

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	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Current assets</u>						
Cash and cash equivalents	67.90	3.53	59.38	3.27	208.64	9.98
Temporary investments	-	-	49.11	2.70	246.97	11.82
Trade and other receivables	157.76	8.21	99.08	5.45	104.47	5.00
Accrued revenues from hospital operations	100.33	5.22	136.87	7.53	114.06	5.46
Inventories	24.57	1.28	23.50	1.29	21.64	1.03
Other current assets	11.81	0.61	3.34	0.18	11.70	0.56
Total current assets	362.37	18.85	371.28	20.42	707.47	33.85
<u>Non-current assets</u>						
Fixed deposits pledged as collateral	41.62	2.17	41.64	2.29	41.15	1.97
Investment property	-	-	-	-	39.82	1.91
Property, plant and equipment	1,400.96	72.89	1,293.79	71.20	1,204.58	57.64
Land leasehold right	15.93	0.83	17.43	0.96	18.94	0.90
Intangible assets	44.25	2.30	45.80	2.52	43.07	2.06
Deferred tax assets	28.59	1.49	31.81	1.75	33.25	1.59
Other non-current assets	28.30	1.47	15.35	0.84	1.73	0.08
Total non-current assets	1,559.65	81.15	1,445.81	79.56	1,382.54	66.15
Total assets	1,922.02	100.00	1,817.09	100.00	2,090.01	100.00

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

Description	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Non - current liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	15.10	0.79	5.62	0.31	27.32	1.31
Trade and other payables	179.71	9.35	174.42	9.60	208.85	9.99
Current portion of long-term liabilities						
Liabilities under financial lease agreements	40.65	2.11	35.31	1.94	26.82	1.28
Long-term loans from financial institution	40.08	2.09	24.84	1.37	28.72	1.37
Income tax payables	0.47	0.02	-	-	10.31	0.49
Advance received from the Social Security	9.40	0.49	-	-	-	-
Others current liabilities	13.26	0.69	14.02	0.77	14.17	0.68
Total current liabilities	298.67	15.54	254.21	13.99	316.19	15.13
<u>Non - current liabilities</u>						
Liabilities under financial lease agreements	73.41	3.82	78.14	4.30	65.62	3.14
Long-term loans from financial institution	92.48	4.81	29.92	1.65	60.08	2.87
Deferred tax liabilities	6.24	0.33	5.57	0.31	3.71	0.18
Employee benefit obligations	65.95	3.43	45.24	2.49	46.59	2.23
Other non-current liabilities	11.59	0.60	9.22	0.51	16.69	0.80
Total other non-current liabilities	249.67	12.99	168.09	9.25	192.68	9.22
Total liabilities	548.34	28.53	422.29	23.24	508.87	24.35

Description	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Shareholders' equity</u>						
Share capital						
Authorized share capital						
750,000,000 ordinary shares, Baht 0.50 par value	375.00	19.51	375.00	20.64	375.00	17.94
Issued and fully paid-up						
750,000,000 ordinary shares, Baht 0.50 par value	375.00	19.51	375.00	20.64	375.00	17.94
Premium on ordinary shares	922.83	48.01	922.83	50.79	922.83	44.15
Premium from purchasing of investment in subsidiary	5.63	0.29	5.63	0.31	5.63	0.27
Retained earning						
Appropriated						
Legal reserve	37.50	1.95	37.50	2.06	37.50	1.79
Treasury shares reserve	197.24	10.26	197.24	10.85	-	-
Unappropriated	29.82	1.55	52.77	2.90	239.10	11.44
Total equity attributable to owners of the company	1,568.02	81.58	1,590.97	87.56	1,580.07	75.60
Less treasury shares	(197.24)	(10.26)	(197.24)	(10.85)	-	-
Total shareholders' equity of the parent, net	1,370.78	71.32	1,393.73	76.70	1,580.07	75.60
Non-controlling interests of the subsidiaries	2.90	0.15	1.06	0.06	1.07	0.05
Total shareholders' equity	1,373.68	71.47	1,394.79	76.76	1,581.14	76.65
Total liabilities and shareholders' equity	1,922.02	100.00	1,817.09	100.00	2,090.01	100.00

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

Description	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
REVENUES						
Revenues from hospital operations	1,383.69	86.66	1,362.09	85.73	1,291.01	84.68
Revenues from services	197.75	12.38	163.41	10.29	136.83	8.97
Other incomes						
Profit from the business acquisition	-	-	-	-	8.75	0.57
Investments income (expense) of private fund, net	3.16	0.20	(9.55)	(0.60)	26.67	1.75
Rental income	3.60	0.22	3.70	0.23	5.45	0.36
Gain from sale of fixed assets	0.03	0.00	62.68	3.95	48.78	3.20
Others	8.59	0.54	6.34	0.40	7.17	0.47
Total revenues	1,596.82	100.00	1,588.67	100.00	1,524.65	100.00
EXPENSES						
Cost of hospital operations	1,124.17	70.40	1,060.27	66.74	991.41	65.03
Cost of services	100.09	6.27	86.30	5.43	79.59	5.22
Administrative expenses	193.57	12.12	198.72	12.51	172.84	11.34
Management remuneration	46.80	2.93	50.68	3.19	48.51	3.18
Finance costs	8.68	0.54	7.28	0.46	4.84	0.32
Total expenses	1,473.31	92.27	1,403.25	88.33	1,297.18	85.08
Profit before income tax expenses	123.51	7.73	185.42	11.67	227.47	14.92
Income tax expenses	12.64	0.79	28.36	1.79	33.49	2.20
Profit for the year	110.87	6.94	157.06	9.89	193.98	12.72
Other comprehensive income :						
Items that will not be reclassified to profit or loss						
Actuarial loss on the defined employee benefit plans, net income tax	(7.48)	(0.47)	-	-	5.00	0.33
Other comprehensive income (loss) for the year	(7.48)	(0.47)	-	-	5.00	0.33
Total comprehensive income for the year	103.39	6.47	157.06	9.89	198.98	13.05
Profit attributable to						
Owners of the company	110.49	6.92	156.95	9.88	193.83	12.71
Non-controlling interests of the subsidiaries	0.38	0.02	0.11	0.01	0.14	0.01
	110.87	6.94	157.06	9.89	193.98	12.72
Total comprehensive income attributable to						
Owners of the company	103.05	6.45	156.95	9.88	198.83	13.04
Non-controlling interests of the subsidiaries	0.34	0.02	0.11	0.01	0.15	0.01
	103.39	6.47	157.06	9.89	198.98	13.05
Basic earnings per share						
Attributable to owners of the company	0.15		0.21		0.26	

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

Description	2019	2018	2017
	Million Baht	Million Baht	Million Baht
Cash flows from operating activities			
Profit for the year	110.87	157.06	193.98
Adjustments to profit for the year to cash provided by (used in) from operations:			
Interest income	(1.20)	(1.49)	(1.23)
Investments income (expense) from private fund	(0.80)	(9.75)	(14.67)
Unrealized (gain) loss on investments from private fund	(2.36)	19.30	(12.00)
Gain from sale of investment properties	-	(57.83)	-
Loss (gain) from sale of fixed assets	1.01	(4.71)	(46.52)
Other incomes - consultant payable	-	-	(8.75)
Bad debts	0.04	-	-
Doubtful accounts (reversal)	(16.13)	6.87	10.23
Written off withholding tax	1.28	-	-
Depreciation	98.74	93.11	70.31
Amortization	4.78	5.11	4.35
Good will	-	-	0.44
Employee benefit expenses	18.24	5.71	8.24
Interest expenses	8.68	7.28	4.94
Income tax expenses	12.64	28.36	33.49
Profit from operations before changes in operating assets and liabilities	235.79	249.02	242.80
Changes in operating assets - (Increase) Decrease			
Trade and other receivables	(60.17)	3.25	(6.20)
Accrued revenues from hospital operations	54.19	(28.36)	26.91
Inventories	(1.07)	(1.85)	(2.27)
Other current assets	(8.47)	1.22	(3.77)
Other non-current assets	(2.61)	(2.70)	0.53
Changes in operating liabilities - Increase (Decrease)			
Trade and other payables	5.97	(6.31)	11.89
Advance received from the Social Security Office	9.40	-	-
Other currents liabilities	(0.76)	(0.15)	3.89
Other non - current liabilities	2.37	(7.47)	9.10
Cash generated from operation	234.64	206.65	282.77
Cash received from interest income	0.87	1.11	0.97
Cash paid for employee benefit obligations	(6.58)	(7.06)	-
Cash paid for income tax	(18.32)	(39.16)	(32.35)
Net cash provided by operating activities	210.61	161.54	251.38

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

Description	2019	2018	2017
	Million Baht	Million Baht	Million Baht
Cash flows from investing activities			
Decrease in temporary investments	51.47	178.57	175.98
Interest income and discount from investments	0.84	10.57	16.32
(Increase) decrease in fixed deposits pledged as collateral	0.02	(0.49)	(0.42)
Cash paid for purchase of property, plant and equipment	(167.57)	(161.11)	(274.47)
Cash received from investment property	-	97.64	84.64
Cash received from sale of fixed assets	0.17	7.10	1.90
Cash paid for land leasehold right	-	-	(0.05)
Cash paid for purchase of intangible assets	(1.98)	(6.15)	(7.42)
Cash received from interest income	0.33	0.37	0.33
Net cash provided by (used in) investing activities	(116.72)	126.50	(3.20)
Cash flows from financing activities			
Increase (decrease) in overdrafts from financial institution	9.48	(20.70)	4.66
Cash received from short-term loans from financial institutions	30.00	61.00	101.00
Cash paid for short-term loans from financial institutions	(30.00)	(62.00)	(100.00)
Cash received from long-term loans from financial institutions	116.00	-	88.80
Cash paid for long-term loans from financial institutions	(38.20)	(34.04)	-
Cash paid for liabilities under financial lease agreements	(39.35)	(30.86)	(22.25)
Cash paid for treasury shares	-	(197.24)	-
Dividend paid	(126.00)	(146.05)	(225.00)
Cash received from the capital increase in a non-controlling interests	1.43	-	-
Dividend paid to non-controlling interests	(0.06)	(0.12)	(0.11)
Cash paid for interest expenses	(8.67)	(7.29)	(6.69)
Net cash used in financing activities	(85.37)	(437.30)	(159.70)
Net increase (decrease) in cash and cash equivalents	8.52	(149.26)	88.58
Cash and cash equivalents at beginning of the year	59.38	208.64	120.06
Cash and cash equivalents at end of the year	67.90	59.38	208.64

Key Financial Ratios:

Description	unit	2019	2018	2017
<u>Liquidity Ratios</u>				
Current Ratio	times	1.21	1.46	2.24
Quick Ratio	times	1.09	1.35	2.13
<u>Activity Ratios</u>				
Account Receivable Turnover	times	12.31	14.99	13.93
Average Collection Period	days	29.64	24.35	26.20
Fixed Asset Turnover	times	1.19	1.27	1.42
Account Payable Turnover	times	6.91	5.98	5.68
Average Payment Period	days	52.79	61.01	64.26
Cash Cycle	days	(15.98)	(29.47)	(31.07)
Inventory Turnover	times	50.94	50.80	52.23
Average Sale (Inventory) Period	days	7.17	7.18	6.99
Total Asset Turnover	times	0.85	0.81	0.75
<u>Leverage Ratios</u>				
Debt/Equity Ratio	times	0.40	0.30	0.32
Interest Coverage Ratio	times	15.85	27.90	34.80
<u>Profitability Ratios</u>				
Gross Profit Margin	%	22.59	24.84	24.99
Net Profit Margin	%	6.92	9.88	12.71
Return on Asset (ROA)	%	7.07	9.86	11.48
Return on Equity (ROE)	%	7.99	10.56	12.17
<u>Financial Ratio</u>				
Dividend payout / Net Profit of the Company (<i>Dividend Policy</i>)				
- dividend payout derived from net profit	%	92.47(*)	84.98	91.14

(*)The aforesaid dividend payment for the year 2019 shall be proceeded following the approval of the shareholders' meeting No. 31/2019. Nevertheless, the Company need not to allocate any of incremental legal reserve since it had reached the amount required by law and the Company's Articles of Association.

BUSINESS POLICY AND OVERALL OPERATION

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 its service capability including the new Excellence Center of 206 registered beds with an OPD capacity of approximately 4,400 patients/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 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 covering various segments as following:- (a) fresh food and processed food product analysis, agricultural, animal husbandry and fishery product testing with microorganism and contaminant test/research capacity, chemical analysis including analysis for physical contaminants of the aforementioned products for service recipients to use findings for various objectives such as import or export permission requests in addition to requests for various quality certificates, etc.; (b) pharmaceutical analyses such as tests for compounds in drugs or contaminants (c) measuring device calibration services to support accurate calibration results for devices such as weighing machines and thermometers and (e) (d) agricultural plant protection product with efficiency assessment, testing and analysis of pesticide residues and hazardous substances, etc.

AMARC has been granted 5 Certificates from the Board of Investment Thailand; 4 certificates for privileges in doing scientific laboratory test and the other for servicing calibration business. The major privileges for the Company including but not limited to

1. Exempt from corporate income tax on profit derived from the operation that has been promoted started from the first day of realizing sales and/or services income. **
2. Exempt from corporate income tax for the dividends derived from profits from the business which has been promoted (in clause 1)

3. HOSPITAL MANAGEMENT AND CONSULTING SERVICES: operated by

Asia Business Management Center Co., Ltd. ("ABMC") (Subsidiary) The business of supporting medical services and business development is operated by ABMC, a subsidiary. This business supports the Hospital's work and business development in the Company and its subsidiaries with the objective to operate and provide support services for the Hospital's legal work by providing legal consultation, pressing charges and following-up to collect debts, etc., along with providing support in management work and business management. ABMC employed personnel with appropriate qualifications to perform the duty of providing consultation and participating in business management and development, making plans and setting business policies for the Company and its subsidiaries.

4. SCIENTIFIC ANALYTICAL AND DIAGNOSTIC SERVICES: operated by

Asia Medical Laboratory and Research Center Co. Ltd. ("AMLC") (Subsidiary), a subsidiary, conducts its professional on scientific analytical and medical diagnostic services with various medical examination and analysis served for hospital business including scientific analysis such as chemistry, immunology hematology and microbiology, etc. The Company was approved a grant of BOI privilege for the entire business from the Board of Investment Thailand on November 30, 2018 and received the promotion certificate on January 16, 2019 which the Company has already activated its rights and benefits in relation to corporate tax exemption since October 1, 2019.

The major privileges for the Company including but not limited to:

1. Exempt from corporate income tax on profit derived from the operation that has been promoted started from the first day of realizing sales and/or services income.
2. Exempt from corporate income tax for the dividends derived from profits from the business which has been promoted (in clause 1)

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.

14.1 Analysis on Operating Performance

Revenues

The Consolidated revenue structure for the year 2019 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 food, agricultural, pharmaceutical, as well as calibration under AMARC (subsidiary); hospital management and consulting services, as well as medical analytical and diagnostic services operating by ABMC and AMLC, respectively 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 2019 principally resulting from 2 main sectors of hospital revenues and service revenues, analytical & testing of food, agricultural products and drug (Scientific Testing & Research), as shown in the following table:-

Revenues Structure	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
1. HOSPITAL REVENUES	1,383.69	86.66	1,362.09	85.73	1,291.01	84.68
- Hospital Revenues from general clients	909.98	56.99	815.83	51.35	702.11	46.05
- Revenues from Social Security Fund	473.71	29.67	546.26	34.38	588.90	38.63
2. SERVICE REVENUES	197.75	12.38	163.41	10.29	136.83	8.97
- Scientific Testing & Research	197.75	12.38	163.41	10.29	136.83	8.97
3. OTHER REVENUES	15.38	0.96	63.17	3.98	96.81	6.35
- Profit from the business acquisition	-	-	-	-	8.75	0.57
- Investments income of private fund, net	3.16	0.20	(9.55)	(0.60)	26.67	1.75
- Rental income	3.60	0.22	3.70	0.23	5.45	0.36
- Gain from sale of fixed assets	0.03	0.00	62.68	3.95	48.78	3.20
- Others	8.59	0.54	6.34	0.40	7.16	0.47
Total Revenues	1,596.82	100.00	1,588.67	100.00	1,524.65	100.00

The consolidated revenues for the year 2019 totaling of Baht 1,596.82 million increased from last year by 0.51% even the hospital revenues from general clients showed a 11.55% growth. This was mainly due to a 13.28% decrease of the revenues from Social Security Scheme caused by the deviation of the past-record AdjRW advised by the Social Security Office resulting in the medical-service-fee adjustment for diagnosis related group (DRG) including chronic diseases fee were then subtracted accordingly. In addition, the drop of other income was mainly affected by the discontinue of profits from sale of investment assets which had occurred only in the previous year. The revenue from hospital operation amounted to Baht 1,383.69 million, or an average of 86.66% of the total revenues, testing and analytical service revenue operating by AMARC (subsidiary) of Baht 197.75 million or 12.38% of the total revenues, and other income of Baht 15.39 million or 0.97% of total revenues.

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	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
- Hospital Revenues from general clients	909.98	65.76	815.83	59.90	702.11	54.38
Outpatients (OPD)	572.79	62.95	483.74	59.29	417.49	59.46
Inpatients (IPD)	337.19	37.05	332.09	40.71	284.62	40.54
- Revenues from Social Security Fund	473.71	34.24	546.26	40.10	588.90	45.62
Total Revenues from Hospital Operation	1,383.69	100.00	1,362.09	100.00	1,291.01	100.00

The Company reported its 2019 revenues from hospital operation totaling of Baht 1,383.69 million accounted for 86.66% of total revenues and increased from the previous year 2018 by 1.59 % even the hospital revenues from general clients showed a 11.55% growth. This was mainly due to a 13.28% decrease of the revenues from Social Security Scheme caused by the deviation of the past-record AdjRW advised by the Social Security Office resulting in the medical-service-fee adjustment of Baht 14.92, and 18.81 million for diagnosis related group (DRG) received in year 2013 and 2015 respectively, and the amount of Baht 8.46 million booked in year 2018 for chronic diseases were then subtracted accordingly

Nevertheless, Asia Medical & Agricultural Laboratory and Research Center ("AMARC"), a subsidiary, generating revenues Baht 197.75 million or growth of 21.01% over the same period of 2018.

Hospital Revenues from general clients

The Company had its 2019 hospital revenues from general clients in the amount of Baht 909.98 million accounted for 65.76% of total revenues from hospital operation and increased from the previous year 2018 by 11.54% 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 2019, the hospital revenue from outpatients of Baht 572.79 million, which accounted for 62.95% of hospital revenues from general clients, increased from the previous year 2018 by 18.41%. Whereas the other 37.05% was derived from inpatients of Baht 337.19 million and also grew from 2018 at the rate of 1.54%.

Hospital Revenues from Social Security Fund

The Company had revenue from Social Security Fund totaling of Baht 473.71 million, accounted for 34.24% of hospital revenues, a decrease of 13.28% from 2018 caused by the deviation of the past-record AdjRW advised by the Social Security Office resulting in the medical-service-fee adjustment of Baht 14.92, and 18.81 million for diagnosis related group (DRG) received in year 2013 and 2015 respectively, and the amount of Baht 8.46 million booked in year 2018 for chronic diseases were then subtracted accordingly.

- **Revenues from Services**

In 2019, the Company reported revenues from scientific and laboratory testing services totaling of Baht 197.75 million, or equivalent to 12.38% of total consolidated revenues, an increase of 21.01% from 2018.

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	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Food and Agricultural Lab	144.18	72.91	133.67	81.80	118.90	86.90
2. Medical and Pharmaceutical Lab	6.56	3.32	3.81	2.33	3.83	2.80
3. Calibration Lab	7.83	3.96	7.49	4.59	6.83	4.99
4. Hazardous Material Performance Testing Lab	3.78	1.91	3.88	2.37	1.24	0.91
5. Accreditation Lab	3.88	1.96	6.39	3.91	2.66	1.94
6. Laboratory analysis of agricultural hazardous material properties and Fertilizer analysis	28.51	14.42	5.64	3.45	0.03	0.02
7. Other Services*	3.01	1.52	2.53	1.55	3.34	2.44
Total	197.75	100.00	163.41	100.00	136.83	100.00

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 2019, the Company had Baht 15.38 million of other income, in addition to the revenues from hospital operation and scientific testing and laboratory service, accounted for 0.97% of total revenues, a decrease of 75.65%. The drop of other income totaling Baht 47.79 million was mainly affected by the discontinue of profits from sale of investment assets which had occurred only in the year 2018.

- **Cost of Services**

The Company reported consolidated cost of services for the year 2019 of Baht 1,224.26 million, accounted for 83.10 % of total cost, an increase of 6.78% from last year 2018. 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 2019 was Baht 1,124.17 million, or equivalent to 81.24% of revenue from hospital operations, a growth of 6.03% from last year 2018 as a result of a rise in the cost of depreciation from investment in property, especially the Center of Medical Excellence, which had started its operation since the

beginning of the year 2018 in association with the 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 2019 was Baht 100.09 million or 50.61 % of the aggregate revenues,, an increase of 15.99% from last year 2018. The contents 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 52.18%, 33.27%, and 14.55% 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 2019 of Baht 240.37 million or equivalent to 15.05% of total revenues, a decrease of 3.62% from last year 2018.

• Financing Costs

The consolidated financing costs for the Company and its subsidiaries for the year 2019 reported at Baht 8.68 million, or 0.54% of total revenues.

• Profits

Profitability Ratio	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Gross Profit from operation	357.18	22.59	378.93	24.84	356.84	24.99
Net Profit for the Year	110.87	6.94	157.06	9.89	193.98	12.72
Profit attributable to Owners of the Company	110.49	6.92	156.95	9.88	193.83	12.71

Profitability Performance

The Company and its subsidiaries reported its gross profit of Baht 357.18 million or 22.59 % of total operating revenues. The decrease in gross profit in the operating year 2018 – 2019 mainly caused by the impact from the adjustment of medical-service income caused by the deviation of past-record AdjRW notified by Social Security Office as earlier described. However, if considering only normal operation excluding the afore-mentioned adjustment, the Company and its subsidiaries have performed a consolidated gross profit of 24.6% for the year ending December 31, 2019.

14.2 Analysis on Financial Position

• Assets

The Company and its subsidiaries reported total assets as at December 31, 2019 of Baht 1,922.02 million having the current assets of Baht 362.37 million and the non-current accounted for Baht 1,559.65 million, or equivalent to 18.85% and 81.15% 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, 2019 was totaling of Baht 67.90 million or equivalent to 3.53% of total assets, an increase from the year 2018 YoY due to the increase portion of self-pay general clients.

Trade and other receivables

As at December 31, 2019, the Company and its subsidiaries reported trade and other receivables totaling of Baht 157.76 million, or equivalent to 8.21 % of total assets which can be summarized as follows: -

Trade and other receivables	2019 Million Baht	2018 Million Baht	2017 Million Baht
Receivable from Social Security Office	15.03	5.26	6.94
Trade receivable - other	121.77	91.25	79.04
Total	136.80	96.51	85.98
(Less) Allowance for doubtful accounts	(13.60)	(12.07)	(10.76)
Total trade and other receivables -net	123.20	84.44	75.22

According to the above data table, the receivable from Social Security Office in the year 2019 was slightly increase due to official payment method enforced by the Social Security Office. Meanwhile, if considered only the trade receivable – other than from Social Security Office, there was reported of Baht 121.77 million which was in corresponded with growing revenues from normal course of business operation.

Receivable Aging Analysis	2019		2018		2017	
	Million	%	Million	%	Million	%
Within credit term	61.79	45.17	42.04	43.56	42.57	49.51
Less than 3 months	45.91	33.56	32.86	34.05	25.58	29.75
3-6 months	14.02	10.25	8.29	8.59	5.51	6.41
6-12 months	3.16	2.31	4.25	4.40	4.35	5.06
Over 12 months	11.92	8.71	9.07	9.40	7.97	9.27
Total	136.80	100.00	96.51	100.00	85.98	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 increased by 46.32 % 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, 2019 the Company accrued its net revenues from hospital operations by Baht 100.33 million or equivalent to 5.22 % of total assets with the following details:

Accrued hospital revenues	2019		2018		2017	
	Million	%	Million	%	Million	%
Accrued revenues from hospital operations of Chronic diseases	57.65	57.46	71.84	52.49	31.54	27.65
Accrued revenues from hospital operations provided to patients with severe diseases	27.37	27.28	64.81	47.35	88.52	77.61
Accrued social security income – other	15.31	15.26	17.87	13.06	6.10	5.35
Allowance for doubtful account	-	-	(17.65)	-12.90	(12.10)	-10.61
Total	100.33	100.00	136.87	100.00	114.06	100.00

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.

Inventory

As at December 31, 2019 the Company and its subsidiaries have their inventory left totaling Baht 24.57 million or equivalent to 1.28% of total assets comprising medicines, medical supplies, miscellaneous and laboratory chemicals having details as follows:

Inventory	2019		2018		2017	
	Million	%	Million	%	Million	%
Medicines	12.33	50.18	10.41	44.30	11.00	50.83
Medical supplies	2.09	8.51	2.46	10.47	2.42	11.18
Miscellaneous	3.76	15.30	4.95	21.06	3.85	17.79
Laboratory chemicals	6.39	26.01	5.68	24.17	4.37	20.20
Total	24.57	100.00	23.50	100.00	21.64	100.00

The overall status for the Company and its subsidiaries as at December 31, 2019 showed the inventory amounted to Baht 24.57 million increasing from 2018-YOY by 4.55% in accordance with the upraise corporate sales.

Property, Plant and Equipment

As at December 31, 2019 the Company has its property, plant and equipment accounted for 72.89% of total assets with the value of Baht 1,400.96 million. The increase was generated by the on-going 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, 2019, the Company and its subsidiaries reported their liabilities of Baht 548.34 million or an increase by 29.85% mainly due to the increasing support from the financial institutions for the investment in medical excellence centers, the renovation of specialized medical centers, and acquisition of necessary medical, agricultural and food laboratories equipment so as to enhance and serve for the growing service capabilities of the company and subsidiaries in accordance with the corporate business plan.

- **Shareholders' Equity**

As at December 31, 2019, the Company and its subsidiaries had the equity attributable to owners of the company before the reserve for treasury shares of Baht 1,568.02 million. However, when deducting the treasury stock according to the project approved by the shareholders 'meeting by the amount of Baht 197.24 million, the shareholders' equity attributable to owners of the company would be Baht 1,370.78 million.