

Part 3: FINANCIAL POSITION AND OPERATION PERFORMANCE

13. Key Financial Figures

Statements of Financial Position as at December 31 of the 3-year period:

Description	2015		2014 (<i>Restated</i>)		2013 (<i>Restated</i>)*	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Current assets</u>						
Cash and cash equivalents	589.34	31.76	2.14	0.19	45.33	4.16
Temporary investments	16.50	0.89	-	-	0.21	0.02
Trade and other receivables	90.34	4.87	50.19	4.41	57.10	5.25
Accrued revenues from hospital operations	135.09	7.28	174.73	15.35	60.22	5.53
Short-term loans to related person	-	-	-	-	2.30	0.21
Inventories	19.43	1.05	17.81	1.56	19.15	1.76
Other current assets	3.98	0.21	3.74	0.33	2.23	0.20
Total current assets	854.67	46.06	248.61	21.84	186.53	17.14
<u>Non-current assets</u>						
Long term fixed deposit	0.40	0.02	-	-	-	-
Restricted deposit	63.08	3.40	0.68	0.06	1.56	0.14
Investment property	74.60	4.02	74.72	6.56	74.84	6.88
Property, plant and equipment	774.87	41.76	734.59	64.53	749.44	68.85
Land leasehold right	21.85	1.18	14.74	1.29	16.00	1.47
Intangible assets	29.86	1.61	29.85	2.62	23.69	2.18
Deferred tax assets	32.36	1.74	32.93	2.89	33.67	3.09
Deposits	3.78	0.20	2.25	0.20	2.70	0.25
Total non-current assets	1,000.80	53.94	889.77	78.16	901.90	82.86
Total assets	1,855.47	100.00	1,138.38	100.00	1,088.44	100.00

*Year 2013 (Restated)** The financial position as at December 31, 2013 were restated and shown as of January 1, 2014 to conform with 2014 restated annual statements.

**Statements of Financial Position as at December 31 of the 3-year period:
(continued)**

Description	2015		2014 (Restated)		2013 (Restated)*	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Non - current liabilities</u>						
Overdrafts from financial institutions	2.62	0.14	55.57	4.88	19.61	1.80
Trade and other payables	180.96	9.75	141.03	12.39	112.88	10.37
Current portion of long-term liabilities						
Liabilities under financial lease agreements	14.71	0.79	8.84	0.78	17.20	1.58
Long-term loans from financial institution	-	-	57.40	5.04	77.60	7.13
Short-term loans from related persons & parties	-	-	43.80	3.85	24.80	2.28
Income tax payables	2.05	0.11	5.63	0.49	7.97	0.73
Others current liabilities	6.10	0.33	6.80	0.60	7.42	0.68
Total current liabilities	206.44	11.13	319.06	28.03	267.47	24.57
<u>Non - current liabilities</u>						
Liabilities under financial lease agreements	40.24	2.17	17.31	1.52	16.58	1.52
Long-term loans from financial institution	-	-	243.38	21.38	285.91	26.27
Employee benefit obligations	31.91	1.72	28.48	2.50	15.54	1.43
Deferred tax liabilities	3.38	0.18	2.39	0.21	3.88	0.36
Other non-current liabilities	2.36	0.13	1.66	0.15	1.38	0.13
Total other non-current liabilities	77.89	4.20	293.22	25.76	323.30	29.70
Total liabilities	284.33	15.32	612.28	53.79	590.76	54.28

*Year 2013 (Restated) ** The financial position as at December 31, 2013 were restated and shown as of January 1, 2014 to conform with 2014 restated annual statements.

**Statements of Financial Position as at December 31 of the 3-year period:
(continued)**

Description	2015		2014 (Restated)		2013 (Restated)*	
	Million Baht	%	Million Baht	%	Million Baht	%
Shareholders' equity						
Share capital						
Authorized share capital						
750,000,000 ordinary shares, Baht 0.50 par value	375.00	20.21	375.00	32.94	-	-
350,000,000 ordinary shares, Baht 1.00 par value	-	-	-	-	350.00	32.16
Issued and fully paid-up						
750,000,000 ordinary shares, Baht 0.50 par value	375.00	20.21	-	-	-	-
550,000,000 ordinary shares, Baht 0.50 par value	-	-	275.00	24.16	-	-
275,000,000 ordinary shares, Baht 1.00 par value	-	-	-	-	275.00	25.27
Premium on ordinary shares	922.83	49.74	45.25	3.97	45.25	4.16
Premium from purchasing of investment in subsidiary	5.63	0.30	5.63	0.49	(1.82)	(0.17)
Ratained earning						
Appropriated						
Legal reserve	37.50	2.02	37.50	3.29	34.51	3.17
Unappropriated	229.25	12.36	161.80	14.21	133.09	12.23
Total equity attributable to owners of the company	1,570.21	84.63	525.17	46.13	486.03	44.65
Non-controlling interests of the subsidiaries	0.93	0.05	0.92	0.08	11.64	1.07
Total shareholders' equity	1,571.14	84.68	526.10	46.21	497.67	45.72
Total liabilities and shareholders' equity	1,855.47	100.00	1,138.38	100.00	1,088.44	100.00

Year 2013 (Restated)* The financial position as at December 31, 2013 were restated and shown as of January 1, 2014 to conform with 2014 restated annual statements.

Statements of Comprehensive Income for the 3- year ended December 31:

Description	2015		2014 (Restated)		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
REVENUES						
Revenues from hospital operations	1,145.71	91.24	1,044.08	91.86	980.35	92.22
Revenues from services	98.40	7.84	84.40	7.43	72.77	6.85
Other incomes						
Rental income	4.61	0.37	4.15	0.36	4.42	0.42
Dividend income	-	-	-	-	-	-
Others	6.98	0.56	3.95	0.35	5.53	0.52
Total revenues	1,255.70	100.00	1,136.57	100.00	1,063.07	100.00
EXPENSES						
Cost of hospital operations	880.98	70.16	764.59	67.27	686.30	64.56
Cost of services	54.72	4.36	50.98	4.49	45.94	4.32
Services and administrative expenses	141.57	11.27	137.48	12.10	138.79	13.06
Management remuneration	33.39	2.66	34.94	3.07	30.04	2.83
Finance costs	19.59	1.56	25.54	2.25	25.20	2.37
Total expenses	1,130.24	90.01	1,013.53	89.17	926.27	87.13
Profit before income tax expenses	125.46	9.99	123.05	10.83	136.80	12.87
Income tax expenses	24.90	1.98	22.16	1.95	28.37	2.67
Profit for the year	100.56	8.01	100.88	8.88	108.43	10.20
Other comprehensive income :						
Items that will not be reclassified to profit or loss						
Actuarials loss on the defined employee benefit plans, net income tax	-	-	(6.89)	(0.61)	-	-
Other comprehensive income (loss) for the year	-	-	(6.89)	(0.61)	-	-
Total comprehensive income for the year	100.56	8.01	93.99	8.27	108.43	10.20
Profit attributable to						
Owners of the company	100.45	8.00	98.98	8.71	105.77	9.95
Non-controlling interests of the subsidiaries	0.11	0.01	1.91	0.17	2.66	0.25
	100.56	8.01	100.88	8.88	108.43	10.20
Total comprehensive income attributable to						
Owners of the company	100.45	8.00	92.20	8.11	105.77	9.95
Non-controlling interests of the subsidiaries	0.11	0.01	1.80	0.16	2.66	0.25
	100.56	8.01	93.99	8.27	108.43	10.20
Basic earnings per share						
Attributable to owners of the company	0.17		0.18		0.19	

Statements of Cash Flow for the 3-year ended December 31:

Description	2015	2014 <i>(Restated)</i>	2013
	Million Baht	Million Baht	Million Baht
Cash flows from operating activities			
Profit for the year	100.56	100.88	108.43
Adjustments to profit for the year to cash provided by (used in) from operations:			
Interest income	(1.68)	(0.19)	(0.42)
(Gain) loss from sales of fixed assets	1.42	(0.53)	(0.47)
Dividend income	-	-	-
Doubtful accounts (reversal)	2.65	(2.19)	1.55
Bad debts	0.88	2.09	1.38
Written off withholding tax	0.68	0.22	-
Depreciation	55.14	51.15	57.82
Amortization	2.74	2.63	1.89
Employee benefit expenses	4.55	4.37	1.45
Finance costs	19.59	25.54	25.20
Income tax expenses	24.90	22.16	28.37
Profit from operations before changes in operating assets and liabilities	211.42	206.13	225.19
Changes in operating assets - (Increase) Decrease			
Trade and other receivables	(43.51)	6.74	(23.19)
Accrued revenues from hospital operations	39.65	(114.51)	(2.45)
Inventories	(1.62)	1.34	(4.85)
Current assets	(0.23)	(1.37)	(1.61)
Other non-current assets	(1.53)	0.48	(2.37)
Changes in operating liabilities - Increase (Decrease)			
Trade and other payables	38.73	35.49	6.92
Other currents liabilities	(0.70)	(1.24)	(2.21)
Other non - current liabilities	0.70	0.28	(1.22)
Cash generated from operation	242.90	133.34	194.20
Cash received from interest income	1.74	-	-
Cash paid for employee benefit obligations	(1.12)	-	-
Cash paid for income tax	(22.01)	(23.94)	(24.85)
Net cash provided by operating activities	221.52	109.40	169.35

Statements of Cash Flow for the 3-year ended December 31: *(continued)*

Description	2015	2014 <i>(Restated)</i>	2013
	Million Baht	Million Baht	Million Baht
Cash flows from investing activities			
(Increase) decrease in temporary investments	(16.90)	0.21	1.00
(Increase) decrease in restricted deposits	(62.40)	0.88	0.16
Cash received from short-term loans to related persons	-	2.30	-
Cash paid for purchase of property, plant and equipment	(55.54)	(31.78)	(33.63)
Cash paid for purchase of intangible assets	(1.48)	(7.57)	(0.98)
Cash received from sale of fixed assets	0.13	0.65	1.76
Cash paid for land leasehold right	(8.42)	-	(16.28)
Cash received from interest income	-	0.34	0.58
Net cash used in investing activities	(144.61)	(34.98)	(47.39)
Cash flows from financing activities			
Cash receive for paid-up capital	971.99	-	-
Increase (decrease) in overdrafts from financial institution	(52.95)	35.97	(35.36)
Cash received from short-term loans from related company	-	29.43	2.00
Cash paid for short-term loans from related company	-	(24.73)	(0.20)
Cash received from short-term loans from related persons and parties	48.10	63.70	34.00
Cash paid for short-term loans from related persons and parties	(91.90)	(49.40)	(40.50)
Cash paid for liabilities under financial lease agreements	(12.68)	(20.47)	(21.10)
Cash received from long-term loans from financial institution	7.30	15.07	31.94
Cash paid for long-term loans from financial institution	(308.07)	(77.80)	(30.37)
Cash paid for share of non-controlling interests of investment	-	(4.50)	-
Dividend payment	(33.00)	(60.50)	(60.50)
Dividend paid to non-controlling interests	(0.10)	(0.57)	(0.59)
Capital refund to non-controlling interests	-	-	(0.03)
Cash paid for interest expenses	(18.39)	(23.81)	(22.31)
Net cash provided by (used in) financing activities	510.29	(117.61)	(143.02)
Net increase (decrease) in cash and cash equivalents	587.20	(43.19)	(21.06)
Cash and cash equivalents at beginning of the year	2.14	45.33	66.39
Cash and cash equivalents at end of the year	589.34	2.14	45.33

Key Financial Ratios:

Description	unit	2015	2014	2013
<u>Liquidity Ratios</u>				
Current Ratio	times	4.14	0.78	0.70
Quick Ratio	times	4.03	0.71	0.62
<u>Activity Ratios</u>				
Account Receivable Turnover ⁽¹⁾	times	13.30	13.32	13.32
Average Collection Period ⁽¹⁾	days	27.45	27.41	27.40
Fixed Asset Turnover	times	1.66	1.53	1.38
Account Payable Turnover	times	17.15	15.18	14.36
Average Payment Period	days	21.29	24.04	25.43
Cash Cycle ⁽¹⁾	days	13.42	11.64	10.32
Inventory Turnover	times	50.25	44.13	43.78
Average Sale (Inventory) Period	days	7.26	8.27	8.34
Total Asset Turnover	times	0.84	1.02	0.98
<u>Leverage Ratios</u>				
Debt/Equity Ratio	times	0.18	1.17	1.22
Interest Coverage Ratio	times	14.24	6.60	9.70
<u>Profitability Ratios</u>				
Gross Profit Margin	%	24.79	27.73	30.47
Net Profit Margin	%	8.01	8.27	10.20
Return on Asset (ROA)	%	9.69	13.34	14.90
Return on Equity (ROE)	%	9.59 ⁽²⁾	18.36	22.62
<u>Financial Ratio</u>				
Dividend Payout	%	112.00 ⁽³⁾	61.13	57.20

(1) receivables based on normal course of business excluding accrued revenues from Social Security Office.

(2) an increase of shareholders' equity as at December 31, 2015 of Baht 877.58 million mainly due to the IPO.

(3) dividend payout as percentage of 2015 annual consolidated net profit comprising dividend paid from operating results (59.73%) and from unappropriated retained earning (52.27%).

14. Management Discussion and Analysis

BUSINESS POLICY AND OVERALL OPERATION

Overall Operating Performance

The business operation of the Company and its subsidiaries covers 3 main business sectors comprising hospital and related healthcare services, scientific analytical and diagnostic laboratory service of medical healthcare, food, agricultural, pharmaceutical, clinical trial, as well as calibration and hospital management and consulting services having details as follows:-

1. HEALTH CARE SERVICES: operated and managed by

- Ladprao General Hospital Public Company Limited (“LPH”, “Company” or “Hospital”) operates a private hospital business in Bangkok providing complete general healthcare services (General Hospital) and special medical care for both outpatients and inpatients including emergency with 24-hour ambulatory service. The Company has always emphasized the importance of quality healthcare with efficient, advanced and high standard technology medical equipment and experienced physicians and staff under the registered hospital name of “Ladprao Hospital” (“Hospital”) with 180 licensed beds and capacity over 3,000 outpatients per day.
- Ladprao General Hospital 2 Company Limited (“LP2”) (Subsidiary) LP2 has not yet operated. The company has been established with the objective to operate the new established private hospital providing healthcare services as planned.

2. SCIENTIFIC ANALYTICAL And DIAGNOSTIC SERVICES And RESEARCH For MEDICAL, AGRICULTURAL, FOOD And DRUG operated by

- Asia Medical and Agricultural Laboratory and Research Center Co., Ltd. (“AMARC”) (Subsidiary) operates full services in scientific analytical and diagnostic laboratory which include medical healthcare, food, agricultural, pharmaceutical testing and clinical trial, as well as equipment calibration with scientific expertise, modern methodology and highly efficient technological equipment aimed as providing high quality results with international standard.

3. HOSPITAL MANAGEMENT AND CONSULTING SERVICES: operated by

- Asia Business Management Center Co., Ltd. (“ABMC”) (Subsidiary) is a company focused on providing hospital management and consulting services including medicinal statistics, legal counseling, and business development. Since the current services mainly support only for the Company realized as inter-transaction therefore its revenues are not consolidated in the Company financial statements.

Since the present Company's revenues are from its hospital and related healthcare services providing to various types of customers both general and Social Security patients, the variety of income base strengthen the revenue growth. The Company is one of the leading healthcare service providers on Ladprao and its surrounding areas recognized as high quality hospital with excellent doctors supported by experienced colleagues, advanced technology and responsive service in a comforting environment. The Company also has its location advantage due to not only situated among the high population density area surrounded by a number of growing private enterprises, shopping centers, schools, education centers and organizations but also supported by being in the official developing zone according to the city plan. In addition, the continually support from government on public health knowledge enhance and stipulate public health awareness as well which therefore support the Company sustainable growth.

In addition, the Company reported the service performance from scientific analytical and diagnostic laboratory of food, agricultural, pharmaceutical and medical operating by AMARC (subsidiary). The revenue from this testing service sector has continuously increased mainly due to growing customer base both new and existing ones who have recognized AMARC, been satisfied and impressed with the in-time reliable and efficient high quality services with certified international standard.

• Analysis on Operating Performance

Revenues

The Consolidated revenue structure for the year 2015 mainly derived from 3 business sectors, having details as earlier mentioned, comprising hospital and related healthcare services operating by the Company, scientific analytical and diagnostic laboratory service of medical healthcare, food, agricultural, pharmaceutical, clinical trial, as well as calibration under AMARC (subsidiary) and hospital management & development and consulting services operating by ABMC which its revenues are not consolidated in the financial statements for its support only for the Company that realized as inter-transaction, .

The Company revenue structure is as follows:-

Revenues Structure	Company	2015		2014		2013	
		Million Baht	%	Million Baht	%	Million Baht	%
1. HOSPITAL REVENUES	LPH	1,145.71	91.24	1,044.08	91.86	980.35	92.22
2. SERVICE REVENUES	AMARC	98.40	7.84	84.4	7.43	72.77	6.85
- Scientific Testing & Research							
3. OTHER REVENUES							
- Rental income		4.61	0.36	4.15	0.36	4.42	0.42
- Others		6.98	0.56	3.94	0.35	5.53	0.51
Total Revenues		1,255.70	100.00	1,136.57	100.00	1,063.07	100.00

The consolidated revenues for the year 2015 totaling of Baht 1,255.70 million increased from last year by 10.48% comprising the revenue from hospital operation amounted to Baht 1,145.71 million, or an average of 91.24%, testing and analytical service revenue operating by AMARC (subsidiary) of Baht 98.40 million or 7.84% and other income of Baht 11.59 million or 0.92% of total revenues respectively.

Operating Performance

Revenue from Hospital Operation

The Company's sources of income are mainly from 2 customer segments comprising the revenues from general clients and patients under the Social Security Scheme which have details as follows:

Revenue from Hospital Operation	2015		2014		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
- Hospital Revenues from general clients	590.27	51.52	557.37	53.38	547.75	55.87
<i>Outpatients (OPD)</i>	325.49	28.41	311.52	29.83	316.97	32.33
<i>Inpatients (IPD)</i>	264.78	23.11	245.85	23.55	230.79	23.54
- Revenues from Social Security Fund	555.44	48.48	486.71	46.62	432.59	44.13
Total Revenues from Hospital Operation	1,145.71	100.00	1,044.08	100.00	980.35	100.00

The Company reported its 2015 revenues from hospital operation totaling of Baht 1,145.71 million accounted for 91.24% of total revenues and increased from the previous year 2014 by 9.73%. The revenue growth was driven by the increase in pay per bill of general patients mainly due to Hospital's more complex of quality services and treatments provided with efficient and advanced technology medical equipment and experienced physicians and staff.

Hospital Revenues from general clients

The Company had its 2015 hospital revenues from general clients in the amount of Baht 590.27 million accounted for 51.52% of total revenues from hospital operation and increased from the previous year 2014 by 5.83%.

In 2015, the hospital revenue from outpatients of Baht 325.49 million, which accounted for 55.14 of hospital revenues from general clients, increased from the previous year 2014 by 4.48%. Whereas the other 44.86% was derived from inpatients of Baht 264.78 million and also grew from 2014 at the rate of 7.70%.

Hospital Revenues from Social Security Fund

The Company had revenue from Social Security Fund totaling of Baht 555.44 million, accounted for 48.48% of hospital revenues, an increase of 14.12% from 2014 mainly caused by the change of the invoice method from service providers for their reimbursement and fee-for services regarding patients with chronic diseases and referred patients with severe diseases (supra) having adjusted relative weight (Adj RW of equal or greater than 2) to the Social Security Office.

The Company's revenues from the Social Security Fund (SSF) mainly comprise 3 major categories in accordance with the Social Security Scheme ("SSS") as follows:-

1) Revenues from Social Security Service based on Capitation Payment The hospital will receive its service payment from the Social Security Office (SSO) based on the number of Social Security Scheme members (SSS-members) who have selected the Hospital as the main health service provider and registered as LPH- SSS members (LPH-SSS Members) consisted of 2 types of payment as followings:

1.1) Social Security Service revenue by Capitation based on registered members The hospital has its right to receive monthly payment from SSO based on the number of SSS-members who have selected the Hospital as the main health service provider and registered as LPH- SSS members

1.2) Social Security Service revenue based on Hospital Accreditation (HA) A hospital has its right to receive incremental payment if it has been granted the Hospital Accreditation (HA). LPH receives the incremental monthly special payment from SSO since the Hospital has been granted the highest: 3rd (third) hierarchy which is the highest level of hospital accreditation at the rate of Baht80 per LPH-SSS member per year.

2) Revenues from Social Security Service based on Fee-for Service According to the social security, fee-for-service scheme, a SS-health service provider has its right to receive payment from SSO on case-mix basis of actual service provided to SSS patients and the weighted average severity of diseases which has been divergent for any service provider as the case maybe, comprising:-

2.1 Revenues from Extra Fee-for-Service in case of Chronic diseases This type of extra payment is the fee-for-service based on patients classification and actual service workloads provided to SSS patients consisted of 2 categories: (1) Service for Out-patients (OPD) in case of 26 registered Chronic diseases announced by the SSO, for examples, Hypertension , Diabetes Millitus, Chronic Hepatitis and Liver Cirrhosis,etc. and (2) Service for In-patients (IPD) with adjusted relative weight less than 2 (AdjRW< 2). The SSO considers its allocation payment based on the weighted relative case-mix basis or Diagnosis Related Group (DRGs) given comparative figures in accordance with the relative weight adjusted by in-patient admitted hospital days (Adjusted Relative Weight, AdjRW). The SSO reserves the budget from the social security fund for this type of extra service payment at the announced rate of Baht432 per SSS member per annum. Therefore, the SS reserved budget will be allocated as extra payment to the hospitals and all service providers for the aforementioned services of chronic diseases.

2.2 Revenues from Extra Fee-for-Service in case of Severe Diseases This extra payment is the fee-for-service based on patients with severe diseases and need to be admitted as in-patients having a serious degree of special care with the justified

AdjRW of equal or greater than 2 (AdjRW \geq 2). Any hospital has their rights to gather their records of the workloads submit to the SSO to receive the extra fee for their services. The SS patient charge rate in case of severe diseases was set at the rate of Baht 10,000 per one unit of AdjRW weight for the year 2015.

2) Revenues from Social Security Service based on Reimbursement The hospital will receive its extra service payment from the Social Security Office (SSO) in case of retrospective reimbursement as officially announced by the SSO, for examples, reimbursement for the medicines supported for chemotherapy of cancer patients and for the artificial organs; i.e. Prosthesis hip & eye. The hospital then directly submits the invoice regarding its actual professional services and/or artificial organs to the SSO for reimbursement.

Revenues from Services

In 2015, the Company reported revenues from scientific and laboratory testing services totaling of Baht98.40 million, or equivalent to 7.84% of total revenues, an increase of 16.59% from 2014.

The service revenue structure comprising:-

Revenues from Scientific and Laboratory testing & Research	2015		2014		2013	
	Million	%	Million	%	Million	%
1. Food and Agricultural Lab	87.09	88.30	72.18	83.77	62.78	84.22
2. Medical and Pharmaceutical Lab	5.24	5.32	9.21	10.68	9.39	12.60
3. Calibration Lab	5.21	5.29	3.90	4.53	2.37	3.18
4. Other Services*	1.07	1.09	0.88	1.02	-	-
Sub-total: before inter- transaction	98.61	100.00	86.17	100.00	74.54	100.00
Less: Inter-transactions	0.21	-	1.77	-	1.77	-
Total	98.40	-	84.40	-	72.77	-

Note: Other services involve charges for extra laboratory reports requested by clients.

The revenue from service has continuously increased mainly due to growing customer base who have recognized AMARC, satisfied and impressed with the efficient and high quality services delivering to with the certified international standard, well-experienced professional consultation, and the being accredited laboratory granted from the accreditation and/or recognizing government bodies. It is also a firm policy to develop professionalisms as marketing team to penetrate, establish, and expand its client's base not only at center but broaden through regionals to strengthen its continual growth.

Other Income

For the year 2015, the Company had Baht 11.59 million of income other than revenues from hospital operation and scientific testing and laboratory service accounted for 0.92% of total revenues, an increase of 43.29% from the previous year 2014 comprising: 1) rental income and

2) others; having details as following:-

1) Rental income stated in 2015 consolidated statements of Baht 4.61 million or 0.37% of total revenues, an increase of 11.30% from previous year 2014. This income derived from many rental activities included of merchandisers, food & beverage shops and restaurants situated in the Hospital's building as well as the apartment and land at Wangthonglang sub-district, Bangkapi district, etc.

2) Consolidated other income for the year 2015 of Baht 6.98 million or 0.56% of total revenues, a YoY growth of 76.90% from previous year 2014 mainly from receivable interests. These earnings consisted of income from unused portion of medical treatment program, interest receivables of the Company and its subsidiaries, rental and utility charges from rental areas, serviced apartment as well as gain (loss) from selling of assets, etc.

Cost of Services

The Company reported consolidated cost of services for the year 2015 of Baht 935.69 million, accounted for 82.79% of total cost, an increase of 14.73% from last year 2014. The aggregate cost consisted of cost of hospital operations, operated by the Company (Hospital) and cost of services managed by the subsidiaries. Thus, the main cost was for hospital operations which were accounted for 94.15% of the total with an increase of 15.22% YoY.

Cost of Hospital Operations

Cost of hospital operations for the year 2015 was Baht 880.97 million, or equivalent to 76.89% of revenue from hospital operations, a growth of 15.22% from last year 2014. The major content comprised doctors' fee, nurse's benefits, as well as medicines and medical supplies.

The contribution of operating cost to the revenue from hospital operations had increased from 73.23% 2014 to 76.89% in 2015 mainly caused by the provision of expertise team for the upcoming expansion and for retaining expertise and experienced doctors, physicians and staff so as to be able to offer excellent care and deliver better outcome to clients so as to enhance the achievement of the Company's goals and objectives. In addition, an incremental cost was also from the hospital policy to continuously improve services as well as an incremental of needs for supra medical treatment provided to social security patients with severe diseases.

Cost of Services

Cost of hospital operations for the year 2015 was Baht 54.72 million or 4.36% of the aggregate revenues. The content involved the cost of scientific testing with laboratory analysis operating by AMARC comprising salaries and wages for scientists and scientific testing experts, laboratory chemicals and agents, and depreciation accounted for 40.23%, 35.63%, and 15.60% of total cost of services respectively. However, it was justification of efficient controlling testing cost, including man-hour and chemical agents utilized, in spite of increasing for its conforming growth of laboratory service revenues.

Services and Administrative Expenses and Management Remuneration

Services and administrative expenses and management remuneration of the Company and subsidiaries comprising employee benefits, management and directors remuneration, advisory fees, marketing and public relation, utilities, and administrative expenses, etc. The expenses for the year 2015 of Baht174.96 million or equivalent to 13.93% of total revenues, an increase of 1.47% from last year 2014 mainly caused by necessary activities in relation to the initial public offering, listing of the Company on the Stock Exchange, and on-going public relation activities. The Company has also continued to invest in expertise and systems to continually redefine as a leading healthcare service provider under the efficient controlled hospital administrative system including management remuneration and rental charges, etc.

Financing Costs

The consolidated financing costs for the Company and its subsidiaries for the year 2015 amounted to Baht19.58 million, a decrease of 23.30% from last year 2014 mainly caused by a substantial lower financing costs resulting from the use of proceeds to fully repay all loan from financial institution during the end of last October.

Profits

Profitability Ratio	2015		2014 (Restated)		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Gross Profit	320.00	25.48	321.00	28.24	380.89	30.47
Net Profit for the Year	100.56	8.01	100.88	8.88	108.43	10.20
Profit attributable to Owners of the Company	100.45	8.00	98.98	8.71	105.77	9.95

Gross Profit and Gross Profit Margin

The Company and its subsidiaries reported gross profit for the year 2015 accounted for 25.48% of total revenues. The margin dropped due mainly to an increase in hospital operating costs, especially the costs to prepare expertise team for the upcoming expansion and to retain expertise and experienced doctors, physicians and staff so as to be able to offer excellent care and deliver better outcome to clients so as to enhance the achievement of the Company's goals and objectives. In addition, an incremental cost was also from the hospital policy to continuously improve services as well as an incremental of needs for supra medical treatment provided to social security patients with severe diseases.

Net Profit and Net Profit Margin

The Company and its subsidiaries reported net profit for the year 2015 of 8.01% of total revenues, a slightly drop of 0.87% mainly resulted from the higher of 3.66% of operating hospital cost to its producing income. However, the Company has continually emphasized and set up the closely monitoring policy to control all core costs, administrative expenses, and management remuneration via their efficiency so as to enhance the profitability as the services and administrative expenses to total revenues had been decreased by 0.83% and 0.41% YoY respectively. Consequently, the operating profit before tax was still been higher than of last year

2014. Despite the aforementioned need to invest and expand, the consolidated net profit for the Company for the year 2015 has still been closely as previously earned YoY resulted in the 1.5% growth of profit attributable to owners of the Company.

Analysis on Financial Position

Assets

The Company and its subsidiaries reported total assets as at December 31, 2015 of Baht 1,855.47 million having the current assets of Baht 855.07 million and the non-current accounted for Baht1,000.40 million, or equivalent to 46.08% and 53.92% of total assets respectively. The classification of major items is as following:-

Cash and cash equivalents and temporary investments

Cash and cash equivalents and temporary investments as at December 31, 2015 was totaling of Baht606.23 million or equivalent to 32.65% of total assets, an increase from the year 2014 YoY mainly caused by the proceeds as of October 28, 2015 from the Company's initial public offering.

Trade and other receivables

As at December 31, 2015 the Company and its subsidiaries reported trade and other receivables totaling of Baht90.33 million, or equivalent to 4.87% of total assets which consisted of:

Trade and other receivables	2015 Million Baht	2014 Million Baht	2013 Million baht
Receivable from Social Security Office	34.33	1.08	4.41
Trade receivable - other	56.00	47.57	47.93
Total	90.33	48.54	52.34
(Less) Allowance for doubtful accounts	(7.26)	(4.62)	(6.81)
Total trade and other receivables -net	83.06	43.92	45.53

According to the above data table, the receivable from Social Security Office was increased mainly due to the incremental receivable portion of reimbursement from the Social Security Office. If considered only the trade receivable – other than from Social Security Office, there was reported of Baht56 million, or an increase of 17.72% which was in corresponded with growing revenues from normal course of business operation.

The Company and its subsidiaries have an average collection period (including of receivable from Social Security Office) for the year 2015 of 36.80 days. Whereas, it presented only 27.45 days of average collection period if considered only receivables regarding normal course of business excluded of ones from Social Security Office.

Receivable Aging Analysis	2015		2014		2013	
	Million	%	Million	%	Million	%
Within credit term	21.94	24.29	20.28	41.78	17.56	33.55
Less than 3 months	31.13	34.46	18.06	37.20	20.68	39.51
3-6 months	17.33	19.19	4.44	9.14	5.72	10.93
6-12 months	15.52	17.18	2.23	4.60	4.07	7.78
Over 12 months	4.41	4.88	3.53	7.28	4.31	8.23
Total	90.33	100.00	48.54	100.00	52.34	100.00

The Company had the proportion of total accrued income within credit term altogether with less than 180 days to the total outstanding receivables decreased by 10.18% due to the delay in getting paid from Social Security Office. Hence, it is the Company's policy to cope with uncontrolled loss of receivables by having allowances in relation to unreceivables' aging that is to set 50% of receivables of which aging lines between 181-360 days for doubtful account and 100% of ones if aging far beyond 1 year.

Accrued revenues from hospital operations

As at December 31, 2015 the Company and its subsidiaries have accrued revenues from hospital operations by Baht135.09 million or equivalent to 7.28% of total assets with the following details:

Accrued hospital revenues	2015		2014		2013	
	Million	%	Million	%	Million	%
Accrued revenues from hospital operations of Chronic diseases	54.40	40.27	50.00	28.61	37.65	62.52
Accrued revenues from hospital operations provided to patients with severe diseases	75.15	55.63	119.18	68.20	16.58	27.53
Accrued social security income – other	5.54	4.10	5.56	3.18	5.99	9.94
Total	135.09	100.00	174.73	100.00	60.22	100.00

Accrued revenues from hospital operations provided to patients with severe deceases were decreased by 36.95% mainly due to a decrease in payment rate from the Fund contributed by the Social Security Office.

Inventory

As at December 31, 2015 the Company and its subsidiaries have their inventory left totaling Baht 19.43 million or equivalent to 1.05% of total assets comprising medicines, medical supplies, miscellaneous and laboratory having details as follows:

Inventory	2015		2014		2013	
	Million	%	Million	%	Million	%
Medicines	9.02	46.43	9.52	53.45	11.53	60.21
Medical supplies	3.71	19.09	5.27	29.59	3.82	19.95
Miscellaneous	4.15	21.35	1.36	7.64	1.59	8.30
Laboratory chemicals	2.55	13.12	1.66	9.32	2.21	11.54
Total	19.43	100.00	17.81	100.00	19.15	100.00

The overall status for the Company and its subsidiaries as at December 31, 2015 showed the inventory amounted to Baht19.43 million growing from 2014-YOY by 9.08% that was corresponded with rising revenues from hospital operation driven by the increase in number of patient visits.

If considering average trade payable of the Company for last year 2015 period, it was 7.26 days compared with 8.27 days YoY. This was because of the efficient inventory management policy of controlling and monitoring satisfied and consistent levels of sufficient inventory. This can be carried out well with good cooperation from our trade alliances and distributors.

The Company has not yet set allowances for decline in value of its major hospital

inventory due to the fact that they have been agreeable to return and/or exchange prior to their expired dates. Pharmacists and purchasing team have been responsible by continually investigating and reviewing each and every trade items' useful lives so as to be able to manage the movement of stocks, change and/or return before ended lives or deemed appropriate as former agreed with the suppliers. In addition, the subsidiary (AMARC) has its own stock management policy aimed to ensure suitable levels of stock and the control systems are functioning. The policies and procedures used to accomplish this objective include counting month-ended stocks, checking and balancing their movement as counted so as to review and be able to maintain all stocks in good conditions at all time. Allowances of the decline in inventory value or written off as disposal may be set for approval following given procedures if deem appropriate.

Investment Property

As at December 31, 2015 the Company and its subsidiaries reported Baht 74.60 million of Investment Property value, equivalent to 4.02% of total assets comprising land and sport court owned by the Company but leased to Asia Learning and Training Center Co., Ltd. (ALTC) for its purpose of rental to Ladprao Bi-Lingual School which also disclosed in the section of related parties' transaction.

Property, Plant and Equipment

As at December 31, 2015 the Company has its property, plant and equipment accounted for 41.76% of total assets with the value of Baht 774.87 million, decrease by Baht 56.32 million YoY mainly resulted from its written off as expenses. Depreciation of plant and equipment is calculated on the straight-line basis. The Company and its subsidiaries have reviewed the residual value and useful lives of the assets every year. At present, the Company has not yet appraised and/or recorded any impairment loss on property; i.e. land. However, there has been an evident supporting a rising trend of land price compared with its book value stimulated by the upcoming mass transit transportation.

Liquidity

Liquidity Ratio	Unit	2015	2014	2013
Current Ratio	Times	4.14	0.78	0.70
Quick ratio	Times	4.03	0.71	0.62

As at December 31, 2015 the Company and its subsidiaries attained the current ratio of 4.14 times with the quick ratio of 4.03 times at an advantage of more than 4 times compared with last year caused by the considerable increase of cash flow from operation of the Company and its subsidiaries, the Company's capital increase, and the reduction of financing cost after fully debt repayment in 2015.

SOURCES OF FUND

Liabilities

As at December 31, 2015, the Company and its subsidiaries reported their liabilities of Baht 284.33 million with the ratio of non-current liabilities to total liabilities by 27.40%. Total liabilities were decreased by 53.56% mainly due to the fact that the Company had fully repaid all long term loan resulted in the ability to completely redeem and discharge of all pledges and mortgages.

Shareholders' Equity

As at December 31, 2015, the shareholders' equity value for the Company and its subsidiaries totaling of Baht 1,571.14 million, an increase by 198.64% mainly caused by the net profit from operation and the proceeds from Company's initial public offering of 200.00 million shares. The increase of premium on ordinary shares was reported at Baht877.58 million.

Leverage and Coverage Ratio

Description	Unit	2015	2014	2013
Debt/Equity Ratio	Times	0.18	1.17	1.22
Interest Coverage Ratio	Times	14.24	6.60	9.70

According to the analysis of the financial leverage and coverage associated with liabilities, it was clear that the Company and its subsidiaries had debt to equity ratio of 0.18 times, decreased by 84.62% from previous year mainly caused by equity growth consequential from the capital increase as well as the completely loan repayment as former described in the Liabilities section. The coverage ratio of interest therefore attained 14.24 times for the year 2015 that was better than last year by 115.76% which thriving and strengthening the Company's ability to achieve the goals and objectives of its investment strategy and plan.

Commitments and Contingent Liabilities

As at December 31, 2015, the Company and its subsidiaries have commitments and contingent liabilities associated with the following issues: 1) the outstanding bank guarantees issued by a local commercial bank which required for the normal course of business totaling Baht 23.07 million; 2) the business management expense payable to Asia Administrative Business Center Co., Ltd. (ABMC) as an extra of monthly at the rate of 20% of above-target (if any), compared with the set out annual forecasted income derived from the Social Security Office; 3) commitments under the rental contracts for operation of office building and land which due within 1 year of Baht5.89 million, due 1- 5 years totaling Baht11.59 million, and more than 5 years of Baht15.43 million. Such those commitments might affect the future operating cash flow only if there are undesirably results occurred.

Factors that Might Affect the Business Operation or the Financial Position

Risk from Government Regulatory Changes

Government Regulatory changes on managed care programs could affect the Company's business operation. This 2015 hospital revenue from Social Security sector accounted for 48.8% of total hospital revenues. In that year, the Social Security Office had announced additional right for social security members to claim in case of suicide without giving any extra funding regarding social security quota to any medical centers. Despite of the fact that the aforesaid implementation might cause the managed care costs to swell but not for the Hospital due to its small scale of such that cases and the management also actively set a policy to control all related expenditures and assessed all quotation from Health Support Division as the Hospital had clearly declared fair and investigable pricing of the services.

Nevertheless, according to the Social Security Act B.E.2533, the Social Security Office considered and granted an incremental 10,000 social security quota (members) for the year 2016 to Company. The contract has been signed on the 17th of March 2016 (Events after the reporting period).

Risk Associated with the Improvement and/or Change in Investment Project

The Company has planned to expand its services to ensure high quality medical cares and services by the renovation of existing building and construction of new service building. The objectives are to broaden and strengthen the Hospital's special medical treatment and enlarge the social security service center. The progress of renovation and construction has been in line with the Company's plan. The construction of new special care building is approximately 10 months that is targeted to start operation in early 2017. However, the project plan needs to be developed, changed, and/or improved as the case maybe so as to be able to offer excellent care by advanced technology and responsive service in a comforting environment that ensure high quality service and deliver best outcome for serving client's needs. For instances, the expansion of service areas for Medical Excellent Center for Elderly in the new building and for the Social Security Center in the existing building.

The Company has still continue its investment plan in new hospital project (Ladprao General Hospital 2: LumLukka) to persistently enhance growing customer base so as to satisfy the result well into the future with growing revenues and strengthening financial position. The investment process has been strictly unadventurous but feasible in all material respects with a policy to thriving professionalisms and experienced colleagues in all related fields but minimizing risk associated with shortage of professional staff and knowledgeable resources. Once started, the new hospital project must be under firmly control of the use of proceeds with the strictly cash control policy to minimize liquidity risk that might associate with large-scale project execution.