



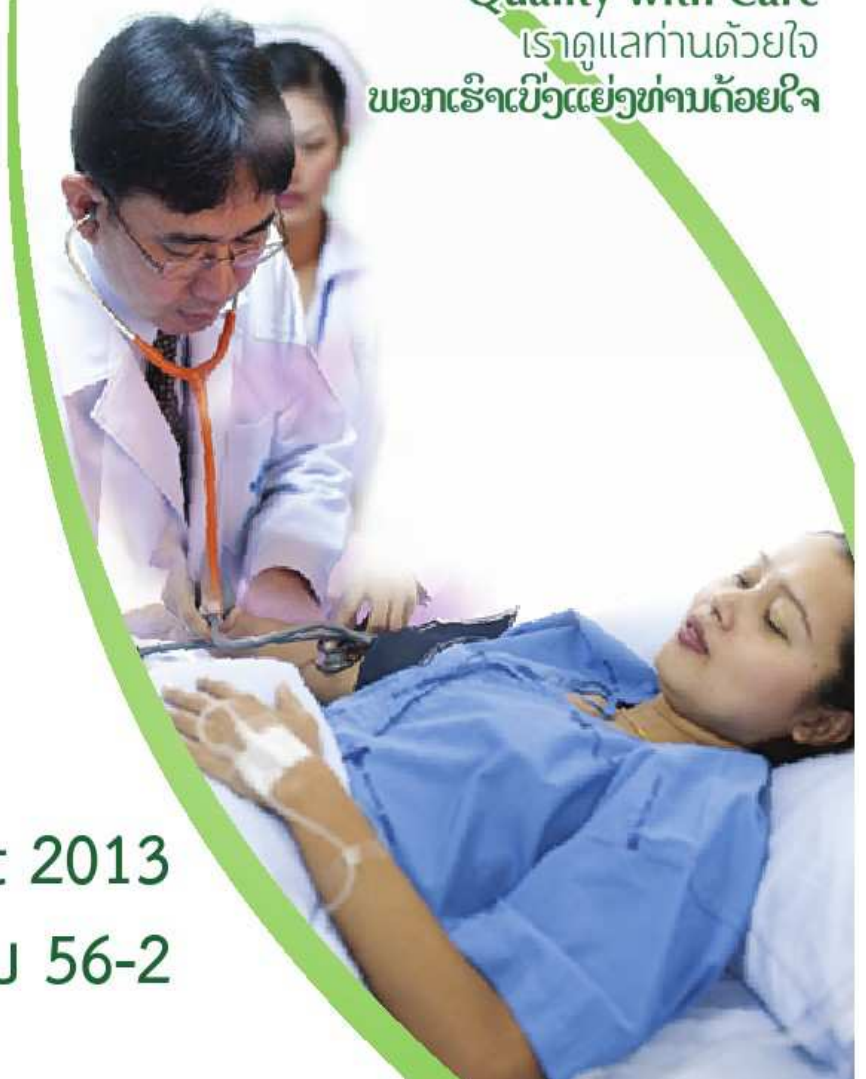
บริษัท วัฒนากาญการแพทย์ จำกัด (มหาชน)

WATTANA KARNPAET PUBLIC COMPANY LIMITED



Quality with Care

เราดูแลท่านด้วยใจ
พอท่านเจ็บป่วยอย่างท้อแท้ใจ



Annual Report 2013

แบบ 56-2



Contents

	<i>Page</i>
1. Letter from the Chairman	1
2. Opinion of Chairman of the Audit Committee	2
3. General Information	3
4. The Summary Financial Data of Company	4
5. Nature of Business	5
6. Risk Factors	6
7. Structure and management of shares	7
8. The Principle of Good Corporate Governance	16
9. Related Transactions	20
10. Summary of Financial Results and Operation	21
11. Financial Statements	25

Letter from the chairman of the board



Dear shareholders,

In the year 2013, the North Eastern Wattana Hospital has invested in the medical equipment upgrade and in medical staffs in order to continuously improve the standards of care. And in the first quarter of the year 2014, the in-patient ward expansion has been in progress. The expansion is coincide with the expansion of Udonthani and the surrounding provinces, together with the increase in Lao patients from Vientiane, 52 kilometers from Udonthani. The approaching of the Asean Economic Community (AEC) should be a positive factor to increase the hospital's income. This could help stabilizing the income that would be fluctuated from the impacts of the unstable political situation started since last year.

Consequently, the hospital's policy to be a quality-centered hospital with a reasonable pricing will be a crucial strategy for a hospital near the border like North Eastern Wattana Hospital. This is to strengthen the growth sustainably as part of AEC.

Lastly, on behalf of the company's chairman of the board, I would like express my gratitude to all the shareholders for your continuously trust and support in our company's operation.

Sincerely Yours



(Ass. Prof. Dr. Phiphat Tangsubkul)

Chairman of the Board

Wattana Karnpaet Public Company Limited

Subject : Opinion of Chairman of the Audit Committee
To : The Shareholders
Of Wattana Karnpaet Public Company Limited

I, Ass.Prof.Dr. Poonsak Vaisamruat, the Chairman of the Audit Committee of the Wattana Karnpaet Public Company Limited, would like to inform that as the Audit Committee has been appointed by the Board of Directors with the scope, duties, and responsibility for the internal control and management of the company, the Audit Committee has performed the duties accordingly in order to protect the overall benefits of minor shareholders. In 2013, the Audit Committee has met four times, which the findings can be summarized as follows:

1. The Audit Committee has reviewed the Quarterly and Annual Financial Statements to ensure that the preparation of the financial statements, along with the company's accounting policies, were done in an accurate and suitable manner. Based on this review, the Audit Committee believes that the company's financial reports have been presented in accordance with the generally accepted accounting principles and have provided adequate disclosure.
2. The Audit Committee, together with internal auditor, have reviewed and assessed the internal audit results in order to ensure the effectiveness, suitability, and accuracy of the internal control system.
3. The Audit Committee has reviewed the disclosure of transactions with related parties or others, which may involve conflict of interest. There is no conflict of interests found on the disclosure of transactions.
4. The Audit Committee has reviewed and investigated to ensure that the company operates with transparency and follows the laws and regulations, including the regulations of the company and relevant government agencies.
5. The Audit Committee has nominated auditor for 2013 and proposed to the Board of Directors to appoint Ms Chaovana Viwatpanachat and Ms.Wanpen Unruan , license numbers 4712 and 7750 respectively, of Sumnakgan Pitisevi as the company's auditor.

We hereby confirm having audited the financial report of company, year 2013 and fully accepted it.

Sincerely Yours



(Ass.Prof.Dr.Poonsak Vaisamruat)

Chairman of the Audit Committee

Wattana Karnpaet Public Company Limited

1. General Information**1.1 Company Information**

Wattana Karnpeat Public Company Limited operates 100 beds private hospital under the name of North Eastern Wattana General Hospital since 1985, locates at 70/7-8 Supakitjanya Road, Tumbon Makkheng , Amphur Muang , Udonthani 41000 Registration number 0107537002095 Tel: 0-4224-1031-3 and 0-4224-6181-3 Fax: 0-42 24-1956 E-mail Address : admin@wattanahospital.net Website : www.wattanahospital.net with registered capital of 100 million Baht paid up capital 100 million Baht. Ordinary share of 10,000,000 shares at par value 10 Baht/Share.

In 1994 the company had invested 55% in 21 Sattawat Vejchakit Company Limited which operates Wattana NongKhai 100 beds. In 2002 , the company had reduced the invested share portion to 15% , the company redeposited the rest of shares in 2003.

1.2 The number and type of fully paid shares of all the registered bodies that the company has more than 10 per cent of the total fully paid shares of those registered bodies

- None -

1.3 References**(a) Share Registrar**

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey Bangkok 10110
Telephone : 0-2229-2800 Fax : 0-2229-2888

(b) Auditor

Miss Chaovana Viwatpanachat and Miss Wanpen Unruan
Sumnakgan Pitisevi
8/4 Floor 1st, 3rd Soi Viphavadee 44 (Soi AMornphan 4), Viphavadee-Rangsit Rd., Ladyao,
Chatuchak, Bangkok 10900
Telephone : 0-2941-3584-6 Fax : 0-2941-3658

(c) Legal Counselor

Mr. Thawon Tangsubkul
LEGAL OUT-SOURCE LTD.
6 th Floor , Lumpini Buliding (Soi Sarasin)
239/2 Rajadamri Road , Lumpini , Patumwan , Bangkok 10330
Telephone : 0-2650-5072-3 Fax : 0-2650-5074
E-mail : lego@loxinfo.co.th

2. The Summary of Financial data of Company

The Summary of Financial data of Company

(Unit : Thousand baht)

	2013	2012	2011
Asset at year date			
Total Assets	426,659	423,107	402,188
Total Liabilities	123,792	130,760	121,723
Shareholders' Equity	302,867	292,347	280,464
Operating performance January - December			
Service Revenues	264,902	251,320	210,628
Total Revenues	268,681	254,331	212,967
Cost of services and expenses	248,605	242,174	205,791
Profit before finance cost and corporate income tax	20,075	12,156	7,175
Interest Expense	5,767	5,590	6,381
Profit before corporate income tax	14,309	6,567	794
Net Profit (Loss)	10,882	4,578	-898
Per share data (Baht)			
Earning (Loss) per share	1.09	0.46	-0.09
Weighted Shares (000' shares)	10,000	10,000	10,000
Book value per share	30.29	29.23	28.04
Financial Ratio			
Current Ratio	0.82	0.80	0.43
Gross Profit Margin (%)	25.01	23.24	21.43
Net Profit Margin (%)	1.69	1.69	-0.42
Return on Asset (%)	2.56	1.05	-0.22
Return on Equity (%)	3.66	1.60	-0.31
Debts to Equity Ratio	0.41	0.46	0.43
Growth Rate – Increase (Decrease)			
Total Assets (%)	0.84	5.20	-1.51
Total Liabilities (%)	-5.33	7.42	8.25
Service Revenues (%)	5.41	19.32	-1.07
Net Profit (%)	137.69	609.60	-111.22

3. Nature of Business

3.1 General Business Operations

The Wattana Karnpaet Public Company Limited operates the first 100 bed-sized private general hospital. The hospital is a tertiary hospital, which consist mainly of Outpatient Department, Inpatient Department and Social Security Patients.

3.2 Income Structure

Income structure by types of patients

Income by types of patient (million Baht)	2013	%	2012	%	2011	%
Out-patient	103.50	45%	93.42	46%	76.66	45%
In-patient	119.31	39%	117.47	37%	96.91	36%
Social security patient	43.56	16%	41.83	16%	37.06	17%
Other incomes	1.50	1%	1.62	1%	2.33	1%
Total	267.86	100%	254.33	100%	213.00	100%

Income structure by services

Types of Services	2013		2012		2011	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
(1) Income from the hospital's operations	264,902	98.59	251,320	98.8	210,629	98.9
- Medicines and medical supplies	65,280	24.30	81,479	32.0	68,004	31.9
- Doctor fees	52,376	19.49	50,761	20.0	48,149	22.6
- Room charges	25,823	9.61	25,404	10.0	20,859	9.8
- Investigation and treatment	106,285	39.56	90,381	35.5	71,096	33.4
- Other hospital related incomes	15,138	5.63	3,295	1.3	2,521	1.2
(2) Other incomes	3,778	1.41	3,011	1.2	2,338	1.1
- Interest received	1,180	0.44	1,166	0.5	1,154	0.5
- Other incomes	2,598	0.97	1,845	0.7	1,184	0.6
Total income	268,681	100.0	254,331	100.0	212,967	100.0
Percentage increase (decrease) in total income	-	5.64	-	19.4	-	(1.51)

3.3 Major events in the year

- Renovation of Dental department, Front service area, Wellness Center, Mother and Child Out-Patient Department, and Parking Lot.
- Opened the Diabetes Mellitus Center to holistically care for Diabetes patients and their families to prevent complications.
- Expansion of the Hemodialysis Center together with the outsourced company.

3.4 Industry's Trend and Future Competition

1. Industry's Structure

The private hospital industry is a highly competitive industry with the competitors being from both the private and public sectors. Together with, the variety of healthcare scheme available for patients to freely acquire the healthcare services, for examples, the National Health Scheme, Social Security Scheme, and Government Employees Program. This, to a certain extent, lowers the number of patients coming to private hospitals.

The Company's Advantages

The company has been operating a private hospital for more than 28 years, therefore is well-known among the local patients who trust in the experiences in healthcare the hospital has to offer. Additionally, the company was established by a group of medical doctors, ensuring that the level of quality of healthcare has been the first priority to be maintained over time. The company focuses on the continuously improvement of the quality of personnel and the quality of the healthcare system with the patient safety as a prime concern.

The Company's Disadvantages

Since the company is located in a country town, the recruitment of medical specialists and other healthcare professionals is found much more difficult than it would be in Bangkok.

2. Industry Competition

The market and competition of private hospitals in the Company's area consist of 3 private competing hospitals. They are Bangkok Udon Hospital (100 bed sized), Aek Udon Hospital (100 bed sized), and Khonkaen Ram Hospital (200 bed sized). The market segments are clearly marked among the competitors. All the private hospitals in Udonthani, except the Company, aim for the high income based customers. Whereas the Company aims for the medium to high income based customers. This leads to high level of competition in the high-income based customers segment. In the last year, the level of competition was even higher because of the expansion of Bangkok Hospital into the province; the hospital was well known among the high-income based customers. This urges for the Company to adjust its strategies to increase the competitiveness by focusing on the quality improvement, and getting accredited by the national body. Together with using pricing mechanism to increase the competitive advantage of the Company by being more flexible in the price setting than the competitors.

4. Risk factors

Operational risks

- (a) Risks from changing in the governmental policies, rules, regulations, and laws related to the company

A part of company's income comes from the Social Security Scheme, if there is any change in the policies about the payment or reduction in the capitation rate, the company's income will be affected.

- (b) Risks from reliance on specialists

Both specialists and registered nurses are scarce personnel. This is especially the case when the company is situated in the upcountry. The recruitment of both specialist doctors and registered nurses is limited.

Financial risks**(a) Liquidity risk**

The company has loaned from the government bank, which poses some risk in delaying additional loan approval when needed for further capital investment. The government policy at the time of loan may influence the approval of loan.

Risks that affecting the rights or investment of shareholders**(a) Risk from the company's major shareholders holding more than 50%**

As of the 13th of January, 2014, the Tangsubkul family has the number of shares in the company of 5,697,774 shares, or 56.98 per cent of the total paid shares of the company. This makes the Tangsubkul family able to control almost all the agendas at the Annual General Meeting of shareholders, including the appointing of directors and any agendas required majority votes of the shareholders. This is with an exception of any agendas required 3 out of 4 votes at the shareholders' meeting by law or the company's rules.

(b) Risks from shares having not many free float, resulting in the low liquidity in share trading

As of the 13th of January, 2014, most of the company's share of 5,697,774 shares, or 56.98 per cent were held by only 6 shareholders. This left 4,302,226 shares, or 43.02 per cent as free float in the stock market. This may result in low trading of stock and ordinary investors may not be able to trade at the normal level. This also means that the existing shareholders may have risk of not being able to sell the shares immediately at the prices as wish.

5. Structure and Management of Shares**5.1 Shareholders**

Names of the first ten largest shareholders including the number of shares held
and the percentage distribution of shares as of 13th January, 2014

		Number of shares	%
1	Miss Natthira Tangsubkul	2,347,342	23.47
2	Ms. Suphawan Tangsubkul	1,587,250	15.87
3	Mr. Phiphat Tangsubkul	807,282	8.07
4	Thai NVDR Company Limited	544,286	5.44
5	Mrs. Wanlee Sangsiri	495,300	4.95
6	Miss Monticha Uchapun	495,000	4.95
7	Miss Payao Chalachep	470,000	4.70
8	Mrs. Phirawan Changsirivattanathamrong	460,300	4.60
9	Miss Piyarat Ukrit	459,000	4.59
10	Miss Orawan Ua-amporn	456,975	4.57

Remark: data from the share distribution from the Thailand Securities Depository as of 13th January 2014

5.2 Management**The Board of Directors**

The company's Board of Directors consists of 8 directors of which

	Name	Position
1. Ass. Prof. Dr. Phiphat	Tangsubkul	Chairman of the board
2. Suphawan	Tangsubkul, M.D.	Director
3. Sitichai	Ungklomklearw, M.D.	Director
4. Miss Bangon	Tangsubkul	Director
5. Mr.Monthien	Kaeowong	Independence Director
6. Ass.Prof.Dr.Poonsak	Vaisamruat	Independence Director/ Audit Committee Chairman
7. Miss Suda	Santiseveekul	Independence Director/Audit Committee Director
8. Alisa	Neramittagapong, M.D.	Independence Director/Audit Committee Director

Director Authorized to sign on Behalf of the Company are as follows:

The directors authorized to sign on behalf of the company consist of two signatures of the company directors, comprise of Ass. Prof. Dr. Phiphat Tangsubkul, Dr. Suphawan Tangsubkul, Dr. Sittichai Ungklomklearw, and Miss Bangon Tangsubkul, with the Company's seal.

The Scope of Authorities and Responsibilities of the Company's Directors

1. Organizing the Shareholder's Meeting annually within 4 months from the end of the company's accounting period.
2. Organizing the Board of Directors' Meeting at least once every three months.
3. Facilitating the Company's Balance Sheets and Income Statements to be made at the end of the company's accounting period, of which the auditors have made an audition, and subsequently presented at the shareholder's meeting for approval.
4. Managing the company in accordance with the laws and regulations, the company's objectives, and the consents from the shareholders' meeting with integrity and with a reserved good faith in the company's benefits and with the responsibilities to the shareholders at all time.
5. Shall make policies and directions for the company's operations. Together with, monitoring that the plans are rolled out effectively and efficiently.
6. Ensuring that there is the internal auditing system in place effectively.
7. Responsible to ensure for the transparency, accuracy, and adequacy of the notification of the company's financial information, as well as, other information reporting to the shareholders and investors.
8. The Directors are authorized to decide on the structure of administration, to appoint management committee, Chief Executive Officer, or other Directors as appropriate.

Audit Committee

1. Ass.Prof.Dr.Poonsak	Vaisamruat	Audit Committee Chairman
2. Miss Suda	Santiseveekul	Audit Committee Director
3. Alisa	Neramittagapong, M.D.	Audit Committee Director
4. Miss Pattharaporn	Promptong	Secretary of Audit Committee

The Scope of Duties and Responsibilities of the Audit Committee

The Audit Committee is scheduled to meet every 3 months and have duties and responsibilities as follows:

1. Coordinate with the internal auditing unit of the company in the areas of strategic planning, reporting , and evaluating performance and problems affecting the company's controlling system.
2. Give advices on positioning and remuneration of account auditor. At the same time, coordinate with the account auditor to find solutions to problems and important matters that require attention.
3. Review and provide consultation for the outcomes and proposals raised by the account auditor and the internal auditing body. In addition, the implementation of the valuable suggestions is to be followed up together with the reporting of such actions to the company's board and committee.
4. Review the account information reported by the company before presenting to the committees.
5. Ensure that the significant risks are being properly managed
6. Ensure that the rules regulations given by the Exchange Commission and the Stock Exchange of Thailand are followed

Selection of independent committees

3 Independent committees are as listed. The criteria of independent committees selection (in consistency with the No. 16 of Thailand Securities and Exchange Commission TJ28/2008) include

- (1) possess no more than 1% of company's shares with voting rights,
- (2) never been and not in a company's committee that involve in management or receive salaries from the company or in control of the company, with an exception of 2 years absency from such position. However, this does not include the independent committees who had been in public sector or a consultant of public sector which holds shares or in control of the company,
- (3) not a person related by blood or by law as parents husband wife siblings children and husband or wife of the management/major share holders/person with controlling power/ person to be nominated to be in management position or have controlling power,
- (4) never been and not related in business activities with the company in any manners which may cloud the independent judgment,
- (5) never been and not an auditor for the company unless have been absent from that position for more than 2 years,
- (6) never been and not a consultant of any fields including financial consulting or legal consulting that receive a consulting fee of more than Baht 2 million per year from the company, unless have been absent from that position for more than 2 years,
- (7) not a committee that elected to be a nominee of the company's committees,
- (8) not operates a business of the same condition and in competition with the company's business,
- (9) not possess any other characters which may compromise the independent judgment on the company's operations.

The independent committees who meet the (1) to (9) criteria may be assigned by the board of committees to make committee decisions on the company's operations matters.

In case the independent committees elected used to be or have any business relationships or received consulting fee exceeding the limit sent in the criteria (4) or (6), the company's committees may relax the criteria if consider that to have no impact on the role and independent judgment, and the company reported the following information in the letter to shareholders to appoint the independent committees already;

- (a) the business relationships or the consulting activities which not meet the criteria,
- (b) reasons and needs to appoint or keep the person to be an independent committee,
- (c) opinions of the company's committees who nominated the person to be an independent committee.

Remuneration Sub-Committee

1. Mr.Monthien Kaeowong	Chairman of Remuneration Sub-Committee
2. Miss Bangon Tangsubkul	Remuneration Sub-Committee
3. Alisa Neramittagapong, M.D.	Remuneration Sub-Committee

The Scope of Authorities and Responsibilities of the Sub-Committee for Compensation and Benefits

1. Deciding on the remunerations for the Board of Directors and presenting at the Board of Directors meeting, then subsequently presenting to the shareholders for the final approval.
2. Deciding and approving the remunerations resulted from the ESOP warrants.

Management Committee

The company has 4 management committees as follows:

1. Ass. Prof. Dr. Phiphat Tangsubkul	Chairman of the Executive Board
2. Dr. Suphawan Tangsubkul, M.D.	Executive Director
3. Dr. Sitichai Ungklomklearw, M.D.	Executive Director
4. Miss Bangon Tangsubkul	Executive Director

The Scope of Authorities and Responsibilities of the Management Committee

The scope of authorities and responsibilities of the Management Committee includes the regular operations' administration and management of the company. The main authorities and responsibilities are:

1. Plan the policy, business strategy, budget, management structure, and other operations guidelines of the company with consideration of the economic and social conditions.
2. Carry out the business and manage company's business activities with objective, regulations, policy, delegation or consents of the Board of Directors from the Board's meeting or from the company's shareholder meeting.
3. Plan the organization structure, management authority, appointment, employment, allocation, and termination of employment.
4. Operate in other issues as being given by the Board of the Directors on occasional basis.

Directors' Meeting Participation in 2013

	Attendance / Total Directors Meeting (Time)	
	Board of Directors	Audit Committee
1. Ass. Prof. Dr. Phiphat Tangsubkul	4/4	-
2. Dr. Sitichai Ungklomklearw, M.D.	4/4	-
3. Dr. Suphawan Tangsubkul, M.D.	4/4	-
4. Miss Bangon Tangsubkul	4/4	-
5. Mr.Monthien Kaeowong	4/4	-
6. Ass.Prof.Dr.Poonsak Vaisamruat	3/4	3/4
7. Miss Suda Santiseveekul	3/4	3/4
9. Dr. Alisa Neramittagapong, M.D.	4/4	4/4

Remuneration of Board Members

Board member names	Position	Director salary	Meeting attendance fee (Baht per year)	Director Bonus/ Pension	Other director benefits
Ass. Prof. Dr. Phiphat Tangsubkul	Chairman of the board	None	140,000	None	None
Dr. Sitichai Ungklomklearw, M.D.	Director	None	60,000	None	None
Dr. Suphawan Tangsubkul, M.D.	Director	None	60,000	None	None
Miss Bangon Tangsubkul	Director	None	60,000	None	None
Mr.Monthien Kaeowong	Independence Director	None	40,000	None	None
Ass.Prof.Dr.Poonsak Vaisamruat	Independence Director/ Audit Committee Chairman	None	30,000	None	None
Miss Suda Santiseveekul	Independence Director/Audit Committee Director	None	15,000	None	None
Dr. Alisa Neramittagapong, M.D.	Independence Director/Audit Committee Director	None	20,000	None	None

Remuneration and number of Managing directors and management team

In 2013, the company paid salaries and bonuses to 7 managing directors and management team of Baht 14.06 million.

Other remuneration of Managing directors and management team

-Provident fund

The company set up a provident fund and for the management team the fund paid by the company was set at 2-6 per cent of the salaries depending on the number of work years. In 2013, the company paid the provident fund for 4 managing directors and management team total of Baht 0.28 million.

Auditor's Remuneration

The auditor's remuneration for the year 2013 is 540,000 Baht per year by the Pitisavi & Company, all of which is audit fee. The company has no related person or related activities with auditors and the auditing company.

Details of the Board of Directors and Management

Remark: data from the share distribution from the Thailand Securities Depository as of 13th January, 2014

Name – Surname / Position	Age (Years)	Education	Shareholding (%)	Relationship	Work experiences in the past 5 years	
					Period	Position / Company
1) Ass. Prof. Dr. Phiphat Tangsubkul Chairman and Authorized Director	70	- Ph.D. in International Law, France - Attended the Director Accreditation Program (DAP) - Attended the Financial for Non-finance Directors	8.07	-	1985-Current	- Chairman and CEO at the Wattana Karnpaet Public Company Limited
2) Dr. Sitichai Ungklomklearw, M.D. Director and Authorized Director	60	- M.D., Siriraj, Mahidol University, Thailand - Board Certification Specialist in Surgery, Siriraj, Mahidol University, Thailand - Attended the Director Accreditation Program (DAP)	2.70	-	1986-Current	- Medical Director and Head of Surgical Department at the Wattana Karnpaet Public Company Limited - Director
3) Dr. Suphawan Tangsubkul, M.D. Director and Authorized Director	68	- M.D., Chiangmai University, Thailand - Attended the Director Accreditation Program (DAP) - Attended the Financial for Non-finance Directors	15.87	Wife of (1)	1985-Current	- Vice- Medical Director and Managing Director at the Wattana Karnpaet Public Company Limited - Director
4) Miss Bangon Tangsubkul Director and Authorized Director	74	- Bachelor of Commerce, Thammasat University, Thailand - Attended the Director Accreditation Program (DAP)	0.01	Sister of (1)	1985-Current	- Director
5) Mr. Monthien Kaeowong Director	85	- Bachelor of Law, Thammasat University, Thailand - Attended the Director Accreditation Program (DAP)	0.013	Husban of (4)	2004-Current	- Independent Director

Name – Surname / Position	Age (Years)	Education	Shareholding (%)	Relationship	Work experiences in the past 5 years	
					Period	Position / Company
6) Ass.Prof.Dr.Poonsak Vaisamruat Independent Director, Chairman of the Audit Committee	61	- Bachelor of Law (Honours Class 2), Chulalongkorn University, Thailand - Doctoral de l' University de Paris II (Droit Administratif) (Mention tres bien) 1981 - Attended the Director Accreditation Program (DAP)	-	-	2004-Current	- Lecturer at the Law Faculty, Turakit Bandit University, Bangkok - Speaker for the subject of philosophy and Public Company Law for Undergraduates and higher degrees (1993 – Current) - Chairman of Audit Committee at the Wattana Karnpaet Public Company Limited
7) Miss Suda Santiseveekul Audit Committee	63	- Bachelor of Finance, Turakit Bandit University, Thailand - Attended the Director Accreditation Program (DAP)	0.002	-	2000-Current	- Audit Committee at the Wattana Karnpaet Public Company Limited
8) Alisa Neramittagapong, M.D. Audit Committee	37	- Medical Doctor, Khonkean University, Thailand - Board Certification Specialist in Anesthetics, Khonkean University, Thailand	-	-	8 th of June, 2008 - Current	-Anesthetist Doctor at Udonthani Provincial Hospital (2005- Current) - Audit Committee at the Wattana Karnpaet Public Company Limited
9) Mrs. Darunee Venghuk Human Resources Manager	47	- Certificate of Accounting Udon Panichakarn-Changkong College Udonthani, Thailand	-	-	1985-Current	- Human Resources Manager at the Wattana Karnpaet Public Company Limited
10) Mrs.Jutarat Kraisrivanthana Deputy Director	63	-Faculty of public health, Sukhothaiyathammathirat University -Certificate in Nursing and Midwifery, Nakhonratchasima nursing colleges	-	-	1997-Current	-Infection control Nurse - Deputy Director

11) Ms.Nuanchan Karnvibul -Head of Nursing Division	46	- Bachelor of MBA, Sukhothaihammathirat University - Bachelor of Nursing, Khon Kaen University - Bachelor of Law, Sukhothaihammathirat University	-	-	1991-Current	-Head of Nursing Division
12) Dr.Natthira Tangsubkul	36	-Doctor of Engineering, -Master of Engineering and management, -Bachelor of Engineering New South Wales University, Australia -Master of MBA, Sukhothaihammathirat University -Certificate in ISO Auditor	23.47	Daughter of (1,3)	2004-Current	-Head of Internal Audit
13) Miss Pattharaporn Promtong	28	-Bachelor of Food Process Engineering King Mongkut's Institute of Technology Ladkrabang	-	-	2009-Curent	-Secretary of Audit Committee

6. The principle of good Corporate Governance

6.1 Strategies for monitoring and managing the business

The company recognizes the importance of possessing a good corporate governance to inform the shareholders and the public and at the same time enable an auditing process for the company. The company focuses on being transparent in practicing the business and reporting the information. Risks related to the business are recognized by the monitoring system in place. The identified risks are in turn managed as deemed appropriate. In addition, the company has implemented code of ethics for the board and the employees to follow.

In the past year, the company operated following the Principles of Good Corporate Governance for Listed Companies 2006 as outlined by the Stock Exchange of Thailand. The principles consist of the topics of the Rights of shareholders, Equitable treatment of shareholders, Role of stakeholders, Disclosure and transparency, Responsibilities of the Board. The company's areas for improvement are the sustainability reporting following the framework of the Global Reporting Initiative (GRI) in order to incorporate the Corporate Social Responsibility into the ordinary operational processes, and outlining the related policies and implementations.

6.2 Shareholders' rights

The shareholders meeting was held in a meeting room provided by the company. The company annual report was distributed to all shareholders 7 days before the meeting to study and comment as deemed appropriate. If shareholder cannot attend the meeting, proxy should be assigned to an appropriate person or the audit committee. The meeting was precisely and properly documented.

6.3 Stakeholders' rights

The board of directors recognizes the importance of the rights of the stakeholders both inside and outside the company.

Shareholder	The company dedicates to operate the business effectively and sustainably for the highest benefits of the shareholders, and by following the Corporate Governance principal.
Employees	The company interacts with each employee with equity and fairness.
Suppliers	The company abides by the contracts with all suppliers.
Creditors	The company practices under borrowing contracts.
Customers	The company provides patient care equally to every patient. The hospital has a customer relations department to seek and act upon the patients' comments and feedback.
Competitors	The company competes with competitors fairly, and avoids unfair tactics to destroy the competitors.
Society / Community	The company acts responsible towards the environment of community and society.

6.4 Shareholders' meetings

At the company's Shareholders Meeting, the important matters are presented to the shareholders for approval. The presentations of the matters are in compliance with laws and regulations prescribed by the SET as well as the company's regulations. The chairman of the meeting ensures equal opportunities for every shareholder to express their opinion on the progress of the company. The shareholders were also encouraged to raise any suggestions to improve the current practice. The significant suggestions and comments were documented as a part of the meeting report.

6.5 Leadership and vision

- The board of directors sets vision, duty, strategy, goal, business plan, and budget for the company. The management, under the monitoring of the board of directors, is responsible for ensuring that everything goes according to plans in order to improve the economic performance of the company, at the same time, provide the highest stability to all shareholders.
- The board of directors sets the internal controlling system and the effective risk management procedure, at the same time, provides constant monitoring for the system in place.
- The board of directors clearly allocates roles and responsibilities among the board, the committees, and the management to work independently from one another.
- The board of directors monitors the committees to give approval to all usual expenses take place in the company with exceptions for those require shareholders' opinion as stated in the guidelines given by The office of Securities and Exchange Commission and the Stock Exchange of Thailand.

6.6 Conflict of interests

The board has provided a strategy and procedure for approving related matters in order to prevent the use of confidential information by the board or the management for their own benefits.

It is required that the management has to report changes in the number of shares they hold to the auditing committees and the Stock Exchange of Thailand as stated in Topic 59 of the statute. It is not permitted for the management or the organization who has acquired the confidential information to reveal such information to any outsiders. Selling shares of the company within one month prior to the publishing of the company financial budget report is also prohibited.

6.7 Business ethics

The company provides code of ethics for all directors and employees. The code is to be followed by all with honesty. The company also follows the code for general practice including the company's penalty procedure.

6.8 Balancing power of Non-Executive Director

The Board of Directors consists of 8 directors of which one third of the total number of the directors are independent directors.

6.9 Aggregation or segregation of positions.

CEO and the Board director is the same person.

6.10 Remuneration for directors and the management

The company set the remuneration of the directors and the management in accordance with the approval from the shareholders' meeting.

6.11 Payment to Financial Auditor

The auditor's remuneration for the year 2013 is 540,000 Baht per year by the Pitisavi & Company, all of which is audit fee. The company has no related person or related activities with auditors and the auditing company

6.12 Board of directors' Meetings

The board of directors' meeting is to take place at least 4 times a year, with additional meetings to be called if necessary. Meeting invitations are distributed to the directors at least 7 days prior to the meeting to ensure the sufficient time is given for the directors to study the meeting materials. The minute of each meeting is reported, recorded, and ready to be inspected if required.

6.13 Committees

The company has set 2 groups of committees as follows:

1. The Audit Committee has the duration for position for 2 years, comprised of 3 persons (as stated in the management structure section) and all the Audit Committees are also the company's independent directors.
2. The Remuneration Committee comprised of 3 persons (as stated in the management structure section).

6.14 Internal controlling auditing systems.

The company balances the management roles and authority between the operation level, auditors, and the management level to ensure the cross-checking between one another. The company appoints the internal auditors to investigate on financial system and report directly to the responsible management.

The company has rules and guidelines to ensure that employees work towards the same goals. In addition, the six monthly performance evaluation process is in place to acknowledge the good performance. There is also a regular education and training program to improve technical skills and knowledge of the employees in order to consequently increase their level of efficiency.

6.15 Managing Risks.

The board of the company recognizes risks that can affect the performance of the company, which stated in the report. The board will take responsibility of evaluating the risk.

6.16 Board committee's reporting.

The board of the company is responsible for the company's financial budget which has been done according to the standard accounting guidelines in Thailand. This includes publishing sufficient important information in the explanation accompanying the financial budgeting.

The internal controlling system of the company in general is satisfactory and credible. This is partly shown by the auditing committee's report which can be found in the annual report.

6.17 Relations with investors.

The company discloses important information correctly, timely and transparently according to the guidelines given by the Stock Exchange of Thailand. The company information can be obtained by contacting Miss Pattharaporn Promtong Tel. 042-325999 , or e-mail : admin@wattanahospital.net.

6.18 Internal control of information

The company has the internal control of information usage according to the principles of Good Corporate Governance by outlining in the Handbook of Code of Conduct for board and executive, and employee, which can be summarized as follow:

1. The Board and executive and employee shall sign to acknowledge the related announcement made by the Securities and Exchange Commission stating that Board and executive shall obligate to report its own changes in the stock holding to SEC as per the Section 59 of the Securities and Exchange Act B.E. 2535 within 3 days from the date the changes take place. And will notify the corporate secretary to record the changes and resulted number of shares held by the Board and executive and employees individually to report to the board committee in the next meeting. The penalties of non-compliance are also announced.
2. The company has implemented the rules of prohibiting the leak of the financial statement information or any other information that may affect the share price of the company to outsider or non-related person. And prohibit any trade of the company share in a month before the announcement of the financial statement or any other information that may affect the company share's price to the public. And prohibit the trading of the company share within the first 24 hours after the information has been announced to the public. Non compliance of the rules will be regarded as breaching the company's Code of Conduct and shall be penalized from notification, deduction of salary, put on leave without pay, or stop hiring.

This has been approved by the board of directors meeting 1/2014 and started to implement on the 1st of March 2014 onwards.

6.19 Dividend policy

The company has a policy to pay the dividend at least 50 per cent of the net profit after deducting income tax and legal reserve of the company in case of no unusual events and no significant effect to the company's operations. For dividend payment, the company must consider the company's operating results, liquidity, and business expansion.

The company's dividend payment has to be approved by shareholders and/or the Board of Directors as appropriate.

7. Related Transactions

There were related transactions including the transactions between the Company and the 21 Sattawat Vejchakit Company Limited, and the loans from the directors to the Wattana Karnpaet Public Company Limited, as follows:

(1) The company has related transactions with the 21 Sattawat Vejchakit Company Limited where no individual who might cause a conflict of interest have their shares in the mentioned affiliated company more than 10 per cent. The related transactions are the referral of patients and trading medicines and medical supplies, which the prices and conditions are complied to a regular business agreement. The description and quantities of the transactions can be found in the number 6 of the notes of the financial statement. The reason for the transactions was for the benefits of the company, that is the referring of patients from the 21 Sattawat Vejchakit Company Limited located in different province. And to improve the efficiency of the inventory management in order to also increase the bargaining power with the suppliers.

(2) With the financial assistance offered to the Company by the directors, the agreed interest rates are comparable to that of the market rates with the appropriate conditions. The company has this detail in the Notes to Financial Statements. These transactions were to benefit the company during the time when the expected funding for capital investment was delayed by the previous financial institution, resulting in the company taking up loans from directors and employees to prevent the adverse impacts on the operations. The current financial institution has imposed conditions including not paying back the loans from directors and employees until paying up the loan from the financial institution first. This resulted in the loan from directors and employees was appeared in the “non-current liabilities”, can be found in the number 6 of the notes of financial statement. See more details in the table below:

Name and relationship	Transaction	Amount (million Baht)	Reasons and appropriateness
Dr.Suphawan Tangsubkul Director Holding share 15.87%	Loan from director	<u>Loan</u>	The loan was for the construction of inpatient ward on the 7th floor. The loan has conditions applied by the financial institution not to repay the director until the loan from the financial institution has been paid up first.
		Amount at the beginning of the year 4.00	
		Repayment during the year 0.00	
		Loan during the year 0.00	
		Amount at the end of the year 4.00	
		<u>Interest payment</u>	
Miss Bangon Tangsubkul Director Holding share 0.01%	Loan from director	Payment during 2013 0.29	
		<u>Loan</u>	The loan was for the construction of inpatient ward on the 7th floor. The loan has conditions applied by the financial institution not to repay the director until the loan from the financial institution has been paid up first.
		Amount at the beginning of the year 2.50	
		Repayment during the year 0.00	
		Loan during the year 0.00	
		Amount at the end of the year 2.50	
		<u>Interest payment</u>	
		Payment during 2013 0.18	

Miss Natthira Tangsubkul Employee Holding share 23.47%	Loan from employee	<u>Loan</u>		The loan was for the construction of inpatient ward on the 7th floor. The loan has conditions applied by the financial institution not to repay the director until the loan from the financial institution has been paid up first.
		Amount at the beginning of the year	5.60	
		Repayment during the year	0.00	
		Loan during the year	0.00	
		Amount at the end of the year	5.60	
		<u>Interest payment</u>		
Dr. Phirawan Changsirivattanathumrong Employee Holding share 4.60%	Loan from employee	<u>Loan</u>		The loan was for the construction of inpatient ward on the 7th floor. The loan has conditions applied by the financial institution not to repay the director until the loan from the financial institution has been paid up first.
		Amount at the beginning of the year	3.50	
		Repayment during the year	0.00	
		Loan during the year	0.00	
		Amount at the end of the year	3.50	
		<u>Interest payment</u>		
		Payment during 2013	0.25	

7.1 Regulations and Procedures for an Approval of Related Transactions

Related transactions within a regular business activities, the company sets up the prices and conditions with respect to the standard market prices and fair conditions, with the best practice for company's benefits at the prime consideration. The company will report the related transactions' conditions to the Audit Committee to consider its necessity and other reasonable transactions issues as deemed appropriate.

The company conforms with the Securities and Exchange Commission's regulations on related transactions; and conforms with rules and regulations, announcements, or any conditions or obligations of the Stock Exchange of Thailand, including rules on the disclosure of related transactions, acquisition, or the company's asset distribution. To approve the transactions, the relevant Directors or the relevant shareholders are not allowed to vote on such matter.

7.2 Policy or Trend to Make Related Transactions in the Future

The company foresees that there are still related ongoing transactions as a regular business operation with the 21 Sattawat Vejchakit Co.,Ltd. on the patient referral activities because it is of the benefits for the Wattana Karnpaet Public Company Limited. For financial assistance from the directors, the company intends to pay back over a period of time. The company has no policy to have any more of financial assistance from the directors unless necessary, for example, when the company facing with liquidity problems. On such issue, the Directors will act by regulations and procedures for future related transactions as stated above. The company will disclose the related transactions in the audited Note to Financial Statements, with an awareness to comply with the generally accepted accounting principles.

8. Summary of Financial Results and Operation

The company operates a private hospital in Udonthani under the name of "North-Eastern Wattana Hospital"

Management Discussion and Analysis: MD&A

8.1 Overview

Wattana Karnpaet Public Company Limited (“Company”) reported the total income in 2013 to be Baht 268.681 million, increased by 6% from that of 2012. This was resulted from the increase in the number of out-patient and in-patient of around 3%. This is together with the increase in the hospital services price from inflation of around 5%.

In 2013, the Company has EBITDA of Baht 37.859 million, increased 35% from last year. This was partly due to the improvement in the effectiveness of the human resources management leading to a contained costs of personnel without compromising on the quality of service. Also the Social Security Scheme had put in place a change in the payment towards referred cases for further treatment at other hospitals, which made the cost of referred social security cases reduced accordingly.

From the above explanation, the Company reported net profit of Baht 10.882 million, increased 138% from last year.

Major development in 2013

1. Renovate the service areas including Dental Department, Front Service area, Wellness Center, Mother and Child Center, and Parking Lot.
2. Open Diabetes Mellitus Center to provide a holistic care for the Diabetes patients and families to prevent the complications.
3. Expansion of the hemodialysis department together with an out-sourced company.

2013 Financial Summary

Operating Income

(Million Baht)	2013	2012	%Change
Revenue from hospital operations	264.903	251.320	5%
Other Income	3.778	3.011	25%
Total Income	268.681	254.332	6%

In 2013, the Company had the total income of Baht 264.903 million, increased Baht 13.583 million or a 5% increase from last year. This was mostly from the increase in patient and price of hospital services adjusted according to inflation rate.

Cost and Expenses

(Million Baht)	2013	2012	% Change
Cost of hospital operations	202.442	195.924	3%
Administrative expenses	46.163	46.251	0%
Total cost and expenses and depreciation	248.605	242.175	3%

In 2013, the Company had the cost of hospital operations with depreciation of Baht 202.442 million, increased by Baht 6.518 million, or 3% from last year. The cost of hospital operations increased proportionally with the increase in number

of patients. The administrative expenses was approximately unchanged. The total depreciation was Baht 17.657 million, increased by 7% from last year.

Profitability Analysis

(Million Baht)	2013	2012	% Change
EBITDA	37.859	28.030	35%
EBITDA margin	14%	11%	
EBIT	20.202	11.549	75%
EBIT margin	8%	5%	
Net profit	10.882	4.578	138%
Net profit margin	4%	2%	
Basic earning per share	1.09	0.46	138%

From the above mentioned, EBITDA increased from Baht 28.030 million in 2012 to Baht 37.859 million in 2013, or an increase of 35%. EBITDA margin also increased from 11% to 14%.

Balance Sheet and Cash Flow

Balance Sheet

(Million Baht)	2013	2012	% Change
Total Assets	426.660	423.108	1%
Total Liabilities	123.793	130.760	-5%
Total Shareholders' Equity	302.867	292.347	4%

In 2013, the total assets of the Company increased by 1%, resulting in the 2013 total assets of Baht 426.660 million. At the same time the total liabilities was reduced by 5%, resulting in the total liabilities of Baht 123.793 million. This resulted in the total shareholders' equity in 2013 was Baht 302.867 million, or a 4% increase.

Cash Flows

(Million Baht)	2013
Net cash provided by operating activities	11.894
Net cash used in investing activities	(10.310)
Net cash provided by financing activities	2.559
Net increase in cash and cash equivalents	4.143
Cash and cash equivalents as at January 1,	11.432
Cash and cash equivalents as at December 31,	15.575

In 2013, the Company had net increase in cash and cash equivalent of Baht 4.143 million, with the cash and cash equivalents at the beginning of the period of Bath 11.432 million. As a result, cash and cash equivalents at the end of the

period was Baht 15.575 million.

8.3 Assets utilization

	2013	2012
Accounts receivable turnover	8.90	9.94
Number of days of receivables (days)	40.46	36.22
Inventory turnover	34.30	34.82
Number of days of inventory (days)	10.49	10.34

In the past year, the number of days of receivables was increased by 4 days from 36 days to 40 days. The quality of account receivables was found to be that under risk of delay payment of 14 per cent. The was because of the cash patients undergone the hospitalization and not able to fully paid the bill. The allowance for doubtful debt was 28 per cent of the total account receivable. This was found sufficient and can be reversed once the debt was paid later. The company has a process of overdue debt following constantly for both cash and credit account receivables.

In 2013, the number of days of inventory was 11 days, unchanged from last year. This is deemed appropriate for maintaining sufficient inventory for the operations without short. The inventory consists of medicines and medical supplies. The company has joined with other alliant private hospitals to increase the flexibility in managing the inventory turnover. The company could sell off items that the usage rate was low at the time.

8.4 Liquidity and sufficiency of funding

	2013	2012
Current ratio	0.82	0.80
Quick ratio	0.72	0.68
Cash ratio	0.33	0.60
Interest coverage	5.12	8.46

The source of fund was mainly from the long term loan from a financial institution of Baht 37.511 million. The cash and cash deposit was Baht 15.575 million as a cashflow for operations of the company.

Due to the company having to comply with the conditions stipulated in the loan agreement including the following rules and limitations including the company shall perform its loans from bank prior the repayment of loan from directors, there was sufficient cashflow to be used in capital investment during the year.

From the liquidity side, the current ratio of the company was 0.82 which sufficient for an ordinary business operations.

As for the debt repayment ability, the company complies with all the loan conditions, all of which were detailed in number 15 of the notes to financial information statements. In the future, shall the company need to seek for more

funding, the company can firstly apply for more loan from the same financial institution.

8.5 Debt payment

	2013	2012
Interest coverage	5.12	8.46
Debt service coverage (Cash Basis)	0.97	1.82
Debt to equity ratio	0.41	0.46

The company has an ability to service debt. The interest coverage was 5.12 in 2013, decreased from that of last year. The debt service coverage (cash basis) in 2013 was 0.97, decreased from last year. The reason for both ratios decrease was in the last year the company paid off debts for purchasing medical equipment leading to the decrease in the cash from operations.

In 2013, the debt to equity ratio was 0.41 remained similar to that of last year.

8.6 Significant factors potentially affecting the financial status or the operations in the future (Forward Looking)

In 2014, there is an economy slowing down trend, which may lower the number of customers affecting the operations of the company. Together with the expansion of the major hospital chain in the country coming into the province and the nearby province raising the competition level.

WATTANA KARIPAET PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

As At December 31, 2013

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

WATTANA KARIPAET PUBLIC COMPANY LIMITED

I have audited the accompanying financial statements of Wattana Karipaet Public Company Limited, which comprise the statements of financial position as at December 31, 2013, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT (Con't) -2-

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wattana Karnpaet Public Company Limited as at December 31, 2013, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



(Miss Chaovana Viwatpanachati)

Certified Public Accountant (Thailand) No. 4712

PITISEVI & COMPANY

8/4 Floor 1st,3rd Soi Viphavadee 44

Chatuchak Bangkok

February 24, 2013

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

		Unit : Baht	
		December 31, 2013	December 31, 2012 (Restated)
<u>ASSETS</u>	Note		
CURRENT ASSETS			
Cash and cash equivalents	7	15,575,093.31	11,432,098.94
Trade accounts and other receivable - net	6 , 8	28,464,207.66	25,541,287.27
Inventories		5,977,295.41	5,825,782.53
Other current assets		315,903.10	256,023.76
Total current assets		50,332,499.48	43,055,192.50
NON - CURRENT ASSETS			
Cash at bank held as collateral	9	5,620,000.00	5,620,000.00
Long - term loan to related company - net	6	-	-
Property plant and equipment - net	10	361,449,979.23	364,482,044.60
Intangible assets - net	11	904,121.84	1,006,039.47
Deferred tax assets	12	7,261,507.84	7,574,693.90
Other non - current assets		1,091,640.02	1,369,536.90
Total non - current assets		376,327,248.93	380,052,314.87
TOTAL ASSETS		426,659,748.41	423,107,507.37

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (Con't.)

AS AT DECEMBER 31, 2013

		Unit : Baht	
		December 31,	December 31,
		2013	2012
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Note		(Restated)
CURRENT LIABILITIES			
Bank overdraft	13	11,858,590.28	1,356,450.05
Trade accounts and other payable	6 , 14	33,321,636.20	45,768,763.64
Current portion of long - term liabilities			
Long - term loan from financial institution	15	6,658,403.04	5,685,880.57
Hire - purchase payable	16	-	201,618.44
Employee benefit obligations	17	7,000,000.00	-
Other current liabilities		2,365,397.70	1,062,860.60
Total current liabilities		61,204,027.22	54,075,573.30
NON - CURRENT LIABILITIES			
Long - term loan from financial institution - net	15	37,511,644.66	44,273,210.87
Long - term loans from related persons	6	15,600,000.00	15,600,000.00
Hire - purchase payable - net	16	-	-
Employee benefit obligations - net	17	9,476,841.38	16,811,329.36
Total non - current liabilities		62,588,486.04	76,684,540.23
TOTAL LIABILITIES		123,792,513.26	130,760,113.53

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (Con't.)

AS AT DECEMBER 31, 2013

	Unit : Baht	
	December 31, 2013	December 31, 2012
Note		(Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY (Con't)		
SHAREHOLDERS' EQUITY		
Share capital		
Authorized share capital		
10,000,000 common shares of Baht 10.- each	100,000,000.00	100,000,000.00
Issued and fully paid - up share capital		
10,000,000 common shares of Baht 10.- each	100,000,000.00	100,000,000.00
Premium on common shares	62,500,000.00	62,500,000.00
Retained earnings		
Appropriated - legal reserves	10,000,000.00	10,000,000.00
Unappropriated	130,367,235.15	119,847,393.84
Total shareholders' equity	302,867,235.15	292,347,393.84
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	426,659,748.41	423,107,507.37

WATTANA KARIPAET PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

		Unit : Baht	
		2013	2012
	Note		(Restated)
REVENUES			
Revenue from hospital operations	6	264,902,735.62	251,320,263.56
Other income	6	3,778,443.91	3,011,269.84
Total revenues		268,681,179.53	254,331,533.40
COST AND EXPENSES			
Cost of hospital operations	6	202,442,400.86	195,924,088.15
Administrative expenses	6	46,162,921.52	46,250,607.84
Total cost and expenses		248,605,322.38	242,174,695.99
Profit before finance cost and income tax		20,075,857.15	12,156,837.41
Finance cost	6	(5,766,851.04)	(5,590,318.16)
Profit before income tax		14,309,006.11	6,566,519.25
Expenses income tax	12	(3,426,703.18)	(1,988,186.89)
Net profit for the year		10,882,302.93	4,578,332.36
Other comprehensive income			
Actuarial gain	17	1,637,538.38	-
Comprehensive income for the year		12,519,841.31	4,578,332.36
Basic earnings per share (baht : share)	5 ,21	<u>1.09</u>	<u>0.46</u>

WATTANA KARPAET PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

Unit : Baht

	Note	Issued and fully paid - up share capital	Premium on common shares	Retained earnings		Total
				Appropriated Legal reserves	Unappropriated	
Balance as at January 1, 2012 (Before adjust)		100,000,000.00	62,500,000.00	10,000,000.00	107,964,257.19	280,464,257.19
Cumulative effect of change in accounting policy for income tax	4	-	-	-	7,304,804.29	7,304,804.29
Ending balance as at January 1, 2012 (After adjust)		100,000,000.00	62,500,000.00	10,000,000.00	115,269,061.48	287,769,061.48
Comprehensive income for the year		-	-	-	4,578,332.36	4,578,332.36
Balance as at December 31, 2012		100,000,000.00	62,500,000.00	10,000,000.00	119,847,393.84	292,347,393.84
Dividend		-	-	-	(2,000,000.00)	(2,000,000.00)
Comprehensive income for the year		-	-	-	12,519,841.31	12,519,841.31
Balance as at December 31, 2013		100,000,000.00	62,500,000.00	10,000,000.00	130,367,235.15	302,867,235.15

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

		Unit : Baht	
	Note	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before income tax		14,309,006.11	6,566,519.25
Reconciliation of net profit to net cash provided by (used in) operating activities :			
Depreciation and amortization	10 , 11	17,656,710.55	16,480,956.91
Bad debt - trade accounts receivable		72,330.00	658,552.00
Provision for doubtful accounts	8	1,684,362.15	-
Reversal of doubtful accounts - trade accounts receivable	8	-	(2,300,028.10)
Reversal of doubtful accounts - loan to ralated company	6	(755,876.41)	(397,151.79)
Gain (loss) from disposal/write off of fixed assets		25,604.17	1.00
Provision for post - employee benefits	17	1,712,435.00	1,914,194.36
Written off - withholding tax		377,896.88	820,730.05
Discount from early repayment hire - purchase payable		(13,076.34)	-
Interest earned		(1,044,123.59)	(1,072,848.21)
Interest expenses		5,155,884.93	4,977,344.53
Profit provided by operating activities before changes in operational assets and liabilities		39,181,153.45	27,648,270.00
Decrease (Increase) in operating assets :			
Trade accounts and other receivable		(4,679,612.54)	(3,169,649.95)
Inventories		(151,512.88)	(396,955.02)
Other current assets		(59,879.34)	13,986.13
Other non - current assets		(100,000.00)	71,219.45
Increase (Decrease) in operating liabilities :			
Trade accounts and other payable		(14,868,479.49)	9,031,978.88
Other current liabilities		(50,209.57)	56,380.15
Cash provided by (used in) operating activities		19,271,459.63	33,255,229.64
Interest expenses		(5,207,436.46)	(4,740,579.05)
Income tax		(2,170,155.05)	(2,123,887.11)
Net cash provided by (used in) operating activities		11,893,868.12	26,390,763.48

WATTANA KARIPAET PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (Con't.)

FOR THE YEAR ENDED DECEMBER 31, 2013

		Unit : Baht	
	Note	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase (decreases) in cash at bank held as collateral		-	1,404,000.00
Receipt from long - term loan to related company	6	755,876.41	397,151.79
Cash paid for purchase of fixed assets	10	(12,063,378.92)	(11,818,330.51)
Cash receive from disposal of fixed assets		2,000.00	-
Cash paid for purchase of Intangible assets	11	(48,150.00)	-
Interest received		1,044,123.59	1,072,848.21
Net cash provided by (used in) investing activities		(10,309,528.92)	(8,944,330.51)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in bank overdraft		10,502,140.23	(20,945,511.93)
Repayments of long - term loans from related persons		-	(10,000.00)
Receipt of long - term loans from financial institution	15	-	16,420,000.00
Repayments of long - term loans from financial institution	15	(5,789,043.74)	(6,460,908.56)
Repayments of hire - purchase payable		(188,542.10)	(209,941.15)
Dividend paid		(1,965,899.22)	-
Net cash provided by (used in) financing activities		2,558,655.17	(11,206,361.64)
Net increase (decrease) in cash and cash equivalents		4,142,994.37	6,240,071.33
Cash and cash equivalents as at January 1,		11,432,098.94	5,192,027.61
Cash and cash equivalents as at December 31,		15,575,093.31	11,432,098.94

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION :

1 Non - cash items

Acquire assets through credit term	10	2,438,802.80	8,869,175.00
Accrued dividend		69,223.02	-

2 Unrealize credit facilities for future working capital

14,861,809.72	25,363,949.95
---------------	---------------

WATTANA KARIPAET PUBLIC COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2013****1 GENERAL INFORMATION**

The Company was registered under the Civil and Commercial Code on March 15, 1985, and on June 9, 1994, it was registered to be a Limited Public Company. Its office is located at 70/7-8 Suphakitjanya Road, Mhakkang sub-district, Muang Udonthanee district, Udonthanee. The Company's main business activity is operating hospital under the name " North Eastern Wattana Hospital ".

2 BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The statutory financial statements are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2543 (2000) being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (2004) including related interpretations and guidelines promulgated by the Federation of Accounting Professions under The Royal Patronage of His Majesty the King ("FAP") and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535 (1992).

The financial statements has been presented in accordance with Thai Accounting standard No. 1 (Revised 2009) subject : "Presentation of Financial Statements" and the requirements of The Department of Business Development announcement subject : "The mandatory items, have to be presented in the financial statements, B.E. 2554" dated September 28, 2011 under the Accounting Act B.E. 2543

The financial statements are presented in Thai Baht, which is the Company's functional currency unless otherwise stated.

3 ADOPTION OF NEW ACCOUNTING STANDARDS**3.1 Adoption of new accounting standards effective in the current year**

In current year, the Company has applied revised and newly issued Thai Accounting Standards (TAS), Thai Financial Reporting Standard (TFRS), Interpretations (SIC) and Accounting Treatment Guidance as announced by the Federation of Accounting Professions as follows:-

3.1 Adoption of new accounting standards effective in the current year (Con't.)

Thai Accounting Standards

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
	Thai Financial Reporting Standard
TFRS 8	Operating Segments

Interpretations

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non - Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

The above - mentioned Thai Accounting Standards (TAS), Thai Financial Reporting Standard (TFRS), Interpretations (SIC) and Accounting Treatment Guidance do not have any significant impact on the Company's financial statements in this year of initial application except the following accounting standards and Thai financial Reporting Standard which the Company has applied the standard from January 1, 2013 consist of:-

TAS 12

This accounting standard requires an entity to identify temporary differences arising from differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines. In current period, the Company has changed this accounting policy and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognized the tax effects as deferred tax assets or liabilities. The cumulative effect of first adoption of new accounting standard as disclosed in Note 4 to the financial statements.

3.2 New Thai Accounting Standards announce during the year not yet adopted

The Federation of Accounting Professions has issued Notification regarding the revised and newly Thai Accounting Standards (TAS), Thai Financial Reporting Standard (TFRS) and Interpretations (SIC and TFRIC) which was announced and these have been published in the Royal Gazette and which will become effective for the financial statements for the fiscal years beginning on or after January 1, 2014 and 2016. The Company has not applied such standards before the effective period as follows:

3.2.1 Effective for the financial statements for fiscal years beginning on or after January 1, 2014**Thai Accounting Standards**

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible assets

Thai Financial Reporting Standard

TFRS 2 (revised 2012)	Share-Based Payments
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Interpretations

SIC 15	Operating Leases – Incentives
SIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
SIC 29	Service Concession Arrangements: Disclosures
SIC 32	Intangible Assets – Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

Interpretations (Con't)

TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
Thai Financial Reporting Standard	
TFRIC 17	Distributions of Non - cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

3.2.2 Effective for the financial statements for fiscal years beginning on or after January 1, 2016

Thai Financial Reporting Standard

TFRS 4	Insurance Contracts
--------	---------------------

The management of the Company are still evaluating the effect of these 31 Thai Accounting Standards (TAS), Thai Financial Reporting Standard (TFRS) and Interpretations (SIC and TFRIC) and has not been able to reach a conclusion as to their effect to the financial statements for the year in which they are applied except the following accounting standards.

TAS 1 (Revised 2012)

This accounting standard clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Company.

TAS 7 (Revised 2012)

This accounting standard clarifies that only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Company.

TAS 12 (Revised 2012)

This accounting standard amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated into TAS 12 (revised 2012). This standard has no impact to the Company.

TAS 18 (Revised 2012)

This accounting standard removes the appendix to TAS 18. This standard has no impact to the Company.

TAS 19 (Revised 2012)

This accounting standard deletes the transition provisions of the current TAS 19. This standard has no impact to the Company.

TAS 24 (Revised 2012)

This accounting standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties. This standard has no impact to the Company.

TAS 34 (Revised 2012)

This accounting standard emphasis the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Company.

TAS 36 (Revised 2012)

This accounting standard clarifies that only allocating goodwill to cash-generating units under TFRS 8 “Operating Segments” before aggregation. This standard has no impact to the Company.

TAS 38 (Revised 2012)

This accounting standard clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, intangible asset is recognized separately from goodwill, but together with related item. Intangible assets are recognized as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Company.

TFRS 8 (Revised 2012)

This financial reporting standard clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Company.

4 EFFECT FROM FIRST TIME ADOPTION OF FINANCIAL REPORTING STANDARD

From January 1, 2013, the Company has adopted revised and newly accounting standard as disclosed in Note 3 to the financial statements. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarized as follows:

Adjustment of financial statements

	Unit : Baht		
	As at December	As at December	As at January
	31, 2013	31, 2012	1, 2012
		(Restated)	(Restated)
Statement of financial position			
Deferred tax assets - increase	7,261,507.84	7,574,693.90	7,304,804.29
Retained earnings - Unappropriated - increase	7,261,507.84	7,574,693.90	7,304,804.29

	Unit : Baht	
	2013	2012
		(Restated)
Statement of comprehensive income		
Income tax expenses - decrease	(96,198.54)	(269,889.61)
Net income for the year - increase	96,198.54	269,889.61
Comprehensive income - decrease	(409,384.60)	-
Basic earnings per share - increase	<u>0.01</u>	<u>0.03</u>

5 SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis in measuring the value of the component of financial statements except as described in the each following accounting policies.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except a new accounting policy for the year 2013 as a result of the first adoption of revised and newly accounting standard as follows :-

- Income Taxes
- Operating Segments

Details of the new accounting policies adopted by the Company as disclosed in Notes 12 and 22 to the financial statements respectively.

5 SIGNIFICANT ACCOUNTING POLICIES (Con't)**5.1 Recognition of revenues and expenses**

The revenues from hospital activities mostly consist of revenue from patients treatment service, patient rooms, medicines and recognized as revenues when sales of medicines or treatment service is already performed.

Services income of medical care received from the Office of Social Security are calculated at the average rate per person on accrual basis, the average rate is set by the Office of Social Security.

Other revenue and expense are accounted for on accrual basis.

5.2 Cash and cash equivalents

Cash and cash equivalent consist of cash on hand, bank deposits, and all highly liquid investments with financial institution with an original maturities of 3 month or less, which are not restricted to any use and any use and including call notes receivable and term notes receivable maturing within 3 months or less and not subject to withdrawal restrictions.

Time deposits with maturity exceed three-month period but less than twelve-month period are recorded as current investment (if any).

Cash at bank that have restricted in use are presented separately as "Deposits at bank held as collateral" under non-current assets in the statement of financial position.

5.3 Trade accounts and other receivables and allowance of doubtful account

Trade accounts and other receivable are stated at the net realizable value net from the allowance of doubtful accounts. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences, the analysis of debt aging and its current financial position.

5.4 Inventories

The Company valued the medical and supplies at the lower cost or net realizable value. Cost is calculated by first in - first out method.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

5.5 Property, plant and equipment

Land is stated at cost less provision for impairment of assets (if any).

Plant and equipment are stated at cost less from accumulated depreciation and provision for impairment of assets (if any).

5.5 Property, plant and equipment (Con't)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of land, premises and equipment have different useful lives, they are accounted for as separate items (major components) of lands, premises and equipment.

Expenditure for additions, renewals and betterment are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The Company calculate depreciation for all assets, after deducting residual value, on the straight-line basis over the estimated useful lives as follows:

	<u>Used full lives (Years)</u>
Building and construction	10 - 20
Tool and medical equipment	10
Furniture, fixture and office equipment	3 - 10
Tools	5 - 10
Vehicles	5 - 10

No depreciation is provided for land and assets in progress.

5.6 Intangible assets and amortization

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in profit or loss on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Computer software 10 years

5.7 Employee benefit obligations

5.7.1 Short - term employee benefit

Short - term employee benefit obligations, which include salary, wages, bonuses, contributions to the social security fund and provident fund, are measured on an undiscounted basis and are recognized as expenses when incurred.

5.7.2 Long - term employee benefits (Provident fund)

Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss as incurred.

5.7.3 Defined benefit plan

The retirement benefit is a defined benefit plan that an employee will receive on retirement according to Thai Labor Law depending on age and years of service.

The liability of retirement benefit is recognized in the statement of financial position using the present value of the obligation at the reporting date and past service costs. The retirement benefit is calculated annually by an independent actuary using the projected unit credit method. The present value of the benefit obligations is determined by discounting the estimated future cash outflows using interest rates of deferred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in comprehensive income or loss.

5.8 Provision

A provision is recognized 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.

5.9 Dividend

Dividends are recorded in the financial statements in the period in which they are approved by the meeting of the shareholders or the board of directors.

5.10 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

5.10 Income tax (Con't)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.11 Basic earnings per share

Basic earnings per share is determined by dividing the net income for the year by the number of weighted-average common shares issued and paid-up during the year, adjusted for own shares held (if any)

5.12 Related party transactions

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

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

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

5.13 Impairment

The Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

The recoverable amount of assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an 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.

An impairment loss is recognized in profit or loss.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimate the asset's recoverable amount in which case an impairment loss recognized in prior periods for an asset other than goodwill shall be reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

5.14 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

5.15 Financial Instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, short-term investments, trade accounts receivable, and loans to related parties and financial liabilities carried on the statement of financial position include bank overdrafts and short-term loans, trade accounts payable, loans from related parties, and long-term loans. The particular recognition methods adopted are disclosed in the in the individual policy statements associated with each item.

5.16 Significant accounting judgments and estimates

The preparation of financial statements in conformity with TAS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Significant accounting judgments and estimates are as follow:

5.16.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.16.2 Allowance for doubtful accounts

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

5.16.3 Property plant and equipment and depreciation

In calculating depreciation on building and equipment, the management estimates useful lives and salvage values of the Company's building and equipment and reviews estimated useful lives and salvage values if there are any changes.

5.16.4 Deferred tax assets

Deferred tax assets are recognized in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be recognized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

5.16.5 Impairment of assets

The management is required to review assets 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.

5.16.6 Provision for employee benefit

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, staff turnover rate and mortality rate.

6 TRANSACTIONS WITH RELATED PERSONS AND COMPANY

The Company have transactions with related persons and parties. Part of assets, liabilities, income and expenses are incurred from such related persons and parties. These related persons and company and partnership are related through common directorships as the following.-

	Relationship	Operation	
		Type of Business	Location
Related companies and parties			
21 Sattawat Vejchakit Co.,Ltd.	1	Hospital	Thailand
B. Medical Partnership Trading	4	Trading of medical and mobileservice in x-ray lab	Thailand
Related persons			
Directors (4 persons)	2	-	-
Related persons	3	-	-

The nature of relationship between the Company and its related persons and parties are as follows:

- 1 Having common directors
- 2 All executive four persons are directors and shareholders with two directors are a major shareholder
- 3 Shareholder
- 4 Having partnership/certain shareholders in common

The Company has policies on determining price with their related parties as follows:

<u>Transaction</u>	<u>Pricing Policy</u>
1 Disposal of medicine and medical supplies	Cost price
2 Interest income	5.00% per annum
3 Medicine and medical supplies fee	The contract rate
4 Rental income	The contract rate, which is the approximate to market price
5 Purchase of medicine and medical supplies	Cost price
6 Interest expenses	7.20% - 7.37% per annum
7 Rental expenses	The contract rate, which is the approximate to market price
8 Consulting fees	The contract rate
9 Disposal assets to related company	Net book value plus profit
10 Doctor fees	The same rate as non-medical related persons

The significant transactions with related companies are as follows:

	Pricing	Unit : Baht	
	policies	2013	2012
Related parties			
Revenue from hospital operations	1	6,275,166.47	7,655,819.80
Other incomes	2 , 3 ,4	1,316,839.13	1,302,452.60
Cost of hospital operations	5	1,888,908.00	2,515,948.57
Related persons			
Revenue from hospital operations	1	34,824.20	15,880.29
Other incomes	4 , 9	276,000.00	279,318.99
Cost of hospital operations	5 , 10	17,474,810.00	16,324,942.00
Administrative expenses	7 , 8	6,003,000.00	5,704,500.00
Finance cost	6	1,140,807.57	1,082,410.71

Management benefit expenses

The Company has paid salaries, bonus, meeting allowances, contributions to the social security fund, contributions to provident fund, other welfare and postemployment benefits to their directors and management recognized as expenses as follows:

	Unit : Baht	
	2013	2012
Short - term employee benefits	11,822,300.00	13,231,400.00
Postemployment benefits	801,784.78	1,110,400.99
Total	<u>12,624,084.78</u>	<u>14,341,800.99</u>

The outstanding balance of account with related parties are as follows:-

	Unit : Baht	
	2013	2012
Trade accounts and other receivable		
Other receivable		
Related parties	4,297,021.55	5,442,160.46
Related persons	318,677.20	165,129.34
Total other receivable	<u>4,615,698.75</u>	<u>5,607,289.80</u>

Long - term loan to related company - net

	Unit : Baht		
	Balance as at December 31, 2012	Movement during the period Additional Receipt	Balance as at December 31, 2013
21 Sattawat Vejchakit Co.,Ltd.			
Long - term loan	21,229,734.64	- (755,876.41)	20,473,858.23
<u>Less</u> Allowance for doubtful debt	<u>(21,229,734.64)</u>	- 755,876.41	<u>(20,473,858.23)</u>
Net	<u>-</u>	<u>- -</u>	<u>-</u>

The above - mentioned loan was charged interest at the rate of 5% per annum which the repayment of principle and interest was on monthly installment basis totaling 240 installments. The first installment was commenced in January 2008.

		Unit : Baht	
		2013	2012
Trade accounts and other payable			
Other payable			
Accrued expenses - related persons		7,717,447.27	10,104,284.00
Other payable - related parties		667,124.43	593,628.80
Total other payable		8,384,571.70	10,697,912.80

Long - term loans from related persons

		Unit : Baht		
	Balance as at	Movement during the period		Balance as at
	December 31,	Additional	Receipt	December 31,
	2012			2013
Directors	6,500,000.00	-	-	6,500,000.00
Shareholders and management	9,100,000.00	-	-	9,100,000.00
Total	15,600,000.00	-	-	15,600,000.00

The Company had unsecured long - term loans from four related persons by issuing promissory notes which were charged interest at the rates of 7.20% - 7.37% per annum. Such loans are due within 1 year from the issuance dates of promissory notes. However, the Company was restricted not to repay its loans from directors prior to fully perform its long - term loan from financial institution. The Company, therefore, presented such loan as "non - current asset" in the statement of financial position.

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:-

		Unit : Baht	
		2013	2012
Cash in hand		1,085,918.00	976,895.00
Cash at bank - current account		14,830.05	1,936,824.38
- saving account		14,474,345.26	8,518,379.56
Total		15,575,093.31	11,432,098.94

8 TRADE ACCOUNTS AND OTHER RECEIVABLE - NET

Trade account and other receivable consist of :-

	Unit : Baht	
	2013	2012
<u>Trade accounts receivable</u>		
Contract receivable	26,281,727.66	21,572,611.45
Accounts and employees receivable	4,610,486.07	3,881,055.96
Accrued income and notes receivable	1,686,440.25	1,512,212.47
Total trade accounts receivable	32,578,653.98	26,965,879.88
<u>Less</u> Allowance for doubtful debt	(9,386,317.05)	(7,701,954.90)
Trade accounts receivable - net	23,192,336.93	19,263,924.98
<u>Other receivables</u>		
Prepaid expenses	412,734.86	322,570.49
Advance payments - related parties	4,297,021.55	5,442,160.46
Advance payment - other companies	243,437.12	347,502.00
Accrued rental income - related person	96,000.00	96,000.00
Other receivable - related person	222,677.20	69,129.34
Total other receivable	5,271,870.73	6,277,362.29
Total trade accounts and other receivable	28,464,207.66	25,541,287.27

The outstanding balance of trade accounts receivable aged by number of months as follows:

	Unit : Baht	
	2013	2012
Trade accounts receivable		
Less than or equal 3 months	18,253,110.03	15,730,437.88
Over 3 months to 6 months	3,515,720.00	2,230,947.90
Over 6 months to 12 months	1,630,272.95	1,424,149.20
Over 12 months	9,179,551.00	7,580,344.90
Total	32,578,653.98	26,965,879.88
<u>Less</u> Allowance for doubtful debt	(9,386,317.05)	(7,701,954.90)
Net	23,192,336.93	19,263,924.98

8 TRADE ACCOUNTS AND OTHER RECEIVABLE - NET (Con't.)

Allowance for doubtful accounts are as follows:

Unit : Baht	
2013	2012
Beginning balance the year	7,701,954.90
<u>Add/Less</u> increase(decrease) during the year	(2,300,028.10)
Ending balance the year	9,386,317.05

9 CASH AT BANK HELD AS COLLATERAL

Cash at bank held as collateral consist of.-

Unit : Baht	
Type of deposit	Credit facilities
2013	2012
Fix account - one year	The utilization of electricity
769,672.76	769,672.76
Saving account	Bank overdraft
4,850,327.24	4,850,327.24
Total	5,620,000.00

10 PROPERTY, PLANT AND EQUIPMENT - NET

(See details of the Note on page 58-59)

11 INTANGIBLE ASSET - NET

Intangible asset consist of.-

Unit : Baht	
2013	2012
Computer program	
<u>Cost</u>	
As at January 1,	1,456,088.10
Purchase during the year	48,150.00
As at December 31,	1,504,238.10
<u>Accumulated amortization</u>	
As at January 1,	450,048.63
Amortization during the year	150,067.63
As at December 31,	600,116.26
<u>Book value</u>	
As at January 1,	1,006,039.47
As at December 31,	904,121.84

The Company, therefore, presented such amortization as "administrative expenses" in the statement of comprehensive income.

12 Deferred tax assets

Deferred tax assets and liability are as follows:

	Unit : Baht	
	2013	2012 (Restated)
Deferred tax assets	7,390,139.93	7,608,212.80
Deferred tax liabilities	(128,632.09)	(33,518.90)
Net	7,261,507.84	7,574,693.90

Movements in deferred tax assets and liability during the years were as follows:

	Unit : Baht			
	As at January 1, 2013 (Restated)	Profit(loss) recognized for the year		As at December 31 2013
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Long - term loan to related company	4,245,946.93	(151,175.28)	-	4,094,771.65
Employee benefit obligations	3,362,265.87	342,487.00	(409,384.60)	3,295,368.27
Total	7,608,212.80	191,311.72	(409,384.60)	7,390,139.92
Deferred tax liabilities				
Property plant and equipment	(33,518.90)	(95,113.18)	-	(128,632.08)
Net	7,574,693.90	96,198.54	(409,384.60)	7,261,507.84

	Unit : Baht			
	As at January 1, 2012 (Restated)	Profit(loss) recognized for the year		As at December 31 2012
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Long - term loan to related company	4,325,377.29	(79,430.36)	-	4,245,946.93
Employee benefit obligations	2,979,427.00	382,838.87	-	3,362,265.87
Total	7,304,804.29	303,408.51	-	7,608,212.80

12 Deferred tax assets (Con't.)

	Unit : Baht		
	As at January 1,	Profit(loss) recognized for the year	As at December 31
	2012	Profit or loss	2012
	(Restated)	comprehensive income	
Deferred tax liabilities			
Property plant and equipment	-	(33,518.90)	(33,518.90)
Net	7,304,804.29	269,889.61	7,574,693.90

Income tax expenses for the year are as follows:

Income tax recognized. Profit or loss.

	Unit : Baht	
	2013	2012 (Restated)
Current income tax		
Income tax charge	3,522,901.72	2,258,076.50
Deferred tax		
Deferred tax expense relating to the original and reversal of temporary differences	(96,198.54)	(269,889.61)
Income tax expenses	3,426,703.18	1,988,186.89

Income tax recognized in other comprehensive income.

	Unit : Baht		
	For the year ended December 31, 2013		
	Before tax	Tax (expense)	Net tax
		income	
Deferred tax for :			
Actuarial gains	2,046,922.98	(409,384.60)	1,637,538.38

12 Deferred tax assets (Con't.)

Reconciliation of the effective tax rate.

	For the year ended December 31, 2013			
	2013		2012 (Restated)	
	Tax rate	Tax amount	Tax rate	Tax amount
	%	(Baht)	%	(Baht)
Profit before income tax		14,309,006.11		6,566,519.25
Tax expense	20%	2,861,801.22	23%	1,510,299.43
Tax effect of expenses that are not deductible for tax purposes:		564,901.96		437,404.02
Deferred tax expense (income) from decrease in tax rate		-		40,483.44
Tax expense (effective rate)	23.95%	3,426,703.18	30.28%	1,988,186.89

Tax rate

- Current tax.

The Company and its subsidiaries calculated interim income tax from net profit for the period after adjust non taxable expenses and revenue in accordance with the Revenue Code.

By the royal Decree No. 530 B.E. 2554 dated 21 December 2011 it was granted a reduction in the corporate income tax rate for three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

The main adjustment items are employee benefit obligations, allowance for doubtful accounts and expense not in compliance with the Revenue Code.

- Deferred tax

Deferred tax has been measured using the effective rate at 20% announced by the government at reporting date.

13 BANK OVERDRAFT

The Company had overdraft credit lines of Baht 25 million from two local commercial banks with interest at the rate of MOR. The loans were secured by pledging its saving account amounting to Baht 5 million and other common collateral with long - term loan from financial institution.

14 TRADE ACCOUNTS AND OTHER PAYABLE

Trade accounts and other payable consist of.-

	Unit : Baht	
	2013	2012
Trade accounts payable	10,599,163.75	12,572,710.56
Other payable		
Accrued expenses	7,478,527.33	9,230,400.64
Accrued bonus	5,850,000.00	8,850,000.00
Accrued salaries	5,660,338.00	5,038,526.00
Assets payable	2,438,802.80	8,869,175.00
Others	1,294,804.32	1,207,951.44
Total	<u>33,321,636.20</u>	<u>45,768,763.64</u>

15 LONG - TERM LOAN FROM FINANCIAL INSTITUTION - NET

Long - term loan from financial institution consist of.-

	Unit : Baht	
	2013	2012
Long - term loan beginning balance	49,959,091.44	40,000,000.00
<u>Add</u> Receipt during the year	-	16,420,000.00
<u>Less</u> Repayment during the year	(5,789,043.74)	(6,460,908.56)
Total	<u>44,170,047.70</u>	<u>49,959,091.44</u>
<u>Less</u> Portion due within one year	(6,658,403.04)	(5,685,880.57)
Net	<u>37,511,644.66</u>	<u>44,273,210.87</u>

The Company entered into loan agreements and collateral with a commercial bank for a total credit facility, consist of.-

	Unit : Million Baht
Long - term loan	57
Overdraft loan	20
Guarantee	<u>5</u>
Total	<u>82</u>

15. LONG - TERM LOAN FROM FINANCIAL INSTITUTION - NET (Con't)

The long - term loans as follows :-

1 Long - term loan of Baht 40 million for the repayment of another loan which has been fully utilized at the agreement date.

2 Long - term loan of Baht 17 million for the repayment of tool and medical equipment.

The above - mentioned long - term loan shall be repaid with interest the rate MLR installments at Baht 0.76 million per month.

The Company has released the mortgage of the securities and guarantees from the other financial institution and pledged with a new financial institution by mortgage certain parts of its land and building and personal guarantee by 2 directors.

The Company shall comply with the conditions stipulated in the loan agreement including the following rules and limitations:

1 The Company must not have capital deficiency during its loan term and if any, the Company shall increase its registered capital with fully paid.

2 The Company shall perform its loans from bank prior the repayment of loan from director.

3 The Company shall maintain its financial ratios as follows:

3.1 Debt to Equity ratio shall not exceed 2 times.

3.2 DSCR ratio shall not less than 2 times.

16 HIRE - PURCHASE PAYABLE - NET

Hire - purchase payable consist of:-

	Unit : Baht	
	2013	2012
Hire - purchase payable	-	201,740.00
<u>Less</u> Deferred interest - net	-	(121.56)
Present value of minimum amount payment	-	201,618.44
<u>Less</u> Portion due within one year	-	(201,618.44)
Net	-	-

Present value of minimum amount payment by lease agreement

	Unit : Baht	
	2013	2012
Less than 1 year		201,618.44
Over 1 year not over 5 year		-
Total	-	201,618.44

10 PROPERTY, PLANT AND EQUIPMENT - NET (Con't.)

Property, plant and equipment - net consist of:-

Unit : Baht							
	Land	Building and construction	Tool and medical equipment	Furniture,fixture and office equipment	Tools	Vehicles	Assets in progress Total
Cost							
As at January 1, 2012	59,554,742.60	201,028,441.89	64,246,257.27	36,806,057.71	11,246,442.01	13,500,477.58	518,071,913.04
<u>Add</u> Purchase during the year	-	446,418.00	18,713,847.26	1,277,968.25	215,272.00	34,000.00	20,687,505.51
<u>Less</u> Disposal during the year	-	-	(4,500,000.00)	-	-	-	(4,500,000.00)
As at December 31, 2012	59,554,742.60	201,474,859.89	78,460,104.53	38,084,025.96	11,461,714.01	13,534,477.58	534,259,418.55
Accumulated depreciation							
As at January 1, 2012	-	68,801,875.15	41,721,316.35	28,294,686.55	8,087,571.62	11,036,575.18	157,942,024.85
<u>Add</u> Depreciation for the year	-	8,061,697.21	3,932,104.93	2,550,425.63	906,346.89	884,773.44	16,335,348.10
<u>Less</u> Disposal during the year	-	-	(4,499,999.00)	-	-	-	(4,499,999.00)
As at December 31, 2012	-	76,863,572.36	41,153,422.28	30,845,112.18	8,993,918.51	11,921,348.62	169,777,373.95
Net book value							
As at January 1, 2012	59,554,742.60	132,226,566.74	22,524,940.92	8,511,371.16	3,158,870.39	2,463,902.40	360,129,888.19
As at December 31, 2012	59,554,742.60	124,611,287.53	37,306,682.25	7,238,913.78	2,467,795.50	1,613,128.96	364,482,044.60

10 PROPERTY, PLANT AND EQUIPMENT - NET (Con't.)

Property, plant and equipment - net consist of:-

	Unit : Baht							Total
	Land	Building and construction	Tool and medical equipment	Furniture, fixture and office equipment	Tools	Vehicles	Assets in progress	
Cost								
As at January 1, 2013	59,554,742.60	201,474,859.89	78,460,104.53	38,084,025.96	11,461,714.01	13,534,477.58	131,689,493.98	534,259,418.55
<u>Add</u> Purchase during the year	-	2,904,223.14	3,949,050.00	866,807.00	650,891.00	2,291,000.00	3,840,210.58	14,502,181.72
<u>Less</u> Disposal during the year	-	-	-	-	-	(65,500.00)	-	(65,500.00)
As at December 31, 2013	59,554,742.60	204,379,083.03	82,409,154.53	38,950,832.96	12,112,605.01	15,759,977.58	135,529,704.56	548,696,100.27
Accumulated depreciation								
As at January 1, 2013	-	76,863,572.36	41,153,422.28	30,845,112.18	8,993,918.51	11,921,348.62	-	169,777,373.95
<u>Add</u> Depreciation for the year	-	8,063,190.34	5,206,029.30	2,377,021.61	918,011.31	942,390.36	-	17,506,642.92
<u>Less</u> Disposal during the year	-	-	-	-	-	(37,895.83)	-	(37,895.83)
As at December 31, 2013	-	84,926,762.70	46,359,451.58	33,222,133.79	9,911,929.82	12,825,843.15	-	187,246,121.04
Net book value								
As at January 1, 2013	59,554,742.60	124,611,287.53	37,306,682.25	7,238,913.78	2,467,795.50	1,613,128.96	131,689,493.98	364,482,044.60
As at December 31, 2013	59,554,742.60	119,452,320.33	36,049,702.95	5,728,699.17	2,200,675.19	2,934,134.43	135,529,704.56	361,449,979.23

Depreciation for the year ended December 31, 2013 and 2012 consist of:-

	Unit : Baht	
	2013	2012
Cost of services	15,044,198.34	13,744,751.36
Administrative expenses	2,462,444.58	2,590,596.74
Total	17,506,642.92	16,335,348.10

The Company mortgaged part of land and building with a local commercial bank as collateral to secure its loans as described in Note 13 and 15

As at December 31, 2013 and 2012, the Company had fully depreciated fixed assets but still in active use at the cost value totalling Baht 113.47 million and Baht 106.51 million respectively.

17 EMPLOYEE BENEFIT OBLIGATIONS

The Company operates postemployment benefit and pension based on the requirement of the Thai Labour Protection Act B.E. 2541 to provide retirement benefits and other long - term benefits to employees based on pensionable remuneration and length of services.

Movement in the present value of the employee benefits obligations consist of;

	Unit : Baht	
	2013	2012
Opening balance as at January 1,	16,811,329.36	14,897,135.00
Current service cost	1,786,935.00	1,914,194.36
Employee benefits paid during the year	(74,500.00)	-
Actuarial gains	(2,046,922.98)	-
Ending balance as at December 31,	16,476,841.38	16,811,329.36
<u>Less</u> Current portion	(7,000,000.00)	-
Employee benefits obligations - net	9,476,841.38	16,811,329.36

The expense is recognized in the following line items in the profit or loss:

Profit or loss		
Cost of hospital operation	737,761.54	522,884.71
Administrative expenses	247,388.68	280,908.66
Management's remuneration	801,784.78	1,110,400.99
Total	1,786,935.00	1,914,194.36

Principal actuarial assumptions at the reporting date

	2013	2012
Discount rate	4.55%	4.00%
Salary increase rate	5%	5%
* Employee turnover rate	0.00% - 25.00%	0.00% - 20.00%
** Mortality rate	TMO2008	TM0097
* Upon the length of service		

** Reference from TMO2008 : Thai Mortality Ordinary Table 2008

Amounts of defined benefit obligation for the current and previous two-year are as follows.

	Unit : Baht
	Defined benefit obligation
Year 2013	16,476,841.38
Year 2012	16,811,329.36
Year 2011	14,897,135.00

18 LEGAL RESERVE

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

At present, the legal reserve has fully been set aside.

19 DIVIDEND PAID

On April 18, 2013, the annual shareholders' meeting of 2013 resolved to pay dividend from retained earnings of 2012 at Baht 0.20 per share, totalling Baht 2 million, which was to be paid on May 16, 2013.

20 EXPENSES BY NATURE

Significant expenses classified by nature consist of:-

	Unit : Baht	
	2013	2012
Employee expenses	113,827,816.97	107,329,886.43
Management benefit expenses	12,624,084.78	14,341,800.93
Medicines and medical supplies	36,455,017.23	38,372,115.81
Artificial kidney expenses	26,268,787.50	18,936,719.33
Depreciation and amortization expenses	17,656,710.55	16,480,956.91
Finance cost	5,766,851.04	5,590,318.16

21 EARNINGS PER SHARE

Basic earnings per share for the year 2013 is calculated by dividing net income for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year as follows :

	Unit : Baht	
	2013	2012 (Restated)
Profit attributable to ordinary shareholders		
of the Company (basic) (Baht)	10,882,302.93	4,578,332.36
Number of ordinary shares outstanding (Share)	10,000,000.00	10,000,000.00
Earning per share (basic) (Baht)	1.09	0.46

22 SEGMENT FINANCIAL 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 to the segment and assess its performance. The chief operating decision maker has been identified as Mrs. Suphawan Tangsubkul.

Management considers that the Company operates in a single line of business, namely the manufacturing of security documents, and has therefore only one business segment.

As a result, all of the revenues, operating profits and assets reflected in these financial statements are related to the referred business and geographical segment.

23 PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its employees contributed to the fund monthly at the rate of 2 – 6 percent of their basic salary. The fund, which is managed by Finansia Asset Management Limited will be paid to employees upon termination in accordance with the fund rules. For the year ended December, 2013, the Company contributed Baht 0.53 million.

24 FINANCIAL INSTRUMENTS

The Company complied with the Thai Accounting Standard No.107 "Presentations and Disclosure of Financial Instruments" as a guidance to disclose about the financial instruments as follows :

24.1 Accounting policies

The related accounting policies are disclosed in notes 5.15 to financial statements.

24.2 Financial risk management

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company did not speculate or engage in the trading of any derivative financial instrument.

24.3 Credit Risk

Credit risk is the risk that a counterparty is unable or unwilling to meet a commitment that they entered into with the Company. This risk is controlled by consistent analysis of debtors' financial status. The Management believe that the credit risk will not be in excess of the provided allowance for doubtful debt.

For the financial assets, the carrying amount of assets recorded in the statements of financial position, net of an allowance for doubtful accounts, represents the Company maximum exposure to credit risk.

24 FINANCIAL INSTRUMENTS (Con't.)

24.4 Interest rate risk

The Company exposure to interest rate risk relates primarily to its deposits with financial institutions, bank overdrafts and short-terms and long-term loans charged with interest and financial lease. However, since interest rates of the majority of these financial assets and liabilities vary according to market rates or are fixed and closed to market rates, the Company management deemed its interest risk at low level. The Company thus do not use derivative financial instruments to hedge such risk.

The Company had interest rate risk as follows:

	As at December 31, 2013 (Unit : Baht)						
	Fixed interest rates			Floating	Non-		Interest
	within	1 - 5	Over	interest	interest	Total	rate
	1 year	years	5 years	rate	bearing		(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	14,474,345	1,100,748	15,575,093	0.40 - 0.68
Cash at bank held as collateral	769,673	-	-	4,850,327	-	5,620,000	0.30 - 2.30
Financial liabilities							
Bank overdraft	-	-	-	11,858,590	-	11,858,590	MOR (7.25 - 7.42)
Long-term loans from related persons	15,600,000	-	-	-	-	15,600,000	7.20 - 7.37
Long-term loan from financial institution	-	-	-	44,170,048	-	44,170,048	MLR (7.25)
As at December 31, 2012 (Unit : Baht)							
	Fixed interest rates			Floating	Non-		Interest
	within	1 - 5	Over	interest	interest	Total	rate
	1 year	years	5 years	rate	bearing		(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	8,518,380	2,913,719	11,432,099	0.125 - 0.875
Cash at bank held as collateral	769,673	-	-	4,850,327	-	5,620,000	0.75 - 3.50
Financial liabilities							
Bank overdraft	-	-	-	1,356,450	-	1,356,450	MOR (7.00 - 7.55)
Long-term loans from related persons	15,600,000	-	-	-	-	15,600,000	6.50 - 7.25
Long-term loan from financial institution	-	-	-	49,959,091	-	49,959,091	MLR (7.25)
Hire-purchase payable	201,618	-	-	-	-	201,618	4.00

24 FINANCIAL INSTRUMENTS (Con't.)**24.5 Liquidity risk**

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the incurrence of a financial loss. The Company has a policy to maintain liquidity risk which may occur. The Company has sufficient credit lines to fund its operations that are provided by many commercial banks. This mitigates the risk.

24.6 Fair value of financial instruments

A number of the Company accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Methodology of fair value measurement depends upon characteristics of the financial instruments. For the financial instruments which are regarded as trade in an active market, fair value has been determined by the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique.

Since the majority of the Company financial assets and liabilities are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

25 COMMITMENT AND CONTINGENT LIABILITIES

The Company had commitments and were in possession of contingent liabilities as follows.-

25.1 Letters of guarantees issued by banks as follows :-

	Unit : Baht	
	2013	2012
Guarantee its medical services	3,859,000.00	3,859,000.00
Guarantee the utilization of electricity with Metropolitan		
Electricity Authority	600,000.00	600,000.00
Guarantee the radio and signal usage agreement	20,000.00	20,000.00
Total	4,479,000.00	4,479,000.00

25 COMMITMENT AND CONTINGENT LIABILITIES (Con't.)

25.2 The Company has entered into operating lease agreements as follows :-

Description	Agreement ended	Annual rental fee
		(Unit : Baht)
Land rental lease with to car parking and wash a building	Year 2013 - 2016	241,400.00
Housing rental lease with a lodging welfare	Year 2013	100,000.00
Housing rental lease for rent to employees	Year 2014	936,000.00
Car rental agreement	Year 2015 - 2017	2,461,514.40

The annual rental for the above - mentioned contracts are as follows :-

	Unit : Baht	
	2013	2012
Less than 1 year	2,727,914.40	3,422,384.40
Over 1 year not over 5 year	3,713,155.00	5,320,999.40

26 CAPITAL MANAGEMENT

The major primary objectives of the Company's capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure.

As at December 31, 2013 and 2012 Debt-to-Equity ratios in the financial statements were 0.41 : 1 and 0.45 : 1 respectively.

27 SUBSEQUENT EVENTS

By the directors' meeting on February 27, 2014, it was approved to propose to the shareholders to distribute dividend from retained earnings of 2013 at Baht 0.30 Per share, totalling Baht 3 million.

28 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on February 27, 2014.

Location

Wattana Karnpaet Public Company Limited

North Eastern Wattana Hospital

70/7-8 Suphakitchanya, Markkeang

Muang, Udothani, 41000

Tel : 0-4232-5999

Fax : 0-4224-1956

EMAIL : ADMIN@WATTANAHOSPITAL.NET

WEBSITE : WWW.WATTANAHOSPITAL.NET

