Hospital Co., Ltd. for in-house trainings, the service rate was calculated according on an hourly basis, based on the salary scale of the particular trainers. The calculated service rate was added by a transportation allowance of Baht 160 per a visit. <p>Comments from the Audit Committee The transaction was necessary and justified and it was a way of the most effective management of human resources. The service rates were reasonable and acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p> |

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|---|--|-------------------------|------|--|
| | | 2017 | 2018 | |
| 8.6 Rajthanee Rojana Hospital Co., Ltd. | <p><u>Asset sales revenue:</u> The Company sold a server device and an air conditioner to the subsidiary.</p> <p><u>Balance at the end of the period:</u></p> | - | - | <p>The transaction was a way of the most effective asset management. The server device was around seven years old, with the remaining book value of Baht 1. The Company hired an IT professional firm to upgrade the server device in order to ensure that it was in good conductions and thus ready to be used. The Company charged the subsidiary for such server device at the rate equivalent to the book value plus the upgrade expenses. In addition, the Company also sold a two-year old air conditioner Panasonic 24,000 BTU, with the remaining book value of Baht 22,546, at the selling price of Baht 23,000, i.e., close to the remaining book value.</p> <p>Comments from the Audit Committee The transaction was necessary and justified and it was a way of the most effective asset management. The pricing between each other was reasonable and acceptable in the sense of business operation.</p> |
| 8.7 Rajthanee Rojana Hospital Co., Ltd. | <p><u>Telecommunication Revenue:</u> The Company and its subsidiary used telecommunication service for data transfer between each other.</p> <p><u>Balance at the end of the period:</u></p> | 0.06 | 0.06 | <p>The Company and its subsidiary used telecommunication service for data transfer between each other to support their business operation, e.g., data for accounting and etc. This helped facilitate work operation, with the Company and its subsidiary equally sharing the expenses (50:50).</p> <p>Comments from the Audit Committee The transaction was necessary and justified and it was acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions, and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p> |
| 8.8 Ramkhamhaeng Hospital Plc. | <p><u>Medical supplies expenses:</u> The Subsidiary purchased medical supplies, e.g. gloves, needles, and etc., for patient treatment purposes.</p> <p><u>Outstanding payable at the end of the period</u></p> | - | 0.24 | <p>Ramkhamhaeng Hospital Plc. distributed high quality medical supplies, which were necessary for the subsidiary's patient treatment services. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the prices for products that the Company purchased from other sellers in general.</p> <p>Comments from the Audit Committee The transaction was necessary and justified. It was a normal business transaction with general trade terms and conditions, and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p> |
| | | - | 0.07 | |

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|---|--|-------------------------|------|---|
| | | 2017 | 2018 | |
| | <p><u>Maintenance cost for golf carts:</u> The Company paid for maintenance and repairs of golf carts, e.g., changes of brake pads, tire replacement and etc.</p> <p><u>Outstanding payable at the end of the period</u></p> | - | 0.13 | <p>In 2016, the Company saw some maintenance expenses for the golf carts purchased from Ramkhamhaeng Hospital Plc. in 2014 in order to keep them in good conditions.</p> <p>Comments from the Audit Committee The transaction was necessary and justified because it was about maintenance expenses paid to the seller of such golf carts used for facilitating the Company's business operation.</p> |
| | <p><u>Expense for purchase of golf carts:</u> The Company purchased golf carts from Ramkhamhaeng Hospital Public Company Limited for to facilitate the patients in traveling between the hospital buildings and the parking lots.</p> <p><u>Outstanding payable at the end of the period</u></p> | - | 0.40 | <p>The Company purchased golf carts to facilitate the patients in traveling between the hospital buildings and the parking lots. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the prices for products that the Company purchased from other sellers in general.</p> <p>Comments from the Audit Committee The transaction was necessary and justified because it was a normal business transaction with general trade terms and conditions and such golf carts are useful to the Company's business operation.</p> |
| 8.9 Dr.Porntip Wudhilulprapan | <p><u>Expense for consultants:</u>The Company appointed Dr.Porntip Wudhikulprapan as a consultant</p> <p><u>Outstanding payable at the end of the period</u></p> | - | 1.60 | <p>The Company appointed Dr.Porntip Wudhikulprapan as a consultant for social security system with remuneration of Baht 100,000 per month.</p> <p>Comments from the Audit Committee To enhance the effectiveness of social security transactions</p> |

| Connected persons / Juristic persons | Transactions | Value (Baht Million) | | Justification and Necessity |
|---|---|-------------------------|------|---|
| | | 2017 | 2018 | |
| 8.10 Dr.Surin Prasithirun | <u>Expense for consultants.</u> The Company appointed Dr.Surin Prasithirun as a consultant <u>Outstanding payable at the end of the period</u> | - | 1.20 | <p>The Company appointed Dr.Surin Prasithirun as a consultant with remuneration of Baht 100,000 per month.</p> <p>Comments from the Audit Committee To enhance the effectiveness of management</p> |
| | | - | - | |

2.2 General transactions that will discontinue in the future

| Connected persons /Juristic persons | Transactions | Value (Baht) Million | | Justification and Necessity |
|--|--|----------------------|------|--|
| | | 2017 | 2018 | |
| 1. Rajthanee Rojana Hospital Co., Ltd. | <p><u>Information technology (IT) consultancy fee:</u> The Company hired the subsidiary to provide IT-related advice.</p> <p><u>Outstanding payable at the end of the period</u></p> | - | - | <p>The subsidiary had experienced programmers while the Company did not have such personnel with expertise in the field; therefore, the Company sought advisory from the subsidiary with a monthly advisory fee of Baht 5,000 in return.</p> <p>The Company discontinued this transaction, starting from January 2015 onwards, because it recruited full-time programmers by itself.</p> <p>Comments from the Audit Committee The transaction was necessary and justified. The rate was equivalent to that quoted by other IT consultant firms.</p> |

2.3 Financing transactions

| Connected persons / Juristic persons | Transactions | Value (Baht) Million | | Justification and Necessity |
|--|---|----------------------|-------|--|
| | | 2016 | 2017 | |
| 1. Rajthanee Rojana Hospital Co., Ltd. | <p><u>Long -term loan:</u> The Company to subsidiary for working capital purpose.</p> <p>- Balance at the beginning</p> <p>- Lending during the period</p> <p>- Repayment during the period</p> <p>- <u>Balance at the ending</u></p> <p>- Accrued interest receivable at the beginning</p> <p>- Interest income</p> <p>- Interest received during the period</p> <p>- <u>Accrued interest receivable at the ending</u></p> | 132.80 | 32.80 | <p><u>Interest rates</u> 2.15% - 7.875% p.a.</p> <p><u>Future transactions</u> The transaction was aimed at providing financial assistance to the subsidiary, which may occur, as appropriate, in the future. The transaction entailed the interest rates, which were comparable to the interest rates that commercial banks offered to their good clients, plus finance cost arising from the Company's borrowing from a commercial bank.</p> <p>Comments from the Audit Committee The transaction was necessary and justified as the subsidiary needed funding for its business operation. It should be noted that if the borrowing had been done from a commercial bank, the approval process would have taken long time, and that the interest rates were comparable to the lending rates from commercial banks at the time of the transaction.</p> |

12. MANAGEMENT DISCUSSION AND ANALYSIS

The group's performance and financial status according to the audited financial statements as of 31 December 2018 and 2017 can be summarized in the table below :

Statements of Comprehensive Income Year 2018 and Year 2017

| Items | 31 December 2018 Baht million | 31 December 2017 Baht million | Change (%) |
|--|-------------------------------------|-------------------------------------|---------------|
| REVENUES | | | |
| Revenue from Hospital Operations | 1,587.4 | 1,403.1 | 13% |
| Interest Income | 5.3 | 9.2 | -42% |
| Other Income | 18.3 | 12.0 | 53% |
| Total Revenues | 1,611.0 | 1,424.2 | 13% |
| EXPENSES | | | |
| Cost of Hospital Operations | 1,102.0 | 985.7 | 12% |
| Gross profit (only revenues from hospital operations) | 485.5 | 417.4 | 16% |
| Gross profit margin | 31% | 30% | 1% |
| Administrative Expenses | 182.4 | 153.2 | 19% |
| Finance Costs | 12.0 | 3.0 | 300% |
| Total Expenses | 1,296.5 | 1,141.9 | 14% |
| EBITDA | 405.5 | 362.5 | 12% |
| EBITDA Margin | 25% | 25% | - |
| PROFIT BEFORE INCOME TAX EXPENSE | 314.6 | 282.4 | 11% |
| Tax (Expense) Income | (56.4) | (26.5) | 113% |
| PROFIT FOR THE YEAR | 258.2 | 255.9 | 1% |
| Net Profit Margin | 16% | 18% | -2% |
| Components of Other Comprehensive Income that will not be reclassified to Profit or Loss | | | |
| Gain (loss) on Remeasurements of Defined Benefit Plans - Net of Tax | (1.1) | (10.6) | -90% |
| Total Components of Other Comprehensive Income | (1.1) | (10.6) | -90% |
| TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR | 257.1 | 245.3 | 5% |
| PROFIT (LOSS) ATTRIBUTABLE TO: | | | |
| Equity holders of the Company | 254.5 | 231.2 | 10% |
| Non-Controlling Interests | 3.6 | 24.7 | -85% |
| Total | 258.2 | 255.9 | 1% |
| TOTAL COMPREHENSIVE INCOME (EXPENSE) ATTRIBUTABLE TO: | | | |
| Equity holders of the Company | 253.4 | 220.8 | 15% |
| Non-Controlling Interests | 3.6 | 24.6 | -85% |
| Total | 257.1 | 245.3 | 5% |
| BASIC EARNINGS PER SHARE | 0.85 | 0.77 | 10% |

DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE

Revenue from Hospital Operations

Revenues for the year 2018 increased 13% yoy which were contributed by both non-social security and social security revenue. For non-social security part, the growth came from 12% yoy increase of OPD and 25% yoy increase of IPD. These promising growth was due to more intensity treatments, epidemics and weather change in the first half of this year as well as increasing number of beds in service.

Social security revenue in year 2018 increased 7% yoy. The growth was mainly from an increasing of average number of registered persons to 175,370 from 163,403 persons yoy, effect of social security payment rate in the first half of this year which has been revised up since July 1, 2017 and more revenues from social security check-up project.

Cost of Hospital Operations

Cost of hospital operations for year 2018 increased 12% yoy. For year 2018, gross margin was 31% higher than 30% of year 2017. The improvement in gross margin was contributed by more revenue portion from non-social security patients which generated high margin and the increase of social security payment rate in the first half of year 2018. Moreover, the efficient cost management such as medicine & medical supplies and improve in work-force efficiency as well as the benefit from economy of scale in term of declined fixed cost per unit were other factors to gross margin improvement.

Administrative Expenses

For year 2018, administrative expenses increased 19% yoy. The largely increase in 2018 was mainly from the extra accounting expense stemming from the revised down of social security income of 4 Q'17 for amount of THB 10.7 million. Without taken into account this extra expense, the administrative expenses will increase by 12% yoy.

Apart from the accounting expense, the increase of administrative expenses in year 2018 was due to one-time expenses incurring from legal & advisory fee for the acquisition of subsidiary's remaining shares in 1Q'18.

Earnings before interest, taxes and depreciation

For year 2018, Earnings before interest, taxes and depreciation ("EBITDA") increased by 12% yoy. The increase in EBITDA came from both improved gross profit and administrative expense control. EBITDA margin in year 2018 was 25%. However, the administrative expenses included the non-cash expense incurring from the extra accounting expense as mention above. If we exclude this transaction, the EBITDA for year 2018 would grow by 15% yoy and EBITDA margin would increase to 26% for year 2018.

Financing Costs

In year 2018, financing cost increased THB 9 million yoy. This was due to an increase of bank loans for the acquisition of the remaining shares of the subsidiary in 1Q'18 and the subsidiary's loan.

Net Profits

The consolidated profit before non-controlling interest in year 2018 increased by 1% yoy even though high revenues growth of 13% and improved in gross profit margin. However, the slight increase in the consolidated profit was due to extra accounting expense for the amount of THB. 10.7 million in

2Q'18 and increase in financing cost. Moreover, in year 2017, non-controlling interest profit was high base from adjustment of THB 7.7 million of social security income and subsidiary's deferred tax income net amount of THB 24.1 million. For these reasons, the consolidated profit before non-controlling interest in year 2018 marginally increased.

However, if we exclude the extra transactions in year 2018 and 2017 as mentioned above, the consolidated profit before non-controlling interest for year 2018 would grow by 20% yoy.

The net profit attributable to the Company still increased by 10% yoy in 2018 due to more profit contribution from subsidiary from acquired more shares.

Statements of Financial Position Year 2018 and Year 2017

| Items | 31 December 2018 Baht million | 31 December 2017 Baht million | Change (%) |
|-------------------------------------|-------------------------------------|-------------------------------------|---------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 289.8 | 268.8 | 8% |
| Current Investments | 250.0 | 404.3 | -38% |
| Trade and Other Current Receivables | 274.8 | 226.5 | 21% |
| Inventories | 29.0 | 23.8 | 22% |
| Current Tax Assets | 4.8 | 3.4 | 41% |
| Other Current Assets | 2.8 | 2.6 | 6% |
| Non-current Assets Held for Sale | 84.0 | - | - |
| TOTAL CURRENT ASSETS | 935.2 | 929.3 | 1% |
| NON-CURRENT ASSETS | | | |
| Other Non-Current Receivables | 6.8 | 8.8 | -22% |
| Property, Plant and Equipment | 807.8 | 829.6 | -3% |
| Goodwill | 87.8 | 87.8 | 0% |
| Intangible Assets | 6.5 | 3.9 | 66% |
| Deferred Tax Assets | 29.9 | 34.3 | -13% |
| Deposit at Bank used as Collateral | 1.9 | 5.2 | -64% |
| Other Non-Current Assets | 3.5 | 2.4 | 47% |
| TOTAL NON-CURRENT ASSETS | 944.2 | 971.9 | -3% |
| TOTAL ASSETS | 1,879.5 | 1,901.3 | -1% |

| ITEMS | 31 December 2018 Baht million | 31 December 2017 Baht million | Change (%) |
|---|-------------------------------------|-------------------------------------|---------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Bank Overdrafts and Short-term Loans from Financial Institution | 20.0 | - | 8% |
| Trade and Other Current Payables | 168.3 | 169.9 | -1% |
| Current Portion of Long-term Borrowings | 73.3 | - | - |
| Current Portion of Liabilities Under | | | |
| Finance Lease Agreements | 0.4 | 0.5 | -26% |
| Current Income Tax Payable | 16.2 | 22.1 | -26% |
| TOTAL CURRENT LIABILITIES | 278.2 | 192.4 | 19% |
| NON-CURRENT LIABILITIES | | | |
| Long-term Borrowings | 250.9 | - | - |
| Liabilities Under Finance Lease Agreements | 0.9 | 1.3 | -31% |
| Deferred Tax Liabilities | - | 0.1 | -100% |
| Non-Current Provisions | | | |
| for Employee Benefit | 37.2 | 38.4 | -3% |
| Other Non-Current Liabilities | 3.3 | 2.6 | 23% |
| TOTAL NON-CURRENT LIABILITIES | 292.3 | 42.4 | 589% |
| TOTAL LIABILITIES | 570.4 | 234.9 | 143% |
| SHAREHOLDERS' EQUITY | | | |
| Share Capital | | | |
| Authorized Share Capital | | | |
| 300,000,000 Ordinary Shares, par value @ Baht 1.00 | 300.0 | 300.0 | 0% |
| Issued and Paid-Up Share Capital | | | |
| 300,000,000 Ordinary Shares, par value @ Baht 1.00 | 300.0 | 300.0 | 0% |
| Share Premium on Ordinary Shares | 1,092.9 | 1,092.9 | 0% |
| Retained Earnings | | | |
| Appropriated | | | |
| Legal Reserve | 30.0 | 30.0 | 0% |
| Unappropriated | 236.5 | 178.1 | 33% |
| Other Components of Shareholders' Equity | (353.7) | (10.0) | 3449% |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | 1,305.7 | 1,591.0 | -18% |
| Non-Controlling Interests | 3.3 | 75.4 | -96% |
| TOTAL SHAREHOLDERS' EQUITY | 1,309.1 | 1,666.4 | -21% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,879.5 | 1,901.3 | -1% |
| DEBT TO EQUITY RATIO (D/E RATIO) (X) | 0.44 | 0.14 | 0.30 |

DISCUSSION AND ANALYSIS OF FINANCIAL POSITION

Assets

The consolidated total assets as of 31 December 2018 slightly decreased yoy. Current investments decreased 38% due to the spending of some internal cash flow to acquire the remaining shares of the subsidiary in 1Q'18. Trade receivable increased because of accrued social security income. Other assets increased whereas fixed asset decreased due to reclassification of land for sale from fixed assets to other assets. The company sold the land in January 2019.

Total liabilities and shareholders' equity

Total liabilities of the Company at the end of year 2018 increased 143% yoy. This was mainly due to an increase of loans from financial institutions.

In year 2018, the Company's retained earnings continue to grow due to substantially improve in performance even though paying dividend regularly. As of 2018, the retained earnings increased to THB.266.5 million from THB 208.1 million in previous year.

However, the shareholders' equity at the end of 2018 decreased by 21% yoy due to the Company acquired additional shares from subsidiary to 98.31% from 53.93%. The acquisition proceeds of THB 419.40 million were higher than the book value of net assets for the amount of THB. 343.72 million. This amount was deducted in shareholders' equity as part of the changes the proportion of subsidiary.

Return on average equity in year 2018 improved to 17.4% from 16.0% while return on average assets remain the same yoy. Unchanging in return on average assets was due to the profit before minority interest slightly increase from last year while return on average equity increase from the decrease of shareholders' equity as mentioned above.

For the financial risk perspective, despite the higher debt ratio stemming from increased loans and lower shareholder equity, the ratio was nonetheless at relatively low level. The interest coverage ratio (EBITDA / finance costs) decreased to 34x from 120x and debt to equity ratio increased to 0.44x from 0.14x.

13. REPORT OF THE AUDIT COMMITTEE AND REPORT OF THE ACCOUNTABILITY OF THE BOARD OF DIRECTORS TO THE COMPANY'S FINANCIAL REPORTS

Report of the Audit Committee

The Board of Directors of Rajthanee Hospital Public Company Limited appointed the Audit Committee, which is comprised of 3 independent directors, namely Ms. Vilailak Aunyamaneerat as Chairman of the Audit Committee, Mr. Teerasak Naranong and Mr. Sarun Supaksaran as members of the Audit Committee. The main duties and responsibilities of the Audit Committee are to ensure that the Company's financial statements are in accordance with accounting standards and have accurate and sufficient disclosure, ensure that the Company has an internal control system that assesses the risks and ensures suitable and efficient risk controls, ensure compliance with related regulations and laws, as well as mitigate conflicts of interest between the Company and related persons upon the entry into transactions.

In 2018, the Audit Committee held four meetings to carry out duties as assigned, the most important being:

1. Reviewing the financial statements of the Company and the subsidiary which were reviewed or audited by the external auditors before presenting to the Board of Directors. As reviewed and accepted explanations from the external auditor and the management, the Audit Committee was of the opinion that the aforementioned financial statements were prepared according to accounting standards with accurate and complete disclosure of important facts and also approved the plan on auditing and reviewing the consolidated financial statements for the year of the Company and the subsidiary;
2. Considering and giving opinions on appointing the external auditor and fixing the annual audit fees to the Board of Directors for further approval by the annual general meeting of shareholders. The Audit Committee was of the opinion that the person nominated as the auditor is qualified in terms of knowledge, capability and is sufficiently independent from the Company and the subsidiary;
3. Holding conferences with the external auditor without the management involved so that the external auditor could freely report on any problems or limitations as a result of the auditing and reviewing the consolidated financial statements of the Company and the subsidiary. The external auditor reported that there were no notions, problems or limitations of significance;
4. Considering and giving opinions on appointing the internal auditor, a qualified external company, as the Company's internal auditor. The internal auditor was evaluated based on the team,

sufficient number of staff, experience, knowledge and capabilities, as well as independency, to carry out audits of the various departments within the Company according to the guidelines for assessment of the sufficiency of the internal control system;

5. Considering and giving opinions on transactions with related persons to be in compliance with applicable laws and regulations;
6. Considering and approving the annual internal audit plan and advising on the enhancement of the Company's internal control system to be in compliance with applicable laws and regulations;
7. Considering and accepting explanations from the internal auditor as per the internal audit report, which was appointed as per the recommendation of the Audit Committee. The Audit Committee reported and provided suggestions on important issues to the Board of Directors; and
8. Reviewing and assessing the sufficiency of the internal control systems annually. The Audit Committee is of the opinion that the internal control systems are suitable and sufficient in risk mitigation in accordance with the policies of the Company.

The Audit Committee has carried out the duties as assigned with care and to the best of our abilities for the benefit of the Company, the shareholders and all stakeholders.

Ms. Vilailak Aunyamaneerat

Chairman of the Audit Committee

Report of the Accountability of the Board of Directors to the Company's Financial Reports

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and information as appears in the annual report. The financial statements have been prepared in accordance with the generally accepted accounting principles, using appropriate and consistent accounting policies. The financial statements have been prepared with caution and have been evaluated for appropriateness of the overall presentation of the financial statement.

There was sufficient information disclosure in the notes to the financial statements. The Board of Directors has set up an efficient and effective internal control system to ensure that all accounting transactions have been recorded correctly and comprehensively, and that there has been a record-keeping system of assets to protect the Company from any material fraud or damage.

The Board of Directors has the opinion that the overall internal control system of the Company was at a satisfactory level, which resulted in confidence in the reliability of the financial statements of the Company and its subsidiaries as at 31 December 2018

Mr. Wachira Wudhikulprapan

Managing Director

Mr. Aurchart Kanchanapitak

Chairman of the Board

14. INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying consolidated financial statements of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED and its subsidiary (“the Group”) and separate financial statements of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED (“the Company”), which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in shareholders’ equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED and its subsidiary and separate financial position of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate 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 consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated 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 Medical Service Revenues from the Social Security Office

The Group Companies receive medical service revenues from the Social Security Office per the accounting policies stated in the notes to the financial statements No. 6.18. The Group Companies earn the medical service revenues from the Social Security Office in term of insured persons who select the medical service with the hospital and the medical service revenues for diseases with risk factors and diseases with high expenditure that require continuous medical care. The Group Companies receive

revenues from the Social Security Office based on the calculation and the rates determined by the notifications of the Medical Committee prescribed under the Social Security Act, B.E. 2533. The said estimation of the medical service revenues for diseases with risk factors and diseases with high expenditure that require continuous medical care is significant accounting estimate that required the management to be highly judgmental. There are uncertainties since the future revenues depend on the number of insured persons registered with the hospital and the statistic information on the services provided by the hospital. Furthermore, the revenue estimations required experts to consider the severity of diseases rate and the consideration of the Social Security Office, which is time consuming to collect the information from all medical service providers under the Social Security Office. Therefore, the said revenue recognition is significant risk to the audit.

Therefore, my audit procedures have included obtain an understanding of the revenue estimation process involved in the medical service revenues for diseases with risk factors and diseases with high expenditure that require continuous medical care, testing the calculation of the medical service revenue estimation made by the management by comparing with the rules, methods and conditions in accordance with the announcement of the Social Security Office. Review the sources and reliability of the information of insured persons and the score information applied in the calculation of the medical service revenue estimation. Assess the appropriateness of the experts that determined the severity of diseases rate. Analyze the reasonableness of the previous medical service revenue estimation. Analyze the causes for the difference between the medical service revenue estimation recognized in the period in comparison to the revenues received from the Social Security Office after their consideration. Review the medical service revenues for the payments received after the accounting period.

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 consolidated and separate financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 to those charged with governance for correction of the material misstatement.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matter relating 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 and the Company's the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated 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 I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated 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

Miss Waraporn Intaraprasit

Certified Public Accountant, Registration No. 7881

15. FINANCIAL STATEMENTS

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

| Items | Notes | CONSOLIDATED | | SEPARATE | |
|-------------------------------------|-------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | | Baht | Baht | Baht | Baht |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and Cash Equivalents | 7 | 289,833,669.42 | 268,784,831.34 | 268,832,908.08 | 260,167,530.00 |
| Current Investments | 8 | 250,000,000.00 | 404,265,806.25 | 250,000,000.00 | 390,437,961.88 |
| Trade and Other Current Receivables | 9 | 274,773,469.72 | 226,450,720.30 | 259,846,918.18 | 207,701,069.34 |
| Short-term Loans to Subsidiary | 32.3 | - | - | 32,800,000.00 | 132,800,000.00 |
| Inventories | 10 | 29,002,302.85 | 23,786,465.94 | 23,295,988.98 | 18,255,431.88 |
| Current Tax Assets | | 4,835,033.51 | 3,440,377.19 | - | - |
| Other Current Assets | | 2,764,134.18 | 2,612,781.52 | 1,542,377.99 | 1,596,866.84 |
| Non-current Assets Held for Sale | 11 | 84,026,243.52 | - | 84,026,243.52 | - |
| TOTAL CURRENT ASSETS | | 935,234,853.20 | 929,340,982.54 | 920,344,436.75 | 1,010,958,859.94 |
| NON-CURRENT ASSETS | | | | | |
| Investments in Subsidiary | 12 | - | - | 609,432,690.00 | 190,032,800.00 |
| Other Long-term Investment | 14 | - | - | - | - |
| Other Non-Current Receivables | 9 | 6,792,003.91 | 8,751,082.58 | 5,572,391.00 | 7,309,333.00 |
| Property, Plant and Equipment | 15 | 807,844,326.00 | 829,605,882.80 | 552,334,515.20 | 612,185,513.19 |
| Goodwill | 16 | 87,802,508.74 | 87,802,508.74 | - | - |
| Intangible Assets | 17 | 6,529,760.50 | 3,942,641.07 | 4,908,836.81 | 1,504,942.04 |
| Deferred Tax Assets | 18 | 29,926,404.71 | 34,275,621.46 | 13,036,400.45 | 8,137,819.40 |
| Deposit at Bank used as Collateral | | 1,875,000.00 | 5,165,000.00 | - | - |
| Other Non-Current Assets | | 3,474,477.19 | 2,366,661.50 | 18,050.00 | 18,050.00 |
| TOTAL NON-CURRENT ASSETS | | 944,244,481.05 | 971,909,398.15 | 1,185,302,883.46 | 819,188,457.63 |
| TOTAL ASSETS | | 1,879,479,334.25 | 1,901,250,380.69 | 2,105,647,320.21 | 1,830,147,317.57 |

| Items | Notes | CONSOLIDATED | | SEPARATE | |
|---|-------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | | Baht | Baht | Baht | Baht |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Bank Overdrafts and Short-term Loans from Financial Institution | | 20,000,000.00 | - | - | - |
| Trade and Other Current Payables | 20 | 168,255,951.64 | 169,893,801.59 | 165,629,734.92 | 162,936,715.85 |
| Current Portion of Long-term Borrowings | 21 | 73,309,938.67 | - | 63,693,574.93 | - |
| Current Portion of Liabilities Under | | | | | |
| Finance Lease Agreements | 22 | 365,221.50 | 491,031.68 | - | 75,999.80 |
| Current Income Tax Payable | | 16,220,562.06 | 22,059,639.11 | 16,220,562.06 | 22,059,639.11 |
| TOTAL CURRENT LIABILITIES | | 278,151,673.87 | 192,444,472.38 | 245,543,871.91 | 185,072,354.76 |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term Borrowings | 21 | 250,908,123.25 | - | 187,708,123.25 | - |
| Liabilities Under Finance Lease Agreements | 22 | 896,904.21 | 1,306,626.62 | - | - |
| Deferred Tax Liabilities | 18 | - | 119,044.12 | - | 87,592.38 |
| Non-Current Provisions for Employee Benefit | 23 | 37,219,549.40 | 38,351,294.23 | 35,746,433.62 | 37,391,727.46 |
| Other Non-Current Liabilities | | 3,251,467.63 | 2,635,206.68 | 3,251,467.63 | 2,635,206.68 |
| TOTAL NON-CURRENT LIABILITIES | | 292,276,044.49 | 42,412,171.65 | 226,706,024.50 | 40,114,526.52 |
| TOTAL LIABILITIES | | 570,427,718.36 | 234,856,644.03 | 472,249,896.41 | 225,186,881.28 |
| SHAREHOLDERS' EQUITY | | | | | |
| Share Capital | 24 | | | | |
| Authorized Share Capital | | | | | |
| 300,000,000 Ordinary Shares, par value @ Baht 1.00 | | 300,000,000.00 | 300,000,000.00 | 300,000,000.00 | 300,000,000.00 |
| Issued and Paid-Up Share Capital | | | | | |
| 300,000,000 Ordinary Shares, par value @ Baht 1.00 | | 300,000,000.00 | 300,000,000.00 | 300,000,000.00 | 300,000,000.00 |
| Share Premium on Ordinary Shares | | 1,092,894,156.63 | 1,092,894,156.63 | 1,092,894,156.63 | 1,092,894,156.63 |
| Retained Earnings | | | | | |
| Appropriated | | | | | |
| Legal Reserve | | 30,000,000.00 | 30,000,000.00 | 30,000,000.00 | 30,000,000.00 |
| Unappropriated | | 236,505,844.92 | 178,064,387.22 | 210,503,267.17 | 182,066,279.66 |
| Other Components of Shareholders' Equity | | (353,682,491.57) | (9,964,623.85) | - | - |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | 1,305,717,509.98 | 1,590,993,920.00 | 1,633,397,423.80 | 1,604,960,436.29 |
| Non-Controlling Interests | 13 | 3,334,105.91 | 75,399,816.66 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 1,309,051,615.89 | 1,666,393,736.66 | 1,633,397,423.80 | 1,604,960,436.29 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 1,879,479,334.25 | 1,901,250,380.69 | 2,105,647,320.21 | 1,830,147,317.57 |

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

| Items | Noted | CONSOLIDATED | | SEPARATE | |
|--|-------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | 31 December 2018 Baht | 31 December 2017 Baht | 31 December 2018 Baht | 31 December 2017 Baht |
| REVENUES | | | | | |
| Revenue from Hospital Operations | | 1,587,433,313.18 | 1,403,065,948.36 | 1,455,769,459.98 | 1,277,576,741.90 |
| Interest Income | | 5,328,357.23 | 9,212,186.00 | 6,694,176.61 | 12,336,713.77 |
| Other Income | | 18,287,650.95 | 11,958,101.28 | 14,360,214.32 | 8,860,838.80 |
| TOTAL REVENUES | | 1,611,049,321.36 | 1,424,236,235.64 | 1,476,823,850.91 | 1,298,774,294.47 |
| EXPENSES | | | | | |
| Cost of Hospital Operations | | 1,101,983,080.63 | 985,674,835.25 | 1,049,001,404.65 | 924,054,409.61 |
| Administrative Expenses | | 182,436,307.47 | 153,188,764.25 | 146,913,159.63 | 121,474,156.63 |
| Finance Costs | | 12,032,372.42 | 3,011,104.53 | 9,244,493.28 | 23,977.93 |
| TOTAL EXPENSES | | 1,296,451,760.52 | 1,141,874,704.03 | 1,205,159,057.56 | 1,045,552,544.17 |
| PROFIT BEFORE INCOME TAX EXPENSE | | 314,597,560.84 | 282,361,531.61 | 271,664,793.35 | 253,221,750.30 |
| Tax (Expense) Income | 27.1 | (56,442,529.58) | (26,450,206.73) | (47,207,055.58) | (50,859,902.32) |
| PROFIT FOR THE YEAR | | 258,155,031.26 | 255,911,324.88 | 224,457,737.77 | 202,361,847.98 |
| OTHER COMPREHENSIVE INCOME (EXPENSE) | | | | | |
| Components of Other Comprehensive Income that will not be reclassified to Profit or Loss | | | | | |
| Gain (loss) on Remeasurements of Defined Benefit Plans - Net of Tax | 27.2 | (1,097,262.03) | (10,563,522.64) | (1,020,750.26) | (10,396,641.22) |
| Total Components of Other Comprehensive Income that will not be reclassified to Profit or Loss - Net of Tax | | (1,097,262.03) | (10,563,522.64) | (1,020,750.26) | (10,396,641.22) |
| TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE) | | (1,097,262.03) | (10,563,522.64) | (1,020,750.26) | (10,396,641.22) |
| TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR | | 257,057,769.23 | 245,347,802.24 | 223,436,987.51 | 191,965,206.76 |
| PROFIT (LOSS) ATTRIBUTABLE TO: | | | | | |
| Equity holders of the Company | | 254,537,426.68 | 231,241,080.88 | | |
| Non-Controlling Interests | | 3,617,604.58 | 24,670,244.00 | | |
| TOTAL | | 258,155,031.26 | 255,911,324.88 | | |
| TOTAL COMPREHENSIVE INCOME (EXPENSE) ATTRIBUTABLE TO: | | | | | |
| Equity holders of the Company | | 253,441,457.70 | 220,754,440.51 | | |
| Non-Controlling Interests | | 3,616,311.53 | 24,593,361.73 | | |
| TOTAL | | 257,057,769.23 | 245,347,802.24 | | |
| BASIC EARNINGS PER SHARE | | 0.85 | 0.77 | 0.75 | 0.67 |

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2018

CONSOLIDATED FINANCIAL STATEMENTS

| Items | Noted | Issued and Paid-up Share Capital Baht | Share Premium On Ordinary Share Baht | Retained Earnings | | Other Components of Equity | Equity Attributable to Owners of The Company Baht | Non-Controlling interests Baht | Total Baht |
|--|-------|--|---|------------------------------------|-------------------------|--|--|-----------------------------------|-------------------------|
| | | | | Appropriated Legal Reserve Baht | Unappropriated Baht | Part of the Changes the Proportion of Subsidiary Baht | | | |
| | | | | | | | | | |
| Balance as at 1 January 2017 | | 300,000,000.00 | 1,092,894,156.63 | 24,023,684.96 | 83,286,261.75 | (9,964,623.85) | 1,490,239,479.49 | 50,806,454.93 | 541,045,934.42 |
| Total Comprehensive Income (Expenses) for the Year | | | | | | | | | |
| Profit for the Year | | - | - | - | 231,241,080.88 | - | 231,241,080.88 | 24,670,244.00 | 255,911,324.88 |
| Other Comprehensive Income (Expense) for the Year | | - | - | - | (10,486,640.37) | - | (10,486,640.37) | (76,882.27) | (10,563,522.64) |
| Total Comprehensive Income (Expense) for the Year | | - | - | - | 220,754,440.51 | - | 220,754,440.51 | 24,593,361.73 | 245,347,802.24 |
| Transactions with Owners | | | | | | | | | |
| Contributions by and Distributions to owners of the Company | | | | | | | | | |
| Appropriated Legal Reserve | 25 | - | - | 5,976,315.04 | (5,976,315.04) | - | - | - | - |
| Dividends | 25 | - | - | - | (120,000,000.00) | - | (120,000,000.00) | - | (120,000,000.00) |
| Total Contributions by and Distributions to owners of the company | | - | - | 5,976,315.04 | (125,976,315.04) | - | (120,000,000.00) | - | (120,000,000.00) |
| Total Transactions with Owners | | - | - | 5,976,315.04 | (125,976,315.04) | - | (120,000,000.00) | - | (120,000,000.00) |
| Balance as at 31 December 2017 | | 300,000,000.00 | 1,092,894,156.63 | 30,000,000.00 | 178,064,387.22 | (9,964,623.85) | 1,590,993,920.00 | 75,399,816.66 | 1,666,393,736.66 |
| Balance as at 1 January 2018 | | 300,000,000.00 | 1,092,894,156.63 | 30,000,000.00 | 178,064,387.22 | (9,964,623.85) | 1,590,993,920.00 | 75,399,816.66 | 1,666,393,736.66 |
| Total Comprehensive Income (Expenses) for the Year | | | | | | | | | |
| Profit for the Year | | - | - | - | 254,537,426.68 | - | 254,537,426.68 | 3,617,604.58 | 258,155,031.26 |
| Other Comprehensive Income (Expense) for the Year | | - | - | - | (1,095,968.98) | - | (1,095,968.98) | (1,293.05) | (1,097,262.03) |
| Total Comprehensive Income (Expense) for the Year | | - | - | - | 253,441,457.70 | - | 253,441,457.70 | 3,616,311.53 | 257,057,769.23 |
| Transactions with Owners | | | | | | | | | |
| Contributions by and Distributions to Owners of the Company | | | | | | | | | |
| Dividends | 25 | - | - | - | (195,000,000.00) | - | (195,000,000.00) | - | (195,000,000.00) |
| Total Contributions by and Distributions to Owners of the Company | | - | - | - | (195,000,000.00) | - | (195,000,000.00) | - | (195,000,000.00) |
| Changes in Ownership Interest in Subsidiary without a Change in Control | | | | | | | | | |
| Decrease Non-Controlling Interests without a Change in Control | 12 | - | - | - | - | (343,717,867.72) | (343,717,867.72) | (75,682,022.28) | (419,399,890.00) |
| Total Changes in Ownership Interest in Subsidiary without a Change in Control | | - | - | - | - | (343,717,867.72) | (343,717,867.72) | (75,682,022.28) | (419,399,890.00) |
| Total Transactions with Owners | | - | - | - | (195,000,000.00) | (343,717,867.72) | (538,717,867.72) | (75,682,022.28) | (614,399,890.00) |
| Balance as at 31 December 2018 | | 300,000,000.00 | 1,092,894,156.63 | 30,000,000.00 | 236,505,844.92 | (353,682,491.57) | 1,305,717,509.98 | 3,334,105.91 | 1,309,051,615.89 |

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2018

SEPARATE FINANCIAL STATEMENTS

| Items | Noted | Issued and Paid-up Share Capital Baht | Share Premium On Ordinary Share Baht | Retained Earnings | | Total Baht |
|--|-------|--|--|---------------------------------------|-------------------------|-------------------------|
| | | | | Appropriated Legal Reserve Baht | Unappropriated Baht | |
| Balance as at 1 January 2017 | | 300,000,000.00 | 1,092,894,156.63 | 24,023,684.96 | 116,077,387.94 | 1,532,995,229.53 |
| Total Comprehensive Income (Expense) for the Year | | | | | | |
| Profit for the Year | | - | - | - | 202,361,847.98 | 202,361,847.98 |
| Other Comprehensive Income (Expense) for the Year | | - | - | - | (10,396,641.22) | (10,396,641.22) |
| Total Comprehensive Income (Expense) for the Year | | - | - | - | 191,965,206.76 | 191,965,206.76 |
| Transactions with Owners | | | | | | |
| Contributions by and Distributions to Owners of the Company | | | | | | |
| Appropriated Legal Reserve | 25 | - | - | 5,976,315.04 | (5,976,315.04) | - |
| Dividends | 25 | - | - | - | (120,000,000.00) | (120,000,000.00) |
| Total Contributions by and Distributions to Owners of the Company | | - | - | 5,976,315.04 | (125,976,315.04) | (120,000,000.00) |
| Total Transactions with Owners | | - | - | 5,976,315.04 | (125,976,315.04) | (120,000,000.00) |
| Balance as at 31 December 2017 | | 300,000,000.00 | 1,092,894,156.63 | 30,000,000.00 | 182,066,279.66 | 1,604,960,436.29 |
| Balance as at 1 January 2018 | | 300,000,000.00 | 1,092,894,156.63 | 30,000,000.00 | 182,066,279.66 | 1,604,960,436.29 |
| Total Comprehensive Income (Expense) for the Year | | | | | | |
| Profit for the Year | | - | - | - | 224,457,737.77 | 224,457,737.77 |
| Other Comprehensive Income (Expense) for the Year | | - | - | - | (1,020,750.26) | (1,020,750.26) |
| Total Comprehensive Income (Expense) for the Year | | - | - | - | 223,436,987.51 | 223,436,987.51 |
| Transactions with Owners | | | | | | |
| Contributions by and Distributions to Owners of the Company | | | | | | |
| Dividends | 25 | - | - | - | (195,000,000.00) | (195,000,000.00) |
| Total Contributions by and Distributions to Owners of the Company | | - | - | - | (195,000,000.00) | (195,000,000.00) |
| Total Transactions with Owners | | - | - | - | (195,000,000.00) | (195,000,000.00) |
| Balance as at 31 December 2018 | | 300,000,000.00 | 1,092,894,156.63 | 30,000,000.00 | 210,503,267.17 | 1,633,397,423.80 |

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

| Items | Noted | CONSOLIDATED | | SEPARATE | |
|---|-------|-----------------------|----------------------|-----------------------|------------------------|
| | | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | | Baht | Baht | Baht | Baht |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before Income Tax | | 314,597,560.84 | 282,361,531.61 | 271,664,793.35 | 253,221,750.30 |
| Adjustment to Profit before Income Tax for Cash Received (Paid) from Operations | | | | | |
| Bad Debts | | 3,489,703.50 | 882,830.62 | 3,293,369.50 | 559,848.62 |
| Doubtful Debts-Trade and Other Current Receivables | | (2,376,015.11) | 2,798,394.50 | (2,285,541.11) | 2,913,443.50 |
| Loss from Obsolete Inventories (Reversal) | | (40,098.40) | 95,348.98 | 15,490.49 | - |
| Loss on Written-off Inventories | | 146,708.68 | - | - | - |
| Depreciation | | 76,637,684.56 | 75,706,112.40 | 61,385,376.22 | 54,095,792.18 |
| Amortization for Intangible Assets | | 2,194,945.97 | 1,386,471.82 | 1,346,070.63 | 581,785.85 |
| (Gain) Loss from Disposal of Assets | | (51,237.49) | 830,230.32 | (36,872.54) | 37,714.57 |
| Loss on Written-off of Fixed Assets | | 1,836,064.70 | 5.00 | 402,396.54 | 5.00 |
| Loss on Written-off of Trade and Other Current Receivables | | 11,108,555.30 | - | 9,879,564.24 | - |
| (Gain) on Written-off of Trade and Other Current Payables | | (5,226,087.00) | - | (2,992,773.00) | - |
| Written-off Withholding Tax to Expense | | 55,590.85 | 398,867.94 | - | - |
| (Gain) from Disposal of Trading Securities | | (2,233,738.86) | (92,742.75) | (2,063,665.42) | - |
| Unrealized (Gain) Loss from Trading Securities | | - | (590,476.83) | - | (437,961.88) |
| Employee Benefit Expense | | 4,951,679.63 | 4,202,598.93 | 4,533,770.33 | 3,793,571.93 |
| Interest Income | | (5,328,357.23) | (9,212,186.00) | (6,694,176.61) | (12,336,713.77) |
| Interest Expense | | 11,442,287.42 | 3,011,104.53 | 8,869,493.28 | 23,977.93 |
| Front-end Fee | | 590,085.00 | - | 375,000.00 | - |
| Profit from Operation Activities before Changes in Operating Assets and Liabilities | | 411,795,332.36 | 361,778,091.07 | 347,692,295.90 | 302,453,214.23 |
| (Increase) Decrease in Operating Assets | | | | | |
| Cash Paid for Purchase of Trading Securities | | (412,500,000.00) | (331,300,000.00) | (390,000,000.00) | (290,000,000.00) |
| Cash Received from Disposal of Trading Securities | | 718,999,545.11 | 37,904,416.54 | 682,501,627.30 | - |
| Trade and Other Current Receivables | | (59,603,691.73) | (22,445,044.23) | (62,238,611.33) | (23,561,237.32) |
| Inventories | | (5,322,447.19) | (4,112,908.03) | (5,056,047.59) | (1,518,307.64) |
| Other Current Assets | | (151,352.66) | (58,496.68) | 54,488.85 | (63,249.30) |
| Other Non-Current Receivables | | 1,959,078.67 | (2,472,848.91) | 1,736,942.00 | (1,525,716.00) |
| Increase (Decrease) in Operating Liabilities | | | | | |
| Trade and Other Current Payables | | 5,142,706.62 | 9,488,385.47 | 6,040,045.54 | 16,866,438.21 |
| Non-Current Provisions for Employee Benefit | | (7,455,002.00) | (4,511,530.00) | (7,455,002.00) | (4,511,530.00) |
| Other Non-Current Liabilities | | 616,260.95 | 2,635,206.68 | 616,260.95 | 2,635,206.68 |
| Cash Received (Paid) from Operation Activities | | 653,480,430.13 | 46,905,271.91 | 573,891,999.62 | 774,818.86 |
| Cash Received from Interest Income | | 3,162,740.78 | 2,917,939.45 | 2,903,935.16 | 2,874,008.83 |
| Cash Paid for Income Tax | | (62,612,152.00) | (34,680,458.60) | (57,777,118.49) | (31,240,081.41) |
| Cash Received from Withholding Tax | | 2,276,970.65 | 1,193,692.85 | - | - |
| NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES | | 596,307,989.56 | 16,336,445.61 | 519,018,816.29 | (27,591,253.72) |

| Items | Noted | CONSOLIDATED | | SEPARATE | |
|---|-------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | 31 December 2018 Baht | 31 December 2017 Baht | 31 December 2018 Baht | 31 December 2017 Baht |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Cash Paid for Current Investments | | (250,000,000.00) | (300,000,000.00) | (250,000,000.00) | (300,000,000.00) |
| Cash Received from Current Investments | | 100,000,000.00 | 700,000,000.00 | 100,000,000.00 | 700,000,000.00 |
| Cash Paid for Short-term Loans to Subsidiary | | - | - | (30,000,000.00) | (65,800,000.00) |
| Cash Received from Short-term Loans to Subsidiary | | - | - | 130,000,000.00 | 4,850,000.00 |
| Cash Paid for Investments in Subsidiary | | (419,399,890.00) | - | (419,399,890.00) | - |
| (Increase) Decrease in Deposit at Bank Used as Collateral | | 3,290,000.00 | (2,593,325.00) | - | - |
| Cash Paid for Purchase of Property, Plant and Equipment | | (134,613,184.11) | (127,374,151.05) | (81,133,585.24) | (116,621,503.06) |
| Cash Received from Sale of Property, Plant and Equipment | | 174,708.04 | 811,616.54 | 158,785.04 | 29,906.54 |
| Cash Paid for Purchase of Intangible Assets | | (4,782,065.40) | (1,824,885.00) | (4,749,965.40) | (869,375.00) |
| Cash Received from Interest Income | | 1,224,315.07 | 7,331,438.34 | 2,995,611.31 | 10,528,451.26 |
| NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES | | (704,106,116.40) | 276,350,693.83 | (552,129,044.29) | 232,117,479.74 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Increase (Decrease) in Bank Overdrafts | | - | (307.40) | - | (269.33) |
| Cash Received from Short-term Loans from Financial Institutions | | 20,000,000.00 | - | - | - |
| Cash Received from Long-term Borrowings | | 380,000,000.00 | - | 300,000,000.00 | - |
| Cash Paid for Long-term Borrowings | | (55,781,938.08) | (79,544,987.34) | (48,598,301.82) | - |
| Cash Paid for Other Accounts Payable of Fixed Assets | | (9,141,090.79) | (20,980,127.34) | (6,576,679.79) | (19,850,916.02) |
| Cash Paid for Liabilities Under Financial Lease Agreements | | (535,532.59) | (1,193,587.14) | (75,999.80) | (437,824.40) |
| Cash Paid for Front-end Fee | | (590,085.00) | - | (375,000.00) | - |
| Cash Paid for Interest Expense | | (10,540,519.33) | (3,441,209.44) | (8,034,543.22) | (23,977.93) |
| Cash Paid for Dividends | | (194,563,869.29) | (119,898,435.06) | (194,563,869.29) | (119,898,435.06) |
| NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES | | 128,846,964.92 | (225,058,653.72) | 41,775,606.08 | (140,211,422.74) |
| NET CASH AND CASH EQUIVALENTS INCREASE (DECREASE) | | 21,048,838.08 | 67,628,485.72 | 8,665,378.08 | 64,314,803.28 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | | 268,784,831.34 | 201,156,345.62 | 260,167,530.00 | 195,852,726.72 |
| CASH AND CASH EQUIVALENTS AT ENDING OF THE YEAR | 7 | 289,833,669.42 | 268,784,831.34 | 268,832,908.08 | 260,167,530.00 |

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2018****1. General Information**

The Company was registered as a corporate entity under the Civil and Commercial as a corporate entity with registration number Bor. Aor. Jor. Aor. Yor. 152 on 4 October 1990 and the Company was registered as a public company with registration number 0107538000509 on 13 October 1995. The office is located at No. 111 Moo 3 Rojana Road, Khlong Suan Phlu Sub-district, Phra Nakhon Si Ayutthaya District, Phra Nakhon Si Ayutthaya, Thailand. The Company's major shareholder is Prasithirun family. The Group operates mainly in Healthcare services.

2. Basis of Preparation the Financial Statements

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 2.2 The reclassification of the items in the financial statements was complied with the Notification of Department of Business Development regarding the Determination of Short Items in the financial statements.
- 2.3 In order to prepare the financial statements to comply with Thai Financial Reporting Standards, the Company's management had to make some estimates and assumptions which may have an effect on the amounts shown for revenues, expenses, assets and liabilities and also on the disclosures concerning to assets and contingent liabilities, therefore the actual results may differ from the estimated amounts.
- 2.4 The financial report in Thai language is the official statutory financial report of the Company. The financial report in English language has been translated from the Thai language financial report.

3. Basis of Preparation the Consolidation Financial Statements

3.1 In preparation of the consolidated financial statements, the Company will only take its subsidiary which is under the main control of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED into account, after having eliminated the remaining balances and transactions among themselves. The Company holds shares in subsidiary with the percentage of shareholdings in subsidiary as follows:

| Company's Name | Percentage of Shareholdings | | Country of Incorporation | Type of Business |
|-------------------------------------|-----------------------------|------------------|--------------------------|---------------------|
| | As at | As at | | |
| | 31 December 2018 | 31 December 2017 | | |
| Rajthanee Rojana Hospital Co., Ltd. | 98.31 | 53.93 | Thailand | Healthcare Services |

3.2 The accounting year ended of the above subsidiary is the same as the RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED

3.3 In preparation of the consolidated financial statements, the Company has eliminated the amounts of assets, liabilities, and inter-transactions.

3.4 Accounting policies for the subsidiary will utilize the same policies as the Company.

4. Applied New and Revised Financial Reporting Standards

The Group has applied the accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and new and revised accounting guidances, which are effective for the accounting period beginning on or after 1 January 2018, with no effect on the current financial report.

5. New and Revised Financial Reporting Standards Not Yet Effective

Accounting standards, financial reporting standards, accounting standard interpretations, financial reporting standard interpretations and new and revised accounting guidances, which are not yet effective for the current accounting periods that the Group has not early adopted, are as follows:

Effective for the accounting period beginning on or after 1 January 2019

| | |
|-----------------------|---|
| 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 Financial Reporting Standards |
| TFRS 2 (revised 2018) | Share-based Payment |
| TFRS 3 (revised 2018) | Business Combinations |
| TFRS 5 (revised 2018) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 6 (revised 2018) | Exploration for and Evaluation of Mineral Resources |
| 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: Disclosures |

| | |
|-------------------------|---|
| 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) | Rights 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 Economies |
| 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 |

Effective for the accounting period beginning on or after 1 January 2020

| | |
|----------|---|
| 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 believes that the above financial reporting standards will not have any significant impact on the financial report when they are applied.

6. Summary of Significant Accounting Policies

6.1 Measurements bases used in the Preparation of Financial Statements

Measurement bases used in the preparation of financial statements are historical cost measurement basis and combination of variety measurement bases used. Some assets and liabilities that use other measurement bases have been disclosed the measurement bases used in the particular accounting policies.

6.2 Financial Instruments

Financial assets were shown in the statements of financial position include cash and cash equivalents, current investments, trade and other current receivables and loans to, Financial liabilities were shown in the statements of financial position include trade and other current payables, borrowings and liabilities under finance lease agreements which the accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies.

6.3 Cash and Cash Equivalents

Cash and cash equivalents includes bank deposits in type of current accounts, saving accounts and 3 months fixed accounts without guarantee obligation but excludes bank overdrafts which shown as current liabilities.

6.4 Current Investments

Current investments include fixed deposits with an original maturity over 3 months after the acquisition date and investments in marketable fixed income funds.

Current investments in debt instrument is marketable securities held for trading. It is classified as current asset and shown at fair value. Gain or loss from the security valuation is record under profit or loss.

Different between net cash received and book value will be record to profit or loss when the investments were sold.

6.5 Trade and Other Current Receivables and Allowance for Doubtful Debt

Trade and other current receivables are stated at the net realizable values.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and analyzing the aging of receivables.

6.6 Inventories

Inventories are stated at cost price under first-in first-out method or net realizable value which ever the lower is.

Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

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.

6.7 Non-current Assets Classified as Held for Sale

Non-current assets classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. assets as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

6.8 Investments

Investments in a subsidiary as shown in the separate financial statements is recorded under the cost method net of allowance for impairment (if any).

Other long-term investments are investments in non-marketable equity instruments, which the Company considered as general investment. recorded under the cost method net of allowance for impairment (if any).

6.9 Property, Plant and Equipment

Land is recorded at cost price it is incurred deduction of accumulated impairment losses (if any).

Plant and equipment are recorded at cost price it is incurred after deduction of accumulated depreciation and accumulated impairment losses (if any) and calculated depreciation on a straight-line method over their approximate useful lives as follows:

| | |
|------------------------------------|--------------|
| - Land Improvement | 20 Years |
| - Buildings and Constructions | 5 - 30 Years |
| - Appliance and Other Fixed Assets | 3 - 10 Years |

Work in process is recorded at cost price not depreciated until assets as above complete already and condition necessary for its intended use.

Repair and maintenance is recognized expense in profit or loss that it is incurred. Cost of significant improvement should be recognized as a part of carrying amount of assets when it is probable that the Group will obtain the future economic benefits from that transaction and able to measure the cost of that transaction reliably. Cost of improvement should be depreciated by the basis of estimated useful lives.

The Group eliminated land, plant and equipment on disposal or when no future economic benefit is expected from its use or disposal. The gain or loss on disposal (the difference between the net proceeds received in exchange for the asset disposed and the carrying amount at the time of disposal) is recognized under gain or loss when the Group eliminated the said assets.

6.10 Goodwill

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses (if any).

6.11 Intangible Assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives 5 years.

6.12 Borrowing Costs

Interest expenses eligible for capitalized are interest incurred from loans to acquire assets, which are constructions in various projects. The Company recognizes the interest expenses as part of the assets, which are constructions in various projects and will cease to recognize it when the construction is completed.

6.13 Impairment

The carrying amounts of assets are assessed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of assets or its cash-generating units to which the assets are included in the recognition of an impairment loss when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Impairment loss is recognized as expenses in profit or loss immediately.

Calculation of Recoverable Amount

- The recoverable amount is the higher of the asset's fair value less cost to sell of asset or the cash-generating unit or its value in use.
- In assessing value in use of an asset by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.
- The asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of Impairment Loss

- The loss on impairment of assets recognized in the prior year will be reversed if the estimation for indicated net realizable value changes since the last impairment loss was recognized. The carrying amount of the asset not exceed just to be the carrying amount that would have been (net of depreciation or amortization) , if no impairment loss had been recognized.
- Reversals of impairment loss will be recognized as income in profit or loss immediately.

6.14 Trade and Other Current Payables

Trade and other current payables were shown in cost value.

6.15 Employees Benefit

Short-term Benefits

The Group recognizes salary, wage, bonus, and social security fund as expense in profit or loss when the transaction occurs.

Long-term Employee Benefits

- Defined Contribution Plans

The Group and employees of the Group have jointly established a provident fund so as to pay to employees on termination in accordance with the fund's rules, which include the monthly contributions from employees and the Group. The planned assets of each plan are separated from the Group's assets. The Group recognizes the contribution as expense in profit or loss for the accounting period which the transaction incurred.

- Defined Benefit Plans

The Group has made provision for post-employment benefits so as to pay as severance pay to employees under the labor laws applicable in Thailand and provision for other long-term benefits so as to pay to employees who served defined period by actuarial technique using the projected unit credit method and presents as non-current liabilities. Hereby, the costs associated with employee benefits will be recognized in profit or loss so as to spread the cost over the employment period.

Gain or loss on remeasurement for post-employment benefits will be recognized in other comprehensive income (expense) and gain or loss on remeasurement for other long-term benefits will be recognized in profit or loss.

6.16 Provision of Liabilities

The Group recognized provision of liabilities when it is probable that there is a present legal or constructive obligation as a result of past events and an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

6.17 Long-term Leases

The Company is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease year so as to achieve a constant yearic rate of interest on the remaining balance of the liability for each year. The assets acquired under finance leases while depreciation is carried throughout the useful lives of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful lives of leased assets or life of leased contract whichever the year is lower.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the year of the lease.

When an operating lease is terminated before the lease year has expired, any payment required to be made to the lesser by way of penalty is recognized as an expense in the year in which termination takes place.

6.18 Recognition of Revenues

- Revenue from general hospital services: mainly consisted of the revenue from hospital services, revenue from sales of medicines and medical supplies, revenue from medical services, revenue from patient rooms, etc., and recognized as revenues when the service is rendered.
- Revenues from medical services received from the Social Security Office and National Health Security Office are recognized as revenues according to the rules, methods and conditions stipulated by the said organizations.

- Interest Income is recognized on by year based on effective rate.
- Rental Income is recognized on straight line basis and agreement rate.
- Other incomes are recognized on an accrual basis.

6.19 Recognition of Expenses

- Expenses are recognized on an accrual basis.

6.20 Income Taxes

Income Taxes

Income taxes expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

Current Tax

The Group recognized current tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation, using the tax rates enacted at the end of reporting year.

Deferred Tax

The Group recognized deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting year, using the tax rates enacted at the end of reporting year.

Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that the related tax benefit will be realized.

6.21 Earnings per share

Earnings per share are calculated by dividing profit or loss for the year by the weighted average number of issued and paid up common shares. The Group uncalculate diluted earnings per share since there is no equivalents to ordinary shares.

6.22 Appropriation of Retained Earnings

The appropriation of retained earnings is attributable to the Public Company Act B.E.1992. and to the Public Company (No. 2) Act B.E. 2001. The Company will appropriate retained earnings when it is approved at the Shareholders Meeting.

6.23 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measure fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 in put are quoted prices in active market for identical assets or liabilities that the Group can access at the measurement date.

Level 2 in put are other observable inputs either directly or indirectly, for the assets or liabilities other than quoted price included within Level 1 inputs.

Level 3 in put are unobservable inputs for the assets and liabilities.

At the end of each reporting year, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting year that are measured at fair value on a recurring basis.

6.24 Significant Accounting Judgments and Estimates

In order to prepare the financial statements to comply with the financial reporting standards, the Company's management had to make some judgment and estimates which may have an effect on the amount shown in the financial statements and notes to the financial statements, therefore the actual result may differ from the estimated amount. Significant estimates and provisions are as follows:

Lease

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for Doubtful Debt of Receivables

Allowance for doubtful debt of receivable incurred from the adjustment to the receivable value from the potential credit risk. The management's consideration is applied in estimating the loss that may incurred from individual debtors by analyzing the aging of receivables, historical experience from the collection and the fluctuation of the current economic condition. However, the application of different estimates and assumption may affect the amount of allowance for doubtful debt future adjustment to the allowance for doubtful debt may occur.

Impairment of Investments

The management is required to review the impairment of investments. The impairment loss is recorded when it is determined that their recoverable amount is lower than the value of investments and the use of discretion is for considering that such value of investments significantly reduces and is permanent or not.

Accrued Medical Service Revenues

Accrued medical service revenues represents medical revenues that has not been collected from the Social Security Office. The Group are not able to determine the certain amount to be collected. In this regard, the management is required to make an estimation of such accrued income in accordance with rules, methods and condition specified by such organization, and consider the amount of the latest actual collection together with the current circumstances.

Reduction of Inventories to Become Net Realizable Value

In estimating the reduction of inventories to become net realizable value, the management makes a judgment in estimating the net realizable value of inventories by their aging.

Property, Plant and Equipment and Depreciation

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

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

Intangible Assets and Amortized

Intangible assets are systematically amortized over their estimated useful lives, and are subject to impairment if there is an indication they may be impaired.

Deferred Tax Assets

The management of the Group has to use judgment in the consideration to recognize deferred tax assets by estimating the future taxable profit in each period and assess the probable that the Group will have sufficient future taxable profit which can be utilised.

Post-Employment Benefits

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, turnover rate and other demographic factors etc. However, actual post-employment benefits that may be different from those estimated.

Fair value

In determining the fair value of financial instruments which are recognised in the statement of financial position that are not actively traded and for which quoted prices are not readily available in active market, the management has to exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and long-term volatility of financial instruments. Changes in assumptions about these factors may affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

7. Cash and Cash Equivalents

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | As at 31 December 2018 Baht | As at 31 December 2017 Baht | As at 31 December 2018 Baht | As at 31 December 2017 Baht |
| Cash | 1,131,472.00 | 726,103.00 | 1,044,907.00 | 642,763.00 |
| Cheque in hand | - | 6,402.00 | - | - |
| Current Deposit Accounts | (2,261.23) | 24,491.46 | 3,183.77 | 7,389.46 |
| Savings Deposit Accounts | 238,704,458.65 | 268,027,834.88 | 217,784,817.31 | 259,517,377.54 |
| Deposit Card | 50,000,000.00 | - | 50,000,000.00 | - |
| Total | 289,833,669.42 | 268,784,831.34 | 268,832,908.08 | 260,167,530.00 |

8. Current Investments

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Fixed Deposit Accounts >3-month Term | 250,000,000.00 | 100,000,000.00 | 250,000,000.00 | 100,000,000.00 |
| Trading Securities – Fixed Income Funds | | | | |
| Cost value | - | 303,675,329.42 | - | 290,000,000.00 |
| Add (Deduct) Unrealized Profit (Loss) | - | 590,476.83 | - | 437,961.88 |
| Fair value in Fixed Income Funds | - | 304,265,806.25 | - | 290,437,961.88 |
| Total | 250,000,000.00 | 404,265,806.25 | 250,000,000.00 | 390,437,961.88 |

For the year ended 31 December 2018 and 2017, investment in trading securities have the movement as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Beginning Carrying Amount | 304,265,806.25 | 10,187,003.21 | 290,437,961.88 | - |
| Purchase of Trading Securities | 412,500,000.00 | 331,300,000.00 | 390,000,000.00 | 290,000,000.00 |
| Disposal of Trading Securities | (718,999,545.11) | (37,904,416.54) | (682,501,627.30) | - |
| Gain from sale of Trading Securities | 2,233,738.86 | 92,742.75 | 2,063,665.42 | - |
| Change of Fair Value of Trading Securities | - | 590,476.83 | - | 437,961.88 |
| Ending Carrying Amount | - | 304,265,806.25 | - | 290,437,961.88 |

The fair value measurement of trading securities which are investments in opened-end mutual fund using the net asset value that announced by the fund as at the date of statement of financial position which are Level 1 inputs.

9. Trade and Other Current Receivables

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Accrued Medical Service Revenues | | | | |
| Social Security Office | 180,674,661.01 | 144,995,822.01 | 168,030,308.26 | 132,094,281.93 |
| Accrued Revenue | 2,230,549.33 | 2,775,585.00 | 2,314,355.33 | 2,766,715.00 |
| Unbilled Trade Receivables | 182,905,210.34 | 147,771,407.01 | 170,344,663.59 | 134,860,996.93 |
| Trade Receivables | 88,523,808.52 | 78,825,773.35 | 86,257,492.02 | 72,800,318.85 |
| <u>Less</u> Allowance for Doubtful Debt | (1,117,162.39) | (3,493,177.50) | (1,011,828.39) | (3,297,369.50) |
| Trade Receivables - Net | 87,406,646.13 | 75,332,595.85 | 85,245,663.63 | 69,502,949.35 |
| Other Receivables | 4,461,613.25 | 3,346,717.44 | 4,256,590.96 | 3,337,123.06 |
| Total | 274,773,469.72 | 226,450,720.30 | 259,846,918.18 | 207,701,069.34 |

Trade receivables were classified by aging as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Trade Receivables within due period | 43,356,699.27 | 38,284,385.08 | 42,358,303.92 | 33,628,302.58 |
| Trade Receivables classified by overdue period as follows | | | | |
| - Less than 3 months | 35,238,066.80 | 28,607,947.16 | 35,054,370.15 | 28,327,888.16 |
| - Over 3 months to 6 months | 5,797,795.31 | 4,088,624.25 | 5,446,004.31 | 4,091,501.25 |
| - Over 6 months to 9 months | 1,965,125.50 | 1,068,805.50 | 1,570,271.50 | 895,461.50 |
| - Over 9 months to 12 months | 240,996.00 | 963,590.86 | 176,688.00 | 543,493.86 |
| - Over 12 months to 24 months | 1,045,356.64 | 2,315,294.00 | 859,639.14 | 1,984,003.00 |
| - Over 24 months | 879,769.00 | 3,497,126.50 | 792,215.00 | 3,329,668.50 |
| Total | 88,523,808.52 | 78,825,773.35 | 86,257,492.02 | 72,800,318.85 |
| <u>Less</u> Allowance for Doubtful Debt | (1,117,162.39) | (3,493,177.50) | (1,011,828.39) | (3,297,369.50) |
| Net | 87,406,646.13 | 75,332,595.85 | 85,245,663.63 | 69,502,949.35 |

For the year ended 31 December 2018 and 2017, allowance for doubtful debt have the movement as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Allowance for Doubtful Debt - Beginning | (3,493,177.50) | (694,783.00) | (3,297,369.50) | (383,926.00) |
| Increase During the Year | (1,161,144.39) | (3,518,950.50) | (1,031,583.39) | (3,302,309.50) |
| Decrease During the Year from Received | 47,456.00 | 101,324.00 | 23,755.00 | 80,491.00 |
| Decrease During the Year from Write - off | 3,489,703.50 | 619,232.00 | 3,293,369.50 | 308,375.00 |
| Allowance for Doubtful Debt - Ending | (1,117,162.39) | (3,493,177.50) | (1,011,828.39) | (3,297,369.50) |

Other Receivables and Other Non-Current Receivables consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--------------------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Other Receivables | | | | |
| Prepaid Expense | 1,074,884.99 | 967,228.11 | 979,217.36 | 886,839.90 |
| Others | 3,386,728.26 | 2,379,489.33 | 3,277,373.60 | 2,450,283.16 |
| Total | 4,461,613.25 | 3,346,717.44 | 4,256,590.96 | 3,337,123.06 |
| Other Non-Current Receivables | | | | |
| Loan for Education | 6,792,003.91 | 8,751,082.58 | 5,572,391.00 | 7,309,333.00 |
| Total | 6,792,003.91 | 8,751,082.58 | 5,572,391.00 | 7,309,333.00 |

10. Inventories

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Medicines and Medical Supplies | 25,400,522.57 | 21,103,957.67 | 19,844,621.17 | 15,648,146.70 |
| Medical Supplies – Radiodiagnosis | 51,071.39 | 84,361.39 | 26,351.79 | 36,077.35 |
| Medical Supplies – Laboratory | 3,671,372.77 | 2,758,909.16 | 3,440,506.51 | 2,571,207.83 |
| Total | 29,122,966.73 | 23,947,228.22 | 23,311,479.47 | 18,255,431.88 |
| <u>Less</u> Allowance for Declining in | | | | |
| Value of Inventories | (120,663.88) | (160,762.28) | (15,490.49) | - |
| Net | 29,002,302.85 | 23,786,465.94 | 23,295,988.98 | 18,255,431.88 |

For the year ended 31 December 2018 and 2017, allowance for decline in value of inventories have the movement as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---------------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Beginning Carrying Amount | (160,762.28) | (65,413.30) | - | - |
| Increased during the Year | (163,265.35) | (160,762.28) | (15,490.49) | - |
| Reversed during the Year | 56,655.07 | 65,413.30 | - | - |
| Loss on Written-off Inventories | 146,708.68 | - | - | - |
| Ending Carrying Amount | (120,663.88) | (160,762.28) | (15,490.49) | - |

11. Non-current Assets Held for Sale

Consist of:

| | Consolidated Financial Statements and Separate Financial Statements | |
|--------------------|--|------------------|
| | As at | As at |
| | 31 December 2018 | 31 December 2017 |
| | Baht | Baht |
| Land Held for Sale | 84,026,243.52 | - |

According to the resolution of the Company's board of directors' meeting No. 8/2018 On 24 December 2018 for the Company approval to sell the land, previously expected to use in the operation, with the area of approximately 18 Rai in cost value of Baht 84.03 million at Baht 189.00 million. On 30 January 2019, the Company has already registered the land title-deed ownership transfer and received the entire amount of payment for the land. Therefore, the Company transferred the classification from property, plant and equipment to non-current asset held for sale.

12. Investments in Subsidiary

Consist of:

| Name of Company | Business | Paid-up Capital Baht | % Share- Holding | Separate Financial Statements Cost Method | |
|---|---------------------|----------------------------|---------------------|--|-----------------------------------|
| | | | | As at 31 December 2018 Baht | As at 31 December 2017 Baht |
| Rajthanee Rojana Hospital Company Limited | Healthcare Services | 270,000,000.00 | 98.31 | 609,432,690.00 | 190,032,800.00 |
| | | | (2017:53.93) | | |

According to the resolutions of the Company's board of directors' meeting No. 3/2018 held on 11 May 2018, it reported the purchase of Rajthanee Rojana Hospital Co., Ltd.'s ordinary shares from the existing shareholders. This purchase has been approved under the resolution of the Company's board of directors' meeting No. 1/2018 held on 26 February 2018. The Company set the time period for the purchase of the ordinary shares from 27 to 29 March 2018 at Baht 35 per share and the purchases were paid on 2 April 2018. The shareholders sold 11,982,854 shares to the Company, aggregating to Baht 419.40 million, therefore the Company's shareholding ratio in the said company has increased from 53.93% to 98.31%. The Company registered the change of shareholding with the Department of Business Development on 9 May 2018.

The details on the subsidiary's book value on the purchase date for additional investment are as follow: -

| | Baht |
|--|------------------------|
| Net assets' book value on the purchase date for additional investment in subsidiary | 170,531,821.28 |
| <u>Less</u> Net assets' book value on the purchase date for additional investment in subsidiary – for the Company's shareholding ratio of 53.93% | <u>(91,967,811.22)</u> |
| Non-controlling interests | <u>78,564,010.06</u> |
| Cash paid for purchase of additional investment in subsidiary | 419,399,890.00 |
| <u>Less</u> Net assets' book value on the purchase date for additional investment in subsidiary – for the shareholding ratio of 44.38% | <u>(75,682,022.28)</u> |
| Part of the changes the proportion of subsidiary | <u>343,717,867.72</u> |

13. Non-controlling Interests

The information relating to each of the Group's subsidiary that has a material non-controlling interest, before any intra-group eliminations:

| | As at 31 December 2018 | | |
|---|---------------------------|--------------|--------------|
| | Rajthanee Rojana Hospital | Eliminations | Total |
| | Company Limited | | |
| | Baht | Baht | Baht |
| Non-Controlling Interest Percentage | 1.69 | | |
| Current Assets | 90,527,832.74 | | |
| Non-Current Assets | 290,597,476.63 | | |
| Current Liabilities | (108,245,218.25) | | |
| Non-Current Liabilities | (65,570,019.99) | | |
| Net Assets | <u>207,310,071.13</u> | | |
| Carrying Amount of Non-Controlling Interests | <u>3,503,540.20</u> | (169,434.30) | 3,334,105.91 |
| Revenues | 282,962,136.62 | | |
| Profit | 36,030,392.62 | | |
| Other Comprehensive Income (Expense) | (76,511.77) | | |
| Total Comprehensive Income (Expense) | 35,953,880.85 | | |
| Profit Allocated to Non-Controlling Interests | 3,656,665.78 | (39,061.20) | 3,617,604.58 |
| Other Comprehensive Income (Expense) | | | |
| Allocated to Non-Controlling Interests | (1,293.05) | - | (1,293.05) |
| Total Comprehensive Income (Expense) | | | |
| Allocated to Non-Controlling Interests | 3,655,372.73 | (39,061.20) | 3,616,311.53 |
| Cash Flow in Operating Activities | 77,091,912.63 | | |
| Cash Flow in Investing Activities | (50,205,775.87) | | |
| Cash Flow in Financing Activities | (14,502,676.76) | | |
| Net Cash and Cash Equivalents Increase | <u>12,383,460.00</u> | | |
| (Decrease) | | | |

| | As at 31 December 2017 | | |
|--|--|----------------|---------------|
| | Rajthanee Rojana Hospital Company Limited | Eliminations | Total |
| | Baht | Baht | Baht |
| Non-Controlling Interest Percentage | 46.07 | | |
| Current Assets | 79,341,628.53 | | |
| Non-Current Assets | 262,643,830.43 | | |
| Current Liabilities | (168,331,623.55) | | |
| Non-Current Liabilities | (2,297,645.13) | | |
| Net Assets | 171,356,190.28 | | |
| Carrying Amount of Non-Controlling Interests | 78,943,796.86 | (3,543,980.20) | 75,399,816.66 |
| Revenues | 220,421,008.32 | | |
| Profit | 54,618,543.07 | | |
| Other Comprehensive Income (Expense) | (166,881.42) | | |
| Total Comprehensive Income (Expense) | 54,451,661.65 | | |
| Profit Allocated to Non-Controlling Interests | 25,162,762.79 | (492,518.79) | 24,670,244.00 |
| Other Comprehensive Income (Expense) | | | |
| Allocated to Non-Controlling Interests | (76,882.27) | - | (76,882.27) |
| Total Comprehensive Income (Expense) | | | |
| Allocated to Non-Controlling Interests | 25,085,880.52 | (492,518.79) | 24,593,361.73 |
| Cash Flow in Operating Activities | 43,927,699.32 | | |
| Cash Flow in Investing Activities | (13,519,772.99) | | |
| Cash Flow in Financing Activities | (27,094,243.89) | | |
| Net Cash and Cash Equivalents Increase (Decrease) | (3,313,682.44) | | |

14. Other Long-term Investments

Consist of:

| Company's Name | Type of Business | Paid-up Share Capital Baht | % Share- Holding | Cost Method | |
|--|-------------------------------|----------------------------------|---------------------|-----------------------|-----------------------|
| | | | | As at 31 December | |
| | | | | 2018 Baht | 2017 Baht |
| Wellness City Company Limited | Property Development for Sale | 120,000,000.00 | 3.75 | 4,500,000.00 | 4,500,000.00 |
| <u>Less</u> Accumulated Loss from Impairment | | | | <u>(4,500,000.00)</u> | <u>(4,500,000.00)</u> |
| Net | | | | <u>-</u> | <u>-</u> |

Separate Financial Statements

| | Land | Land Improvement | Building and Constructions | Medical Appliance | Office Appliance | Machinery Appliance and Vehicle | Other Fixed Assets | Construction in Process | Total |
|---|-----------------|------------------|-------------------------------|-------------------|------------------|------------------------------------|--------------------|----------------------------|------------------|
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Cost | | | | | | | | | |
| As at 1 January 2018 | 200,711,921.40 | 2,939,560.75 | 516,891,142.49 | 228,420,539.69 | 41,169,240.14 | 31,715,649.70 | 25,265,585.87 | 68,937,824.40 | 1,116,051,464.44 |
| Purchase | - | - | 565,130.20 | 26,495,558.53 | 9,030,917.55 | 3,558,259.55 | 2,402,914.27 | 44,032,150.69 | 86,084,930.79 |
| Transfer in/(Transfer out) | - | 651,844.00 | 32,175,052.94 | 1,638,686.39 | 23,000.00 | 3,900,000.00 | 26,500.00 | (38,415,083.33) | - |
| (Transfer out) to Non-current Assets Held for Sale | (84,026,243.52) | - | - | - | - | - | - | - | (84,026,243.52) |
| Disposal | - | - | - | (2,475,490.00) | (988,287.95) | (84,707.50) | (298,049.50) | - | (3,846,534.95) |
| Written-off | - | - | (532,564.00) | - | (53,983.20) | - | (41,216.40) | - | (627,763.60) |
| As at 31 December 2018 | 116,685,677.88 | 3,591,404.75 | 549,098,761.63 | 254,079,294.61 | 49,180,886.54 | 39,089,201.75 | 27,355,734.24 | 74,554,891.76 | 1,113,635,853.16 |
| Accumulated Depreciation | | | | | | | | | |
| As at 1 January 2018 | - | (991,719.26) | (266,284,147.66) | (156,691,923.38) | (32,396,838.29) | (28,826,366.85) | (18,674,955.81) | - | (503,865,951.25) |
| Depreciation for the Year | - | (172,001.58) | (25,771,870.40) | (25,988,188.40) | (5,048,475.87) | (1,933,552.33) | (2,471,287.64) | - | (61,385,376.22) |
| Depreciation for Sale/Written-off | - | - | 130,173.46 | 2,473,143.96 | 981,305.09 | 68,771.28 | 296,595.72 | - | 3,949,989.51 |
| As at 31 December 2018 | - | (1,163,720.84) | (291,925,844.60) | (180,206,967.82) | (36,464,009.07) | (30,691,147.90) | (20,849,647.73) | - | (561,301,337.96) |
| Carrying Amount | | | | | | | | | |
| As at 31 December 2017 | 200,711,921.40 | 1,947,841.49 | 250,606,994.83 | 71,728,616.31 | 8,772,401.85 | 2,889,282.85 | 6,590,630.06 | 68,937,824.40 | 612,185,513.19 |
| As at 31 December 2018 | 116,685,677.88 | 2,427,683.91 | 257,172,917.03 | 73,872,326.79 | 12,716,877.47 | 8,398,053.85 | 6,506,086.51 | 74,554,891.76 | 552,334,515.20 |

Depreciation for the Year

2018 (Amount of Baht 57.22 Million, Included in Costs of Services ,The Rest Included in Administrative Expenses)

61,385,376.22

As at 31 December 2018 and 2017, The Group had property, building and constructions at the carrying amount in the consolidated financial statements in amount of Baht 437.12 million and Baht 453.27 million respectively, and in the separate financial statements in amount of Baht 257.17 million and Baht 453.27 million respectively, to mortgaged as collateral against the liabilities in accordance with loan agreements with financial institutions as in note no. 19

As at 31 December 2018 and 2017, the Group have vehicles under finance lease agreements in the consolidated financial statements in cost value of Baht 1.37 million and Baht 2.53 million, respectively and in the separate financial statements As at 31 December 2017 of Baht 0.52 million, respectively.

As at 31 December 2018 and 2017, the Group has assets which are fully depreciated but still in use in the consolidated financial statements at the cost value in amount of Baht 288.52 million and Baht 261.52 million respectively, the carrying amount in amount of Baht 4,493.92 and Baht 3,826.00 respectively, and in the separate financial statements at the cost value in amount of Baht 230.36 million and Baht 206.15 million respectively, the carrying amount in amount of Baht 3,856.92 and Baht 3,305.00 respectively.

16. Goodwill

Consist of:

| | Consolidated Financial Statements | |
|--|-----------------------------------|----------------------|
| | For the year ended | |
| | 31 December 2018 | 31 December 2017 |
| | Baht | Baht |
| As at 1 January | | |
| Cost | 87,802,508.74 | 87,802,508.74 |
| <u>Less Allowance for Impairment</u> | - | - |
| Carrying Amount | 87,802,508.74 | 87,802,508.74 |
| Transactions During the Year Ended 31 December | - | - |
| Ending Carrying Amount | 87,802,508.74 | 87,802,508.74 |
| As at 31 December | | |
| Cost | 87,802,508.74 | 87,802,508.74 |
| <u>Less Allowance for Impairment</u> | - | - |
| Carrying Amount | 87,802,508.74 | 87,802,508.74 |

Impairment testing of goodwill

During the year ended 31 December 2018, The Company has tested for impairment of goodwill that arises from the acquisition of the Rajthanee Rojana Hospital Company Limited by comparing the carrying amount of the asset unit which includes the goodwill and the recoverable amount of cash generating asset unit. This depends on the useful lives which is calculated from the future cash flows to be generated from the continual use of the cash generating asset unit. The cash flows were projected over a period of 5 years before the terminal value growth rate.

The key assumptions used in estimating the value in use are as follows:

| Key assumption | Value | Approach used to determine the value |
|------------------------------|--------|---|
| - Discount rate | 6.60% | The discount rate was based on weighted average cost of capital the Company |
| - Terminal Value Growth Rate | 3.00% | Terminal value growth rate was determined based on conservative principle by referencing to the inflation rate |
| - Revenue growth rate | 10.00% | Budgeted was based on past experience by referencing from expected earnings growth. Revenue growth based on the conservative principle. |

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount. Thus, the Group will not recognize the loss from impairment of goodwill.

17. Intangible Assets

Consist of:

| | Consolidated Financial Statements | | |
|---------------------------------|-----------------------------------|-------------------|----------------|
| | Computer Programs | Computer Programs | Total |
| | Baht | Baht | Baht |
| | | to Installation | |
| Cost | | | |
| As at 1 January 2017 | 11,238,566.10 | - | 11,238,566.10 |
| Purchase | 1,062,510.00 | 762,375.00 | 1,824,885.00 |
| As at 31 December 2017 | 12,301,076.10 | 762,375.00 | 13,063,451.10 |
| Accumulated Amortization | | | |
| As at 1 January 2017 | (7,734,338.21) | - | (7,734,338.21) |
| Amortization for the Year | (1,386,471.82) | - | (1,386,471.82) |
| As at 31 December 2017 | (9,120,810.03) | - | (9,120,810.03) |
| Carrying Amount | | | |
| As at 31 December 2016 | 3,504,227.89 | - | 3,504,227.89 |
| As at 31 December 2017 | 3,180,266.07 | 762,375.00 | 3,942,641.07 |

Consolidated Financial Statements

| | Computer Programs | Computer Programs | Total |
|--|------------------------|-------------------|------------------------|
| | | to Installation | |
| | Baht | Baht | Baht |
| Cost | | | |
| As at 1 January 2018 | 12,301,076.10 | 762,375.00 | 13,063,451.10 |
| Purchase | 4,782,065.40 | - | 4,782,065.40 |
| As at 31 December 2018 | <u>17,083,141.50</u> | <u>762,375.00</u> | <u>17,845,516.50</u> |
| Accumulated Amortization | | | |
| As at 1 January 2018 | (9,120,810.03) | - | (9,120,810.03) |
| Amortization for the Year | (2,194,945.97) | - | (2,194,945.97) |
| As at 31 December 2018 | <u>(11,315,756.00)</u> | <u>-</u> | <u>(11,315,756.00)</u> |
| Carrying Amount | | | |
| As at 31 December 2017 | <u>3,180,266.07</u> | <u>762,375.00</u> | <u>3,942,641.07</u> |
| As at 31 December 2018 | <u>5,767,385.50</u> | <u>762,375.00</u> | <u>6,529,760.50</u> |
| Amortization for the year | | | |
| 2017 (Amount of Baht 1.33 million Included in Costs of Services, the rest included in Administrative Expenses) | | | 1,386,471.82 |
| 2018 (Amount of Baht 2.12 million Included in Costs of Services, the rest included in Administrative Expenses) | | | 2,194,945.97 |

Separate Financial Statements

| | Computer Programs | Computer Programs | Total |
|---------------------------------|-----------------------|-------------------|-----------------------|
| | | to Installation | |
| | Baht | Baht | Baht |
| Cost | | | |
| As at 1 January 2017 | 7,951,526.10 | - | 7,951,526.10 |
| Purchase | 107,000.00 | 762,375.00 | 869,375.00 |
| As at 31 December 2017 | <u>8,058,526.10</u> | <u>762,375.00</u> | <u>8,820,901.10</u> |
| Accumulated Amortization | | | |
| As at 1 January 2017 | (6,734,173.21) | - | (6,734,173.21) |
| Amortization for the Year | (581,785.85) | - | (581,785.85) |
| As at 31 December 2017 | <u>(7,315,959.06)</u> | <u>-</u> | <u>(7,315,959.06)</u> |
| Carrying Amount | | | |
| As at 31 December 2016 | <u>1,217,352.89</u> | <u>-</u> | <u>1,217,352.89</u> |
| As at 31 December 2017 | <u>742,567.04</u> | <u>762,375.00</u> | <u>1,504,942.04</u> |

| | Separate Financial Statements | | |
|--|-------------------------------|-------------------------|----------------|
| | Computer Programs | Computer Programs | Total |
| | Baht | to Installation Baht | Baht |
| Cost | | | |
| As at 1 January 2018 | 8,058,526.10 | 762,375.00 | 8,820,901.10 |
| Purchase | 4,749,965.40 | - | 4,749,965.40 |
| As at 31 December 2018 | 12,808,491.50 | 762,375.00 | 13,570,866.50 |
| Accumulated Amortization | | | |
| As at 1 January 2018 | (7,315,959.06) | - | (7,315,959.06) |
| Amortization for the Year | (1,346,070.63) | - | (1,346,070.63) |
| As at 31 December 2018 | (8,662,029.69) | - | (8,662,029.69) |
| Carrying Amount | | | |
| As at 31 December 2017 | 742,567.04 | 762,375.00 | 1,504,942.04 |
| As at 31 December 2018 | 4,146,461.81 | 762,375.00 | 4,908,836.81 |
| Amortization for the year | | | |
| 2017 (Amount of Baht 0.53 million included in Costs of Services, the rest included in Administrative Expenses) | | | 581,785.85 |
| 2018 (Amount of Baht 1.27 million included in Costs of Services, the rest included in Administrative Expenses) | | | 1,346,070.63 |

18. Deferred Income Taxes

Deferred income taxes calculated at tax rate of 20%. The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Group are summarized below:

| | Consolidated Financial Statements | | | |
|---------------------------------|-----------------------------------|----------------|-------------------------|------------------|
| | As at | Recognized | Recognized in the Other | As at |
| | 31 December 2017 | in the | Comprehensive Income | 31 December 2018 |
| | Baht | Income (Loss) | (Expense) | Baht |
| | Baht | Baht | Baht | Baht |
| Deferred Tax Assets | | | | |
| Trade Receivables | 659,473.90 | (457,108.22) | - | 202,365.68 |
| Inventories | - | 21,034.68 | - | 21,034.68 |
| Property, Plants and Equipments | 2,534,400.51 | 6,073,363.30 | - | 8,607,763.81 |
| Non-Current Provisions for | | | | |
| Employee Benefit | 7,670,258.85 | (500,664.48) | 274,315.51 | 7,443,909.88 |
| Unused Tax Losses | 23,411,488.20 | (9,760,157.54) | - | 13,651,330.66 |
| Total | 34,275,621.46 | (4,623,532.26) | 274,315.51 | 29,926,404.71 |

| | Consolidated Financial Statements | | | |
|---------------------------------|-----------------------------------|---------------|-------------------------|------------------|
| | As at | Recognized | Recognized in the Other | As at |
| | 31 December 2017 | in the | Comprehensive Income | 31 December 2018 |
| | Baht | Income (Loss) | (Expense) | Baht |
| Deferred Tax Liabilities | | | | |
| Current Investments | (119,044.12) | 119,044.12 | - | - |
| Total | (119,044.12) | 119,044.12 | - | - |

| | Consolidated Financial Statements | | | |
|---------------------------------|-----------------------------------|---------------|-------------------------|------------------|
| | As at | Recognized | Recognized in the Other | As at |
| | 31 December 2016 | in the | Comprehensive Income | 31 December 2017 |
| | Baht | Income (Loss) | (Expense) | Baht |
| Deferred Tax Assets | | | | |
| Trade Receivables | 76,785.20 | 582,688.70 | - | 659,473.90 |
| Other Long-term Investments | 900,000.00 | (900,000.00) | - | - |
| Property, Plants and Equipments | 1,655,883.13 | 878,517.38 | - | 2,534,400.51 |
| Non-Current Provisions for | | | | |
| Employee Benefit | 5,022,776.80 | 6,601.39 | 2,640,880.66 | 7,670,258.85 |
| Unused Tax Losses | - | 23,411,488.20 | - | 23,411,488.20 |
| Total | 7,655,445.13 | 23,979,295.67 | 2,640,880.66 | 34,275,621.46 |

| | | | | |
|---------------------------------|----------|--------------|---|--------------|
| Deferred Tax Liabilities | | | | |
| Current Investments | (948.75) | (118,095.37) | - | (119,044.12) |
| Total | (948.75) | (118,095.37) | - | (119,044.12) |

| | Separate Financial Statements | | | |
|---------------------------------|-------------------------------|---------------|-------------------------|------------------|
| | As at | Recognized | Recognized in the Other | As at |
| | 31 December 2017 | in the | Comprehensive Income | 31 December 2018 |
| | Baht | Income (Loss) | (Expense) | Baht |
| Deferred Tax Assets | | | | |
| Trade Receivables | 659,473.90 | (457,108.22) | - | 202,365.68 |
| Property, Plants and Equipments | - | 5,684,748.04 | - | 5,684,748.04 |
| Non-Current Provisions for | | | | |
| Employee Benefit | 7,478,345.50 | (584,246.34) | 255,187.57 | 7,149,286.73 |
| Total | 8,137,819.40 | 4,643,393.48 | 255,187.57 | 13,036,400.45 |
| Deferred Tax Liabilities | | | | |
| Current Investments | (87,592.38) | 87,592.38 | - | - |
| Total | (87,592.38) | 87,592.38 | - | - |

| | Separate Financial Statements | | | |
|---------------------------------|-------------------------------|---------------------|-------------------------|---------------------|
| | As at | Recognized | Recognized in the Other | As at |
| | 31 December 2016 | in the | Comprehensive Income | 31 December 2017 |
| | Income (Loss) | (Expense) | | |
| | Baht | Baht | Baht | Baht |
| Deferred Tax Assets | | | | |
| Trade Receivables | 76,785.20 | 582,688.70 | - | 659,473.90 |
| Other Long-term Investments | 900,000.00 | (900,000.00) | - | - |
| Non-Current Provisions for | | | | |
| Employee Benefit | 5,022,776.80 | (143,591.61) | 2,599,160.31 | 7,478,345.50 |
| Total | <u>5,999,562.00</u> | <u>(460,902.91)</u> | <u>2,599,160.31</u> | <u>8,137,819.40</u> |
| Deferred Tax Liabilities | | | | |
| Current Investments | - | (87,592.38) | - | (87,592.38) |
| Total | <u>-</u> | <u>(87,592.38)</u> | <u>-</u> | <u>(87,592.38)</u> |

19. Credits and Guarantees

The Company has received the credit facilities from financial institutions consist of bank overdrafts, letters of guarantee, short-term borrowings and long-term borrowings ; which are guaranteed by land, building and other constructions and future constructions (as in Note 15) including endorsing the transfer of insurance to the financial institutions as a beneficiary claim insurance on buildings and other assets.

20. Trade and Other Current Payables

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|------------------------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Trade Payables | 122,367,441.59 | 113,876,453.54 | 128,564,843.21 | 115,783,227.52 |
| Other Current Payables | 45,888,510.05 | 56,017,348.05 | 37,064,891.71 | 47,153,488.33 |
| Total | <u>168,255,951.64</u> | <u>169,893,801.59</u> | <u>165,629,734.92</u> | <u>162,936,715.85</u> |

Other payables consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|-------------------------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Accrued Expenses | 15,560,806.60 | 14,578,341.25 | 11,893,157.57 | 11,968,497.39 |
| Dividend Payable | 1,876,112.95 | 1,439,982.24 | 1,876,112.95 | 1,439,982.24 |
| Accrued Bonus | 13,983,958.00 | 25,134,329.25 | 12,153,507.00 | 22,917,746.25 |
| Other Accounts Payable | | | | |
| for Fixed Assets | 6,348,746.42 | 9,241,114.79 | 4,951,345.55 | 6,576,679.79 |
| Retention Payable | 844,667.70 | 677,750.25 | 844,667.70 | 677,750.25 |
| Accrued Withholding Tax | 1,494,434.40 | 1,593,388.57 | 1,494,434.40 | 1,333,161.67 |
| Other Payables | 5,779,783.98 | 3,352,441.70 | 3,851,666.54 | 2,239,670.74 |
| Total | 45,888,510.05 | 56,017,348.05 | 37,064,891.71 | 47,153,488.33 |

21. Long-term Borrowings

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|-----------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Long-term Borrowings | 324,218,061.92 | - | 251,401,698.18 | - |
| <u>Less</u> Current Portion | <u>(73,309,938.67)</u> | <u>-</u> | <u>(63,693,574.93)</u> | <u>-</u> |
| Net | 250,908,123.25 | - | 187,708,123.25 | - |

For the year ended 31 December 2018 and 2017, long-term borrowings have the movements as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Beginning Balance | - | 79,544,987.34 | - | - |
| Increased During the Year | 380,000,000.00 | - | 300,000,000.00 | - |
| Decreased During the Year | (55,781,938.08) | (79,544,987.34) | (48,598,301.82) | - |
| Ending Balance | 324,218,061.92 | - | 251,401,698.18 | - |

Long-term borrowings are loans from financial institutions, which the Company has been granted 2 credit lines and the subsidiary company has been granted 1 credit lines. The conditions for the principals and interest repayments are as follow:

Parent Company

1st Credit Line at Baht 150.00 Million - For the 1st – 3th year, the interest is charged at MLR-2 .0 0 per annum. From the date after the three year onward, the interest is charged at MLR-1.50 per annum.

- To be completely repaid within 84 months after the first drawdown date.

2nd Credit Line at Baht 150.00 Million - For the 1st – 3th year, the interest is charged at MLR-2 .9 0 per annum. From the date after the three year onward, the interest is charged at MLR-2.15 per annum.

- To be completely repaid within 84 months after the first drawdown date.

Subsidiary Company

1st Credit Line at Baht 80.00 Million - For the 1st – 3th year, the interest is charged at MLR-2 .0 2 5 per annum. From the date after the three year onward, the interest is charged at MLR-1.00 per annum.

- To be completely repaid within 84 months after the first drawdown date.

The long-term borrowings are secured by land and other construction of Company and subsidiary company and guaranteed by Parent Company.

22. Liabilities Under Financial Lease Agreements

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | As at 31 December 2018 Baht | As at 31 December 2017 Baht | As at 31 December 2018 Baht | As at 31 December 2017 Baht |
| Amount of Minimum Lease Payments under Finance Lease Agreements | | | | |
| - Within 1 year | 500,880.00 | 677,547.00 | - | 76,668.00 |
| - Over 1 year but not over 5 years | 1,018,355.00 | 1,594,670.00 | - | - |
| Total | 1,519,235.00 | 2,272,217.00 | - | 76,668.00 |
| <u>Less Deferred Interest</u> | (257,109.29) | (474,558.70) | - | (668.20) |
| Net | 1,262,125.71 | 1,797,658.30 | - | 75,999.80 |
| Present Value of Minimum Lease Payments under Finance Lease Agreements | | | | |
| Current Liabilities | | | | |
| - Within 1 year | 365,221.50 | 491,031.68 | - | 75,999.80 |
| Non - Current Liabilities | | | | |
| - Over 1 year but not over 5 years | 896,904.21 | 1,306,626.62 | - | - |
| Total | 1,262,125.71 | 1,797,658.30 | - | 75,999.80 |

23. Non-Current Provisions for Employee Benefit

For the year ended 31 December 2018, non-current provisions for employee benefit have the movement as follows:

| | Consolidated Financial Statements | | |
|---|--|------------------------------------|----------------|
| | Post-employment Benefit Baht | Other Long-term Benefit Baht | Total Baht |
| | Present Value of the Obligation as at 1 January 2018 | 37,768,543.12 | 582,751.11 |
| Current Service Cost | 3,777,726.60 | 122,896.17 | 3,900,622.77 |
| Interest Expense | 1,040,934.08 | 10,122.78 | 1,051,056.86 |
| (Gains) Loss on Remeasurements of Defined Benefit Plans | 1,371,577.54 | - | 1,371,577.54 |
| <u>Less Payment During the Year</u> | (7,363,202.00) | (91,800.00) | (7,455,002.00) |
| Present Value of the Obligation as at 31 December 2018 | 36,595,579.34 | 623,970.06 | 37,219,549.40 |

| | Separate Financial Statements | | |
|---|-------------------------------|--------------------|-----------------------|
| | Post-employment | Other Long-term | Total |
| | Benefit | Benefit | |
| | Baht | Baht | Baht |
| Present Value of the Obligation as at 1 January 2018 | 36,808,976.35 | 582,751.11 | 37,391,727.46 |
| Current Service Cost | 3,380,831.81 | 122,896.17 | 3,503,727.98 |
| Interest Expense | 1,019,919.57 | 10,122.78 | 1,030,042.35 |
| (Gains) Loss on Remeasurements of Defined Benefit Plans | 1,275,937.83 | - | 1,275,937.83 |
| <u>Less Payment During the Year</u> | <u>(7,363,202.00)</u> | <u>(91,800.00)</u> | <u>(7,455,002.00)</u> |
| Present Value of the Obligation as at 31 December 2018 | <u>35,122,463.56</u> | <u>623,970.06</u> | <u>35,746,433.62</u> |

For the year ended 31 December 2017 , non-current provisions for employee benefit have the movement as follows:

| | Consolidated Financial Statements | | |
|---|-----------------------------------|--------------------|-----------------------|
| | Post-employment | Other Long-term | Total |
| | Benefit | Benefit | |
| | Baht | Baht | Baht |
| Present Value of the Obligation as at 1 January 2017 | 24,977,068.56 | 478,753.44 | 25,455,822.00 |
| Current Service Cost | 3,041,287.53 | 106,173.49 | 3,147,461.02 |
| Interest Expense | 967,313.73 | 87,824.18 | 1,055,137.91 |
| (Gains) Loss on Remeasurements of Defined Benefit Plans | 13,204,403.30 | - | 13,204,403.30 |
| <u>Less Payment During the Year</u> | <u>(4,421,530.00)</u> | <u>(90,000.00)</u> | <u>(4,511,530.00)</u> |
| Present Value of the Obligation as at 31 December 2017 | <u>37,768,543.12</u> | <u>582,751.11</u> | <u>38,351,294.23</u> |

| | Separate Financial Statements | | |
|---|-------------------------------|--------------------|-----------------------|
| | Post-employment | Other Long-term | Total |
| | Benefit | Benefit | |
| | Baht | Baht | Baht |
| Present Value of the Obligation as at 1 January 2017 | 24,635,130.56 | 478,753.44 | 25,113,884.00 |
| Current Service Cost | 2,650,076.53 | 106,173.49 | 2,756,250.02 |
| Interest Expense | 949,497.73 | 87,824.18 | 1,037,321.91 |
| (Gains) Loss on Remeasurements of Defined Benefit Plans | 12,995,801.53 | - | 12,995,801.53 |
| <u>Less Payment During the Year</u> | <u>(4,421,530.00)</u> | <u>(90,000.00)</u> | <u>(4,511,530.00)</u> |
| Present Value of the Obligation as at 31 December 2017 | <u>36,808,976.35</u> | <u>582,751.11</u> | <u>37,391,727.46</u> |

For the year ended 31 December 2018 and 2017, lists are included in the profit or loss shown as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|---------------------|-------------------------------|---------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Present Service Cost | 3,915,484.21 | 3,147,461.02 | 3,518,589.42 | 2,756,250.02 |
| Interest Expense | 1,051,056.86 | 1,055,137.91 | 1,030,042.35 | 1,037,321.91 |
| (Gains) Loss on Remeasurements of Other Long-term Benefit | (14,861.44) | - | (14,861.44) | - |
| Total | 4,951,679.63 | 4,202,598.93 | 4,533,770.33 | 3,793,571.93 |

The above expenses which are recognized in the profit or loss are included in the items as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|-----------------------------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Cost of Hospital Operations | 3,164,694.41 | 1,808,991.00 | 3,081,852.88 | 1,768,734.00 |
| Administrative Expenses | 1,786,985.22 | 2,393,607.93 | 1,451,917.45 | 2,024,837.93 |
| Total | 4,951,679.63 | 4,202,598.93 | 4,533,770.33 | 3,793,571.93 |

(Gains) loss on remeasurements of defined benefit plans are recognized to comprehensive (income) expense occurred from

| | Consolidated Financial Statements | | Separate Financial Statements | |
|------------------------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Assumption Population | (48,010.36) | 11,949,904.04 | - | 11,809,415.32 |
| Financial Information | 28,196.01 | (2,098,612.30) | - | (2,096,599.38) |
| Adjust from Experience | 1,391,391.89 | 3,353,111.56 | 1,275,937.83 | 3,282,985.59 |
| Total | 1,371,577.54 | 13,204,403.30 | 1,275,937.83 | 12,995,801.53 |

The Group has long-term employee benefits that are expected to be paid in the future as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---------------------------------------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Within one year | 3,253,012.00 | 5,347,519.00 | 2,277,553.00 | 5,347,519.00 |
| More than 1 year but not over 5 years | 18,132,127.00 | 16,997,850.00 | 17,632,685.00 | 15,718,575.00 |
| More than 5 years | 121,349,890.00 | 111,738,522.00 | 119,280,272.00 | 110,104,819.00 |
| Total | <u>142,735,029.00</u> | <u>134,083,891.00</u> | <u>139,190,510.00</u> | <u>131,170,913.00</u> |

As shown in the consolidated financial statements as at 31 December 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefit is 15 years and 14 years respectively and in the separate financial statements 16 years and 14 years respectively.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

| | For the year ended 31 December 2018 | For the year ended 31 December 2017 |
|------------------------|---|---|
| Discount rate | 2.30% – 3.13% per annum | 1.94% – 2.99% per annum |
| Salary increase rate | 6.00% per annum | 5.00%, 6.00% per annum |
| Employee turnover rate | 1.91% – 34.38% per annum | 1.91% – 57.30% per annum |
| Mortality rate | 105.00 % per annum of mortality table year 2017 | 105.00 % per annum of mortality table year 2017 |
| Disability rate | Included in the mortality rate | Included in the mortality rate |
| Retirement age | 55 and 60 years old | 55 and 60 years old |
| Gold Price | Gold price as at 31 December 2018 | Gold price as at 30 November 2017 |

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined non-current provisions for benefit by the amounts shown as follows.

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--------------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Post-employment benefit | | | | |
| Discount rate | | | | |
| Increase 0.50% | (1,628,728.35) | (1,573,272.77) | (1,607,772.77) | (1,556,672.00) |
| Decrease 0.50% | 1,761,755.32 | 1,711,226.23 | 1,739,353.32 | 1,682,287.00 |
| Salary increase rate | | | | |
| Increase 1.00% | 3,525,352.51 | - | 3,483,056.73 | - |
| Decrease 1.00% | (3,083,443.55) | - | (3,045,559.66) | - |
| Increase 0.10% | - | 3,149,419.23 | - | 3,155,936.00 |
| Decrease 0.10% | - | (2,760,798.77) | - | (2,729,985.00) |
| Employee turnover rate | | | | |
| Increase 20.00% | (2,874,501.49) | (2,608,198.77) | (2,770,561.12) | (2,535,147.00) |
| Decrease 20.00% | 3,531,004.31 | 3,161,540.23 | 3,376,700.38 | 3,063,311.00 |
| Mortality rate | | | | |
| Increase 20.00% | (168,039.44) | (160,444.77) | (164,255.00) | (156,522.00) |
| Decrease 20.00% | 169,131.73 | 161,441.23 | 165,314.87 | 157,495.00 |
| Other long-term benefit | | | | |
| Discount rate | | | | |
| Increase 0.50% | (12,632.00) | (11,077.00) | (12,632.00) | (11,077.00) |
| Decrease 0.50% | 13,042.00 | 11,441.00 | 13,042.00 | 11,441.00 |
| Employee turnover rate | | | | |
| Increase 20.00% | (50,001.00) | (50,181.00) | (50,001.00) | (50,181.00) |
| Decrease 20.00% | 55,813.00 | 58,253.00 | 55,813.00 | 58,253.00 |
| Mortality rate | | | | |
| Increase 20.00% | (475.00) | (430.00) | (475.00) | (430.00) |
| Decrease 20.00% | 476.00 | 431.00 | 476.00 | 431.00 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Group have additional non-current provisions for employee benefits as shown in the consolidated financial statements at the amount of Baht 10,337,051.91 and in the separate financial statements at the amount of Baht 10,317,150.77

24. Share Capital

Consist of:

| | For the year | | | For the year | | |
|---|--------------|------------------------|----------------|--------------|------------------------|----------------|
| | Par Value | ended 31 December 2018 | | Par Value | ended 31 December 2017 | |
| | Per Unit | Number of Share | Amount | Per Unit | Number of Share | Amount |
| | Baht | Share | Baht | Baht | Share | Baht |
| Authorized Share Capital | | | | | | |
| Beginning Ordinary Shares | 1.00 | 300,000,000 | 300,000,000.00 | 1.00 | 300,000,000 | 300,000,000.00 |
| Ending Ordinary Shares | 1.00 | 300,000,000 | 300,000,000.00 | 1.00 | 300,000,000 | 300,000,000.00 |
| Issued and Paid-up Share Capital | | | | | | |
| Beginning Ordinary Shares | 1.00 | 300,000,000 | 300,000,000.00 | 1.00 | 300,000,000 | 300,000,000.00 |
| Ending Ordinary Shares | 1.00 | 300,000,000 | 300,000,000.00 | 1.00 | 300,000,000 | 300,000,000.00 |

25. Dividends

25.1 The Annual General Shareholders' Meeting for 2017, held on 21 April 2017, have resolved to pay dividend to from net profit of operation for the year ended 31 December 2016, paid up shareholders of 300,000,000 shares, at Baht 0.40 per share. Payment details are as follows:

25.1.1 The Company has interim dividend in accordance with the minute of the Board of Directors of Meeting No.9/2016, held on 18 October 2016, it resolved to approve a payment of interim dividend from the Company's net profit for the six months period from 1 January 2016 ending on 30 June 2016 at Baht 0.20 per share, total amounted of Baht 60.00 million and resolved to appropriate for legal reserve amounted of Baht 3.74 million.

- 25.1.2 Dividends from the net profit for the six months period from 1 July 2016 ending on 31 December 2016, at Baht 0.20 per share, total amounted of Baht 60.00 million and resolved to appropriate for legal reserve amounted of Baht 3.97 million.
- 25.2 The Annual General Shareholders' Meeting for 2018 , held on 21 April 2018 , have resolved to pay dividend to from net profit of operation for the year ended 31 December 2017, paid up shareholders of 300,000,000 shares, at Baht 0.55 per share. Payment details are as follows:
- 25.2.1 The Company has interim dividend in accordance with the minute of the Board of Directors of Meeting No.5/2017 , held On 11 August 2017, it resolved to approve a payment of interim dividend from the Company's net profit for the six months period from 1 January 2017 ending on 30 June 2017 at Baht 0.20 per share, total amounted of Baht 60.00 million and resolved to appropriate for legal reserve amounted of Baht 2.00 , after the appropriate for legal reserve reaches an amount equal 10% of the registered capital.
- 25.2.2 Dividends from the net profit for the six months period from 1 July 2017 ending on 31 December 2017, at Baht 0.35 per share, total amounted of Baht 105.00 million.
- 25.3 In accordance with the Board of Directors' meeting No.5/2018 On 9 August 2018 , has passed the resolve to pay interim dividend from net profit for the six months period from 1 January 2018 ending 30 June 2018 at Baht 0.30 per share, total amounted of Baht 90.00 million.

26. Capital Management

The primary objectives of the Company and its subsidiary capital management are to maintain their abilities to continue as a going concern and to maintain an appropriate capital structure.

As at 31 December 2018 and 2017 , the consolidated financial statements present the debt to equity 0.44 : 1 and 0.14 : 1, respectively.

As at 31 December 2017 and 2016, the separate financial statements presents the debt to equity ratio in 0.29 : 1 and 0.14 : 1, respectively.

27. Tax (Expense) Income

27.1 Income tax which is recognized in the profit for the year consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|------------------------|-------------------------------|------------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Current Income Tax | | | | |
| Tax (Expense) Income for Current Year | (51,938,041.44) | (50,311,407.03) | (51,938,041.44) | (50,311,407.03) |
| Deferred Income Tax | | | | |
| Deferred Income Tax (Expense) | (4,504,488.14) | 23,861,200.30 | 4,730,985.86 | (548,495.29) |
| Tax (Expense) Income Recognized in the Profit or Loss | <u>(56,442,529.58)</u> | <u>(26,450,206.73)</u> | <u>(47,207,055.58)</u> | <u>(50,859,902.32)</u> |

The differences between tax (expense) income which was calculated from accounting profits at the tax rate for the year ended 31 December 2018 and 2017 of 20% are as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|------------------------|-------------------------------|------------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Profit before Income Tax | <u>314,597,560.84</u> | <u>282,361,531.61</u> | <u>271,664,793.35</u> | <u>253,221,750.30</u> |
| Tax (Expense) Income Calculated at the Tax Rate of 20% | (62,919,512.17) | (56,472,306.32) | (54,332,958.67) | (50,644,350.06) |
| Expenses that are Deductible for Income Tax | 219,838.58 | 1,145,459.30 | 219,838.58 | 1,140,459.30 |
| Expenses that are not Deductible for Income Tax | (1,705,966.94) | (812,556.38) | (1,021,916.39) | (456,011.56) |
| Tax loss in Prior year that Recognized | | | | |
| as Deferred Tax Assets | - | 23,411,488.20 | - | - |
| Tax loss in Prior year that not Recognized | | | | |
| as Deferred Tax Assets | - | 6,300,432.93 | - | - |
| Capital Expenditures with Deductible Rights | 2,243,232.86 | 219,543.29 | 2,243,232.86 | - |
| Deferred Tax Assets that Recognized in Year | 5,719,878.09 | 657,732.25 | 5,684,748.04 | - |
| Reversal of Deferred Tax Assets | - | (900,000.00) | - | (900,000.00) |
| Tax (Expense) Income | <u>(56,442,529.58)</u> | <u>(26,450,206.73)</u> | <u>(47,207,055.58)</u> | <u>(50,859,902.32)</u> |

Deferred tax which are not recognized in the financial statements as at 31 December 2018 and 2017 consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|----------------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Deductible Temporary Differences | 921,066.80 | 939,161.60 | 900,000.00 | 900,000.00 |

Deferred tax assets for deductible temporary differences do not expire under current tax legislation.

27.2 Income tax which is recognized in other comprehensive income (expense) consist of:

| | Consolidated Financial Statements | | |
|---|-----------------------------------|----------------------|-----------------|
| | Amount Before Tax | Tax (Expense) Income | Net of Tax |
| | Baht | Baht | Baht |
| For the year ended 31 December 2018 | | | |
| Gains (Loss) on Remeasurements of Defined Benefit plans | (1,371,577.54) | 274,315.51 | (1,097,262.03) |
| For the year ended 31 December 2017 | | | |
| Gains (Loss) on Remeasurements of Defined Benefit plans | (13,204,403.30) | 2,640,880.66 | (10,563,522.64) |
| | | | |
| | Separate Financial Statements | | |
| | Amount Before Tax | Tax (Expense) Income | Net of Tax |
| | Baht | Baht | Baht |
| For the year ended 31 December 2018 | | | |
| Gains (Loss) on Remeasurements of Defined Benefit plans | (1,275,937.83) | 255,187.57 | (1,020,750.26) |
| For the year ended 31 December 2017 | | | |
| Gains (Loss) on Remeasurements of Defined Benefit plans | (12,995,801.53) | 2,599,160.31 | (10,396,641.22) |

28. Provident Fund

The Company established a contributory registered provident fund in accordance with the Provident Fund Act.B.E. 2530, which comprise of the employees' contribution to the fund minimum 3% of their basic salary and the Company also contribute to the fund at 3% The provident fund is managed Provident Fund. The benefit will be paid to the employees whom retire in accordance to the fund's regulations.

For the year ended 31 December 2018 and 2017, the Company has paid contribution to provident fund in the amount of Baht 3.02 million and Baht 2.88 million, respectively.

29. Expenses by Nature

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---------------------------------|-----------------------------------|-------------------------|-------------------------------|-------------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Change in Finished Goods | (5,175,738.51) | (4,112,908.03) | (5,056,047.59) | (1,518,307.64) |
| Medicines and Supplies | 241,974,817.65 | 212,510,278.05 | 217,286,422.25 | 190,370,447.33 |
| Employees Expenses | 350,458,439.13 | 321,819,748.56 | 306,946,186.21 | 284,371,591.21 |
| Hemodialysis | 57,839,335.10 | 57,097,646.25 | 38,172,650.00 | 39,374,401.25 |
| Social Security Expenses | 45,524,517.23 | 42,763,686.43 | 146,912,022.93 | 116,279,879.32 |
| Doctor Fee | 304,191,013.63 | 262,632,867.04 | 256,536,179.00 | 224,670,294.60 |
| Cost to Patients Food | 13,785,099.50 | 12,008,038.42 | 11,625,844.50 | 10,278,550.42 |
| Repair and Maintenance Expenses | 8,016,111.59 | 8,584,878.31 | 6,434,823.88 | 7,681,511.96 |
| Utility Expense | 30,794,830.27 | 28,525,433.01 | 24,709,826.74 | 22,891,925.28 |
| Depreciation and Amortization | 78,832,630.53 | 77,092,584.22 | 62,731,446.85 | 54,677,578.03 |
| Management Compensation | 34,137,865.25 | 24,591,316.02 | 28,425,723.25 | 20,161,633.84 |
| Other Expenses | 124,040,466.73 | 95,350,031.22 | 101,189,486.26 | 76,289,060.64 |
| Total | <u>1,284,419,388.10</u> | <u>1,138,863,599.50</u> | <u>1,195,914,564.28</u> | <u>1,045,528,566.24</u> |

30. Segment Financial Information

The Group operates the main business in the operating segment only is 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.

Information about major customers

The Group major customers include individuals, group of policyholders of the insurance company, group of contract parties' company and group of insured on social security who requires using the hospital service at the rate from the government sectors.

31. Financial Instruments

31.1 Financial Risk Management and Policies

The Group does not hold or issue derivative instruments for speculative or trading purposes.

31.2 Interest Rates Risk

Interest rates risk is derived from the fluctuation of market interest rates in the future which will affect the result of the group operations and its cash flows. The Group had assets and liabilities which it may have risk on interest rate as follows:

(Unit : Baht)

| | Consolidated Financial Statements | | | | |
|--|-----------------------------------|------------------------|-------------------------|----------------|---------------|
| | 2018 | | | | |
| | Floating Interest Rate | Fixed Interest Rate | Non Interest Bearing | Total | Rate (%) |
| <u>Financial Assets</u> | | | | | |
| Cash and Cash Equivalents | 238,707,642.42 | 50,000,000.00 | 1,126,027.00 | 289,833,669.42 | 0.125%-0.625% |
| Current Investments | - | 250,000,000.00 | - | 250,000,000.00 | 1.65% |
| Deposit at Bank used as Collateral | 1,875,000.00 | - | - | 1,875,000.00 | 0.375% |
| <u>Financial Liabilities</u> | | | | | |
| Short-term Loans from Financial | | | | | |
| Institution | - | 20,000,000.00 | - | 20,000,000.00 | 4.00% |
| Financial Lease Agreements Liabilities | - | 1,262,125.71 | - | 1,262,125.71 | 1.400%-6.630% |
| Long-term Borrowings | - | 324,218,061.92 | - | 324,218,061.92 | 4.00%-4.25% |

(Unit : Baht)

Consolidated Financial Statements

| | 2017 | | | | Rate (%) |
|--|-------------------|----------------|----------------|----------------|---------------|
| | Floating Interest | Fixed Interest | Non Interest | Total | |
| | Rate | Rate | Bearing | | |
| <u>Financial Assets</u> | | | | | |
| Cash and Cash Equivalents | 268,027,834.88 | - | 756,996.46 | 268,784,831.34 | 0.215%-1.700% |
| Current Investments | - | 100,000,000.00 | 304,265,806.25 | 404,265,806.25 | 1.65% |
| Deposit at Bank used as Collateral | 5,165,000.00 | - | - | 5,165,000.00 | 0.375% |
| <u>Financial Liabilities</u> | | | | | |
| Financial Lease Agreements Liabilities | - | 1,797,658.30 | - | 1,797,658.30 | 0.47%-6.63% |

(Unit : Baht)

Separate Financial Statements

| | 2018 | | | | Rate (%) |
|--------------------------------|-------------------|----------------|--------------|----------------|---------------|
| | Floating Interest | Fixed Interest | Non Interest | Total | |
| | Rate | Rate | Bearing | | |
| <u>Financial Assets</u> | | | | | |
| Cash and Cash Equivalents | 217,788,001.08 | 50,000,000.00 | 1,044,907.00 | 268,832,908.08 | 0.125%-1.700% |
| Current Investments | - | 250,000,000.00 | - | 250,000,000.00 | 1.65% |
| Short-term Loans to Subsidiary | - | 32,800,000.00 | - | 32,800,000.00 | 2.15% |
| <u>Financial Liabilities</u> | | | | | |
| Long-term Borrowings | - | 251,401,698.18 | - | 251,401,698.18 | 4.25% |

(Unit : Baht)

Separate Financial Statements

| | 2017 | | | | Rate (%) |
|--|-------------------|----------------|----------------|----------------|---------------|
| | Floating Interest | Fixed Interest | Non Interest | Total | |
| | Rate | Rate | Bearing | | |
| <u>Financial Assets</u> | | | | | |
| Cash and Cash Equivalents | 259,517,377.54 | - | 650,152.46 | 260,167,530.00 | 0.215%-1.700% |
| Current Investments | - | 100,000,000.00 | 290,437,961.88 | 390,437,961.88 | 1.65% |
| Short-term Loans to Subsidiary | - | 132,800,000.00 | - | 132,800,000.00 | 2.150% |
| <u>Financial Liabilities</u> | | | | | |
| Financial Lease Agreements Liabilities | - | 75,999.80 | - | 75,999.80 | 0.59% |

31.3 Foreign Exchange Rates Risk

The Group is not exposed to any risk from foreign exchange rate fluctuations because its main enterprise is conducted locally.

31.4 Credit risk

The Group has not the credit term risk from unable to collect from trade receivables. The majority of the Group trade accounts are revenue received in cash. Furthermore, the Group exercise conservative credit policy, therefore, the Group anticipate no significant damage will incurred from debt collection.

31.5 Fair Value

31.5.1 Financial assets and liabilities that are measured at fair value

As at 31 December 2017, the Group recorded financial assets recognized by fair value and presented by their hierarchies as follows;

| | Consolidated Financial Statements | | | | |
|-------------------------------|-----------------------------------|----------------|---------|---------|----------------|
| | Carrying Value | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Baht | Baht | Baht | Baht | Baht | |
| As at 31 December 2017 | | | | | |
| Current Assets | | | | | |
| Trading Securities | 304,265,806.25 | 304,265,806.25 | - | - | 304,265,806.25 |
| | Separate Financial Statements | | | | |
| | Carrying Value | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Baht | Baht | Baht | Baht | Baht | |
| As at 31 December 2017 | | | | | |
| Current Assets | | | | | |
| Trading Securities | 290,437,961.88 | 290,437,961.88 | - | - | 290,437,961.88 |

31.5.2 Financial assets and liabilities that are not measured at fair value

Carrying Value for financial assets and financial liabilities, consist of cash and cash equivalents, current investments, trade and other current receivables, lending, trade and other current payables, borrowing, and liabilities unde finance lease agreements, were very closed to their fair values since these financial assets and financial liabilities are in short-term maturity.

32. Related Party Transactions

The Company has entered into significant transactions with the related persons and parties. Such transactions have bases agreed upon between the Company and those related persons and parties in ordinary course of business which are summarized as follows:

32.1 Relationship among the Companies

| <u>Name of Related Persons and Entities</u> | <u>Nature of Relationship</u> |
|---|---|
| Rajthanee Rojana Hospital Company Limited | Subsidiary by Direct Shareholding |
| Vibharam Hospital Company Limited | Shareholder of the Company and Directorship |
| Borphitvedchakran Company Limited | Shareholder is a Director of the Company |
| Charoenpaiboon City Company Limited | Accompany with Shareholder |
| La Clemence Publishing Limited Parnership | Close Relative which Director is a Partner |
| Ramkhamhaeng Hospital Pubic Company Limited | Related Company by Directorship |
| F&S 79 Company Limited | Related Company by Directorship |
| The Medicpharma Company Limited | Related Company by Directorship |
| Synphaet Hospital Company Limited | Related Company by Directorship |
| Chaophya Hospital Public Company Limited | Related Company by Directorship |
| Piyasiri Company Limited | Related Company by Directorship |
| Seriruk Hospital Company Limited | Related Company by Directorship |
| Khun Surin Prasithirun | Shareholder of the Company and Director of Subsidiary Company |
| Khun Porntip Wudhikulprapan | Directors and Shareholders of the Company |

32.2 Inter-Transactions

| | | Consolidated Financial Statements | |
|---|--|-----------------------------------|------------------|
| | | For the year ended | |
| | Pricing Policy | 31 December 2018 | 31 December 2017 |
| | | Baht | Baht |
| Inter-Transaction with Related Companies | | | |
| Cost of Hospital Operations | Normal business price similar price charged to other business partners and Mutually agreed price | 19,783,860.00 | 17,876,243.00 |
| Purchases Goods and Supplies | Normal business price similar price charged to other business partners | 1,383,282.58 | 1,273,040.00 |
| Purchase of Fixed Assets | Mutually agreed price | 687,040.00 | 524,200.00 |
| Inter-Transaction with Related Persons | | | |
| Consultant Expense | Contract Price | 2,800,000.00 | - |

| | | Separate Financial Statements | |
|---|---|-------------------------------|------------------|
| | | For the year ended | |
| | Pricing Policy | 31 December 2018 | 31 December 2017 |
| | | Baht | Baht |
| Transactions with Subsidiary | | | |
| Revenue of Hospital Operations | Mutually agreed price | 45,914,325.92 | 18,626,888.72 |
| Revenue from Sales Medical | Mutually agreed price | 6,112.75 | 3,620.10 |
| Other Income | Mutually agreed price | 60,000.00 | 60,000.00 |
| Interest Income | Interest rate of 2.15% per annum and 2.15% – 7.875% per annum | 1,427,364.36 | 3,168,458.38 |
| Cost of Hospital Operations | Mutually agreed price | 105,383,957.50 | 76,304,913.14 |
| Cost of Medical | Mutually agreed price | 6,162.20 | - |
| Inter-Transaction with Related Companies | | | |
| Cost of Hospital Operations | Mutually agreed price | 1,579,775.65 | 3,477,998.00 |
| Purchases Goods and Supplies | Normal business price similar price charged to other business partners | 970,770.76 | 1,116,061.50 |
| Purchase of Fixed Assets | Mutually agreed price | 440,000.00 | - |
| Inter-Transaction with Related Persons | | | |
| Consultant Expense | Contract Price | 2,800,000.00 | - |

32.3 Inter-outstanding Balances

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Trade Account Receivables | | | | |
| Subsidiary Company | | | | |
| Rajthanee Rojana Hospital Company Limited | - | - | 14,785,202.60 | 5,732,473.00 |
| Accrued Revenue | | | | |
| Subsidiary Company | | | | |
| Rajthanee Rojana Hospital Company Limited | - | - | 176,604.50 | 903,932.00 |
| Accrued Interest | | | | |
| Subsidiary Company | | | | |
| Rajthanee Rojana Hospital Company Limited | - | - | 95,825.19 | 242,496.43 |

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Short -term Loans to | | | | |
| Subsidiary Company | | | | |
| Rajthaneer Rojana Hospital Company Limited | | | | |
| Beginning Balance | - | - | 132,800,000.00 | 71,850,000.00 |
| Increase During the Year | - | - | 30,000,000.00 | 65,800,000.00 |
| Decrease During the Year | - | - | (130,000,000.00) | (4,850,000.00) |
| Ending Balance | - | - | 32,800,000.00 | 132,800,000.00 |
| Accounts Payables | | | | |
| Subsidiary Company | | | | |
| Rajthaneer Rojana Hospital Company Limited | | - | 27,779,784.00 | 21,280,604.50 |
| Related Companies | | | | |
| Ramkumheang Hopital Public Company Limited | 66,678.00 | 46,717.00 | 48,690.00 | 33,097.00 |
| The Medicpharma Company Limited | 946,184.36 | - | 832,367.50 | - |
| Borphitvedchakran Company Limited | 5,027,224.99 | 4,379,335.43 | - | - |
| Total Accounts Payables | 6,040,087.35 | 4,426,052.43 | 28,660,841.50 | 21,313,701.50 |
| Other Account Payables | | | | |
| Related Company | | | | |
| La Clemence Publishing Limited Parnership | 86,723.50 | 158,883.50 | 73,081.00 | 145,145.50 |

As at 31 December 2018 and 2017, short-term loans to subsidiary company is in form of promissory notes with 6 months period and 1-12 months period respectively, carried interest rate at 2.15% per annum equally for both years and with no securities. Interest payment term is on monthly basis.

32.4 Inter-guarantees

As at 31 December 2018 , the Company grant the guarantee in full amount against the bank overdrafts, promissory notes and long-term borrowings that the subsidiary company received from financial institutions.

32.5 Key Management Compensation

| | Consolidated Financial Statements | | Separate Financial Statements | |
|------------------------------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Short-term Benefits | 33,249,926.80 | 22,950,549.30 | 27,827,076.80 | 18,714,299.30 |
| Post-employment Benefits | | | | |
| - Defined Contribution Plans | 123,842.00 | 80,220.00 | 123,842.00 | 80,220.00 |
| - Defined Benefit Plans | 764,096.45 | 1,560,546.72 | 474,804.45 | 1,367,114.54 |
| Total | 34,137,865.25 | 24,591,316.02 | 28,425,723.25 | 20,161,633.84 |

Remuneration represents the benefits paid to the executive and directors of the Group include monetary compensation including salary, benefits and director compensation including compensation in any other form.

33. Cash Flow Information

33.1 Non-Cash Flow Transactions

Consist of:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | For the year ended | | For the year ended | |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Baht | Baht | Baht | Baht |
| Purchase Assets on Credit | 6,248,722.42 | 9,241,114.79 | 4,951,345.55 | 6,576,679.79 |
| Assets Increase from Financial Lease Agreement | - | 845,600.00 | - | - |
| (Transfer out) Property, Plant and Equipments to | | | | |
| Non-current Assets Held for Sale | 84,026,243.52 | - | 84,026,243.52 | - |
| Gains (Loss) on Remeasurements of Defined | | | | |
| Benefit Plans | (1,097,262.03) | (10,563,522.64) | (1,020,750.26) | (10,396,641.22) |

33.2 Changes in Liabilities arising from Financing Activities

For the year ended 31 December 2018 and 2017, changes in liabilities arising from financing activities have the movements as follows:

| | Consolidated Financial Statements | | | |
|---|-------------------------------------|-------------------------|-----------------------|-----------------------|
| | For the year ended 31 December 2018 | | | |
| | As at | Changes from | Other Changes | As at |
| | 1 January 2018 | Financing Cash Flows | | 31 December 2018 |
| | Increase (Decrease) | | | |
| | Baht | Baht | Baht | Baht |
| Short-term Loans from Financial | | | | |
| Institution | - | 20,000,000.00 | - | 20,000,000.00 |
| Long-term Borrowings | - | 324,218,061.92 | - | 324,218,061.92 |
| Other Accounts Payable for Fixed Assets | 9,241,114.79 | (9,141,090.79) | 6,248,722.42 | 6,348,746.42 |
| Liabilities Under Finance Lease | | | | |
| Agreements | 1,797,658.30 | (535,532.59) | - | 1,262,125.71 |
| Front-end Fee | - | (590,085.00) | 590,085.00 | - |
| Accrued Interest | - | (10,540,519.33) | 11,442,287.42 | 901,768.09 |
| Dividend Payable | 1,439,982.24 | (194,563,869.29) | 195,000,000.00 | 1,876,112.95 |
| Total | <u>12,478,755.33</u> | <u>128,846,964.92</u> | <u>213,281,094.84</u> | <u>354,606,815.09</u> |
| | | | | |
| | Consolidated Financial Statements | | | |
| | For the year ended 31 December 2017 | | | |
| | As at | Changes from | Other Changes | As at |
| | 1 January 2017 | Financing Cash Flows | | 31 December 2017 |
| | Increase (Decrease) | | | |
| | Baht | Baht | Baht | Baht |
| Bank Overdrafts | 307.40 | (307.40) | - | - |
| Long-term Borrowings | 79,544,987.34 | (79,544,987.34) | - | - |
| Other Accounts Payable for Fixed Assets | 20,980,127.34 | (20,980,127.34) | 9,241,114.79 | 9,241,114.79 |
| Liabilities Under Finance Lease | | | | |
| Agreements | 2,145,645.44 | (1,193,587.14) | 845,600.00 | 1,797,658.30 |
| Accrued Interest | 430,104.91 | (3,441,209.44) | 3,011,104.53 | - |
| Dividend Payable | 1,338,417.30 | (119,898,435.06) | 120,000,000.00 | 1,439,982.24 |
| Total | <u>104,439,589.73</u> | <u>(225,058,653.72)</u> | <u>133,097,819.32</u> | <u>12,478,755.33</u> |

| | Separate Financial Statements | | | |
|---|-------------------------------------|----------------------|----------------|------------------|
| | For the year ended 31 December 2018 | | | |
| | As at | Changes from | Other Changes | As at |
| | 1 January 2018 | Financing Cash Flows | | 31 December 2018 |
| | Financing Cash Flows | | | |
| | Increase (Decrease) | Baht | Baht | |
| Long-term Borrowings | - | 251,401,698.18 | - | 251,401,698.18 |
| Other Accounts Payable for Fixed Assets | 6,576,679.79 | (6,576,679.79) | 4,951,345.55 | 4,951,345.55 |
| Liabilities Under Finance Lease | | | | |
| Agreements | 75,999.80 | (75,999.80) | - | - |
| Front-end Fee | - | (375,000.00) | 375,000.00 | - |
| Accrued Interest | - | (8,034,543.22) | 8,869,493.28 | 834,950.06 |
| Dividend Payable | 1,439,982.24 | (194,563,869.29) | 195,000,000.00 | 1,876,112.95 |
| Total | 8,092,661.83 | 41,775,606.08 | 209,195,838.83 | 259,064,106.74 |

| | Separate Financial Statements | | | |
|---|-------------------------------------|----------------------|----------------|------------------|
| | For the year ended 31 December 2017 | | | |
| | As at | Changes from | Other Changes | As at |
| | 1 January 2017 | Financing Cash Flows | | 31 December 2017 |
| | Increase (Decrease) | | | |
| | Baht | Baht | Baht | Baht |
| Bank Overdrafts | 269.33 | (269.33) | - | - |
| Other Accounts Payable for Fixed Assets | 19,850,916.02 | (19,850,916.02) | 6,576,679.79 | 6,576,679.79 |
| Liabilities Under Finance Lease | | | | |
| Agreements | 513,824.20 | (437,824.40) | - | 75,999.80 |
| Accrued Interest | - | (23,977.93) | 23,977.93 | - |
| Dividend Payable | 1,338,417.30 | (119,898,435.06) | 120,000,000.00 | 1,439,982.24 |
| Total | 21,703,426.85 | (140,211,422.74) | 126,600,657.72 | 8,092,661.83 |

34. Obligations

In addition to the liabilities shown in the statements of financial position, the Group has other obligations as follows:

34.1 The Group has obligations to the financial institutions as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | |
|----------------------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | As at | As at | As at | As at |
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> |
| Letters of Guarantee | 28.58 | 27.27 | 25.35 | 22.11 |

34.2 As at 31 December 2018 and 2017, the Group have the contractual obligations with the significant terms and minimum payment amount as follows: -

- 1) The Group have several rental and service agreements. The significant rental agreement is the rental agreement for cardiopulmonary bypass machine for medical service entered into with other company. The payment shall be made monthly. The rental fee is Baht 107,000.00 per month. The contractual term is 5 years and will expire in February 2020. agreement for cleaning service with another company to be paid monthly at Baht 595,990.00 per month. The contractual term is 2 year and the term will expired in October 2020. Security service agreement entered into with other company. The payment is made monthly at Baht 3 0 4 , 0 0 0 . 0 0 per month. The contractual term is 2 years and will expire in February 2020. And Sterile service agreement with other company. The payment is made monthly at Baht 150,000 per month. The contractual term is 3 years. The agreement term will be expired in September 2019.
- 2) The Company has maintenance service agreements for maintenance of the assets and medical equipment with several other companies. The payment shall be made monthly. The contractual term is 1-5 year and will expired in 2019 and 2021.
- 3) The Company has several consulting agreements as follows The significant agreement is the consulting agreement to provide medical practice and service on cardiology and artery diseases with other company. The payment shall be made monthly. For 2015 to 2017, the payment is Baht 107,000.00 per month. For 2018 to 2019, the payment is Baht 53,500.00 per month. The contractual term is 5 years and will expired in December 2019. And Hospital chief executive officer employment agreement with an outside person. The payment is made monthly at Baht 330,000.00 per month. The contractual term is 3 Month . The agreement term will be expired in March 2019.

Minimum payments whole amount to be paid to the future under contracts above as follows:

| | Consolidated Financial Statements | | | | | |
|-----------------------|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | As at | | | As at | | |
| | 31 December 2018 | | | 31 December 2017 | | |
| | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> |
| | Within | Over 1 year | Total | Within | Over 1 year | Total |
| | 1 year | but not over | | 1 year | but not over | |
| | | 5 years | | | 5 years | |
| Rental and Service | | | | | | |
| Agreement | 17.07 | 15.70 | 32.77 | 9.85 | 3.29 | 13.14 |
| Repairation and | | | | | | |
| Maintenance Agreement | 3.81 | 4.45 | 8.26 | 1.64 | 0.70 | 2.34 |
| Consultant Agreement | 3.91 | 0.30 | 4.21 | 3.45 | 1.24 | 4.69 |
| Total | <u>24.79</u> | <u>20.45</u> | <u>45.24</u> | <u>14.94</u> | <u>5.23</u> | <u>20.17</u> |
| | | | | | | |
| | Separate Financial Statements | | | | | |
| | As at | | | As at | | |
| | 31 December 2018 | | | 31 December 2017 | | |
| | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> | <u>Million Baht</u> |

34.3 As at 31 December 2018 and 2017, the Group entered into assets and consulting fees construction agreements with several other companies as shown in the consolidated financial statements at the amount of Baht 11.73 million and Baht 37.12 million respectively and in the separate financial statements at the amount of Baht 10.97 million and Baht 36.35 million respectively. The significant agreements are design consultant agreement for interior decoration and improvement, and construction agreements for patient building and expansion of the Magnetic Resonance Imaging and Hemodialysis centers.

34.4 As at 31 December 2018, the Company entered into land sales and purchase agreement with an outside person with the contractual value of Baht 43.58 million. The objective for the purchase is to be used for hospital building construction. On 30 January 2019, the Company has already registered the land title-deed ownership transfer to the Company and paid the entire amount of payment for the land.

35. Reclassification

The Group have reclassified some items in the financial statements in order to comply with the classification of the current year, which does not have any effect on the profit for the period or the shareholders' equity which already presented. The details are as follows:

| | Consolidated Financial Statements | | |
|--|-----------------------------------|------------------|-----------------------|
| | As Previously Reported | Reclassification | As Currently Reported |
| | Baht | Baht | Baht |
| Statement of Financial Position | | | |
| As at 31 December 2017 | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 262,657,450.52 | 6,127,380.82 | 268,784,831.34 |
| Non-Current Assets | | | |
| Deposit at Bank used as Collateral | 11,292,380.82 | (6,127,380.82) | 5,165,000.00 |

36. Event after the Reporting Period

In accordance with the Board of Directors' meeting No.2/2019 On 25 February 2019, has passed the resolve to pay dividend from net profit for the six months period from 1 July 2018 ending on 31 December 2018 at Baht 0.40 per share, total amounted of Baht 120.00 million and determine to set the record date to receive the dividend on 20 March 2019 and the dividend will be paid on 23 April 2019.

37. Approval of the Financial Statements

These financial statements have been approved by the board of directors of the Company on 25 February 2019.

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