



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

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



INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of
Aikchol Hospital Public Company Limited

Opinion

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

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aikchol Hospital Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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



Revenue recognition from general medical treatment

The revenue from medical service is the core transaction that affects the operation and has material value, representing 74% of total revenues. The revenue from hospital operations has several components such as revenues from sales of medicine and medical supplies, revenues from medical services, revenues from patient rooms, etc. Therefore, I have paid special attention with respect to the amount, value and timing of the Company's revenue recognition.

I audited the revenue recognition from medical treatment by assessing the appropriateness and testing the effectiveness of the internal control system with respect to the revenue cycle by making enquiries of the responsible persons, gaining an understanding and selecting samples to test the operation of the designed controls. In addition, I random audited the supporting documents for medical fee transactions that occurred during the year and near the end of the reporting period. I also audited credit notes that the Company issued after the end of the period. In addition, I performed comparative data analysis of subdivide revenue account to detect possible irregularities in medical fee transactions throughout the period, particularly for accounting entries made through journal vouchers.

Revenue recognition of medical treatment from Social Security

The Company has medical treatment revenue from the Social Security Office on the part of the insured who select medical treatment at the hospital and in-patient cases burden with high-cost diseases as presented in the financial statements, representing 24% of total revenues. Receiving money from such revenue in each time has to be approved from the Social Security Office and the consideration process by the Social Security Office takes long time. Regarding the measuring process of the revenue amount to be recognized, it requires significant judgment of the management due to the uncertainty related to the amount to be received which depends on the allocation of the Social Security Office in each year. The Company will receive cash income from the Social Security Office according to the method of calculation and rate determined by the announcement of the Medical Board issued under the Social Security Act, B.E. 2533. To ensure that the medical service fee revenue from social security is recognized in the accounts correctly and appropriately. Accordingly, I have paid special attention to the revenue recognition of medical service fee from social security because the transaction is a risk to the financial statements.

I made an understanding for the process of estimating the medical service revenue for in-patient cases with burden of high-cost disease by investigating the sources and reliability of the insured persons' information used in calculating the revenue estimate, assessing the appropriateness of the severity rate of the disease by comparing with the rules, method and conditions as announced by the Social Security Office, testing the completeness of the recording of the use of Social Security service against the recording system of the Social Security, testing the accuracy of the estimates of the management by comparing between the basis of the management and the basis, procedures and conditions announced by the Social Security Office and testing the items in the journal entries prepared by the management with respect to the recognition of revenue estimate. This also includes comparing of receipts during the period and analyzing the difference cause compared to the estimated medical service revenue and reviewing the receiving of medical service fee for the cases with burden of high-cost disease after the end of 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 financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with 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 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 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 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

(Miss Roongnapha Saengchan)

Certified Public Accountant

Registration No. 10142

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 7, 2019

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2018**

		<u>ASSETS</u>	
		Baht	
	Note	2018	2017
Current assets			
Cash and cash equivalents	6	642,366,984	466,576,117
Current investments	7	62,296	100,994,721
Trade accounts receivable	8	81,312,424	75,081,151
Accrued income		85,237,223	84,954,710
Inventories	9	47,633,289	44,974,277
Other current assets		3,547,502	3,248,044
Total current assets		860,159,718	775,829,020
Non-current assets			
Fixed deposit pledge as collateral	7	23,460,761	23,138,196
Long-term investment	7	164,666,502	139,333,194
Property, plant and equipment	10	757,580,833	781,700,870
Intangible assets	11	43,505,728	36,913,709
Other non-current assets		689,189	64,190
Total non-current assets		989,903,013	981,150,159
Total assets		1,850,062,731	1,756,979,179

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****STATEMENT OF FINANCIAL POSITION (CONT.)****AS AT DECEMBER 31, 2018****LIABILITIES AND SHAREHOLDERS' EQUITY**

		Baht	
	Note	2018	2017
Current liabilities			
Trade accounts payable		75,051,656	75,970,562
Other payable		3,876,456	1,089,885
Accrued expenses	13	117,301,018	116,656,560
Accrued income tax expenses		5,559,436	12,371,106
Other current liabilities	14	27,827,007	34,108,349
Total current liabilities		229,615,573	240,196,462
Non-current liabilities			
Employee benefits obligation	15	46,047,616	41,631,676
Deferred tax liabilities	12	23,022,276	18,980,097
Total non-current liabilities		69,069,892	60,611,773
Total liabilities		298,685,465	300,808,235

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

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Baht	
	2018	2017
Shareholders' equity		
Share capital		
Authorised share capital		
150,000,000 ordinary shares of Baht 1 each	150,000,000	150,000,000
Issued and paid-up share capital		
149,909,264 ordinary shares of Baht 1 each	149,909,264	149,909,264
Share premium	74,000,000	74,000,000
Retained earnings		
Appropriated to legal reserve	14,990,926	14,990,926
Unappropriated	1,182,503,871	1,107,564,196
Other components of equity		
Unrealised gain on long-term investments	129,973,205	109,706,558
Total shareholders' equity	1,551,377,266	1,456,170,944
Total liabilities and shareholders' equity	1,850,062,731	1,756,979,179

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED DECEMBER 31, 2018**

	Note	Baht	
		2018	2017
Revenues			
Medical service income		1,636,781,435	1,547,837,570
Other income	18	34,989,541	36,177,000
Total revenues		1,671,770,976	1,584,014,570
Expenses			
Cost of medical services		1,383,684,179	1,316,460,409
Administrative expenses		78,560,659	74,044,160
Directors and management's remuneration	22	35,007,834	35,046,799
Total expenses		1,497,252,672	1,425,551,368
Profit before income tax expenses		174,518,304	158,463,202
Income tax expenses	20	33,802,618	30,595,991
Profit for the year		140,715,686	127,867,211
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain (loss) on long-term investment		25,333,308	(13,999,986)
Income tax relating to be reclassified		(5,066,661)	2,799,997
		20,266,647	(11,199,989)
Other comprehensive income (loss) for the year		20,266,647	(11,199,989)
Total comprehensive income for the year		160,982,333	116,667,222
Basic earnings per share (Baht per share)	24	0.94	0.85

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

Baht

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components equity Unrealised gain from long-term investment	Total shareholders' equity
				Appropriated to legal reserve	Unappropriated		
Beginning balance as at January 1, 2018		149,909,264	74,000,000	14,990,926	1,107,564,196	109,706,558	1,456,170,944
Dividend	17	-	-	-	(65,776,011)	-	(65,776,011)
Total profit for the year		-	-	-	140,715,686	-	140,715,686
Other comprehensive income-net from income tax							
Gain on long-term investment		-	-	-	-	20,266,647	20,266,647
Balance at December 31, 2018		149,909,264	74,000,000	14,990,926	1,182,503,871	129,973,205	1,551,377,266
Beginning balance as at January 1, 2017		149,909,264	74,000,000	14,990,926	1,073,876,273	120,906,547	1,433,683,010
Dividend	17	-	-	-	(94,179,288)	-	(94,179,288)
Total profit for the year		-	-	-	127,867,211	-	127,867,211
Other comprehensive income-net from income tax							
Loss on changing actuarial estimates					-	(11,199,989)	(11,199,989)
Balance at December 31, 2016		149,909,264	74,000,000	14,990,926	1,107,564,196	109,706,558	1,456,170,944

Notes to interim financial statements form an intergral part of these statements.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht	
	2018	2017
Cash flows from operating activities		
Profit for the year	140,715,686	127,867,211
Adjustment to reconcile net profit (loss) to net cash provided by (used in) operating activities		
Depreciation and amortisation	60,451,677	59,604,250
Interest income	(5,573,619)	(5,538,668)
Bad debt written off and allowance for doubtful accounts	1,185,205	400,945
Gain on sale of fixed assets	(19,992)	(5,434)
Loss on assets written off	241,319	306,667
Dividend income	(2,399,997)	(2,133,331)
Employee benefits obligation cost	8,672,090	7,841,373
Income tax expense	33,802,618	30,595,991
Net profit (loss) provided by operating activities before changes in operational assets and liabilities	237,074,987	218,939,004
(Increase) decrease in operational assets		
Trade accounts receivable	(7,416,478)	(6,246,770)
Accrued income	(277,347)	306,814
Inventories	(2,659,012)	(9,619,075)
Other current assets	(299,458)	3,086,089
Other non-current assets	(624,999)	-
Increase (decrease) in operational liabilities		
Trade accounts payable	(918,906)	1,208,813
Accrued expenses	644,458	5,676,032
Other current liabilities	(6,281,342)	14,261,831
Employee benefits abigation	(4,256,150)	(2,864,750)

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

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht	
	2018	2017
Cash flows received operating activities	214,985,753	224,747,988
Income tax paid	(41,638,770)	(33,502,354)
Net cash provided by operating activities	173,346,983	191,245,634
Cash flows from investing activities		
Interest received	5,568,453	5,542,124
Dividend received	2,399,997	2,133,331
Decrease in current investments	100,932,425	222,723,919
Increase in fixed deposit pledge as collateral	(322,565)	(8,714,196)
Purchase of land, plant and equipment	(30,403,265)	(40,957,210)
Purchase of intangible assets	(9,980,304)	(4,106,840)
Sale of equipment	25,154	58,374
Net cash used in investing activities	68,219,895	176,679,502
Cash flows from financing activities		
Dividends paid	(65,776,011)	(94,179,288)
Net cash used in financing activities	(65,776,011)	(94,179,288)
Net increase (decrease) in cash and cash equivalents	175,790,867	273,745,848
Cash and cash equivalents at beginning of year	466,576,117	192,830,269
Cash and cash equivalents at end of year	642,366,984	466,576,117

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. GENERAL INFORMATION

Aikchol Hospital Public Company Limited, “the Company”, is incorporated in Thailand. A registered office is at 68/3 Moo 2, Phrayasatja Road, Amphoe Muang, Cholburi and a branch is at 31/2 Moo 3, Tambol Samed, Amphoe Muang, Cholburi. The Company operates in Cholburi Province. And it is well known in medical and nursing care services under the trademark namely, “Aikchol Hospital”.

The Company was listed on the Stock Exchange of Thailand on January 10, 1992.

The principal activities of the Company are providing full hospital services including diseases protection, medical treatment, health strengthening and health rehabilitation services with 362 beds in service.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

3. THE FINANCIAL REPORTING STANDARDS ARE EFFECTIVE IN THE CURRENT YEAR

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

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events After the Reporting Period



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings Per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-Based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases - Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, savings accounts and current accounts and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

4.2 Trade and other accounts receivable

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

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

4.3 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

4.4 Investment

Investment in debt securities which the Company intent and able to hold investment in debt securities to maturity is classified in current investment. Investment in debt securities is stated at amortisation cost net from impairment loss (if any). Interest income is recognized by using the effective interest rate method in statement of comprehensive income.

Investment in equity security in a marketable equity security is classified as being available-for-sale and is stated at fair value, with any resultant gain or loss being recognised directly in equity, and recorded as gains as losses in the statement of comprehensive income when the securities are sold.

The fair value of security available for sale is determined as the quoted bid price at the statement of financial position date.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

4.5 Property, plant and equipment

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

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:-

Buildings and building improvements	10 - 50	Years
Medical equipment	10	Years
Furniture and fixtures	5 - 10	Years
Office equipment	5 - 10	Years
Vehicles	8 - 10	Years

The Company has reviewed the residual value and useful life of the assets on a regular basis.

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

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

4.6 Intangible asset

Computer software with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any).

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the period for which the Computer software are expected to generate economic benefit from 5 to 10 years

4.7 Impairment

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

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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

4.8 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

4.9 Provision

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.10 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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

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

4.11 Revenue

Revenue from medical service is exempt from value added taxes and is arrived at after deduction of trade discounts.

Revenues from medical service

Revenues from medical service, mainly consisted of medicine and medical supplies, patient room service charge, medical profession charge and other service are recognised as income when the services are delivered, based on an accrual basic.

Revenues from social security is recognised on an accrual basic.

Interest and dividend income

Interest income is recognised in the statement of comprehensive income as it accrues. Dividend income is recognised in the statement of comprehensive income on the date the Company's right to receive payments established. In the case of quoted securities is usually the ex-dividend date.

Others income

Others income is recognised on an accrual basis.

4.12 Expense

Expenses are recognised on an accrual basis.

4.13 Operating lease

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

4.14 Income tax

Current tax

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



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DECEMBER 31, 2018

Deferred tax

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

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

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

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

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

4.15 Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Accrued revenues from hospital operations

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

Leases

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

Property, plant and equipment/Depreciation

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

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

Intangible assets

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, the management is required to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Post-employment benefits under defined benefit plans

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

5. SEASONAL OPERATION

The company's business is not affected significantly by seasonal or cyclical factor during the year.

6. CASH AND CASH EQUIVALENTS

Consisted of :-

	Baht	
	2018	2017
Cash on hand	1,779,568	3,477,938
Cash at bank - savings accounts and current accounts	135,747,683	131,832,055
Short-term investment not over 3 months	504,839,733	331,266,124
Total	642,366,984	466,576,117

As at December 31, 2018 and 2017, cash at bank-savings accounts have interest at the floating rates at 0.38% per annum and 0.38% per annum, respectively.

As at December 31, 2018 and 2017, short-term investment is investment in government securities money market mutual funds and saving fixed income mutual funds with high liquidity which has return at the rate of 1.17% and 1.03%, respectively. Investment units are stated at fair value.

7. INVESTMENTS

Consisted of :-

	Baht	
	2018	2017
Current investment		
Mutual fund fixed income	62,296	100,994,721
Total	62,296	100,994,721
Fixed deposit pledge as collateral		
Fixed deposit pledge as collateral	23,460,761	23,138,196
Total	23,460,761	23,138,196
Long-term investment		
Equity security available for sale	164,666,502	139,333,194
Total	164,666,502	139,333,194



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As at December 31, 2018 and 2017, investment in mutual fund fixed income has return at the rate of 0.63% per annum and 0.61% per annum, respectively.

As at December 31, 2018 and 2017, fixed deposits in the amount of Baht 23.46 million and 23.14 million, has interest rate at 1.25% per annum and 1.50% per annum, are pledged as collateral for the letters of guarantee issued by a commercial bank, respectively.

As at December 31, 2018 and 2017, the Company invests in available for sale securities. Investment units are stated at fair value.

Equity security available for sale consisted of:-

	Holding of interest (%)		Million Baht			
	2018	2017	2018		2017	
			Cost	Market value	Cost	Market value
Bangkok Dusit Medical Services Plc.	0.06	0.06	2.20	164.67	2.20	139.33
<u>Add unrealised gain from revaluation of security</u>			<u>162.47</u>		<u>137.13</u>	
Total			<u>164.67</u>		<u>139.33</u>	

8. TRADE ACCOUNTS RECEIVABLE

Consisted of :-

	Baht	
	2018	2017
Within credit terms	62,579,791	51,469,099
Overdue:		
Less than 3 months	15,616,911	21,387,565
3-6 months	2,541,077	1,928,526
6-12 months	1,149,289	591,921
Over 12 months	<u>732,866</u>	<u>305,076</u>
	82,619,934	75,682,187
<u>Less</u> allowance for doubtful accounts	<u>(1,307,510)</u>	<u>(601,036)</u>
Net	<u>81,312,424</u>	<u>75,081,151</u>

The normal credit term granted by the Company ranges from 30 days to 120 days.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

9. INVENTORIES

Consisted of :-

	Baht	
	2018	2017
Medicine and medical supplies	39,935,381	37,165,589
Supplies	7,697,908	7,808,688
Total	47,633,289	44,974,277

10. PROPERTY, PLANT AND EQUIPMENT

Consisted of :-

	Baht				
	Balance per book as at Dec. 31, 2017	Additions	Transfer in (Transfer out)	Deductions	Balance per book as at Dec. 31, 2018
<u>Cost</u>					
Land	108,160,300	-	-	-	108,160,300
Buildings and building improvement	901,317,230	7,051,481	9,662,180	(355,751)	917,675,140
Medical equipment	298,015,809	3,538,276	-	(2,214,525)	299,339,560
Furniture and fixture	33,645,225	704,057	-	(270,743)	34,078,539
Office equipment	62,293,367	2,987,171	59,056	(1,097,724)	64,241,870
Vehicles	22,747,174	-	-	-	22,747,174
Assets under construction and installation	9,830,169	18,908,851	(9,721,236)	-	19,017,784
Total	1,436,009,274	33,189,836	-	(3,938,743)	1,465,260,367
<u>Less accumulated depreciation</u>					
Buildings and building improvement	362,569,518	30,878,971	-	(352,364)	393,096,125
Medical equipment	201,510,258	18,815,304	-	(2,012,193)	218,313,369
Furniture and fixture	29,763,004	1,036,808	-	(267,515)	30,532,297
Office equipment	45,598,051	4,905,552	-	(1,060,190)	49,443,413
Vehicles	14,867,573	1,426,757	-	-	16,294,330
Total	654,308,404	57,063,392	-	(3,692,262)	707,679,534
Net	781,700,870				757,580,833

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

	Baht				Balance per book as at Dec. 31, 2017
	Balance per book as at Dec. 31, 2016	Additions	Transfer in (Transfer out)	Deductions	
<u>Cost</u>					
Land	108,160,300	-	-	-	108,160,300
Buildings and building improvement	880,832,120	7,487,743	13,869,895	(872,528)	901,317,230
Medical equipment	294,118,022	7,771,247	(2,087)	(3,871,373)	298,015,809
Furniture and fixture	34,241,717	700,951	(527,435)	(770,008)	33,645,225
Office equipment	60,702,857	1,728,249	642,022	(779,761)	62,293,367
Vehicles	22,469,849	277,325	-	-	22,747,174
Assets under construction and installation	6,036,389	17,776,175	(13,982,395)	-	9,830,169
Total	1,406,561,254	35,741,690	-	(6,293,670)	1,436,009,274
<u>Less accumulated depreciation</u>					
Buildings and building improvement	332,683,544	30,575,320	-	(689,346)	362,569,518
Medical equipment	185,985,007	19,278,104	-	(3,752,853)	201,510,258
Furniture and fixture	28,972,805	1,548,012	-	(757,813)	29,763,004
Office equipment	41,166,997	5,165,104	-	(734,050)	45,598,051
Vehicles	13,343,032	1,524,541	-	-	14,867,573
Total	602,151,385	58,091,081	-	(5,934,062)	654,308,404
Net	804,409,869				781,700,870

Depreciation of the plant and equipment for the years ended December 31, 2018 and 2017 which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2018	2017
Cost of medical services	49,677,286	50,095,532
Administrative expenses	7,386,106	7,995,549
Total	57,063,392	58,091,081

As at December 31, 2018 and 2017, certain equipment and vehicle items of the Company have been fully depreciated but are still in use of cost in amount of Baht 277.97 million and Baht 240.15 million, respectively.

A portion of land, building and construction in progress, including future construction were pledged as collateral security for the long-term loan and a bank overdraft with a net book value as at December 31, 2018 and 2017 of approximately amounted of Baht 584.27 million and Baht 591.41 million, respectively.

As at December 31, 2018 and 2017, the Company covered All Risks Insurance Policy (ARIP) with an insurer. The sum insured has already been covered the value of the assets. The ARIP is renewed on an annual basis and a portion of proceeds from insurance claims under the ARIP.



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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

11. INTANGIBLE ASSETS

Consisted of :-

	Baht			Balance per book as at Dec. 31, 2018
	Balance per book as at Dec. 31, 2017	Additions	Transfer in (Transfer out)	
<u>Cost</u>				
Computer software	33,252,837	3,062,754	35,406,300	71,721,891
Computer software in progress	28,488,750	6,917,550	(35,406,300)	-
Total	61,741,587	9,980,304	-	71,721,891
<u>Less accumulated amortization</u>	24,827,878	3,388,285	-	28,216,163
Net	36,913,709			43,505,728

	Baht			Balance per book as at Dec. 31, 2017
	Balance per book as at Dec. 31, 2016	Additions	Transfer in (Transfer out)	
<u>Cost</u>				
Computer software	32,757,248	495,589	-	33,252,837
Computer software in progress	24,877,500	3,611,250	-	28,488,750
Total	57,634,748	4,106,839	-	61,741,587
<u>Less accumulated amortization</u>	23,314,709	1,513,169	-	24,827,878
Net	34,320,039			36,913,709

Amortisation of intangible assets for the years ended December 31, 2018 and 2017, which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2018	2017
Cost of medical services	3,156,439	1,296,385
Administrative expenses	231,846	216,784
Total	3,388,285	1,513,169

As at December 31, 2018 and 2017, certain intangible assets items of the Company have been fully amortised but they are still in used of cost in the amount of Baht 6.55 million and Baht 6.55 million, respectively.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
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12. DEFERRED TAX ASSETS (LIABILITIES)

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

	Baht			
	Balance as at Dec. 31, 17	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Trade account receivables	120,208	141,294	-	261,502
Employee benefit obligation	8,326,335	883,188	-	9,209,523
Total	<u>8,446,543</u>	<u>1,024,482</u>	<u>-</u>	<u>9,471,025</u>
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale				
Investments	(27,426,640)	-	(5,066,661)	(32,493,301)
Total	<u>(27,426,640)</u>	<u>-</u>	<u>(5,066,661)</u>	<u>(32,493,301)</u>
Deferred tax assets (liabilities)-net	<u>(18,980,097)</u>			<u>(23,022,276)</u>

	Baht			
	Balance as at Dec. 31, 16	Revenue (expenses) during the year		
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Trade account receivables	82,314	37,894	-	120,208
Employee benefit obligation	7,331,010	995,325	-	8,326,335
Total	<u>7,413,324</u>	<u>1,033,219</u>	<u>-</u>	<u>8,446,543</u>
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale				
Investments	(30,226,637)	-	2,799,997	(27,426,640)
Total	<u>(30,226,637)</u>	<u>-</u>	<u>2,799,997</u>	<u>(27,426,640)</u>
Deferred tax assets (liabilities)-net	<u>(22,813,313)</u>			<u>(18,980,097)</u>



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

13. ACCRUED EXPENSES

Consisted of :-

	Baht	
	2018	2017
Accrued directors and management's remuneration	4,400,000	4,316,700
Accrued doctor fee	45,851,389	46,673,942
Accrued wages	9,991,411	8,310,004
Accrued Bonus	37,711,217	35,857,640
Accrued electricity	1,000,755	844,252
Accrued expenses - Social Security	3,112,407	6,661,685
Accrued other expenses	15,233,839	13,992,337
Total	117,301,018	116,656,560

14. OTHER CURRENT LIABILITIES

Consisted of :-

	Baht	
	2018	2017
Withholding tax	1,882,751	1,685,026
Advance received	9,177,891	18,305,473
Retention payable	2,003,885	1,763,077
Others	14,762,480	12,354,773
Total	27,827,007	34,108,349

15. EMPLOYEE BENEFITS OBLIGATION**The statements of financial position**

	Baht	
	2018	2017
Defined benefits obligation at January 1,	41,631,676	36,655,053
Benefits paid by the plan	(4,256,150)	(2,864,750)
Current service and interest costs	8,672,090	7,841,373
Defined benefits obligation at December 31,	46,047,616	41,631,676

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Expenses recognised in statements of comprehensive income

	Baht	
	2018	2017
For the year ended December 31		
Current service cost	7,697,289	6,979,277
Interest on obligation	974,801	862,096
Total	<u>8,672,090</u>	<u>7,841,373</u>

Principal actuarial assumptions at the reporting date

	%	
	2018	2017
Discount rate	2.44	2.44
Salary increase rate	6	6
Employee turnover rate	8 - 21	8 - 21
Disability rate	5*	5*

* reference to mortality rate in B.E. 2008

Sensitivity analysis

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

	Baht	
	2018	2017
Discount rate		
1% increase	(3,748,058)	(3,288,274)
1% decrease	4,307,596	3,779,348
Salary increase rate		
1% increase	4,954,592	3,959,563
1% decrease	(4,344,783)	(3,496,017)
Employee turnover rate		
1% increase	(4,196,185)	(3,685,473)
1% decrease	4,316,955	3,780,390



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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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16. RESERVES AND LEGAL RESERVES

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Unrealised gain/loss

Unrealised gain/loss recognised in shareholders’ equity relate to cumulative net changes in the fair value of available for sale investment.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

17. DIVIDENDS

Year 2018

At The ordinary shareholders’ meeting held on April 23, 2018, the shareholders approve the appropriation of dividend from operating results of 2017 of Baht 0.44 per share, 149.91 million shares, amounting to Baht 65.78 million. The dividend will be proposed to pay to shareholders on May 18, 2018.

Year 2017

At The ordinary shareholders’ meeting held on April 21, 2017, the shareholders approve the appropriation of dividend from operating results of 2016 of Baht 0.63 per share, 149.91 million shares, amounting to Baht 94.18 million. The dividend will be proposed to pay to shareholders on May 19, 2017.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
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DECEMBER 31, 2018

18. OTHER INCOME

Consisted of :-

	Baht	
	2018	2017
Revenue from sharing of kidney hemodialysis	12,976,562	12,147,790
Rental space income	8,304,393	7,629,694
Interest income	5,573,619	5,538,668
Others	8,134,967	10,860,848
Total	34,989,541	36,177,000

19. EXPENSES BY NATURE

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

	Baht	
	2018	2017
Personnel	581,436,115	535,246,041
Doctor fee	365,382,123	345,199,280
Medicine, medical supplies and supplies	279,430,353	269,726,029
Depreciation and amortisation	60,451,677	59,604,250
Others	210,552,404	215,775,768
Total	1,497,252,672	1,425,551,368

20. TAX EXPENSE

20.1 Major components of tax expense

For the year ended December 31, 2018 and 2017 consisted of:

	Baht	
	2018	2017
Income tax expense shown in profit or loss :		
Current tax expense:		
Income tax expense for the year	34,827,100	31,629,210
Deferred tax expense :		
Changes in temporary differences relating to the original recognition and reversal	(1,024,482)	(1,033,219)
Total	33,802,618	30,595,991
Income tax relating to components of other comprehensive income:		
Deferred tax relating to:		
Remeasuring available for sale investments	5,066,661	(2,799,997)
Total	5,066,661	(2,799,997)

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

20.2 A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate

For the year ended December 31, 2018 and 2017 which are summarized as follows:

	Baht	
	2018	2017
Accounting profit for the year	174,518,304	158,463,202
The applicable tax rate (%)	20	20
Tax expense (income) at the applicable tax rate	34,903,661	31,692,640
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	127,059	102,297
Tax effect of income or profit that are not required in determining taxable profit:		
Exemption of non - taxable dividend income	(480,000)	(426,666)
Other	(748,102)	(772,280)
Total reconciliation items	(1,101,043)	(1,096,649)
Total tax expense (income)	33,802,618	30,595,991

20.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the year ended December 31, 2018 and 2017 are summarized as follows:

	Baht			
	2018		2017	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	174,518,304		158,463,202	
Tax expense at the applicable tax rate	34,903,661	20.00	31,692,640	20.00
Reconciliation items	(1,101,043)	(0.63)	(1,096,649)	(0.69)
Tax expense at the average effective tax rate	33,802,618	19.37	30,595,991	19.31

21. PROVIDENT FUND

The defined contribution plans comprise provident funds established by companies in the Company for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 3% of their basic salaries and by the Company at rates 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager. The Company's contributions for the years ended December 31, 2018 and 2017 in the amount of to Baht 4.02 million and Baht 5.11 million, respectively.



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22. DIRECTORS AND MANAGEMENT’S REMUNERATION

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

Directors of the Company is consisted of board of directors, audit committee and nomination and remuneration committee.

Management of the Company is consisted of executive board, chief medical officer and hospital administrator.

23. SEGMENT INFORMATION

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

The one main operating segment of the Company 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 groups of the Company’s 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 package rate from the government sectors.

24. EARNINGS PER SHARE

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

	2018	2017
Profit for the year (Baht)	140,715,686	127,867,211
Weighted average number of ordinary share (Shares)	149,909,264	149,909,264
Earnings per share (Baht per share)	0.94	0.85



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DECEMBER 31, 2018

25. CAPITAL MANAGEMENT

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

According to the statement of financial position as at December 31, 2018 and 2017, the Company's debt-to-equity ratio was 0.19 : 1 and 0.21 : 1, respectively.

26. FINANCIAL INSTRUMENTS

26.1 Financial risk management policies

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

26.2 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates, which may affect the interest earnings and expenses in the present and future years. The Company is primarily exposed to interest rate risk that relates primarily to deposit at Financial institution and short term investments due to changes in interest rates. The Company has no policy to use any derivative financial instruments to reduce this risk.

26.3 Credit risk

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

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



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26.4 Liquidity risk

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

26.5 Fair value of financial instruments

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

Fair value hierarchy

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

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

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

As of December 31, 2018, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Baht			Total
	Level 1	Level 2	Level 3	
Assets				
Current investments				
- Mutual fund fixed income	-	62,296	-	62,296
Long-term investments				
- Equity	164,666,502	-	-	164,666,502
Total	164,666,502	62,296	-	164,728,798

During the current year, there were no transfers within the fair value hierarchy.

Valuation techniques on fair value and inputs for Level 2 valuations

The fair value of investments in non-listed investment units on the Stock Exchange of Thailand, is calculated by using the return as announced by the fund managers.



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27. COMMITMENTS WITH NON-RELATED PARTIES

As at December 31, 2018 and 2017, the Company has commitments as follows :-

	Baht	
	2018	2017
27.1 Letters of guarantee issued by a commercial bank to the government unit and the state enterprise.	23,164,000	23,056,001
27.2 Construction and equipment installation agreements	12,572,150	12,428,930
27.3 Operating lease commitments, the company has entered into an agreement in respect of lease of computer and equipment from a company. The term of the agreement is generally 3 years, future minimum rental payable was as follows:-		
Payable within 1 year	2,423,550	1,078,560
Payable within 2 to 3 years	3,741,362	297,888
	<u>6,164,912</u>	<u>1,376,448</u>

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

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

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

TAS 1 (revised 2018)	Presentation of Financial Statements
TAS 2 (revised 2018)	Inventories
TAS 7 (revised 2018)	Statement of Cash Flows
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2018)	Events After the Reporting Period
TAS 12 (revised 2018)	Income Taxes
TAS 16 (revised 2018)	Property, Plant and Equipment
TAS 17 (revised 2018)	Leases
TAS 19 (revised 2018)	Employee Benefits



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TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2018)	Borrowing Costs
TAS 24 (revised 2018)	Related Party Disclosures
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2018)	Separate Financial Statements
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2018)	Earnings Per Share
TAS 34 (revised 2018)	Interim Financial Reporting
TAS 36 (revised 2018)	Impairment of Assets
TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2018)	Intangible assets
TAS 40 (revised 2018)	Investment Property
TAS 41 (revised 2018)	Agriculture
TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 2 (revised 2018)	Share-Based Payment
TFRS 3 (revised 2018)	Business Combinations
TFRS 4 (revised 2018)	Insurance Contracts
TFRS 5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2018)	Operating Segments
TFRS 10 (revised 2018)	Consolidated Financial Statements
TFRS 11 (revised 2018)	Joint Arrangements
TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2018)	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TSIC 10 (revised 2018)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2018)	Operating Leases - Incentives
TSIC 25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease



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TSIC 29 (revised 2018)	Service Concession Arrangements: Disclosure
TSIC 32 (revised 2018)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2018)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2018)	Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2018)	Service Concession Arrangements
TFRIC 14 (revised 2018)	TAS 19 (revised 2018)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2018)	Distributions of Non - cash Assets to Owners
TFRIC 20 (revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2018)	Levies

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

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

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

29. TO APPROVED THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by Board of Directors of the Company on February 7, 2019.