



Table of Contents

Section 1	Business Operation	
	1. Policy And Scope Of Business Operation	2
	2. Characteristics of Business Operation	7
	3. Risk Factors	23
	4. General Information and Other Important Information	28
Section 2	Management and Corporate Governance	
	5. Information on Securities and Shareholders	29
	6. Management Structure	33
	7. Corporate Governance	39
	8. Corporate and Social Responsibilities	57
	9. Report of the Audit Committee and Report of the Accountability of the Board of Directors to the Company's Financial Reports	63
	10. Internal Control and Risk Management	66
	11. Related-party Transactions	76
Section 3	Financial Performance and Operating Results	
	12. Important Financial Information	98
	13. Management Disucssion and Analysis	100
	14. Financial Statements	103



Section 1 : Business Operation

1. Policy And Scope Of Business Operation

1.1 Company Background

1.1.1 Incorporation of The Company

Rajthanee Hospital Background: Rajthanee Hospital Public Company Limited was initially established in 1990 in order to operate medical service business as the initial stage was operated under the name of “Ayutthaya Wetchakarn Co., Ltd.” by a team of expert medical doctors who mostly were graduated from Faculty of Medicine Siriraj Hospital and they are currently major shareholders of the company such as Doctor Wachira Wudhikulprapan, Doctor Porntip Wudhikulprapan and Doctor Surin Prasithirun by collaborating with leading businessmen Phra Nakhon Si Ayutthaya Province in foreseeing insufficiency of public health service for people who live in Phra Nakhon Si Ayutthaya Province where many big industrial factories were located while medical services of hospitals both in Phra Nakhon Si Ayutthaya Province and nearby provinces were insufficient to respond such requirement. Therefore, they decided to establish Rajthanee Hospital located in Khlong Suan Phlu Sub-district, Phra Nakhon Si Ayutthaya District, Phra Nakhon Si Ayutthaya Province which was the high-growth area and located near the main roads such as Asian Highway and Rojana Road, the hospital was initially operated in 1990 and there was good acceptance from people from Phra Nakhon Si Ayutthaya Province and nearby provinces ever since.

Moreover, Promulgation of Social Security Act B.E.2533 (1990) of the government in order to alleviate public health service for the workmen and being fundamental security of Insured Person to obtain medical treatment and support income during sickness. The company foresaw such importance as well as an opportunity in providing more medical services for people in the province, the company decided to participate in Social Security Project in 1994 until now which is deemed that Social Security Project is another source of income for the company.

Main factors which the company emphasizes regularly are development of service quality and personnel competence in providing medical treatment which constitute satisfaction of service quality among patient and people in Phra Nakhon Si Ayutthaya Province and nearby provinces accept reliability of the company regularly as business philosophies of the company reflect substantially in the hospital's slogan as “Homely warmth and care at Rajthanee”

The company foresaw an opportunity to increase service receiving channel and medical treatment service to patient in Phra Nakhon Si Ayutthaya Province particularly patient from nearby industrial estates as the company invested in Rojanavej Hospital in 2014 which is later its name has changed to Rajthanee Rojana Hospital Co., Ltd. and operates hospital business under the name of “Rajthanee Rojana Hospital”. Rajthanee Hospital Public Company Limited currently has registered capital totally 300 million Baht and there is 1 subsidiary company called Rajthanee Rojana Hospital Co., Ltd. As group of companies have registered examination couches (hospital beds) totally 353 beds and the company and its subsidiary company have competence in providing medical services.



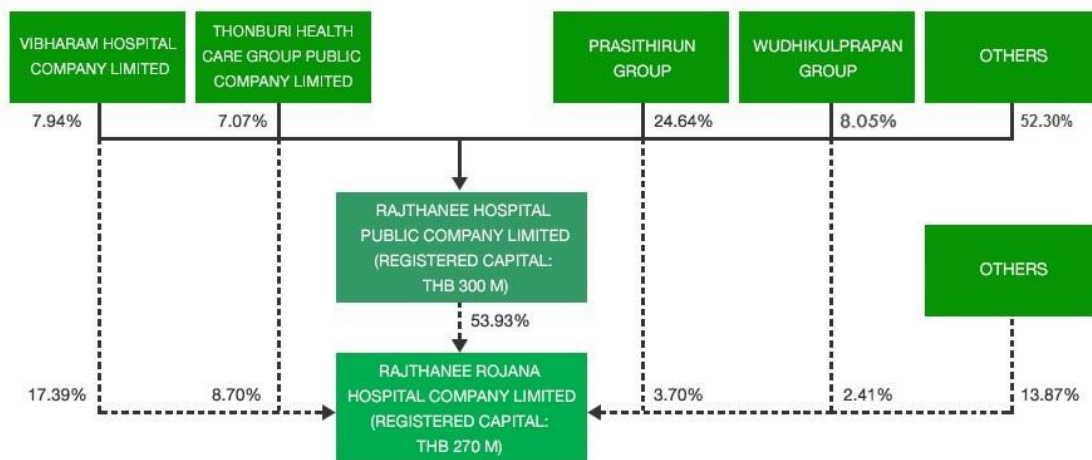
Company Background

Year	Major Changes and Development
1990	- Ayutthaya Vechakarn Company Limited was founded to operate hospital business under the name “Rajthanee Hospital”, with initial registered capital of Baht 10,000,000, at Baht 10 per share. The hospital was located at Rojana Road near Asian Highway and the City Hall of Phra Nakhon Si Ayutthaya.
1992	- The operation was commenced on June 29, 2012, with a total capacity of 33 patient beds.
1995	- The Company became a public company and renamed “Rajthanee Hospital Company Limited” to prepare for the listing to the Stock Exchange of Thailand. In addition, the registered capital was raised to Baht 180,000,000 in preparation for the public offering, with the paid-up capital of Baht 140,000,000. However, as the economic and market conditions were unfavorable, the company had to refrain from the listing.
1999	- On December 29, 1999, the Company received ISO 9002: 1994 Certification.
2002	- On 8 October, 2002, the Company received ISO 9002: 1994 Certification.
2005	- The Company considered reducing the capital of Baht 83,514,000 from the capital increase plan approved in 1995, for which the initial public offering was suspended. The paid-up capital subsequently fell to Baht 96,486,000.
2009	- Due to overcrowded conditions at the existing hospital areas, the Company decided to invest in a new building (Building C) in a bid to expand its capacity. The new building was mainly aimed at serving capitation customers under the Social Security Scheme as well as child customers. In addition, the new building was also designed to accommodate the physical therapy department, the dental center and the drug warehouse.
2010	- The Company passed the Environmental and Health Impact Assessment (EHIA), conducted by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment, with Agriculture and Environmental Integration Research and Development Unit (AEI) of Naresuan University, being an advisor. - On December 8, 2010, Building C commenced service mainly for capitation customers under the Social Security Scheme.
2012	- The Company received the accreditation for Level 1 Hospital Accreditation (HA) from the Healthcare Accreditation Institute (Public Organization) on June 22, 2012. - The Company achieved the acknowledgement for Level 2 Hospital Accreditation (HA) on November 29, 2012.
2013	- The Company received the accreditation for Level 2 Hospital Accreditation (HA) on November 21, 2013.
2014	- The Company acquired 12 million shares in Rajanavej Hospital Company Limited, at Baht 10.50 per share. The acquired company was subsequently renamed Rajthanee Rojana Hospital Company Limited, located on Rojana-Wangnoi Road near Ronaja Industrial Estate. With 100 registered beds, Rajthanee Ronaja Hospital was intended to help the Company expand its service coverage, especially for customers from the industrial estate and nearby areas.
2015	- The Company launched cardiac catheterization service on January 7, 2015 for patients with heart diseases in Ayutthaya and nearby provinces. In addition, the Company was also granted permission as a cardiac referral center for National Health Security Office (NHSO); therefore, the Company can receive patients referred from nearby hospitals under the National Health Security Scheme.

Year	Major Changes and Development
	<ul style="list-style-type: none"> - The par value was changed from Baht 10 per share to Baht 1 per share; consequently, the number of shares increased from 9,648,600 shares to 96,486,000 shares. - The registered capital was raised by 203,514,000 shares, from Baht 96,486,000 to Baht 300,000,000 to support the issuance of 128,514,401 dividend shares and the initial public offering of 74,999,599 shares. The paid-up capital stood at Baht 96,486,000. - The payment of interim dividends for 2014 performance consisted of cash dividend at Baht 0.14799/share and dividend shares at the ratio of 0.75077 existing shares: 1 dividend share or equivalent to Baht 1.33195 per share. The issued dividend shares totaled 128,514,401 shares, with a par value of Baht 1. Consequently, the paid-up capital amounted to Baht 225,000,401. - The Company received the accreditation for Step 3 of HA from the Healthcare Accreditation Institute (Public Organization) on February 27, 2015.
2016	<ul style="list-style-type: none"> - The boards of directors of the Company and the subsidiary approved the capital increase plan of Baht 100 million at the subsidiary. The capital increase shares will be distributed on the right offering within three months after the Company is listed to the Stock Exchange of Thailand.

1.2 Structures of Group of Companies

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



Note:

1. Shareholding in RJH is as of 22 March 2017
2. Shareholding in RRH is as of 16 November 2016

1.2.1 Hospital Business Operation

The Company owns two hospitals, namely Rajthanee Hospital and Rajthanee Rojana Hospital. Both are in a prime location in Phra Nakhon Si Ayutthaya Province and near Pathum Thani, Suphan Buri, Ang Thong and Saraburi Provinces. In these provinces are located four large industrial estates, three of which, namely Ban Wa (Hi-Tech) Industrial Estate, Bang Pa-in Industrial Estate and Saha Rattana Nakorn Industrial Estate, are in Phra Nakhon Si Ayutthaya Province and the other one, i.e. Nava Nakorn Industrial Estate, is in Pathum Thani Province. Moreover, there are two nearby industrial zones, namely Factory Land Wangnoi and Rojana Industrial Park. Therefore, there are a large number of residents in these area and they are among the main

groups of the hospitals' patients. Moreover, the patients under the Social Security Scheme of the Company can conveniently get treatment at both hospitals of the Company.



The Company provide medical services, health promotion, rehabilitation and disease prevention by general practice and specialty physicians to out-patients and in-patients, covering general diseases and those in case of emergency. The 9 main areas of expertises are as follows:

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

The Company and its subsidiary have a total 353 registered beds as of 31 December 2016. 185 of which are in service with various types of patient rooms such as, VIP rooms, single rooms, special single rooms, common rooms, ICU and nursery, etc. The Company's medical services feature the following:

- **Medcial treatments for emergency patients:** In both cases of accidents and emergency, the hospital laid out medical treatment system with physicians stationing at the emergency room and physicians of the main specialties standing by for 24 hours such as general surgery, surgery and oethopedics, medicine, pediatrics, obstetrics and gynecology. The hospital relies on information system and swiftly connects with neurosurgeons and cardiologists through the internet-wifi-based consultation system. Especially for cases that require emergency operations, the team of surgeons and anesthesiologists would be readily set up for the operations.
- **Medcial treatments for pediatrics patients:** the hospital has the potentials in treating pediatric diseases and providing medical services to child patients at the child out-patient clinic, the well-child clinic, the nursery, the child in-patient clinic, the ICU with the effective referral system in the case that the child patients need an upper-level medical treatment at a supra-contractor hospital.
- **Medcial treatments for pediatrics patients:** The hospital established the Orthopedics Center for providing medical services to patients that require arthroplasty replacement surgery for hip and knee, arthroscopic knee surgery or surgery that allows recovery from cervical spine injury, etc.

Business summary as of December 31, 2016

Company	Registered Capital (million)	No. of shares (%)	Nature of business	Registered hospital beds	Beds in service
Rajthanee Hospital Public Company Limited	300	-	Hospital	253	161
Rajthanee Rojana Hospital Company Limited	270	53.93	Hospital	100	24
Total Beds for the Company and the Subsidiary				353	185

1.3 Vision & Missions

1.3.1 Objectives of business:

- All patients must be treated with high quality of medical services which are consistent to the professional standard.
- Good, rapid and appropriate attentiveness will be provided for the patients.
- Personnel of the hospital must be highly skilled with qualifications which are consistent to core values of the organization.
- Administration and management system must be efficient.

1.3.2 Vision

Being leading private hospital with high quality in treatment and medical service in Phra Nakhon Si Ayutthaya Province and Central Region

1.3.3 Mission

Being the hospital that provide services of the medical standards and professional ethics under the patient-centered principle

1.3.4 Values

- **Quality**: working performance which is consistent to standard, correctness, safety, swiftness, flawlessness and most importantly yield satisfaction or impression on the services as anticipated by service receivers
- **Unity**: working as a team, working together with generosity and smooth cooperation and broad-mindedness as we are all Rajthanee's people
- **Pride**: having organizational engagement and being proud to work for this organization which represent relationship between employees and Rajthanee Hospital as if "Rajthanee" is "our home"



2. Characteristics of Business Operation

2.1 Revenue Structure

Revenues from hospital operations of the Company Growth is steadily increasing from 2014 to 2016, as shown in the following table.

Revenue from hospital business	Consolidated financial statements					
	2014		2015		2016	
	Bt/mn	%	Bt/mn	%	Bt/mn	%
Revenue from non-capitation patients						
Revenue from out patients (OPD)	270.70	28.5	285.96	27.9	309.48	25.59
Revenue from in patients (IPD)	223.63	23.6	240.56	23.5	288.44	23.85
Total revenue from non-capitation patients	494.33	52.1	526.52	51.4	597.92	49.44
Revenue from capitation patients						
Social Security Scheme	413.59	43.6	455.64	44.5	550.62	45.53
Other schemes	41.21	4.3	42.13	4.1	60.95	5.04
Total revenue from capitation patients	454.80	47.9	497.78	48.6	611.57	50.56
Total revenue from hospital business	949.13	100.0	1,024.29	100.0	1,209.49	100.0

Remarks: 1/ The data included the contribution from the Company's subsidiary, starting from May 1, 2014.

2.2 Characteristics of products or services

Rajthanee Hospital and its subsidiary provides diagnostic and therapeutic services. Including counseling for patients who come to the service. Through 2 affiliate hospitals and coverage areas covering Phra Nakhon Si Ayutthaya and neighboring provinces, including Pathum Thani Suphanburi Province, Ang Thong, and Saraburi Province etc.

2.2.1 Scope of medical services

The Company provides healthcare services at its private hospitals featuring specialists and efficient medical equipment to ensure safety and good health of patients and customers. The Company's services can be categorized as follows.

(1) Heart Center

On 7 January 2015, the Company commenced the services for the Heart Center of which potentials are providing medical treatment by the Company's specialized team of physicians and nurses to patients with diseases related to cardio vascular system and heart diseases, such as Ischemic heart disease (IHD), Valvular heart disease, Cardiac arrhythmia and Hypertension, etc. The scope of medical services encompasses initial diagnosis, medication, cardiac catheterization, cardiac surgery. On 25 October 2016, the Company entered into an agreement with Thonburi Hospital Heart Centers Co., Ltd. to jointly provide medical treatments and procedures to patients with Ischemic heart disease,

including coronary artery angiography (CAG) and percutaneous coronary intervention (PCI) subject to revenue sharing scheme, thereby the Company has become one of the referral center for the patients with heart diseases in the area of Phra Nakhon Si Ayutthaya and nearby provinces.

The essential scope of services of the Heart Center includes:

- Echocardiography;
- Exercise stress test (EST)
- Holter monitor;
- Cardiac Catheterization (CAG and PCI);
- Coronary Artery Bypass Graft;
- Valve Replacement;
- Atrial Septal Defect Closure; and
- Electrophysiology.

(2) Emergency medicine and brain neurosurgery center

As the Company's hospitals are located on main roads, namely Rojana Road and Asian Highway (AH1), where road accidents take place regularly and the patients are also likely to suffer from brain injuries, the emergency medicine and brain neurosurgery center was established in 1992 to facilitate their customers by dispatching ambulances to the scenes of the accidents in a timely manner with the emergency call center together with a team of physicians available for 24 hours a day.

(3) Other specialized centers

- **Computerized tomography scan (CT):** services provided by 16-Slice CT Scan which allows diagnosis of diseases with accuracy
- **Hemodialysis Center:** medical services provided by hemodialysis units for patients with renal failure
- **Health Check-up Center:** health check-up services provided by occupational physicians and check-up programs tailor-made to customers with various age groups
- **Dental Center:** complete scope of dental services such as scaling, filling, Pediatric dentistry, Orthodontics, Endodontic, Prosthesis, Periodontal Disease Treatment, oral surgery and dental implant with sterilized equipment
- **Orthopedics Center:** examination and surgery for patients with traumatic and degenerative change of bones, Arthroscopic Knee Surgery, Arthroplasty Replacement Surgery for hip and knee and medical treatments for osteoarthritis and osteoporosis, etc.
- **Phacoemulsification Center:** provide operations for patients with cataract and provide treatments for patients with glaucoma and pterygium.

(4) Surgery clinics

- **General surgery clinic:** provide open/laparoscopic cholecystectomy, appendectomy, hernioplasty and excision operation with state-of-the-art equipment.

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

(5) Internal Medicine Clinics

- **Internal Medicine Clinic:** provide examination and treatment for infectious diseases, pulmonary and respiratory systems, renal system, endocrine system, etc.
- **Medicine clinic – gastroenterology:** provide examination and treatment for gastrointestinal system and liver disease, etc., which includes esophagogastroduodenoscopy (EGD) and colonoscopy.
- **Medicine clinic – dermatology:** provide examination and treatment for skin diseases, including aesthetics.
- **Medicine clinic – hematology:** provide examination and treatment for patients with blood diseases resulting from cancers and genetic blood diseases, including bone marrow aspiration.
- **Medicine clinic – neurology:** provide examination and treatment for patients with cerebrovascular diseases (stroke), degenerative disease of brain and spinal cord.
- **Medicine clinic – nephrology:** provide examination and treatment for patients with acute and chronic renal diseases and provide renal replacement therapy with hemodialysis.

(6) Healthcare clinics and other services

- **General practice clinic:** provide examination and treatment for general diseases such as upper-respiratory infections, acute gastroenteritis, etc., including providing annual check-up programs and pre-employment check-up programs.
- **Obstetrics and gynecology clinic:** provide examination, treatment and advice for gynecologic diseases and obstetric patients for various age groups, including antenatal care, high-risk pregnancy, contraception, infertility and menopause.
- **Pediatrics clinic:** provide examination, treatment and advice for sick children (from newborn to teenage) and well baby's growth and development, including vaccination program.
- **Otolaryngology clinic:** provide advice, examination and treatment for patients with diseases related to ears, noses and throats such as otitis media and sinusitis, plus operation such as tonsillectomy, nasal polypectomy, tympanoplasty, etc.
- **Ophthalmology clinic:** provide examination and treatment for eye disease such as eye infection, cataracts and glaucoma plus operation.
- **Acupuncture clinic:** provide Chinese alternative medicine such as acupuncture, cupping and Chinese herbal medicine.

- **Radiology Department:** provide general x-ray, special x-ray, mammogram, ultrasound equipped with picture archiving and communication system (PACS).

(7) Occupational medicine clinic

Provide complete examination for occupational purpose to elevate the standard of well-being and safety of industrial workers and assess health risks which vary across types of businesses such as occupational eye examination, lung function test, audiogram, etc. for each type of customers.

Services of the Company and its subsidiary as of December 31, 2016

No.	Service	Rajthanee Hospital	Rajthanee Rojana Hospital
1	Heart center	✓	
2	Emergency medicine and neurosurgery center	✓	
3	Centers of specialties		
	- Computerized tomography scan (CT)	✓	✓
	- Hemodialysis center	✓	✓
	- Health check-up center	✓	
	- Dental center	✓	
	- Orthopedics center	✓	
	- Phacoemulsification center	✓	
4	Surgery clinic		
	- General surgery clinic	✓	✓
	- Plastic surgery clinic	✓	
	- Neurosurgery clinic	✓	
	- Urology clinic	✓	
5	Internal Medicine clinic		
	- Internal medicine clinic	✓	✓
	- Medicine clinic - gastroenterology	✓	
	- Medicine clinic - dermatology	✓	
	- Medicine clinic - hematology	✓	
	- Medicine clinic - neurology	✓	
	- Medicine clinic - nephrology	✓	
6	Healthcare clinics and other services		
	- General practice clinic	✓	✓
	- Obstetrics and gynecology clinic	✓	✓
	- Pediatrics clinic	✓	✓
	- Otolaryngology clinic	✓	
	- Ophthalmology clinic	✓	
	- Acupuncture clinic	✓	
	- Emergency medicine clinic		✓
	- Radiology department		✓
7	Occupational medicine clinic	✓	

2.1.2 Potentials for medical services

The Company has potentials in term of facilities in providing the medical services and has the utilization rates for each category of patients as follows:

(1) Number of examination rooms and beds in service

Potentials in providing medical services to out-patients (Out-Patient Department : OPD) evaluated by number of examination rooms. While the potentials in providing medical services to in-patient (In-Patient Department : IPD) evaluated by number of beds in service.

The Company's service potential as of 31 December 2016 is as follows:

Hospital	Number of examination rooms (average)	Registered hospital beds	Beds in service
Rajthanee Hospital Public Company Limited	45	253	161
Rajthanee Rojana Hospital Company Limited	6	100	24
Total	51	353	185

• Utilization rate

Utilization rate of each category of patient is evaluated by actual number of visits or admissions compared to the maximum capacity. It is divided into 2 categories: out-patients and in-patients. During 2014 to 2015, the utilization rate for out-patient department increased from 75.4% to 84.4%. While, the examination rooms increased slightly in order to cope with the cost management. The utilization rate decreased to 79.8% in 2016 as the Company has opened more examination rooms to serve patients of which the number grew steadily evidenced by the increase in the number of examination rooms from 44 rooms in 2015 to 51 rooms in 2016.

During 2014 to 2015, the utilization rate for in-patient department slightly decreased from 78.7% in 2014 to 77.6% in 2015 due to the increase in the number of beds in service to be in line with the increasing number of in-patients. However, in 2016, although the Company increase the number of beds in service from 167 beds in 2015 to 185 beds in 2016, the utilization rate has increased to 85.1% due to the policy on increasing the competency in providing medical service and introducing more specialized clinics, thereby being able to provide more complicated medical treatments.

• Service capacity of the Out-Patient Department (OPD)

	2014	2015	2016
Number of examination room (average)*	43	44	51
Number of days of service	365	365	366
Maximum capacity (visits)**	784,750	803,000	933,300
Actual number of out-patients (visits)	592,021	677,408	745,075
Utilization rate (%)	75.4	84.4	79.8

• Service capacity of the In Patient Department (IPD)

	2014	2015	2016
Actual number of beds in service (average)*	156	167	195
Number of days of service	365	365	366
Maximum capacity (beds)	56,940	60,955	67,710
Actual number of in-patients (beds)	44,804	47,276	57,628
Utilization rate (%)	78.7	77.6	85.1

Remarks: * The number of examination rooms and hospital beds that were actually in service, derived from the average of the number at the beginning and at the ending of the period
 ** The maximum out patient service capacity was estimated by the Company's management, approximately 50 times per room per day.

2.2 Marketing and Competition

The Company and its subsidiary are in a prime location in Phra Nakhon Si Ayutthaya Province and near Pathum Thani, Suphan Buri, Ang Thong and Saraburi Provinces, which are of high potentials in providing medical services as the major of the populations are farmers and the populations are expanding because of the growing industrial sectors. The locations of four large industrial estates, three of which, namely Ban Wa (Hi-Tech) Industrial Estate, Bang Pa-in Industrial Estate and Saha Rattana Nakorn Industrial Estate, are in Phra Nakhon Si Ayutthaya Province. Moreover, there are other two nearby industrial zones, namely Factory Land Wangnoi and Rojana Industrial Park. The other one is Nava Nakorn Industrial Estate, which is in Pathum Thani Province. As there are over 300,000 insured persons in the aforementioned area, Rajthanee Hospital and Rajthanee Rojana Hospital are contracted with the Social Security Office in providing medical services to those insured persons, thereby directly benefiting from such prime locations. As of December 31, 2016, the Company has 144,375 patients under the Social Security Scheme, and Rajthanee Rojana Hospital has 9,867 patients under the same.

2.2.1 Industry conditions

2.2.1.1 Business overview of health services in Thailand

The health of the people is a high priority of the government. Thus, the government has established a welfare system to serve several groups of people, including (1) welfare scheme for state and state enterprise employees; (2) social security scheme for employees in private sector; and (3) universal health coverage scheme for the people who are not eligible for any other healthcare schemes. The government has continuously increased the rights and expanded the coverage of the schemes to ensure the country's healthcare security in the long term.

Compared with other businesses in Thailand, the healthcare business is less affected by volatility of global economy, on average. While Thailand's economy was hit hard by volatile global economy and the heavy floods in 2011, the growth of healthcare spending grew continuously. In 2013, a slowdown was seen in the healthcare business as economic and political instability had negative impact on healthcare spending. However, the growth in healthcare spending resumed in 2014. Such a rapid recovery reflected strong demand in the industry.

2.2.1.2 Structure of healthcare service in Thailand

(1) Characteristics of healthcare service providers

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

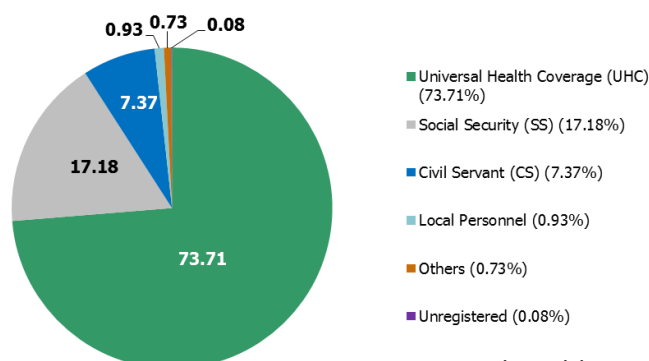
- **State sector:** Healthcare services in Thailand are provided mostly by state hospitals, which can be categorized by their strengths and treatment capacity, e.g., university hospitals (i.e. medical schools), Bangkok central hospitals, state provincial hospitals, district hospitals, sub-district health promoting hospitals (public health center). Generally, the medical fees charged by state hospitals are lower than those charged by private hospitals thanks to available state financial support. In addition, these hospitals provide free examination and treatment according to the government's Social Security Scheme.
- **Private sector:** The healthcare services from the private sector are provided by medical centers in different sizes, e.g., large private hospitals, medium private hospitals, and private clinics. Each offers different services, based on the capacity. As some large private hospitals possess high potential to attract foreign patients with high purchasing power, they thus generate a huge annual income for the country.

(2) Healthcare schemes in Thailand

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

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

Chart 1-1: Sementation of populations subject to various capitation schemes in 2015



Source: National Health Security Office (NHSO)

In 2015, the majority of population are under the universal health coverage, the social security scheme and the civil servant scheme being 73.71%, 17.18% and 7.37% of the population, respectively. The other 0.73% of the population is under other health coverage schemes such as military veteran welfare and welfare for instructors in private schools, etc. However, the remaining 0.08% of the population is not registered under any capitation scheme although the number thereof has been declining as there are consistently more publications on rights and welfare under various types of health coverage, saving for those under special circumstances such as proof of status and residing abroad, etc.

2.2.1.3 Business outlook

(1) Growth potential of the medical service industry

- ASEAN Economic Community (AEC):** The establishment of the ASEAN Economic Community in 2015 should benefit Thailand's healthcare sector. In particular, it is expected that a larger number of foreign patients will come to Thailand for medical services. This is because, in comparison to hospitals in other ASEAN countries, Thai hospitals offer high standards of treatments and services from qualified health professionals at reasonable rates of charges.
- Below-average health expenditure:** According to World Bank, Thailand's expenditure on healthcare, in combination of private and government sectors of each country compared to the respective GDP, stood at 6.53% in 2014, which was still below the global average of 6.82%. The Thai government's promotion of accessibility to public health services and increasing health consciousness should play key roles in boosting spending on healthcare in the future. Currently, Thailand can be considered one of the leaders in the healthcare service industry in ASEAN. In 2014, the country's expenditure on healthcare was seconded only to Vietnam.
- Larger proportion of the elderly in Thai society:** A better public health system raises the average age of Thais. Meanwhile, the country's birth rate has been decreasing continuously. Consequently, the proportion of the elderly (aged over sixty years) to the total population has been on an uptrend. According to the National Economics and Social Development Board (NESDB), the estimates show that the proportion of the elderly is likely to increase from 16.51% in 2016 to 23.56% in 2026. A larger proportion

of the elderly will lead to a rise in spending on healthcare, which will in turn support the expansion of the medical service industry in the future.

- **Expansion of social security services:** According to the Social Security Office, the Ministry of Labour, the amount of subsidies and compensations granted by the Social Security Fund to the healthcare industry has been continuously rising and the uptrend is likely to continue in the future. On average, during 2010-2014, the amount increased by approximately 9.0% CAGR. Moreover, the number of the Social Security Fund's insured persons, according to the National Statistics Office (NSO), the Ministry of Digital Economy and Society, showed a continuous growth on average, at the growth rate of 3.6% CAGR during 2009-2014. Hence, the medical service industry is likely to expand further to serve bigger numbers of population and the Social Security Fund's insured persons.

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

- **Shortage of health professionals:** A rapid growth of the medical service industry has led to a shortage of medical professionals. Thus, health professionals in both public and private sectors are headhunted by private hospitals. This situation indirectly raises private hospitals' business costs as they have to offer higher remuneration to attract skillful medical professionals, especially those with expertise, who would be a key to business success. Meanwhile, the establishment of the AEC in 2015 could result in huge migrations of specialized medical professionals to other countries where more attractive remuneration packages are offered.
- **Competition:** Currently, while private hospitals are competing, several state hospitals are also trying to offer competitive levels of services. The situation simply intensifies the competition in the industry, in terms of pricing and marketing. Furthermore, for cost control, M&A activities are seen in the industry.

Speaking about competition with medical service providers in Thailand's neighboring countries, Singapore is considered the major competitor as the country is comparable in service. However, the charges of its services are higher. According to Kasikorn Research Center, in 2012 Singapore held a 33% market share of Southeast Asia's medical tourism market while Thailand owned 26%. Note that a major weakness of Thai health professionals is the language barrier, which could be a big challenge of Thailand's becoming the medical hub of Asia.

- **Political uncertainty:** Foreign patients with great spending power and medical tourists are target groups of several large hospitals in Thailand. Domestic political uncertainty could delay their decision to come for treatment in Thailand or even make them decide to seek treatment in other countries, instead. However, statistics indicate that political uncertainty does not have significant impact on the performance of medium-sized hospitals as they mainly focus on local patients.

2.2.2 Marketing and competition

2.2.2.1 Medical service standards

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

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

Currently, the Company's two hospitals, i.e. Rajthanee Hospital and Rajthanee Rojana Hospital, are categorized as secondary care hospitals. Nonetheless, the Company is able to provide tertiary care for patients with heart diseases at the hospitals' modern Heart Center.

2.2.2.2 Target customers and distribution channels

(1) Non-capitation customers

- **Cash-paying customers:** Cash-paying customers are customers paying their own medical bills. The Company's target groups include middle-to-high income earners who live or work near any of the Company's hospitals or clinics as well as patients who trust the Company's medical services. Note that the Company places emphasis on quality of its services, expansion of its coverage of specialty services and public relations activities to attract its target customers.
- **Corporate contract customers:** Corporate contract customers are customers who work for the organizations that have signed contracts with the Company and, therefore, their organizations are responsible for their medical bills. This category also includes customers with life insurance policies. The Company directly charges their medical bills with their insurance companies. Note that the number of corporate contract customers is likely to increase in tandem with the growth of the insurance business and the rising popularity of the health-conscious trend.
- **Customers according to the Protection for Motor Vehicle Accident Victims Act B.E. 2535 (1992):** These customers include the injured in motor vehicle accidents who receive medical treatment according to the Protection for Motor Vehicle Accident Victims Act B.E. 2535 (1992). As the Company's hospitals are located on main roads, namely Asian Highway and Rojana Road, where road accidents take place regularly, these hospitals have emergency medical centers to facilitate their customers and to dispatch ambulances to the scenes of the accidents in a timely manner. The Group's hospitals do not charge these customers but send medical bills to the insurance companies of the customers or their parties that have insurance policies according to the Act.
- **Customers according to the Workmen Compensation Fund:** These customers are employees of companies or industrial factories who are injured by accidents at work and receive medical treatment according to the Workmen's Compensation Act B.E.

2537 (1994). The hospital does not charge the customers but send medical bills to charge from the Employment Injury Compensation Fund.

(2) Capitation customers

- Customers under Social Security Scheme:** According to the Social Security Act B.E. 2533 (1990), for every payment of wages, the employer shall deduct wages of an insured person to be paid for contributions to the Social Security Fund and the insured person shall be able to receive free medical services from one of the contracted hospitals that he or she has chosen. There are two types of payments that the Social Security Office gives to the hospitals participating in the Social Security Scheme, i.e. 1) capitation payment (note: as of 2016, the capitation payment amounted to Baht 1,460 per year); and 2) additional payment
- As of December 31, 2016, the Company had 144,375 customers, on average, under the Social Security Scheme. As Rajthanee Hospital is awarded the Level 3 Hospital Accreditation (HA), the Company can request for rights to accept a maximum of around 161,000 insured persons under the Social Security Scheme. Moreover, when the Company's expansion plans are completed, it may be eligible to request for rights to accept more insured persons. Nonetheless, the Company's management currently does not have a policy to expand the base of its customers under the Social Security Scheme. The Company's future projects mainly focus on non-capitation customers.

2.2.2.3 Competition

There is a high growth opportunity for hospital business in Phra Nakhon Si Ayutthaya Province as it has a large population and large economy. In addition, there are several big industrial estates in the province. However, in terms of medical staff, service capacity, the number of hospital beds in service as well as reputation, and reliability the Company's hospitals are considered leading private hospitals in the province. The Company's competitors are large government hospitals and private hospitals in the province. Other hospitals in the nearby areas are as follows:

Hospital	Gov't/ Private	Location	Social Security Scheme	Size(No. of registered bed)
Phra Nakhon Si Ayutthaya	Gov't	Phra Nakhon Si Ayutthaya District	✓	528
Sena Hospital	Gov't	Sena District	✓	180
Peravech Hospital	Private	Phra Nakhon Si Ayutthaya District	-	53
Karunvej Ayutthaya Hospital	Private	Bang Pa-in District	✓	105
Supamitsena General Hospital	Private	Sena District	-	100

Considering the level of completion in the nearby areas, it is not yet very intense. Besides, comparatively to the competitors in such areas, the Company appears to have several advantages as follows:

- Medical competency and readiness to provide medical services: The Company is a private hospital in Phra Nakhon Si Ayutthaya Province with a wide range of state-of-the-art medical equipment and a considerably high level of number of examination rooms and hospital beds that can serve the incoming patients.
- The two hospitals are situated in prime locations which are easily and conveniently accessible by patients and their relatives.
- The Company's team of medical staff has long experience with specialties that encompass a wide range of diseases for which the medical services are provided.

2.2.2.4 Competition strategy

At present, the level of competition in healthcare industry is relatively high in terms of pricing, medical competency and technological advancement of the medical services. Therefore, the Company has set out below the strategies to handle such level of competition and enhance its ability to sustainably compete with other players on a long-term basis.

Quality of service

Quality of service is an important factor in patients' decision making when they choose a hospital. With realization of the importance of this factor, the Company ensures that all of its staff have a service mindset to maintain the quality of its service in the long term. Meanwhile, the Company regularly organizes training courses to review the process and procedure of service to reach its standards. Moreover, the Company's management emphasize that the staff must always consider the patients' safety to be a priority. The Company also set standards of performance in accordance with the World Health Organization's (WHO) code of practice, which is applied along with its quality of service enhancement system. Apart from the quality of service of its staff, the Company also focuses on the improvement of its medical service quality. The Company always keeps up with the new trends of medical equipment technology to increase its examination and treatment capacity. At the same time, the Company recruits knowledgeable and experienced medical staff and nurses to join its team.

Thanks to its continuous effort to enhance its quality of service, the Company's flagship, i.e. Rajthanee Hospital, was awarded the Level 3 Hospital Accreditation (HA) on February 27, 2015. Meanwhile, Rajthanee Rojana Hospital is preparing to apply for the Level 1 HA.

Cost management

The capitation revenue from its patients under the Social Security Scheme is one of the Company's main sources of income. The Social Security Office pays a flat rate of capitation per head to the hospitals and clinics that participate in the scheme. Therefore, the hospitals and clinics under the scheme must be capable of cost management while keeping the quality of treatment to meet the standards and ensure medical ethics. Under the circumstance, the Company has policies to reduce supplies expenses that are not related to medical service

provided to its patients. In addition, the Company benefits from economies of scale as its two hospitals are located in the same area and can share certain types of resources, which improve efficiency and mutual benefits. For instance, they are able to share certain types of medical equipment and inventory management which enable them to use the other's equipment when in short. Likewise, their medical staff can rotate to work at both hospitals.

Location

The Company owns two hospitals, namely Rajthanee Hospital and Rajthanee Rojana Hospital. Both are in a prime location in Phra Nakhon Si Ayutthaya Province and near Pathum Thani, Suphan Buri, Ang Thong and Saraburi Provinces. In these provinces are located four large industrial estates, three of which, namely Ban Wa (Hi-Tech) Industrial Estate, Bang Pa-in Industrial Estate and Saha Rattana Nakorn Industrial Estate, are in Phra Nakhon Si Ayutthaya Province and the other one, i.e. Nava Nakorn Industrial Estate, is in Pathum Thani Province. Moreover, there are two nearby industrial zones, namely Factory Land Wangnoi and Rojana Industrial Park. Therefore, there are a large number of residents in these area and they are among the main groups of the hospitals' patients. Moreover, the patients under the Social Security Scheme of the Company can conveniently get treatment at both hospitals of the Company.

Income from various groups of customers

The Company's income is derived from various groups of customers, including non-capitation customers (patients who pay their own medical bills, corporate contract patients and patients according to the Workmen Compensation Fund) and capitation customers. Such a variety of sources of income sustains the Company's revenue growth and cash flow and enables the Company to maintain efficient cash flow management.

2.3 Sources of supply

2.3.1 Medicines and medical supplies

Medicines and medical supplies are the main products used in hospitals. The Company has a policy to acquire medicines and medical supplies from multiple manufacturers and distributors to prevent the risk of product shortage. Note that the Company's purchase of medicines and medical supplies from each manufacturer and distributor did not exceed 30% of the total value of the medicine and medical supply acquisition during 2013-2015. Furthermore, the Company does not make a commitment with any distributor to purchase medicines or medical supplies that are worth more than 30% of the total value of its future acquisition of these products.

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

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

2.3.2 Medical equipment

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

2.3.3 Medical staff

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

2.4 Environmental and safety management

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

2.4.1 Environment and health promotion

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

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

2.4.2 Environment conservation

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

2.4.2.1 Wastewater treatment

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

2.4.2.2 Hazardous material and waste management

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

2.4.2.3 Conservation of natural resources

The Company establishes a policy on conservation of natural resources. There are campaigns for power and water saving. For example, the staff are encouraged to turn off lights, taps and air-conditioners after use and to take stairs. Moreover, some of the treated wastewater is used to water plants. A byproduct of the conservation is a reduction in the Company's expenses.

2.4.3 Safety measures

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

2.4.3.1 Safety of service areas

The Company has policies to ensure safety of its service areas as follows:

- The Company conducts a structural inspection of its buildings once a year and carries out inspection of operating systems on a regular basis.

- Traffic system is changed to one-way (from two-way) traffic pattern to ensure safety and patients' prompt access to treatment, especially in case of emergency and accidents.
- The Company expanded parking space and allocated parking lots for the disabled. Complimentary golf carts are provided to transport the Company's customers.
- Security guards are on duty 24 hours in the hospitals' compound. All visitors are recorded by the staff. Maintenance officers perform patrol duties every two or three hours. In addition, affray prevention measures are formulated to handle brawling among the customers.

2.4.3.2 Fire safety

Having never faced a serious fire hazard, the Company, however, is fully aware of the risk. Thus, fire safety measures are formulated. The Company offers annual training in the use of fire extinguishers to the staff from all departments and also conducts fire drills.

2.4.3.3 Flood safety

The Company's hospitals are located in one of the areas that were directly affected by the great floods in late 2011. Even though the floods did not cause any damage to the hospital buildings, their parking lots and nearby areas were flooded and that affected safety of the patients while transporting to the hospitals. As a result, the hospitals suspended operations for approximately one month. However, after the floods, the Company formulated flood safety measures on flood water prevention and reserves of food, water, power as well as medicines and medical supplies in preparation for floods. Furthermore, the Company came up with an emergency evacuation plan to transfer patients to other hospitals while flooding.

2.4.3.4 Reserves of public utilities

In case of emergencies, e.g. fires or floods, the Company has reserves of public utilities for the patients until the situations return to normal or until the patients are safely transferred to other hospitals. The details are as follows:

- Power reserve: The Company has a 448-KVA generator which is able to run 16 hours continuously. Moreover, fuel can be re-filled to keep the generator working. The generator's capacity is sufficient to serve key departments, e.g. Emergency Center, Surgery Center and Labor & Delivery Center, and other emergency systems, e.g. elevators, patient beds, refrigerators, water treatment system, lighting system. The generator starts generating electricity within five minutes after the main power system stops functioning.
- Water reserve: The Company's water storage is sufficient to satisfy demand for two days. There are also ground water resources in case of emergency.
- Oxygen reserve: In case the normal oxygen system does not function properly, the Company has oxygen reserve that is sufficient for around 24 hours of usage.

3. Risk Factors

Running its business, the Company is confronted with several risk factors, which may have some impacts on its overall business operation and share price. The following risk factors are merely some examples of key risks that may have negative impacts on the Company and thus lead to significant investment risks that investors may encounter. In addition to the risk factors highlighted below, there are also some other unpredictable risks and insignificant risk factors that may also impact the Company's business operation. Key risk factors are discussed below:

1. Risk of medical personnel scarcity

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

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

2. Discrepancy between actual capitation revenue and projections

The Company sees risk exposure linked to the discrepancy between the actual capitation revenue it receives from the Social Security Office and its revenue projection. The Company is not aware of the exact amount of the accrued income derived from the Social Security Office, for the parts of additional payment according to the service given to patients with high risks and high-cost treatments. The Company will not receive these parts of revenue from the Social Security Office until the office disburses from its budget. To make a revenue projection, the Company bases the projection on the historical data and the most recent actual amount it received, coupled with the current conditions from the Social Security Office.

As the Company generally makes the revenue projection on a conservative basis, the actual capitation revenue from the Social Security Office usually exceeds its projection. In case many contracted hospitals make reimbursements for the aforementioned additional payment at the amounts higher than the historical figures, the total reimbursement amounts may exceed the state budget allocation. As a result, payment rate for such additional revenue may fall and if this is the case the actual capitation revenue from the Social Security Office may fall short of the Company's projection of accrued capitation revenue.

3. Risk of accrued income from the Social Security Office

The Company sees risk exposure in regard to accrued income from the Social Security Office, which may occasionally have an impact on its liquidity management. As of March 31, 2016, the Company's accrued income from the Social Security Office amounted to Baht 150.50 million. Nonetheless, the Company tries to manage its liquidity by using working capacity loans as well as short-term loans from related parties (further details are discussed in Part 3 Item 13 – Management Discussion and Analysis). It should also be noted that the potential uptrend in such accrued income from the Social Security Office may raise the Company's finance cost level in the future. The average collection periods for the receivable of Social Security Office in 2013-2015 and 1Q16 stand at 63 days, 93 days, 96 days and 97 days, respectively.

The Company monitors the payment made by the Social Security Office regularly. The Company does not have a policy to borrow from related parties in the future but, instead, it considers seeking credit line expansions from financial institutions. The listing to the Stock Exchange of Thailand is also a way to broaden financial instrument channels, which should help facilitate the Company's liquidity management.

4. Risk of volatile interest rate trend

As of December 31, 2016, the Company had outstanding short-term loans amounting to Baht 307.40 and outstanding long-term loans of Baht 79,544,987.34 million. Most of such loans came mainly with floating interest rates, based on the bank minimum loan rate (MLR). As of December 31, 2016, the MLR stood at 7.28% in average. Should the bank's reference rate changes significantly from the current rate, then the Company's cost of financing as well as net profit will also be affected.

5. Risk of impairment of investment in the subsidiary

In 2014, the Company expanded its hospital business by acquiring 12 million shares in Rojanavej Hospital Company Limited from the existing shareholders, at Baht 10.50 per share. The acquisition brought the Company's shareholding in this firm at 52.17%, with the total investment cost of Baht 126 million. The acquired company was subsequently renamed Rajthanee Rojana Hospital Company Limited. This transition brought about some goodwill as the investment value exceeded the net asset value of the subsidiary after adjustment. As of December 31, 2014, December 31, 2015, and December 31, 2016, the Company booked goodwill expenses amounting to Baht 88.30 million, Baht 87.80 million and Baht 87.80 million, respectively.

The impairment risk from this subsidiary may occur if the subsidiary continues to pose substantial losses, which will subsequently cause the intrinsic value of investment to fall below the investment value in the subsidiary. Apparently, the impairment has an impact on the Company's net profit. Note, however, that the subsidiary's operating results for 2014, 2015 and 2016, in comparison with the financial projection prepared by the Company's management, indicated no impairment of the investment in the subsidiary.

6. Risk of being filed lawsuits by patients or relatives

Medical service providers are at risk of being sued by patients or their relatives if the service standard or the result of medical treatment fails to meet their expectations.

Addressing this risk, the Company has attempted to continuously enhance its medical service standard, both in terms of examination and treatment evaluation practices. In light of this, the Company provides an evaluation form to survey customers' satisfactions on its service as well as managing risk by responding to customers' complaints in order to prevent lawsuits. This practice should help mitigate possible impacts from this risk factor. It is worth highlighting that as of December 31, 2016 there were no significant lawsuits filed by customers who sought compensations from the Company.

7. Risk regarding the withholding tax for physicians in case the Company's tax calculation differs from the Revenue Department's

Physicians are essential personnel in providing medical services. The Company enters into contracts for health professionals to use clinic^๓ signed with skilled medical practitioners who perform treatment functions in the hospital. This purpose of this contract is to allow physicians to utilize the Company's space, tools and equipment as their clinics where they can provide medical treatment services to patients. In light of the contract, the physicians are required to share revenue with the Company in return. Hence, the physicians are not the Company's employees, and they are entitled to determining doctor fees by themselves, depending on the degrees of complication of disease. The Company will be the one who collects medical service fees from the patients and subsequently set aside portions of the amounts as doctor fees and pay them to the physicians. In addition, the Company is responsible for preparing space and necessary equipment for medical services.

Considering the Revenue Department's practice with respect to agreements between hospitals and physicians with identical characteristics as those of the Company, the doctor fees collected from patients are categorized as income from liberal professions under Section 40(6) of the Revenue Code; therefore, such doctor fees collected from the patients and paid to physicians are not subject to withholding tax.

However, there is still discrepancy in the interpretation of this taxation law in several details concerning categorizing the doctor fees into a specific type of income. Hence, in case the Revenue Department has different rulings on issues regarding withholding tax, the Company may be liable for the withholding tax and surcharge. To mitigate the impact arising from this tax risk, the Company indicates in the contract entered into by the Company and the physicians that they are obliged to be responsible for taxes, surcharges, including expenses concerning the withholding tax imposed on the income of each physician that the Revenue Department further assesses for the Company's liability.

8. Risk of intense competition in the medical service market

At present, the medical service market sees more intense competition as major players in the market have continuously consummated mergers and acquisition. The moves for merger and acquisition bring about cost advantages as well as broadening service channels. Furthermore, an increasing number of new comers have taken over revenue sharing from

existing operators. Consequently, operators have become more enthusiastic on competing to provide better services and apply pricing strategies to attract potential customers. In addition, the emergence of ASEAN Economic Community (AEC) may bring in new players from ASEAN who seek to expand their service coverage to Thailand. This competition outlook will inevitably affect the Company's business operation.

Moreover, the Company may encounter competitions from other hospitals located both in Phra Nakhon Si Ayutthaya and nearby provinces where a number of hospitals and clinics are in operations. Therefore, the competition in the area is rather high. However, in comparison with other medical service providers in the area, the Company enjoys a number of advantages over its peers in several aspects, which are its better reputation, location, as well as its superior medical service standard and quality of specialty medical centers.

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

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

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

Therefore, the Company has periodically informed the persons responsible for payments of the medical service fees incurred throughout the periods during which the medical treatments are provided. The Company's accounts receivable management unit will further review the risks and seek prevention measures as well as determine appropriate solutions both for the Company and the patients in case they encounter problems regarding the payments of medical service fees in order to reduce risks linked to the patients' possible default on such payments.

In regard to the quality of the Company's accounts receivables, as of December 31, 2016, the Company's accounts receivables primarily consisted of accounts receivables from the Social Security Office amounting to Baht 137.0 million and the trade receivables of Baht 65.47 million, which were mostly attributed to accounts receivables from the Social Security Office, life insurance firms and non-life insurance firms. As these accounts demonstrate low default risk; therefore, the Company accordingly sees low risk of collection of medical service fee payments.

10. Risk of changes in medical equipment technologies

Providing medical services, the Company has focused on greater treatment of complicated diseases handled by specialty medical centers which largely require state-of-the-art equipment. However, given rapid changes in medical technologies, the technologies of some medical devices and equipment can quickly change and might require high maintenance expenses. Being aware of the importance of technological changes, the Company thus adopts a policy that requires careful consideration and analysis of specifications, utilization and worth of medical equipment in the long term before making any investment decisions.

11. Risk of possible changes in the policies on the Social Security Scheme

At present, the Company's exposure to medical service revenue under the Social Security Scheme is rather high, at approximately 40-50% of the total revenue from 2013 to 2016. This high exposure means that the Company is at risk of being affected by possible changes in the policy regarding the Social Security Scheme. However, the Company's management is confident that Thailand's social security system is rather stable, both in terms of the reimbursement system and the security of its fund. Possible changes in the policy may involve upward adjustments to the additional medical service fees to reflect actual service costs borne by participating hospitals, and this possibility will benefit the Company. The Company's management closely monitors relevant government policies through the Hospital Association for Development of Social Security System; therefore, they can express opinions and make suggestions before any new policies are to be implemented.

12. Risks of insufficient capitation revenue to cover actual service costs

From 2013 to 2016 the medical service revenue under the Social Security Scheme accounted for 40-50% of the total revenue from hospital operations. This suggests that the exposure to such revenue mix is rather high. Participating in the Social Security Scheme, the Company encounters risks as it incurs costs for providing medical services based on the actual amounts while the capitation revenue from the Social Security scheme is based on the government policy as well as the number of insured patients registered with the Company. The number of insured patients registered may vary due to their migrations and the relocations of industrial plants in the vicinity of the hospital. Moreover, such revenue also depends on the statistical records of treatments given to patients with risk factors as well as treatments provided for patients with diseases of high intensity that require high treatment costs.

The Company has a policy to manage the customers under the Social Security Scheme with a focus on cost management. The Company regularly educates customers under the scheme about healthcare knowledge and basic advice on how to take care of themselves when getting ill. In addition, the Company also broadens its service points through a number of clinics under its umbrella in order to provide basic treatments to prevent the diseases from further development and becoming more serious. The Company's patient transfer system is also so efficient that patients can be transferred to supra contractors where highly skilled and experienced medical practitioners are available to examine the patients and provide appropriate treatments in a timely manner. This practice can help lessen the possibility that patients' diseases may develop further serious conditions or become chronic diseases. Hence, the Company can manage service costs effectively in line with the capitation revenue paid by the Social Security Office. Meanwhile, the Social Security Office's conditions about additional payment for high intensity cases (further details are discussed in Part 3 Item 13 – Management Discussion and Analysis) also helps reduce the risk regarding service costs for services provided for such patients under the scheme.

The Company has a policy to increase more exposure to revenue from general patients, which will enable it to control costs better. Once the exposure of general patients is increased, that of insured patients will gradually decline and thus the risk concerning capitation revenue will decelerate accordingly.



4. General Information and Other Important Information

4.1 Rajthanee Hospital Public Company

Company's name	RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED
Nature of business	Sanatorium accepting patients for overnight stays
Company Registration No.	0107538000509
Head Office	111 Moo 3, Khlong Suan Phlu Sub-district, Phra Nakhon Si Ayutthaya District, Phra Nakhon Si Ayutthaya 13000
Tel.	035-335-555-71
Fax.	035-335-555 ext. 878
Homepage	www.rajthanee.com
Investor Relations	Mr. Polwach Wudhikulprapan

4.2 Securities Registrar

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

4.3 External Auditor

Company's name	CWWP CO., LTD.
Head Office	128/180-181 Phayathai Plaza Building 17th Floor, Phayathai Road, Thung Phayathai, Ratchathewi, Bangkok 10400
Tel.	02-216-2265, 02-216-2268-9, 02-216-2279
Fax.	02-216-2286

4.4 Internal Auditor

Company's name	DIA AUDIT CO.,LTD.
Head Office	958 On-Nut Road, Suanluang, Bangkok 10250
Tel.	02-259-5300-2
Fax.	02-260-1553, 02-259-8959



Section 2 : Management and Corporate Governance

5. Information on Securities and Shareholders

5.1 Registered Capital and Paid-up Capital

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

5.2 Shareholders

The names of the top-10 major shareholders of the Company as of March 22, 2017, are as follows:

No.	Shareholders		No. of shares	%
1	Prasithirun Grup		73,926,382	24.64%
1.1	Mr. Surin	Prasithirun	39,861,805	13.29%
1.2	Ms. Phitraphee	Prasithirun	9,527,800	3.18%
1.3	Ms. Phitramphai	Prasithirun	9,327,800	3.11%
1.4	Ms. Phitrampha	Prasithirun	9,327,800	3.11%
1.5	Mrs. Smorn	Prasithirun	5,881,177	1.96%
2	Wudhikulprapan Group		24,146,704	8.05%
2.1	Mr. Wachira	Wudhikulprapan	7,665,349	2.56%
2.2	Mrs. Porntip	Wudhikulprapan	5,654,385	1.89%
2.3	Mr. Polwach	Wudhikulprapan	5,463,485	1.82%
2.4	Mr. Wanat	Wudhikulprapan	5,363,485	1.79%
3	Vibharam Hospital Company Limited ⁽¹⁾		23,815,039	7.94%
4	Thonburi Healthcare Group Public Company Limited ⁽²⁾		21,220,745	7.07%
5	Bualuang Long-Term Equity		10,174,600	3.39%
6	Thai Life Insurance Public Company Limited		5,629,900	1.88%
7	Mr. Narongsak	Sripochsomboon	5,125,298	1.71%
8	Mrs. Nantana	Sricharoenmuang	4,733,900	1.58%
9	B Senior Citizen Mixed Fund		4,097,200	1.37%
10	Bualuang Long-Term Equity Fund 75/25		3,691,100	1.23%

Source: The Stock Exchange Of Thailand

Notes:

(1) Vibharam Hospital Company Limited

Vibharam Hospital Company Limited is a private hospital that held shares in the Company of 7.94% of the registered capital. Its major shareholders are Ramkhamhaeng Hospital Public



Company Limited and Vibhavadi Medical Center Public Company Limited, which held shares in Vibharam Hospital Company Limited of 41.10% and 40.75% of the paid-up capital.

Ramkhamhaeng Hospital Public Company Limited is a private hospital and has top-10 shareholders, as of October 5, 2016, as follows:

Ramkhamhaeng Hospital Public Company Limited			
No.	Shareholder	No. of shares	(%)
1	Bangkok Dusit Medical Services	4,588,424	38.24%
2	F&S 79 Co.,Ltd.	1,256,899	10.47%
3.	Chiangmai Ram Hospital Company Limited	862,300	7.19%
4.	Mr.Pichaya Somboonsin	303,302	2.53%
5.	Dr.Boonpredee Siri Wong	302,900	2.52%
6.	Mr.Siripong Leubgwarinkul	239,372	1.99%
7.	Ms.Reukkhagee Kanchanapitak	210,686	1.76%
8.	Vibharam Hospital Company Limited	204,600	1.71%
9.	Mr.Rhuechit Kanchanapitak	186,747	1.56%
10	Ms.Witton Boonsukchareon	160,900	1.34%

The preliminary information on the shareholdings of the top-10 shareholders of Ramkhamhaeng Hospital Public Company Limited is summarized below.

Bangkok Dusit Medical Services Public Company Limited has strategic shareholders that held more than 5% of the paid-up capital, as of September 16, 2016, as follows:

Bangkok Dusit Medical Services Public Company Limited			
No.	Shareholder	No. of shares	(%)
1.	Mr.Prasert Prasarttongosot	2,829,378,940	18.26%
2.	Bangkok Airways Public Company Limited	1,008,418,690	6.51%
3.	The Viriyah Insurance Company Limited	948,283,830	6.21%

F&S 79 Company Limited is a private hospital named “Eye Ear Nose Throat Hospital” and has strategic shareholders that held more than 5% of the paid-up capital, as of April 25, 2016, as follows:

F&S 79 Company Limited			
No.	Shareholder	No. of shares	(%)
1	Mr.Wittaya Wongprai boon	36,840	7.31%
2	Dr.Supachai Chotibut	35,948	7.13%
3	Mr.annop Wwongwaipanani j	30,000	5.95%
4	Dr.Sakaorat Kunawitsarut	27,308	5.42%

Chiangmai Ram Hospital Company Limited is a private hospital and has strategic shareholders that held more than 5% of paid-up capital, as of March 24, 2016, as follows:

Chiangmai Ram Hospital Company Limited			
No.	Shareholder	No. of shares	(%)
1	Chiang Mai Medical Business Company Limited	22,482,750	56.21%



Chiangmai Ram Hospital Company Limited			
No.	Shareholder	No. of shares	(%)
2	Ramkhamhaeng Hospital Public Company Limited	17,156,667	42.89%

Vibhavadi Medical Center Public Company Limited is a private hospital and has top-10 shareholders, as of May 12, 2016, as follows:

Vibhavadi Medical Center Public Company Limited			
No.	Shareholder	No. of shares	(%)
1	Mr.Chaiyasit Wiriyaemattakul	1,823,000,000	14.46%
2	F&S 79 Company Limited	1,779,916,400	14.12%
3.	Synphaet Company Limited	1,023,246,000	8.12%
4.	Ramkhamhaeng Hospital Public Company Limited	860,767,200	6.83%
5.	Chaophya Hospital Public Company Limited	741,816,180	5.88%
6.	Vibharam Hospital Company Limited	520,655,200	4.13%
7.	Mr.Pijit Wiriyaemattakul	367,000,000	2.91%
8.	Mr.Pisut Wiriyaemattakul	285,950,000	2.27%
9.	Ms.Niramol Wiriyaemattakul	175,970,000	1.40%
10	Thai NVDR Company Limited	132,671,227	1.05%

The preliminary information on the shareholdings of the top-10 shareholders of Vibhavadi Medical Center Public Company Limited is summarized below.

Synphaet Company Limited is a private hospital has and has strategic shareholders that held more than 5% of the paid-up capital, as of April 27, 2016, as follows:

Synphaet Company Limited			
No.	Shareholder	No. of shares	(%)
1	Sinthanee Place Company Limited	26,746,868	38.20%
2	Ramkhamhaeng Hospital Public Company Limited	23,064,222	17.56%
3	Vibhavadi Medical Center Public Company Limited	7,000,000	6.51%
4	Dr. Suchat Kasem	3,693,908	5.27%

Chaophya Hospital Public Company Limited is a private hospital and has strategic shareholders that held more than 5% of the paid-up capital, as of April 26, 2016, as follows:

Chaophya Hospital Public Company Limited			
No.	Shareholder	No. of shares	(%)
1	Mahachai Hospital Public Company Limited	13,529,477	22.97%
2	Vibhavadi Medical Center Public Company Limited	4,529,926	7.69%
3	Vibharam Hospital Company Limited	4,012,138	6.81%

(2) Thonburi Healthcare Group Public Company Limited

Thonburi Healthcare Group Public Company Limited was operated private hospital held shares 7.07% of the paid-up capital and has top-10 shareholders, as of September 30, 2016, as follows:

Thonburi Healthcare Group Public Company Limited			
No.	Shareholder	No. of shares	(%)
1	Mrs.Jaruwan Wanasin	82,096,362	10.74%
2	WJ International Hospital Management Co., Ltd. ¹	60,000,000	7.85%
3.	Mrs.Nawara Wanasin	48,843,163	6.39%
4.	Global Health Investment Co., Ltd. ²	43,813,340	5.73%
5.	Dr. Amnuay Aunnanan	43,510,970	5.69%
6.	Ms. Sonsang Meaksawan	18,046,582	2.36%
7.	Mr. Asa Meaksawan	9,161,755	1.20%
8.	Dr. Bun Wanasin	5,801,848	0.76%
9.	Mr. Sita Meaksawan	5,416,663	0.71%
10.	Dr. Asit Aunnanan	5,200,000	0.68%

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

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

5.3 Dividend Policy

5.3.1 Dividend Policy of the Company

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

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

5.3.2 Dividend Policy of the Subsidiary

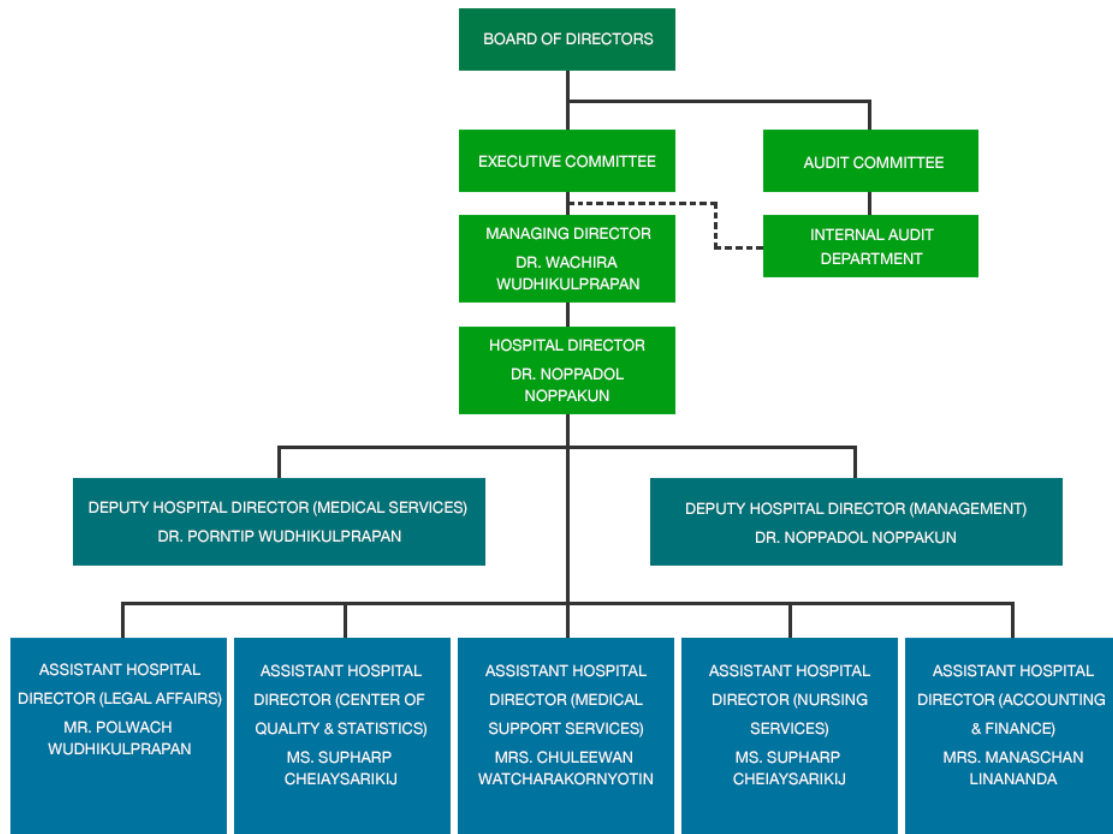
The subsidiary shall pay out dividends to its shareholders at a rate of not less than 40 (forty) percent of net profits after corporate income tax and appropriation of legal reserve. However, the subsidiary may consider paying out dividends in a different manner from that defined in the policy, depending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

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

6. Management Structure

6.1 Structure of Organization

As of December 31, 2016



The structure of organization is comprised of 3 committees which are the Board of Directors, the Executive Committee and the Audit Committee. The members of the Board of Directors and the executives are highly-qualified persons that meet all requirements pursuant to Section 68 of the Public Limited Company Act, B.E. 2535 (1992) and relevant notifications of the Capital Market Supervisory Board. The name list and the scope of authority, duties and responsibilities as follows:

The structure of organization is comprised of 3 committees which are the Board of Directors, the Executive Committee and the Audit Committee. The members of the Board of Directors and the executives are highly-qualified persons that meet all requirements pursuant to Section 68 of the Public Limited Company Act, B.E. 2535 (1992) and relevant notifications of the Capital Market Supervisory Board. The name list and the scope of authority, duties and responsibilities as follows:

6.1.1 Board of Directors

As of December 31, 2016, the Board of Directors is comprised of 9 directors as follows:

	Names	Positions
1.	Ms. Vilailak Aunyaneeerat	Chairman of the Board of Directors and the Audit Committee and Independent Director
2.	Mr. Wachira Wudhikulprapan	Director
3.	Mr. Noppadol Noppakun	Director



- | | | |
|----|-------------------------------|--|
| 4. | Mrs. Porntip Wudhikulprapan | Director |
| 5. | Mrs. Smorn Prasithirun | Director |
| 6. | Mr. Charoonsak Sripochsomboon | Director |
| 7. | Ms. Phitraphee Prasithirun | Director |
| 8. | Mr. Sarun Supaksaran | Member of the Audit Committee and Independent Director |
| 9. | Mr. Teerasak Naranong | Member of the Audit Committee and Independent Director |

The Company Secretary is Mr. Polwach Wudhikulprapan whose responsibilities are set out in Item 7.2.5 – Scopes of authority, duties, and responsibilities of the Company Secretary.

The Company's authorized directors

The Company's authorized directors are Mr. Wachira Wudhikulprapan, Mr. Noppadol Noppakun, Mr. Charoonsak Sripochsomboon, Ms. Phitraphee Prasithirun, and two out of four directors are authorized to jointly sign to bind the Company with the Company's seal; affixed.

The Board of Directors' meetings

In 2016, the Company held 11 meetings of the Board of Directors of which details on the meeting attendance of each director are set forth below.

No.	Names	Meeting Attendance
1	Ms. Vilailak Aunyamaneerat	11/11
2	Mr. Wachira Wudhikulprapan	11/11
3	Mr. Noppadol Noppakun	11/11
4	Mrs. Porntip Wudhikulprapan	11/11
5	Mrs. Smorn Prasithirun	11/11
6	Mr. Charoonsak Sripochsomboon	11/11
7	Ms. Phitraphee Prasithirun	3/11
8	Mr. Sarun Supaksaran	10/11
9	Mr. Teerasak Naranong	11/11

6.1.2 The Audit Committee

As of December 31, 2016, the Company's Audit Committee is comprised of 3 members:

- | | Names | Positions |
|----|----------------------------|--|
| 1. | Ms. Vilailak Aunyamaneerat | Chairman of the Audit Committee and Independent Director |
| 2. | Mr. Sarun Supaksaran | Member of the Audit Committee and Independent Director |
| 3. | Mr. Teerasak Naranong | Member of the Audit Committee and Independent Director |

Ms. Vilailak Aunyamaneerat, Mr. Sarun Supaksaran, and Mr. Teerasak Naranong are considered sufficiently knowledgeable in the fields of accounting and finance in order to review the Company's financial statements. Mr. Polwach Wudhikulprapan is the secretary of the Audit Committee.

6.1.3 The Executive Committee

As of December 31, 2016, the Company's Executive Committee is comprised of 6 members:

	Names	Positions
1.	Mr. Wachira Wudhikulprapan	Chairman of the Executive Committee
2.	Mr. Noppadol Noppakun	Member of the Executive Committee
3.	Mrs. Porntip Wudhikulprapan	Member of the Executive Committee
4.	Mr. Surin Prasithiran	Member of the Executive Committee
5.	Ms. Supharp Cheiaysarikij	Member of the Executive Committee
6.	Mrs. Manaschan Linananda	Member of the Executive Committee

6.1.4 Executives

As of December 31, 2016, the Company's executives are as follows:

	Names	Positions
1.	Mr. Wachira Wudhikulprapan	Managing Director
2.	Mr. Noppadol Noppakun	Hospital Director and Deputy Hospital Director (Management)(Acting)
3.	Mrs. Porntip Wudhikulprapan	Deputy Hospital Director (Medical Services)
4.	Mr. Surin Prasithiran	Assistant Hospital Director (Center of Quality and Statertistic)
		Assistant Hospital Director (Nursing Services)(Acting)
5.	Mr. Polwach Wudhikulprapan	Assistant Hospital Director (Legal Affairs)
6.	Mrs. Chuleewan Watcharakomyo-tin	Assistant Hospital Director (Medical Support Services)
7.	Mrs. Manaschan Linananda	Assistant Hospital Director (Accounting and Finance)
8.	Ms. Siriporn Anontasatien	Finance Manager
9.	Mr. Yodchai Loamud	Accounting Manager

Remarks: In 2016, there was a change in management team where Mr. Noppadol Noppakun was appointed as the Hospital Director of Rajthanee Hospital, effective from January 1, 2016, and Mrs. Manaschan Linananda was appointed as Assistant Hospital Director (Accounting and Finance), effective from September 1, 2016.

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

6.1.5 Company Secretary

The Board of Directors' Meeting No.3/2015 held on September 24, 2015, resolved that Mr. Polwach Wudhikulprapan be appointed as the Company Secretary, which is accordance with the Securities and Exchange Act B.E. 2535 (1992) (as amended). His responsibilities are set out in Item 7.2.5 – Scopes of authority, duties, and responsibilities of the Company Secretary.

6.2 Remuneration of the Directors

6.2.1 Directors

6.2.1.1 Monetary remuneration (only for the position as director)

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

- Meeting allowance of Baht 20,000 per person for each attendance. For the Board of Directors' Meeting No. 5/2016, all directors waived their rights to receive the meeting allowance since there are very few agenda to be considered.
- Bonus of Baht 360,000 per person

The Audit Committee is entitled to the following remuneration:

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

Names	Meeting allowance for the year 2016		Bonus for the year 2016
	Board of Directors	Audit Committee	
1. Ms. Vilailak Aunyaneeerat	200,000	160,000	360,000
2. Mr. Wachira Wudhikulprapan	200,000		360,000
3. Mr. Noppadol Noppakun	200,000		360,000
4. Mrs. Porntip Wudhikulprapan	200,000		360,000
5. Mrs. Smorn Prasithirun	200,000		360,000
6. Mr. Charoonsak Sripochsomboon	200,000		360,000
7. Ms. Phitraphee Prasithirun	80,000	-	360,000
8. Mr. Sarun Supaksaran	200,000	160,000	360,000
9. Mr. Teerasak Naranong	200,000	160,000	360,000
Total	1,680,000	480,000	3,240,000

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

- Meeting allowance of Baht 2,000 per person for each attendance and not exceeding Baht 20,000 for each person per year.
- Bonus when the subsidiary earns profit from the business operation

6.2.1.2 Other remuneration

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

6.2.2 Executives

6.2.2.1 Monetary remuneration (excluding that for the position as director)

In 2016, the Company paid the remuneration to 9 executives which includes salaries, bonuses, contributions to the social security fund and the provident fund and other remuneration in a total of Baht 36.47 million

6.2.2.2 Other remuneration

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

6.3 Staff

6.3.1 Number of Staff

The Company's number of all physicians and employees as of December 31, 2016, is 1,030 and 209 persons, respectively, which are divided into the following fields of work:

The Company's number of staff	December 31, 2016	
	Full-time Physicians / Employees	Part-time Physicians / Employees
Physicians	36	135
Nurses	464	35
Medical service support staff	99	28
Pharmacists	22	14
Others	194	3
Total	815	215

The Subsidiary's number of staff	December 31, 2016	
	Full-time Physicians / Employees	Part-time Physicians / Employees
Physicians	6	42
Nurses	43	13
Medical service support staff	13	9
Pharmacists	6	5
Others	69	3
Total	137	72

6.3.2 Remuneration for physicians and employees

In 2016, the Company paid the total amount of Baht 269.62 million of remuneration to physicians in a form of doctor fees and to employees in forms of, salaries, bonuses, contributions to the social security fund the provident fund

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

6.3.3 **Provident Fund**

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

6.3.4 **Policy on staff development**

The Company realizes the importance of its staff development. Therefore, the Company's policy is to consistently promote the staff development by educating them in terms of work process and work techniques so as to allow them to work systematically and effeiciantly, including introducing evaluation system based on clear and efficient key performance index and reviewing the work process to be in line with the business plan. The Company has a policy to appropriately appoint or promote the employees as per their performances each year in order to support those who are knowledgeable and capable and a policy to encourage the employees to attend various training courses and seminars in relation to their works.

7. Corporate Governance

7.1 Corporate Governance policies

The Company implemented Code of Best Practice to boost transparency and benefit its business operation, reassuring confidence among shareholders, investors and all relevant parties. In light of this, the Company's Board of Directors determined the corporate governance principles, in accordance with good corporate governance guideline announced by the Stock Exchange of Thailand. The Company's corporate governance policies cover five areas as follows:

1. The Rights of Shareholders

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

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

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

2. The Equitable Treatment of Shareholders

The Company offers equal opportunities for all shareholders and determines their voting rights in the AGM in accordance with their stakeholding. The holding of one share is equal to one voting right. No actions limit/infringe the rights of the shareholders regardless of categories, i.e., major shareholders, minor shareholders, institutional investors, and foreign

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

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

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

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

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

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

3. The Roles of Stakeholders

The Company emphasizes the importance of the rights of all stakeholders, both internal ones, i.e., the Company's employees and executives, and external ones, e.g., competitors, trade partners, customers, and etc. Having been well aware that support and comments from all stakeholders

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

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

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

4. Disclose and Transparency

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

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

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

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

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

5. Responsibilities of the Board of Directors

1. Structure of Board of Directors and Sub-committees

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

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

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

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

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

- The Audit Committee: The Audit Committee consists of three members who help support the Board of Directors in terms of supervision and audit of the management operation, the internal control and compliance matters. The Audit Committee also completes financial reports in order to ensure that the Company's operation and information disclosure is transparent and reliable.
- The Executive Committee: The Executive Committee is comprised of four members who have duties to determine corporate directions and strategies, ensuring that they meet the objectives set by the Board of Directors. In addition the Executive Committee also helps facilitate flexible management operation.

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

2. Roles, duties and Responsibilities of the Board of Directors

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

2.1 Corporate governance principles

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

2.2 Code of Conduct and Ethics

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

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

2.3 Conflicts of interest

The Company prescribes the policies relating to conflicts of interest, based on the principle that any decision making about business activities must take the Company's maximum benefits into consideration and avoid any transactions that may bring about possible conflicts of interest. In light of this principle, persons who are involved with any connected transactions are required to inform the Company about their relations or connections with such transactions and they are not allowed to

participate in the decision making on such transactions, nor are they authorized to approve such transactions.

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

Vibharam Hospital Co., Ltd. and Thonburi Healthcare Group Plc. currently hold 11% and 9%, respectively, of the Company's paid-up capital. In addition, these two firms also hold 17% and 10%, respectively, of the subsidiary's paid-up capital. As these two business entities are engaged in similar businesses as the Company and the subsidiary's businesses, some transactions among them might have involved conflicts of interest. To mitigate possible conflicts of interest, the Company, thus, states in its charter that the directors, who represent shareholders of any entities engaging in similar or comparable businesses as the businesses run by the Company and/or the subsidiary and/or the controlling company, are not allowed to attend meetings nor consider voting about any connected transactions involving in potential conflicts of interest. This rule is applicable to all kinds of connected transactions, whether or not such transactions would involve the core business operations of the Company, e.g., branch expansions, acquisition deals (both about hospital business and non-hospital businesses), hospital expansions, approval of budget for significant investment apart from business expansions and etc.

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

2.4. Internal Control System

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

3. The Board of Directors Meetings and Self-appraisal

According to the Company's rules, the Board of Directors convene a meeting at least quarterly, with special meetings being called for if needed. The meeting invitation letters are sent to the members of Board of Directors at least seven days prior to the scheduled meetings. Clear agendas

of each meeting, coupled with sufficient relevant details, are sent to directors prior to the meetings to allocate adequate time for them to study the agenda details.

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

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

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

4. Remuneration

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

Note that the Company discloses the remuneration packages offered to the directors and executives, using the form provided by the Security Exchange Commission of Thailand and the Stock Exchange of Thailand.

5. Development of Directors and Executives

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

7.2 Sub-committees

The Company's management structure entails three major committees, namely the Board of Directors, the Executive Committee and the Audit Committee. The Board of Directors and Executive Committee consist of qualified members, according to Article 68 of the Limited Public Company Act B.E. 2535 as well as relevant notifications of the Capital Market Supervisory Board. Scopes of authority and responsibilities of the aforementioned committees are discussed below.

7.2.1 Scopes of authority, duties, and responsibilities of the Board of Directors

According to the 2015 AGM's resolutions on July 28, 2015 and the

resolutions of Board of Directors' meeting No.1/2015 dated April 19, 2015, scopes of authority, duties, and responsibilities of the Board of Directors are discussed below:

1. Be empowered to and in charge of the Company's management and operation, ensuring that the management and operation are conformed to laws, objectives, and regulations of the Company as well as resolutions of the AGMs, with the issues about integrity and the Company's highest benefit being taken into serious consideration.
2. Supervise and oversee the completion of the Company's balance sheet and profit and loss statements at the end of accounting periods; the audited balance sheet and profit and loss statements are subsequently summated to the AGM for further consideration and approval.
3. Determine targets, guidance, strategies, business plans, budget and oversee monitoring and supervision functions to ensure that the management and the management's operation are performed effectively and efficiently in line with the set policies, business plans and budgets.
4. Review, examine, and approve the Company's policies, directions, strategies and operation plans proposed by the management.
5. Monitor the Company's performance to ensure it remains on track, comparing to the Company's business plans and budgets.
6. Ensure that the Company and its subsidiary entail appropriate and affective accounting systems, reliable financial reports and audit, and adequate and appropriate internal audit system.
7. Consider setting risk management policies that cover the entire organization and supervise the risk management system and procedure, making certain that such risk management system has appropriate and sufficient measures to cushion against possible impacts on the Company.
8. Consider determining the management structure; be empowered to appoint members of the Executive Committee, a managing director as well as other sub-committees as appropriate; in addition, identify the scopes of authority of the Executive Committee, the managing director, and other appointed sub-committees.
Note that the authorization of the scopes of responsibilities must not include the authorization to empower the aforementioned members of the Executive Committee, the managing director, and appointed sub-committees to consider approving any transactions that involves their conflicts of interest with the Company and the subsidiary (if any), except for the case of the approval of transactions that are under the policies and principles that have already been approved by the Board of Directors.
9. The Board of Directors might authorize one director or more than one directors or other individuals to cover the duties of other directors under control by the Board of Director; the Boards of Directors may also authorize such individuals to perform some functions for some durations as deemed appropriate by the Board of Directors; this authorization could be annulled/amended as viewed appropriate by the Board of Directors.

Note that the aforementioned authorization must not include the authorization to empower the aforementioned individuals to consider approving any transactions that involve their conflicts of interest with the Company and the subsidiary (if any),

as defined by the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or other relevant agencies, except for the case of the approval of transactions under the policies and principles that have already been approved by the Board of Directors.

7.2.2 Scopes of authority, duties, and responsibilities of the Executive Committee

According to the Board of Directors' meetings No. 7/2014 dated December 25, 2014 and No. 3/2015 dated September 24, 2015, the scopes of authority, duties, and responsibilities of the Executive Committee are discussed below:

1. Operate and manage the Company's business in accordance with the objectives, regulations, policies, rules, orders and resolutions of the Board of Directors' meetings and/or of the AGMs.
2. Review proposals from the operation department; and present policies, directions, strategies, business operation guidance, business expansion plans, budgeting plans a budget allocation to the Board of Directors' meetings for further approval process.
3. Appoint working panels and/or other persons to perform duties relating to the Company's operation and management; determine scopes of authority and responsibilities of the appointed panels and persons; and supervise the performance of such appointed panels and persons to ensure that their performance meet the set policies and objectives.
4. Monitor the Company's operation in order to keep it on the right track vs. the Company's set policies, objectives, operation plans and budgets, as well as ensuring quality and effective operation.
5. Be empowered to approve the major capital expenditure, as specified in the annual expenditure budget, only for the items assigned by the Board of Directors or approved in principle by the Board of Directors.
6. Be empowered to approve expenditures related to the Company's core business operation, e.g., purchase of medical devices within the budget approved by the Board of Directors (the budget limits of each item are in accordance with the authority scales approved by the Board of Directors).
7. Determine the organizational structure and management authority including the authority for employment, position transfer, and employment contract termination, determination of remuneration packages, salary increases, and performance bonus approval for employees at the management level, from the positions of deputy director or equivalent positions below the position of managing director.
8. Be authorized to assign a person or persons to perform particular functions under the supervision of the Executive Committee; or give authority to such person(s) within particular durations as deemed appropriate by the Executive Committee. The Executive Committee shall annual, withdraw or amend the aforementioned authorization as appropriated.

9. Perform ad hoc functions as assigned by the Board of Directors; note that the authorization of the scopes of responsibilities of Executive Committee must not include the authorization to empower any persons to consider approving any transactions that involve conflicts of interest (as defined in the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant regulatory bodies) with the Company and/or the subsidiary and /or relevant companies. Executive Committee has no authority to approve the aforementioned transactions; instead, such transactions shall be proposed to the Board or Directors and/or AGMs (whatever the case may be) for further approval procedure, except for the cases of approval of transactions related to core business operation and normal trade conditions as announced by the Capital Market Supervisory Board and/or Stock Exchange of Thailand and/or relevant regulatory bodies.
10. Supervise risk management operation, ensuring that it is effective and in line with the set policies; and review and evaluate the risk management on a regular basis and present the results of review/evaluation to the Audit Committee and/or the Board of Directors.

7.2.3 Scopes of authority, duties, and responsibilities of the Audit Committee

According to the Board of Directors' meeting No. 7/2014 dated December 25, 2014, the scopes of authority, duties, and responsibilities of the Audit Committee are discussed below:

1. Review the Company's financial reports and make sure they are correct and adequate.
2. Review the Company's internal control system and internal audit system and make sure they are appropriate and effective; ensure the independence of the internal audit department; provide opinions concerning appointments, transfers, and employment termination of the heads of the internal audit department or the heads of any other departments overseeing the Company's internal audit procedure.
3. Review the Company's operation and ensure that it conforms to the rules and regulations of the Stock Exchange of Thailand and to any other laws relevant to the Company's business.
4. Consider proposing an independent person as the Company's authorized auditor as well as proposing the remuneration for such person; and join the meetings with the authorized auditor, without the presence of the management, at least once a year
5. Review connected transactions or some transactions that may involve conflicts of interest to ensure that those transactions are in compliance with the regulations of the Stock Exchange of Thailand and that they are justified and bring maximum benefits to the Company.
6. Prepare the Audit Committee's report, which is included in the Company's annual report; the report must be signed by the chairman of the Audit Committee and at least contain the following details:
 - Opinions concerning accuracy, completion and reliability of the Company's financial reports
 - Opinions concerning the adequacy of the Company's internal control system
 - Opinions whether the Company follows relevant securities laws regulations set forth by Stock Exchange of Thailand, and any laws relevant to the Company's business
 - Opinions concerning the suitability of the Company's authorized auditor
 - Opinions concerning some transactions that may cause conflicts of interest

- Opinions in regard to the number of the Audit Committee meetings and the attendance of each member
 - Opinions or overall observations from the Audit Committee's charter-based operation
 - Other matters that should be disclosed to the shareholders and general investors under the scopes of duties and responsibilities assigned by the Board of Directors
7. Perform other duties as assigned by the Board of Directors and approved by the Audit Committee

7.2.4 Scopes of authority, duties, and responsibilities of the Managing Director

According to the Board of Directors' meeting No. 7/2014 dated December 25, 2014, the scopes of authority, duties, and responsibilities of the managing director are discussed below:

1. Supervise business operation and/or daily administration of the Company
2. Draft and present policies, directions, strategies, business operation plans, budgeting plans, investment plans, management structure of the Company and business operation principles that accord the current economic circumstances to the Executive Committee and the Board of Directors for further approval process.
3. Operate or manage the Company's business in the same direction as the Company's set policies, business plans, and budgets already approved by the Board of Directors.
4. Supervise the Company's operation in order to ensure that it goes well in line with the Company's set policies, business plans, and budgets approved by the Board of Directors; examine and evaluation the Company's performance in order to keep it well in line with the set policies; and report the Company's management performance to the Executive Committee, the Audit Committee and the Board of Directors.
5. Approve the Company's core business operations based on the budget limits approved by the Board of Director (the budget limit for each item is in accordance with the authority scales approved by the Board of Directors but does not exceed the annual budgets approved by the Board of Directors); and enter into contracts related to such operations.
6. Be empowered to approve expenditures related to the Company's core business operations, e.g., purchases of medical devices (the budget limit for each item is in accordance with the authority scales approved by the Board of Directors but does not exceed the annual budgets approved by the Board of Directors); and enter into contracts related such operations.
7. Be authorized to approve significant capital expenditure, as specified in the Company's annual budget, as assigned by the Company's Board of Directors or as approved in principle by the Board of Directors.
8. Be empowered to approve expenditures related to the Company's core business operations, based on the budget limits approved by the Board of Directors; under the authority approved by the Board of Directors; and enter into contracts related such transactions.
9. Determine the organizational structure including the authority for appointment, employment, position transfers, determination of remuneration packages and performance bonus, and employment contract termination for employees from the positions of deputy directors downwards.

10. Be authorized to announce orders, regulations, and notifications in order to ensure that the Company's operation goes well in line with the set policies and benefit the Company; and also to create disciplines and maintain good orders within the organization.
11. Collaborate with the head of the internal control department and the internal audit committee in order to ensure that the Company's business operation and risk management meet the Company's objectives, regulations and policies under the good corporate governance principles.
12. Be empowered to reauthorize and/or reassign other persons to work on his/her behalf (such re-authorization and/or reassigning must be under the scope of authorization as specified in the proxy form and/or rules and regulations or orders announced by the Board of Directors and/or the Company).
13. Perform other ad hoc duties as assigned by the Board of Directors and other sub-committees.

For any transactions that the managing director or a person authorized by the managing director or any other persons or stakeholders that may involve conflicts of interest (as defined in the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant regulatory bodies) with the Company and/or the subsidiary, these people have no authority to approve such transactions. In stead, such transactions shall be proposed to the Board or Directors and/or AGMs (whatever the case may be) for further approval, except for the cases of approval of transactions related to core business operation and normal trade conditions as announced by the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant regulatory bodies.

7.2.5 Scopes of authority, duties, and responsibilities of the Company Secretary

1. Provide advice for directors and executives about compliance with law, orders, rules and regulations of the Company, ensuring that all actions are performed correctly and regularly.
2. Organize Board of Directors' meetings and AGMs and ensure that the resolutions of such meetings are taken into consideration.
3. Ensure that the information disclosure and information memorandum, under company secretary's responsibility, comply with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand as well as other relevant laws.
4. Complete and keep the following documents
 - a) Director registration
 - b) Meeting invitation letters for Board of Directors' meetings, minutes of the Board of Directors' meetings and the Company's annual report
 - c) Invitation letters for AGMs and minutes of AGMs
 - d) Reports about stakeholding of the directors or the management
5. Engage in other procedures as specified by relevant laws and the notifications of the Capital Market Supervisory Board.

7.3 Selection of candidates for nomination as directors and executives

7.3.1 Selection of directors

First of all, the Company considers basic qualifications in accordance with the criteria as specified in Article 68 of the Public Limited Company Act B.E. 2535 and in the legal announcements of the Securities and Exchange Commission of Thailand. In addition, other qualifications are also taken into consideration, e.g., knowledge, expertise, relevant experience, qualifications that benefit the Company's operation and etc. A director serves a term of three years. Appointment principles and producers are discussed below:

1. The appointment of directors are conducted in a AGM, with the following details
 - A shareholder has the number of votes equal to the number of shares owned.
 - Each shareholder may use all of his/her rights to vote for an individual(s) or use any other methods as deemed appropriate by the AGM. Each shareholder shall use all the voting rights for only one person; in other words, the votes cannot be split to any one person or group.
 - The majority votes shall decide who to be appointed as a director; if the majority votes are equally given to more than one candidates, the chairman of the meeting shall cast the deciding vote.
 - The candidates shall be ranked in descending order from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. If the votes cast for the candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the chairman of the meeting shall cast the deciding vote.
2. At each AGM, at least one third of the directors shall resign by rotation. If the number of directors cannot be divided by three, directors to resign in the first and second years after the listing to the Stock Exchange of Thailand shall be determined by the lucky draws. For the following years, directors who have been in the position for the longest duration shall resign.
3. Directors who have resigned by rotation may be re-elected.
4. If a director position becomes vacant due to any reasons other than the resignation by rotation, the Board of Directors shall select a qualified individual, who is not legally ineligible to the position (according to the Public Company Limited Act and the Securities and Exchange Act B.E. 2535 at the subsequent meeting of the Board of Directors, unless the term of the vacant director position is less than two months. In this case, the director who fills the vacant position shall serve only until the end of the remaining term. The Board of Directors' vote for the appointment of the director to fill the vacant position shall be no less than three quarters of the remaining directors.
5. In case all directors are to resign, they shall remain in the position to smoothen the Company's operation, as necessary, until the new board of directors is installed, unless the court rules otherwise. In case all directors are ordered by the court to leave the positions, a shareholder meeting shall be organized to appoint new directors within one month from the date the directors leave the positions. A meeting invitation letter shall be sent to the shareholders not less than 14 days prior to the scheduled meeting and the meeting details and invitation shall be advertised on newspapers not less than three days prior to the meeting and the advertisement on newspapers shall be put in place for three consecutive days.
6. A shareholder meeting may vote some directors out of power before their terms are completed, with the total votes of not less than three-fourth of the number of

shareholders who attend the meeting and whose combined shareholding is not less than half of the total shares owned by the shareholders who are present in the meeting and hold voting rights.

7.3.2 Selection of independent directors

When an independent director completes his/her term or when an additional appointment of an independent director is required, the current Board of Directors shall discuss to seek a qualified individual to fill in the vacant position. An ideal individual shall possess extensive experience, knowledge, and capabilities that benefit the Company as well as the basic qualifications discussed below. Once the Board of Directors reaches a conclusion of an ideal candidate(s) for an independent director(s), the Board shall nominate such individuals in the Board of Directors meeting or AGM for further proceedings under the Company's rules.

The Company has a policy to appoint independent directors at least one third of the total directors and at least three independent directors shall be appointed. The Company determines qualifications of independent directors, according to regulations of the Capital Market Supervisory Board, as follows:

1. Hold not more than one percent of the voting shares of the Company, its subsidiary, associates or juristic persons that may involve conflicts of interest. This includes shares held by related persons of the individual independent directors.
2. Is not/has not been a director who involves the Company's management, a staff, an employee, a permanent advisor or a person with controlling power of the Company, the parent company, the subsidiary, associated companies, same-level subsidiaries, major shareholders or persons with controlling power, unless that status has ended for no less than two years prior to the date that a permission request was submitted to the Securities and Exchange Commission of Thailand or prior to the appointment date.
3. Is not a blood relative of or has a legally registered relationship as father, mother, spouse, sibling and child, as well as spouse of child, with management, major shareholders with controlling power or individuals to be proposed as management or those having controlling power over the company or subsidiaries (if any).
4. Does not have/has not had business relationship with the Company, parent company, subsidiaries or juristic persons that may involve conflicts of interest in a way that may hinder one's independent judgment. In addition, the individual must not be/have been a major shareholder, a non-independent director or an executive of an entity that has a business relationship with the Company, parent company, subsidiaries, associated companies or juristic persons that may involve conflicts of interest, unless that status has ended for no less than two years prior to the date that a permission request was submitted to the Securities and Exchange Commission of Thailand or prior to the appointment date. The aforementioned relationship also includes normal trade transactions to support the Company's core business operation, leases of property or possession of property for leases, transactions about assets or services, receipt or offer of financial aids, e.g., borrowing or lending money, guarantees, provisions of collateralized assets as well as equivalent transactions, that result in liabilities at least 3% of the net value of the tangible assets or worth Baht 20 million upwards, whatever lower in value. Note that such liabilities are calculated by means of the method used for calculation of values of connected transactions, in

accordance with the announcement of the Capital Market Supervisory Board concerning connected transactions. Note that the calculation of liabilities also includes the items that occurred during one year prior to the existence of business relationships.

5. Is not/has not been an auditor of the Company, parent company, subsidiaries, and associated companies, a juristic person with possible conflicts of interest, a major shareholder, a non-independent director, an executive, or a partner of an audit firm which employs auditors of the Company, parent company, subsidiaries, associated companies, or juristic persons with conflicts of interest, unless that status has ended for no less than two years prior to the date that a permission request was submitted to the Securities and Exchange Commission of Thailand or prior to the appointment date.
6. Is not/has not been a professional service provider, including a legal counsel and a financial advisor, who receives a service fee exceeding Baht two million per annum from the Company, parent company, subsidiaries, associated companies, or juristic persons with conflicts of interest; and is not a substantial shareholder, a non-independent director, an executive, or a partner of a professional service firm, unless that status has ended for no less than two years prior to the date that a permission request was submitted to the Securities and Exchange Commission of Thailand or prior to the appointment date.
7. Is not a director who has been appointed as a representative of the Company's directors, major shareholders or a shareholder who is a related person to a major shareholder.
8. Not conducting any business which is of the same nature as or in material competition with that of the Company or its subsidiary, nor be a substantial partner, an executive director, a staff, an employee, a permanent advisor with regular salary, nor hold more than 1% of total shares with voting rights of any company whose business is of the same nature as or in material competition with the Company or its subsidiary's businesses.
9. Not possessing any other characteristics which may impede his/her ability to express independent opinions with regards to the Company's operations.
10. Is not a director assigned by the Board of Directors to make decisions regarding operations of the Company, subsidiaries, associated companies, same-level subsidiaries or juristic persons that involve conflicts of interest.
11. Is not a director of the Company, subsidiaries, associated companies, or same-level subsidiaries which are listed in the Stock Exchange of Thailand.

Independent directors review and verify their independence at least once annually and include the results of such review and verification in the report of directors' background at the yearend, the information of which will be shown in the annual information disclosure form and the Company's annual report.

7.3.3 Selection of Audit Committee

The members of Audit Committee are appointed by the Company's Board of Directors or shareholders. All members shall be independent directors who possess required independence qualifications as announced by the Securities and Exchange Commission of Thailand and as specified by the Company's corporate governance principles. The Audit Committee consists of at least three independent directors and at least one member must possess knowledge about accounting and/or finance so that he/she can examine and supervise

the Company's operations, financial reports, internal control system, selection of an auditor and review of transactions with possible conflicts of interest. One member serves the term of three years.

7.3.4 Selection of Managing Director

In selection of a managing director, the Executive Committee conducts a preliminary review in order to shortlist ideal individuals who possess knowledge, abilities and suitable qualifications as well as relevant experience that may be favorable to the Company's operations. The short-listed candidates will be subsequently submitted to the Board of Director for further consideration and approval.

7.4 Supervisions of the Company and Subsidiary's Operations

The Company will invest in other firms whose business objectives are

similar the Company's; or whose existing business is comparable or similar to the Company's, or whose existing business can bring about synergy benefits to the Company. Potential investment plans are expected to support the Company's operations, enabling it to better provide integrated medical services and thus enhancing its competitiveness. The Company's Board of Directors may consider investing in other businesses apart from its existing core or other businesses, provided that the Board sees business growth potential and foresees future benefits to the Company and overall shareholders.

To supervise the operations of the Company and its subsidiary, the Board of Directors considers appointing highly-qualified directors or executives/management to represent the Company in the management of business operations at any subsidiaries and/or affiliates. The Company's representatives are appointed to help identify major policies and control operations at subsidiaries and/or affiliates. The Company's representing directors or management are in charge of supervising the subsidiaries and/or affiliates in order to ensure that their business operations are conducted in accordance with the Company's set policies. In addition, the representative directors and management shall take resolutions of Board of Directors' meetings and/or AMG into consideration when considering approving significant matters at the subsidiaries and/or affiliates to maximize benefits to the Company and boost the Company's sustainable growth.

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

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

Moreover, the Company also has a policy to assign an independent auditor to inspect the operations of the subsidiary in order to prevent any mistakes and ensure transparent operations

as necessary and appropriate. The auditing is periodically performed, with auditing reports being submitted to the Audit Committee.

Vibharam Hospital Co., Ltd. and Thonburi Healthcare Group Plc. currently hold 11% and 9%, respectively, of the Company's paid-up capital. In addition, these two firms also hold 17% and 10%, respectively, of the subsidiary's paid-up capital. As these two business entities are engaged in similar businesses as the Company and the subsidiary's businesses, some transactions among them might have involved conflicts of interest. To mitigate possible conflicts of interest, the Company, thus, states in its charter that the Company's Board of Directors has a duty to supervise and prevent the directors, who represent shareholders of any entities engaging in similar or comparable businesses as the businesses run by the Company and/or the subsidiary and/or the controlling company, from attending the meetings and voting for any connected transactions involving in potential conflicts of interest. This rule is applicable to all kinds of connected transactions, whether or not such transactions would involve the core business operations of the subsidiary or the controlling company, e.g., branch expansions, acquisition deals (both about hospital business and non-hospital businesses), hospital expansions, approval of budget for significant investment apart from business expansions and etc.

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

7.5 Control of Insider Information

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

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

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



7.6 Auditor Fees

The Company paid audit fees to CWWP Company Limited (the “auditor”). The payment, i.e., for the audit fees and the fees for the interim financial statement review was Baht 1,150,000 (VAT included). When included other non-audit fees for the preparation of IPO information, overtime work, and transportation allowance in 2016, the sum of the fees amounted to Baht 1,744,662.15 million (VAT included). Apart from the aforementioned amount, the Company was not obliged to make any payment on any other item for the auditor, the auditor’s audit firm, and any persons related to the auditor or the auditor’s audit firm.

8. Social responsibilities

1. Policy overview

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

2. Operation and reporting

2.1 CSR in process

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

1. Fair business practices

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

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

2. Anti-corruption

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

2.1 Announcement of anti-corruption policies

To tackle corruption, the Company draws up written guidelines, which is recorded in "the hospital's work rules and regulations" and conveys the message to its directors, executives and employees for acknowledgement and practice. Furthermore, anti-corruption is one of the topics that are emphasized the Company's new staff orientation to ensure their acknowledgement and practice. If an employee is found guilty of corruption, his or her employment will be terminated.

2.2 Corruption risk evaluation

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

2.3 Corruption control and prevention

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

2.4 Corruption risk report

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

2.5 Screening and tackling corruption

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

2.6 Protection of the person who reports about suspected corruption

The Company protects and treats with fairness the person who reports about suspected corruption and the person who cooperates with the corruption reporting and investigation to save him or her from possible impact.

3. Respect for human rights

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

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

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

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

4. Fair treatment to employees

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

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

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

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

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

- 4.5 The Company provides favorable work environment, e.g. air-conditioning system on underground floor and laundry service room, to ensure that its staff work in a safe and happy atmosphere.
- 4.6 The Company provides annual check-ups, according to their age, sex and work environment, to all of its staff. Also the Company promotes prevention of epidemic and easily-transmitted diseases, e.g. flu and hepatitis B virus, by having all staff vaccinated.
- 4.7 To ensure safety and hygiene at workplace, the Company hires professional-level safety officers and sets up the committee of safety, occupational health and work environment. Accident-prevention measures and safety awareness are raised while training and hygiene promotional campaigns are conducted. In addition, the Company sets up a 5S committee to ensure hygienic conditions and safety at workplace.
- 4.8 The Company allows its staff to express their opinions by dropping their notes at the opinion boxes or writing a letter of complaints about unfair practice, which are delivered directly to the hospitals' directors, while giving protection for the reporters of the issues.
- 4.9 The Company strengthens the staff's bond with the organization by holding the "Happy Work Place" activity.
- 4.10 The Company helps the staff having financial problems by working together with financial institutions to provide loans with special interest rates to the staff.

5. Responsibilities for consumers

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

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

6. Environmental care

The Company is determined to be an environmentally-friendly organization and strictly follows related environmental laws and regulations. Furthermore, the Company establishes policies and sets up the committee of safety, occupational health and work environment to monitor and examine safety- and environment-related units of the hospitals, with realization that safe and hygienic buildings in good environment will enable the staff to work efficiently while the patients will receive convenient services.

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

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

7. Development of society and community

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

- 7.1 The Company provides staff for the mobile health units advocated by state agencies in Phra Nakhon Si Ayutthaya province, e.g. Governor, Provincial Red Cross, Provincial Social Security Office, to improve public knowledge about healthcare.
- 7.2 The Company gives lectures on health-related topics, e.g. high blood pressure, cervical cancer, hepatitis virus, children and allergies and expectant mother care, at its hospitals. The public and those interested are invited to attend the lectures.
- 7.3 The Company holds health promotion activities to companies at the nearby industrial estates, at nearby communities, e.g. Suan Prik community, at shopping malls, and at Bang Sai Royal Folk Arts and Craft Center.

- 7.4 The Company provides school students with knowledge about ten concepts of hygiene and sanitation and dental hygiene.

8. Technology and medical technology

As the Company operates healthcare service business, treatment of patients is its important mission. Apart from attaining the hospital accreditation (HA), the Company organizes activities for its medical staff to apply medical technology and other technology in treatment of the patients to achieve higher safety standards, better results and appropriate examination and treatment. Technological innovations that were seen during 2013-2015 are as follows:

- 8.1 Underpants for women's pelvic exam: Beforehand sarongs were used but they did not cover some body parts and the patients felt embarrassed and lacked confidence. The underpants makes all patients very satisfied.
- 8.2 Little pillows: Small pillows help prevent pressure sores and obviously reduce the chances of pressure sores.
- 8.3 Cushions for patients who have wounds at anus or buttocks: The cushions help relieve the patients' pain.
- 8.4 "Warning calendar": The calendar shows the expiry dates of disinfectants and sterilized medical equipment to meet infectious control standards.
- 8.5 CR Plate: The CR Plate is used for skull and cervical spine lateral cross table to reduce the radiation exposure to the patients and the staff.
- 8.6 Syringe injector & extension 36 inches: Contrast media injection into 16-slice computed tomography helps to clarify the images which improves the accuracy of diagnosis.

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

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

- Expanding the green areas at the hospitals, including small parks in front of the hospitals' buildings, wards and other suitable areas
- Providing sports areas for the staff and the public to do exercise, jog, bike, play volleyball and futsal
- Joining hands with the staff to set up a community volunteer club to hold voluntary social activities, e.g. donation of school supplies and computers, development of schools' first-aid units and lavatories, as well as provision of launch for the seniors.
- Cooperating with the staff to establish a morality club, to invite Buddhist monks to lead praying, medication and give preaching. The staff and the public regularly join the events held by the club.
- Donating money to foundations, schools, Provincial Red Cross, football clubs and tennis clubs
- Allowing the disabled to use the hospitals' areas to sell their goods without charging rents
- Awarding scholarships to medical nurse students every year

9. Report of the Audit Committee and Report of the Accountability of the Board of Directors to the Company's Financial Reports

9.1 Report of the Audit Committee


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

In 2016, the Audit Committee held a total of 8 meetings to carry out duties as assigned, the most important being:

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

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

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



(Ms. Vilailak Aunyamaneerat)
Chairman of the Audit Committee



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

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

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

The Board of Directors has the opinion that the overall internal control system of the Company was at a satisfactory level, which resulted in confidence in the reliability of the financial statements of the Company and its subsidiaries as at 31 December 2015

(Signed)  Managing Director

(Mr. Wachira Wudhikulprapan)

(Signed)  Chairman of the Board

(Ms. Vilailak Aunyamaneerat)

10. Internal Control and Risk Management

10.1 Overview of Internal Control System

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

An independent internal auditor is responsible for independent inspection and assess of the Company's internal control operation as well as reviewing whether the Company complies with regulatory. The Company has appointed DIA Audit Co., Ltd. as its independent internal auditor since November 2014 to inspect and assess the internal control system within the Company. The independent internal auditor provided suggestions and the Company continued to improve its internal control, taking such suggestions from the independent internal auditor into consideration.

The Board of Directors' Meeting No. 2/2016 took place on March 30, 2016 when all members of the Audit Committee attended to review the adequacy of the Company's internal control system, according to an assessment form provided by the Securities and Exchange Commission of Thailand. The assessment covers five factors that are significant to the efficiency and effectiveness of the internal control:

- 1) Organization and environment
- 2) Risk Management
- 3) Control of Management's Operation
- 4) Information Technology and Communication
- 5) Monitoring System

The preliminary opinions provided by the Audit Committee, coupled with the information

obtained from queries with the management, suggested that the Company's internal control system was adequate and accorded with the internal control assessment form provided by the Securities and Exchange Commission of Thailand. This was particularly true for the case of the internal control regarding the transactions involved by major shareholders, directors, executives and connected persons.

Moreover, the Company's auditor, i.e., CWWP Co., Ltd. performed the auditing of the Company's financial statements for fiscal years 2014 and 2015. The auditor's observations on the internal control system concerning the Company's accounting and finances are discussed in Item 13.3: Observations of the Auditor for 2015

10.2 Internal Control System

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

The Company completed a written guideline for scopes of budget approval authorization.

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

10.3 Observations of the Authorized Auditor for 2015

CWW Co. Ltd., the Company's authorized auditor provided its observations from its review of the Company's financial statement ending December 31, 2015. The details are discussed below:

Observations of the auditor for 2015	Suggestions	Progress on the improvement	Progress as of 1Q16
1. Regarding the change in inventory method from the weighted-average method to the first-in first-out method, the inventory accounting program remained unable to reflect the inventory transactions based on the first-in first out method but it was able to show only the inventory value based on the first-in first-out method. This may have impacted the accuracy of the Company's inventory value and would have been the Company's burdens in regard to verification of the data derived from such accounting program.	The Company should have asked the programmer to modify the program in order to make sure that the inventory transactions were accurately recorded.	The Company has checked the accuracy in the excel program and collaborated with the BITNIX staff in a bid to improve the data system and the reporting system.	The Company had already examined the issue and the details were discussed on No. 13.4 Observations of the Auditor for 1Q16

Observations of the auditor for 2015	Suggestions	Progress on the improvement	Progress as of 1Q16
2. The costs of some medical supply items were not completely booked for the accounting period because the Company borrowed some items from the suppliers to provide services to patients first before subsequently ordering such items. Consequently, the subsequent orders might have been placed and recorded in the following accounting period. As a result, it did not book the service costs for all items used in that particular accounting period.	The Company should have put in place the control system for booking of service costs relating to the borrowed medical supplies in order to ensure that the costs were completely and accurately booked for that particular accounting period.	The Company asked all relevant units to submit the purchase order reports for such medical supplies to the Accounting Department at the end of each month in order to make sure that the costs were booked in that particular accounting period. This practice began in January 2016.	The issue was solved.
3. The confirmation letters of trade payables indicated that the payables values from three major trade payables were higher than the book values. This was due to the following reasons: 3.1 Drug suppliers delivered products and issued the invoices for the items for which the Company did not issue purchase orders. 3.2 The delivered products did not meet the Company's demand. 3.3 The drug suppliers did not deliver all ordered products. 3.4 The purchase orders were annulled because the products did not match the details stated in the purchase order. The aforementioned mismatching points resulted from failure to comply with the purchase order system and the lack of product clearing monitoring during the process of product receipts and returns.	The Company should not have allowed drug suppliers to deliver products accompanied with invoice in case the purchase orders were not yet issued. In addition, the Company should have assigned those in charge of product receipts to contact the suppliers in order to return products or modify documents on a timely manner; this practice would have allowed the Company to realize all complete details of all ordered products.	The Company found that the mismatching points No 2.2, 2.3 and 2.4 were normal incidents that may have occasionally occurred as trade partners may have delivered products that did not meet the Company's demand or made only partial deliveries just for immediate treatment purposes and there were possibilities for cancellations of the bills that did not match purchase orders. To solve the problem, the Company followed the auditor's suggestion. In light of the action taken, the Company's messenger was sent to hand in "a	The issue was solved.

		notification document for modifications of tax invoices product returns" to a seller so that the seller can go ahead with further proceeding Regarding the auditors Observant No. 3.1, the Company came up with the work process and asked relevant employees to acknowledge receipts only for the drug items that matched the received purchase orders. Should the problem relating to this matter (ie., Observant No.3.1) occur, the Company will set up a committee to scrutinize the case and determine appropriate penalties.	
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10.4. Observations of the Authorized Auditor for 1Q16

CWWP Co. Ltd., provided observations arising from its reviews of financial statement for 1Q16 ending March 31, 2016. The details are as follows:

Observations of the auditor for 2015	Suggestions	Progress on the improvement
The accounting program for the first-in first-out method still calculated the inventory costs of some items incorrectly; this might have been attributable to incorrectly-programmed formula for the accounting program. This might, consequently, have impacted the accuracy of the data about inventory value.	The Company should have informed the programmer of the malfunction in order to ensure that the inventory transactions were input correctly. At the early stage of this program application, relevant employees should have crosschecked in order to ensure that the program correctly calculated the value based the first-in first-out method.	Having received the information and observations from the auditor for 2015, the Company crosschecked the data for February and March 2016. Eight items were found incorrect for the value of Baht 1,782.59, accounting for 0.009% of the total inventory value of Baht 19.86 million. The inaccuracy was resulted from the price data proceeded by Master Code in the BITNIX program. To solve the problem, the Company already inactivated such Master Code, and replaced it with newly-activated Master Code. In addition, the Company intended to crosscheck the data on a regular basis.

10.5 Observations from the Independent Internal Auditor

The Company employed DIA Audit Co., Ltd. as its independent internal auditor who inspected the Company's internal control system. The inspection results were reported directly to the Audit Committee so that the independent internal auditor could perform duties independently. The inspections of internal control for the entire organization and particular transactions covered the following:

1. Control system of revenue, receivables, receipts of daily proceeds, and bank deposits
2. Control system of dispenses of drugs and medical supplies
3. Control system of drug warehouse management
4. Control system of cheque payment and the financial position
5. Control system of payment or reimbursement of petty cash and cash advance
6. Control system of human resources, salaries and wages
7. Control system of fixed assets

Furthermore, DIA Audit Co., Ltd. inspected the Company's internal control for 2016 and the results of the internal audit No. 1/2016 dated June 17, 2016 suggested the following issues.

Issues	Suggestions	Risk level	Progress on the improvement
1. Inventory count procedure: The discrepancy in the results from the inventory count for medicine and other medical supplies was caused by human errors, not by the system errors.	<p>The Company should have set a guideline for inventory count procedure in order to prevent errors and the Company should have also provided trainings for employees so that they could perform duties with knowledge and skills:</p> <ul style="list-style-type: none"> - In dispensing and withdrawing supplies, both parties (i.e., dispensing and withdrawing persons) must count very carefully, ensuring that the amount matches the requisition and delivery records. - The transactions recorded in the system and relevant documents must be crosschecked by other persons who are not the recorders of such 	Medium	<p>The actual inventory value of medicine and medical supplies exceeded the recorded value by Baht 3,739.00, accounting for +1.4% (Excess) and the number of medicine items counted was less than the recorded amount (Shortfall). The excess was on the back of several reasons. For instance, one bottle of medicine can be used by several patients and this was written off as one unit. Therefore, when counting inventory, such item remained found. Other reasons included the shortfall / excess of medicine dispensing and the mistakes done by recording employees and etc. Meanwhile,</p>



	<p>transactions on a daily basis.</p> <ul style="list-style-type: none">- The details of missing items must be reported, indicating whether or not the level of the missing item is acceptable. The Accounting Department is required to make adjustments on a daily or weekly basis. If the level of the missing items is higher than an acceptable level, a report must be submitted to the management in order to seek their approval for adjusting entries.- Some remaining stocks should be counted by units to match the actual usage.		<p>the problem about medicine shortfall may have been attributable to employees performing their duties in a hurry and some other common mistakes, such as medicine drops, wrong data input and the dispense system for emergency cases (i.e., for emergency cases, medicine and medical supplies were withdrawn first and the requisition and delivery records were made subsequently. According to the Company's normal business operation, the Company set a conservative discrepancy rate of not exceeding 0.5% of the inventory value. In 2016, the Company had a policy to count inventory on a quarterly basis. The inventory count conducted on June 29, 2016 revealed the access rate of 0.27% of the total inventory value; this discrepancy level was well below the company's threshold. However, the discrepancy result was reported to the hospital director in order to seek causes and solutions as well as approvals for adjusting entries on June 30, 2016. It should be noted that the Company already</p>
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			asked employees to be very careful and trainings would be provided for further improvement of their performance. In addition, the Company also announced more tightening operational measures, which became effective on July 1, 2016.
2. Control system for costing of medical supplies for the case of withdrawing the supplies in advance: for the medical supplies that were withdrawn for patients before submission of the requisition and delivery records, the costs were adjusted in the accounting system accurately and completely. However, there was no written guideline for procedure about borrowing of medical supplies.	The Company should have put in place the written procedure for borrowing necessary medical supplies so that all involved parties could follow the same standard. Alternatively, the Company may ask the seller to issue the delivery records for all borrowed items on the delivery date. After some borrowed items are used and the remaining are returned, the seller should be asked to issue a credit note for the Company.	Medium	The management had a guideline for procedure about borrowing medical items. In light of this practice, the Company sent the borrow forms to the hospital. Then, when there was a confirmation that the borrowed items were used, the hospital issued a purchase order for the Company. This practice was standard for all employees. The management already reviewed the operation guideline and completed a handbook for borrowing of products and medical supplies, dated June 16 2016. The handbook became effective from July 1, 2016 onwards.
3. Test of operation according to the purchase system and drug warehouse management: The Company issued purchase orders before receiving all-ordered products. The	The Company should have completed a handbook about product names, e.g., generic names, and trade names. This handbook should be used by all operating departments in order to ensure that they	Low	The Company named the medicine in the system by using the trade names but the seller indicated the medicine names in the tax invoice by using the generic names, so it was unable to be checked. However, the

received items matched the purchase orders and the tax invoice and the details of such transactions were recorded, e.g., volume, unit price, receiving date. All details were correctly recorded, except for four product items where medicine names did not match what appeared in the purchase orders and tax invoice.	crosscheck whether the products matched the purchase order.		Company modified in the BITNIX system by adding the trading names, generic names; this action was expected to be completed by June 2016.
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Furthermore, DIA Audit Co., Ltd. inspected the Company's internal control for 2016 and the results of the internal audit No. 2/2016 dated October 17, 2016 suggested the following issues:

Issues	Suggestions	Risk level	Progress on the improvement
<p>1. Preparation of manuals, work-flowcharts, structure chart of departments, job descriptions, rules on purchase, including separation of duties in requesting for purchase, purchase, acceptance and inspection of the goods, creating the goods' registry for the stock and accounting recording and authority table:</p> <p>Completed, except for some departments that failed to address the steps in management of the room for drug, medical supply and other materials re: recording the acceptance, dispensing, storing, counting, including failing to prepare work-flow charts, rules on purchase, structure chart for the department in writing</p>	<p>The Company should set out in the manual of each work unit, with authorized signatures and the effective dates, the details on work-flowcharts and rules on purchase related to the management control system for the room for drug, medical supply and other materials to be in line with the complete set of actual work processes.</p> <p>The Company is advised to fix Pharmaceutical Department (main room for drug) to procure all drugs, medical supplies and other materials of the Company.</p>	Low	Pharmaceutical Department has completed those as suggested in November 2016, except for some departments in respect of preparing the rules on purchase. The establishment of the purchase center is being carried out and is set to be completed by 30 June 2017.
2. Control system for dispensing drugs, medical	The Company is advised to determine that the	Low	The Company will consider to adopt an

Issues	Suggestions	Risk level	Progress on the improvement
<p>supplies and other materials via BIT system:</p> <p>Some departments have not recorded deduction of the stock immediately in the BIT system when the drugs and medical supplies were dispensed to patients and the fee collections were made, but those will be done when the cycle of stock deduction were complete for that room of origin and the recording of the registry of the new goods was made via the BIT system. This caused a delay of at least 5 business days as from the date of dispensing. However, the accounting recording showed the adjustment of such entries for correction by the end of each month.</p>	<p>deduction of the stock be made immediately on the date of dispensing the drugs and medical supplies to the patients.</p>		<p>appropriate policy and has ensured that some departments (i.e. medical support services department) have already corrected as per the suggestions and will monitor other departments to comply since the nature of their work process does not allow correction as per the suggestions such as that some departments work on a fixed-stock basis or that some entries happened during the nights when back-office staff had already left their workplaces, etc.</p>
<p>3. Control system for management of drug room and drugs for the patient wards being fixing the amounts of goods, policy and observation on inventory counting, inventory storing, showing amounts of inventory on stock card, preparing lists of main drugs, including specifying numbers of documents for purchase order and payment order by sorting into the time series, storing log files for recalling:</p> <p>- The Company fixed the amounts of goods to be purchased each time and the min-max amounts via the BIT system, except for some departments, and several departments failed to make those into writing.</p>	<p>- The Company is advised to prepare reports on fixing and changing the amounts of goods to be purchased and the min-max amounts of drugs and medical supplies in writing and propose the authorized persons for their sign-off and publish for adoption every time.</p> <p>The Company is advised to monitor for the causes of why the BIT system failed to notify when some goods ran low and needed to be purchased so as to prevent the shortage thereof when needed to be dispensed.</p> <p>- The Company is advised to fix the rate of discrepancy between the</p>	Low	<p>The Company has proceeded as suggested. For the rate of discrepancy between the amounts of inventory counted and those remaining as percentage of such item of inventory remaining as percentage of such inventory item of drug or medical supply inventory remaining, the Company will consider to adopt a policy that require each department to review the said rate in percentage once more in writing whether it should be adjusted up to become more appropriate for use.</p>



Issues	Suggestions	Risk level	Progress on the improvement
<ul style="list-style-type: none"> - The BIT system failed to notify when some goods ran low and needed to be purchased. - The Company has the policy on fixing the rate of discrepancy between the amounts of inventory counted and those remaining at 0.5% of the value of the value of the total remaining inventory. - There were some errors in recording the deduction of the stock and acceptance of the return of goods via the BIT system. - The Company properly store inventory remaining, drugs, medical supplies and other materials in separation from each other with signs posted in order to clearly indicate the names of drugs and medical supplies at every drug room, saved for some rooms and departments. 	<p>amounts of inventory counted and those remaining as percentage of such item of inventory remaining.</p> <ul style="list-style-type: none"> - The Company is advised to urge its staff to be more careful in correctly deducting the stock and accepting the goods returned via the BIT system. - The Company is advised to make available a separate controlling account for sub-drug rooms for social security patients so as to use it for management of each drug room and to cause the central drug room, and the lab to store medical supplies dispensed for use in separation from those that have not yet been dispensed. 		



11. Related-party Transactions

The connected transactions involved by the Company, the subsidiary, persons/juristic persons during the year ending December 31, 2015 and as of September 30, 2016 can be summarized below:

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

Persons / juristic persons involving in potential conflicts of interest and transactions with the Company and/or the subsidiary		Nature of Business	Relationship
1	Vibharam Hospital Co., Ltd.	Medical service provider	<ul style="list-style-type: none"> As of August 29, 2016, Vibharam Hospital Co., Ltd. held 7.94% of the Company's paid-up capital. The two major shareholders, i.e., Ramkhamhaeng Hospital Plc. and Vibhavadi Hospital Plc. held shares in Vibharam Hospital Co., Ltd. at 41% and 41%, respectively, of the paid-up capital. During 2014 – 2015, the Company and Vibharam Hospital Co., Ltd. shared one director, i.e., Dr. Auchart Kanjanapitak. Dr. Auchart Kanjanapitak resigned from the Company's director on January 5, 2015.
2	Ramkhamhaeng Hospital Plc.	Medical service provider	<ul style="list-style-type: none"> Ramkhamhaeng Hospital Plc. was the Company's shareholder through Vibharam Hospital Co., Ltd, with a stakeholding of 7.94% of the paid-up capital, as of August 29, 2016. During 2014 – 2015, the Company and Ramkhamhaeng Hospital Plc. shared one director, i.e., Dr. Auchart Kanjanapitak. Dr. Auchart Kanjanapitak resigned from the Company's director on January 5, 2015.
3	F&S 79 Co., Ltd.	Medical service provider	<ul style="list-style-type: none"> During 2014 – 2015, the Company and F&S 79 Co., Ltd. shared one director, i.e., Dr. Auchart Kanjanapitak. Dr. Auchart Kanjanapitak resigned from the Company's director on January 5, 2015.



Persons / juristic persons involving in potential conflicts of interest and transactions with the Company and/or the subsidiary		Nature of Business	Relationship
4	The Medicpharma Co., Ltd.	Distributor of drugs and medical supplies	<ul style="list-style-type: none"> During 2014 – 2015, the Company and F&S 79 Co., Ltd. shared one director, i.e., Dr. Auchart Kanjanapitak. Dr. Auchart Kanjanapitak resigned from the Company's director on January 5, 2015.
5	Thonburi Healthcare Group Plc.	Medical service provider	<ul style="list-style-type: none"> As of August 29, 2016, Thonburi Healthcare Group Plc. held 7.07% of the Company's paid-up capital. During 2014 – 2015, the Company and Thonburi Healthcare Group Plc. shared one director, i.e., Mr. Suthon Sriyaphan Mr. Suthon Sriyaphan resigned from the Company's director on January 5, 2015 and from Thonburi Healthcare Group Plc. in April 2015.
6	Thanarad Thung Song Co., Ltd.	Medical service provider	<ul style="list-style-type: none"> Thanarad Thung Song Co., Ltd. and the Company had the same shareholder, i.e., Thonburi Healthcare Group Plc. who, as of August 29, 2016, held 7.07% of the Company's paid-up capital and 53% of paid-up capital in Thanarad Thung Song Co., Ltd.¹ During 2014 – 2015, the Company and Thanarad Thung Song Co., Ltd. shared one director, i.e., Mr. Suthon Sriyaphan Mr. Suthon Sriyaphan resigned from the Company's director on January 5, 2015
7	Charoenpaiboon City Co., Ltd.	Distributor of electrical appliances	<ul style="list-style-type: none"> The major shareholder of Charoenpaiboon City Co., Ltd., i.e., Sripochsomboon Group, also held shares in the Company. As of August 29, 2016, Sripochsomboon Group held 2.99% of the Company's paid-up capital and 100% of Charoenpaiboon City Co., Ltd.'s paid-up capital.

¹ Thonburi Healthcare Group Plc held 53% of paid-up capital in Rajyindee Hospital Plc. and Rajyindee Hospital Plc held 100% of the paid-up capital in Thanarad Thung Song Co., Ltd.



Persons / juristic persons involving in potential conflicts of interest and transactions with the Company and/or the subsidiary		Nature of Business	Relationship
8	La Cremongs Publishing Ltd.,Part.	Printing service provider	<ul style="list-style-type: none"> The major shareholder of La Cremongs Publishing Ltd.,Part., i.e., Wudhikulprapan Group, also held shares in the Company. As of August 29, 2016, Wudhikulprapan Group held 10.88% of the Company's paid-up capital and 90% of La Cremongs Publishing Ltd., Part's paid-up capital.
9	Bophit Vejchakarn Co., Ltd.	Hemodialysis service provider	<ul style="list-style-type: none"> A shareholder of Bophit Vejchakarn Co., Ltd., i.e., Wudhikulprapan Group, also a shareholder of the Company. Wudhikulprapan Group held 14% of the Company's paid-up capital and 8% of paid-up capital in Bophit Vejchakarn Co., Ltd. Prior to the commercial operation in March 2015, Wudhikulprapan Group held 20% of Bophit Vejchakarn Co., Ltd.'s paid-up capital. Later in July 2015, the Group sold some shares to a group of doctors, i.e., existing shareholders of Bophit Vejchakarn Co., Ltd., in order to reduce conflicts of interest. Consequently, Wudhikulprapan Group has, since then, held 8% of the paid-up capital in Bophit Vejchakarn Co., Ltd.
10	Pairoj Pharmacy	Distributor of modern medicine	<ul style="list-style-type: none"> Mr. Pairoj Watcharakornytin, the owner of Pairoj Pharmacy, is a husband of Mrs. Chuleewan Watcharakornytin, i.e., a deputy director of the Technical Service Department.
11	Rajthanee Rojana Hospital Co., Ltd. ("the subsidiary")	Medical service provider	<ul style="list-style-type: none"> Rajthanee Rojana Hospital Co., Ltd. is the Company's subsidiary with a stakeholding of 52.17% of paid-up capital. As of December 31, 2015, the Company and the subsidiaries shared the following four directors: <ol style="list-style-type: none"> 1. Dr. Wachira Wudhikulprapan 2. Ms Smorn Prasithirun 3. Mr. Charoonsak Sripochsomboon 4. Ms. Phitraphee Prasithirun
12	Dr. Boonchai Isarapisit	-	<ul style="list-style-type: none"> Dr. Boonchai Isarapisit was a director both in the Company and the subsidiary. Dr. Boonchai Isarapisit completed his term as a director both in the Company and the subsidiary In July 2015.



Persons / juristic persons involving in potential conflicts of interest and transactions with the Company and/or the subsidiary		Nature of Business	Relationship
13	Mr. Wichian Jitjaicham	-	<ul style="list-style-type: none"> Mr. Wichian Jitjaicham held shares in Rojanavej Hospital Co., Ltd., at 59% of the paid-up capital prior to the Company's acquisition. The hospital was subsequently renamed Rajthanee Rojana Co., Ltd. During 2014, Mr. Wichian Jitjaicham was a director at Rojanavej Hospital Co., Ltd. Mr. Wichian Jitjaicham resigned from the director position on April 28, 2015.

Connected transactions involved by the Company and the subsidiary and connected persons in fiscal year ending December 31, 2015 and September 30, 2016.

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

Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
1. Vibharam Hospital Co., Ltd.	<u>Expenses related to patient referral cases towards Vibharam Hospital Co., Ltd. (Supra):</u> The Company referred patients, those mostly with heart diseases, to Vibharam Hospital Co., Ltd.	-	-	<p>In the past, the Company had to refer patients to Vibharam Hospital Co., Ltd, i.e., Supra hospital, in order to ensure that the patients, especially those with heart diseases, received more appropriate and better treatment. The rates as well as pricing terms and conditions were set in line with the market's conditions, equivalent to the rates Vibharam Hospital Co., Ltd. charged to other patients with similar conditions. It should be noted, however, that the number of referral cases towards Vibharam Hospital Co., would decrease significantly in the future as the Company already launched its own Heart Center in 1Q15.</p> <p>Comments from the Audit Committee The transaction was necessary and justified as the pricing was set in line with the</p>



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
	<u>Outstanding payable at the end of the period</u>	4.69	0.96	market's conditions. It was a normal transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.
2. Bophit Vejchakarn Co., Ltd.	<u>Expenses related to hemodialysis services:</u> The subsidiary, in collaboration with Bophit Vejchakarn Co., Ltd. provided patients with hemodialysis services, based on the agreed revenue sharing basis.	1.34	13.83	Bophit Vejchakarn Co., Ltd was founded by a group of medical personnel, e.g., doctors, nurses and etc., with extensive experience and knowledge in provision of hemodialysis services under the set standard. The Company's subsidiary partnered with Bophit Vejchakarn Co., Ltd to provide hemodialysis services. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the rates Bophit Vejchakarn Co., Ltd agreed with other juristic persons.
	<u>Outstanding payable at the end of the period</u>	0.63	3.78	Comments from the Audit Committee The transaction was necessary and justified, with agreed revenue sharing. It was a normal business transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.
3. The Medicpharma Co., Ltd.	<u>Medicine expenses :</u> The Company and its subsidiary purchased medicine from The Medicpharma Co., Ltd. to provide treatment for patients.	1.01	1.33	The Medicpharma Co., Ltd. distributed high-quality medicine and medical supplies. The Company needed such products for providing treatment services for its patients. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the prices for products that the Company purchased from other distributors.
	<u>Outstanding payable at the end of the period</u>	0.39	0.58	Comments from the Audit Committee The transaction was necessary and justified. It was a normal business transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
4. La Cremongs Publishing Ltd.,Part.	<p><u>Expenses related to purchase of printing matters:</u> The Company and its subsidiary hired La Cremongs Publishing Ltd.,Part. to produce some paper documents, such as purchase order forms and etc.</p> <p><u>Outstanding payable at the end of the period</u></p>	1.36 0.11	1.06 0.33	<p>La Cremongs Publishing Ltd.,Part. provided printing services concerning general paper documents that were necessary for The Company's day-to-day operation, such as purchase order forms and etc. The pricing as well as terms and conditions was set in line with the market's conditions, equivalent to the service prices quoted to the Company by other general service providers.</p> <p>Comments from the Audit Committee The transaction was necessary and justified. The pricing, as well as terms and conditions, was equivalent to the service prices quoted by other general service providers. It was a normal business transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.</p>
5. Charoenpaiboon City Co., Ltd.	<p><u>Expenses related to electrical appliances :</u> The Company purchased office electrical appliances from Charoenpaiboon City Co., Ltd to support its business operation.</p> <p><u>Outstanding payable at the end of the period</u></p>	0.51 0.12	0.43 0.13	<p>Charoenpaiboon City Co., Ltd distributed electrical appliances. The group consisted of distributors of electrical appliances in Phra Nakhon Si Ayutthaya. The company had been in the market for a long time with good credibility and agreed roduct warranty. Being located nearby the Company, Charoenpaiboon City Co., Ltd managed to deliver products a timely manner. The Company purchased electrical products to support for its hospital business operation. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the prices for products that the Company purchased from other sellers in general.</p> <p>Comments from the Audit Committee The transaction was necessary and justified. The pricing, as well as terms and conditions, was equivalent to the prices for the products sold by other sellers. It was a normal business transaction with general trade terms and conditions and it was already approved in principle by the Audit Committee and the Company's Board of Directors.</p>



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
6. Pairoj Pharmacy	<p><u>Medicine expenses:</u> The Company purchased general medicines from Pairoj Pharmacy to provide treatment for patients.</p> <p><u>Outstanding payable at the end of the period</u></p>	0.01 -	- -	<p>The pricing, as well as terms and conditions, was set in line with the market's conditions, equitant to the prices of medicines that the Company purchased from other general sellers. The payment was made by petty cash. Due to small purchase volume, the medicines purchased from this retailer were not kept as sizeable inventory, and thus risk about expiries was rather low.</p> <p>However, the management discontinued the policy to purchase medicines from Pairoj Pharmacy from 3Q15 onwards, except for emergency cases. The purchases of medicine on emergency cases were done upon price comparisons and approval from authorized persons as indicated by the Company's rules and regulations.</p> <p>Comments from the Audit Committee The transaction was necessary and justified as the Company needed medicines for treatment purposes. The pricing, as well as terms and conditions, was equivalent to that for other transactions done with other general sellers. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p>



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
7. Directors, Executive Directors and Shareholders	<p><u>Medical service fee discounts</u>: The Company offered discounts to the Company's directors, executive directors and shareholders, as indicated in the guideline about discount rules, as well as other connected persons</p> <p><u>Outstanding payable at the end of the period</u></p>	0.69	0.49	<p>In 2015, the Company offered medical fee discounts as a working motivation to the following persons. The details are as follows:</p> <ul style="list-style-type: none"> A) The Company's directors and executive directors B) Direct relatives, i.e., parents, spouses and children, of directors and executive directors C) Siblings directors and executive directors D) Shareholders as indicated in the guideline about medical fee discounts <p>Starting from January 2016, the Company adjusted some conditions about the medical fee discounts, e.g., discount limits. Persons eligible for the discounts are as follows:</p> <ul style="list-style-type: none"> A) Company's directors B) Direct relatives, i.e., parents, spouses and children, of directors C) Siblings of the directors <p>Comments from the Audit Committee The transaction was considered as personnel's welfare and work motivation.</p>
8. Rajthanee Rojana Hospital Co., Ltd.				



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
8.1 Rajthanee Rojana Hospital Co., Ltd.	<u>Diagnosis and treatment revenue</u> : The subsidiary's insured patients under the Social Security Scheme could go to the the main campus to receive diagnosis and treatment services; most patients were IPD cases with relatively severe conditions that required big operations, etc.	14.39	12.58	<p>This practice ensured appropriate treatment services for patients. The initial service rates were equal to the rates that the Company and the subsidiary charged to general patients, without any discounts. Note that from February 1, 2016 onwards, no discounts on doctor fees have been given to patients; therefore, the discount conditions for all cases were based on the conditions for patient referral towards supra hospitals, as specified by the group of private hospital associate in the upper part of Bangkok's vicinity provinces. The Company and its subsidiary charged similar service rates for each other's patients as follows:</p> <ul style="list-style-type: none"> • <u>OPD</u> : 50% discount for doctor fees and 30% discount for medicine and examination fees • <u>IPD</u> : No discount for doctor fees but 15% discount for medicine and examination fees <p>Since September 1, 2016, the management have adjusted the discounts for the hospital service fees; both the Company and its subsidiary have charged a similar hospital service fee rate of Baht 200. In addition, no discount on hospital service fee has been given in order to make the hospital service fees at the two hospitals more consistent.</p> <p>Furthermore, the medical service fees for patients with heart diseases under the Social Security Scheme were priced on the package basis; this was under similar pricing conditions for any insured patients referred to Company by other hospitals in general.</p> <p>Comments from the Audit Committee</p> <p>The transaction was necessary and justified as this practice ensured appropriate treatment services for patients. The pricing between each other was reasonable and acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p>
	<u>Accrued receivable at the end of the period</u>	3.94	1.33	
	<u>Diagnosis and treatment expenses</u> : The subsidiary provided diagnosis and treatment services for the Company's insured patients under the Social Security Scheme; most patients were out-patient cases with mild conditions (e.g., headaches, flu, diarrhere, etc.)	29.18	59.08	
	<u>Outstanding payable at the end of the period</u>	5.43	11.62	



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
8.2 Rajthanee Rojana Hospital Co., Ltd.	<u>Medicine sales revenue:</u> The Company sold medicines to its subsidiary for treatment purposes	0.25	0.02	<p>The Company lent its subsidiary medicines for some emergency cases without any returns calculated. In addition, the Company sold medicines at the cost prices plus 20% profit, starting October 1, 2015 onwards. Both borrowed and sold medicines were scarce items at the subsidiary. Some medicines were already preserved by the subsidiary but the preserved volume remained insufficient to feed emergency cases. For general practice, the Company lent the subsidiary medicines and completed the details of such a lending transaction at the end of every month. The returns could be done either in forms of returned medicines or payments.</p> <p>Comments from the Audit Committee The transaction was necessary and justified as the subsidiary needed medicines for patient treatment purposes. The purchased medicines included the items with small usage volume and the profit of 20% seemed reasonable and acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p>
	<u>Balance at the end of the period</u>	-	-	



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
8.3 Rajthanee Rojana Hospital Co., Ltd.	<u>Service revenue:</u> The Company provided laundry service as well as medical equipment cleaning and disinfection service for the subsidiary.	0.71	0.68	<p>The transaction was a way to manage human resources and assets the most effectively in order to utilize excess capacity. The details are as follows:</p> <ul style="list-style-type: none"> Laundry Service: The laundry service fees were comparable to the rates quoted by other service providers nearby. Medical equipment cleaning and disinfection service: The Company charged the service fees based on the number of medical equipment sent for cleaning and disinfection. The pricing was based on the cost plus some profit. <p>Comments from the Audit Committee The transaction was necessary and justified and it was acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors</p>
	<u>Balance at the end of the period:</u>	0.71	-	



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
8.4 Rajthanee Rojana Hospital Co., Ltd.	<u>Advisory Fee Revenue:</u> The Company provided personnel for the subsidiary in order to improve various working systems, e.g., accounting, finance computer systems and etc. In addition, the Company also provided advisory and consultancy services in order to raise the subsidiary's work standard to meet the Company's standard.	0.06	0.10	<p>The transaction was a way to manage human resources and assets the most effectively. The Company's advisory fee rates were agreed by both parties. The agreement lasted one year, from October 1, 2015 to September 30, 2016. The details of the fee rates are as followed:</p> <ul style="list-style-type: none"> Monthly telephone advisory fee amounted to Baht 10,000. If the Company's personnel were required to commute to Rajthanee Rojana Hospital Co., Ltd. for in-house trainings, the service rate was calculated according on an hourly basis, based on the salary scale of the particular trainers. The calculated service rate was added by a transportation allowance of Baht 160 per a visit. <p>Comments from the Audit Committee The transaction was necessary and justified and it was a way of the most effective management of human resources. The service rates were reasonable and acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p>
	<u>Balance at the end of the period:</u>	0.06	-	



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
8.5 Rajthanee Rojana Hospital Co., Ltd.	<u>Asset sales revenue:</u> The Company sold a server device and an air conditioner to the subsidiary. <u>Balance at the end of the period:</u>	0.15 -	- -	<p>The transaction was a way of the most effective asset management. The server device was around seven years old, with the remaining book value of Baht 1. The Company hired an IT professional firm to upgrade the server device in order to ensure that it was in good conduction and thus ready to be used. The Company charged the subsidiary for such server device at the rate equivalent to the book value plus the upgrade expenses. In addition, the Company also sold a two-year old air conditioner Panasonic 24,000 BTU, with the remaining book value of Baht 22,546, at the selling price of Baht 23,000, i.e., close to the remaining book value.</p> <p>Comments from the Audit Committee The transaction was necessary and justified and it was a way of the most effective asset management. The pricing between each other was reasonable and acceptable in the sense of business operation.</p>
8.6 Rajthanee Rojana Hospital Co., Ltd.	<u>Telecommunication Revenue:</u> The Company and its subsidiary used telecommunication service for data transfer between each other. <u>Balance at the end of the period:</u>	0.02 0.02	0.06 0.01	<p>The Company and its subsidiary used telecommunication service for data transfer between each other to support their business operation, e.g., data for accounting and etc. This helped facilitate work operation, with the Company and its subsidiary equally sharing the expenses (50:50).</p> <p>Comments from the Audit Committee The transaction was necessary and justified and it was acceptable in the sense of business operation. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p>



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
9. Ramkhamhaeng Hospital Plc.	<u>Medical supplies expenses:</u> The Subsidiary purchased medical supplies, e.g. gloves, needles, and etc., for patient treatment purposes.	-	0.14	<p>Ramkhamhaeng Hospital Plc. distributed high quality medical supplies, which were necessary for the subsidiary's patient treatment services. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the prices for products that the Company purchased from other sellers in general.</p> <p>Comments from the Audit Committee The transaction was necessary and justified. It was a normal business transaction with general trade terms and conditions and it was approved in principle by the Audit Committee and the Company's Board of Directors.</p>
	<u>Outstanding payable at the end of the period</u>	-	0.06	
	<u>Maintenance cost for golf carts:</u> The Company paid for maintenance and repairs of golf carts, e.g., changes of break pads, tire replacement and etc.	-	0.13	<p>In 2016, the Company saw some maintenance expenses for the golf carts purchased from Ramkhamhaeng Hospital Plc. in 2014 in order to keep them in good conditions.</p> <p>Comments from the Audit Committee The transaction was necessary and justified because it was about maintenance expenses paid to the seller of such golf carts used for facilitating the Company's business operation.</p>
	<u>Outstanding payable at the end of the period</u>	-	0.02	



Connected persons / Juristic persons	Transactions	Value (Baht Million)		Justification and Necessity
		2015	2016	
	<u>Expense for purchase of golf carts:</u> The Company purchased golf carts from Ramkamhaeng Hospital Public Company Limited for to facilitate the patients in traveling between the hospital buildings and the parking lots.	-	0.44	<p>The Company purchased golf carts to facilitate the patients in traveling between the hospital buildings and the parking lots. The pricing, as well as terms and conditions, was set in line with the market's conditions, equivalent to the prices for products that the Company purchased from other sellers in general.</p> <p>Comments from the Audit Committee The transaction was necessary and justified because it was a normal business transaction with general trade terms and conditions and such golf carts are useful to the Company's business operation.</p>
		-	-	



2.2 General transactions that will discontinue in the future

Connected persons /Juristic persons	Transactions	Value (Baht) Million		Justification and Necessity
		2015	2016	
1. Rajthanee Rojana Hospital Co., Ltd.	<p><u>Information technology (IT) consultancy fee:</u> The Company hired the subsidiary to provide IT-related advice.</p> <p><u>Outstanding payable at the end of the period</u></p>	0.03 -	- -	<p>The subsidiary had experienced programmers while the Company did not have such personnel with expertise in the field; therefore, the Company sought advisory from the subsidiary with a monthly advisory fee of Baht 5,000 in return.</p> <p>The Company discontinued this transaction, starting from January 2015 onwards, because it recruited full-time programmers by itself.</p> <p>Comments from the Audit Committee The transaction was necessary and justified. The rate was equivalent to that quoted by other IT consultant firms.</p>
2. Dr. Boonchai Isarapisit	<p><u>Advisory fee expense:</u> The Company appointed Dr. Boonchai Isarapisit as a business management advisor.</p> <p><u>Outstanding payable at the end of the period</u></p>	0.12 -	- -	<p>The Company appointed Dr. Boonchai Isarapisit, an expert with extensive experience in hospital business management, as a business management advisor, with a monthly advisory fee of Baht 40,000.</p> <p>The Company discontinued this transaction, starting from April 2015 onwards.</p> <p>Comments from the Audit Committee This transaction was the past transaction and the Company has discontinued it since April 2015.</p>



2.3 Financing transactions

Connected persons / Juristic persons	Transactions	Value (Baht) Million		Justification and Necessity
		2015	2016	
1. Vibharam Hospital Co., Ltd.	<p><u>Short-term borrowings:</u> The Company took out a short-term loan from Vibharam Hospital Co., Ltd. to use as working capital.</p> <p>- Loan at the beginning of the period</p> <p>- Additional loan during the period</p> <p>- Repayment during the period</p> <p>- <u>Balance at the end of the period</u></p> <p>- Accrued interest payable at the beginning of the period</p> <p>- Interest calculated during the period</p> <p>- Interest paid during the period</p> <p>- <u>Accrued interest payable at the end of the period</u></p>	<p>-</p> <p>85.00</p> <p>-</p> <p>85.00</p> <p>-</p> <p>0.24</p> <p>3.93</p> <p>4.17</p> <p>-</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p><u>Interest rates</u> 4.75% - 5% p.a., i.e., below lending rates at other general financial institutions</p> <p><u>Future transactions</u> No policy for future transactions</p> <p>Comments from the Audit Committee The transaction was necessary and justified. Although the Company was given credit lines by financial institutions, it still decided to engage in this transaction because this particular lending transaction helped boost the Company's short-term liquidity to facilitate its operation. This financing procedure was faster and the interest rates were lower than the rates offered by financial institutions.</p>



Connected persons / Juristic persons	Transactions	Value (Baht) Million		Justification and Necessity
		2015	2016	
2. F&S 79 Co., Ltd.	<u>Shor-term borrowings</u> : The Company took out a short-term loan from F&S 79 Co., Ltd. to use as working capital.	30.00	-	<u>Interest rates</u> 4.75% - 5% p.a., i.e., below lending rates at general financial institutions <u>Future transactions</u> No policy for future transactions Comments from the Audit Committee The transaction was necessary and justified. Although the Company was given credit lines by financial institutions, it decided to engage in this transaction because this particular lending transaction helped boost the Company's short-term liquidity to facilitate its operation. This financing procedure was faster and the interest rates were lower than the rates offered by financial institutions.
	- Loan at the beginning of the period	10.00	-	
	- Additional loan during the period	20.00	-	
	- Repayment during the period	30.00	-	
	- <u>Balance at the end of the period</u>	-	-	
	- Accrued interest payable at the beginning of the period	0.06	-	
	- Interest calculated during the period	0.43	-	
	- Interest payment during the period	0.49	-	
	- <u>Accrued interest payable at the end of the period</u>	-	-	



Connected persons / Juristic persons	Transactions	Value (Baht) Million		Justification and Necessity
		2015	2016	
3. Thanarad Thung Song Co., Ltd.	<u>Short-term borrowings:</u> The Company took out a short-term loan from Thanarad Thung Song Co., Ltd. to use as working capital.	50.00	-	<u>Interest rates</u> 4.75% - 5% p.a., i.e., below lending rates at general financial institutions <u>Future transactions</u> No policy for future transactions Comments from the Audit Committee The transaction was necessary and justified. Although the Company was given credit lines by financial institutions, it decided to engage in this transaction because this particular lending transaction helped boost its short-term liquidity to facilitate its operation. This financing procedure was faster and the interest rates were lower than the rates offered by financial institutions.
	- Loan at the beginning of the period	20.00	-	
	- Additional loan during the period	30.00	-	
	- Repayment during the period	50.00	-	
	- <u>Balance at the end of the period</u>	-	-	
	- Accrued interest payable at the beginning of the period	0.02	-	
	- Interest calculated during the period	2.11	-	
	- Interest payment during the period	2.13	-	
	- <u>Accrued interest payable at the end of the period</u>	-	-	



Connected persons / Juristic persons	Transactions	Value (Baht) Million		Justification and Necessity
		2015	2016	
4. Rajthanee Rojana Hospital Co., Ltd.	<u>Long -term loan:</u> The Company provided a long- term loan for the subsidiary to use as working capital.	65.00	71.93	<u>Interest rates</u> 4.75% - 8% p.a. <u>Future transactions</u> The transaction was aimed at providing financial assistance for the subsidiary, which may occur, as appropriate, in the future. The transaction entailed the interest rates, which were comparable to the interest rates that commercial banks offered to their good clients, plus finance cost arising from the Company's borrowing from a commercial bank. Comments from the Audit Committee The transaction was necessary and justified as the subsidiary needed funding for its business operation. It should be noted that if the borrowing had been done from a commercial bank, the approval process would have taken long time, and that the interest rates were comparable to the lending rates from commercial banks at the time of the transaction.
	- Loan at the beginning of the period	19.11	65.00	
	- Addition loan during the period	46.20	7.10	
	- Repayment during the period	0.31	0.18	
	- <u>Balance at the end of the period</u>	65.00	71.93	
	- Accrued interest receivable at the end of the period	0.10	0.43	
	- Interest received during the period	2.90	4.85	
	- <u>Accrued interest receivable at the end of the period</u>	0.43	0.27	



Connected persons / Juristic persons	Transactions	Value (Baht) Million		Justification and Necessity
		2015	2016	
5. Mr. Wichian Jitjaicham	<u>Short-term borrowing:</u> Rojanavej Hospital Co., Ltd took out a short-term loan from Mr. Wichian Jitjaicham to use as working capital.	-	-	<u>Interest rates</u> No interest rate <u>Future transactions</u> No policy for future transactions Comments from the Audit Committee This transaction occurred in the past before the Company acquired shares in the subsidiary. There will be no future transactions.
	- Loan at the beginning of the period	27.08	-	
	- Increases from the share acquisition in the subsidiary	-	-	
	- Additional loan during the period	-	-	
	- Repayment during the period	27.08	-	
	- <u>Balance at the end of the period</u>	-	-	
	- Accrued interest payable at the beginning of the period	-	-	
	- Interest paid during the period	-	-	
	- <u>Accrued interest payable at the end of the period</u>	-	-	



2.4 Guarantee/Credit guarantees

Receipt of credit guarantees for loans from financial institutions/creditors: The subsidiary received credit lines from financial institutions, with the details of credit guarantees for loans from financial institutions/creditors being discussed below:

Connected persons / Juristic persons	Transactions	Value (Baht) Million		Justification and Necessity
		2015	2016	
Rajthanee Hospital Company Plc.	Domestic credit guarantee	204	204	<p>No credit guarantee fees have been collected throughout the loan contract duration as the transaction was aimed at supporting the subsidiary's liquidity and business operation.</p> <p>Comments from the Audit Committee The transaction was necessary and justified and it was done according to the offer from the commercial bank to support the working capacity for business operation at the subsidiary.</p>



Section 3 : Financial Performance and Operating Results

12. Important Financial Information

12.1 Independaent Auditor's Reports

The followings are the summary of independent auditor's report and opinions for the the ended 31 December, 2014, 2015 and 2016 :

Consolidated Financial Statements for the year ended 31 December 2014

Auditor	Opinion
Miss Wanraya Puttasatien Certified Public Accountant Registration No. 4387 CWWP Company Limited	The consolidated financial statements present fairly,in all material respects, the consolidated financial position and its performance and cash flow for the year then ended in accordance with Financial Reporting Standards.

Consolidated Financial Statements for the year ended 31 December 2015

Auditor	Opinion
Miss Wanraya Puttasatien Certified Public Accountant Registration No. 4387 CWWP Company Limited	The consolidated financial statements present fairly,in all material respects, the consolidated financial position and its performance and cash flow for the year then ended in accordance with Financial Reporting Standards.

Consolidated Financial Statements for the year ended 31 December 2016

Auditor	Opinion
Miss Wanraya Puttasatien Certified Public Accountant Registration No. 4387 CWWP Company Limited	The consolidated financial statements present fairly,in all material respects, the consolidated financial position and its performance and cash flow for the year then ended in accordance with Financial Reporting Standards.



12.2 Summary of Financial Statements

The Company's group consists of Rajthanee Hospital Public Company Limited and Rajthanee Rojana Hospital Company limited (the "subsidiary"). Both companies operates mainly in hospital service businesses. During 2014, the Company invested in 52.17% of the total registered and paid-up capital of the subsidiary. Therefore, the Company's operating results and the financial position were consolidated with those of the subsidiary since May 2014. The summary of financial statements for the year ended December 31, 2014 to 2016 are as follows:

Details	Consolidated financial statement As at 31 December					
	2014		2015		2016	
	Baht Million	%	Baht Million	%	Baht Million	%
Total Current Assets	270.67	23.81	220.28	20.68	952.59	52.24
Total Non-current Assets	866.14	76.19	844.78	79.32	871.06	44.76
Total Assets	1,136.82	100.00	1,065.07	100.00	1,823.65	100.00
Total Current Liabilities	456.70	40.17	338.81	31.81	200.45	10.99
Total Non-Current Liabilities	399.42	35.13	451.13	42.36	82.16	4.51
Total Liabilities	856.12	75.31	789.94	74.17	282.61	15.50
Total Shareholders' Equity	280.69	24.69	275.12	25.83	1,541.05	84.50
Total Liabilities & Shareholders' Equity	1,136.82	100.00	1,065.07	100.00	1,823.65	100.00
Total Revenues	957.72	100.00	1,034.91	100.00	1,224.00	100.00
Profit (Loss) for the Year	84.83	8.86	63.77	6.16	154.94	12.66
Profit (Loss) Attributable to Equity Holders of the Company	100.09	10.45	79.19	7.65	154.64	12.63
Basic Earnings per Share (Baht/Share)	0.44		0.35		0.62	



13. Management Discussion and Analysis

According to the resolution of the meeting of the Board of Directors No.1/2017 of Rajthanee Hospital Public Company Limited (the “Company”) held on 28 February 2017, approving the audited consolidated financial statements for the year ended on 31 December 2016, the Company would like to report factors that affect the financial performance of the Company and its subsidiary for the year 2016 as follows;

Statements of Comprehensive Income

Revenue from Hospital Operations

The Company and its subsidiary generated the total revenues from hospital operations for the year 2015 and 2016 in amounts of Baht 1,024.3 million and Baht 1,209.5 million, respectively, resulting in an overall growth rate of 18.08%. Total revenues increase in every section, i.e., 1. The revenues from non-capitation patients for the year 2015 and 2016 were Baht 526.5 million and Baht 597.9 million, respectively, which grew at a rate of 13.56% due to increasing number of non-capitation patients, the growth of average revenue per visit, including the increasing number of 15 in-patient beds during the year 2016; 2. The revenues from patients under the Social Security Scheme for the year 2015 and 2016 were in amounts of Baht 455.7 million and Baht 548.6 million, respectively, resulting in a growth rate of 20.39% primarily due to the increase in number of registered patients under the Social Security Scheme; and 3. The revenues from other capitation patients were Baht 42.1 million and Baht 63.0 million for the year 2015 and 2016, respectively. Resulting in a growth rate of 49.64%, it is mainly due to the increase in number of patients with heart diseases under the Universal Health Coverage.

Cost of Hospital Operations

The costs of hospital operations for the year 2015 and 2016 were in amounts of Baht 801.7 million and Baht 876.6 million, respectively. The proportion of the costs of hospital operations incurred compared to the total revenues for the year 2016 decreased to 71.48%, while it was 78.27% for the year 2015. These resulted from the efficiency of medicine and medical supplies cost management, introducing an energy saving project, thereby saving the utility expenses and also resulted from the significant increase of revenue from the hospital operations.

Administrative Expenses

For the year 2015 and 2016, the Company and its subsidiary incurred administrative expenses of Baht 110.1 million and Baht 137.4 million, respectively. The percentages of the administrative expenses compared to the total revenues for the year 2015 and 2016 were 10.75% and 11.36%, respectively. The increase thereof resulted primarily from the addition to workforce for supporting the growth of the Company and its subsidiary and non-recurring expenses related to the Company's organization development program which amounted to approximately Baht 1.7 million and the non-expenses of approximately Baht 7 million related to the initial public offering and the listing of the Company's shares on the Stock Exchange of Thailand.

Financing Costs

The Company and its subsidiary's financing costs in relation to the loans from financial institutions and related companies for the year 2015 and 2016 were in amounts of Baht 34.9 million and Baht



26.3 million, respectively. The proportion of which compared to the total revenues decreased from 3.41% for the year 2015 to 2.17% for the year 2016. This is because the Company and its subsidiary applied the proceeds derived from the initial public offering in August 2016 and the rights offering in November 2016, respectively, to repay the loans from financial institutions in a total amount of Baht 533.8 million.

Net Profits

For the year 2015 and 2016, the Company and its subsidiary's net profits were Baht 63.8 million and Baht 154.9 million, respectively, resulting in a growth of 142.79%. Equity holders of the Company's net profits for the year 2016 were Baht 154.6 million, improving in an amount of Baht 75.4 million or a growth of 95.20% compared to that of the year of 2015 being Baht 79.2 million. The increase in net profits resulted from the investments made to enhance the medical competency together with more effective management of costs and expenses and the net profits from the subsidiary's financial performance which amounted to Baht 1.8 million for the year 2016, as opposed to the net loss of approximately Baht 30.5 million in 2015.

Statement of Financial Position

The Company and its subsidiary's total assets as of 31 December 2015 and 2016 were Baht 1,065.1 million and Baht 1,823.7 million, respectively. The primary assets were cash and cash equivalent, temporary investments, Social Security Office receivables and property, plant and equipment.

As of 31 December 2015 and 2016, cash and cash equivalent together with temporary investments were Baht 4.2 million and Baht 711.3 million, respectively. The increase thereof was due to the cash received from initial public offering in 2016 that the Company invested in fixed deposits with financial institutions at the average interest rate of approximately 1.59% and due to the cash received by the subsidiary from the rights offering and invested in a marketable fixed income fund at an average yield of approximately 1.30%.

As of 31 December 2015 and 2016, the Social Security Office receivables were Baht 106.8 million and Baht 137.0 million, respectively. The Social Security Office receivables as of 31 December 2016 rose as a result of the increase in number of the patients under the Social Security Scheme to whom the Company and the subsidiary provided the medical services compared to that in the previous year and of the Social Security Office's partially delayed payments to be made to participating hospitals under the Social Security Scheme.

The property, plant and equipment as of 31 December 2015 and 2016 were Baht 721.8 million and Baht 769.5 million, respectively, and represented 67.77% and 42.19% of the total assets, respectively. In this regard, the proportion of this category of assets to the total assets decreased, despite the increase in book values, due to the significantly increase in total assets, that is, the proceeds derived from the initial public offering.

The Company and its subsidiary's total liabilities as of 31 December 2015 and 2016 were Baht 789.9 million and Baht 282.6 million, respectively. The primary liabilities were trade payables and loans. The trade payables as of 31 December 2015 and 2016 were Baht 110.6 million and Baht 114.7 million, respectively.



As of 31 December 2015 and 2016, the Company and its subsidiary's outstanding long-term loans from financial institutions were Baht 562.7 million and Baht 79.5 million, respectively. The decrease resulted from loan repayment in a total amount of Baht 533.8 million in 2016.

The shareholders' equity of the Company and the subsidiary as of 31 December 2015 and 2016 were Baht 270.5 million and Baht 1,490.2 million, respectively. The increase thereof primarily resulted from the initial public offering of the Company's 74,999,599 newly issued ordinary shares with a par value of Baht 1 per shares, constituting the proceeds of Baht 74.99 million and share premium of Baht 1,092.9 million. In addition, the Company also received from the subsidiary the proceeds derived from the rights offering being non-controlling interests in an amount of Baht 36.0 million, as well as the financial performance of the Company and the subsidiary that improved in the previous year as above-mentioned.



14. Financial Statements

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the consolidated of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED and its subsidiary ("the Group") and separate financial statements of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED ("the Company"), which comprise the consolidated and separate statement of financial position as at 31 December 2016, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in shareholders' equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED and its subsidiary and separate financial position of RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Measurement of Goodwill

As in the Note to Financial Statements No. 15, the Group Company has tested the impairment of goodwill that occurred from the Company's acquisition of a subsidiary company's operation with the intention to expand its medical services. The testing of the impairment of goodwill is a significant accounting estimate. The management shall judgment their high level of discretion regarding the forecast of the long-term revenue growth rate and expenses that is appropriate for the subsidiary company. The information is then used in estimating the future cash flow that the Company expected to generate from the said subsidiary company's operation. The management's

determination of the discount rate also effect the value of goodwill. The testing of the impairment of goodwill has significant impact to my audits.

Therefore, my audit methods have included obtaining an understand for the process of testing for impairment of goodwill, assessing the appropriateness of the management's assumption for forecasting the long-term revenue growth rate and expenses in relation to internal and external sources, assessing the appropriateness of the estimation of future cash flow by comparing with the actual operating result of the subsidiary company. The audit methods also included the consideration of the appropriateness of the discount rate applied by the management, and consider the impact of the changes in the significant assumptions on the measurement of recoverable amount of goodwill.

Recognition of Revenue from Social Security

The Group generate revenue from social security by entering into medical service provider agreement under Social Security Act, B.E. 2533. Under the medical service provider agreement, the revenue of additional payment for health facilities that carried burdens for the cases with burden of disease risk shall be consider by the Social Security Office. The consideration process of the Social Security Office take a long time. In the event that the Company has already provided the medical service to the insured persons, the management then consider the forecast of medical service revenue for the cases with burden of disease risk. This is significant forecast requiring the management to judge their high level of discretion. The specialists' opinion is also needed in considering the severity rate of the disease to forecast the revenue. The said forecast of revenue has significant risk to the audit.

Therefore, my audit methods have included obtaining an understand for the process of forecasting the medical service revenue for the cases with burden of disease risk, assessing the appropriateness of specialists in considering the severity rate of the disease, investigating the sources and reliability of the insured persons' information used in calculating the revenue forecast, analysing the reasons of discrepancy between the forecast of the medical service revenue for the cases with burden of disease risk and the results considered by the Social Security Office, and reviewing the medical service revenue for the cases with burden of disease risk received after the accounting period.

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate



financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Miss Wanraya Puttasatien)

Certified Public Accountant Registration No. 4387

CWWP Company Limited
Bangkok,
28 February 2017



Rajthanee Hospital Public Company Limited
Annual Report 2016

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Notes	CONSOLIDATED			SEPARATE		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		31 December 2016	31 December 2015	1 January 2015	31 December 2016	31 December 2015	1 January 2015
		Baht	Baht	Baht	Baht	Baht	Baht
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	7	201,156,345.62	4,216,641.91	12,203,211.71	195,852,726.72	4,119,665.13	11,970,965.11
Temporary Investments	8	510,187,003.21	-	-	500,000,000.00	-	-
Trade and Other Receivables	9	218,927,448.94	189,647,034.26	225,920,449.70	194,462,487.46	181,735,691.88	225,094,462.61
Inventories	10	19,768,906.89	24,233,773.97	30,656,158.88	16,737,124.24	21,031,376.46	28,451,646.90
Short-term Loans to Subsidiary	33.3	-	-	-	71,850,000.00	65,000,000.00	-
Other Current Assets		2,554,284.84	2,186,776.26	1,893,974.25	1,533,617.54	1,503,261.37	1,415,969.96
TOTAL CURRENT ASSETS		952,593,989.50	220,284,226.40	270,673,794.54	980,435,955.96	273,389,994.84	266,933,044.58
NON-CURRENT ASSETS							
Investments in Subsidiary	11	-	-	-	190,032,800.00	126,000,000.00	126,000,000.00
Other Long-term Investment	13	-	-	-	-	-	-
Long-term Loans to Subsidiary		-	-	-	-	-	19,111,782.86
Property, Plant and Equipment	14	769,492,981.22	721,786,142.54	751,528,452.00	543,150,748.63	475,939,213.39	487,558,053.76
Goodwill	15	87,802,508.74	87,802,508.74	88,297,242.35	-	-	-
Intangible Assets	16	3,504,227.89	4,759,452.13	3,756,293.13	1,217,352.89	1,846,261.23	3,184,406.37
Deferred Tax Assets	17	7,655,445.13	8,222,541.19	6,794,591.00	5,999,562.00	6,841,838.00	6,794,591.00
Deposits for Land	18,33.3	-	22,177,500.00	15,749,500.00	-	22,177,500.00	15,749,500.00
Other Non-Current Assets		2,605,775.00	34,100.00	18,050.00	18,050.00	18,050.00	18,050.00
TOTAL NON-CURRENT ASSETS		871,060,937.98	844,782,244.60	866,144,128.48	740,418,513.52	632,822,862.62	658,416,383.99
TOTAL ASSETS		1,823,654,927.48	1,065,066,471.00	1,136,817,923.02	1,720,854,469.48	906,212,857.46	925,349,428.57



Rajthanee Hospital Public Company Limited
Annual Report 2016

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Notes	CONSOLIDATED			SEPARATE		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		31 December 2016	31 December 2015	1 January 2015	31 December 2016	31 December 2015	1 January 2015
		Baht	Baht	Baht	Baht	Baht	Baht
LIABILITIES AND SHAREHOLDERS' EQUITY							
CURRENT LIABILITIES							
Bank Overdrafts and Short-term Loans							
from Financial Institutions	19	307.40	8,440,654.08	5,355,022.81	269.33	329.09	35,083.48
Trade and Other Payables	20	172,472,968.64	184,896,576.49	216,885,305.30	159,242,948.93	167,345,148.05	202,103,472.11
Current Portion of Long-term Loans	21	23,887,586.01	142,268,494.63	79,346,287.99	-	132,080,794.96	69,184,000.00
Current Portion of Liabilities Under							
Finance Lease Agreements	22	1,097,131.51	898,615.93	547,013.19	437,824.40	408,198.40	435,996.19
Short-term Loans from Other Person and Companies		-	-	142,077,565.38	-	-	115,000,000.00
Income Tax Payable		2,988,313.49	2,308,943.93	12,490,725.41	2,988,313.49	2,308,943.93	12,490,725.41
TOTAL CURRENT LIABILITIES		200,446,307.05	338,813,285.06	456,701,920.08	162,669,356.15	302,143,414.43	399,249,277.19
NON-CURRENT LIABILITIES							
Long-term Loans	21	55,657,401.33	420,464,041.54	369,463,087.89	-	270,540,400.00	217,874,294.96
Liabilities Under Finance Lease Agreements	22	1,048,513.93	1,162,588.17	1,261,150.35	75,999.80	513,824.20	921,969.03
Employee Benefit Obligation	23	25,455,822.00	29,502,753.00	28,698,821.67	25,113,884.00	29,391,369.00	28,065,297.00
Deferred Tax Liabilities		948.75	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES		82,162,686.01	451,129,382.71	399,423,059.91	25,189,883.80	300,445,593.20	246,861,560.99
TOTAL LIABILITIES		282,608,993.06	789,942,667.77	856,124,979.99	187,859,239.95	602,589,007.63	646,110,838.18
SHAREHOLDERS' EQUITY							
Share Capital	24						
Authorized Share Capital							
300,000,000 Ordinary Shares, par value @ Baht 1.00		300,000,000.00	300,000,000.00	-	300,000,000.00	300,000,000.00	-
9,648,600 Ordinary Shares, par value @ Baht 10.00		-	-	96,486,000.00	-	-	96,486,000.00
Issued and Paid-Up Share Capital							
300,000,000 Ordinary Shares, par value @ Baht 1.00		300,000,000.00	-	-	300,000,000.00	-	-
225,000,401 Ordinary Shares, par value @ Baht 1.00		-	225,000,401.00	-	-	225,000,401.00	-
9,648,600 Ordinary Shares, par value @ Baht 10.00		-	-	96,486,000.00	-	-	96,486,000.00
Share Premium on Ordinary Shares		1,092,894,156.63	-	-	1,092,894,156.63	-	-
Retained Earnings							
Appropriated							
Legal Reserve		24,023,684.96	17,638,262.24	9,648,600.00	24,023,684.96	17,638,262.24	9,648,600.00
Unappropriated		83,286,261.75	27,848,467.97	155,263,628.59	116,077,387.94	60,985,186.59	173,103,990.39
Other Components of Equity		(9,964,623.85)	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY OF THE COMPANY		1,490,239,479.49	270,487,131.21	261,398,228.59	1,532,995,229.53	303,623,849.83	279,238,590.39
Non-Controlling Interests	12	50,806,454.93	4,636,672.02	19,294,714.44	-	-	-
TOTAL SHAREHOLDERS' EQUITY		1,541,045,934.42	275,123,803.23	280,692,943.03	1,532,995,229.53	303,623,849.83	279,238,590.39
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,823,654,927.48	1,065,066,471.00	1,136,817,923.02	1,720,854,469.48	906,212,857.46	925,349,428.57



RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		Baht	Baht	Baht	Baht
REVENUES					
Revenue from Hospital Operations		1,209,461,443.45	1,024,293,153.01	1,121,936,101.86	976,570,587.48
Other Income		14,540,946.83	10,614,953.59	17,487,700.76	11,452,832.17
TOTAL REVENUES		1,224,002,390.28	1,034,908,106.60	1,139,423,802.62	988,023,419.65
EXPENSES					
Cost of Hospital Operations		876,621,197.38	801,675,695.43	825,174,210.83	750,669,536.71
Administrative Expenses		137,366,384.20	110,080,514.82	114,667,788.23	93,929,731.97
Finance Costs		26,309,017.42	34,865,574.87	16,309,313.83	23,652,049.00
TOTAL EXPENSES		1,040,296,599.00	946,621,785.12	956,151,312.89	868,251,317.68
PROFIT BEFORE INCOME TAX		183,705,791.28	88,286,321.48	183,272,489.73	119,772,101.97
Income Taxes (Expenses) Revenues	27	(28,767,200.72)	(24,517,668.64)	(29,041,431.91)	(24,950,132.41)
PROFIT FOR THE YEAR		154,938,590.56	63,768,652.84	154,231,057.82	94,821,969.56
OTHER COMPREHENSIVE INCOME (EXPENSE)					
Items that will not be subsequently reclassified to profit or loss					
Actuarial Gain (Losses) - Net of Income Tax		872,645.15	738,179.69	996,626.40	92,768.02
Total items that will not be subsequently reclassified to profit or loss - net of income tax		872,645.15	738,179.69	996,626.40	92,768.02
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)					
FOR THE YEAR - NET OF INCOME TAX		872,645.15	738,179.69	996,626.40	92,768.02
TOTAL COMPREHENSIVE INCOME (EXPENSE)					
FOR THE YEAR - NET OF INCOME TAX		155,811,235.71	64,506,832.53	155,227,684.22	94,914,737.58
PROFIT (LOSS) ATTRIBUTABLE TO:					
Equity Holders of the Company		154,643,513.34	79,188,901.47		
Non-Controlling Interests		295,077.22	(15,420,248.63)		
TOTAL		154,938,590.56	63,768,652.84		
TOTAL COMPREHENSIVE INCOME (EXPENSE) ATTRIBUTABLE TO:					
Equity holders of the Company		155,573,276.65	79,618,380.76		
Non-Controlling Interests		237,959.06	(15,111,548.23)		
TOTAL		155,811,235.71	64,506,832.53		
BASIC EARNINGS PER SHARE (BAHT)	30	0.62	0.35	0.62	0.42



RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016

CONSOLIDATED FINANCIAL STATEMENTS

		Issued and Paid-up Share Capital	Share Premium on Ordinary Shares	Retained Earnings		Other Components of Equity Part of the Changes The Proportion of Subsidiary	Total Shareholder of the Company	Non-Controlling Interests	Total
	Notes	Baht	Baht	Appropriated Legal Reserve Baht	Unappropriated Baht	Baht	Baht	Baht	Baht
Balance as at 1 January 2015		96,486,000.00	-	9,648,600.00	155,263,628.59	-	261,398,228.59	19,294,714.44	280,692,943.03
Comprehensive Income (Expenses) for the Year									
Profit for the Year		-	-	-	79,188,901.47	-	79,188,901.47	(15,420,248.63)	63,768,652.84
Other Comprehensive Income (Expense) for the Year		-	-	-	429,479.29	-	429,479.29	308,700.40	738,179.69
Total Comprehensive Income (Expenses) for the Year		-	-	-	79,618,380.76	-	79,618,380.76	(15,111,548.23)	64,506,832.53
Transactions with owners									
Contributions by and distributions to owners of the Company									
Appropriated Legal Reserve	25	-	-	7,989,662.24	(7,989,662.24)	-	-	-	-
Stock dividends and dividends	25	128,514,401.00	-	-	(199,043,879.14)	-	(70,529,478.14)	-	(70,529,478.14)
Total contributions by and distributions to owners of the Company		128,514,401.00	-	7,989,662.24	(207,033,541.38)	-	(70,529,478.14)	-	(70,529,478.14)
Changes in Ownership Interest without a Change in Control									
Increase Non-Controlling Interests without a Change in Control		-	-	-	-	-	-	453,505.81	453,505.81
Total Changes in Ownership Interest without a Change in Control		-	-	-	-	-	-	453,505.81	453,505.81
Total Transactions with owners		128,514,401.00	-	7,989,662.24	(207,033,541.38)	-	(70,529,478.14)	453,505.81	(70,075,972.33)
Balance as at 31 December 2015		225,000,401.00	-	17,638,262.24	27,848,467.97	-	270,487,131.21	4,636,672.02	275,123,803.23



RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016 (Continue)

CONSOLIDATED FINANCIAL STATEMENTS

		Issued and Paid-up Share Capital	Share Premium on Ordinary Shares	Retained Earnings		Other Components of Equity Part of the Changes The Proportion of Subsidiary	Total Shareholder of the Company	Non-Controlling Interests	Total
	Notes	Baht	Baht	Appropriated Legal Reserve Baht	Unappropriated Baht	Baht	Baht	Baht	Baht
Balance as at 31 December 2015		225,000,401.00	-	17,638,262.24	27,848,467.97	-	270,487,131.21	4,636,672.02	275,123,803.23
Comprehensive Income (Expenses) for the Year									
Profit for the Year		-	-	-	154,643,513.34	-	154,643,513.34	295,077.22	154,938,590.56
Other Comprehensive Income (Expense) for the Year		-	-	-	929,763.31	-	929,763.31	(57,118.16)	872,645.15
Total Comprehensive Income (Expenses) for the Year		-	-	-	155,573,276.65	-	155,573,276.65	237,959.06	155,811,235.71
Transactions with owners									
Contributions by and distributions to owners of the Company									
Ordinary Share Increase	24	74,999,599.00	1,092,894,156.63	-	-	-	1,167,893,755.63	35,967,200.00	1,203,860,955.63
Appropriated Legal Reserve	25	-	-	6,385,422.72	(6,385,422.72)	-	-	-	-
Dividends	25	-	-	-	(93,750,060.15)	-	(93,750,060.15)	-	(93,750,060.15)
Total contributions by and distributions to owners of the Company		74,999,599.00	1,092,894,156.63	6,385,422.72	(100,135,482.87)	-	1,074,143,695.48	35,967,200.00	1,110,110,895.48
Changes in Ownership Interest without a Change in Control									
Increase Non-Controlling Interests without a Change in Control		-	-	-	-	(9,964,623.85)	(9,964,623.85)	9,964,623.85	-
Total Changes in Ownership Interest without a Change in Control		-	-	-	-	(9,964,623.85)	(9,964,623.85)	9,964,623.85	-
Total Transactions with owners		74,999,599.00	1,092,894,156.63	6,385,422.72	(100,135,482.87)	(9,964,623.85)	1,064,179,071.63	45,931,823.85	1,110,110,895.48
Balance as at 31 December 2016		300,000,000.00	1,092,894,156.63	24,023,684.96	83,286,261.75	(9,964,623.85)	1,490,239,479.49	50,806,454.93	1,541,045,934.42



RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016

SEPARATE FINANCIAL STATEMENTS

	Notes	Issued and	Share Premium	Retained Earnings		Total
		Paid-up	on Ordinary Shares	Appropriated	Unappropriated	
		Share Capital		Legal Reserve		
		Baht	Baht	Baht	Baht	Baht
Balance as at 1 January 2015		96,486,000.00	-	9,648,600.00	173,103,990.39	279,238,590.39
Comprehensive Income (Expenses) for the Year						
Profit for the Year		-	-	-	94,821,969.56	94,821,969.56
Other Comprehensive Income (Expense) for the Year		-	-	-	92,768.02	92,768.02
Total Comprehensive Income (Expenses) for the Year		-	-	-	94,914,737.58	94,914,737.58
Transactions with owners						
Contributions by and distributions to owners of the Company						
Appropriated Legal Reserve	25	-	-	7,989,662.24	(7,989,662.24)	-
Stock dividends and dividends	25	128,514,401.00	-	-	(199,043,879.14)	(70,529,478.14)
Total contributions by and distributions to owners of the Company		128,514,401.00	-	7,989,662.24	(207,033,541.38)	(70,529,478.14)
Total Transactions with owners		128,514,401.00	-	7,989,662.24	(207,033,541.38)	(70,529,478.14)
Balance as at 31 December 2015		225,000,401.00	-	17,638,262.24	60,985,186.59	303,623,849.83
Comprehensive Income (Expenses) for the Year						
Profit for the Year		-	-	-	154,231,057.82	154,231,057.82
Other Comprehensive Income (Expense) for the Year		-	-	-	996,626.40	996,626.40
Total Comprehensive Income (Expenses) for the Year		-	-	-	155,227,684.22	155,227,684.22
Transactions with owners						
Contributions by and distributions to owners of the Company						
Ordinary Share Increase	24	74,999,599.00	1,092,894,156.63	-	-	1,167,893,755.63
Appropriated Legal Reserve		-	-	6,385,422.72	(6,385,422.72)	-
Dividends		-	-	-	(93,750,060.15)	(93,750,060.15)
Total contributions by and distributions to owners of the Company		74,999,599.00	1,092,894,156.63	6,385,422.72	(100,135,482.87)	1,074,143,695.48
Total Transactions with owners		74,999,599.00	1,092,894,156.63	6,385,422.72	(100,135,482.87)	1,074,143,695.48
Balance as at 31 December 2016		300,000,000.00	1,092,894,156.63	24,023,684.96	116,077,387.94	1,532,995,229.53



Rajthanee Hospital Public Company Limited

Annual Report 2016

RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOW

For the year ended 31 December 2016

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		Baht	Baht	Baht	Baht
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before Income Tax		183,705,791.28	88,286,321.48	183,272,489.73	119,772,101.97
Adjustment to Profit before Income Taxes for Cash Received (Paid) from Operations					
Doubtful Debts-Trade and Other Receivables (Reversal)		230,457.00	(1,320,886.00)	66,105.00	(1,089,837.00)
Bad Debts		395,549.00	1,574,738.00	245,146.00	1,385,394.00
Loss from obsoleted inventories		65,413.30	4,301.14	-	-
Depreciation		72,739,899.33	71,943,742.32	48,128,641.63	48,245,354.48
Amortization for Intangible Assets		1,451,462.24	1,718,160.00	798,396.34	1,384,464.14
(Gain) Loss from Sales of Assets		5,394.46	(68,657.18)	(85,388.73)	(68,657.18)
(Gain) Loss from Exchange of Assets		-	(224.37)	-	(224.37)
Loss on Written-off of Fixed Assets		319.00	203,746.06	319.00	176,870.54
Transfer Fixed Assets to Expense		-	33,962.59	-	-
(Gain) Loss from sale of trading securities		(2,259.46)	-	-	-
Unrealized (Gain) Loss from trading securities		(4,743.75)	-	-	-
Employee Benefit Obligation		3,381,410.75	4,005,114.00	3,274,838.00	3,881,843.00
Interest Income		(3,352,953.37)	(208,724.34)	(8,172,207.45)	(3,102,990.40)
Interest Expense		26,309,017.42	34,865,574.87	16,309,313.83	23,652,049.00
Profit from Operation Activities before Changes in Operating Assets and Liabilities		284,924,757.20	201,037,168.57	243,837,653.35	194,236,368.18
(Increase) Decrease in Operating Assets					
Cash paid from purchase of trading securities		(16,400,000.00)	-	-	-
Cash received from disposal of trading securities		6,220,000.00	-	-	-
Trade and Other Receivables		(25,371,667.40)	37,122,022.56	(10,999,546.99)	43,395,704.21
Inventories		4,399,453.78	6,418,083.77	4,294,252.22	7,420,270.44
Other Current Assets		(367,508.58)	(292,802.01)	(30,356.17)	(87,291.41)
Other Non-Current Assets		-	(16,050.00)	-	-
Increase (Decrease) in Operating Liabilities					
Trade and Other Payables		8,076,603.26	(43,215,003.42)	9,662,340.85	(42,536,842.27)
Employee Benefit Obligation		(6,306,540.00)	(2,439,810.98)	(6,306,540.00)	(2,439,810.98)
Cash Received (Paid) from Operation Activities		255,175,098.26	198,613,608.49	240,457,803.26	199,988,398.17
Cash Received from Interest Income		1,150,761.59	310,977.01	6,133,707.86	2,770,499.92
Cash Payment for Income Tax		(30,101,504.45)	(36,407,064.68)	(27,768,942.95)	(35,202,352.89)
NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES		226,224,355.40	162,517,520.82	218,822,568.17	167,556,545.20
CASH FLOW FROM INVESTING ACTIVITIES					
Cash Payment for Temporary Investments		(500,000,000.00)	-	(500,000,000.00)	-
Cash Payment for Bank Guarantees		(2,571,675.00)	-	-	-
Cash Payment for Investments in Subsidiaries		-	-	(64,032,800.00)	-
Cash Received for Short-term Loans to Subsidiary		-	-	250,000.00	311,782.86
Cash Payment for Short-term Loans to Subsidiary		-	-	(7,100,000.00)	(46,200,000.00)
Cash Payment for Purchase of Fixed Assets		(76,182,922.24)	(37,595,047.30)	(73,297,789.23)	(33,713,272.30)
Cash Payment for Purchase of Intangible Assets		(196,238.00)	(46,322.00)	(169,488.00)	(46,322.00)
Cash Payment for Deposits for Land		-	(6,428,000.00)	-	(6,428,000.00)
Cash Received from Sale of Fixed Assets		102,335.45	110,043.06	102,335.45	110,043.06
NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES		(578,848,499.79)	(43,959,326.24)	(644,247,741.78)	(85,965,768.38)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase (Decrease) in Bank Overdrafts		(1,440,346.68)	(1,914,368.73)	(59.76)	(34,754.39)
Cash Received in Short-term Loans from Financial Institutions		310,000,000.00	244,000,000.00	270,000,000.00	210,000,000.00
Cash Payment in Short-term Loans from Financial Institutions		(317,000,000.00)	(239,000,000.00)	(270,000,000.00)	(210,000,000.00)
Cash Received in Short-term Loan from Persons and Related Company		-	50,000,000.00	-	50,000,000.00
Cash Payment in Short-term Loan from Persons and Related Company		-	(192,077,565.38)	-	(165,000,000.00)
Cash Payment for Other Accounts Payable of Fixed Assets		(6,658,683.55)	(605,812.13)	(3,105,791.69)	(502,202.13)
Cash Received in Long-term Loans from Financial Institutions		50,639,640.00	191,846,900.00	50,639,640.00	184,746,900.00
Cash Payment in Long-term Loans from Financial Institutions		(533,827,188.83)	(77,923,739.71)	(453,260,834.96)	(69,184,000.00)
Cash Payment from Liabilities Under Financial Lease Agreements		(1,087,340.00)	(649,560.00)	(460,008.00)	(516,228.00)
Cash Received from Issue of Ordinary Shares		1,167,893,755.63	-	1,167,893,755.63	-
Cash Received from Increase Non-Controlling Interests		35,967,200.00	-	-	-
Cash Payment of Interest Expenses		(27,624,444.54)	(34,793,265.37)	(17,249,722.09)	(23,524,439.22)
Cash Payment for Dividends		(127,298,743.93)	(65,427,353.06)	(127,298,743.93)	(65,427,353.06)
NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES		549,563,848.10	(126,544,764.38)	617,158,235.20	(89,442,076.80)
NET CASH AND CASH EQUIVALENTS INCREASE (DECREASE)		196,939,703.71	(7,986,569.80)	191,733,061.59	(7,851,299.98)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	7	#REF!	12,203,211.71	#REF!	11,970,965.11
CASH AND CASH EQUIVALENTS AT ENDING OF THE YEAR	7	#REF!	4,216,641.91	#REF!	4,119,665.13



RAJTHANEE HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
As at 31 December 2016

1. General Information

The Company was registered as a corporate entity under the Civil and Commercial was as a corporate entity with registration number Bor. Aor. Jor. Aor. Yor. 152 on 4 October 1990 and the Company was registered a public company with registration number 0107538000509 on 13 October 1995. The office is located at No. 111 Moo 3 Rojana Road, Tombol Klongsuanplu, Ampur Pranakornsriayutthaya, Pranakornsriayutthaya Province, Thailand. The Company's major shareholder is clan group Prasithirun.

The Company operates mainly in Healthcare services.

2. Basis of Preparation the Financial Statements

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King, applicable rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 2.2 The financial statements were presented in compliance with the notification of Department of Business Development regarding "Brief particulars must be contained in financial statements B.E. 2554" dated on 28 September 2011 notified according to Accounting Act B.E. 2543.
- 2.3 In order to prepare the financial statements to comply with Thai Financial Reporting Standards, the Company's management had to make some estimates and assumptions which may have an effect on the amounts shown for revenues, expenses, assets and liabilities and also on the disclosures concerning to assets and contingent liabilities, therefore the actual results may differ from the estimated amounts.
- 2.4 The financial report in Thai language is the official statutory financial report of the Company. The financial report in English language has been translated from the Thai language financial report.

3. Basis of Preparation the Consolidation Financial Statements

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

Company's Name	Percentage of Shareholdings		Country of Incorporation	Type of Business
	As at	As at		
	31 December 2016	31 December 2015		
Rajthanee Rojana Hospital Co., Ltd.	53.93	52.17	Thailand	Healthcare Services

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



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

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

4. Adoption of New Financial Reporting Standards

The group adopted conceptual framework for financial statements, the new accounting standards, financial reporting standards, interpretations accounting standards, interpretations financial reporting standards and accounting guidance, which are effective for accounting Years beginning on or after 1 January 2016, with no impact to the current financial statements.

5. New Financial Reporting Standards Not Yet Effective

Accounting standards, financial reporting standards, interpretations accounting standards, interpretations financial reporting standards and new accounting practices, which are not yet effective for the current accounting Years that the Company has not adopted, are as follows:

Effective for the accounting Year beginning on or after 1 January 2017

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Year
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Venture
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economics
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TFRS 2 (revised 2016)	Share-Based Payments
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts



TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discounted Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 25 (revised 2016)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
Accounting Guidances for Derecognition of Financial Assets and Financial Liabilities	

The management of the Company believes that above financial reporting standards will not have any significant impact on the financial statements when they are applied.



6. Summary of Significant Accounting Policies

6.1 Measurements bases used in the Preparation of Financial Statements

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

6.2 Financial Instruments

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

6.3 Cash and Cash Equivalents

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

6.4 Trade and Other Receivables and Allowance for Doubtful

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

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

6.5 Temporary Investments

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

Marketable securities both fixed income funds and stocks which are for trading are classified as Current Assets and stated at the net realizable value. Profit or Loss from revaluation is stated on the Statement of Comprehensive Income.

Different between net cash received and book value will be record to Profit or Loss accounts when the aforementioned investments were sold.

6.6 Inventories

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

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

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

6.7 Investments

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

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

6.8 Property, Plant and Equipment

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

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

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

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

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

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

6.9 Goodwill

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

6.10 Intangible Assets

Computer software

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

6.11 Borrowing Costs

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

6.12 Impairment

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

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

Calculation of Recoverable Amount

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

Reversals of Impairment Loss

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

6.13 Trade and Other Payables

Trade and other payables were shown in cost value.

6.14 Employees Benefit

Short-term benefits

The Group is recognized salary, wage, bonus, social security fund and provident fund are expenses on date the transaction occur.

Long-term benefits

The Group provides for post employment benefits to or retirement indemnity employees under the labor laws applicable in Thailand. The Group has recorded the liabilities in respect of employee benefits which are the present value of the defined benefit obligations calculated by an independent actuary in accordance with the actuarial technique, and discounted benefit by the projected unit credit method. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other. The Group recorded employee benefit obligation as non-current liabilities. The costs associated with providing these benefits are charged to profit or loss so as to spread the cost over the employment Year during which the entitlement to benefits is earned and recognized actuarial gain (loss) in other comprehensive income.

6.15 Provision of Liabilities

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

6.16 Leases Agreements

The Company is the lessee

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

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

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

6.17 Recognition of Revenues

- Revenue from services revenue is recognized when services are completed.
- Revenue from medical services, social security scheme is based on the rate paid on the accrual basis. The rate paid by the Social Security Office.
- Intrest Income is recognized on by Year based on effective rate.
- Rental Income is regcognized on straight line basis and agreement rate.
- Other incomes are recognized on an accrual basis.

6.18 Recognition of Expenses

- Expenses are recognized on an accrual basis.

6.19 Income Taxes

Income Taxes

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

Current Tax

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

Deferred Tax

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



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

6.20 Earnings per share

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

6.21 Appropriation of Retained Earnings

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

6.22 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 maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

6.23 Significant Accounting Judgments and Estimates

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

Significant estimates and provisions are as follows:

Lease

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



Allowance for Doubtful Accounts of Receivables

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

Impairment of investments

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

Property, Plant and Equipment and Depreciation

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

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

Intangible Assets and Amortized

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

Post-Employment Benefits

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. Actual post-retirement costs may ultimately differ from these estimates.

Fair value

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



7. Cash and Cash Equivalents

Consist of :

	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016 Baht	As at 31 December 2015 Baht	As at 31 December 2016 Baht	As at 31 December 2015 Baht
Cash	865,322.00	1,045,586.75	707,767.00	997,280.00
Cheque in hand	7,769.70	-	7,769.70	-
Current Deposit Accounts	14,000.02	3,583.39	14,000.02	3,583.39
Savings Deposit Accounts	100,269,253.90	3,167,471.77	95,123,190.00	3,118,801.74
Fixed Deposit Accounts < 3-month Term	100,000,000.00	-	100,000,000.00	-
Total	201,156,345.62	4,216,641.91	195,852,726.72	4,119,665.13

8. Temporary Investments

Consists of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016 Baht	As at 31 December 2015 Baht	As at 31 December 2016 Baht	As at 31 December 2015 Baht
Fixed Deposit Accounts >3-month Term	500,000,000.00	-	500,000,000.00	-
Investments for Sale – Fixed Income Funds				
Cost value	10,182,259.46	-	-	-
Add (Deduct) Unrealized Profit (Loss)	4,743.75	-	-	-
Fair value in Fixed Income Funds	10,187,003.21	-	-	-
Total	510,187,003.21	-	500,000,000.00	-

Fair value of Investments for sale – Fixed Income Funds which are Level 1 inputs.

9. Trade and other receivables

Consists of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016 Baht	As at 31 December 2015 Baht	As at 31 December 2016 Baht	As at 31 December 2015 Baht
Social Security Office Receivables	136,996,838.03	106,754,703.2	126,246,733.28	102,508,840.71



Accrued Revenues	2,152,224.00	1,028,058.00	1,221,880.00	2,517,371.50
Unbilled Trade Receivables	139,149,062.03	107,782,761.29	127,468,613.28	105,026,212.21
Trade Receivables	65,473,873.54	74,550,860.33	56,931,639.04	71,813,345.55
<u>Less</u> Allowance for Doubtful Accounts	(694,783.00)	(464,326.00)	(383,926.00)	(317,821.00)
Trade Receivables-Net	64,779,090.54	74,086,534.33	56,547,713.04	71,495,524.55
Other Receivables	14,999,296.37	7,777,738.64	10,446,161.14	5,213,955.12
<u>Less</u> Allowance for Doubtful Accounts	-	-	-	-
Other Receivables-Net	14,999,296.37	7,777,738.64	10,446,161.14	5,213,955.12
Total	218,927,448.94	189,647,034.26	194,462,487.46	181,735,691.88

Trade receivables were classified by aging as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Trade Receivables within due Year	28,949,824.00	25,353,901.33	26,033,636.50	24,299,656.84
Trade Receivables classified by overdue Year as follows				
- Less than 3 months	22,812,259.60	23,315,822.70	18,611,534.60	23,629,957.41
- Over 3 months to 6 months	5,442,052.26	6,433,077.00	4,702,266.26	6,057,875.00
- Over 6 months to 9 months	1,770,146.50	6,607,338.30	1,609,539.50	5,586,429.30
- Over 9 months to 12 months	1,635,123.68	7,849,979.00	1,591,732.68	7,248,685.00
- Over 12 months to 24 months	4,493,559.50	4,749,029.00	4,315,879.50	4,749,029.00
- Over 24 months	370,908.00	241,713.00	67,050.00	241,713.00
Total	65,473,873.54	74,550,860.33	56,931,639.04	71,813,345.55
<u>Less</u> Allowance for doubtful debt	(694,783.00)	(464,326.00)	(383,926.00)	(317,821.00)
Net	64,779,090.54	74,086,534.33	56,547,713.04	71,495,524.55

Other Receivables consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Loans for Education	6,278,233.67	3,899,122.00	5,783,617.00	3,059,122.00
Prepaid Expenses	986,369.79	698,364.32	801,404.41	537,288.44
Withholding Tax Receivables	3,925,122.29	1,592,560.79	-	-
Others	3,809,570.62	1,587,691.53	3,861,139.73	1,617,544.68
Total	14,999,296.37	7,777,738.64	10,446,161.14	5,213,955.12



For the years ended 31 December 2016 and 2015, the movement of allowance for doubtful accounts were as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the years ended		For the years ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Allowance for Doubtful Accounts - Beginning	(464,326.00)	(1,785,212.00)	(317,821.00)	(1,407,658.00)
Increase During the Year	(697,233.00)	(531,227.00)	(386,376.00)	(368,722.00)
Decrease During the Year from Received	92,194.00	89,165.00	91,950.00	73,165.00
Decrease During the Year from Amortization	374,582.00	1,762,948.00	228,321.00	1,385,394.00
Allowance for Doubtful Accounts - Ending	(694,783.00)	(464,326.00)	(383,926.00)	(317,821.00)

10. Inventories

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Medicines and Medical Supplies	17,574,972.80	22,278,716.64	14,800,881.99	19,266,638.39
Medical Supplies – Radiodiagnosis	84,474.58	109,858.98	37,306.86	75,217.34
Medical Supplies – Laboratory	2,174,872.81	1,845,198.35	1,898,935.39	1,689,520.73
Total	19,834,320.19	24,233,773.97	16,737,124.24	21,031,376.46
<u>Less</u> Allowance for Declining in Value of Inventories	(65,413.30)	-	-	-
Net	19,768,906.89	24,233,773.97	16,737,124.24	21,031,376.46

11. Investments in Subsidiary

Consist of:

Name of Company	Business	Separate Financial Statements			
		Cost Method			
		Paid-up Capital	% Share-Holding	As at	As at
				31 December	31 December
		Baht		2016	2015
		Baht		Baht	Baht
Rajthanee Rojana Hospital Company Limited	Healthcare Services	270,000.00	53.93	190,032,800.00	126,000,000.00
		0.00	52.17		
		230,000.00			
		0.00			



According to the resolution of the meeting of the Board of Directors No.9/2016 of the Company held on 18 October 2016, approving the capital increase plan of Rajthanee Rojana Hospital Company Limited (the subsidiary), and approving the Company's subscription of the newly issued shares in proportion to its shareholding (the "Rights Offering"), including the newly issued shares remaining from the Rights Offering, the details are as follows:

1. The Rights Offering

1.1 The extraordinary general meeting of subsidiary company No.2/2016, held on 2 November 2016, resolved to approve subsidiary company's registered capital increase of Baht 40,000,000 (i.e., from Baht 230 million to Baht 270 million) by way of issuing and offering 4,000,000 newly issued ordinary shares at a par value of Baht 10 to its existing shareholders under the Rights Offering at a ratio of 23 ordinary shares for 4 newly issued ordinary shares. Fractional shares shall be disregarded, and the offering price is Baht 25 per share.

1.2 The Company exercised its right to subscribe for 2,086,956 newly issued ordinary shares under the Rights Offering at the offering price of Baht 25 per share. The payment for the first subscription of the newly issued ordinary shares was Baht 52,173,900. The subsidiary subsequently allocated to the Company all of the newly issued ordinary shares remaining unsubscribed for under the Rights Offering.

1.3 The Company exercised its right to subscribe for 474,356 newly issued ordinary shares remaining unsubscribed for under the Rights Offering at the offering price of Baht 25 per share. The payment for the second subscription thereof was Baht 11,858,900. In total, The Company has subscribed for 2,561,312 newly issued ordinary shares in the subsidiary, and the total payments for the subscription thereof were Baht 64,032,800.

2. Proportion of share holding in subsidiary

	Before capital Increase	After Capital Increase
Share holding (shares)	12,000,000	14,561,312
Proportion of holding (%)	52.17	53.93

12. Non-controlling Interests

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

	As at 31 December 2016		
	Rajthanee Rojana Hospital Company Limited	Eliminations	Total
	Baht	Baht	Baht
Non-Controlling Interest Percentage	46.07		
Current Assets	57,036,340.00		
Non-Current Assets	239,496,248.20		
Current Liabilities	(122,655,257.36)		
Non-Current Liabilities	(56,972,802.21)		
Net Assets	116,904,528.63		
Carrying Amount of Non-Controlling Interest	53,857,916.34	(3,051,461.41)	50,806,454.93
Revenues	159,892,174.04		



Profit	1,808,252.49		
Other Comprehensive Income (Expense)	(123,981.25)		
Total Comprehensive Income	<u>1,684,271.24</u>		
Profit Allocated to Non-Controlling Interest	819,063.73	(523,986.51)	295,077.22
Other Comprehensive Income (Expense) Allocated to Non-Controlling Interest	<u>(57,118.16)</u>	-	(57,118.16)
Cash Flow in Operating Activities	12,295,197.84		
Cash Flow in Investing Activities	(5,363,557.95)		
Cash Flow in Financing Activities	<u>(1,724,997.77)</u>		
Net Cash and Cash Equivalents Increase (Decrease) - Net	<u><u>5,206,642.12</u></u>		

	As at 31 December 2015		
	Rajthanee Rojana Hospital Company Limited	Eliminations	Total
	Baht	Baht	Baht
Non-Controlling Interest Percentage	47.83		
Current Assets	22,410,579.43		
Non-Current Assets	255,679,685.97		
Current Liabilities	(121,589,637.15)		
Non-Current Liabilities	<u>(141,280,370.86)</u>		
Net Assets	<u>15,220,257.39</u>		
Carrying Amount of Non-Controlling Interest	7,279,849.11	(2,643,177.09)	4,636,672.02
Revenues	<u>94,500,567.84</u>		
Loss	(30,509,845.19)		
Other Comprehensive Income (Expense)	645,411.67		
Total Comprehensive Income (Expense)	<u>(29,864,433.52)</u>		
Loss Allocated to Non-Controlling Interest	(14,592,858.95)	(827,389.68)	(15,420,248.63)
Other Comprehensive Income Allocated to Non-Controlling Interest	<u>308,700.40</u>	-	308,700.40
Cash Flow in Operating Activities	(2,680,078.21)		
Cash Flow in Investing Activities	(3,881,775.00)		
Cash Flow in Financing Activities	<u>6,426,583.39</u>		
Net Cash and Cash Equivalents Increase (Decrease) - Net	<u><u>(135,269.82)</u></u>		



13. Other Long-term Investments

Consist of:

Company's Name	Type of Business	Paid-up Share Capital Baht	% Holding	Cost Method As at 31 December	
				2016 Baht	2015 Baht
Wellness City Company Limited	Property Development for Sale	120,000,000 00	3.75	4,500,000.00	4,500,000.00
Total				4,500,000.00	4,500,000.00
<u>Less</u> Accumulated Loss from Impairment				(4,500,000.00)	(4,500,000.00)
Net				-	-



14. Property, Plant and Equipment

Consist of:

Consolidated Financial Statements

	Land	Land Improvement	Building and Constructions	Medical Appliance	Office Appliance	Machinery and Vehicle Appliance	Other Fixed Assets	Construction in Process	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
As at 1 January 2015									
Cost	165,549,421.40	2,939,560.75	705,137,470.83	222,729,375.98	41,302,675.98	38,063,391.85	22,511,476.75	150,000.00	1,198,383,373.54
<u>Less</u> Accumulated Depreciation	-	(550,785.28)	(232,704,951.97)	(143,595,973.71)	(27,992,942.33)	(26,453,239.30)	(15,557,028.95)	-	(446,854,921.54)
Carrying Amount	165,549,421.40	2,388,775.47	472,432,518.86	79,133,402.27	13,309,733.65	11,610,152.55	6,954,447.80	150,000.00	751,528,452.00
Transactions During the Year Ended 31 December 2015									
Purchase	-	-	581,660.30	17,939,693.00	6,468,726.81	96,992.40	2,059,305.49	15,334,146.39	42,480,524.39
Transfer in/(Transfer out)	-	-	1,862,590.46	(40,600.00)	2,890,965.16	-	-	(4,753,555.62)	(40,600.00)
Disposal	-	-	-	(525,181.90)	(344,260.05)	(2,107.90)	(62,574.26)	-	(934,124.11)
Written-off Assets	-	-	(1,545,535.95)	(17,473,441.51)	(5,064,860.74)	(230,944.52)	(1,848,999.53)	-	(26,163,782.25)
Depreciation for the Year	-	(146,977.97)	(33,171,050.02)	(25,883,356.00)	(5,942,519.81)	(4,082,789.93)	(2,717,048.59)	-	(71,943,742.32)
Depreciation for Sale/Written-off Assets	-	-	1,537,530.22	17,908,037.94	5,294,244.31	228,914.72	1,890,687.64	-	26,859,414.83
Ending Carrying	165,549,421.40	2,241,797.50	441,697,713.8	71,058,553.80	16,612,029.3	7,620,217.32	6,275,818.55	10,730,590.7	721,786,142.5



Amount	0		7		3			7	4
As at 31 December 2015									
Cost	165,549,421.4		706,036,185.6	222,629,845.5	45,253,247.1	37,927,331.8	22,599,457.0	10,730,590.7	1,213,665,640.
	0	2,939,560.75	4	7	6	3	8	7	20
<u>Less</u> Accumulated Depreciation	-	(697,763.25)	(264,338,471.7)	(151,571,291.7)	(28,641,217.8)	(30,307,114.5)	(16,323,638, 53)	-	(491,879,497.6)
			7)	7)	3)	1)			6)
Carrying Amount	165,549,421.4		441,697,713.8		16,612,029.3			10,730,590.7	721,786,142.5
	0	2,241,797.50	7	71,058,553.80	3	7,620,217.32	6,275,818.55	7	4

Consolidated Financial Statements

	Land	Land Improvement	Building and Constructions	Medical Appliance	Office Appliance	Machinery and Vehicle Appliance	Other Fixed Assets	Construction in Process	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
As at 1 January 2016									
Cost	165,549,421.4		706,036,185.6	222,629,845.5	45,253,247.1	37,927,331.8	22,599,457.0	10,730,590.7	1,213,665,640.
	0	2,939,560.75	4	7	6	3	8	7	20
<u>Less</u> Accumulated Depreciation	-	(697,763.25)	(264,338,471.7)	(151,571,291.7)	(28,641,217.8)	(30,307,114.5)	(16,323,638, 53)	-	(491,879,497.6)
			7)	7)	3)	1)			6)
Carrying Amount	165,549,421.4		441,697,713.8		16,612,029.3			10,730,590.7	721,786,142.5
	0	2,241,797.50	7	71,058,553.80	3	7,620,217.32	6,275,818.55	7	4

Transactions During the Year Ended 31 December 2016

Purchase	69,662,500.00	-							120,554,786.9
			1,276,608.14	31,504,246.16	4,284,872.11	803,508.46	3,068,386.30	9,954,665.75	2
Transfer in/(Transfer out)	-	142,000.00			60,000.00	-	-	(17,925,401.8	
			15,389,546.45	2,333,855.35				0)	-
Disposal	-	-	-	(715,390.00)	(419,856.24)	(384,800.00)	(39,303.90)	-	(1,559,350.14)
Written-off Assets	-	-	-	(3,200,039.50)	(860,080.64)	(9,400.00)	(421,563.50)	-	(4,491,083.64)



Depreciation for the Year	-	(152,875.27)	(33,665,644.65)	(26,518,092.48)	(6,795,056.17)	(2,916,731.69)	(2,691,499.07)	-	(72,739,899.33)
Depreciation for Sale/Written-off								-	
Assets	-	-	-	3,824,050.40	1,270,951.00	390,064.94	457,318.53		5,942,384.87
Ending Carrying Amount	235,211,921.4	2,230,922.23	424,698,223.8	78,287,183.73	14,152,859.3	5,502,859.03	6,649,156.91	2,759,854.72	769,492,981.2
As at 31 December 2016	0	1	1	9	2	6	7	2	2
Cost	235,211,921.4	3,081,560.75	722,702,340.2	252,552,517.5	48,318,182.3	38,336,640.2	25,206,975.9	2,759,854.72	1,328,169,993.34
Less Accumulated Depreciation	-	(850,638.52)	(298,004,116.4)	(174,265,333.8)	(34,165,323.0)	(32,833,781.2)	(18,557,819.0)	-	(558,677,012.1)
Carrying Amount	235,211,921.4	2,230,922.23	424,698,223.8	78,287,183.73	14,152,859.3	5,502,859.03	6,649,156.91	2,759,854.72	769,492,981.2
	0	1	1	9	2	6	7	2	2

Depreciation for the Year

2015 (Amount Baht 66.00 Million, Included in Costs of Services ,The Rest Included in Administrative Expenses)

71,943,742.32

2016 (Amount Baht 64.67 Million, Included in Costs of Services ,The Rest Included in Administrative Expenses)

72,739,899.33

Separate Financial Statements

	Land	Land Improvement	Building and Constructions	Medical Appliance	Office Appliance	Machinery and Vehicle Appliance	Other Fixed Assets	Construction in Process	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
As at 1 January 2015									
Cost	131,049,421.4	2,939,560.75	484,971,831.4	171,724,506.9	34,509,898.4	30,044,104.8	20,627,087.6	-	875,866,411.5
	0	1	1	9	6	8	1		0
Less Accumulated Depreciation	-	(550,785.28)	(199,587,104.6)	(124,022,699.6)	(25,783,150.5)	(23,657,957.6)	(14,706,659.9)	-	(388,308,357.7)
		4)	4)	9)	7)	4)	2)		4)
Carrying Amount	131,049,421.4	2,388,775.47	285,384,726.7	47,701,807.30	8,726,747.89	6,386,147.24	5,920,427.69	-	487,558,053.7
	0	7	7	30	89	24	69		6



**Transactions During
the Year
Ended 31 December
2015**

Purchase	-	-	-	16,109,263.00	3,677,354.34	96,992.40	1,627,011.40	15,334,146.3	
					2,890,965.16	-	-	9	36,844,767.53
Transfer in/(Transfer out)	-	-						(4,603,555.62	
			1,712,590.46	-)	-
Disposal	-	-	-	(525,181.90)	(344,260.05)	(2,107.90)	(62,574.26)	-	(934,124.11)
Written-off Assets	-	-	(1,545,535.95)	(17,412,629.24	(5,056,234.74	(230,944.52)	(1,847,099.53	-	(26,092,443.98
))))
Depreciation for the Year	-		(22,321,890.97	(16,525,712.09	(4,268,313.03	(2,728,146.35	(2,254,314.07	-	(48,245,354.48
		(146,977.97)))))))
Depreciation for Sale/Written-off								-	
Assets	-	-	1,537,530.22	17,865,793.27	5,286,622.91	228,914.72	1,889,453.55		26,808,314.67
Ending Carrying Amount	131,049,421.4	2,241,797.50	264,767,420.5	47,213,340.34	10,912,882.4	3,750,855.59	5,272,904.78	10,730,590.7	475,939,213.3
	0		3		8			7	9
As at 31 December 2015									
Cost	131,049,421.4		485,138,885.9	169,895,958.8	35,677,723.1	29,908,044.8	20,284,673.8	10,730,590.7	885,624,859.5
	0	2,939,560.75	2	5	7	6	5	7	7
<u>Less</u> Accumulated Depreciation	-	(697,763.25)	(220,371,465.3	(122,682,618.5	(24,764,840.6	(26,157,189.2	(15,011,769.0	-	(409,685,646.1
			9)	1)	9)	7)	7)		8)
Carrying Amount	131,049,421.4	2,241,797.50	264,767,420.5	47,213,340.34	10,912,882.4	3,750,855.59	5,272,904.78	10,730,590.7	475,939,213.3
	0		3		8			7	9

Separate Financial Statements

Land	Land	Building and	Medical	Office	Machinery	Other Fixed	Construction	Total
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	Improvement	Constructions	Appliance	Appliance	and Vehicle Appliance	Assets	in Process	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
As at 1 January 2016								
Cost	131,049,421.4		485,138,885.9	169,895,958.8	35,677,723.1	29,908,044.8	20,284,673.8	10,730,590.7
	0	2,939,560.75	2	5	7	6	5	7
<u>Less</u> Accumulated Depreciation	-	(697,763.25)	(220,371,465.3	(122,682,618.5	(24,764,840.6	(26,157,189.2	(15,011,769.0	-
		9)	1)	9)	7)	7)	7)	8)
Carrying Amount	131,049,421.4		264,767,420.5	10,912,882.4	3,750,855.59	5,272,904.78	10,730,590.7	475,939,213.3
	0	2,241,797.50	3	47,213,340.34	8		7	9
Transactions During the Year Ended 31 December 2016								
Purchase	69,662,500.00	-	891,616.14	28,292,113.51	3,281,010.03	797,864.64	2,844,901.24	9,587,437.03
								9
Transfer in/(Transfer out)	-	-	15,323,317.73	2,333,855.35	60,000.00	-	-	(17,717,173.0
								8)
Disposal	-	-	-	(240,390.00)	(419,856.24)	(384,800.00)	(39,303.90)	-
								(1,084,350.14)
Written-off Assets	-	-	-	(3,200,039.50)	(860,080.64)	(9,400.00)	(421,563.50)	-
								(4,491,083.64)
Depreciation for the Year	-	(146,978.04)	(22,641,828.66	(16,741,979.35	(4,961,329.37	(1,482,872.86	(2,153,653.35	-
)))))	(48,128,641.63
Depreciation for Sale/Written-off Assets	-	-	-	3,439,833.59	1,270,951.00	390,064.94	457,318.53	-
								5,558,168.06
Ending Carrying Amount	200,711,921.4		258,340,525.7	61,096,733.94	9,283,577.26	3,061,712.31	5,960,603.8	2,600,854.72
	0	2,094,819.46	4					543,150,748.6
As at 31 December 2016								
Cost	200,711,921.4		501,353,819.7	197,081,498.2	37,738,796.3	30,311,709.5	22,668,707.6	2,600,854.72
	0	2,939,560.75	9	1	2	0	9	995,406,868.3
								8



Less Accumulated Depreciation	(243,013,294.0	(135,984,764.2	(28,455,219.0	(27,249,997.1	(16,708,103.8	(452,256,119.7
	5)	7)	6)	9)	9)	5)
	-	(844,741.29)				-
Carrying Amount	200,711,921.4	258,340,525.7				2,600,854.72
	0	2,094,819.46	4	61,096,733.94	9,283,577.26	3,061,712.31
						5,960,603.80
						3

Depreciation for the Year

2015 (Amount Baht 44.46 Million, Included in Costs of Services ,The Rest Included in Administrative Expenses)

48,245,354.48

2016 (Amount Baht 44.11 Million, Included in Costs of Services ,The Rest Included in Administrative Expenses)

48,128,641.63



The Group had property, building and constructions full amount to mortgaged as collateral against the liabilities in accordance with loan agreements as in note no.19

For the year ended 31 December 2016 and 2015, the Company had Borrowing cost of Baht 31,237.34 and Baht 25,479.47 respectively, incurred from loans for hospital building adjustment and addition for ward 3B and purchase of medical devices and equipment for heart surgery and increment of medical equipment for health promotion center. It is recognized as cost of assets and included in the asset purchase transaction. The Company applied the capitalization rate of 5.50% for the calculation of the cost eligible for capitalization.

As at 31 December 2016 and 2015, consolidated financial statements the Group have vehicles under finance lease agreements in cost value of Baht 3.04 million and Baht 2.84 million, respectively and for the separate financial statements of Baht 0.97 million and Baht 1.43 million, respectively.

As at 31 December 2016 and 2015, the Company had assets which were fully depreciated but still in use in cost value of Baht 193.77 million and Baht 163.31 million, respectively of which showed net book value of Baht 2,723.00 and Baht 2,444.00, respectively.

15. Goodwill

Consist of:

Consolidated Financial Statements		
For the year ended		
	31 December 2016 Baht	31 December 2015 Baht
As at 1 January		
Cost	87,802,508.74	88,297,242.35
<u>Less</u> Allowance for Impairment	-	-
Carrying Amount	87,802,508.74	88,297,242.35
Transactions During the Year Ended 31 December		
Cost	-	-
<u>Less</u> Deferred Tax Assets	-	(494,733.61)
Ending Carrying Amount	87,802,508.74	87,802,508.74
As at 31 December		
Cost	87,802,508.74	87,802,508.74
<u>Less</u> Allowance for Impairment	-	-
Carrying Amount	87,802,508.74	87,802,508.74

16. Intangible Assets

Consist of:

Consolidated Financial Statements			
	Computer Programs Baht	Computer Programs to Installation Baht	Total Baht
As at 1 January 2015			
Costs	7,998,936.10	535,000.00	8,533,936.10
<u>Less</u> Accumulated Amortization	(4,777,642.97)	-	(4,777,642.97)
Carrying Amount		535,000.00	



Consolidated Financial Statements			
	Computer Programs	Computer Programs to Installation	Total
	Baht	Baht	Baht
	3,221,293.13		3,756,293.13
Transactions During the Year Ended 31 December 2015			
Purchase Assets	46,322.00	2,675,000.00	2,721,322.00
Transfer in (Transfer out)	3,210,000.00	(3,210,000.00)	-
Amortization of Assets	(212,930.00)	-	(212,930.00)
Amortization for the Year	(1,718,160.00)	-	(1,718,160.00)
Amortization for Written-off Assets	212,927.00	-	212,927.00
Ending Carrying Amount	4,759,452.13	-	4,759,452.13
As at 31 December 2015			
Costs	11,042,328.10	-	11,042,328.10
<u>Less Accumulated Amortization</u>	<u>(6,282,875.97)</u>	<u>-</u>	<u>(6,282,875.97)</u>
Carrying Amount	4,759,452.13	-	4,759,452.13
Transactions During the Year Ended 31 December 2016			
Purchase Assets	196,238.00	-	196,238.00
Transfer in (Transfer out)	-	-	-
Amortization of Assets	-	-	-
Amortization for the Year	(1,451,462.24)	-	(1,451,462.24)
Amortization for Written-off Assets	-	-	-
Ending Carrying Amount	3,504,227.89	-	3,504,227.89
As at 31 December 2016			
Costs	11,238,566.10	-	11,238,566.10
<u>Less Accumulated Amortization</u>	<u>(7,734,338.21)</u>	<u>-</u>	<u>(7,734,338.21)</u>
Carrying Amount	3,504,227.89	-	3,504,227.89
Amortization for the year			
2015 (Amounted of Baht 0.99 million included in Costs of Services, the rest included in Administrative Expenses)			1,718,160.00
2016 (Amounted of Baht 1.44 million Included in Costs of Services, the rest included in Administrative Expenses)			1,451,462.24

Separate Financial Statements			
	Computer Programs	Computer Programs to Installation	Total
	Baht	Baht	Baht
As at 1 January 2015			
Costs	7,948,646.10	-	7,948,646.10
<u>Less Accumulated Amortization</u>	<u>(4,764,239.73)</u>	<u>-</u>	<u>(4,764,239.73)</u>
Carrying Amount	3,184,406.37	-	3,184,406.37
Transactions During the Year Ended 31			



December 2015

Purchase Assets	46,322.00	-	46,322.00
Written-off Assets	(212,930.00)	-	(212,930.00)
Amortization for the Year	(1,384,464.14)	-	(1,384,464.14)
Amortization for Written-off Assets	212,927.00	-	212,927.00

Ending Carrying Amount

1,846,261.23	-	1,846,261.23
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As at 31 December 2015

Costs	7,782,038.10	-	7,782,038.10
Less Accumulated Amortization	(5,935,776.87)	-	(5,935,776.87)

Carrying Amount

1,846,261.23	-	1,846,261.23
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Transactions During the Year Ended 31

December 2016

Purchase Assets	169,488.00	-	169,488.00
Written-off Assets	-	-	-
Amortization for the Year	(798,396.34)	-	(798,396.34)
Amortization for Written-off Assets	-	-	-

Ending Carrying Amount

1,217,352.89	-	1,217,352.89
---------------------	---	---------------------

As at 31 December 2016

Costs	7,951,526.10	-	7,951,526.10
Less Accumulated Amortization	(6,734,173.21)	-	(6,734,173.21)

Carrying Amount

1,217,352.89	-	1,217,352.89
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Amortization for the Year

2015 (Amounted of Baht 0.66 million included in Costs of Services, the rest included in Administrative Expenses) 1,384,464.14

2016 (Amounted of Baht 0.79 million included in Costs of Services, the rest included in Administrative Expenses) 798,396.34

17. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and applying a principal tax rate of 20%. The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the company are summarized below:

	Consolidated Financial Statements			
	As at 31 December 2015 Baht	Recognized in the Income (Expense) Baht	Recognized in the Other Comprehensive Income Baht	As at 31 December 2016 Baht
Deferred Tax Assets				
Trade Receivables	63,564.20	13,221.00	-	76,785.20
Long-Term Investments	900,000.00	-	-	900,000.00
Property, Plants and Equipments	1,380,703.19	275,179.94	-	1,655,883.13
Employee Benefit Obligation	5,878,273.80	(606,340.40)	(249,156.60)	5,022,776.80



Total	8,222,541.19	(317,939.46)	(249,156.60)	7,655,445.13
Deferred Tax Liabilities				
Temporary Investments	-	(948.75)	-	(948.75)
Total	-	(948.75)	-	(948.75)

Consolidated Financial Statements					
	As at	Recognized	Recognized	Increase	As at
	31	in the	in the Other	from	31 December
	December	Income	Comprehensive	Purchase	2015
	2014	(Expense)	Income	Business	
	Baht	Baht	Baht	Baht	Baht
Deferred Tax Assets					
Trade Receivables	281,531.60	(217,967.40)	-	-	63,564.20
Long-Term Investments	900,000.00	-	-	-	900,000.00
Property, Plants and Equipments	-	432,463.77	-	948,239.42	1,380,703.19
Employee Benefit Obligation	5,613,059.40	288,406.40	(23,192.00)	-	5,878,273.80
Total	6,794,591.00	502,902.77	(23,192.00)	948,239.42	8,222,541.19

Separate Financial Statements				
	As at	Recognized	Recognized	As at
	31	in the Other	in the Other	31
	December	Income	Comprehensive	December
	2015	(Expense)	Income	2016
	Baht	Baht	Baht	Baht
Deferred Tax Assets				
Trade Receivables	63,564.20	13,221.00	-	76,785.20
Long-Term Investments	900,000.00	-	-	900,000.00
Employee Benefit Obligation	5,878,273.80	(606,340.40)	(249,156.60)	5,022,776.80
Total	6,841,838.00	(593,119.40)	(249,156.60)	5,999,562.00

Separate Financial Statements				
	As at	Recognized	Recognized	As at
	31	in the Other	in the Other	31
	December	Income	Comprehensive	December
	2014	(Expense)	Income	2015
	Baht	Baht	Baht	Baht
Deferred Tax Assets				
Trade Receivables	281,531.60	(217,967.40)	-	63,564.20
Long-Term Investments	900,000.00	-	-	900,000.00
Employee Benefit Obligation	5,613,059.40	288,406.40	(23,192.00)	5,878,273.80
Total	6,794,591.00	70,439.00	(23,192.00)	6,841,838.00



18. Deposits for Land

As at 31 December 2015, the Company has deposits for land amount of Baht 22.17 million, incurred from engaging into land sale and purchase agreement dated 3 October 2011, with the contractual value of Baht 79.63 million. The Company agreed to pay annual deposit over the Year of 5 years at 8% of the selling price amounting to Baht 6.43 million annually, and on 31 August 2016 the Company received the deposits back since the ownership of land had been transferred completely.

19. Credits and Guarantees

The Group has received the credit facilities from financial institutions consist of bank overdrafts, letters of guarantee, short-term borrowings and long-term borrowings; which are guaranteed by land, building and other constructions and future constructions (as in Note 14) including endorsing the transfer of insurance to the financial institutions as a beneficiary claim insurance on buildings and other assets.

20. Trade and Other Payables

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2015	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
	Baht	Baht	Baht	Baht
Trade Payables	114,712,605.31	110,604,557.19	105,691,239.75	100,681,333.16
Other Payables	57,760,363.33	74,292,019.30	53,551,709.18	66,663,814.89
Total	172,472,968.64	184,896,576.49	159,242,948.93	167,345,148.05

Other payables consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
	Baht	Baht	Baht	Baht
Accrued Expenses	13,305,463.11	14,433,450.62	11,742,087.14	12,864,730.46
Dividend Payable	1,338,417.30	34,887,101.08	1,338,417.30	34,887,101.08
Accrued Bonus	16,610,921.00	13,270,885.00	16,610,921.00	13,270,885.00
Other Accounts Payable for Fixed Assets	21,146,627.34	6,658,683.55	19,850,916.02	3,105,791.69
Retention Payable	313,417.50	-	313,417.50	-
Accrued Withholding Tax	2,675,432.39	1,011,088.93	1,640,194.82	838,756.70
Other Payables	2,370,084.69	4,030,810.12	2,055,755.40	1,696,549.96
Total	57,760,363.33	74,292,019.30	53,551,709.18	66,663,814.89



21. Long-term Loans

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016 Baht	As at 31 December 2015 Baht	As at 31 December 2016 Baht	As at 31 December 2015 Baht
Long-term Loans	79,544,987.34	562,732,536.17	-	402,621,194.96
<u>Less</u> Current Portion	(23,887,586.01)	(142,268,494.63)	-	(132,080,794.96)
)		
Net	<u>55,657,401.33</u>	<u>420,464,041.54</u>	<u>-</u>	<u>270,540,400.00</u>

For the year ended 31 December 2016 and 2015, the movements of long-term loans were as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016 Baht	31 December 2015 Baht	31 December 2016 Baht	31 December 2015 Baht
Beginning Balance	562,732,536.17	448,809,375.88	402,621,194.96	287,058,294.96
Increased During the Year	50,639,640.00	191,846,900.00	50,639,640.00	184,746,900.00
Decreased During the Year	(533,827,188.8	(77,923,739.71)	(453,260,834.9	(69,184,000.00)
	3)		6)	
Ending Balance	<u>79,544,987.34</u>	<u>562,732,536.17</u>	<u>-</u>	<u>402,621,194.96</u>

As at 31 December 2016 and 2015, long-term borrowings are loans from financial institutions, which the Company has been granted 9 credit lines and 8 credit lines respectively and the subsidiary company has been granted 4 credit lines and 2 credit lines respectively. The conditions for the principals and interest repayments are as follow:

Parent Company

- 1st Credit Line at Baht 160.00 Million - For the 1st and 2nd year, the interest is charged at MLR-0.50 per annum. From the date after the 2 years onward, the interest is charged at MLR per annum. It shall be paid separately every month after the first drawdown date.
- 2nd Credit Line at Baht 32.00 Million - For the 1st to 3rd year, the interest is charged at MLR-1.50 per annum. From the date after the 3 years onward, the interest is charged at MLR-1.00 per annum. It shall be paid separately every month after the first drawdown date.
- 3rd Credit Line at Baht 25.00 Million - The interest is charged at MLR-1.00 per annum. It shall be paid separately every month after the first drawdown date.
- 4th Credit Line at Baht 24.00 Million - The interest is charged at MLR-1.00 per annum. It shall be paid separately every month after the first drawdown date.
- 5th Credit Line at Baht 134.00 Million - The interest is charged at MLR-1.00 per annum. It shall be paid separately every month after the first



-
- | | |
|--|--|
| 6 th Credit Line at Baht 40.00 Million | - drawdown date. |
| 7 th Credit Line at Baht 35.00 Million | - The interest is charged at MLR-1.00 per annum. It shall be paid separately every month after the first drawdown date. |
| 8 th Credit Line at Baht 165.00 Million | - The interest is charged at MLR-1.00 per annum. It shall be paid separately every month after the first drawdown date. |
| 9 th Credit Line at Baht 41.79 Million | - For the 1 st - 18 th year, the interest is charged at MLR-2.50 per annum. From the 19 th - 60 th year, the interest is charged at MLR-2.00 per annum. It shall be paid separately every month after the first drawdown date. |

However, the Company had repaid the whole loans and interests within the year 2016.

Subsidiary Company

- | | |
|--|---|
| 1 st Credit Line at Baht 160.00 Million | <ul style="list-style-type: none">- Grace Year for the 1st to 15th installment from the first drawdown date.- For the 1st year, the interest is charged at MLR-1.00 per annum. From the date after the first year onward, the interest is charged at MLR per annum. At present, it is equivalent to 6.275% per annum.- To be completely repaid within 120 months after the first drawdown date. |
| 2 nd Credit Line at Baht 12.00 Million | <ul style="list-style-type: none">- The interest is charged at MLR-1.00 per annum. At present, it is equivalent to 5.275% per annum.- To be completely repaid within 85 months after the first drawdown date. |
| 3 rd Credit Line at Baht 7.00 Million | <ul style="list-style-type: none">- The condition for the repayment of principal together with interest is not less than Baht 180,000 per month.- During 2014, the type of credit facilities had been converted from the 60-day promissory note to P/N Installment. The repayment shall be paid within 84 months. To be completely repaid within September 2021.- The condition for the repayment of principal together with interest is Baht 110,000.00 per month. The interest is charged at MLR-1 per annum.- The Subsidiary had fully repaid this loan and related interest within 2016. |
| 4 th Credit Line at Baht 5.24 Million | <ul style="list-style-type: none">- During 2014, the type of credit facilities had been converted from the bank overdraft to O/D Installment. The repayment shall be paid within 84 months. To be completely repaid within October 2021.- The condition for the repayment of principal together with interest is Baht 90,000.00 per month. The interest |



- is charged at MLR-1 per annum.

The Subsidiary had fully repaid this loan and related interest within 2016.

As at 31 December 2016 and 2015, the Group's land and buildings are used as collaterals for the aforementioned loans and the former directors also offered their personal guarantees against the full credit line granted to the subsidiary company (Personal guarantees ended on 11 June 2015).

22. Liabilities under Financial Lease

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
	Baht	Baht	Baht	Baht
Amount of Beginning Paid Liabilities Under Financial Lease	2,696,707.00	2,275,347.00	536,676.00	996,684.00
Less Deferred Interest Expense	(551,061.56)	(214,142.88)	(22,851.80)	(74,661.40)
Liabilities Under Financial Lease Agreements	2,145,645.44	2,061,204.12	513,824.20	922,022.60
Less Current portion	(1,097,131.51)	(898,615.95)	(437,824.40)	(408,198.40)
))))
Net	<u>1,048,513.93</u>	<u>1,162,588.17</u>	<u>75,999.80</u>	<u>513,824.20</u>

As at 31 December 2016 and 2015, amount of beginning paid liabilities under financial lease were classified by aging as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
	Baht	Baht	Baht	Baht
Within 1 year	1,313,080.00	1,049,340.00	460,008.00	460,008.00
Over 1 year but not over 5 years	1,383,627.00	1,226,007.00	76,668.00	536,676.00
Total	<u>2,696,707.00</u>	<u>2,275,347.00</u>	<u>536,676.00</u>	<u>996,684.00</u>

23. Employee Benefit Obligation

For the year ended 31 December 2016 and 2015, the movements of employee benefit obligation were as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Present Value of the Obligation as at 1 January	29,502,753.0	28,698,821.6	29,391,369.0	28,065,297.0
	0	7	0	0



Current Service Cost	2,353,419.75	2,607,735.00	2,256,015.00	2,490,723.00
Interest Expense	1,027,991.00	1,397,379.00	1,018,823.00	1,391,120.00
Actuarial (Gain) Loss	(1,121,801.75)	(761,371.69)	(1,245,783.00)	(115,960.02)
))))
<u>Less Payment During the Year</u>	<u>(6,306,540.00)</u>	<u>(2,439,810.98)</u>	<u>(6,306,540.00)</u>	<u>(2,439,810.98)</u>
))))
Present Value of the Obligation as at 31 December	25,455,822.00	29,502,753.00	25,113,884.00	29,391,369.00
	0	0	0	0

For the year ended 31 December 2016 and 2015, lists are included in the profit or loss shown as Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Present Service Cost	2,353,419.75	2,607,735.00	2,256,015.00	2,490,723.00
Interest Expense	1,027,991.00	1,397,379.00	1,018,823.00	1,391,120.00
Total	3,381,410.75	4,005,114.00	3,274,838.00	3,881,843.00

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

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Cost of Hospital Operations	1,964,731.47	2,357,287.00	1,964,406.47	2,354,263.00
Administrative Expenses	1,416,679.28	1,647,827.00	1,310,431.53	1,527,580.00
Total	3,381,410.75	4,005,114.00	3,274,838.00	3,881,843.00

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

	For the year ended 31 December 2016	For the year ended 31 December 2015
Discount rate	2.43 - 3.48% per annum	3.21 - 4.07% per annum
Salary increase rate	5.36 - 7.81% per annum	5.36-7.32% per annum
Employee turnover rate	0.00 – 67.00% per annum	0.00-67.00% per annum
Mortality rate	100.00% per annum of mortality table year 2008	100.00% per annum of mortality table year 2008
Disability rate	10.00% per annum of mortality table year 2008	10.00% per annum of mortality table year 2008
Retirement age	55 and 60 years old	55 and 60 years old
Gold Price	Future value of gold is estimated by applying regression analysis method and using 30 years of historical data.	Future value of gold is estimated by applying regression analysis method and using 30 years of historical data.



Actuarial (gain) loss for employee defined benefit plans are recognized to comprehensive (income) loss occurred from

	Consolidated Financial Statements For the year ended		Separate Financial Statements For the year ended	
	31 December 2016 Baht	31 December 2015 Baht	31 December 2016 Baht	31 December 2015 Baht
Assumption Popopulation	(1,887,681.00)	(2,910,135.00)	(1,954,795.00)	(2,887,052.00)
Financial Information	406,118.00	(327,367.00)	390,984.00	(312,660.00)
Adjust from Experience	91,025.25	2,826,450.00	49,292.00	2,835,441.00
Expenses to Decreased During the Years	268,736.00	(350,319.69)	268,736.00	248,310.98
Total	(1,121,801.75)	(761,371.69)	(1,245,783.00)	(115,960.02)

Sensitivity Analysis

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

	Consolidated Financial Statements For the year ended		Separate Financial Statements For the year ended	
	31 December 2016 Baht	31 December 2015 Baht	31 December 2016 Baht	31 December 2015 Baht
Discount rate				
Increase 0.50 %	(838,365.00)	(1,105,075.00)	(831,846.00)	(1,102,791.00)
Decrease 0.50 %	901,386.00	1,180,613.00	894,633.00	1,178,257.00
Salary increase rate				
Increase 0.50 %	851,125.00	1,119,763.00	844,595.00	1,117,448.00
Decrease 0.50 %	(803,226.00)	(1,062,584.00)	(796,855.00)	(1,060,317.00)
Employee Turnover				
Increase 1.0%	(1,785,306.00)	-	(1,769,810.00)	-
Decrease 1.0%	2,051,851.00	-	2,035,356.00	-

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

Share Capital

Consist of:

	For the year Ended 31 December 2016			For the year Ended 31 December 2015		
	Par Value Per Unit Baht	Number of Share Share	Per Unit Baht	Par Value Per Unit Baht	Number of Share Share	Amount Baht
Authorized Share Capital						
Beginning Ordinary Shares	1.00	300,000,000	300,000,000.00	1.00	9,648,600	96,486,000



							00.00
<u>Add Increase of the</u>			-	-		86,837,	-
<u>share split</u>						400	
Ordinary Share	1.00	-	-	-	1.00	203,514	203,514,
						,000	000.00
Ending	Ordinary	1.00	300,000,0	300,000,000.	1.00	300,000	300,000,
Shares			00	00		,000	000.00
Issued and Paid-up Share Capital							
Beginning	Ordinary	1.00	225,000,4	225,000,401.	1.00	9,648,6	
Shares			01	00		00	96,486,0
							00.00
<u>Add Increase of the</u>			-	-		86,837,	-
<u>share split</u>						400	
Stock dividend	1.00	-	-	-		128,514	128,514,
						,401	401.00
Ordinary Shares	1.00	74,999,59	74,999,599.0			-	-
		9	0				
Ending	Ordinary	1.00	300,000,0	300,000,000.	1.00	225,000	225,000,
Shares			00	00		,401	401.00

In accordance with the Extraordinary General Shareholder Meeting No.1/2015, dated on 29 January 2015, there are significant resolutions as follows:

- 1) Resolved to change the Company par value from original share value of Baht 10 to Baht 1.00 Subsequently, the Company total share capital was 96,486,000 ordinary shares, amounted of Baht 96,486,000.
- 2) Resolved to increase the Company's registered share capital from 9,648,600 shares at par value of Baht 10.00 each amounted of Baht 96,486,000 to be registered share capital of 300,000,000 shares at par value of Baht 1.00 each, total amount of Baht 300,000,000, by issuing new 203,514,000 ordinary shares at par value Baht 1.00 each, total amount of Baht 203,514,000.
- 3) Resolved the allocation of the Company new ordinary 203,514,000 shares as follows:
 - 3.1) Issue new 128,514,401 ordinary shares at par value of Baht 1.00 for share dividend at the rate of 0.75077 original shares to 1 stock dividend. The Company had issued the share dividend completely since 20 February 2015.
 - 3.2) Issue new 74,999,599 ordinary shares at par value of Baht 1.00 for initial public offering.

Thereafter, The Company registered the change in par value and incremental share capital and registered the issued and paid up share capital with Department of Business Development, Ministry of Commerce on 11 February 2015 and on 20 February 2015, respectively.

In accordance with the Annual General Shareholder Meeting 2016 dated on 17 March 2016, there are resolutions to confirm the resolutions from the Extraordinary General Shareholder Meeting No.1/2015, dated on 29 January 2015.

In accordance with the Board of Directors Meeting No.3/2016, dated on 13 May 2016, there are resolutions related to allocation of new shares issued, 74,999,599 shares as follows:



- 1) Allocate new ordinary 70,378,599 shares, at par value of Baht 1.00, as Initial Public Offering. The Board of Directors or designated persons from the Board of Directors shall determine the term and conditions for public offering including underwriting process and registering to Stock Exchange of Thailand.
- 2) Allocate new ordinary 4,621,000 shares for offering to the Company's directors, executives and employees during the same IPO Year and at the same IPO price as above 1).

On 1 September 2016, the Company had completely underwritten its IPO 74,999,599 shares at Baht 16.00 per share. The total capital received was Baht 1,199.99 million, as ordinary shares and share premium amounted of Baht 74.99 million and Baht 1,124.99 million, respectively. The Company paid for underwriting fee amounted of Baht 32.10 Million which deducted from share premium shown as Baht 1,092.89 million as remaining.

The Company has registered issued and paid up capital at the Department of Business Development. Ministry of Commerce on 29 August 2016.

24. Dividends

In accordance with the Extraordinary General Shareholder Meeting No.1/2015, dated on 29 January 2015, have resolved to pay an interim dividend from retained earnings of operations ended 30 November 2014 to shareholders amount of Baht 142.79 million, as follows:

- 1) Stock dividend amount of Baht 128.51 million, in the rate of 0.75077 original shares to one stock dividend with a par value of Baht 1.00 or equal to Baht 1.33195 per share. Any fractional share less than one share dividend will be paid in cash.
- 2) Pay by cash rate of Baht 0.147999 per share, amount of Baht 14.28 million.

In accordance with the minute of the Annual General Shareholder's Meeting for 2015, dated on 28 July 2015, shareholders had resolved to pay dividend from the net profit for the year 2014, to issued and paid up shareholders of 225,000,401 shares, at Baht 0.10 per share in total amounted of Baht 22.50 million and to allocate the net profit as the additional legal reserve at the amount of Baht 5.90 million.

In accordance with the minute of the Board of Directors of Meeting No.5/2015, dated on 28 December 2015, the directors had resolved to pay interim dividend from the net profit for six months period ended 30 June 2015 to issued and paid up shareholders of 225,000,401 shares, at Baht 0.15 per share in total amounted of Baht 33.75 million and to allocate the net profit as the additional legal reserve at the amount of Baht 2.09 million.

In accordance with the resolution of Annual General Meeting for the year 2016 held on 17 March 2016, shareholders have resolved to pay dividend from retained earnings of operation ended 31 December 2015 to issued and paid up shareholders of 225,000,401 shares, at Baht 0.30 per share. Payment details are as follows:

- 1) Interim dividend from the first half of the year 2015 at baht 0.15 per share, total amounted of baht 33.75 million. The Company had paid the dividend on 27 January 2016.



- 2) Dividend from the second half of the year 2015 at Baht 0.15 per share, total amounted of Baht 33.75 million. The Company had paid this mentioned dividend on 16 April 2016. And resolved to appropriate for legal reserve amounted of Baht 2.65 million.

In accordance with the minute of the Board of Directors of Meeting No.9/2016, held on 18 October 2016, it resolved to approve a payment of interim dividend from the Company's net profit after tax with respect to the financial results for the first 6-month Year ended 30 June 2016. The payment thereof will be made to the Company's shareholders representing the total ordinary shares of 300,000,000 at Baht 0.20 per share, totaling the amount of Baht 60 million. And resolved to appropriate for legal reserve amounted of Baht 3.74 million. The said interim dividend had been paid on 17 November 2016.

25. Capital Management

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

As at 31 December 2016 and 2015, the consolidated financial statements present the debt to equity ratio in 0.18 : 1 and 2.87 : 1, respectively.

As at 31 December 2016 and 2015, the separate financial statement presents the debt to equity ratio in 0.12 : 1 and 1.98 : 1, respectively.

26. (Expense) Income Taxes Revenue

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

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Current Income Tax				
(Expense) Income Taxes Revenue				
for Current Year	(28,448,312.51)	(25,020,571.41)	(28,448,312.51)	(25,020,571.41)
Deferred Income Tax				
Deferred Income Tax (Expense)	(318,888.21)	502,902.77	(593,119.40)	70,439.00
Revenue				
(Expense) Income Taxes Revenue				
Recognized in the Profit (Loss)	(28,767,200.72)	(24,517,668.64)	(29,041,431.91)	(24,950,132.41)

The differences between income tax (expense) revenue which was calculated from accounting profits at the tax rate for the year ended 31 December 2016 and 2015 of 20% are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Profit (Loss) before Income Tax	183,705,791.28	88,286,321.48	183,272,489.73	119,772,101.97
Income Tax (Expense) Revenue				



Calculated at the Tax Rate of 20%	(36,741,158.25)	(17,657,264.30)	(36,654,497.95)	(23,954,420.40)
Expenses that are Deductible for Income Tax	8,260,397.95	95,533.12	8,062,760.85	95,533.12
Expenses that are not Deductible for Income Tax	(583,379.03)	(1,206,257.59)	(449,694.81)	(1,091,245.13)
Unrecognized Temporary Differences	(54,184.95)	21,555.60	-	-
Tax Losses in Current Year not Recognized				
as Deferred Tax Assets	-	(5,771,235.47)	-	-
Tax loss in prior year that not recognized as deferred tax assets	351,123.56	-	-	-
(Expense) Income Tax Revenue	(28,767,200.72)	(24,517,668.64)	(29,041,431.91)	(24,950,132.41)

Deferred taxes which are not recognized in the financial statements as at 31 December 2016 and 2015 consist of:

	Consolidated Financial Statements	
	As at	As at
	31 December 2016	31 December 2015
	Baht	Baht
Tax Losses	32,225,031.17	39,713,364.58
Deductible Temporary Differences	130,559.00	51,577.80
Total	32,355,590.17	39,764,942.38

As at 31 December 2016 and 2015, the whole amount of deferred tax assets for tax losses was derived from accumulated tax losses which were classified by expiring year of tax benefits as follows:

	Consolidated Financial Statements	
	As at	As at
	31 December 2016	31 December 2015
	Baht	Baht
Expiring Year of Tax Benefits		
2016	-	37,441,667.07
2017	43,124,030.68	43,124,030.68
2018	39,974,938.43	39,974,938.43
2019	48,547,471.50	48,547,471.50
2020	29,478,715.24	29,478,715.24
Total	161,125,155.85	198,566,822.92



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

Subsidiary Company has not recognized the above deferred tax assets because it is not probable that future taxable profit will be available which Subsidiary Company can utilize the tax benefits there from.

27. Provident fund

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

For the year ended 31 December 2016 and 2015, the Company has paid contribution to provident fund in the amount of Baht 2.80 million and Baht 2.56 million, respectively.

28. Expenses by Nature

Consist of:

	Consolidated Financial Statements For the year ended		Separate Financial Statements For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Medicines and Supplies	179,843,639.29	181,731,079.49	165,240,406.86	170,839,998.83
Employees Expenses	269,615,841.06	239,969,443.78	239,153,854.38	215,088,231.07
Hemodialysis	54,909,165.50	49,891,095.00	41,076,250.00	48,554,295.00
Social Security Expenses	48,808,601.18	43,656,393.33	105,979,468.43	70,689,088.63
Doctor Fee	218,147,016.80	182,903,324.10	193,582,345.00	166,608,335.00
Cost to Patients Food	9,943,758.10	8,769,578.30	9,293,069.20	8,026,880.45
Repair and Maintenance Expenses	7,784,537.03	7,069,877.84	7,305,007.49	6,110,150.27
Utility Expense	29,186,317.89	29,151,231.19	23,927,726.36	24,317,358.13
Depreciation and Amortization	74,191,361.57	73,661,902.32	48,927,037.97	49,629,818.62
Management Compensation	36,465,581.06	26,078,629.96	32,689,437.82	23,454,574.00
Other Expenses	85,091,762.10	68,873,654.94	72,667,395.55	61,280,538.68
	<u>1,013,987,581.58</u>	<u>911,756,210.25</u>	<u>939,841,999.06</u>	<u>844,599,268.68</u>
Total		5		8

29. Basic Earning Per Share

The basic earning per share calculated by divided profit for the year for equity holders (excluded Other Comprehensive Income) by weighted average ordinary shares during the year as follows:

Consolidated Financial Statements For the year ended		Separate Financial Statements For the year ended	
31 December 2016	31 December 2015	31 December 2016	31 December 2015



	Baht	Baht	Baht	Baht
Profit (Loss) of equity holders of the Company	154,643,513.34	79,188,901.47	154,231,057.82	94,821,969.56
Weighted average number of ordinary shares outstanding (Shares)	250,627,315	225,000,401	250,627,315	225,000,401
Basic earning (loss) per share (Baht)	0.62	0.35	0.62	0.42

30. Segment Information

The Group operates in only one business sector i.e. healthcare service and in only one geographical area i.e. in Thailand. Thus all income, profit and entire assets shown in the financial statements are related to the said business sector and geographical area.

31. Financial Instruments

32.1 Financial Risk Management and Policies

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

32.2 Interest Rates Risk

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

(Unit : Baht)

Consolidated Financial Statements					
2016					
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total	Rate (%)
<u>Financial Assets</u>					
Cash and Cash Equivalents	100,269,253.90	100,000,000.00	887,091.72	201,156,345.62	0.125%-1.500%
Temporary Investments	-	500,000,000.00	10,187,003.21	510,187,003.21	1.600%-1.700%
<u>Financial Liabilities</u>					
Bank Overdrafts	307.40	-	-	307.40	7.375%
Long-term Loans from Financial Institutions	79,544,987.34	-	-	79,544,987.34	5.275%, 6.275%
Financial Lease Agreements	-	-	-	-	-
Liabilities	-	2,145,645.44	-	2,145,645.44	0.470%-1.400%

(Unit : Baht)

Consolidated Financial Statements



	2015				
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total	Rate (%)
<u>Financial Assets</u>					
Cash and Cash Equivalents	3,167,471.77	-	1,049,170.14	4,216,641.91	0.125% - 0.500%
<u>Financial Liabilities</u>					
Bank Overdrafts	1,440,654.08	-	-	1,440,654.08	7.50%
Short-term Loans from Financial Institutions	-	7,000,000.00	-	7,000,000.00	5.525% - 7.375%
Long-Term Loans from Financial Institutions	562,732,536.17	-	-	562,732,536.17	5.525%- 6.625%
Financial Lease Agreements Liabilities	-	2,061,204.12	-	2,061,204.12	0.470%-1.08%
(Unit : Baht)					
Separate Financial Statements					
	2016				
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total	Rate (%)
<u>Financial Assets</u>					
Cash and Cash Equivalents	95,123,190.00	100,000,000.00	729,536.72	195,852,726.72	0.125%- 1.500%
Short-term Investments	-	500,000,000.00	-	500,000,000.00	1.600%- 1.700%
Short-term Loans to Subsidiary	-	71,850,000.00	-	71,850,000.00	4.100%- 7.875%
<u>Financial Liabilities</u>					
Bank Overdrafts	269.33	-	-	269.33	7.375%
Financial Lease Agreements Liabilities	-	513,824.20	-	513,824.20	0.59%
(Unit : Baht)					
Separate Financial Statements					
	2015				
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total	Rate (%)
<u>Financial Assets</u>					
Cash and Cash Equivalents	3,118,801.74	-	1,000,863.39	4,119,665.13	0.125% - 0.500%
Short-term Loans to Subsidiaries	-	65,000,000.00	-	65,000,000.00	7.875%
<u>Financial Liabilities</u>					



Bank Overdrafts	329.09	-	-	329.09	7.50%
Long-Term Loans from Financial Institutions	402,621,194.96	-	-	402,621,194.96	5.50%
Financial Lease Agreements Liabilities	-	922,022.60	-	922,022.60	0.59%

32.3 Foreign Exchange Rates Risk

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

32.4 Credit risk

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

32.5 Fair Value

32.5.1 Financial assets and liabilities that are measured at fair value

As at 31 December 2016, the Group recorded financial assets recognized by fair value and presented by their hierarchies as follows;

		Consolidated Financial statements			
		Fair Value			
	Carrying Value Baht	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
As at 31 December 2016					
Current Assets					
Fixed Income Funds – Held for Sale	10,187,003.21	10,187,003.21	-	-	10,187,003.21

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

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

33 Related Party Transactions

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

33.1 Nature of Relationship

<u>Name of related persons and entities</u>	<u>Nature of relationship</u>
Rajthanee Rojana Hospital Company Limited	Subsidiary by direct shareholding
Vibharam Hospital Company Limited	Shareholder of the Company and subsidiary company
Thonburi Health Care Group Public Company Limited	Shareholder of the Company and subsidiary company
Mr. Sunchai Pirompanich	Shareholder of the Company



<u>Name of related persons and entities</u>	<u>Nature of relationship</u>
Mr. Surin Prasithirun	Shareholder of the Company and subsidiary company and Director in subsidiary
Mr. Vichen Jitjaicham	Director and Shareholder of Subsidiary Company (Ended Relationship as at 20 August 2014)
Mr. Boonchai Issarapisit	Director of the Company (Ended Relationship as at 28 July 2015)
Ramkhamhaeng Hospital Public Company Limited	Accompany with Shareholder
Thanarat Thungsong Company Limited	Director to Accompany with Related Company (Ended Relationship as at 5 January 2015)
Wellness City Company Limited	Accompany with Director (Ended Relationship as at 28 July 2015)
F&S 79 Company Limited	Director to Accompany with Related Company (Ended Relationship as at 5 January 2015)
Borphitvedchakran Company Limited	Shareholder is a Director of the Company
Charoenpaiboon City Company Limited	Accompany with Shareholder
The Medicpharma Company Limited	Director to Accompany with Related Company (Ended Relationship as at 5 January 2015)
La Clemence Publishing Limited Partnership	Close relative of a director is a partner
Thonburi Hospital Heart Center Co.,Ltd.	Subsidiary company of Thonburi Health Care Group Public Company Limited

33.2 Inter-transactions

				Consolidated Financial Statements For the year ended	
Pricing Policy				31 December 2016 Baht	31 December 2015 Baht
Inter-Transaction with Related Companies					
Cost of Hospital Operations	Normal business price similar price charged to other business partners and Mutually agreed price			14,554,490.50	1,336,800.00
Purchases and Supplies	Normal business price similar price charged to other business partners			2,472,198.73	2,880,004.30
Interest Expense	Interest rate of 4.75%-5.00% per annum			-	6,543,424.70
Purchase of Fixed Assets	Mutually agreed price			874,280.00	102,210.00
Inter-Transaction with Related Person					
Consultant	Contract price			-	120,000.00
				Separate Financial Statements For the year ended	
Pricing Policy				31 December 2016 Baht	31 December 2015 Baht



				Separate Financial Statements For the year ended	
Pricing Policy				31 December 2016 Baht	31 December 2015 Baht
Transactions with Subsidiary					
Revenue of Hospital Operations	Mutually agreed price			13,258,316.39	15,104,495.45
Revenue from Sales Medical	Mutually agreed price			17,385.19	245,115.15
Other Income	Mutually agreed price			161,760.00	74,730.00
Sales of Fixed Assets	Mutually agreed price			-	154,611.00
Interest Income	Interest rate of 4.10%-7.875% per annum			4,849,718.48	2,897,299.32
Cost of Hospital Operations	Mutually agreed price			59,083,155.50	29,181,384.50
Cost of Drug	Mutually agreed price			7,975.00	82,856.47
Consultant	Contract price			-	30,000.00
Inter-Transaction with Related Companies					
Cost of Hospital Operations	Normal business price similar price charged to other business partners			721,575.00	6,300.00
Purchases and Supplies	Normal business price similar price charged to other business partners			2,199,268.56	2,685,889.00
Purchase of Fixed Assets	Normal business price similar price charged to other business partners			573,630.00	-
Interest Expense	Interest rate of 4.75%-5.00% per annum			-	6,543,424.70
Inter-Transaction with Related Person					
Consultant	Contract price			-	120,000.00
33.3 Inter-outstanding balances					

		Consolidated Financial Statements		Separate Financial Statements	
		As at 31 December 2016 Baht	As at 31 December 2015 Baht	As at 31 December 2016 Baht	As at 31 December 2015 Baht
Trade Account Receivables					
Subsidiary Company					
Rajthanee Rojana Hospital Company Limited		-	-	760,112.50	3,160,070.22
Accrued Revenue					
Subsidiary Company					
Rajthanee Rojana Hospital Company Limited		-	-	379,136.00	1,489,313.50
Accrued Interest					



			Consolidated Financial Statements		Separate Financial Statements	
			As at 31 December 2016 Baht	As at 31 December 2015 Baht	As at 31 December 2016 Baht	As at 31 December 2015 Baht
Subsidiary Company						
Rajthanee	Rojana	Hospital	-	-	271,050.96	434,743.15
Company Limited						
Deposits for Land						
Related Person						
Mr. Sanchai Pirompanit			-	22,177,500.00	-	22,177,500.00
Short-term Loans						
Subsidiary Company						
Rajthanee	Rojana	Hospital				
Company Limited						
Beginning Balance			-	-	65,000,000.00	-
Increase from Reclassification of Accounts			-	-	-	19,111,782.86
Increase During the Year			-	-	7,100,000.00	46,200,000.00
Decrease During the Year			-	-	(250,000.00)	(311,782.86)
Ending Balance			-	-	71,850,000.00	65,000,000.00
Total Short-term Loans			-	-	71,850,000.00	65,000,000.00
Long-term Loans						
Subsidiary Company						
Rajthanee	Rojana	Hospital				
Company Limited						
Beginning Balance			-	-	-	19,111,782.86
Increase During the Year			-	-	-	-
Decrease from Reclassification of Accounts			-	-	-	(19,111,782.86)
Ending Balance			-	-	-	-
Accounts Payables						
Subsidiary Company						
Rajthanee	Rojana	Hospital	-	-	11,618,007.00	5,432,221.00
Company Limited						
Related Companies						
Vibharam	Hospital	Company	963,544.75	4,690,289.55	963,544.75	4,690,289.55
limited						
Ramkumheang	Hospital	Public	77,130.00	-	20,100.00	-
Company Limited						
The	Medicpharma	Company	581,934.13	389,936.00	513,005.24	389,936.00
Limited						



	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016 Baht	As at 31 December 2015 Baht	As at 31 December 2016 Baht	As at 31 December 2015 Baht
Charoenpaiboon City Company Limited	-	106,500.00	-	106,500.00
La Clemence Publishing Limited Partnership	-	100,098.50	-	100,098.50
Thonburi Hospital Heart Center Co.,Ltd.	594,000.00	-	594,000.00	-
Borphitvedchakran Company Limited	3,775,839.00	630,750.00	-	-
Total	5,992,447.88	5,917,574.05	13,708,656.99	10,719,045.05
Other Account Payables				
Related Companies				
Charoenpaiboon City Company Limited	126,630.00	10,490.00	8,230.00	-
La Clemence Publishing Limited Partnership	31,072.80	8,388.80	22,684.00	-
Ramkumheang Hopital Public Company Limited	440,000.00	-	440,000.00	-
Total	597,702.80	18,878.80	470,914.00	-
Short-term Loans				
Related Companies				
Vibharam Hospital Company Limited				
Beginning Balance	-	85,000,000.00	-	85,000,000.00
		0		0
Increase During the Year	-	-	-	-
Decrease During the Year	-	(85,000,000.00)	-	(85,000,000.00)
		0)		0)
Ending Balance	-	-	-	-
F&S 79 Company Limited				
Beginning Balance	-	10,000,000.00	-	10,000,000.00
		0		0
Increase During the Year	-	20,000,000.00	-	20,000,000.00
		0		0
Decrease During the Year	-	(30,000,000.00)	-	(30,000,000.00)
		0)		0)
Ending Balance	-	-	-	-
Thanarat Thungsong Company Limited				
Beginning Balance	-	20,000,000.00	-	20,000,000.00
		0		0
Increase During the Year	-	30,000,000.00	-	30,000,000.00
		0		0



	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016 Baht	As at 31 December 2015 Baht	As at 31 December 2016 Baht	As at 31 December 2015 Baht
Decrease During the Year	-	(50,000,000.00)	-	(50,000,000.00)
Ending Balance	-	-	-	-
Related person Mr. Vichen Jitjaicham				
Beginning Balance	-	27,077,565.38	-	-
Increase During the Year	-	-	-	-
Decrease During the Year	-	(27,077,565.38)	-	-
Ending Balance	-	-	-	-
Total Short-term Loans	-	-	-	-

As at 31 December 2016 and 2015, short-term loans to subsidiary company fully amount is promissory notes, with interest rate of 4.10% - 7.875% per annum and 7.875% per annum, respectively, with no collateral. Payment term is every 10 date of the month.

As at 31 December 2015, the Company had short-term loans from related companies are the money lend in the term of promissory notes, due at call, carried interest rate at 4.75 – 5.00% per annum, and with no securities. Interest payment term shall be paid in the date of tenth of every month. In case of having default in repayment of principal and interest incurred determined to have penalty charges at the rate of 15% per annum.

33.3 Inter-guarantees

As at 31 December 2016 and 2015, the Company pledged the land together with constructions, which ownerships belong to the Company and its subsidiaries, as collaterals against the long-term loans granted by financial institutions.

33.4 Key Management Compensation

	Consolidated Financial Statements For the year ended		Separate Financial Statements For the year ended	
	31 December 2016 Baht	31 December 2015 Baht	31 December 2016 Baht	31 December 2015 Baht
Short-term Employee	35,399,804.82	24,857,235.00	31,712,804.82	22,379,235.00
Benefits		0		0
Post-Employment Benefits	1,065,776.24	1,221,394.96	976,633.00	1,075,339.00
Total	36,465,581.06	26,078,629.96	32,689,437.82	23,454,574.00



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

34 Non-Cash Flow Transactions

Consist of:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended		For the year ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Baht	Baht	Baht	Baht
Purchase Assets on Credit	21,146,627.34	4,059,773.55	19,850,916.00	3,105,791.69
Assets Increase from Financial Lease Agreement	1,016,500.00	800,000.00	-	-
Assets Increase from Cost to Borrowing	31,237.34	25,479.17	31,237.34	25,479.17
Purchase Intangible Assets on Credit	-	2,675,000.00	-	-
Transfer of Deposits for Land to Asset	22,177,500.00	-	22,177,500.00	-
Short-term Loans from Related Company Increase from Reclassify to Long-term Loans to Subsidiary	-	-	-	19,111,782.86
Stock Dividends	-	128,514,401.00	-	128,514,401.00
Actuarial Gain (Loss) Recognized in Other	-	-	-	-
Incomprehensive Income	1,121,801.75	761,371.69	1,245,783.00	115,960.02

35. Obligations

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

35.1 The Group has obligations relating by the banks as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
	Million Baht	Million Baht	Million Baht	Million Baht
Letters of Guarantee	25.86	33.77	20.78	28.72

35.2 As at 31 December 2016 and 2015, the Company and its subsidiary have the contractual obligations with the significant terms and minimum payment amount to be paid as follows: -

- 1) The Company and its subsidiary have several rental and service agreements. The significant rental agreement is the rental agreement for cardiopulmonary bypass machine for medical service entered into with other company. The payment shall



- be made monthly. The rental fee is Baht 107,000.00 per month. The contractual term is 5 years and will expired in February 2020.
- 2) The Company has land sale agreement or deposit agreement with related person for 7 sub-plots of land. The payment shall be made annually at Baht 6.43 million per annum. The contractual term is 5 years. The last installment had been paid and the transfer of the land title-deeds were made within August 2016.
 - 3) The Company has maintenance service agreements for maintenance of the assets and medical equipment with several other companies. The payment shall be made monthly. The contractual term is 1 year and will expired in November 2016.
 - 4) The Company has asset construction agreements with several other companies. The contractual terms range from 4-6 months and expired in February 2016. In the year 2016, the Company has contracted a consultant to design the building and will ended when the building is completed.
 - 5) The Company has several consulting agreements. The significant agreement is the consulting agreement to provide medical practice and service on cardiology and artery diseases with other company. The payment shall be made monthly. For 2015 to 2017, the payment is Baht 107,000.00 per month. For 2018 to 2019, the payment is Baht 53,500.00 per month. The contractual term is 5 years and will expired in December 2019.

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

Consolidated Financial Statements						
	As at 31 December 2016			As at 31 December 2015		
	<u>Baht</u> <u>Million</u> Within 1 year	<u>Baht</u> <u>Million</u> Over 1 year to 5 years	<u>Baht</u> <u>Million</u> Total	<u>Baht</u> <u>Million</u> Within 1 year	<u>Baht</u> <u>Million</u> Over 1 year to 5 years	<u>Baht</u> <u>Million</u> Total
Rental and Service Agreement	6.92	7.01	13.93	2.81	5.13	7.94
Purchase and to Sell of Land Agreement	-	-	-	47.49	-	47.49
Repairation and Maintenance Agreement	0.55	-	0.55	0.51	-	0.51
Construction to Assets Agreement	11.51	-	11.51	2.59	-	2.59
Consultant Agreement	5.22	2.18	7.40	1.41	2.57	3.98
Total	24.20	9.19	33.39	54.81	7.70	62.51

Separate Financial Statements						
	As at 31 December 2016			As at 31 December 2015		
	<u>Baht</u> <u>Million</u> Within 1 year	<u>Baht</u> <u>Million</u> Over 1 year to 5 years	<u>Baht</u> <u>Million</u> Total	<u>Baht</u> <u>Million</u> Within 1 year	<u>Baht</u> <u>Million</u> Over 1 year to 5 years	<u>Baht</u> <u>Million</u> Total
Rental and Service Agreement	2.84	3.37	6.21	2.81	5.13	7.94



Purchase and to Sell of Land Agreement	-	-	-	47.49	-	47.49
Repairation and Maintenance Agreement	0.55	-	0.55	0.51	-	0.51
Construction to Assets Agreement	10.54	-	10.54	2.59	-	2.59
Consultant Agreement	5.22	2.18	7.40	1.41	2.57	3.98
Total	19.15	5.55	24.70	54.81	7.70	62.51

36. Reclassification

The Company and its subsidiary has reclassified some items in the financial statements in order to comply with the classification in the current Year, which does not have any effect on the profit for the Year or the shareholders' equity already presented. The details are as follows:

Consolidated Financial Statements			
	As Previously Reported	Reclassification	As Reclassified
	Baht	Baht	Baht
Statements of Financial Position			
For the year ended 31 December 2015			
Cash and Cash Equivalents	14,847,781.61	(10,631,139.70)	4,216,641.91
Bank Overdrafts and Short-term			
Loans from Financail Institutions	(19,071,793.78)	10,631,139.70	(8,440,654.08)
Statements of Comprehensive Income			
For the year ended 31 December 2015			
Cost of Hospital Operations	802,819,741.88	(1,144,046.45)	801,675,695.43
Administrative Expenses	108,936,468.37	1,144,046.45	110,080,514.82

Separate Financial Statements			
	As Reported	Previously Reclassification	As Reclassified
	Baht	Baht	Baht
Statements of Financial Position			
For the year ended 31 December 2015			
Cash and Cash Equivalents	14,750,804.83	(10,631,139.70)	4,119,665.13
Bank Overdrafts and Short-term			
Loans from Financail Institutions	(10,631,468.79)	10,631,139.70	(329.09)
Statements of Comprehensive Income			
For the year ended 31 December 2015			
Cost of Hospital Operations	751,456,195.25	(786,658.54)	750,669,536.71
Administrative Expenses	93,143,073.43	786,658.54	93,929,731.97

37. Approval of the Financial Statements

These financial statements have been approved by the board of directors of the Company on 28 February 2017.