

## 13. Key Financial Figures

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

Description	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<b><u>Current assets</u></b>						
Cash and cash equivalents	208.64	9.98	120.06	6.13	589.33	31.76
Temporary investments	246.97	11.82	410.95	20.99	16.50	0.89
Trade and other receivables	104.47	5.00	100.55	5.13	90.34	4.87
Accrued revenues from hospital operations	114.05	5.45	150.65	7.69	135.09	7.28
Inventories	21.64	1.04	19.37	0.99	19.43	1.05
Other current assets	11.70	0.56	3.12	0.16	3.98	0.21
<b>Total current assets</b>	<b>707.47</b>	<b>33.85</b>	<b>804.70</b>	<b>41.09</b>	<b>854.67</b>	<b>46.06</b>
<b><u>Non-current assets</u></b>						
Long term fixed deposit	-	-	-	-	0.40	0.02
Restricted deposit	41.15	1.97	40.72	2.08	63.08	3.40
Investment property	39.82	1.90	74.48	3.80	74.60	4.02
Property, plant and equipment	1,204.58	57.64	949.21	48.47	774.87	41.76
Land leasehold right	18.94	0.91	20.40	1.04	21.85	1.18
Intangible assets	43.07	2.06	36.26	1.85	29.86	1.61
Deferred tax assets	33.25	1.59	30.50	1.56	32.36	1.74
Other non-current assets	1.73	0.08	2.26	0.11	3.78	0.21
<b>Total non-current assets</b>	<b>1,382.54</b>	<b>66.15</b>	<b>1,153.83</b>	<b>58.91</b>	<b>1,000.80</b>	<b>53.94</b>
<b>Total assets</b>	<b>2,090.01</b>	<b>100.00</b>	<b>1,958.53</b>	<b>100.00</b>	<b>1,855.47</b>	<b>100.00</b>

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

Description	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Non - current liabilities</b>						
Overdrafts from financial institutions	27.32	1.31	21.66	1.11	2.62	0.14
Trade and other payables	208.85	9.99	168.25	8.59	180.96	9.75
Current portion of long-term liabilities						
Liabilities under financial lease agreements	26.82	1.28	20.89	1.07	14.71	0.79
Long-term loans from financial institution	28.72	1.37	-	-	-	-
Short-term loans from related persons & parties	-	-	-	-	-	-
Income tax payables	10.31	0.49	8.75	0.45	2.05	0.11
Others current liabilities	14.17	0.68	10.28	0.52	6.10	0.33
<b>Total current liabilities</b>	<b>316.19</b>	<b>15.13</b>	<b>229.83</b>	<b>11.74</b>	<b>206.44</b>	<b>11.12</b>
<b>Non - current liabilities</b>						
Liabilities under financial lease agreements	65.61	3.14	65.56	3.35	40.24	2.17
Long-term loans from financial institution	60.08	2.87	-	-	-	-
Deferred tax liabilities	3.71	0.18	3.74	0.19	3.38	0.18
Employee benefit obligations	46.59	2.23	44.53	2.27	31.91	1.72
Other non-current liabilities	16.69	0.80	7.59	0.39	2.36	0.13
<b>Total other non-current liabilities</b>	<b>192.68</b>	<b>9.22</b>	<b>121.42</b>	<b>6.20</b>	<b>77.89</b>	<b>4.20</b>
<b>Total liabilities</b>	<b>508.87</b>	<b>24.35</b>	<b>351.25</b>	<b>17.93</b>	<b>284.33</b>	<b>15.32</b>

Description	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Shareholders' equity</b>						
Share capital						
Authorized share capital						
750,000,000 ordinary shares, Baht 0.50 par value	375.00	17.94	375.00	19.15	375.00	20.21
Issued and fully paid-up						
750,000,000 ordinary shares, Baht 0.50 par value	375.00	17.94	375.00	19.15	375.00	20.21
Premium on ordinary shares	922.83	44.15	922.83	47.12	922.83	49.74
Premium from purchasing of investment in subsidiary	5.63	0.27	5.63	0.29	5.63	0.30
Retained earning						
Appropriated						
Legal reserve	37.50	1.79	37.50	1.91	37.50	2.02
Unappropriated	239.11	11.44	265.28	13.54	229.25	12.36
<b>Total equity attributable to owners of the company</b>	<b>1,580.07</b>	<b>75.60</b>	<b>1,606.24</b>	<b>82.01</b>	<b>1,570.21</b>	<b>84.63</b>
Non-controlling interests of the subsidiaries	1.07	0.05	1.03	0.06	0.93	0.05
<b>Total shareholders' equity</b>	<b>1,581.14</b>	<b>75.65</b>	<b>1,607.28</b>	<b>82.07</b>	<b>1,571.14</b>	<b>84.68</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,090.01</b>	<b>100.00</b>	<b>1,958.53</b>	<b>100.00</b>	<b>1,855.47</b>	<b>100.00</b>

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

Description	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>REVENUES</b>						
Revenues from hospital operations	1,291.01	84.68	1,213.16	89.01	1,145.71	91.24
Revenues from services	136.83	8.97	115.32	8.46	98.40	7.83
Other incomes						
Profit from the business acquisition	8.75	0.57	-	-	-	-
Investments income, net of private fund	26.67	1.75	21.95	1.61	-	-
Rental income	5.45	0.36	5.33	0.39	4.61	0.37
Gain from sale of fixed assets	48.78	3.20	-	-	-	-
Others	7.16	0.47	7.17	0.53	6.98	0.56
<b>Total revenues</b>	<b>1,524.65</b>	<b>100.00</b>	<b>1,362.93</b>	<b>100.00</b>	<b>1,255.70</b>	<b>100.00</b>
<b>EXPENSES</b>						
Cost of hospital operations	991.41	65.03	919.25	67.45	880.98	70.16
Cost of services	76.06	4.99	63.24	4.64	54.72	4.36
Services and administrative expenses	176.27	11.56	153.02	11.23	141.57	11.27
Management remuneration	48.50	3.18	36.64	2.69	33.39	2.66
Finance costs	4.94	0.32	3.01	0.22	19.58	1.56
<b>Total expenses</b>	<b>1,297.18</b>	<b>85.08</b>	<b>1,175.16</b>	<b>86.22</b>	<b>1,130.24</b>	<b>90.01</b>
Profit before income tax expenses	227.47	14.92	187.77	13.78	125.46	9.99
Income tax expenses	33.49	2.20	31.65	2.32	24.90	1.98
<b>Profit for the year</b>	<b>193.98</b>	<b>12.72</b>	<b>156.12</b>	<b>11.46</b>	<b>100.56</b>	<b>8.01</b>
<b>Other comprehensive income :</b>						
Items that will not be reclassified to profit or loss						
Actuarials loss on the defined employee benefit plans, net income tax	5.00	0.33	(7.39)	(0.55)	-	-
Other comprehensive income (loss) for the year	5.00	0.33	(7.39)	(0.55)	-	-
<b>Total comprehensive income for the year</b>	<b>198.98</b>	<b>13.05</b>	<b>148.73</b>	<b>10.91</b>	<b>100.56</b>	<b>8.01</b>
Profit attributable to						
<b>Owners of the company</b>	<b>193.83</b>	<b>12.71</b>	<b>155.90</b>	<b>11.44</b>	<b>100.45</b>	<b>8.00</b>
Non-controlling interests of the subsidiaries	0.14	0.01	0.22	0.02	0.11	0.01
	<b>193.98</b>	<b>12.72</b>	<b>156.12</b>	<b>11.46</b>	<b>100.56</b>	<b>8.01</b>
Total comprehensive income attributable to						
<b>Owners of the company</b>	<b>198.83</b>	<b>13.04</b>	<b>148.53</b>	<b>10.90</b>	<b>100.45</b>	<b>8.00</b>
Non-controlling interests of the subsidiaries	0.15	0.01	0.20	0.01	0.11	0.01
	<b>198.98</b>	<b>13.05</b>	<b>148.73</b>	<b>10.91</b>	<b>100.56</b>	<b>8.01</b>
Basic earnings per share	0.26		0.21		0.17	
Attributable to owners of the company						

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

Description	2017	2016	2015
	Million Baht	Million Baht	Million Baht
<b>Cash flows from operating activities</b>			
Profit for the year	193.98	156.12	100.56
Adjustments to profit for the year to cash provided by (used in) from operations:			
Interest income	(1.23)	(2.01)	(1.68)
Investments income from private fund	(14.67)	(17.00)	-
Unrealized gain on investments from private fund	(12.00)	(4.94)	-
(Gain) loss from sales of fixed assets	(46.52)	0.36	1.42
Profit from the business acquisition	(8.75)	-	-
Other incomes - consultant payable	-	(2.15)	-
Doubtful accounts (reversal)	10.23	4.92	2.65
Bad debts	-	0.91	0.88
Written off withholding tax	-	1.47	0.68
Depreciation	70.31	60.52	55.13
Amortization	4.35	3.84	2.74
Good will	0.44	-	-
Employee benefit expenses	8.24	6.52	4.55
Finance costs	4.94	3.01	19.59
Income tax expenses	33.49	31.65	24.90
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>242.80</b>	<b>243.22</b>	<b>211.42</b>
<b>Changes in operating assets - (Increase) Decrease</b>			
Trade and other receivables	(6.20)	(11.17)	(43.51)
Accrued revenues from hospital operations	26.91	(17.98)	39.64
Inventories	(2.27)	0.06	(1.62)
Current assets	(3.77)	1.65	(0.23)
Other non-current assets	0.53	1.52	(1.53)
<b>Changes in operating liabilities - Increase (Decrease)</b>			
Trade and other payables	11.89	(11.27)	38.73
Other currents liabilities	3.88	4.18	(0.70)
Other non - current liabilities	9.09	5.23	0.70
<b>Cash generated from operation</b>	<b>282.86</b>	<b>215.43</b>	<b>242.90</b>
Cash received from interest income	0.97	1.47	1.74
Cash paid for employee benefit obligations	-	(2.97)	(1.11)
Cash paid for income tax	(32.35)	(23.31)	(22.01)
<b>Net cash provided by operating activities</b>	<b>251.48</b>	<b>190.62</b>	<b>221.52</b>

5. Statements of Cash Flow for the -3year ended December ) :31continued)

Description	2017	2016	2015
	Million Baht	Million Baht	Million Baht
<b>Cash flows from investing activities</b>			
Increase in long-term fixed deposit	-	(1.01)	(0.40)
(Increase) decrease in temporary investments	175.98	(388.11)	(16.50)
Cash received from investments of private fund	16.32	14.48	
(Increase) decrease in restricted deposits	(0.42)	22.35	(62.40)
Cash received from short-term loans to related persons	(274.47)	(187.03)	(55.54)
Cash paid for purchase of property, plant and equipment	84.63		
Cash paid for purchase of intangible assets	1.90	0.45	0.13
Cash received from sale of fixed assets	(0.05)	-	(8.42)
Cash paid for land leasehold right	(7.42)	(8.26)	(1.48)
Cash received from interest income	0.33	0.63	-
<b>Net cash used in investing activities</b>	<b>(3.20)</b>	<b>(546.50)</b>	<b>(144.61)</b>
<b>Cash flows from financing activities</b>			
Cash receive for paid-up capital	-	-	971.98
Increase (decrease) in overdrafts from financial institution	4.65	19.04	(52.95)
Cash received from short-term loans from related company	101.00	-	-
Cash paid for short-term loans from related company	-	-	48.10
Cash received from short-term loans from related persons and parties	(100.00)	-	-
Cash paid for short-term loans from related persons and parties	-	-	(91.90)
Cash paid for liabilities under financial lease agreements	88.80	-	7.30
Cash received from long-term loans from financial institution	(25.80)	(19.34)	(12.68)
Cash paid for long-term loans from financial institution	-	-	(308.07)
Cash paid for share of non-controlling interests of investment	(225.00)	(112.50)	(33.00)
Dividend payment	(0.11)	(0.10)	(0.10)
Dividend paid to non-controlling interests	(3.24)	(0.50)	(18.39)
<b>Net cash provided by (used in) financing activities</b>	<b>(159.70)</b>	<b>(113.40)</b>	<b>510.29</b>
Net increase (decrease) in cash and cash equivalents	88.58	(469.28)	587.20
Cash and cash equivalents at beginning of the year	120.06	589.34	2.14
<b>Cash and cash equivalents at end of the year</b>	<b>208.64</b>	<b>120.06</b>	<b>589.34</b>

## 6. Key Financial Ratios:

Description	unit	2017	2016	2015
<b><u>Liquidity Ratios</u></b>				
Current Ratio	times	2.24	3.50	4.14
Quick Ratio	times	2.13	3.40	4.03
<b><u>Activity Ratios</u></b>				
Account Receivable Turnover	times	13.93	13.92	17.71
Average Collection Period	days	26.20	26.22	20.61
Fixed Asset Turnover	times	1.42	1.58	1.66
Account Payable Turnover	times	5.66	5.63	5.81
Average Payment Period	days	64.47	64.87	62.80
Cash Cycle	days	(31.26)	(31.44)	(34.92)
Inventory Turnover	times	52.06	50.64	50.25
Average Sale (Inventory) Period	days	7.01	7.21	7.26
Total Asset Turnover	times	0.75	0.71	0.84
<b><u>Leverage Ratios</u></b>				
Debt/Equity Ratio	times	0.32	0.22	0.18
Interest Coverage Ratio	times	70.78	360.19	7.66
<b><u>Profitability Ratios</u></b>				
Gross Profit Margin	%	25.24	26.04	24.79
Net Profit Margin	%	12.71	11.44	8.00
Return on Asset (ROA)	%	11.48	10.00	9.69
Return on Equity (ROE)	%	12.17	9.82	9.59 <sup>(1)</sup>
<b><u>Financial Ratio</u></b>				
Dividend payout / Net Profit of the Company ( <i>Dividend Policy</i> <sup>#</sup> )				
- dividend payout derived from net profit	%	91.14	70.48	63.65
- Dividend payout from retained earnings	%	-	30.21	55.70

Remark:

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

# Regarding to, the Company's dividend payment policy, it is determined that: "The dividend be paid not less than 50 percent of the net profit of the Company described in the separate financial statements after less any relevant taxes and all reserves required by law and the Company."

In addition, the board of directors' meeting no 2/2561, held on March 12, 2018, approved the share repurchase program (Treasury Stock) for financial management purposes through trading on the Stock Exchange of Thailand within the repurchase budget of Baht 200 million, whilst the repurchase amount of not exceeding 30,000,000 shares starting from March 26, 2018 to September 25, 2018. Nevertheless, the Company has no policy to release the IPO balance in this share repurchase project. Any repurchase shares prior to the "XD" date are not eligible to receive the dividend.

## 14.1 BUSINESS POLICY AND OVERALL OPERATION

### Overall Operating Performance

The business operation of the Company and its subsidiaries covers 4 main business sectors comprising hospital and related healthcare services, scientific analytical and diagnostic laboratory service of medical healthcare, food, agricultural, pharmaceutical, clinical trial, calibration, hospital management and consulting services, as well as medical analytical and diagnostic 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 3,400 outpatients per day (whilst, 30 more in-patient beds are planned be on service following the new Excellence Center Building official opening in February 2018).
- 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 which has been under new hospital investment project approval 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 including agricultural plant protection product with efficiency assessment, testing and analysis of pesticide residues and hazardous substances.

#### 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.

#### 4. SCIENTIFIC ANALYTICAL AND DIAGNOSTIC SERVICES : operated by

- Asia Medical Laboratory and Research Center Co. Ltd. ("AMLC") (Subsidiary) , a subsidiary conducts business on scientific analytical and medical diagnostic services with a modern and standardized laboratory tools with various medical examination and analysis.

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 2017 mainly derived from 4 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 for the year 2017 principally resulting from 2 main sectors of hospital and scientific analytical and diagnostic laboratory of medical healthcare, food, agricultural, pharmaceutical services as shown in the following table:-

Revenues Structure	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
1. HOSPITAL REVENUES	1,291.01	84.68	1,213.16	89.01	1,145.71	91.24
- Hospital Revenues from general clients	702.11	46.05	635.88	46.66	590.27	47.01
- Revenues from Social Security Fund	588.90	38.63	577.28	42.35	555.44	44.23



Revenues Structure	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
2. SERVICE REVENUES	136.83	8.97	115.32	8.46	98.40	7.83
- Scientific Testing & Research	136.83	8.97	115.32	8.46	98.40	7.83
3. OTHER REVENUES	96.81	6.35	34.45	2.53	11.59	0.93
- Profit from the business acquisition	8.75	0.57	-	-	-	-
- Investments income, net of private fund	26.67	1.75	21.95	1.61	-	-
- Rental income	5.45	0.36	5.33	0.39	4.61	0.37
- Gain from sale of fixed assets	48.78	3.20	-	-	-	-
- Others	7.16	0.47	7.17	0.53	6.98	0.56
<b>Total Revenues</b>	<b>1,524.65</b>	<b>100.00</b>	<b>1,362.93</b>	<b>100.00</b>	<b>1,255.70</b>	<b>100.00</b>

The consolidated revenues for the year 2017 totaling of Baht 1,524.65 million increased from last year by 11.87 % comprising the revenue from hospital operation amounted to Baht 1,291.01 million, or an average of 84.68 % of the total, testing and analytical service revenue operating by AMARC (subsidiary) of Baht 136.83 million or 8.97% of the total, and other income of Baht 96.82 million or 6.35 % of total revenues mainly resulting from higher return on investment from Company's private fund together with gaining from sale of its investment property during the operating year.

#### 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	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
- Hospital Revenues from general clients	702.11	54.38	635.88	52.42	590.27	51.52
Outpatients (OPD)	417.49	32.34	365.00	30.09	325.49	28.41
Inpatients (IPD)	284.62	22.04	270.88	22.33	264.78	23.11
- Revenues from Social Security Fund	588.90	45.62	577.28	47.58	555.44	48.48
<b>Total Revenues from Hospital Operation</b>	<b>1,291.01</b>	<b>100.00</b>	<b>1,213.16</b>	<b>100.00</b>	<b>1,145.71</b>	<b>100.00</b>

The Company reported its 2017 revenues from hospital operation totaling of Baht 1,291.01 million accounted for 84.68 % of total revenues and increased from the previous year 2016 by 6.42%. 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 2017 hospital revenues from general clients in the amount of Baht 702.11 million accounted for 54.38 % of total revenues from hospital operation and increased from the previous year 2016 by 10.42 % primarily generated by the policy of expansion of medical specialty centers to cover diseases with high complexity and growing demand segment covering but not limited to Eye and LASIK, Brain and Nerves, and Orthopedic Centers which therefore driving greater spending per visit and appealing extra clients visiting the hospital.

In 2017, the hospital revenue from outpatients of Baht 417.49 million, which accounted for 59.46% of hospital revenues from general clients, increased from the previous year 2016 by 14.38 %. Whereas the other 40.54 % was derived from inpatients of Baht 284.62 million and also grew from 2016 at the rate of 5.07%.

### Hospital Revenues from Social Security Fund

The Company had revenue from Social Security Fund totaling of Baht 588.90 million, accounted for 45.62 % of hospital revenues, an increase of 2.01% from 2016 which mainly caused by the consequence of incremental income including Capitation Payment following the granted incremental of 10,000 social security quota which all had subscribed as members in full since early 2016 resulting of 161,322 average hospital SS members for the year 2017.

### ● Revenues from Services

In 2017, the Company reported revenues from scientific and laboratory testing services totaling of Baht 136.83 million, or equivalent to 8.97% of total consolidated revenues, an increase of 18.65% from 2016.

The service revenue structure comprising 6 business segments classified by the category of laboratory in the following table:-

Revenues from Scientific and Laboratory Testing & Research	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Food and Agricultural Lab	118.90	86.90	105.03	91.07	87.09	88.30
2. Medical and Pharmaceutical Lab	3.83	2.80	2.86	2.48	5.24	5.32
3. Calibration Lab	6.83	4.99	5.98	5.19	5.21	5.29
4. Hazardous Material Performance Testing Lab	1.24	0.91	-	-	-	-
5. Accreditation Lab	2.66	1.94	-	-	-	-
6. Laboratory analysis of agricultural hazardous material properties and Fertilizer analysis	0.03	0.02	-	-	-	-
7. Other Services*	3.34	2.44	1.45	1.26	1.07	1.09
Sub-total: before inter- transaction	136.83	100.00	115.32	100.00	98.61	100.00
Less: Inter-transactions	-	-	-	-	0.21	-
Total	136.83	-	115.32	-	98.40	-

Note: Other services\* involve any additional charges for tasks beyond ordered scientific laboratory jobs,

such as, extra reports requested by clients.

The revenue from service has continuously increased mainly due to greater scope expansion, 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 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 2017, the Company had Baht 96.81 million of income other than revenues from hospital operation and scientific testing and laboratory service accounted for 6.35% of total revenues, an increase of 181.02 % having details as following:-

- 1) Profit from business acquisition reported 0.57% of total revenues in 2017 Company consolidated financial statements of Baht 8.75 million, a 100% increase from 2016 due to the new acquisition in the year 2017.
- 2) Investment Income –net of Private Fund recorded in the consolidated statement of comprehensive income for the year 2017 totaling of Baht 26.67 million or 1.75% of total consolidated revenues , showing 21.50% higher return on investment from previous year 2016 due to its more efficient investment policy.
- 3) Rental income stated in 2017 consolidated statements of Baht 5.45 million or 0.36% of total revenues, an increase of 2.25% from previous year 2016. This income derived from various rental activities included of merchandisers, food & beverage shops and restaurants situated in the Hospital's building as well as the apartment for Company staff and rental fee from the land as investment property.
- 4) Gain from sale of fixed assets stated in 2017 consolidated financial statements at the amount of Baht 48.78 million or 3.20% of total revenues, an upside of 100% from last year 2016 resulting from the Company policy to dispose of its investment property that has not been used in its business operation in order to use the proceeds received thereof for investment in the core business expansion in line with its growth target and policy, including investment in lucrative private hospital/s and expansion of not only specialty but excellence centers.
- 5) Consolidated other income for the year 2017 of Baht 7.16 million or 0.47% of total revenues from previous year 2016 mainly from receivable interests. These earnings consisted of income from unused portion of medical treatment program, interest receivables of the Company and its subsidiaries, as well as rental and utility charges from rental areas, etc.

- **Cost of Services**

The Company reported consolidated cost of services for the year 2017 of Baht 1,067.47 million, accounted for 82.29% of total cost, an increase of 8.65% from last year 2016. The aggregate cost comprising cost of hospital operations, operated by the Company and cost of services managed by the subsidiary.

### Cost of Hospital Operations

Cost of hospital operations for the year 2017 was Baht 991.41 million, or equivalent to 76.79 % of revenue from hospital operations, a growth of 7.85% from last year 2016 mainly caused by an increase of cost of doctors, nurses, and medical specialists so as to reserve the growth of intensify medical services and excellent specialty centers with on-going expansion according to the committed to the Company's growth objectives to engage in high level of international medical service standard. The major content comprised doctors' fee, nurses' benefits, as well as medicines and medical supplies.

### Cost of Services

Cost of services for the year 2017 was Baht 76.06 million or 4.99% 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 53.52%, 35.24%, and 11.24% of total cost of analytical services respectively.

- **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 2017 of Baht 224.78 million or equivalent to 14.74% of total revenues, an increase of 18.52% from last year 2016. Increase of Services and administrative expenses and management remuneration was mainly due to the higher depreciation following the investment in assets for Company expansion, the recruitment of additional employees to cope with the company growth, the allowance for doubtful accounts, and the increase in promotion & marketing, advertising, public relation activities, and information technology system to support the opening and the launch of hospital excellent service centers in/and the new building.

- **Financing Costs**

The consolidated financing costs for the Company and its subsidiaries for the year 2017 reported at Baht 4.94 million, or 64.12% over last year 2016.

- **Profits**

Profitability Ratio	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Gross Profit	360.37	25.24	345.99	26.04	308.41	24.71
Net Profit for the Year	193.98	12.72	156.12	11.45	100.56	8.01
Profit attributable to Owners of the Company	193.83	12.71	155.90	11.44	100.45	8.00

### Gross Profit and Gross Profit Margin

The Company and its subsidiaries reported its gross profit of Baht 360.37 million or 25.24% of total operating revenues.

## Net Profit and Net Profit Margin

The consolidated net profit attributable to equity owners of the Company for the year 2017 was advanced to Baht 193.83 million, a growth of 24.33% over same period of last year which was mainly driven by:-

Growing of 11.87% consolidated revenues over the same period of last year to Baht 1,524.65 million of which hospital and service revenues totally raised by 7.48% which was mainly driven by the increasing hospital visits via growing healthcare spending (though during the operating year, the Company has not yet earned income from Excellence Center (New Building) planned to official grand opening in the following year of February 2018) along with the enlarged customer base of the subsidiary (AMARC) showing 18.65% of revenues' growth compared with last year; whilst with qualified performance to efficiently manage overall costs and expenses to be up only 10.38% from last year even incurring higher expenditure concerning preparation for the pre-opening of Excellence Center in Early 2018.

In addition, in 2017 the Company has benefited from its efficient excess liquidity management through Company Private Fund showing 21.55% higher return on investment, Baht 8.76 million upside from the business acquisition of scientific analytical and diagnostic for medical services, and gained of Baht 48.78 million from sale of its investment property that has not been used and planned in its business operation (part 1) comprising 5-0-40.9 rai with opened-air-sport court ( the 2nd part of the sale be planned to complete within May 2018) which has been in accordance with the approval from Extraordinary General Meeting of shareholders No.1/2017.

## 14.2 Analysis on Financial Position

### ● Assets

The Company and its subsidiaries reported total assets as at December 31, 2017 of Baht 2,090.01 million having the current assets of Baht 707.48 million and the non-current accounted for Baht 1,382.53 million, or equivalent to 33.85% and 66.15% 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, 2017 was totaling of Baht 455.61 million or equivalent to 9.98% of total assets, a decrease from the year 2016 YoY due to the use of fund to invest in the new Medical Excellence Center Building which has been planned to launch its operation in early 2018.

#### Trade and other receivables

As at December 31, 2017, the Company and its subsidiaries reported trade and other receivables totaling of Baht 104.47 million, or equivalent to 5.00% of total assets which can be summarized as follows:-

Trade and other receivables	2017 Million Baht	2016 Million Baht	2015 Million Baht
Receivable from Social Security Office	6.94	11.62	34.33
Trade receivable - other	79.04	68.07	56.00
Total	85.98	79.69	90.33
(Less) Allowance for doubtful accounts	(10.76)	(9.76)	(7.26)
<b>Total trade and other receivables -net</b>	<b>75.22</b>	<b>69.93</b>	<b>83.06</b>

According to the above data table, the receivable from Social Security Office was decreased mainly due to the efficient payment from the Social Security Office. If considered only the trade receivable – other than from Social Security Office, there was reported of Baht 79.04 million which was in corresponded with growing revenues from normal course of business operation.

Receivable Aging Analysis	2017		2016		2015	
	Million	%	Million	%	Million	%
Within credit term	42.57	49.51	24.61	30.88	21.94	24.29
Less than 3 months	25.58	29.75	36.52	45.83	31.13	34.46
3-6 months	5.51	6.41	5.77	7.24	17.33	19.19
6-12 months	4.35	5.06	5.88	7.38	15.52	17.18
Over 12 months	7.97	9.27	6.91	8.67	4.41	4.88
<b>Total</b>	<b>85.98</b>	<b>100.00</b>	<b>79.69</b>	<b>100.00</b>	<b>90.33</b>	<b>100.00</b>

The Company had the proportion of total accrued income within credit term altogether with less than 180 days to the total outstanding receivables increased by 1.72% due to the greater amount of receivables following Company's growing revenues from normal course of business operation. 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, 2017 the Company accrued its net revenues from hospital operations by Baht 114.06 million or equivalent to 5.46% of total assets with the following details:

Accrued hospital revenues	2017		2016		2015	
	Million	%	Million	%	Million	%
Accrued revenues from hospital operations of Chronic diseases	31.54	27.65	62.85	41.72	54.40	40.27
Accrued revenues from hospital operations provided to patients with severe diseases	88.52	77.60	84.25	55.93	75.15	55.63
Accrued social security income – other	6.10	5.35	5.96	3.95	5.54	4.10
Allowance for doubtful account	(12.10)	-10.60	(2.42)	-1.60	-	-
<b>Total</b>	<b>114.06</b>	<b>100.00</b>	<b>150.64</b>	<b>100.00</b>	<b>135.09</b>	<b>100.00</b>

Accrued medical treatment income represents medical income that has not been collected from the Social Security Office. The Company is not able to determine the certain amount to be collected. In this regard, the management is required to make an estimation of such accrued income in accordance with bases, methods and terms specified by such authority, and consider the amount of the latest actual collection together with the current circumstances. Accrued revenues from hospital operations were decreased from previous year mainly due to more efficient payment system from the Social Security Office.

## Inventory

As at December 31, 2017 the Company and its subsidiaries have their inventory left totaling Baht 21.64 million or equivalent to 1.04% of total assets comprising medicines, medical supplies, miscellaneous and laboratory chemicals having details as follows:

Inventory	2017		2016		2015	
	Million	%	Million	%	Million	%
Medicines	11.00	50.83	9.81	50.64	9.02	46.43
Medical supplies	2.42	11.18	3.03	15.64	3.71	19.09
Miscellaneous	3.85	17.79	3.60	18.59	4.15	21.36
Laboratory chemicals	4.37	20.20	2.93	15.13	2.55	13.12
<b>Total</b>	<b>21.64</b>	<b>100.00</b>	<b>19.37</b>	<b>100.00</b>	<b>19.43</b>	<b>100.00</b>

The overall status for the Company and its subsidiaries as at December 31, 2017 showed the inventory amounted to Baht 21.63 million increasing from 2016-YOY by 11.72% in accordance with the upraise corporate sales.

## Investment Property

As at December 31, 2017 the Company and its subsidiaries reported Baht 39.82 million of Investment Property value, equivalent to 1.91% of total assets showing a decrease due to the sale of its parts of investment property that had not been used and planned in its business operation ,thus, driving the Company to use such gain from the sale to capably expand its core business which has been in accordance with the approval from Extraordinary General Meeting of shareholders No.1/2017.

## Property, Plant and Equipment

As at December 31, 2017 the Company has its property, plant and equipment accounted for 57.64% of total assets with the value of Baht 1,204.58 million. The increase was generated by the incremental investment in the new Excellence Center Building along with medical equipment and appliances in lines with the policy of striving to be an excellent medical service provider.

## SOURCES OF FUND

### ● Liabilities

As at December 31, 2017, the Company and its subsidiaries reported their liabilities of Baht 508.87 million raised by 44.87% with the ratio of non-current liabilities to total liabilities of 37.86% increased by Baht 71.26 million from previous year mainly due to the supports from financial institutions to funding the new Excellence Center Building along with investing in more laboratory equipment.

### ● Shareholders' Equity

As at December 31, 2017, the shareholders' equity value for the Company and its subsidiaries totaling of Baht 1,581.14 million, dropped by 1.63% resulting from the appropriation of earnings for annual dividend and the following interim dividend in the 4<sup>th</sup> quarter to the Company's shareholders during the year 2017.