



บริษัท วัฒนการแพทย์ จำกัด (มหาชน)

WATTANA KARNPAET PUBLIC COMPANY LIMITED



Annual Report 2017

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Contents

	<u>Page</u>
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	14
9. Related Transactions	17
10. Summary of Financial Results and Operation	18
11. Financial Statements	21

Letter from the chairman of the board,



Dear Shareholders,

From the 2015 and 2016 letters to shareholders, the expansion structure and processes for North-Eastern Wattana Hospital had been explained, including the service standard improvement for our patients. Also mentioned was the development of affiliation with other hospitals in Bangkok, together with the strengthening of the referral network from nearby province and Laos PDR. In order to prepare to serve the coming AEC or Asian Economic Community, which has been growing along the Mekong Subregion. Especially the movement of the healthcare both from the public and private sectors to improve the quality of life of Asian which seemed to be more prosperous each day with a higher purchasing power ever than before. Hence the hospital business needs to be driven in the right direction to adapt to the modern situation.

In the past year of 2017, our hospital allocated around Bath 50 million into renovation of the hospital building to ensure the customers are comfortable in their experience. The hospital building had been renovated to have a unique look which reflecting modern healthcare technology and the atmosphere inside has been designed to compliment the patients and customers' needs. The design theme brought together the advantage of the location being opposite to the Nong Prajack Park, combined with the openness of the building to allow the park view to be enjoyed from the inside the hospital buildings. The healing environment has been created including inside the inpatient rooms which designed to be modern residence style which is spacious with pleasant view and modern equipment.

Also, we had developed 24 hours emergency services that include more specialties to accommodate our emergency patients. And by having referral network between Udonthani-Nongkhai-Vientiane, allowing our patients to have more effective and better access to the emergency services.

We had opened new clinics to serve increasing demands from modern society such as Infertility Clinic, Pediatric Endocrine Clinic, and Anti-aging Clinic.

Our hemodialysis department had been expanded from 20 units to 35 units, with improved the quality of the treatment, new and improved equipment to raise quality of life of the chronic kidney disease patients.

And in 2018, we have a plan to affiliate with heart specialists team from a leading hospital in Bangkok to open our "Heart Center" in order to increase our ability to treat patients with heart conditions more effectively by reducing the time to treatment for the patients.

For our investors, we expect that with the combination of our new designed image of the hospital, our experienced medical team, and our committed goals to focus on improving quality of life of our patients and their families, we will see an income growth. And with our already increased in service capacity together with our flexibility in pricing and costs management, our competitive advantage will also be improved.

As for this year, our hospital management team hopes to receive your well support to help our hospital to achieve our goals together.

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. Poonsakdi 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 2017, 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 2018 and proposed to the Board of Directors to appoint Ms.Chaovana Viwatpanachati, Ms.Wanpen Unruan and Ms.Porntip Amornchailertpattana , license numbers 4712, 7750 and 9589 respectively, of Office of Pitisevi Co., Ltd. as the company's auditor.

We hereby confirm having audited the financial report of company, year 2017 and fully accepted it.

Sincerely Yours



(Ass.Prof.Dr.Phoonsakdi 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 : 0-4221-9888 Fax: 0-4224-1956 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.

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 , Miss Wanpen Unruan and Ms.Porntip Amornchailertpattana , Office of Pitisevi Co., Ltd.
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. Wiboon Assawareungchai
License Number 872/2533
87 Thahan Road, Makkheng Sub-district, Muang District, Udonthani 41000
Telephone : 081-601-7734

2. The Summary of Financial data of Company

The Summary of Financial data of Company

(Unit : Thousand baht)

	2017	2016	2015
Asset at year date			
Total Assets	472,619	454,442	467,431
Total Liabilities	134,854	129,677	148,555
Shareholders' Equity	337,765	324,765	318,876
Operating performance January - December			
Service Revenues	298,523	294,217	317,268
Total Revenues	326,100	303,553	325,385
Cost of services and expenses	299,540	285,130	303,958
Profit before finance cost and corporate income tax	26,560	18,423	21,426
Interest Expense	3,365	3,916	3,811
Profit before corporate income tax	23,195	14,507	17,615
Net Profit (Loss)	18,286	10,890	13,003
Per share data (Baht)			
Earning (Loss) per share	1.83	1.09	1.30
Weighted Shares (000' shares)	10,000	10,000	10,000
Book value per share	33.78	32.48	31.89
Financial Ratio			
Current Ratio	1.00	1.10	1.05
Gross Profit Margin (%)	33.62	29.72	27.18
Net Profit Margin (%)	5.61	3.59	4.00
Return on Asset (%)	3.94	2.36	2.83
Return on Equity (%)	5.52	3.38	4.14
Debts to Equity Ratio	0.40	0.40	0.47
Growth Rate – Increase (Decrease)			
Total Assets (%)	4.00	(2.78)	3.38
Total Liabilities (%)	3.99	(12.71)	4.06
Service Revenues (%)	1.46	(7.27)	11.25
Net Profit (%)	67.92	(16.25)	17.18

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 and Inpatient Department.

3.2 Income Structure

Income structure by types of patients

Income by types of patient (million Baht)	2017	%	2016	%	2015	%
Out-patient	137.68	42.2%	136.55	45.0%	128.96	39.6%
In-patient	174.49	53.5%	172.73	56.9%	137.06	42.1%
Social security patient	5.35	1.5%	2.33	0.5%	57.90	17.7%
Other income	16.44	5.2%	13.34	4.6%	11.97	3.8%
Other income – Reversal for doubtful accounts from receive debt	17.46	5.4%	-	-	-	-
Discount	-25.32	-7.8%	-21.40	-7.0%	-10.50	-3.2%
Total	326.10		303.55		325.39	

Income structure by services

Types of Services	2017		2016		2015	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
(1) Income from the hospital's operations	298,523	91.54	294,217	96.92	317,268	97.51
- Medicines and medical supplies	96,045	29.45	91,934	30.29	94,138	28.93
- Doctor fees	57,444	17.62	60,353	19.88	61,613	18.94
- Room charges	25,249	7.74	24,591	8.10	25,189	7.74
- Investigation and treatment	105,272	32.28	103,620	34.14	120,502	37.03
- Other hospital related incomes	14,513	4.45	13,719	4.52	15,825	4.86
(2) Other incomes	27,577	8.46	9,336	3.08	8,117	2.49
- Other incomes	10,113	3.10	9,336	3.07	8,117	2.49
- Other income – Reversal for doubtful accounts from receive debt	17,464	5.36	-	-	-	-
Total income	326,100	100.0	303,553	100.0	325,385	100.0
Percentage increase (decrease) in total income	-	7.42	-	-6.71	-	12.26

3.3 Major events in the year

1. Expanded the coverage of emergency referral services to cover a larger population
2. Increased the coverage of specialists to cover 24 hours
3. Renovated the building and Emergency Department
4. Expanded the hemodialysis department from 20 units to 35 units

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 32 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) Debt payment delay risk
In the past couples of years, there has been an increasing trend of customers using health insurance. This results in the increasing debt amount, and increasing the chance of the delay in payment. This in turn can affect the cashflow of the company, and the risk of debt default is increased.
- (b) Legal disputes, there would be a risk of lawsuit on medical services.

Risks that affecting the rights or investment of shareholders

- (a) Risk from the company's major shareholders holding more than 50%
As of the 29th of December, 2017, the Tangsubkul family has the number of shares in the company of 5,779,774 shares, or 57.80 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 29th of December, 2017, there were 452 minor shareholders and holding the company's share (Free Float) of 3,203,226 shares, or 32.03 per cent. 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

		29 th of December, 2017	
		Number of shares	%
1	Miss Natthira Tangsubkul	2,425,942	24.26
2	Ms. Suphawan Tangsubkul	1,587,250	15.87
3	Ms. Pallapa Vidayakorn	1,017,000	10.17
4	Mr. Phiphat Tangsubkul	807,282	8.07
5	Thai NVDR Company Limited	533,786	5.34
6	Mrs. Wanlee Sangsiri	497,800	4.98
7	Miss Monticha Uchapun	495,000	4.95
8	Miss Orawan Ua-amporn	491,675	4.92
9	Mrs. Phirawan Changsirivathanathamrong	460,300	4.60
10	Mr. Phiraphat Tangsubkul	428,875	4.29

Remark: data from the share distribution from the Thailand Securities Depository as of 29th December 2017

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. Sittichai	Ungklomklieow, M.D.	Director
4. Miss Bangon	Tangsubkul	Director
5. Miss Jariya	Chatsakunpen	Director
6. Ass.Prof.Dr.Poonsakdi	Vaisamruat	Independence Director/ Audit Committee Chairman
7. Miss Suda	Santisavekul	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 Ungklomklieow, 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	Promtong	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 Securities and 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. Miss Bangon Tangsubkul	Chairman of Remuneration Sub-Committee
2. Alisa Neramittagapong, M.D.	Remuneration Sub-Committee
3. Miss Jariya Chatsakunpen	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 Ungklomkieow, 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.

Corporate Governance and Ethics Committee

1. Ass.Prof.Dr. Phiphat Tangsubkul	Committee Chairman
2. Miss Bangon Tangsubkul	Committee Director
3. Miss Suda Santiseveekul	Committee Director

The Scope of Duties and Responsibilities of the Corporate Governance and Ethics Committee

The Committee has duties and responsibilities as follows:

1. Proposing Corporate Governance Policies and a Code of Ethics of the company to the Board of Directors for approval.
2. Monitoring and supervising the company to ensure that corporate governance policies and business ethics specified by the Company are complied with
3. Continuously assessing the company's corporate governance policies and code of ethics to ensure that they comply with international standards and/or recommendations from related government organizations and propose these findings for approval from the Board of Directors.
4. Evaluating and proposing a Code of Best Practices to the Board of Directors and/or smaller committees in the Company.
5. Encouraging the dissemination of the good corporate governance culture across the organization and ensure that it is actually practiced.
6. Evaluating appointing and outlining the working team's roles in supporting the monitoring and supervision of business operations and ethics, as appropriate.
7. Performing other duties as assigned by the Board of Directors.

The management and all departments in the company must report or present the information and documents related to the corporate governance and ethics to the Committee in order to support the Committee to be most effective in their assigned duties.

Risk Management Committee

1. Dr. Sitichai Ungklomkieow, M.D.	Committee Chairman
2. Ass.Prof.Dr.Poonsak Vaisamruat	Committee Director
3. Dr. Suphawan Tangsubkul, M.D.	Committee Director

The Scope of Duties and Responsibilities of the Risk Management Committee

The Committee has duties and responsibilities as follows:

1. Assessing and presenting policies, set risk management policy and framework and propose to the Board of Directors for approval.
 2. Examining and agreeing on acceptable risk levels, approve risk management plans and present to the Board of Directors.
 3. Continuously monitoring, develop and comply with policies and the risk management framework so the Company will have a risk management system that is uniformly effective throughout the organization to ensure that policies continue to be observed.
 4. Assessing risk identification and assessment procedures, report on significant risk management activities and enforce procedures to ensure that the organization has sufficient and appropriate risk management systems in place.
 5. Coordinating with the Audit Committee about significant risk factors and appoint an internal risk assessment team to ensure that the Company's risk management system is appropriate to the exposure, adapted as needed and adopted throughout the organization.
 6. Continually reporting to the Board of Directors on significant risks and risk management solutions. Recommending and advising the Risk Management Committee and/or departments and/or the relevant working committees about significant risks about risk management, as well as evaluate the appropriate means to improve various databases that are related to the development of risk management solutions.
 7. Appointing Sub-Committees and/or additional related personnel, or replacements in the Risk Management Committee and/or the Department and/or the working team that is related to managing risks as necessary, as well as determine their roles and responsibilities in order to achieve the objectives.
 8. Executing other activities that pertain to managing risks as assigned by the Board of Directors.
- The management and/or the committee and/or all departments and/or working teams related to risk management and/or internal auditor and/or auditor of the company must report or present the information and documents related to the risk management to the Committee in order to support the Committee to be most effective in their assigned duties.

Directors' Meeting Participation in 2017

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

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	168,000	None	None
Dr. Sitichai Ungklomkiew, M.D.	Director	None	68,000	None	None
Dr. Suphawan Tangsubkul, M.D.	Director	None	68,000	None	None
Miss Bangon Tangsubkul	Director	None	68,000	None	None
Miss Jariya Chatsakunpen	Independence Director	None	18,000	None	None
Ass.Prof.Dr.Poonsak Vaisamruat	Independence Director/ Audit Committee Chairman	None	36,000	None	None

Miss Suda Santiseveekul	Independence Director/Audit Committee Director	None	24,000	None	None
Dr. Alisa Neramittagapong, M.D.	Independence Director/Audit Committee Director	None	12,000	None	None

Remuneration and number of directors and management team

In 2017, the company paid salaries and bonuses to 12 of directors and management team of Baht 20.82 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 2017, the company paid the provident fund for 6 directors and management team total of Baht 1.52 million.

Auditor's Remuneration

The auditor's remuneration for the year 2017 is 680,000 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 29th December, 2017

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	74	- 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 Ungklomklieow, M.D. Director and Authorized Director	64	- 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	72	- 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	78	- Bachelor of Commerce, Thammasat University, Thailand - Attended the Director Accreditation Program (DAP)	0.005	Sister of (1)	1985- Current	- Director
5) Miss Jariya Chatsakunpen Director	40	- Bachelor of Economics, Bangkok University, Thailand - Masters of Business Administration, Florida Metropolitan University, United States of America	0	-	2014- Current	-Independent Director -Business owner

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	65	- Bachelor of Law (Honours Class 2), Chulalongkorn University, Thailand - Doctoral de l' University de Paris II (Drait Sadministratif) (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	67	- 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	41	- 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.Jutarat Kraisriwanthana Deputy Director	67	- Faculty of public health, Sukhothaithammarath University - Certificate in Nursing and Midwifery, Nakhonratchasima nursing colleges	-	-	1997-Current	- Infection control Nurse - Deputy Director
10) Ms.Arune Pothip Head of Nursing Division	47	- Bachelor of Nursing, Khon Kaen University	-	-	1991-Current	- Head of Nursing Division
11) Dr.Natthira Tangsubkul	39	-Doctor of Engineering, -Master of Engineering and management, -Bachelor of Engineering New South Wales University, Australia -Master of MBA, Sukhothaithammarath University -Certificate in ISO Auditor	24.26	Daughter of (1,3)	2004-Current	- Assisting Managing Director
12) Miss Pattharaporn Promtong	32	-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 2017 is 680,000 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 assigns the MA consulting Co.Ltd. to perform the internal audit roles for the company in 2016-2017. The results have been regularly reported and recommended given to the company to improve the internal control system.

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 Company's Committee, the Audit Committee, and the Management had convened for an evaluation of internal control system with a consideration on the audited performance from auditing, advices of the auditors, with additional information queries to the Management. From the Company's internal control system evaluation checklists, there are 5 considerable i.e. organization and environment, risk management control for management operation, information technology system, information communication and follow-up system, the committee agrees that the Company has a sufficient internal control efficiency. For good corporate governance, the committee has promoted and supported the management team to continuously improve internal control quality

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. 0-4221-9888 , 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 40 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 Alliance International Medical Center Company Limited, as follows:

(1) The company has related transactions with the 21 Sattawat Vejchakit Company Limited where there are common directors and shareholders. 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 5 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) The company has related transactions with the Alliance International Medical Center Company Limited which there are common directors with the company. The related transactions are the 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 5 of the notes of the financial statement. The reason for the transactions was for the benefits of the company to affiliate with for sending patients to the hospital.

(3) Future debt and reliability that may occur

The company has a loan of Baht 75 million from a financial institute, which is due in 2023. There was an additional loan of Baht 50 million for the renovation of the buildings taken up in 2016-2017.

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 Company Limited and Alliance International Medical Center Company Limited on the patient referral activities and trading of medicines and medical supplies for the benefits of the company.

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

Wattana Karnpaet Public Company Limited (“Company”) reported the total income in 2017 to be Baht 326.100 million, increased by 7.4 per cent from that of 2016. The increase in income was from the receiving the doubtful account of Baht 17.464 million. The hospital income from operations is Baht 298.523 million, increased around 1.5 per cent from last year.

In 2017, the Company has EBITDA of Baht 47.007 million, which increased 23.6 per cent from the previous year.

From the above explanation, the Company reported net profit of Baht 18.286 million, increased 67.9 per cent from last year.

Major development in 2017

1. Increased the referral center service to cover a larger population base
2. Increased the coverage of specialist services to 24 hours
3. Renovated the front building and the Emergency Department
4. Expanded the hemodialysis department from 20 units to 35 units

1. Financial Summary 2017 and Profitability

Operating Income

(Million Baht)	2017	2016	%Change
Revenue from hospital operations	298.523	294.217	1.5%
Other Income	10.113	9.336	8.3%
Other Income- Receiving payment from doubtful account	17.464	-	NA
Total Income	326.100	303.553	7.4%

In 2017, the Company had the total income of Baht 326.100 million, increased from Baht 303.553 million of last year, or a 7.4 per cent increase from last year. This is from receiving the payment from doubtful account of Baht 17.464 million. And the hospital operations income increased by Baht 4.306 million.

Cost and Expenses

(Million Baht)	2017	2016	% Change
Cost of hospital operations	225.750	216.118	4.5%
Administrative expenses	73.789	69.012	6.9%
Total cost and expenses and depreciation	299.539	285.130	5.1%

In 2017, the Company had the cost of hospital operations with depreciation of Baht 225.750 million, increased from Baht 216.118 million, or 4.5 per cent from last year. The cost of hospital operations increased due to the increase in the service improvement to offer a more complete and coverage of 24 hours of specialists to serve the emergency patients, which increasing from the expansion of referral center service to cover a larger population base. The administrative expense was Baht 73.789 million, increased from Baht 69.012 million from last year, or 6.9 per cent, which was from the wages.

Profitability Analysis

(Million Baht)	2017	2016	% Change
EBITDA	47.007	38.026	23.6%
EBITDA margin	14%	13%	
EBIT	26.559	18.423	44.2%
EBIT margin	8%	6%	
Net profit	18.286	10.890	67.9%
Net profit margin	6%	4%	
Basic earning per share	1.83	1.09	67.9%

From the above mentioned, EBITDA in 2017 was Baht 47.007 million. The EBITDA margin was similar of last year, which was 14 per cent.

Balance Sheet and Cash Flow**Balance Sheet**

(Million Baht)	2017	2016	% Change
Total Assets	472.619	454.442	4.0%
Total Liabilities	134.854	129.677	4.0%
Total Shareholders' Equity	337.765	324.765	4.0%

In 2017, the total assets of the Company increased by 4.0 per cent, resulting in the 2017 total assets of Baht 472.619 million. At the same time the total liabilities was increased by 4.0 per cent, resulting in the total liabilities of Baht 134.854 million. This resulted in the total shareholders' equity in 2017 was Baht 337.765 million, or a 4.0 per cent increase.

Cash Flows

(Million Baht)	2017
Net cash provided by operating activities	24.862
Net cash used in investing activities	(28.062)
Net cash provided by financing activities	0.249
Net increase in cash and cash equivalents	(2.951)
Cash and cash equivalents as at the beginning of the year	35.698
Cash and cash equivalents as at the end of the year	32.747

In 2017, the Company had net increase in cash and cash equivalent of Baht 2.951 million, with the cash and cash equivalents at the beginning of the period of Baht 35.698 million. As a result, cash and cash equivalents at the end of the period was Baht 32.747 million.

2.Assets utilization

	2017	2016
Accounts receivable turnover	11.26	8.69
Number of days of receivables (days)	31.97	41.41
Inventory turnover	56.94	54.12
Number of days of inventory (days)	6.32	6.65

In the past year, the number of days of receivables was slightly decreased. This is because the company has implemented a system of follow up the debts to increase the effectiveness of the Account Receivable system to continueing to reduce number of days of receivables.

In 2017, the number of days of inventory was 6.32 days, decreased from that of 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.

3.Liquidity and sufficiency of funding

	2017	2016
Current ratio	1.00	1.10
Quick ratio	0.91	1.01
Cash ratio	0.52	0.52
Interest coverage	11.96	13.57

From the liquidity side, the current ratio of the company was 1.00 which sufficient for an ordinary business operations. In 2017, the company's Quick ratio and Cash ratio was 0.91 and 0.52 respectively, and the Interest coverage was 11.96, which is sufficient.

4. Debt payment

	2017	2016
Interest coverage	11.96	13.57
Debt service coverage (Cash Basis)	1.03	1.21
Debt to equity ratio	0.40	0.40

The company has an ability to service debt. The interest coverage was 11.96 in 2017, decreased from that of last year. The debt service coverage (cash basis) in 2017 was 1.03, decreased from last year because the company's cash from operations decreased.

In 2017, the debt to equity ratio was 0.40, which was the same as last year.

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

In 2018, the economy has a better growth outlook, which should have a positive implication on the operations of the company. However, the currently high competition in the province which deemed to be even more competitive for years to come will have an impact on the level of profit.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
WATTANA KARNPAET PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying financial statements of WATTANA KARNPAET PUBLIC COMPANY LIMITED, which comprise the statement of financial position as at December 31, 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2017, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements. My opinion on the financial statements is not modified with respect to any of the key audit matters described below, and I do not express an opinion on these individual matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for each matter are described below.

Revenue recognition

The Company has principle income from hospital business accounting for the year ended December 31, 2017 amounting to Baht 298.52 million representing 91.54% of total revenue and there are a large number of revenue transaction. The revenue also has a number of components, such as revenue from hospital, revenue from sales of medicines, revenue from hospital rooms and is derived from provision of services to various types and a large number of customers. There are therefore risks with respect to the amount and timing of revenue recognition. I therefore, consider the recognition of revenue from hospital operation to be key matter.

My significant audit procedures are assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also applied method to sampling examining supporting documents for revenue transactions occurring during the year and near the end of accounting period, testing the cut-off of revenue recognition, reviewing of credit notes that the Company issued after the period - end. In addition, I performed analytical procedures to detect possible irregularities in revenue transactions throughout the period.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the financial statements

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

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

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

Auditor's Responsibilities for the Audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Chaovana Viwatpanachati.



(Chaovana Viwatpanachati)

Certified Public Accountant (Thailand) No. 4712

OFFICE OF PITISEVI CO., LTD.

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

February 27, 2018

WATTANA KARIPAET PUBLIC COMPANY LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2017**

		Unit : Baht	
	Note	2017	2016
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	32,747,412.41	35,698,402.06
Trade accounts and other current receivables - net	5, 7	25,281,257.30	27,733,319.88
Inventories		5,525,922.32	4,960,096.99
Other current assets		334,608.13	293,510.31
Total current assets		63,889,200.16	68,685,329.24
NON - CURRENT ASSETS			
Cash at bank held as collateral	8	5,020,000.00	5,020,000.00
Long - term loan to related company - net	5	-	-
Property plant and equipment - net	9	391,860,404.82	365,471,815.55
Intangible assets - net	10	6,027,587.90	6,832,479.08
Deferred tax assets	11	4,893,458.80	7,987,229.37
Other non - current assets		928,308.71	444,975.40
Total non - current assets		408,729,760.23	385,756,499.40
TOTAL ASSETS		472,618,960.39	454,441,828.64

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (Con't)

AS AT DECEMBER 31, 2017

		Unit : Baht	
	Note	2017	2016
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Bank overdraft	12	2,870,755.06	887,390.36
Trade accounts and other current payables	5, 13	32,959,321.74	34,633,116.49
Current portion of long - term liabilities			
Long - term loan from financial institution	14	11,691,355.73	10,952,000.00
Liabilities under hire purchase contract	15	213,917.37	198,132.38
Liabilities under financial lease contract	16	1,259,742.55	1,184,866.01
Provisions for employee benefit	17	12,592,878.00	12,250,000.00
Accrued income tax		6,817.85	2,017,707.02
Accrued dividend		164,995.35	136,253.85
Other current liabilities		1,982,363.18	364,425.22
Total current liabilities		63,742,146.83	62,623,891.33
NON - CURRENT LIABILITIES			
Long - term loan from financial institution - net	14	56,230,638.00	52,350,024.00
Liabilities under hire purchase contract - net	15	726,295.15	940,212.50
Liabilities under finance lease contract - net	16	2,280,176.33	3,539,918.88
Provisions for employee benefit - net	17	11,874,416.00	10,222,495.00
Total non - current liabilities		71,111,525.48	67,052,650.38
TOTAL LIABILITIES		134,853,672.31	129,676,541.71

WATTANA KARNPAET PUBLIC COMPANY LIMITED**STATEMENT OF FINANCIAL POSITION (Con't)****AS AT DECEMBER 31, 2017**

		Unit : Baht	
	Note	2017	2016
<u>LIABILITIES AND SHAREHOLDERS' EQUITY (Con't)</u>			
SHAREHOLDERS' EQUITY			
Share capital			
10,000,000 common shares of Baht 10.- each		100,000,000.00	100,000,000.00
Issued and 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	18	10,000,000.00	10,000,000.00
Unappropriated		165,265,288.08	152,265,286.93
Total shareholders' equity		337,765,288.08	324,765,286.93
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		472,618,960.39	454,441,828.64

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

		Unit : Baht	
	Note	2017	2016
REVENUES			
Revenue from hospital operations	5	298,523,041.80	294,217,121.78
Other income			
Other income	5	10,113,006.11	9,335,707.32
Reversal for doubtful accounts from receive debt	5	17,463,651.84	-
Total revenues		326,099,699.75	303,552,829.10
COST AND EXPENSES			
Cost of hospital operations	5	225,750,716.05	216,118,274.94
Selling and administrative expenses	5	73,789,164.25	69,011,899.35
Finance cost	5	3,365,270.87	3,915,624.62
Total cost and expenses		302,905,151.17	289,045,798.91
PROFIT BEFORE INCOME TAX		23,194,548.58	14,507,030.19
Income tax expense	11.2	(4,908,141.83)	(3,617,398.84)
NET PROFIT FOR THE YEAR		18,286,406.75	10,889,631.35
OTHER COMPREHENSIVE INCOME			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods :			
Gain (Loss) on remeasurements of employee benefit obligations - net income tax	11.2, 17	(286,405.60)	-
COMPREHENSIVE INCOME FOR THE YEAR		18,000,001.15	10,889,631.35
BASIC EARNINGS PER SHARE (BAHT : SHARE)	21	<u>1.83</u>	<u>1.09</u>

WATTANA KARNPAET PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

		Unit : Baht			
	Note	Issued and fully	Premium on	Retained earnings	
		paid - up	common shares	Appropriated	Unappropriated
		share capital		Legal reserves	Total
Balance as at January 1, 2016		100,000,000.00	62,500,000.00	10,000,000.00	146,375,655.58
Dividend paid	19	-	-	-	(5,000,000.00)
Comprehensive income for the year		-	-	-	10,889,631.35
Balance as at December 31, 2016		100,000,000.00	62,500,000.00	10,000,000.00	152,265,286.93
Dividend paid	19	-	-	-	(5,000,000.00)
Comprehensive income for the year					
Net profit for the period		-	-	-	18,286,406.75
Other comprehensive loss	11.2 และ 17	-	-	-	(286,405.60)
Balance as at December 31, 2017		100,000,000.00	62,500,000.00	10,000,000.00	165,265,288.08

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

		Unit : Baht	
	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before income tax		23,194,548.58	14,507,030.19
Reconciliation of net profit to net cash provided by (used in) operating activities :			
Depreciation and amortization expenses	9, 10	21,352,140.71	20,491,165.52
Bad debt		129,252.00	371,822.00
Allowances for doubtful accounts	7	450,964.91	1,714,201.19
Reversal of doubtful accounts - trade accounts receivables	7	-	(334,726.00)
Reversal of doubtful accounts - loan to ralated company	5	(17,463,651.84)	(1,380,459.04)
Adjust of assets as expense		1,177,983.27	-
Provision for employee benefits	17	1,636,792.00	1,117,073.62
Gain on disposal of fixed assets		(55,693.50)	-
Interest income		(742,567.83)	(922,070.76)
Interest expenses		3,365,270.87	3,915,624.62
Profit provided by operating activities before changes in operational assets and liabilities		33,045,039.17	39,479,661.34
Decrease (Increase) in operating assets :			
Trade accounts and other current receivables		693,862.40	10,476,657.77
Inventories		(565,825.33)	952,930.20
Other current assets		(41,097.82)	634,797.04
Other non - current assets		(483,333.31)	(99,888.87)
Increase (Decrease) in operating liabilities :			
Trade accounts and other current payables		(2,285,865.74)	(5,913,732.93)
Other current liabilities		1,617,937.96	84,810.34
Cash provided by (used in) operating activities		31,980,717.33	45,615,234.89
Interest paid		(3,365,270.87)	(3,915,624.62)
Income tax paid		(3,753,659.03)	(4,476,323.37)
Net cash provided by (used in) operating activities		24,861,787.43	37,223,286.90

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (Con't)

FOR THE YEAR ENDED DECEMBER 31, 2017

		Unit : Baht	
	Note	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash at bank held as collateral decrease		-	641,715.19
Temporary investments decrease		-	160,920.71
Receipt from long - term loan to related company	5	17,463,651.84	1,380,459.04
Acquisition of property, plant and equipment	9	(46,226,367.31)	(17,474,064.35)
Purchase of intangible assets	10	(99,207.00)	(27,320.00)
Proceeds from disposal of fixed assets		57,500.00	-
Interest received		742,567.83	922,070.76
Net cash provided by (used in) investing activities		(28,061,854.64)	(14,396,218.65)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in bank overdraft		1,983,364.70	(1,286,732.65)
Repayments of short - term loans from related persons		-	(7,000,000.00)
Receipt of long - term loans from financial institution	14	40,151,614.00	3,794,024.00
Repayments of long - term loans from financial institution	14	(35,531,644.27)	(8,832,000.00)
Repayments of hire - purchase contracts		(198,132.36)	-
Repayment of finance lease contract		(1,184,866.01)	(1,114,828.77)
Dividend paid		(4,971,258.50)	(4,971,661.70)
Net cash provided by (used in) financing activities		249,077.56	(19,411,199.12)
Increase in cash and cash equivalents - net		(2,950,989.65)	3,415,869.13
Cash and cash equivalents at the beginning of the year		35,698,402.06	32,282,532.93
Cash and cash equivalents at end of the year		32,747,412.41	35,698,402.06

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

1. Non - cash items			
Purchase of asset on credit	9	612,070.99	17,480.50
Purchase of asset on hire purchase contract	9	-	1,138,344.88
Accrued dividend		164,995.35	136,253.85
2. Unrealize credit facilities for future working capital		31,983,606.94	71,928,585.64

WATTANA KARNPAET PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 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 have been presented in accordance with Thai Accounting Standards No. 1 (Revised 2016) 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. 2559"

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

3. ADOPTION OF NEW THE FINANCIAL REPORTING STANDARDS

3.1 Financial reporting Standards that became effective in the current year

During the year, the Company have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The adoption of the revised financial reporting standards and interpretations and new accounting treatment guidance does not have any significant impact on the Company's financial statements.

3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which is effective for fiscal years beginning on or after 1 January 2018 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards as follows:

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2017)	Presentation of Financial Statements
TAS 2 (Revised 2017)	Inventories
TAS 7 (Revised 2017)	Statement of Cash Flows
TAS 8 (Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2017)	Events after the Reporting Period
TAS 11 (Revised 2017)	Construction Contracts
TAS 12 (Revised 2017)	Income Taxes
TAS 16 (Revised 2017)	Property, Plant and Equipment
TAS 17 (Revised 2017)	Leases
TAS 18 (Revised 2017)	Revenue
TAS 19 (Revised 2017)	Employee Benefits
TAS 20 (Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2017)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2017)	Borrowing Costs
TAS 24 (Revised 2017)	Related Party Disclosures
TAS 26 (Revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2017)	Separate Financial Statements
TAS 28 (Revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2017)	Earnings per Share
TAS 34 (Revised 2017)	Interim Financial Reporting
TAS 36 (Revised 2017)	Impairment of Assets
TAS 37 (Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2017)	Intangible Assets
TAS 40 (Revised 2017)	Investment Property
TAS 41 (Revised 2017)	Agriculture

Thai Financial Reporting Standards ("TFRS")

TFRS 2 (Revised 2017)	Share-based payment
TFRS 3 (Revised 2017)	Business Combinations
TFRS 4 (Revised 2017)	Insurance Contracts
TFRS 5 (Revised 2017)	Non-current Assets Held for Sale and Discontinued Operations

Thai Financial Reporting Standards ("TFRS") (Con't)

TFRS 6 (Revised 2017)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2017)	Operating Segments
TFRS 10 (Revised 2017)	Consolidated Financial Statements
TFRS 11 (Revised 2017)	Joint Arrangements
TFRS 12 (Revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2017)	Fair Value Measurement

Thai Accounting Standards Interpretations ("TSIC")

TSIC 10 (Revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2017)	Operating Leases - Incentives
TSIC 25 (Revised 2017)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2017)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2017)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2017)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations ("TFRIC")

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

The management of the Company believe that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, some of these standards involve changes to key principles, which are summarized below.

TAS 7 (Revise 2017)

This revised standard require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash. The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements of the Company.

TAS 12 (Revise 2017)

This revised standard clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The management of the Company believe that this standard will not have any significant impact on the financial statements of the Company.

4. 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.

4.1 Recognition of revenues

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

The revenues from hospital activities mostly consist of revenue from hospital room, revenue from hospital rooms, medicines and other are recognized as revenues when the service is provided to customers or medicines have been distributed.

Rental income is recognized on a straight - line basis over the term of the lease.

Interest income is recognized on an accrual basis that takes into account of the effective yield.

Other income is recognized on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank deposits, and all highly liquid investments with financial institution with an original maturities of 3 months 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.

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

4.3 Trade accounts and other current receivable and allowance for doubtful accounts

Trade accounts and other receivable are stated at the net realizable value. The Company provides allowance for doubtful accounts for estimated losses that may incur in collection of receivables. The allowance is based on collection experience, the analysis of debt aging and its current financial position.

Bad debts are written off when incurred. Bad debts are written off during the year in which they are identified and recognized in profit or loss within administrative expenses.

4.4 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 and is charged to vessel costs of goods sold whenever consumed.

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

4.5 Property, plant and equipment

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

Property and equipment are presented at cost less from accumulated depreciation and net allowance for impairment loss (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self - constructed assets includes the cost of materials and direct labor, any 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 capitalized borrowing costs.

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

Expenditure for additions, replacement and betterment are capitalized. Repair and maintenance costs are recognized as expenses in the statement of comprehensive income when incurred.

An item of property, plant and equipment is derecognized 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 the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

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

Building and construction	10 - 30	Years
Tool and medical equipment	5 - 15	Years
Furniture, fixture and office equipment	3 - 10	Years
Tools	5 - 10	Years
Vehicles	5 - 10	Years

No depreciation is provided for land and assets in progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are treated as expenses in the period these are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of the Company.

4.7 Intangible assets and amortization

Intangible assets that are acquired by the Company and have finite useful lives are present at historical cost net of accumulated amortization and allowance for impairment (if any).

Amortized is calculated by straight - line basis over the asset economic useful live as follows:

Computer software	5 - 10	Years
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4.8 Employee benefit obligations

4.8.1 Short - term employee benefit

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

4.8.2 Defined contribution plans

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

4.8.3 Employee Benefit Plans

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 referred 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 other comprehensive income or loss.

4.9 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.

4.10 Income tax

Income tax

The tax expense for the year 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.

The current income tax :

The Company provide income tax in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax :

Deferred income tax is 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.

The Company recognize deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

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.

4.11 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.

4.12 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.

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.

4.13 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 estimates 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 amortization, if no impairment loss had been recognized.

4.14 Lease

Operating lease - Lessor

Assets for lease under operating lease contract presented in the statement of financial position according to the nature of the assets. Income from operating lease are recognized as an income on a straight - line basis over the lease term.

Operating lease - Lessee

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Operating lease payments are recognized as an expense in profit or loss on a straight - line basis over the lease term.

Financial lease - Lessee

Finance lease are the leases in which substantially all the risks and rewards of ownership other than legal title are transferred to the Company. At inception, the fair value of the leased assets is recorded together with the obligations after netting deferred interest. The leased assets are depreciated using the straight-line method over their estimated useful lives. Interest, finance charge, or depreciation are recognized in profit or loss.

4.15 Operating segments

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.

4.16 Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, temporary investments, trade accounts and other receivables, and loans to related parties and financial liabilities carried on the statement of financial position include bank overdrafts and long-term loan, trade accounts and other payables, loan from related parties, liabilities under hire purchase contract, liabilities under finance lease contract. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Fair value measurement

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

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

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

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

4.18 Significant accounting judgments and estimates

The preparation of financial statements in conformity with TAS requires management to make judgments, 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 recognized in the period in which estimates are revised and in any future periods affected.

Significant accounting judgments and estimates are as follows:-

4.18.1 Recognition and derecognition of assets and liabilities

In considering whether to recognize or to derecognize 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.

4.18.2 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 condition.

4.18.3 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.

4.18.4 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.

4.18.5 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.

4.18.6 Lease

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

5. TRANSACTIONS WITH RELATED PERSONS AND COMPANY

The Company has certain transactions with its related parties. Part of assets, liabilities, income and expenses are incurred from such related transactions. These companies are related through common shareholdings and/or directorships as follows.-

Company and persons	Relationship	Operation	
		Type of Business	Location
Related companies			
21 Sattawat Vejchakit Co., Ltd.	1, 2	Hospital	Thailand
Allance International Medical Center	1	Medical Center	Laos
Related persons			
Directors (4 persons)	3	-	-
Related persons	4	-	-

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

1. Having common directors.
2. Having partnership/certain shareholders in common.
3. Four Executive directors and shareholders with two directors are a major shareholder.
4. Shareholder and closed member of the Company's director.

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

Transaction	Pricing Policy
1. Disposal of medicine and medical supplies	Cost price
2. Interest income	5.00% per annum
3. Medicine and medical supplies service income	The contract rate
4. Rental income	The contract rate
5. Purchase of medicine and medical supplies	Cost price
6. Interest expenses	7.37% per annum
7. Rental expenses	The contract rate
8. Other service expenses	The contract rate
9. Doctor fees	The same rate as non-medical related persons
10. Transfer patients fee	10% of net revenues collected from the patient
11. Disposal assets to related company	Net book value plus profit

Significant transactions between the Company and related persons and companies in the statement of comprehensive income are as follows:-

		Unit : Baht	
	Pricing policies	2017	2016
Related company			
Revenue from hospital operations	1	6,304,569.57	2,504,819.84
Other incomes	2, 3, 4, 11	1,050,012.83	1,274,269.63
Cost of hospital operations	5	2,766,202.70	1,541,883.62
Administrative expenses	9, 10	226,819.80	739,264.40
Related persons			
Revenue from hospital operations	1	20,782.70	16,938.55

Other incomes	4	312,000.00	312,000.00
Cost of hospital operations	5, 8	8,857,296.00	8,350,655.00
Administrative expenses	7	300,000.00	360,000.00
Finance cost	6	-	308,328.52

Management's benefit expenses

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

	Unit : Baht	
	2017	2016
Short - term benefits	20,702,474.00	21,368,716.00
Post - employment benefits	121,125.75	159,216.00
Total	20,823,599.75	21,527,932.00

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

	Unit : Baht	
	2017	2016
Trade accounts and other current receivables		
<u>Trade accounts receivables</u>		
Related parties	1,929,122.21	1,266,103.89
Related persons	3,216.67	2,955.55
Total Trade accounts	1,932,338.88	1,269,059.44
<u>Other current receivables</u>		
Related parties	508,701.30	293,459.39
Related persons	-	96,610.00
Total other receivables	508,701.30	390,069.39
Total trade accounts and other current receivables	2,441,040.18	1,659,128.83

Long - term loan to related company - net

	Unit : Baht		
	Balance as at	Movement during the year	Balance as at
	December 31, 2016	Additional Receipt	December 31, 2017
21 Sattawat Vejchakit Co., Ltd.			
Long - term loan	17,463,651.84	-	17,463,651.84
<u>Less</u> Allowance for doubtful debt	(17,463,651.84)	-	(17,463,651.84)
Net	-	-	-

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. In 2017, the Company had fully the loan receive. and to reverse allowance for doubtful debt by the same amount which were presented in the statement of comprehensive income.

Unit : Baht		
	2017	2016
Trade accounts and other current payables		
<u>Trade accounts</u>		
Trade accounts - related company	133,286.78	44,166.85
<u>Other current payables</u>		
Accrued expenses - related company	39,772.30	15,000.00
Accrued expenses - related persons	439,935.00	42,300.00
Accrued salary and doctor fees expenses - related persons	938,270.00	904,615.00
Accrued bonuses - related persons	500,000.00	2,050,000.00
Other payables - related parties	144,549.90	125,756.05
Total other current payables	2,062,527.20	3,137,671.05
Total trade accounts and other current payables	2,195,813.98	3,181,837.90

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of.-

Unit : Baht		
	2017	2016
Cash in hand	272,266.00	786,848.00
Cash at bank - current account	24,184,797.70	17,848,149.27
- saving account	8,290,348.71	17,063,404.79
Total	32,747,412.41	35,698,402.06

7. TRADE ACCOUNTS AND OTHER CURRENT RECEIVABLES - NET

Trade accounts and other current receivables - net consists of.-

Unit : Baht		
	2017	2016
<u>Trade accounts receivables</u>		
Contract receivables	28,860,835.55	27,886,663.47
Trade accounts receivable - related company	1,929,122.21	1,266,103.89
Trade accounts receivable - related persons	3,216.67	2,266.55
Accounts and employees receivables - related persons	-	689.00
Accounts and employees receivables - other persons	3,657,659.50	3,259,312.00
Accrued income	825,630.25	1,474,794.00

Total trade account receivables	35,276,464.18	33,889,828.91
<u>Less</u> Allowance for doubtful debt	(12,644,238.60)	(12,193,273.69)
Trade accounts - net	<u>22,632,225.58</u>	<u>21,696,555.22</u>

Unit : Baht		
	2017	2016
<u>Other current receivables</u>		
Prepaid expenses	1,487,926.07	1,317,392.62
Accrued rental income - related person	-	72,000.00
Other receivable - related parties	508,701.30	293,459.39
Other receivable - related person	-	24,610.00
Other receivable - other person	652,404.35	4,329,302.65
Total other current receivables	<u>2,649,031.72</u>	<u>6,036,764.66</u>
Total trade accounts and other current receivables - net	<u>25,281,257.30</u>	<u>27,733,319.88</u>

The outstanding balance of trade accounts receivables - net aged by number of months as follows:

Unit : Baht		
	2017	2016
Accounts receivables not yet due	17,324,407.21	13,357,929.39
Accounts receivables over due		
Under or equal to 3 months	4,006,668.28	5,136,975.50
Over 3 months to 6 months	801,097.10	1,226,561.48
Over 6 months to 12 months	521,975.45	1,305,356.98
Over 12 months	12,622,316.14	12,863,005.56
Total	<u>35,276,464.18</u>	<u>33,889,828.91</u>
<u>Less</u> Allowance for doubtful accounts	(12,644,238.60)	(12,193,273.69)
Net	<u>22,632,225.58</u>	<u>21,696,555.22</u>

Movement in allowance for doubtful accounts are as follows:

Unit : Baht		
	2017	2016
Beginning balance	12,193,273.69	10,813,798.50
<u>Add</u> Increase during the year	450,964.91	1,714,201.19
<u>Less</u> Reversal during the year	-	(334,726.00)
Ending balance	<u>12,644,238.60</u>	<u>12,193,273.69</u>

8. CASH AT BANK HELD AS COLLATERAL

Cash at bank held as collateral consist of.-

		Unit : Baht	
Type of deposit	Credit facilities	2017	2016
Saving account	Bank overdraft and Letter of Guarantee	5,020,000.00	5,020,000.00
Total		5,020,000.00	5,020,000.00

9. PROPERTY, PLANT AND EQUIPMENT - NET

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
<u>Cost</u>								
As at January 1, 2016	66,554,742.60	209,321,391.01	92,121,931.83	39,414,053.63	12,385,277.61	21,956,427.99	144,711,080.30	586,464,904.97
Add Purchase during the year	-	132,000.00	4,952,530.00	3,159,705.06	527,361.50	1,649,000.00	8,209,293.17	18,629,889.73
Add/Less Transfer in (out)	-	45,348,023.09	-	-	-	-	(45,348,023.09)	-
As at December 31, 2016	66,554,742.60	254,801,414.10	97,074,461.83	42,573,758.69	12,912,639.11	23,605,427.99	107,572,350.38	605,094,794.70
<u>Accumulated depreciation</u>								
As at January 1, 2016	-	101,516,588.28	56,560,221.99	36,481,425.04	11,000,718.59	14,471,464.18	-	220,030,418.08
Add Depreciation for the year	-	9,187,376.94	6,798,626.92	1,723,916.24	536,462.36	1,346,178.61	-	19,592,561.07
As at December 31, 2016	-	110,703,965.22	63,358,848.91	38,205,341.28	11,537,180.95	15,817,642.79	-	239,622,979.15
<u>Net book value</u>								
As at January 1, 2016	66,554,742.60	107,804,802.73	35,561,709.84	2,932,628.59	1,384,559.02	7,484,963.81	144,711,080.30	366,434,486.89
As at December 31, 2016	66,554,742.60	144,097,448.88	33,715,612.92	4,368,417.41	1,375,458.16	7,787,785.20	107,572,350.38	365,471,815.55

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, 2017	66,554,742.60	254,801,414.10	97,074,461.83	42,573,758.69	12,912,639.11	23,605,427.99	107,572,350.38	605,094,794.70
Purchase during the year	-	349,033.84	4,819,917.50	3,268,375.68	1,309,141.05	691,006.00	36,400,964.23	46,838,438.30
Add/Less Transfer in (out)	-	35,636,749.23	-	-	-	-	(35,636,749.23)	-
Les								
s Disposal during the year	-	-	-	(177,204.00)	-	-	-	(177,204.00)
As at December 31, 2017	66,554,742.60	290,787,197.17	101,894,379.33	45,664,930.37	14,221,780.16	24,296,433.99	108,336,565.38	651,756,029.00
Accumulated depreciation								
As at January 1, 2017	-	110,703,965.22	63,358,848.91	38,205,341.28	11,537,180.95	15,817,642.79	-	239,622,979.15
Add Depreciation for the year	-	10,473,625.29	6,716,106.84	1,212,179.26	614,229.23	1,431,901.91	-	20,448,042.53
Les								
s Disposal during the year	-	-	-	(175,397.50)	-	-	-	(175,397.50)
As at December 31, 2017	-	121,177,590.51	70,074,955.75	39,242,123.04	12,151,410.18	17,249,544.70	-	259,895,624.18
Net book value								
As at January 1, 2017	66,554,742.60	144,097,448.88	33,715,612.92	4,368,417.41	1,375,458.16	7,787,785.20	107,572,350.38	365,471,815.55
As at December 31, 2017	66,554,742.60	169,609,606.66	31,819,423.58	6,422,807.33	2,070,369.98	7,046,889.29	108,336,565.38	391,860,404.82
Depreciation for the year ended December 31, consist of.-								

	2017	2016
Cost of services	18,433,606.05	17,310,605.38
Administrative expenses	2,014,436.48	2,281,955.69
Total	20,448,042.53	19,592,561.07

The Company mortgaged part of land and building with a local commercial bank as collateral to secure its loans as described in Note 12 and 14 to the financial statement.

As at December 31, 2017 and 2016, the Company has assets value of Baht 7.85 million in Note 15 and Note 16 to the financial statements.

As at December 31, 2017, the borrowing costs of Baht 0.35 million in the financial statement, incurred from loan for the hospital development program.

As at December 31, 2017 and 2016, the Company had fully depreciated fixed assets but still in active use at the cost value totaling Baht 144.34 million and Baht 131.25 million respectively.

10. INTANGIBLE ASSETS - NET

Intangible assets - net, consist of:-

	Unit : Baht	
	2017	2016
Computer software		
Cost		
As at January 1,	8,977,196.18	8,949,876.18
<u>Add</u> Purchase during the year	99,207.00	27,320.00
As at December 31,	9,076,403.18	8,977,196.18
Accumulated amortization		
As at January 1,	2,144,717.10	1,246,112.65
<u>Add</u> Amortization during the year	904,098.18	898,604.45
As at December 31,	3,048,815.28	2,144,717.10
Net book value		
As at January 1,	6,832,479.08	7,703,763.53
As at December 31,	6,027,587.90	6,832,479.08

The Company is amortization included in administrative expenses in the statement of comprehensive income.

11. DEFERRED TAX ASSETS

Deferred tax assets are as follows:

	Unit : Baht	
	2017	2016
Deferred tax assets	4,893,458.80	7,987,229.37

11.1 Movements in deferred tax assets during the year were as follows:

	Unit : Baht			
	As at	(Charged) Credited to		As at
	January	Profit or loss	Other	December
	1, 2017		Comprehensive	31, 2017
			loss	
<u>Deferred tax assets</u>				
Long - term loan to related company	3,492,730.37	(3,492,730.37)	-	-
Employee benefit obligations	4,494,499.00	327,358.40	71,601.40	4,893,458.80
Total	7,987,229.37	(3,165,371.97)	71,601.40	4,893,458.80

	Unit : Baht		
	As at January 1, 2016	(Charged) Credit for the period to Profit or loss	As at December 31, 2016
<u>Deferred tax assets</u>			
Long - term loan to related company	3,768,822.18	(276,091.81)	3,492,730.37
Employee benefit obligations	4,271,084.27	223,414.73	4,494,499.00
Total	8,039,906.45	(52,677.08)	7,987,229.37

11.2 Income tax expenses for the year are as follows:

Income tax recognized in profit or loss

	Unit : Baht	
	2017	2016
<u>Current income tax</u>		
Corporate income tax charge for the year	1,742,769.86	3,564,721.76
<u>Deferred tax</u>		
Deferred tax expense relating to the original and reversal of temporary differences	3,165,371.97	52,677.08
Income tax expenses	4,908,141.83	3,617,398.84

Income tax recognized in other comprehensive income

	Unit : Baht		
	For the year ended December 31, 2017		
	Before tax	Tax (expense) income	Net tax
Deferred tax for :			
Defined benefit plan actuarial loss	(358,007.00)	71,601.40	(286,405.60)

	2017		2016	
	Tax rate (%)	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)
Profit before income tax		23,194,548.58		14,507,030.19
Tax expense	20%	4,638,909.72	20%	2,901,406.04
Expenses not deductible for tax purposes		739,734.96		760,060.20
Additional capital expenditure deduction allowed		(318,266.85)		-
Others		(152,236.00)		(44,067.40)
Tax expense (effective rate)	21%	4,908,141.83	25%	3,617,398.84

Tax rateCurrent income tax

The Company calculated income tax from net profit for the year after adjust non-taxable expenses and revenue in accordance with the Revenue Code.

The main adjustment items are allowance for doubtful accounts, employee benefit obligations and expenses were 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.

12. BANK OVERDRAFT

The Company had overdraft facility of Baht 25 million from two commercial banks charged with interest at the rate of MOR per annum which the loan facility of Baht 5 million was secured by pledging right to withdraw its saving account and the facility of 20 million was secured by common collaterals with long - term loan from financial institution as described in Condensed Note 14 to the interim financial statement.

13. TRADE ACCOUNTS AND OTHER CURRENT PAYABLES

Trade accounts and other current payables, consist of:-

	Unit : Baht	
	2017	2016
<u>Trade accounts payables</u>		
Trade accounts payables	10,722,615.23	10,656,110.98
Trade accounts - related company	133,286.78	44,166.85
Note payables	58,043.00	284,214.85
Total trade accounts payables	10,913,945.01	10,984,492.68
<u>Other current payables</u>		
Accrued expenses	13,139,058.85	14,253,480.91
Accrued bonus expenses	880,000.00	2,457,000.00
Accrued salary and doctor fees expenses	5,422,371.00	5,083,064.00
Deferred Income	1,638,762.77	1,463,774.20
Assets payable	612,070.99	17,480.50
Other payables	353,113.12	373,824.20
Total other current payables	22,045,376.73	23,648,623.81
Total trade account and other current payables	32,959,321.74	34,633,116.49

14. LONG - TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

Long - term loans from financial institutions - net, consist of:-

	Unit : Baht	
	2017	2016
Long - term loans beginning balance	63,302,024.00	68,340,000.00
<u>Add</u> Receipt during the year	40,151,614.00	3,794,024.00

<u>Less</u> Repayment during the year	(35,531,644.27)	(8,832,000.00)
Total long - term loans	67,921,993.73	63,302,024.00
<u>Less</u> Current portion	(11,691,355.73)	(10,952,000.00)
Net	56,230,638.00	52,350,024.00

Long - term loans from financial institutions details and conditions are as follows :

Loan facilities (million baht)	Objective	Interest rate	Detail of payment
40	Re-finance	MLR less fixed rate	Monthly installment of Baht 371,000 completed within 9 years from the first installment commencing from October, 2014.
35	Purchase of assets and hospital's cost construction	MLR less fixed rate	Monthly installment of Baht 365,000 completed within 9 years from the first installment commencing from October, 2015.
50	Hospital renovation and purchase of assets	MLR less fixed rate	Monthly installment of Baht 530,000 completed within 9 years from the first installment commencing from sign contract.

The abovementioned loans were guaranteed by mortgaged its land and the present and to be built in the future of its property as collaterals.

As at December 31, 2017, the Company had unutilized long - term loan facility of Baht 6.05 million.

15. LIABILITIES UNDER HIRE PURCHASE CONTRACT - NET

Liabilities under hire purchase contract - net are as follow.-

	Unit : Baht	
	2017	2016
Liabilities under hire purchase contract	1,091,857.00	1,370,629.00
<u>Less</u> Deferred interest	(151,644.48)	(232,284.12)
Present value of minimum lease payment	940,212.52	1,138,344.88
<u>Less</u> Current portion	(213,917.37)	(198,132.38)
Net	726,295.15	940,212.50

Movement in liabilities under hire - purchase agreements are as follows :-

	Unit : Baht	
	2017	2016
Beginning balance of the year	1,370,629.00	-
Increase for the year	-	1,393,860.00
Repayment during the year	(278,772.00)	(23,231.00)
Ending balance of the year	1,091,857.00	1,370,629.00

16. LIABILITIES UNDER FINANCE LEASE CONTRACT - NET

The Company has entered into finance lease agreements for its vehicles with a company for a period of 5 years. The rental payment was on monthly basis commencing from September 2015. The agreement allows the Company to buy the leased asset at the end of the lease term as follows:

	Unit : Baht	
	2017	2016
Liabilities under finance lease contract	3,903,360.00	5,367,120.00
<u>Less</u> Deferred interest	(363,441.12)	(642,335.11)
Present value of minimum lease payment	3,539,918.88	4,724,784.89
<u>Less</u> Current portion	(1,259,742.55)	(1,184,866.01)
Net	2,280,176.33	3,539,918.88

	Unit : Baht	
	2017	2016
Present value of minimum lease payment		
Less than 1 year	1,259,742.55	1,184,866.01
More than 1 year but less than 5 years	2,280,176.33	3,539,918.88
Total	3,539,918.88	4,724,784.89

17. PROVISIONS FOR EMPLOYEE BENEFIT - NET

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	
	2017	2016
Opening balance as at January 1,	22,472,495.00	21,355,421.38
Current service cost	1,251,661.00	757,208.62
Interest cost	385,131.00	359,865.00
Remeasurement of defined loss plan	358,007.00	-
Ending balance as at December 31,	24,467,294.00	22,472,495.00
<u>Less</u> Current portion	(12,592,878.00)	(12,250,000.00)
Employee benefit obligations - net	11,874,416.00	10,222,495.00

Remeasurement of defined loss plan recognized in other comprehensive income arising from:

	Unit : Baht
	2017
Financial assumptions	421,168.00
Experience adjustment	(63,161.00)
Total	358,007.00

Remeasurement of defined loss plan recognized in other comprehensive income arising from:

	Unit : Baht	
	2017	2016
Cost of hospital operations	733,520.00	218,588.00
Administrative expense	402,789.00	466,602.62
Management's remuneration	500,483.00	431,883.00
Total	1,636,792.00	1,117,073.62
<u>Other comprehensive income</u>		
Remeasurement of defined loss plan		
Employee benefit - net from income tax	286,405.60	-

Remeasurement of defined benefit plan recognized in other comprehensive income are as follows :

	Unit : Baht	
	2017	2016
Included in retained earnings		
As at January 1,	363,924.62	363,924.62
Recognized during the year	286,405.60	-
As at December 31,	650,330.22	363,924.62

Significant assumptions use in the estimation under actuarial principle at the reporting date which were changed from the previous report consist of:-

	2017	2016
Discount rate	3.64%	3.88%
Disability rate	5%	5%
Salary increase rate	5%	5%
* Employee turnover rate	0.00% - 30.00%	0.00% - 30.00%
**Mortality rate	80% of TMO2008	80% of TMO2008
Retirement age (year)	60	60

*Upon the length of service

** Reference from TMO2008 : Thai Mortality Ordinary Table of 2008

17. PROVISIONS FOR EMPLOYEE BENEFIT - NET (Con't)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have effected the defined benefit obligation by the amounts shown below.-

	Unit : Baht	
	Increase	Decrease
Defined benefit obligation December 31, 2017		
Discount rate (1% movement)	(1,551,178.00)	1,850,821.00
Future Salary growth (1% movement)	1,885,717.00	(1,607,318.00)
Resignation rate (1% movement)	(1,221,278.00)	1,398,453.00

Amounts of defined benefit obligation for the current and previous four-periods are as follows:

	Unit : Baht
	Defined benefit obligation
2016	22,472,495.00
2015	21,355,421.38
2014	19,943,431.38
2013	16,476,841.38
2012	16,811,239.36

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

At the Annual General Shareholders' Meeting of the Company for the year 2017 held on April 27, 2017, it was approved to pay dividend from profit for the year 2016 amounting to Baht 5 million at the rate of Baht 0.50 per share which was set to pay on May 25, 2017.

At the Annual General Shareholders' Meeting of the Company for the year 2016 held on April 28, 2016, it was approved to pay dividend from profit for the year 2015 amounting to Baht 5 million at the rate of Baht 0.50 per share which was set to pay on May 26, 2016.

20. EXPENSES BY NATURE

Significant expenses classified by nature consist of:-

	Unit : Baht	
	2017	2016
Employee expenses	140,201,573.44	128,993,991.19
Management benefit expenses	20,823,599.75	21,527,932.00
Medicines and medical supplies	29,477,557.76	31,396,613.01
Artificial kidney expenses	33,676,387.00	33,262,405.50
Depreciation and amortization expenses	21,352,140.71	20,491,165.52
Finance cost	3,365,270.87	3,915,624.62

21. EARNINGS PER SHARE

Basic earnings per share for the year 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	
	2017	2016
Net profit for the year (basic) (Baht)	18,286,406.75	10,889,631.35
Number of ordinary shares outstanding (Share)	10,000,000.00	10,000,000.00
Earning per share (basic) (Baht)	1.83	1.09

22. OPERATION SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Managing Director.

Management considers that the Company operates in a single line of business, namely the hospital and medical trading business, and has therefore only one business segment.

Management considers that the Company operates in a single geographic area, namely in Thailand, and has therefore, only one major geographic 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, 2017 and 2016, the Company contributed Baht 2.62 million and 2.36 million respectively.

24. DISCLOSURE OF 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 4.16 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.

24.4 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 related persons and commercial banks.

24.5 Interest rate risk

The Company exposure to interest rate risk relates primarily to its deposits with financial institutions, temporary investments, long-term loan to related company, bank overdrafts, loan-terms with interest, hire purchase contract 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.

24. DISCLOSURE OF FINANCIAL INSTRUMENTS (Con't)

The Company have the assets and liabilities to financial statements interest rate as follows.-

	As at December 31, 2017 (Unit : Baht)						
	Fixed interest rates			Floating	Non-	Total	Interest
	within	1 - 5	Over	interest	interest		rate
	1 year	years	5 years	rate	bearing		(% p.a.)
Financial assets							
Cash and cash					24,457,063.7	32,747,412.4	
equivalents	-	-	-	8,290,348.71	0	1	0.37 - 0.50
Cash at bank held as							
collateral	-	-	-	5,020,000.00	-	5,020,000.00	0.75
Financial liabilities							
Bank overdraft	-	-	-	2,870,755.06	-	2,870,755.06	MOR
Long-term loan from							
				67,921,993.7		67,921,993.7	
financial institution	-	-	-	3	-	3	MLR - 1.25
Liabilities under							
hire purchase							
contract	213,917.37	726,295.15	-	-	-	940,212.52	7.69
Liabilities under finance							
	1,259,742.5	2,280,176.3					
lease contract	5	3	-	-	-	3,539,918.88	6.70

As at December 31, 2016 (Unit : Baht)							
	Fixed interest rates			Floating	Non-	Total	Interest
	within	1 - 5	Over	interest	interest		rate
	1 year	years	5 years	rate	bearing		(% p.a.)
Financial assets							
Cash and cash				17,063,404.7	18,642,796.0	35,698,402.0	0.125 -
equivalents	-	-	-	9	7	6	0.75
Cash at bank held as							
collateral	-	-	-	5,020,000.00	-	5,020,000.00	0.50
Financial liabilities							
Bank overdraft	-	-	-	887,390.36	-	887,390.36	MOR
Long-term loan from							
				63,302,024.0		63,302,024.0	
financial institution	-	-	-	0	-	0	MLR - 2.00
Liabilities under							
hire purchase							
contract	198,132.38	940,212.49	-	-	-	1,138,344.87	7.69
Liabilities under finance							
	1,184,866.0	3,539,918.8					
lease contract	1	8	-	-	-	4,724,784.89	6.70

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	
	2017	2016
Guarantee its medical services	-	2,190,000.00
Guarantee the utilization of electricity with Metropolitan Electricity Authority	1,200,000.00	1,200,000.00
Guarantee the radio and signal usage agreement	20,000.00	20,000.00
Total	1,220,000.00	3,410,000.00

25.2 As at December 31, 2017 and 2016, the Company had commitment in respect of long-term operating lease agreements amounting to Baht 1.75 million and 1.03 million respectively for each year are as follows :-

	Unit : Baht	
	2017	2016
Less than 1 year	842,349.98	875,219.98
Over 1 year not over 5 year	913,150.00	156,950.03

25.3 As at December 31, 2017 and 2016, The Company has capital commitments from building design and renovation amounting to Baht 8.61 million and Baht 2.17 million respectively.

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, 2017 and 2016 Debt-to-Equity ratios in the financial statements were 0.40 : 1

27. EVENT AFTER REPORTING PERIOD

At the Board of Directors' meeting No. 1/2018 held on February 27, 2018, it was approved to propose to the shareholders to pay dividend from retained earnings of 2017 at Baht 0.70 per share, totaling Baht 7 million.

28. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on February 27, 2018.

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