



# ANNUAL REPORT 2016

Bumrungrad Hospital Public Company Limited





In Remembrance of His Majesty



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King Bhumibol Adulyadej

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1927 - 2016

His Majesty's legacy will live on forever in our hearts.

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Board of Directors, Management, Physicians, Dentists, Nurses,  
and Staff of Bumrungrad International Hospital



## MESSAGE FROM THE CHAIRMAN

Mr. Chai Sophonpanich

**Bumrungrad performed well in 2016 in spite of challenges with revenue growth observed in both the International and the Thai markets.**

Although impacts from global headwinds slowed our revenue growth rate from past years, the business again produced increased EBITDA and margins. Specifically, we saw our net profit climb over last year as patients with complicated illnesses chose to come to Bumrungrad for treatments. In addition, on the internal front, cost control has been a central focus as management put in stringent measures in controlling cost of operations.

Our strategy remains serving local and international patients based on the high standards of quality and safety which have always been Bumrungrad's relentless focus over the past 36 years. We remain committed to being a global leader in tertiary healthcare.

Our core values shape how we care for patients. We deliver care with compassion and professionalism. We invest in the latest innovation and technology. We work together as a team to deliver the best

outcomes for patients. These all play into an important part of the organization culture of Bumrungrad.

We have accomplished much in 2016. We opened Bumrungrad Clinic in Yangon, Myanmar, as well as a rehabilitation clinic on Sathorn Road in Bangkok. We have established a collaborative domestic network of 36 hospitals in different regions of Thailand. Our reinvestment in the digital hospital system will allow the connectivity and accessibility between our healthcare facilities to provide seamless care to our patients as we continue to ensure the sustainability of our business.

The passing of H.M. King Bhumipol Adulyadej marked a sad chapter for our family at Bumrungrad. He is a much revered leader for the people of Thailand and a champion for improving the welfare of the country, including improving the access and quality of healthcare to all corners of the Kingdom. We remain inspired by his leadership and tireless commitment to his people.

Mr. Chai Sophonpanich  
Chairman



## MESSAGE FROM THE MANAGING DIRECTOR

Ms. Linda Lisahapanya

**As the Managing Director of Bumrungrad over the past 33 years, it is inspiring to work with our doctors and staff in creating an enduring brand** that attracts high value patients from all over the world. We faced challenges in 2016 with the low oil prices and the slowdown in world economies. In spite of this we still achieved strong revenues and profits in 2016.

We take pride in our team of more than 1,300 board certified physicians and our highly trained staff. The best medical outcomes result from having the professional team and systems in place to ensure consistency with standards that provide the best possible safety and quality for the patients. We continuously strive to achieve the highest standard of care. We were recognized by the College of American Pathologists (CAP) this year, in accrediting our laboratory as certified to the same standards as the best hospitals in the USA, a first for a healthcare provider in Thailand.

We focus heavily on ensuring that we continuously develop a talented workforce that instills our core values. This is done in a systematic approach. For example, we use internal employee surveys as guidance for actions to better support the needs of all of our staff. This has paid off well as we continue to see the decline in our nursing turnover rate. With the retention of our highly trained staff, our patient experience is greatly enhanced.

In addition to our high quality standards, access to care is becoming increasingly important to our patients. We recognize this and have opened additional facilities to serve our different patient groups: a Physical Therapy clinic in the Sathorn Business district to help support orthopedic patients, a clinic in Yangon, Myanmar that serves patients for primary care and health screening in one of our largest international patient markets, and a renovation of our satellite clinic in Nichada. We have also added advanced specialties in

Continued...

orthopedics and internal medicine to our hospital in Mongolia. All of these investments will better serve our patients by improving connectivity and convenience.

We continue to invest heavily in information technology that will improve the patient experience. We announced that we will implement a new Health Information System to be fully implemented by 2017. This means that our clinicians will have access to mission-critical patient information securely and promptly. As well, patients will also be able to access their health information records via a secure app or website. These systems will help us further fulfill our mission in achieving higher levels of patient safety and quality.

Bumrungrad continues to engage in the community through the Bumrungrad Foundation and our programs to support those who are unable to get access to care. Our Rak Jai Thai foundation has successfully treated over 700 pediatric cardiology cases to repair congenital heart defects. We have also treated cardiology cases in the neighboring countries of Myanmar and Vietnam, and have provided free treatments for orthopedic

cases along with supporting the upcountry regions via our mobile clinic. Bumrungrad has been recognized for these efforts by the American Chamber of Commerce, where we have received the Silver Award for CSR Excellence.

Our overall strategy remains focused on growth by increasing the level of new medical services and top specialists while exploring other markets where there is a need for tertiary care that is not accessible locally. We are also expanding our clinical capacity with the planned opening of the Bumrungrad International Tower in the second half of next year following the renovations that took place in 2016. This will allow us to add capacity in our key specialties.

Our brand is well recognized globally as a leading healthcare institution. We will continue to build on this brand by further differentiating ourselves based on our medical outcomes, patient quality, innovation and the experience that we provide. Execution in these areas is essential to become the hospital that we aim to be.



Ms. Linda Lisahapanya  
Managing Director, Bumrungrad International Hospital

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## QUALITY AND SAFETY

Bumrungrad's integral place within the healthcare infrastructure of this region is directly attributed to our continuous commitment to quality and safety. Our pursuit of the highest quality of care for each patient is coupled with the exceptional work of our doctors, internationally certified lab and pharmacy, advanced facilities, and top-of-the-line information systems. Trust in our quality, and unwavering commitment to the highest standards of safety are at the very core of everything we do, and the results of these efforts are shown in the many accolades and certifications we receive within Thailand and around the world.

# COLLABORATION OF EXPERTISE

Each year, Bumrungrad treats more than 1.1 million patients, most of which travel from around the world to seek treatment at our hospital. This reality is due to more than just location, facilities, or even specialties, but directly related to our integrated system of healthcare and collaboration of expertise. Bumrungrad's entire team of doctors and other medical personnel collaborate within our system of synchronized and integrated healthcare, resulting in better outcomes for our patients and stronger capability within our specialties and subspecialties.











# INNOVATION AND THE APPROPRIATE APPLICATION OF TECHNOLOGY

The drive to strengthen patient care through the appropriate application of medical technology is at the core of our commitment to innovation. Alongside the drive to implement the latest medical technology, we engage in research and confirmation to be sure that application of that technology is the best approach for each patient. Anticipating the future of medicine while staying fully engaged with the realities of today is an important balance in delivering advanced healthcare that serves the patient.

# COMPASSIONATE CARE

With a 36-year history of being a vital member of the community, and a name that translates to “caring for the people,” it’s no surprise that Bumrungrad places a high priority on our commitment to serve those who are less fortunate. Through the Bumrungrad Foundation and the Rak Jai Thai (Healing Hearts) program, Bumrungrad strives to be worthy of the trust our community has placed in its leadership.









## DIRECTORS AND SENIOR EXECUTIVES

**1. Mr. Chatri Sophonpanich**

Advisor to the Board

**2. Mr. Chai Sophonpanich**

Chairman of the Board

**3. Dr. Chanvit Tanhiphat, MD**

Vice Chairman of the Board

**4. Mrs. Linda Lisahpanya**

Director,  
Managing Director

**5. Dr. Num Tanthuanit, MD**

Director,  
Hospital CEO

**6. Mr. Chong Toh**

Director





**7. Dr. Suvarn Valaisathien**  
Director

**8. Ms. Sophavadee Uttamobol**  
Independent Director

**9. Mr. Prin Chirathivat**  
Independent Director

**10. Mr. Soradis Vinyaratn**  
Independent Director

**11. Mrs. Aruni Kettratad**  
Independent Director

**12. Mr. Kenneth Love**  
Corporate CFO



# FINANCIAL

Information

## FINANCIAL HIGHLIGHTS

|  | 2016       | 2015       | 2014       | 2013       | 2012       |
|--|------------|------------|------------|------------|------------|
| <b>Financial Performance (Baht '000)</b>               |            |            |            |            |            |
| Total current assets                                   | 8,802,639  | 10,088,278 | 8,499,391  | 7,551,836  | 7,669,703  |
| Total assets   | 21,329,863 | 21,297,518 | 19,144,695 | 17,251,529 | 15,984,706 |
| Total current liabilities                              | 2,358,096  | 4,056,456  | 2,322,013  | 2,161,390  | 2,137,622  |
| Total liabilities                                      | 6,541,915  | 8,197,028  | 7,884,732  | 7,654,564  | 7,474,218  |
| Total shareholders' equity                             | 14,787,948 | 13,100,490 | 11,259,963 | 9,596,965  | 8,510,488  |
| Total revenues   | 18,125,795 | 17,929,440 | 15,910,538 | 14,651,386 | 14,041,637 |
| Share of income from investments                       |            |            |            |            |            |
| in joint venture and associated companies              | 2,213      | 12,515     | (2,745)    | 5,882      | 93,343     |
| Net profit excluding extraordinary Items               | 3,626,174  | 3,435,834  | 2,730,296  | 2,520,782  | 2,009,804  |
| Net profit for the year                                | 3,626,174  | 3,435,834  | 2,730,296  | 2,520,782  | 2,557,793  |
| Basic earnings per share                               | 4.98       | 4.72       | 3.75       | 3.46       | 3.51       |
| Earnings per share – fully diluted                     | 4.18       | 3.96       | 3.15       | 2.91       | 2.95       |
| Book value per share                                   | 20.30      | 17.98      | 15.45      | 13.17      | 11.68      |
| Book value per share – fully diluted                   | 17.05      | 15.10      | 12.98      | 11.06      | 9.81       |
| Dividend per share                                     | 2.50       | 2.35       | 1.95       | 1.90       | 1.80       |
| <b>Financial Ratios</b>                                |            |            |            |            |            |
| Gross profit margin (%)                                | 46.2       | 44.7       | 43.9       | 42.4       | 39.9       |
| EBITDA margin (%)                                      | 31.2       | 30.0       | 28.6       | 27.7       | 25.3       |
| Net profit margin excluding extraordinary items (%)    | 20.0       | 19.1       | 17.2       | 17.2       | 15.1       |
| Net profit margin (%)                                  | 20.0       | 19.1       | 17.2       | 17.2       | 18.1       |
| Growth on revenues from hospital operations (%)        | 1.4        | 13.0       | 9.3        | 10.8       | 16.7       |
| Growth on net profit excluding extraordinary Items (%) | 5.5        | 25.8       | 8.3        | 25.4       | 29.2       |
| Growth on net profit for the year (%)                  | 5.5        | 25.8       | 8.3        | (1.4)      | 61.1       |
| Return on equity (%)                                   | 26.0       | 28.2       | 26.2       | 27.8       | 33.1       |
| Return on assets (%)                                   | 17.0       | 17.0       | 15.0       | 15.2       | 17.2       |
| Liabilities to equity (x)                              | 0.44       | 0.63       | 0.70       | 0.80       | 0.88       |
| Debt to equity (x)                                     | 0.25       | 0.40       | 0.46       | 0.54       | 0.59       |
| Net debt to equity (x)                                 | (0.10)     | 0.01       | 0.04       | 0.21       | (0.12)     |
| Interest coverage ratio (x)                            | 23.43      | 22.13      | 18.75      | 16.42      | 13.81      |
| Liquidity ratio (x)                                    | 3.73       | 2.49       | 3.66       | 3.49       | 3.59       |
| Average collection period (days)                       | 43.81      | 41.35      | 34.71      | 35.30      | 36.67      |
| Average inventory Period (days)                        | 11.61      | 11.12      | 12.29      | 11.80      | 11.64      |
| Average payable Period (days)                          | 27.95      | 27.92      | 29.79      | 29.54      | 28.07      |



## MANAGEMENT DISCUSSION AND ANALYSIS

Total revenues for 2016 increased to Baht 18,126 million, producing a 1.1% improvement over 2015 revenues of Baht 17,929 million. Net profit rose 5.5% to Baht 3,626 million in 2016 from Baht 3,436 million in 2015, with Net profit margin at 20.0% in 2016 compared to 19.1% in 2015.

Details of the management discussion and analysis are as follows.

### 1. Income Statement

Revenues from hospital operations were Baht 17,851 million for 2016, a 1.4% improvement year-over-year from Baht 17,600 million in 2015. This was mostly due to the 4.7% and 0.2% increase in revenues from Thai patients and non-Thai patients, respectively. As a result, the revenue contribution from Thai patients in 2016 was 35.8% and from non-Thai patients was 64.2%, compared with 34.8% and 65.2%, respectively, for 2015.

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 10,400 million for 2016, or 0.8% less year-over-year from Baht 10,484 million in 2015. This represents a favorable change when compared to the 1.4% growth in Revenues from hospital operations, and contributed to a reduction in the percentage of cost to Revenues from hospital operations to 58.3% in 2016 from 59.6% in 2015. Administrative expenses (including Depreciation and amortization) were Baht 3,135 million in 2016, increasing 3.8% from Baht 3,020 million in 2015. The increase was mostly due to increased Depreciation and amortization, IT-related purchased services, and additional repair and maintenance expense. EBITDA grew 5.3% year-over-year to Baht 5,616 million in 2016 from Baht 5,332 million in 2015, with the EBITDA margin of 31.2% in 2016 compared with 30.0% in 2015.

Ongoing capital spending and accelerated depreciation associated with the campus expansion contributed to higher 2016 Depreciation and amortization of Baht 1,139 million from Baht 1,045 million in 2015.

Corporate income tax of Baht 774 million in 2016 was less than Baht 823 million in 2015. The variance is mostly due to certain tax benefits, somewhat offset by higher taxable operating profit in 2016 compared with 2015.

Basic EPS for 2016 of Baht 4.98 was 5.5% higher than Baht 4.72 in 2015, while 2016 Diluted EPS increased at the same rate to Baht 4.18 from Baht 3.96 in 2015.

| Income statements<br>Unit: Million Baht | 2016         | 2015         | Change |
|---|--------------|--------------|--------|
| Revenues from Hospital Operations       | 17,851       | 17,600       | 1.4%   |
| Total Revenues                          | 18,126       | 17,929       | 11.1%  |
| EBITDA                                  | 5,616        | 5,332        | 5.3%   |
| Net Profit                              | 3,626        | 3,436        | 5.5%   |
| <i>EBITDA Margin</i>                    | <i>31.2%</i> | <i>30.0%</i> |        |
| <i>Net Profit Margin</i>                | <i>20.0%</i> | <i>19.1%</i> |        |

| EPS<br>Unit: Baht   | 2016 | 2015 | Change |
|---------------------|------|------|--------|
| EPS – Basic         | 4.98 | 4.72 | 5.5%   |
| EPS – Fully Diluted | 4.18 | 3.96 | 5.5%   |

## 2. Statement of Financial Position

As at 31 December 2016, the Company reported Total current assets of Baht 8,803 million, a decrease from Baht 10,088 million as at 31 December 2015. The variance is mostly due to a decrease of Baht 682 million in Cash, Cash equivalents, and Short-term investments, due to Baht 2,452 million capital spending in 2016, Baht 1,750 million dividend payment, Baht 1,500 million repayment of the Series 1 debentures, offset with Baht 5,174 million increase in cash from operations. Trade receivables were reduced by Baht 627 million, or 27.2%, to Baht 1,682 million as at 31 December 2016 from Baht 2,309 million as at 31 December 2015. The collection period was 43.8 days as at 31 December 2016, compared to 41.3 days as at 31 December 2015, due largely to timing differences associated with collections on certain insurance accounts.

Total non-current assets increased to Baht 12,527 million as at 31 December 2016 from Baht 11,209 million as at 31 December 2015, mostly due to an increase in Property, plant and equipment.

Total current liabilities were Baht 2,358 million as at 31 December 2016, a decrease from Baht 4,056 million as at 31 December 2015. The variance was mostly due to the decrease of Baht 1,497 million Current portion of long-term debentures due December 2016, associated with the Baht 1,500 million repayment of the Series 1 debentures.

Cash and cash equivalent balances continued to exceed outstanding debt balances, resulting in a net cash versus net debt position as at 31 December 2016. The Company's Interest coverage ratio improved to 23.4x in 2016 compared to 22.1x in 2015, due to higher EBITDA in 2016 compared to 2015. Interest expense has been reduced by Baht 25 million and Baht 54 million in 2016 and 2015, respectively, for capitalized interest associated with the campus expansion project.

Total shareholders' equity grew to Baht 14,788 million as at 31 December 2016 from Baht 13,100 million as at 31 December 2015. This increase resulted from the Company's 2016 Net profit of Baht 3,626 million, offset with a dividend payment of Baht 1,752 million. Average return on assets (ROA) was 17.0% for both 2016 and 2015. Average return on equity (ROE) was 26.0% in 2016 compared with 28.2% in 2015.

| Unit: Million Baht         | 31-Dec-16 | 31-Dec-15 | Change |
|----------------------------|-----------|-----------|--------|
| Total Assets               | 21,330    | 21,297    | 0.2%   |
| Total Liabilities          | 6,542     | 8,197     | -20.2% |
| Total Shareholders' Equity | 14,788    | 13,100    | 12.9%  |

|                                  | 2016   | 2015  |
|----------------------------------|--------|-------|
| Interest Coverage Ratio (x)      | 23.4*  | 22.1* |
| Average Collection Period (days) | 43.8   | 41.3  |
| Average Inventory Period (days)  | 11.6   | 11.1  |
| Average Payables Period (days)   | 28.0   | 27.9  |
| Net Debt to Equity (x)           | (0.01) | 0.0   |
| Average Return on Assets (%)     | 17.0%  | 17.0% |
| Average Return on Equity (%)     | 26.0%  | 28.2% |

\* After adding back the 2016 and 2015 capitalized interest expense related to the campus expansion.

### 3. Liquidity

The Company's Net cash flows from operating activities in 2016 were Baht 5,174 million, compared to Baht 3,987 million in 2015. This increase was mainly due to Baht 849 million more in working capital, mostly related to Baht 1,350 million reduction in Trade and other receivables. Net cash flows used in investment activities were Baht 1,556 million in 2016, compared with Baht 1,785 million in 2015. This variance was mainly due to Baht 1,166 million decrease in Short-term investments, offset with Baht 912 million more ongoing capital spending in 2016. The Company reported Net cash flows used in financing activities of Baht 3,496 million in 2016 versus Baht 1,833 million in 2015, mostly due to the Baht 1,500 million repayment of the Series 1 debentures. As a result of the above, Cash and cash equivalents increased to Baht 5,154 million as at 31 December 2016, compared to Baht 5,054 million as at 31 December 2015.

The Company's Liquidity ratio as at 31 December 2016 improved to 3.7x from 2.5x as at 31 December 2015. Similarly, the Quick ratio improved to 2.9x as at 31 December 2016 from 1.8x as at 31 December 2015.

| Unit: Million Baht                                   | 2016    | 2015    |
|--|---------|---------|
| Cash Flow from Operating Activities                  | 5,174   | 3,987   |
| Cash Flow used in Investing Activities               | (1,556) | (1,785) |
| Cash Flow used in Financing Activities               | (3,496) | (1,833) |
| Net (decrease) increase in cash and cash equivalents | 100     | 378     |
| Cash and cash Equivalents at end of year             | 5,154   | 5,054   |

|                     | 31-Dec-16 | 31-Dec-15 |
|---------------------|-----------|-----------|
| Liquidity Ratio (x) | 3.7       | 2.5       |
| Quick Ratio (x)     | 2.9       | 1.8       |

## 4. Contractual Obligations

(Unit: Million Baht)

|  | As at 31 December 2016 |              |                 |                              |                             |       |   |
|--|------------------------|--------------|-----------------|------------------------------|-----------------------------|-------|---|
|  | Fixed interest rates   |              |                 | Floating<br>interest<br>rate | Non-<br>interest<br>bearing | Total | Effective<br>interest rate<br><br>(% per annum) |
|  | Within<br>1 year       | 1-5<br>years | Over<br>5 years |                              |                             |       |   |
|  |                        |              |                 |                              |                             |       |   |
| Long-term loan from and<br>interest payable to<br>a related party    | -                      | 176          | -               | -                            | 9                           | 185   | 1.38  |
| Long-term loan from and<br>interest payable to<br>an unrelated party | -                      | 19           | -               | -                            | -                           | 19    | 1.38  |
| Long-term debentures   | -                      | 3,485        | -               | -                            | -                           | 3,485 | 4.59 and 4.97                                   |
|  | -                      | 3,680        | -               | -                            | 9                           | 3,689 |   |

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios which include:

- a) maintenance of a net debt to equity ratio not exceeding 1.75:1
- b) maintenance of a net debt to EBITDA ratio not exceeding 3.25:1

# REPORT OF THE AUDIT COMMITTEE

## To the Shareholders of Bumrungrad Hospital Public Company Limited

The Board of Directors appointed the Audit Committee, consisting entirely of three independent directors of the Board. Miss Sophavadee Uttamobol was appointed as Chairperson with Mr. Soradis Vinyaratn and Mr. Prin Chirathivat as members. Its main duties and responsibilities are to review financial reports, internal control systems and internal audits, risk management systems, compliance with laws, and to consider potential conflict of interest transactions.

In the year 2016, the Audit Committee held a total of 4 meetings, including a meeting with the independent auditor without the presence of management, to perform its duties and responsibilities. The committee's main activities are summarized as below:

1. Reviewed the Company and its subsidiaries' financial statements prior to submission to the Board of Directors. Based on due consideration, after discussions with the executives, a non-management meeting with the Company's independent auditor, and consideration of the auditor's recommendations in the Management Letter, the Audit Committee has the opinion that the above financial statements are prepared accurately, completely, and creditably.
2. Reviewed and assessed the internal control systems. The Audit Committee has the opinion that the Company has appropriate, effective, and adequate systems, sufficient to mitigate its risks to the acceptable level, and help the Company to achieve its operation goals.
3. Reviewed the compliance with laws and regulations relating to the Company's business operations. The Audit Committee has the opinion that the Company has no legal violation that may significantly affect the Company's reputation and financial status.
4. Considered, selected, and nominated the Company's independent auditor, which is Mr. Termphong Opanaphan and/or Miss Thipawan Nananuwat and/or Miss Vissuta Jariyathanakorn from EY Office Limited, and proposed the remuneration to the Board.
5. Considered connected transactions or potential conflict of interest transactions. The Audit Committee has the opinion that all such transactions were the Company's normal business transactions.
6. Considered and approved the internal audit plan, which was determined to be suitable for the Company's nature of business, including its administrative policies, business plans, work processes, and business risks.
7. Considered and approved the Corporate Internal Audit Division's yearly expenditure budget and manpower requirements.
8. Reviewed and reassessed the Audit Committee Charter, and proposed to the Board of Directors for approval.
9. Approved the revised Internal Audit Charter.

The Audit Committee has performed its duties and responsibilities as delegated by the Company's Board of Directors with care and at its fullest capability for the benefits of the Company, the shareholders, and all the stakeholders.



Miss Sophavadee Uttamobol  
Chairperson of Audit Committee

20 February 2017

## REPORT OF THE ACCOUNTABILITY OF THE BOARD OF DIRECTORS TO THE COMPANY'S FINANCIAL REPORTS

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

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

The Board of Directors has the opinion that the overall internal control system of the Company was at a satisfactory level, which resulted in confidence in the reliability of the financial statements of the Company and its subsidiaries as at 31 December 2016.



Mr. Chai Sophonpanich  
Chairperson



Mrs. Linda Lisahapanya  
Managing Director



Bumrungrad Hospital Public Company Limited  
and its subsidiaries

# REPORT

and consolidated financial statements  
31 December 2016

# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Bumrungrad Hospital Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Bumrungrad Hospital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Bumrungrad Hospital Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bumrungrad Hospital Public Company Limited and its subsidiaries and of Bumrungrad Hospital Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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

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

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

### Revenue recognition

Revenues from hospital operations are significant to the financial statements because the amount is high (approximately 98% of consolidated total revenues). In addition, it consists of many compositions, such as revenues from sales of medicines, revenues from medical services, revenues from patient rooms, etc., including discounts for counterparties, e.g. insurance companies, embassies and other several counterparties, whereas the agreements contains vary conditions for each party. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls including the internal controls which respond to the above risks.
- Applying a sampling method to select sales and service agreements of the Group to assess whether the recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- Performing analytical procedures on disaggregated data to detect possible irregularities in revenues transactions throughout the period, including accounting entries made through journal vouchers.
- On a sampling basis, examining supporting documents for revenue transactions occurring during the period.
- Testing cut-off of revenues recognition.
- Reviewing credit notes that the Group issued after the period-end.

### **Allowance for doubtful accounts**

The allowance for doubtful accounts is estimated based on criteria established by the Group rely on various assumptions. Therefore, the management is required to exercise considerable judgement in determining the assumptions to be used in estimating allowance for doubtful accounts expected to be incurred when debtors are unable to repay, and the appropriateness of the period of recognition. There is thus a risk with respect to the amount of the allowance for doubtful accounts.

I have examined the allowance for doubtful accounts by

- Gaining an understanding and assessing the policy for setting up allowance for doubtful accounts, consisting of assumptions and period of recognition. Considering for the correspondence of selected methods for each type of trade receivables.
- Performing analytical procedures of assumptions that the Group applied against historical data, including considering past experience of collection, write-off, legal cases and disputes with receivables, and aging of receivables.
- Checking the credibility of key information to key sources.
- Testing the calculation of the allowance for doubtful accounts in accordance with the Group's policy.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Termphong Opanaphan

Termphong Opanaphan  
Certified Public Accountant (Thailand) No. 4501  
EY Office Limited

**Bangkok: 28 February 2017**

## Bumrungrad Hospital Public Company Limited and its subsidiaries

### STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(Unit: Baht)

|   |      | Consolidated financial statements |                       | Separate financial statements |                       |
|---|------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|   | Note | 2016                              | 2015                  | 2016                          | 2015                  |
| <b>Assets</b>                             |      |                                   |                       |                               |                       |
| <b>Current assets</b>                     |      |                                   |                       |                               |                       |
| Cash and cash equivalents                 | 7    | 5,154,161,038                     | 5,054,159,558         | 4,938,522,876                 | 4,818,341,184         |
| Short-term investments                    | 8    | 1,523,300,000                     | 2,305,800,000         | 1,509,000,000                 | 2,302,000,000         |
| Trade and other receivables               | 9    | 1,695,473,341                     | 2,318,422,125         | 1,692,244,870                 | 2,328,382,763         |
| Inventories                               | 10   | 310,013,854                       | 309,074,024           | 279,916,744                   | 277,571,640           |
| Prepaid expenses                          |      | 107,059,200                       | 75,047,152            | 87,475,741                    | 50,128,468            |
| Other current assets                      |      | 12,631,340                        | 25,775,092            | 9,889,485                     | 24,489,747            |
| <b>Total current assets</b>               |      | <b>8,802,638,773</b>              | <b>10,088,277,951</b> | <b>8,517,049,716</b>          | <b>9,800,913,802</b>  |
| <b>Non-current assets</b>                 |      |                                   |                       |                               |                       |
| Long-term loan to and interest receivable |      |                                   |                       |                               |                       |
| from a related party                      | 6    | -                                 | -                     | -                             | 9,017,291             |
| Investments in subsidiaries               | 11   | -                                 | -                     | 1,638,772,798                 | 1,517,455,798         |
| Investment in an associate                | 12   | 236,279,919                       | 234,067,252           | 1,447,047                     | 1,447,047             |
| Other long-term investment                | 13   | 1,700,000                         | 1,700,000             | 1,700,000                     | 1,700,000             |
| Property, plant and equipment             | 14   | 11,579,033,215                    | 10,472,111,743        | 9,981,453,328                 | 8,791,953,504         |
| Intangible assets                         | 15   | 315,046,715                       | 163,386,341           | 309,408,566                   | 160,636,474           |
| Goodwill                                  | 16   | 121,708,521                       | 122,584,549           | -                             | -                     |
| Deferred tax assets                       | 26   | 249,606,641                       | 193,005,351           | 244,718,287                   | 189,820,746           |
| Other non-current assets                  |      | 23,849,195                        | 22,385,176            | 23,714,335                    | 22,367,676            |
| <b>Total non-current assets</b>           |      | <b>12,527,224,206</b>             | <b>11,209,240,412</b> | <b>12,201,214,361</b>         | <b>10,694,398,536</b> |
| <b>Total assets</b>                       |      | <b>21,329,862,979</b>             | <b>21,297,518,363</b> | <b>20,718,264,077</b>         | <b>20,495,312,338</b> |

The accompanying notes are an integral part of the financial statements.



## Bumrungrad Hospital Public Company Limited and its subsidiaries

### STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2016

(Unit: Baht)

|   |      | Consolidated financial statements |               | Separate financial statements |               |
|---|------|-----------------------------------|---------------|-------------------------------|---------------|
|   | Note | 2016                              | 2015          | 2016                          | 2015          |
| Liabilities and shareholders' equity          |      |                                   |               |                               |               |
| Current liabilities                           |      |                                   |               |                               |               |
| Trade and other payables                      | 17   | 875,613,815                       | 830,044,220   | 869,510,085                   | 820,496,588   |
| Accrued physicians' fees                      |      | 596,925,398                       | 713,254,979   | 590,092,466                   | 707,663,724   |
| Current portion of long-term debentures       | 19   | -                                 | 1,497,145,039 | -                             | 1,497,145,039 |
| Accrued expenses                              |      | 447,320,532                       | 577,255,452   | 435,433,333                   | 561,478,856   |
| Income tax payable                            |      | 364,573,826                       | 372,555,228   | 352,573,901                   | 361,492,993   |
| Other current liabilities                     |      | 73,662,026                        | 66,200,918    | 51,291,183                    | 52,376,111    |
| Total current liabilities                     |      | 2,358,095,597                     | 4,056,455,836 | 2,298,900,968                 | 4,000,653,311 |
| Non-current liabilities                       |      |                                   |               |                               |               |
| Long-term loan from and interest payable      |      |                                   |               |                               |               |
| to a related party                            | 6    | 185,294,305                       | 182,868,805   | 185,294,305                   | 182,868,805   |
| Long-term loan from and interest payable      |      |                                   |               |                               |               |
| to an unrelated party                         | 18   | 19,648,778                        | -             | -                             | -             |
| Long-term debentures - net of current portion | 19   | 3,484,541,414                     | 3,481,009,726 | 3,484,541,414                 | 3,481,009,726 |
| Deferred tax liability                        | 26   | 1,819,588                         | -             | -                             | -             |
| Provision for long-term employee benefits     | 21   | 492,515,761                       | 476,693,998   | 485,801,558                   | 468,988,677   |
| Total non-current liabilities                 |      | 4,183,819,846                     | 4,140,572,529 | 4,155,637,277                 | 4,132,867,208 |
| Total liabilities                             |      | 6,541,915,443                     | 8,197,028,365 | 6,454,538,245                 | 8,133,520,519 |

The accompanying notes are an integral part of the financial statements.

## Bumrungrad Hospital Public Company Limited and its subsidiaries

### STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2016

(Unit: Baht)

|  |      | Consolidated financial statements |                | Separate financial statements |                |
|--|------|-----------------------------------|----------------|-------------------------------|----------------|
|  | Note | 2016                              | 2015           | 2016                          | 2015           |
| Shareholders' equity                               |      |                                   |                |                               |                |
| Share capital                                      | 23   |                                   |                |                               |                |
| Registered   |      |                                   |                |                               |                |
| 921,296,022 ordinary shares of Baht 1 each         |      |                                   |                |                               |                |
| (2015: 921,276,022 ordinary shares of Baht 1 each) |      | 921,296,022                       | 921,276,022    | 921,296,022                   | 921,276,022    |
| 1,406,663 preference shares of Baht 1 each         |      |                                   |                |                               |                |
| (2015: 1,426,663 preference shares of Baht 1 each) |      | 1,406,663                         | 1,426,663      | 1,406,663                     | 1,426,663      |
|  |      | 922,702,685                       | 922,702,685    | 922,702,685                   | 922,702,685    |
| Issued and paid-up                                 |      |                                   |                |                               |                |
| 728,645,559 ordinary shares of Baht 1 each         |      |                                   |                |                               |                |
| (2015: 728,625,559 ordinary shares of Baht 1 each) |      | 728,645,559                       | 728,625,559    | 728,645,559                   | 728,625,559    |
| 1,406,663 preference shares of Baht 1 each         |      |                                   |                |                               |                |
| (2015: 1,426,663 preference shares of Baht 1 each) |      | 1,406,663                         | 1,426,663      | 1,406,663                     | 1,426,663      |
|  |      | 730,052,222                       | 730,052,222    | 730,052,222                   | 730,052,222    |
| Premium on ordinary shares                         |      | 285,568,300                       | 285,568,300    | 285,568,300                   | 285,568,300    |
| Convertible bonds treated as equity securities     | 22   | 550,000,000                       | 550,000,000    | 550,000,000                   | 550,000,000    |
| Retained earnings                                  |      |                                   |                |                               |                |
| Appropriated - statutory reserve                   | 24   | 92,275,000                        | 92,275,000     | 92,275,000                    | 92,275,000     |
| Unappropriated                                     |      | 12,657,987,263                    | 10,799,083,414 | 12,605,830,310                | 10,703,896,297 |
| Other components of shareholders' equity           |      | 157,972,125                       | 278,707,057    | -                             | -              |
| Equity attributable to owners of the Company       |      | 14,473,854,910                    | 12,735,685,993 | 14,263,725,832                | 12,361,791,819 |
| Non-controlling interests of the subsidiaries      |      | 314,092,626                       | 364,804,005    | -                             | -              |
| Total shareholders' equity                         |      | 14,787,947,536                    | 13,100,489,998 | 14,263,725,832                | 12,361,791,819 |
| Total liabilities and shareholders' equity         |      | 21,329,862,979                    | 21,297,518,363 | 20,718,264,077                | 20,495,312,338 |

The accompanying notes are an integral part of the financial statements.

## Bumrungrad Hospital Public Company Limited and its subsidiaries

### INCOME STATEMENT

For the year ended 31 December 2016

(Unit: Baht)

|   |            | Consolidated financial statements |                       | Separate financial statements |                       |
|---|------------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|   | Note       | 2016                              | 2015                  | 2016                          | 2015                  |
| <b>Revenues</b>   |            |                                   |                       |                               |                       |
| Revenues from hospital operations   |            | 17,850,738,751                    | 17,600,265,940        | 17,341,382,226                | 17,099,543,050        |
| Rental income   |            | 63,934,072                        | 60,139,960            | 73,450,855                    | 67,799,858            |
| Interest income   |            | 113,304,452                       | 137,948,768           | 109,150,673                   | 134,659,230           |
| Dividend income   | 11.1, 12.2 | -                                 | -                     | 206,568,163                   | 149,308,104           |
| Exchange gains  |            | 22,434,512                        | 45,961,461            | 17,314,851                    | 41,857,731            |
| Other income  |            | 75,382,754                        | 85,123,927            | 87,010,890                    | 85,888,178            |
| <b>Total revenues</b>   |            | <b>18,125,794,541</b>             | <b>17,929,440,056</b> | <b>17,834,877,658</b>         | <b>17,579,056,151</b> |
| <b>Expenses</b>   |            |                                   |                       |                               |                       |
| Cost of hospital operations   |            | 10,400,145,172                    | 10,484,365,146        | 10,104,769,425                | 10,203,096,280        |
| Administrative expenses   |            | 3,134,818,367                     | 3,020,247,262         | 3,090,522,521                 | 2,946,587,159         |
| Loss on impairment of investment in a subsidiary  | 11.1       | -                                 | -                     | -                             | 29,500,000            |
| Loss from share capital reduction and dissolution of an associate   | 12.3       | -                                 | -                     | -                             | 816,782               |
| <b>Total expenses</b>   |            | <b>13,534,963,539</b>             | <b>13,504,612,408</b> | <b>13,195,291,946</b>         | <b>13,180,000,221</b> |
| <b>Profit before share of profit from investments in associates, finance cost and income tax expenses</b> |            |                                   |                       |                               |                       |
|   |            | 4,590,831,002                     | 4,424,827,648         | 4,639,585,712                 | 4,399,055,930         |
| Share of profit from investments in associates  | 12.2       | 2,212,667                         | 12,515,402            | -                             | -                     |
| <b>Profit before finance cost and income tax expenses</b>   |            | <b>4,593,043,669</b>              | <b>4,437,343,050</b>  | <b>4,639,585,712</b>          | <b>4,399,055,930</b>  |
| Finance cost  |            | (215,165,246)                     | (186,504,115)         | (214,959,314)                 | (186,504,115)         |
| <b>Profit before income tax expenses</b>  |            | <b>4,377,878,423</b>              | <b>4,250,838,935</b>  | <b>4,424,626,398</b>          | <b>4,212,551,815</b>  |
| Income tax expenses   | 26         | (773,846,797)                     | (823,318,882)         | (753,592,434)                 | (801,345,874)         |
| <b>Profit for the year</b>  |            | <b>3,604,031,626</b>              | <b>3,427,520,053</b>  | <b>3,671,033,964</b>          | <b>3,411,205,941</b>  |
| <b>Profit (loss) attributable to:</b>   |            |                                   |                       |                               |                       |
| Equity holders of the Company   |            | 3,626,173,933                     | 3,435,833,613         | 3,671,033,964                 | 3,411,205,941         |
| Non-controlling interests of the subsidiaries   |            | (22,142,307)                      | (8,313,560)           |                               |                       |
|   |            | <b>3,604,031,626</b>              | <b>3,427,520,053</b>  |                               |                       |
| <b>Earnings per share</b>   |            |                                   |                       |                               |                       |
| Basic earnings per share  | 27         |                                   |                       |                               |                       |
| Profit attributable to equity holders of the Company  |            | 4.98                              | 4.72                  | 5.04                          | 4.68                  |
| Diluted earnings per share  |            |                                   |                       |                               |                       |
| Profit attributable to equity holders of the Company  |            | 4.18                              | 3.96                  | 4.23                          | 3.93                  |

The accompanying notes are an integral part of the financial statements.

## Bumrungrad Hospital Public Company Limited and its subsidiaries

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

(Unit: Baht)

|   | Consolidated financial statements |                      | Separate financial statements |                      |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
|   | 2016                              | 2015                 | 2016                          | 2015                 |
| <b>Profit for the year</b>  | 3,604,031,626                     | 3,427,520,053        | 3,671,033,964                 | 3,411,205,941        |
| <b>Other comprehensive income:</b>  |                                   |                      |                               |                      |
| Other comprehensive income to be reclassified to income statement in subsequent periods:    |                                   |                      |                               |                      |
| Exchange differences on translation of financial statements in foreign currencies           | (150,703,312)                     | 41,886,274           | -                             | -                    |
| Other comprehensive income not to be reclassified to income statement in subsequent periods |                                   |                      |                               |                      |
| Actuarial gain (loss) net of income tax   | 17,093,786                        | (27,155,207)         | 15,263,919                    | (25,469,953)         |
| <b>Other comprehensive income for the year</b>  | (133,609,526)                     | 14,731,067           | 15,263,919                    | (25,469,953)         |
| <b>Total comprehensive income for the year</b>  | <b>3,470,422,100</b>              | <b>3,442,251,120</b> | <b>3,686,297,883</b>          | <b>3,385,735,988</b> |
| <b>Total comprehensive income attributable to:</b>  |                                   |                      |                               |                      |
| Equity holders of the Company   | 3,522,532,787                     | 3,454,182,031        | <b>3,686,297,883</b>          | <b>3,385,735,988</b> |
| Non-controlling interests of the subsidiaries   | (52,110,687)                      | (11,930,911)         |                               |                      |
|   | <b>3,470,422,100</b>              | <b>3,442,251,120</b> |                               |                      |

The accompanying notes are an integral part of the financial statements.

# Bumrungrad Hospital Public Company Limited and its subsidiaries

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016

(Unit: Baht)

| Consolidated financial statements   |                   |                            |                   |  |                   |                   |                |                                       |                 |  |                 |
|---|-------------------|----------------------------|-------------------|--|-------------------|-------------------|----------------|---------------------------------------|-----------------|--|-----------------|
| Equity attributable to owners of the Company                                      |                   |                            |                   |  |                   |                   |                |                                       |                 |  |                 |
| Other components of shareholders' equity  |                   |                            |                   |  |                   |                   |                |                                       |                 |  |                 |
| Other comprehensive income  |                   |                            |                   |  |                   |                   |                |                                       |                 |  |                 |
| Exchange differences on translation of financial statements in foreign currencies |                   |                            |                   |  |                   |                   |                |                                       |                 |  |                 |
| Issued and paid-up share capital  |                   | Premium on ordinary shares |                   | Convertible bonds treated as equity securities |                   | Retained earnings |                | Other paid-in capital of an associate |                 | Total other components of shareholders' equity |                 |
| Ordinary shares   | Preference shares | Ordinary shares            | Preference shares | Ordinary shares                                | Preference shares | Appropriated      | Unappropriated |                                       |                 |  |                 |
| 728,600,559   | 1,451,663         | 285,568,300                | 550,000,000       | 92,275,000                                     | 8,992,129,372     | (18,969,102)      | 252,172,534    | 233,203,432                           | 10,883,228,326  | 376,734,916                                    | 11,259,963,242  |
| -   | -                 | -                          | -                 | -  | 3,435,833,613     | -                 | -              | -                                     | 3,435,833,613   | (8,313,560)                                    | 3,427,520,053   |
| -   | -                 | -                          | -                 | -  | (27,155,207)      | 45,503,625        | -              | 45,503,625                            | 18,348,418      | (3,617,351)                                    | 14,731,067      |
| -   | -                 | -                          | -                 | -  | 3,408,678,406     | 45,503,625        | -              | 45,503,625                            | 3,454,182,031   | (11,930,911)                                   | 3,442,251,120   |
| 25,000  | (25,000)          | -                          | -                 | -  | -                 | -                 | -              | -                                     | -               | -  | -               |
| -   | -                 | -                          | -                 | -  | (1,569,224,364)   | -                 | -              | -                                     | (1,569,224,364) | -  | (1,569,224,364) |
| -   | -                 | -                          | -                 | -  | (32,500,000)      | -                 | -              | -                                     | (32,500,000)    | -  | (32,500,000)    |
| 728,625,559   | 1,426,663         | 285,568,300                | 550,000,000       | 92,275,000                                     | 10,799,083,414    | 26,534,523        | 252,172,534    | 278,707,057                           | 12,735,685,993  | 364,804,005                                    | 13,100,489,998  |
| 728,625,559   | 1,426,663         | 285,568,300                | 550,000,000       | 92,275,000                                     | 10,799,083,414    | 26,534,523        | 252,172,534    | 278,707,057                           | 12,735,685,993  | 364,804,005                                    | 13,100,489,998  |
| -   | -                 | -                          | -                 | -  | 3,626,173,933     | -                 | -              | -                                     | 3,626,173,933   | (22,142,307)                                   | 3,604,031,626   |
| -   | -                 | -                          | -                 | -  | 17,093,786        | (120,734,932)     | -              | (120,734,932)                         | (103,641,146)   | (29,968,380)                                   | (133,609,526)   |
| -   | -                 | -                          | -                 | -  | 3,643,267,719     | (120,734,932)     | -              | (120,734,932)                         | 3,522,532,787   | (52,110,687)                                   | 3,470,422,100   |
| 20,000  | (20,000)          | -                          | -                 | -  | -                 | -                 | -              | -                                     | -               | -  | -               |
| -   | -                 | -                          | -                 | -  | (1,751,863,870)   | -                 | -              | -                                     | (1,751,863,870) | -  | (1,751,863,870) |
| -   | -                 | -                          | -                 | -  | -                 | -                 | -              | -                                     | -               | 1,399,308                                      | 1,399,308       |
| -   | -                 | -                          | -                 | -  | (32,500,000)      | -                 | -              | -                                     | (32,500,000)    | -  | (32,500,000)    |
| 728,645,559   | 1,406,663         | 285,568,300                | 550,000,000       | 92,275,000                                     | 12,657,987,263    | (94,200,409)      | 252,172,534    | 157,972,125                           | 14,473,854,910  | 314,092,626                                    | 14,787,947,536  |

The accompanying notes are an integral part of the financial statements.

## Bumrungrad Hospital Public Company Limited and its subsidiaries

### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2016

(Unit: Baht)

|  | Separate financial statements    |                   |                            |  |                   |                       |
|--|----------------------------------|-------------------|----------------------------|--|-------------------|-----------------------|
|  | Issued and paid-up share capital |                   | Premium on ordinary shares | Convertible bonds treated as equity securities | Retained earnings |                       |
|  | Ordinary shares                  | Preference shares |                            |  | Appropriated      | Unappropriated        |
| <b>Balance as at 1 January 2015</b>  | 728,600,559                      | 1,451,663         | 285,568,300                | 550,000,000                                    | 92,275,000        | 8,919,884,673         |
| Profit for the year  | -                                | -                 | -                          | -  | -                 | 3,411,205,941         |
| Other comprehensive income for the year                                    | -                                | -                 | -                          | -  | -                 | (25,469,953)          |
| Total comprehensive income for the year                                    | -                                | -                 | -                          | -  | -                 | 3,385,735,988         |
| Preference shares converted to ordinary shares (Note 23)                   | 25,000                           | (25,000)          | -                          | -  | -                 | -                     |
| Dividend paid (Note 30)  | -                                | -                 | -                          | -  | -                 | (1,569,224,364)       |
| Interest paid for convertible bonds treated as equity securities (Note 22) | -                                | -                 | -                          | -  | -                 | (32,500,000)          |
| <b>Balance as at 31 December 2015</b>                                      | <b>728,625,559</b>               | <b>1,426,663</b>  | <b>285,568,300</b>         | <b>550,000,000</b>                             | <b>92,275,000</b> | <b>10,703,896,297</b> |
| <b>Balance as at 1 January 2016</b>  | 728,625,559                      | 1,426,663         | 285,568,300                | 550,000,000                                    | 92,275,000        | 10,703,896,297        |
| Profit for the year  | -                                | -                 | -                          | -  | -                 | 3,671,033,964         |
| Other comprehensive income for the year                                    | -                                | -                 | -                          | -  | -                 | 15,263,919            |
| Total comprehensive income for the year                                    | -                                | -                 | -                          | -  | -                 | 3,686,297,883         |
| Preference shares converted to ordinary shares (Note 23)                   | 20,000                           | (20,000)          | -                          | -  | -                 | -                     |
| Dividend paid (Note 30)  | -                                | -                 | -                          | -  | -                 | (1,751,863,870)       |
| Interest paid for convertible bonds treated as equity securities (Note 22) | -                                | -                 | -                          | -  | -                 | (32,500,000)          |
| <b>Balance as at 31 December 2016</b>                                      | <b>728,645,559</b>               | <b>1,406,663</b>  | <b>285,568,300</b>         | <b>550,000,000</b>                             | <b>92,275,000</b> | <b>12,605,830,310</b> |
|  |                                  |                   |                            |  |                   | <b>14,263,725,832</b> |

The accompanying notes are an integral part of the financial statements.

## Bumrungrad Hospital Public Company Limited and its subsidiaries

### CASH FLOW STATEMENT

For the year ended 31 December 2016

(Unit: Baht)

|  | Consolidated financial statements |                      | Separate financial statements |                      |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
|  | 2016                              | 2015                 | 2016                          | 2015                 |
| <b>Cash flows from operating activities</b>  |                                   |                      |                               |                      |
| Profit before tax  | 4,377,878,423                     | 4,250,838,935        | 4,424,626,398                 | 4,212,551,815        |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: |                                   |                      |                               |                      |
| Depreciation and amortisation  | 1,138,686,184                     | 1,044,743,956        | 1,084,924,989                 | 1,001,753,542        |
| Bad debts and allowance for doubtful accounts  | 140,905,007                       | 74,967,467           | 140,788,712                   | 75,164,062           |
| Reduction (reversal) of cost of inventories to net realisable value                                  | (1,261,463)                       | 993,023              | -                             | -                    |
| Loss on sales and write-off of building and equipment  | 1,713,364                         | 10,960,789           | 1,104,602                     | 7,993,195            |
| Long-term employee benefits expenses   | 86,735,133                        | 76,054,319           | 84,518,888                    | 74,867,278           |
| Loss on impairment of investment in a subsidiary   | -                                 | -                    | -                             | 29,500,000           |
| Loss from share capital reduction and dissolution of an associate                                    | -                                 | -                    | -                             | 816,782              |
| Share of profit from investments in associates   | (2,212,667)                       | (12,515,402)         | -                             | -                    |
| Interest income  | (113,304,452)                     | (137,948,768)        | (109,150,673)                 | (134,659,230)        |
| Dividend income  | -                                 | -                    | (206,568,163)                 | (149,308,104)        |
| Amortisation of debenture issuing costs to interest expenses   | 6,386,649                         | 6,172,831            | 6,386,649                     | 6,172,831            |
| Interest expenses  | 208,778,597                       | 180,331,284          | 208,572,665                   | 180,331,284          |
| Profit from operating activities before changes in operating assets and liabilities                  | 5,844,304,775                     | 5,494,598,434        | 5,635,204,067                 | 5,305,183,455        |
| Operating assets (increase) decrease   |                                   |                      |                               |                      |
| Trade and other receivables  | 482,043,777                       | (868,177,328)        | 495,349,181                   | (878,837,332)        |
| Inventories  | 321,633                           | (18,186,536)         | (2,345,104)                   | (10,921,098)         |
| Prepaid expenses   | (32,012,048)                      | (8,558,629)          | (37,347,273)                  | 13,424,540           |
| Other current assets   | 13,143,752                        | (7,676,593)          | 14,600,262                    | (10,375,277)         |
| Other non-current assets   | (1,464,019)                       | 2,558,216            | (1,346,659)                   | 2,557,216            |
| Operating liabilities increase (decrease)  |                                   |                      |                               |                      |
| Trade and other payables   | (5,472,748)                       | (2,662,519)          | (2,028,846)                   | (14,891,066)         |
| Accrued physicians' fees   | (116,329,581)                     | 175,600,675          | (117,571,258)                 | 177,126,302          |
| Accrued expenses   | (127,922,646)                     | 92,110,517           | (124,008,811)                 | 78,867,321           |
| Other current liabilities  | 7,461,108                         | (486,261)            | (1,084,928)                   | (3,203,331)          |
| Provision for long-term employee benefits  | (49,850,018)                      | (43,296,046)         | (48,626,108)                  | (43,234,749)         |
| Cash flows from operating activities   | 6,014,223,985                     | 4,815,823,930        | 5,810,794,523                 | 4,615,695,981        |
| Cash paid for corporate income tax   | (840,580,102)                     | (828,415,647)        | (821,225,047)                 | (805,583,668)        |
| <b>Net cash flows from operating activities</b>  | <b>5,173,643,883</b>              | <b>3,987,408,283</b> | <b>4,989,569,476</b>          | <b>3,810,112,313</b> |

The accompanying notes are an integral part of the financial statements.

## CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2016

(Unit: Baht)

|   | Consolidated financial statements |                        | Separate financial statements |                        |
|---|-----------------------------------|------------------------|-------------------------------|------------------------|
|   | 2016                              | 2015                   | 2016                          | 2015                   |
| <b>Cash flows from investing activities</b>   |                                   |                        |                               |                        |
| (Increase) decrease in short-term investments   | 782,500,000                       | (383,800,000)          | 793,000,000                   | (500,000,000)          |
| (Increase) decrease in long-term loan to a subsidiary   | -                                 | -                      | 9,000,000                     | (9,000,000)            |
| Acquisition of investments in subsidiaries  | -                                 | -                      | (121,317,000)                 | (2,239,073)            |
| Dividend received   | -                                 | -                      | 206,568,163                   | 149,308,104            |
| Acquisition of property, plant and equipment and payment of construction and medical equipment payables | (2,223,852,265)                   | (1,498,237,056)        | (2,125,898,888)               | (1,432,550,796)        |
| Acquisition of computer software  | (229,116,055)                     | (42,620,517)           | (225,583,230)                 | (41,182,572)           |
| Cash receipt from share capital reduction and dissolution of an associate                               | -                                 | 598,188                | -                             | 598,188                |
| Proceeds from sales of equipment  | 930,711                           | 1,233,407              | 930,711                       | 1,233,407              |
| Interest income   | 113,304,452                       | 137,948,768            | 109,167,964                   | 134,641,939            |
| <b>Net cash flows used in investing activities</b>  | <b>(1,556,233,157)</b>            | <b>(1,784,877,210)</b> | <b>(1,354,132,280)</b>        | <b>(1,699,190,803)</b> |
| <b>Cash flows from financing activities</b>   |                                   |                        |                               |                        |
| Increase in long-term loan from an unrelated party  | 19,072,604                        | -                      | -                             | -                      |
| Repayment of long-term debenture  | (1,500,000,000)                   | -                      | (1,500,000,000)               | -                      |
| Interest paid for long-term debentures  | (232,735,890)                     | (232,100,000)          | (232,735,890)                 | (232,100,000)          |
| Dividend paid   | (1,750,021,011)                   | (1,568,080,973)        | (1,750,019,614)               | (1,568,079,177)        |
| Interest paid for convertible bonds treated as equity securities  | (32,500,000)                      | (32,500,000)           | (32,500,000)                  | (32,500,000)           |
| <b>Net cash flows used in financing activities</b>  | <b>(3,496,184,297)</b>            | <b>(1,832,680,973)</b> | <b>(3,515,255,504)</b>        | <b>(1,832,679,177)</b> |
| Increase (decrease) in translation adjustment   | (21,224,949)                      | 8,596,088              | -                             | -                      |
| <b>Net increase in cash and cash equivalents</b>  | <b>100,001,480</b>                | <b>378,446,188</b>     | <b>120,181,692</b>            | <b>278,242,333</b>     |
| Cash and cash equivalents at beginning of year  | 5,054,159,558                     | 4,675,713,370          | 4,818,341,184                 | 4,540,098,851          |
| <b>Cash and cash equivalents at end of year</b>   | <b>5,154,161,038</b>              | <b>5,054,159,558</b>   | <b>4,938,522,876</b>          | <b>4,818,341,184</b>   |
| <b>Supplemental cash flow information</b>   |                                   |                        |                               |                        |
| <b>Non-cash transactions</b>  |                                   |                        |                               |                        |
| Interest capitalised as cost of assets  | 24,552,012                        | 54,229,859             | 24,552,012                    | 54,229,859             |
| Increase (decrease) in construction and medical equipment payables                                      | 49,198,087                        | (28,675,888)           | 49,198,087                    | (20,112,549)           |
| Convert long-term loan to a related party to investment in a subsidiary                                 | -                                 | -                      | -                             | (1,855,253)            |

The accompanying notes are an integral part of the financial statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 1. General information

Bumrungrad Hospital Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in hospital business and investment in other companies. The registered office of the Company is at 33 Soi 3 (Nana Nua) Sukhumvit Road, Klongtoey Nua Sub District, Wattana District, Bangkok.

### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Bumrungrad Hospital Public Company Limited and the following subsidiaries (“the Group”).

| Company   | Nature of business  | Country of incorporation | Percentage of shareholding |      |
|---|---|--------------------------|----------------------------|------|
|   |   |                          | 2016                       | 2015 |
|   |   |                          | %                          | %    |
| <u>Subsidiaries held by the Company</u>                                 |   |                          |                            |      |
| Vitalife Corporation Ltd. (“VTL”)                                       | Health care center  | Thailand                 | 100                        | 100  |
| Asia Global Research Co., Ltd. (“AGR”)                                  | Clinical research service and sales of vaccine  | Thailand                 | 100                        | 100  |
| Ruenmongkol Co., Ltd. (“RM”)  | A holding real estate assets company  | Thailand                 | 100                        | 100  |
| Bumrungrad Health Network Co., Ltd. (“BHN”)                             | Overseas investment   | Thailand                 | 100                        | 100  |
| Bumrungrad Personnel Development and Training Center Co., Ltd. (“PDTC”) | Personnel development and training center for healthcare service business to affiliated companies | Thailand                 | 100                        | 100  |
| Asia Global Health Ltd. (“AGH”)   | Investment in healthcare business   | Hong Kong                | 100                        | 100  |
| Life and Longevity Ltd. (“LLL”)   | Overseas investment   | Hong Kong                | 100                        | 100  |
| Health Horizons Enterprises Pte. Ltd. (“HHE”)                           | Overseas investment   | Singapore                | 80                         | 80   |

| Company   | Nature of business  | Country of incorporation | Percentage of shareholding |      |
|---|---|--------------------------|----------------------------|------|
|   |   |                          | 2016                       | 2015 |
|   |   |                          | %                          | %    |
| Bumrungrad Services Co., Ltd. ("BS")  | Referral services to both domestic and foreign patients and training center for healthcare service business | Thailand                 | 100                        | 100  |
| <b><u>Subsidiaries held by subsidiaries</u></b>   |   |                          |                            |      |
| Vitalife International AG ("VTL AG")<br>(Investment through LLL) (dissolved on 10 October 2016) | Overseas investment   | Switzerland              | -                          | 51   |
| Bumrungrad Mongolia LLC ("BML")<br>(Investment through HHE)                                     | Overseas investment   | Mongolia                 | 80                         | 80   |
| Seoul Seniors Tower LLC ("SST")<br>(Investment through BML)                                     | Owner and operates hospital   | Mongolia                 | 41                         | 41   |
| Bumrungrad Myanmar Co., Ltd. ("BM")<br>(Investment through BHN)                                 | The operation of a private clinic and diagnostic service  | Myanmar                  | 80                         | 80   |

- b) The Group is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currencies" in the statement of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit (loss) and net assets of the subsidiaries that are not held by the Company and presented separately in the consolidated income statement, the consolidated comprehensive income statement and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### 3. New financial reporting standards

#### a. Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

#### b. Financial reporting standard that will become effective in the future

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

The management of the Group believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

##### TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Group's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

### 4. Significant accounting policies

#### 4.1 Revenue recognition

- a) Revenues from hospital operations, mainly consisting of medical fees, hospital room sales, and medicine sales, are recognised as income when services have been rendered or medicine delivered.
- b) Consulting and management service income are recognised when services have been rendered taking into account the stated of completion.
- c) Rental income and related service income are recognised on a straight-line basis over the lease term.
- d) Interest income is recognised on an accrual basis based on the effective interest rate.
- e) Dividends are recognised when the right to receive the dividends is established.

## 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## 4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection and write-off experience, analysis of debt aging and other information.

## 4.4 Inventories

Inventories are valued at the lower of cost (weighted average basis) and net realisable value.

## 4.5 Investments

- a) Investment in non-marketable equity securities, which the Company classifies as other investment, is stated at cost net of allowance for loss on impairment (if any).
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for loss on impairment (if any).

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

## 4.6 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

|                             |          |       |
|-----------------------------|----------|-------|
| Land improvement            | 5 and 30 | years |
| Buildings and construction  | 10 - 40  | years |
| Facility systems            | 10 - 40  | years |
| Medical accessory equipment | 5 - 15   | years |
| Hospital equipment          | 3 - 15   | years |
| Equipment and furniture     | 5 - 15   | years |
| Motor vehicles              | 5 and 10 | years |

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

4.7 Borrowing costs

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

4.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows.

|                   | <u>Useful lives</u> |
|-------------------|---------------------|
| Computer software | 3 - 10 years        |

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination (if any), the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to the income statement over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

#### 4.12 Deferred debenture issuing costs

Debenture issuing costs are recorded as deferred financial fees and amortised to be interest expense using the effective interest rate method over the term of the debentures.

Deferred debenture issuing costs are presented as a deduction against the debenture amounts in the statement of financial position.

#### 4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 4.14 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

#### 4.15 Employee benefits

##### Short-term employee benefits

Salaries, wages, bonuses, paid annual leave and contributions to the social security fund are recognised as expenses when incurred.

##### Post-employment benefits and other long-term employee benefits

###### Defined contribution plans

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

###### Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.



The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in the income statement.

#### **4.16 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.17 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.18 Fair value measurement**

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows.

### Consolidation of subsidiaries in which the Group holds less than half of shares

The management of the Group determined that the Group has control over Seoul Seniors Tower LLC ("SST"), even though the Company holds 41% of shares and voting rights, which is less than half of shares and voting rights. This is because the Group is a major shareholder of this company, exercises control over its management and has the ability to direct its significant activities of that company. As a result, SST is deemed to be a subsidiary of the Group and has to be included in the consolidated financial statements from the date on which the Group assumed control.

### Leases

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

### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection and write-off history, aging profile of outstanding debts and the prevailing information.

### Property, plant and equipment and depreciation

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

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

### Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

|   | Consolidated<br>financial statements |      | Separate<br>financial statements |       | Pricing policy                             |
|---|--------------------------------------|------|----------------------------------|-------|--|
|   | 2016                                 | 2015 | 2016                             | 2015  |  |
| <b>Transactions with subsidiaries</b><br>(eliminated from the consolidated<br>financial statements) |                                      |      |                                  |       |  |
| Medical service income  | -                                    | -    | 34.2                             | 31.9  | Market price                               |
| Professional service income   | -                                    | -    | 19.4                             | 12.2  | Actual paid and cost<br>plus margin        |
| Rental income   | -                                    | -    | 9.6                              | 7.7   | As per contracts                           |
| Sales of medicine and medical<br>supplies   | -                                    | -    | 7.5                              | 1.8   | Cost plus margin                           |
| Sales of equipment  | -                                    | -    | -                                | 0.2   | Cost plus margin                           |
| Dividend income   | -                                    | -    | 206.6                            | 149.3 | As declared                                |
| Lab service expense   | -                                    | -    | 0.1                              | 0.2   | Market price                               |
| Pharmacy expense  | -                                    | -    | 9.6                              | 7.7   | Market price                               |
| Training expenses   | -                                    | -    | 186.0                            | 150.6 | Cost plus margin                           |
| Service expenses  | -                                    | -    | 8.5                              | 2.1   | Cost plus margin                           |
| <b>Transactions with associate</b>  |                                      |      |                                  |       |  |
| Consulting income   | 0.2                                  | -    | 0.2                              | -     | As per contract                            |
| Interest expense on long-term loan  | 2.4                                  | 2.5  | 2.4                              | 2.5   | 1.38% p.a. (2015: 1.38%<br>and 1.50% p.a.) |

(Unit: Million Baht)

|   | Consolidated financial statements |       | Separate financial statements |       | Pricing policy                                     |
|---|-----------------------------------|-------|-------------------------------|-------|--|
|   | 2016                              | 2015  | 2016                          | 2015  |  |
| <b>Transactions with related parties</b>  |                                   |       |                               |       |  |
| Medical service income                    | 121.5                             | 87.0  | 121.5                         | 87.0  | Market price                                       |
| Rental income                             | 2.5                               | 2.4   | 2.5                           | 2.4   | Market price                                       |
| Interest income on short-term investments | 26.8                              | 48.6  | 26.3                          | 46.9  | 1.58% to 1.80% p.a.<br>(2015: 1.88% to 3.10% p.a.) |
| Other income                              | 1.0                               | 0.8   | 1.0                           | 0.8   | At cost  |
| Lab service expense                       | 13.1                              | 9.6   | 13.1                          | 9.6   | Market price                                       |
| Purchase of medicine and medical supplies | 12.3                              | 12.8  | 12.3                          | 12.8  | Market price                                       |
| Donation expense                          | 32.4                              | 24.0  | 32.4                          | 24.0  | -  |
| Insurance expense                         | 30.4                              | 35.1  | 30.3                          | 34.9  | As per insurance policies                          |
| Credit card commission fees               | 129.9                             | 125.3 | 125.0                         | 120.9 | Market price                                       |
| Legal advisory fee                        | 3.9                               | 2.7   | 3.8                           | 2.4   | Market price                                       |
| Service fee                               | 1.2                               | 2.1   | 1.2                           | 2.1   | Market price                                       |
| Interest expense on long-term debentures  | 46.2                              | 46.2  | 46.2                          | 46.2  | 4.13% to 4.97% p.a.                                |
| Interest expense on convertible bonds     | 32.5                              | 32.5  | 32.5                          | 32.5  | 10.00% and 1.00% p.a.                              |

The balances of the accounts as at 31 December 2016 and 2015 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

|  | Consolidated financial statements |              | Separate financial statements |               |
|--|-----------------------------------|--------------|-------------------------------|---------------|
|  | 2016                              | 2015         | 2016                          | 2015          |
| <b>Short-term investments - Fixed deposits with a local commercial bank (Note 8)</b> |                                   |              |                               |               |
| Related company (common executive)   | 1,509,000                         | 2,302,000    | 1,509,000                     | 2,302,000     |
| <b>Trade and other receivables - related parties (Note 9)</b>                        |                                   |              |                               |               |
| Subsidiaries   | -                                 | -            | 15,942                        | 20,278        |
| Associate  | 12                                | 3            | 12                            | 3             |
| Related company (common director)  | 6,526                             | 3,191        | 6,526                         | 3,191         |
| <b>Total</b>   | <b>6,538</b>                      | <b>3,194</b> | <b>22,480</b>                 | <b>23,472</b> |
| <b>Trade and other payables - related parties (Note 17)</b>                          |                                   |              |                               |               |
| Subsidiaries   | -                                 | -            | 19,986                        | 16,581        |
| <b>Long-term loan to and interest receivable from a related party</b>                |                                   |              |                               |               |
| Subsidiary   | -                                 | -            | -                             | 9,017         |

(Unit: Thousand Baht)

|   | Consolidated financial statements |         | Separate financial statements |         |
|---|-----------------------------------|---------|-------------------------------|---------|
|   | 2016                              | 2015    | 2016                          | 2015    |
| Long-term loan from and interest payable to a related party |                                   |         |                               |         |
| Associate   | 185,294                           | 182,869 | 185,294                       | 182,869 |
| Long-term debentures (Note 19)                              |                                   |         |                               |         |
| Related companies (Major shareholder and common director)   | 855,000                           | 955,000 | 855,000                       | 955,000 |
| Convertible bonds treated as equity securities (Note 22)    |                                   |         |                               |         |
| Related company (common executive)                          | 550,000                           | 550,000 | 550,000                       | 550,000 |

#### Long-term loan to and interest receivable from a related party

During the year ended 31 December 2016, movements of long-term loan to and interest receivable from a subsidiary were as follows.

(Unit: Thousand Baht)

|                                     | Separate financial statements        |                 |          | Balance as at<br>31 December<br>2016 |
|-------------------------------------|--------------------------------------|-----------------|----------|--------------------------------------|
|                                     | Balance as at<br>31 December<br>2015 | During the year |          |                                      |
|                                     |                                      | Increase        | Decrease |                                      |
| Bumrungrad Health Network Co., Ltd. |                                      |                 |          |                                      |
| Principal                           | 9,000                                | -               | (9,000)  | -                                    |
| Interest receivable                 | 17                                   | 28              | (45)     | -                                    |
| Total                               | 9,017                                | 28              | (9,045)  | -                                    |

As at 31 December 2015, long-term loan to a subsidiary (Bumrungrad Health Network Co., Ltd.) is due at call and carries interest at the 1-year fixed deposit rate of a local commercial bank. Interest is due when principal is paid. Since the Group's management does not plan to call the loan in the near future, it is therefore classified as a long-term loan. However, during the year 2016, the Company received full repayment for principal and interest from the subsidiary.

#### Long-term loan from and interest payable to a related party

During the year ended 31 December 2016, movements of long-term loan from and interest payable to a related company were as follows.

(Unit: Thousand Baht)

|                               | Consolidated financial statements/ Separate financial statements |                 |          |                                      |
|-------------------------------|--|-----------------|----------|--------------------------------------|
|                               | Balance as at<br>31 December<br>2015                             | During the year |          | Balance as at<br>31 December<br>2016 |
|                               |  | Increase        | Decrease |                                      |
| Bumrungrad International Ltd. |  |                 |          |                                      |
| Principal                     | 176,400  | -               | -        | 176,400                              |
| Interest payable              | 6,469  | 2,425           | -        | 8,894                                |
| Total                         | 182,869  | 2,425           | -        | 185,294                              |

As at 31 December 2016 and 2015, long-term loan from and interest payable to an associate (Bumrungrad International Ltd.) is due call and carries interest at the 1-year fixed deposit rate of a local commercial bank. Interest is due annually. The Company's management believes that the associate does not plan to call the loan in the near future, it is therefore classified as a long-term loan.

#### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Group had employee benefit expenses payable to their directors and management as follows.

(Unit: Thousand Baht)

|                          | Consolidated financial statements |         | Separate financial statements |         |
|--------------------------|-----------------------------------|---------|-------------------------------|---------|
|                          | 2016                              | 2015    | 2016                          | 2015    |
| Short-term benefits      | 130,618                           | 123,977 | 110,545                       | 99,940  |
| Post-employment benefits | 5,465                             | 4,726   | 5,057                         | 4,442   |
| Other long-term benefits | 3                                 | 2       | 2                             | 1       |
| Total                    | 136,086                           | 128,705 | 115,604                       | 104,383 |

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

|                  | Consolidated financial statements |           | Separate financial statements |           |
|------------------|-----------------------------------|-----------|-------------------------------|-----------|
|                  | 2016                              | 2015      | 2016                          | 2015      |
| Cash             | 7,093                             | 10,836    | 5,858                         | 10,264    |
| Bank deposits    | 4,094,824                         | 3,734,880 | 3,910,653                     | 3,555,436 |
| Promissory notes | 1,052,244                         | 1,308,444 | 1,022,012                     | 1,252,641 |
| Total            | 5,154,161                         | 5,054,160 | 4,938,523                     | 4,818,341 |

As at 31 December 2016, bank deposits in savings accounts, fixed deposits and promissory notes carried interests between 0.05% and 3.60% per annum (2015: between 0.05% and 3.60% per annum).

## 8. Short-term investments

(Unit: Thousand Baht)

|   | Consolidated financial statements |             | Separate financial statements |             |
|---|-----------------------------------|-------------|-------------------------------|-------------|
|   | 2016                              | 2015        | 2016                          | 2015        |
| Fixed deposits with a local commercial bank | 1,523,300                         | 2,305,800   | 1,509,000                     | 2,302,000   |
| Interest rate (% p.a.)                      | 1.58 - 1.65                       | 1.90 - 2.00 | 1.58                          | 1.90 - 2.00 |



## 9. Trade and other receivables

(Unit: Thousand Baht)

|  | Consolidated financial statements |           | Separate financial statements |           |
|--|-----------------------------------|-----------|-------------------------------|-----------|
|  | 2016                              | 2015      | 2016                          | 2015      |
| <u>Trade receivables - related parties</u>       |                                   |           |                               |           |
| Aged on the basis of due dates                   |                                   |           |                               |           |
| Not yet due                                      | -                                 | 2,851     | 1,025                         | 5,857     |
| Total trade receivables - related parties        | -                                 | 2,851     | 1,025                         | 5,857     |
| <u>Trade receivables - unrelated parties</u>     |                                   |           |                               |           |
| Aged on the basis of due dates                   |                                   |           |                               |           |
| Not yet due                                      | 885,636                           | 989,973   | 879,216                       | 984,354   |
| Past due   |                                   |           |                               |           |
| 1 - 30 days                                      | 6,007                             | 5,866     | 3,882                         | 4,061     |
| 31 - 60 days                                     | 159,420                           | 260,881   | 157,076                       | 260,461   |
| 61 - 90 days                                     | 109,129                           | 220,749   | 101,314                       | 219,771   |
| 91 - 180 days                                    | 233,074                           | 312,333   | 232,919                       | 310,947   |
| 181 - 365 days                                   | 283,765                           | 397,789   | 283,765                       | 397,643   |
| More than 365 days                               | 239,030                           | 240,556   | 239,030                       | 240,207   |
| Total  | 1,916,061                         | 2,428,147 | 1,897,202                     | 2,417,444 |
| Less: Allowance for doubtful debts               | (234,269)                         | (119,182) | (234,269)                     | (118,781) |
| Total trade receivables - unrelated parties, net | 1,681,792                         | 2,308,965 | 1,662,933                     | 2,298,663 |
| Total trade receivables - net                    | 1,681,792                         | 2,311,816 | 1,663,958                     | 2,304,520 |
| <u>Other receivables</u>                         |                                   |           |                               |           |
| Advances and loans to employees                  | 7,143                             | 6,263     | 6,832                         | 6,248     |
| Accrued income - related parties                 | 6,538                             | 343       | 21,455                        | 17,615    |
| Total other receivables                          | 13,681                            | 6,606     | 28,287                        | 23,863    |
| Trade and other receivables - net                | 1,695,473                         | 2,318,422 | 1,692,245                     | 2,328,383 |

## 10. Inventories

(Unit: Thousand Baht)

|                  | Consolidated financial statements |         |                                     |       |                   |         |
|------------------|-----------------------------------|---------|-------------------------------------|-------|-------------------|---------|
|                  | Cost                              |         | Reduce cost to net realisable value |       | Inventories - net |         |
|                  | 2016                              | 2015    | 2016                                | 2015  | 2016              | 2015    |
| Medicine         | 165,097                           | 157,592 | 49                                  | 227   | 165,048           | 157,365 |
| Medical supplies | 70,974                            | 75,843  | -                                   | 1,083 | 70,974            | 74,760  |
| Other supplies   | 73,992                            | 76,949  | -                                   | -     | 73,992            | 76,949  |
| Total            | 310,063                           | 310,384 | 49                                  | 1,310 | 310,014           | 309,074 |

(Unit: Thousand Baht)

|                  | Separate financial statements |         |                                     |      |                   |         |
|------------------|-------------------------------|---------|-------------------------------------|------|-------------------|---------|
|                  | Cost                          |         | Reduce cost to net realisable value |      | Inventories - net |         |
|                  | 2016                          | 2015    | 2016                                | 2015 | 2016              | 2015    |
| Medicine         | 150,697                       | 143,392 | -                                   | -    | 150,697           | 143,392 |
| Medical supplies | 56,705                        | 57,403  | -                                   | -    | 56,705            | 57,403  |
| Other supplies   | 72,515                        | 76,777  | -                                   | -    | 72,515            | 76,777  |
| Total            | 279,917                       | 277,572 | -                                   | -    | 279,917           | 277,572 |

## 11. Investments in subsidiaries

11.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows.

(Unit: Thousand Baht)

| Company  | Paid-up capital   |                   | Shareholding percentage |      | Cost             |                  | Allowance for loss on impairment |               | Carrying amounts based on cost method - net |                  |
|--|-------------------|-------------------|-------------------------|------|------------------|------------------|----------------------------------|---------------|---|------------------|
|  | 2016              | 2015              | 2016                    | 2015 | 2016             | 2015             | 2016                             | 2015          | 2016  | 2015             |
|  |                   |                   | (%)                     | (%)  |                  |                  |                                  |               |   |                  |
| Vitalife Corporation Ltd.                                      | Baht 31.5 million | Baht 31.5 million | 100                     | 100  | 25,610           | 25,610           | -                                | -             | 25,610                                      | 25,610           |
| Asia Global Research Co., Ltd.                                 | Baht 50 million   | Baht 50 million   | 100                     | 100  | 50,000           | 50,000           | 50,000                           | 50,000        | -   | -                |
| Ruenmongkol Co., Ltd.  | Baht 340 million  | Baht 340 million  | 100                     | 100  | 1,045,034        | 1,045,034        | -                                | -             | 1,045,034                                   | 1,045,034        |
| Bumrungrad Health Network Co., Ltd.                            | Baht 120 million  | Baht 5 million    | 100                     | 100  | 120,000          | 5,000            | -                                | -             | 120,000                                     | 5,000            |
| Bumrungrad Personnel Development and Training Center Co., Ltd. | Baht 5 million    | Baht 5 million    | 100                     | 100  | 5,000            | 5,000            | -                                | -             | 5,000                                       | 5,000            |
| Asia Global Health Ltd.  | HKD 7.1 million   | HKD 7.1 million   | 100                     | 100  | 31,558           | 31,558           | 29,500                           | 29,500        | 2,058                                       | 2,058            |
| Life and Longevity Ltd.  | USD 82,000        | USD 62,000        | 100                     | 100  | 2,860            | 2,143            | -                                | -             | 2,860                                       | 2,143            |
| Health Horizons Enterprises Pte. Ltd.                          | USD 16.8 million  | USD 16.6 million  | 80                      | 80   | 436,211          | 430,611          | -                                | -             | 436,211                                     | 430,611          |
| Bumrungrad Services Co., Ltd.                                  | Baht 2 million    | Baht 2 million    | 100                     | 100  | 2,000            | 2,000            | -                                | -             | 2,000                                       | 2,000            |
| <b>Total</b>   |                   |                   |                         |      | <b>1,718,273</b> | <b>1,596,956</b> | <b>79,500</b>                    | <b>79,500</b> | <b>1,638,773</b>                            | <b>1,517,456</b> |

During the years, the Company received dividends from subsidiaries in the separate financial statements as follows.

(Unit: Thousand Baht)

| Company  | Separate financial statements |         |
|--|-------------------------------|---------|
|  | 2016                          | 2015    |
| Vitalife Corporation Ltd.                                      | 74,969                        | 149,308 |
| Bumrungrad Health Network Co., Ltd.                            | 21,600                        | -       |
| Bumrungrad Personnel Development and Training Center Co., Ltd. | 109,999                       | -       |
| Total  | 206,568                       | 149,308 |

During the year 2015, the Company considered to set allowance for loss on impairment of investment in Asia Global Health Ltd. amounting to Baht 29.5 million because it had capital deficit for several years.

#### 11.2 Details of investment in subsidiary that has material non-controlling interests

(Unit: Thousand Baht)

| Company                 | Proportion of equity interest held by non-controlling interests |      | Accumulated balance of non-controlling interests |         | Loss allocated to non-controlling interests during the year |         | Dividend paid to non-controlling interests during the year |      |
|-------------------------|---|------|--|---------|---|---------|--|------|
|                         | 2016  | 2015 | 2016   | 2015    | 2016  | 2015    | 2016   | 2015 |
|                         | (%)   | (%)  |  |         |   |         |  |      |
| Seoul Seniors Tower LLC | 49  | 49   | 228,614  | 245,003 | 16,389  | (6,466) | -  | -    |

#### 11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that has material non-controlling interests

##### Summarised information about financial position

(Unit: Thousand Baht)

| Seoul Seniors Tower LLC |         |         |
|-------------------------|---------|---------|
|                         | 2016    | 2015    |
| Current assets          | 49,842  | 43,048  |
| Non-current assets      | 429,186 | 558,898 |
| Current liabilities     | 142,306 | 144,878 |

##### Summarised information about comprehensive income

(Unit: Thousand Baht)

| Seoul Seniors Tower LLC     |                                 |          |
|-----------------------------|---------------------------------|----------|
|                             | For the years ended 31 December |          |
|                             | 2016                            | 2015     |
| Revenues                    | 215,647                         | 242,188  |
| Loss                        | (30,893)                        | (10,445) |
| Total comprehensive incomes | (30,893)                        | (10,445) |

## Summarised information about cash flows

(Unit: Thousand Baht)

| Seoul Seniors Tower LLC                   |          |          |
|---|----------|----------|
| For the years ended 31 December           |          |          |
|   | 2016     | 2015     |
| Cash flows from operating activities      | 28,041   | 37,284   |
| Cash flows used in investing activities   | (13,592) | (32,610) |
| Increase in translation adjustment        | 545      | 34       |
| Net increase in cash and cash equivalents | 14,994   | 4,708    |

### 11.4 The changes of investments in subsidiaries account during the year 2016

#### 11.4.1 Capital increase of subsidiaries

##### Bumrungrad Health Network Co., Ltd.

On 11 March 2016, the Annual General Meeting of the shareholders of a subsidiary (Bumrungrad Health Network Co., Ltd.) passed a resolution to increase the registered share capital from Baht 5 million (0.5 million ordinary shares with a par value of Baht 10 each) to Baht 120 million (12 million ordinary shares with a par value of Baht 10 each), by issuing additional 11.5 million ordinary shares with a par value of Baht 10 each to the subsidiary's existing shareholders. The Company acquired all of the additional shares and paid in the additional share capital on 14 March 2016. The subsidiary registered the increase of its share capital with the Ministry of Commerce on 15 March 2016.

##### Health Horizons Enterprises Pte. Ltd.

On 27 June 2016, the Annual General Meeting of the shareholders of a subsidiary (Health Horizons Enterprises Pte. Ltd.) passed a resolution to increase the registered share capital from USD 16.6 million (16.6 million ordinary shares with a par value of USD 1 each) to USD 16.8 million (16.8 million ordinary shares with a par value of USD 1 each), by issuing additional 0.2 million ordinary shares with a par value of USD 1 each to the subsidiary's existing shareholders. The Company acquired the additional 0.16 million shares and paid in the additional share capital on 22 July 2016. The subsidiary registered the increase of the share capital on 27 July 2016.

##### Life and Longevity Ltd.

On 5 December 2016, the Directors' Resolutions in writing of a subsidiary (Life and Longevity Ltd.) passed a resolution to increase the registered share capital from USD 62,000 (62,000 ordinary shares with a par value of USD 1 each) to USD 82,000 (82,000 ordinary shares with a par value of USD 1 each), by issuing additional 20,000 ordinary shares with a par value of USD 1 each to the subsidiary's existing shareholders. The Company acquired all of the additional shares and paid in the additional share capital totally USD 20,000. The subsidiary registered the increase of the share capital on 5 December 2016.

#### 11.4.2 Dissolution of a subsidiary

##### Vitalife International AG

On 24 March 2016, the Extraordinary General Meeting of shareholders of a subsidiary (Vitalife International AG (“VTL AG”) (which was held by Life and Longevity Ltd.)), passed a resolution to approve the dissolution of VTL AG. VTL AG registered its dissolution and liquidation on 10 October 2016.

#### 11.5 The changes of investments in subsidiaries account during the year 2015

##### 11.5.1 Establishment of new subsidiaries

##### Bumrungrad Services Co., Ltd.

On 30 April 2015, the Company set up and registered a new subsidiary, Bumrungrad Services Co., Ltd., incorporated in Thailand with a registered share capital of Baht 2.0 million, comprising of 200,000 common shares with par value of Baht 10 each. The Company's shareholding percentage represents 100% of total issued and paid-up share capital. The Company paid for common shares of the subsidiary on 18 August 2015.

The investment was made in accordance with a resolution of the Investment Committee Meeting held on 25 February 2015, which approved the Company's establishment of the new subsidiary to be engaged in referral services to both domestic and foreign patients.

##### Bumrungrad Myanmar Co., Ltd.

On 14 May 2015, Bumrungrad Health Network Co., Ltd. (“BHN”), the Company's wholly-owned subsidiary which is registered in Thailand, was granted permission to temporarily set up and register a new subsidiary, Bumrungrad Myanmar Co., Ltd. (“BM”), incorporated in Myanmar with a registered share capital of USD 1.3 million, comprised of 1,325,750 common shares with par value of USD 1 each. Thereafter, BM obtained a business permit from the Myanmar Investment Commission on 25 September 2015 and obtained a certificate of permanent incorporation of BM from the Directorate of Investment and Company Administration on 21 October 2015. As at 31 December 2015, BNH has paid for share subscription of 1,060,600 ordinary shares with a par value of USD 1 each, represented 80% of the total issued and paid-up share capital, with an investment of Baht 38.7 million.

The investment was made in accordance with a resolution of the Investment Committee Meeting held on 7 November 2014, which approved the establishment of the new subsidiary to engage in the operation of a private clinic and diagnostic services.

##### 11.5.2 Call up of subsidiaries' shares

##### Life and Longevity Ltd.

On 10 March 2015, Life and Longevity Ltd., the Company's wholly-owned subsidiary which is registered in Hong Kong Special Administrative Region of the People's Republic of China, registered an increase of its capital and called up USD 61,999, or equivalent to Baht 2.1 million, for the additional common shares. The Company made payment for the additional common shares by converting to equity a long-term loan to the subsidiary in the form of promissory notes denominated in Swiss francs, amounting to CHF 51,000, and paid the remaining cost on 4 June 2015.

##### Bumrungrad Mongolia LLC

On 16 September 2015, Health Horizons Enterprises Pte. Ltd., a subsidiary in Singapore, 80% owned by the Company, acquired 100% of the additional common shares of Bumrungrad Mongolia LLC, a subsidiary in Mongolia, amounting to MNT 60 million or equivalent to Baht 1 million.



## 12. Investment in an associate

### 12.1 Details of investment in an associate

(Unit: Thousand Baht)

| Company                       | Nature of business | Country of incorporation | Consolidated financial statements |             |       |         |   |         |
|-------------------------------|--------------------|--------------------------|-----------------------------------|-------------|-------|---------|---|---------|
|                               |                    |                          | Shareholding percentage           |             | Cost  |         | Carrying amounts based on equity method |         |
|                               |                    |                          | 2016<br>(%)                       | 2015<br>(%) | 2016  | 2015    | 2016                                    | 2015    |
| Bumrungrad International Ltd. | Holding company    | Thailand                 | 31.5                              | 31.5        | 1,447 | 1,447   | 236,280                                 | 234,067 |
| Total                         |                    |                          |                                   |             | 1,447 | 236,280 | 234,067                                 |         |

(Unit: Thousand Baht)

| Company                       | Separate financial statements |      |                                       |       |
|-------------------------------|-------------------------------|------|---------------------------------------|-------|
|                               | Shareholding percentage       |      | Carrying amounts based on cost method |       |
|                               | 2016                          | 2015 | 2016                                  | 2015  |
|                               | %                             | %    |                                       |       |
| Bumrungrad International Ltd. | 31.5                          | 31.5 | 1,447                                 | 1,447 |
| Total                         |                               |      | 1,447                                 | 1,447 |

### 12.2 Share of profit and dividend received

During the years, the Company has recognised its share of profit and dividend received from investments in associate companies as follows:

(Unit: Thousand Baht)

| Company  | Consolidated financial statements                               |        | Separate financial statements      |      |
|--|---|--------|------------------------------------|------|
|  | Share of profit from investments in associates during the years |        | Dividend received during the years |      |
|  | 2016  | 2015   | 2016                               | 2015 |
| Bumrungrad International Ltd.                    | 2,213   | 1,841  | -                                  | -    |
| CDE Trading Ltd. (dissolved on 17 November 2015) | -   | 10,674 | -                                  | -    |
| Total  | 2,213   | 12,515 | -                                  | -    |

### 12.3 Summarised financial information of associates

Financial information of the associates is summarised below.

(Unit: Million Baht)

| Company  | Paid-up capital as at<br>31 December |      | Total assets as at<br>31 December |       | Total liabilities as at<br>31 December |      | Total revenues<br>for the years ended<br>31 December |      | Profit (loss)<br>for the years ended<br>31 December |       |
|--|--------------------------------------|------|-----------------------------------|-------|--|------|--|------|---|-------|
|  | 2016                                 | 2015 | 2016                              | 2015  | 2016                                   | 2015 | 2016   | 2015 | 2016  | 2015  |
| Bumrungrad International Ltd.<br>("BIL")                       | 4.6                                  | 4.6  | 755.9                             | 754.2 | 5.8                                    | 11.2 | 10.1   | 13.4 | 7.0   | 5.8   |
| CDE Trading Ltd. ("CDE")<br>(dissolved on<br>17 November 2015) | -                                    | -    | -                                 | -     | -                                      | -    | -  | -    | -   | (1.1) |

On 17 November 2015, the Extraordinary General Meeting of shareholders of CDE passed a resolution to approve the dissolution of CDE. CDE registered its dissolution with the Ministry of Commerce on 17 November 2015. During the year ended 31 December 2015, the Company received the return of share capital of Baht 0.6 million from CDE. The Company has written-off the investment in CDE and recognised loss from dissolution of an associate amounting to Baht 0.8 million in the separate income statement.

### 13. Other long-term investment

(Unit: Thousand Baht)

| Company                                | Shareholding<br>percentage |             | Consolidated<br>financial statements |         | Separate<br>financial statements |         |
|--|----------------------------|-------------|--------------------------------------|---------|----------------------------------|---------|
|  | 2016<br>(%)                | 2015<br>(%) | 2016                                 | 2015    | 2016                             | 2015    |
| Chantaburi Country Club Co., Ltd.      | 0.1                        | 0.5         | 4,500                                | 4,500   | 4,500                            | 4,500   |
| Less: Allowance for loss on impairment |                            |             | (2,800)                              | (2,800) | (2,800)                          | (2,800) |
| Other long-term investment - net       |                            |             | 1,700                                | 1,700   | 1,700                            | 1,700   |

## 14. Property, plant and equipment

(Unit: Thousand Baht)

|                           | Consolidated financial statements |   |                            |                  |                             |                    |                         |                |  |            |
|---------------------------|-----------------------------------|---|----------------------------|------------------|-----------------------------|--------------------|-------------------------|----------------|--|------------|
|                           | Land                              | Land leasehold right and land improvement | Buildings and construction | Facility systems | Medical accessory equipment | Hospital equipment | Equipment and furniture | Motor vehicles | Assets under construction and installation | Total      |
| Cost                      |                                   |   |                            |                  |                             |                    |                         |                |  |            |
| 1 January 2015            | 2,863,748                         | 36,609                                    | 5,965,528                  | 789,362          | 4,242,091                   | 1,054,466          | 602,608                 | 42,769         | 643,471                                    | 16,240,652 |
| Additions                 | 754,933                           | -   | 33,142                     | 46,226           | 195,757                     | 112,339            | 19,734                  | 1,046          | 306,384                                    | 1,469,561  |
| Disposals/write-off       | -                                 | -   | (247)                      | (8,266)          | (105,116)                   | (33,993)           | (35,092)                | (61)           | (4,000)                                    | (186,775)  |
| Transfer in (out)         | -                                 | -   | 366,574                    | 45,255           | -                           | 1,014              | -                       | -              | (444,583)                                  | (31,740)   |
| Capitalised interest      | -                                 | -   | -                          | -                | -                           | -                  | -                       | -              | 54,230                                     | 54,230     |
| Translation adjustment    | -                                 | 38  | 19,261                     | -                | 218                         | 5,336              | 426                     | 84             | 64   | 25,427     |
| 31 December 2015          | 3,618,681                         | 36,647                                    | 6,384,258                  | 872,577          | 4,332,950                   | 1,139,162          | 587,676                 | 43,838         | 555,566                                    | 17,571,355 |
| Additions                 | 408,644                           | 549                                       | 53,283                     | 159,833          | 516,662                     | 275,259            | 18,757                  | 2,334          | 837,729                                    | 2,273,050  |
| Disposals/write-off       | -                                 | -   | (2,423)                    | (30)             | (142,464)                   | (38,270)           | (860)                   | (26)           | -  | (184,073)  |
| Transfer in (out)         | -                                 | -   | 200,929                    | 96,439           | -                           | 26,475             | 12,003                  | -              | (335,846)                                  | -          |
| Capitalised interest      | -                                 | -   | -                          | -                | -                           | -                  | -                       | -              | 24,492                                     | 24,492     |
| Translation adjustment    | -                                 | (232)                                     | (119,050)                  | -                | (1,636)                     | (37,835)           | (2,731)                 | (513)          | (326)                                      | (162,323)  |
| 31 December 2016          | 4,027,325                         | 36,964                                    | 6,516,997                  | 1,128,819        | 4,705,512                   | 1,364,791          | 614,845                 | 45,633         | 1,081,615                                  | 19,522,501 |
| Accumulated depreciation  |                                   |   |                            |                  |                             |                    |                         |                |  |            |
| 1 January 2015            | -                                 | 18,696                                    | 1,976,763                  | 262,313          | 2,841,577                   | 782,843            | 374,962                 | 34,809         | -  | 6,291,963  |
| Depreciation for the year | -                                 | 694                                       | 356,090                    | 72,770           | 407,990                     | 93,596             | 42,400                  | 2,872          | -  | 976,412    |
| Depreciation on disposals | -                                 | -   | (247)                      | (8,055)          | (104,093)                   | (29,144)           | (32,981)                | (61)           | -  | (174,581)  |
| Translation adjustment    | -                                 | 5   | 1,771                      | -                | 211                         | 2,955              | 233                     | 35             | -  | 5,210      |
| 31 December 2015          | -                                 | 19,395                                    | 2,334,377                  | 327,028          | 3,145,685                   | 850,250            | 384,614                 | 37,655         | -  | 7,099,004  |
| Depreciation for the year | -                                 | 4,586                                     | 451,087                    | 98,070           | 384,550                     | 72,921             | 47,292                  | 2,711          | -  | 1,061,217  |
| Depreciation on disposals | -                                 | -   | (2,447)                    | (30)             | (140,393)                   | (38,053)           | (480)                   | (26)           | -  | (181,429)  |
| Translation adjustment    | -                                 | (42)                                      | (12,546)                   | (8)              | (1,742)                     | (19,423)           | (1,570)                 | (232)          | -  | (35,563)   |
| 31 December 2016          | -                                 | 23,939                                    | 2,770,471                  | 425,060          | 3,388,100                   | 865,695            | 429,856                 | 40,108         | -  | 7,943,229  |

[illegible]

(Unit: Thousand Baht)

|                           | Separate financial statements |   |                            |                  |                             |                    |                         |                |  |            |
|---------------------------|-------------------------------|---|----------------------------|------------------|-----------------------------|--------------------|-------------------------|----------------|--|------------|
|                           | Land                          | Land leasehold right and land improvement | Buildings and construction | Facility systems | Medical accessory equipment | Hospital equipment | Equipment and furniture | Motor vehicles | Assets under construction and installation | Total      |
| Cost                      |                               |   |                            |                  |                             |                    |                         |                |  |            |
| 1 January 2015            | 1,818,714                     | 16,192                                    | 4,729,779                  | 764,372          | 3,648,469                   | 774,255            | 468,414                 | 17,918         | 641,601                                    | 12,879,714 |
| Additions                 | 754,933                       | -   | 27,280                     | 46,226           | 194,323                     | 73,981             | 19,119                  | 1,046          | 295,530                                    | 1,412,438  |
| Disposals                 | -                             | -   | (247)                      | (8,266)          | (108,256)                   | (30,611)           | (35,092)                | (61)           | -  | (182,533)  |
| Transfer in (out)         | -                             | -   | 366,574                    | 45,255           | -                           | 1,014              | -                       | -              | (444,583)                                  | (31,740)   |
| Capitalised interest      | -                             | -   | -                          | -                | -                           | -                  | -                       | -              | 54,230                                     | 54,230     |
| 31 December 2015          | 2,573,647                     | 16,192                                    | 5,123,386                  | 847,587          | 3,734,536                   | 818,639            | 452,441                 | 18,903         | 546,778                                    | 14,132,109 |
| Additions                 | 408,644                       | 383                                       | 25,378                     | 159,017          | 468,409                     | 258,194            | 15,043                  | 2,334          | 837,694                                    | 2,175,096  |
| Disposals                 | -                             | -   | (2,423)                    | (30)             | (148,387)                   | (34,327)           | (860)                   | (26)           | -  | (186,053)  |
| Transfer in (out)         | -                             | -   | 194,067                    | 96,439           | -                           | 26,475             | 12,003                  | -              | (328,984)                                  | -          |
| Capitalised interest      | -                             | -   | -                          | -                | -                           | -                  | -                       | -              | 24,492                                     | 24,492     |
| 31 December 2016          | 2,982,291                     | 16,575                                    | 5,340,408                  | 1,103,013        | 4,054,558                   | 1,068,981          | 478,627                 | 21,211         | 1,079,980                                  | 16,145,644 |
| Accumulated depreciation  |                               |   |                            |                  |                             |                    |                         |                |  |            |
| 1 January 2015            | -                             | 11,279                                    | 1,219,797                  | 229,432          | 2,301,537                   | 536,012            | 269,598                 | 11,778         | -  | 4,579,433  |
| Depreciation for the year | -                             | 585                                       | 340,166                    | 72,770           | 406,941                     | 69,585             | 41,113                  | 2,630          | -  | 933,790    |
| Depreciation on disposals | -                             | -   | (247)                      | (8,055)          | (104,733)                   | (27,230)           | (32,981)                | (61)           | -  | (173,307)  |
| 31 December 2015          | -                             | 11,864                                    | 1,559,716                  | 294,147          | 2,603,745                   | 578,367            | 277,730                 | 14,347         | -  | 5,339,916  |
| Depreciation for the year | -                             | 4,463                                     | 430,610                    | 97,811           | 378,899                     | 48,254             | 45,535                  | 2,482          | -  | 1,008,054  |
| Depreciation on disposals | -                             | -   | (2,447)                    | (30)             | (145,989)                   | (35,046)           | (480)                   | (26)           | -  | (184,018)  |
| 31 December 2016          | -                             | 16,327                                    | 1,987,879                  | 391,928          | 2,836,655                   | 591,575            | 322,785                 | 16,803         | -  | 6,163,952  |

[illegible]

As at 31 December 2016, the Company had an outstanding balance of land, work under construction of building and building improvement of Baht 1,414 million (2015: Baht 1,129 million) which has been financed by long-term debentures and borrowing costs totaling Baht 24 million (2015: Baht 54 million) were capitalised during the year ended 31 December 2016. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 4.87% and 4.78% per annum (2015: 4.87% per annum).

As at 31 December 2016, certain building and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 2,350 million (2015: Baht 1,751 million) (separate financial statements: Baht 2,312 million, 2015: Baht 1,715 million).

## 15. Intangible assets

(Unit: Thousand Baht)

|   | Consolidated<br>financial statements | Separate<br>financial statements |
|---|--------------------------------------|----------------------------------|
|   | Computer software                    | Computer software                |
| <b>Cost</b>                             |                                      |                                  |
| 1 January 2015                          | 1,046,773                            | 1,080,603                        |
| Additions                               | 42,621                               | 41,182                           |
| Transfer from assets under installation | 31,740                               | 31,740                           |
| Translation adjustment                  | 9                                    | -                                |
| 31 December 2015                        | 1,121,143                            | 1,153,525                        |
| Additions                               | 229,116                              | 225,583                          |
| Capitalised interest                    | 61                                   | 61                               |
| Translation adjustment                  | (99)                                 | -                                |
| 31 December 2016                        | 1,350,221                            | 1,379,169                        |
| <b>Accumulated amortisation</b>         |                                      |                                  |
| 1 January 2015                          | 530,197                              | 554,692                          |
| Amortisation during the year            | 68,332                               | 67,964                           |
| Realised gain on sales in the past      | (11,019)                             | -                                |
| Translation adjustment                  | 14                                   | -                                |
| 31 December 2015                        | 587,524                              | 622,656                          |
| Amortisation during the year            | 77,469                               | 76,871                           |
| Translation adjustment                  | (52)                                 | -                                |
| 31 December 2016                        | 664,941                              | 699,527                          |
| <b>Allowance for impairment loss</b>    |                                      |                                  |
| 1 January 2015                          | 370,233                              | 370,233                          |
| 31 December 2015                        | 370,233                              | 370,233                          |
| 31 December 2016                        | 370,233                              | 370,233                          |
| <b>Net book value</b>                   |                                      |                                  |
| 31 December 2015                        | 163,386                              | 160,636                          |
| 31 December 2016                        | 315,047                              | 309,409                          |



## 16. Goodwill

Goodwill resulted from the acquisition by Health Horizons Enterprises Pte. Ltd. ("HHE"), an overseas subsidiary that is 80% owned by the Company, of a 100% interest in the common shares of Bumrungrad Mongolia LLC ("BML") on 28 March 2014. BML holds 51% of the common shares of Seoul Seniors Tower LLC ("SST"), which operates Ulaanbaatar Songdo Hospital in Mongolia. The excess of the purchase price over the net value of the tangible assets acquired was allocated as goodwill. The amount of goodwill is USD 3.4 million, which mainly comprises the value of expected synergies from customer base expansion.

The change in the goodwill account is due to the impact of exchange differences on translation of the foreign operation's financial statements.

## 17. Trade and other payables

(Unit: Thousand Baht)

|   | Consolidated financial statements |         | Separate financial statements |         |
|---|-----------------------------------|---------|-------------------------------|---------|
|   | 2016                              | 2015    | 2016                          | 2015    |
| Trade payables - unrelated parties          | 735,780                           | 754,355 | 715,629                       | 732,435 |
| Construction and medical equipment payables | 101,869                           | 52,671  | 101,869                       | 52,671  |
| Other payables - related parties            | -                                 | -       | 19,986                        | 16,581  |
| Other payables - unrelated parties          | 37,965                            | 23,018  | 32,026                        | 18,810  |
| Total                                       | 875,614                           | 830,044 | 869,510                       | 820,497 |

## 18. Long-term loan from and interest payable to an unrelated party

During the year ended 31 December 2016, movements of long-term loan from and interest payable to an unrelated party were as follows.

(Unit: Thousand Baht)

|                        | Consolidated financial statements |                 |          |                                   |
|------------------------|-----------------------------------|-----------------|----------|-----------------------------------|
|                        | Balance as at<br>1 January 2016   | During the year |          | Balance as at<br>31 December 2016 |
|                        |                                   | Increase        | Decrease |                                   |
| Principal              | -                                 | 19,073          | -        | 19,073                            |
| Interest payable       | -                                 | 181             | -        | 181                               |
| Translation adjustment | -                                 | 395             | -        | 395                               |
| Total                  | -                                 | 19,649          | -        | 19,649                            |

As at 31 December 2016, long-term loan was a loan which Bumrungrad Myanmar Co., Ltd., a subsidiary, entered into a loan agreement with other shareholder in USD and due at call. The loan carries interest at the 1-year fixed deposit rate of a local commercial bank but not over 3.25% per annum. Interest is due annually. The other shareholder does not plan to call the loan in the near future, it is therefore classified as a long-term loan.

## 19. Long-term debentures

The Extraordinary General Meeting of the Company's shareholders held on 8 December 2011 approved the issuance and offering of unsecured, unsubordinated debentures in Baht currency with the principal amount not exceeding Baht 7,000 million and the tenure not more than 10 years.

As at 31 December 2016 and 2015 detail of long-term debentures are as follows.

(Unit: Thousand Baht)

| Series                                 | Maturity date  | No. of units<br>(Thousand units) | Par value<br>(Baht) | Interest rate<br>(% p.a.) | Term of interest payment | Carrying amount |             |
|--|--|----------------------------------|---------------------|---------------------------|--------------------------|-----------------|-------------|
|  |  |                                  |                     |                           |                          | 2016            | 2015        |
| 1                                      | Entirely redeemed<br>on 20 December<br>2016 (5 years)  | 1,500                            | 1,000               | 4.13                      | Semi-annual              | -               | 1,500,000   |
| 2                                      | Entirely redeemed<br>on 20 December<br>2018 (7 years)  | 1,000                            | 1,000               | 4.59                      | Semi-annual              | 1,000,000       | 1,000,000   |
| 3                                      | Entirely redeemed<br>on 20 December<br>2021 (10 years) | 2,500                            | 1,000               | 4.97                      | Semi-annual              | 2,500,000       | 2,500,000   |
| Total                                  |  |                                  |                     |                           |                          | 3,500,000       | 5,000,000   |
| Less: Deferred debenture issuing costs |  |                                  |                     |                           |                          | (15,459)        | (21,845)    |
| Long-term debentures - net             |  |                                  |                     |                           |                          | 3,484,541       | 4,978,155   |
| Less: Current portion                  |  |                                  |                     |                           |                          | -               | (1,497,145) |
| Non-current portion                    |  |                                  |                     |                           |                          | 3,484,541       | 3,481,010   |

The long-term debentures are unsecured and unsubordinated debentures in Baht currency with fixed interest rates.

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios which include:

- maintenance of a net debt to equity ratio not exceeding 1.75:1
- maintenance of a net debt to EBITDA ratio not exceeding 3.25:1

## 20. Undrawn loan facilities

As at 31 December 2016, the Group has short-term credit facilities which have not yet been drawn down amounting to Baht 2,310 million (2015: Baht 3,310 million).

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows.

(Unit: Thousand Baht)

|   | Consolidated financial statements      |                |                                   |               |                |                |
|---|--|----------------|-----------------------------------|---------------|----------------|----------------|
|   | Compensations on employees' retirement |                | Other long-term employee benefits |               | Total          |                |
|   | 2016                                   | 2015           | 2016                              | 2015          | 2016           | 2015           |
| <b>Provision for long-term employee benefits at beginning of year</b> | 440,617                                | 379,874        | 36,077                            | 30,455        | 476,694        | 410,329        |
| Included in the income statement:                                     |  |                |                                   |               |                |                |
| Current service cost  | 68,316                                 | 55,822         | 6,540                             | 5,641         | 74,856         | 61,463         |
| Interest cost   | 10,993                                 | 10,969         | 889                               | 915           | 11,882         | 11,884         |
| Past service cost and gains or losses on settlement                   | 3,904                                  | -              | (3,907)                           | 2,707         | (3)            | 2,707          |
| Included in the statement of comprehensive income:                    |  |                |                                   |               |                |                |
| Actuarial (gain) loss arising from                                    |  |                |                                   |               |                |                |
| - Demographic assumption changes                                      | -                                      | 94             | -                                 | -             | -              | 94             |
| - Financial assumptions changes                                       | (7,979)                                | 16,967         | -                                 | -             | (7,979)        | 16,967         |
| - Experience adjustments  | (13,084)                               | 16,546         | -                                 | -             | (13,084)       | 16,546         |
| Benefits paid during the year   | (45,640)                               | (39,655)       | (4,210)                           | (3,641)       | (49,850)       | (43,296)       |
| <b>Provision for long-term employee benefits at end of year</b>       | <b>457,127</b>                         | <b>440,617</b> | <b>35,389</b>                     | <b>36,077</b> | <b>492,516</b> | <b>476,694</b> |

(Unit: Thousand Baht)

|   | Separate financial statements          |                |                                   |               |                |                |
|---|--|----------------|-----------------------------------|---------------|----------------|----------------|
|   | Compensations on employees' retirement |                | Other long-term employee benefits |               | Total          |                |
|   | 2016                                   | 2015           | 2016                              | 2015          | 2016           | 2015           |
| <b>Provision for long-term employee benefits at beginning of year</b> | 433,341                                | 375,447        | 35,648                            | 30,072        | 468,989        | 405,519        |
| Included in the income statement:                                     |  |                |                                   |               |                |                |
| Current service cost  | 66,339                                 | 54,862         | 6,307                             | 5,573         | 72,646         | 60,435         |
| Interest cost   | 10,826                                 | 10,807         | 876                               | 902           | 11,702         | 11,709         |
| Past service cost and gains or losses on settlement                   | 3,875                                  | -              | (3,704)                           | 2,723         | 171            | 2,723          |
| Included in the statement of comprehensive income:                    |  |                |                                   |               |                |                |
| Actuarial (gain) loss arising from                                    |  |                |                                   |               |                |                |
| - Financial assumptions changes                                       | (7,548)                                | 16,271         | -                                 | -             | (7,548)        | 16,271         |
| - Experience adjustments  | (11,532)                               | 15,566         | -                                 | -             | (11,532)       | 15,566         |
| Benefits paid during the year   | (44,430)                               | (39,612)       | (4,196)                           | (3,622)       | (48,626)       | (43,234)       |
| <b>Provision for long-term employee benefits at end of year</b>       | <b>450,871</b>                         | <b>433,341</b> | <b>34,931</b>                     | <b>35,648</b> | <b>485,802</b> | <b>468,989</b> |

Line items in the income statement under which long-term employee benefit expenses as recognised are as follows.

(Unit: Thousand Baht)

|   | Consolidated financial statements |        | Separate financial statements |        |
|---|-----------------------------------|--------|-------------------------------|--------|
|   | 2016                              | 2015   | 2016                          | 2015   |
| Cost of hospital operations                       | 50,729                            | 41,318 | 50,729                        | 41,318 |
| Administrative expenses                           | 36,006                            | 34,736 | 33,790                        | 33,549 |
| Total expenses recognised in the income statement | 86,735                            | 76,054 | 84,519                        | 74,867 |

The Group expects to pay Baht 54 million (2015: Baht 57 million) (separate financial statements: Baht 54 million, 2015: Baht 57 million) of long-term employee benefits during the next year.

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 6 - 24 Years (2015: 19 - 24 years) (separate financial statements: 22 years, 2015: 22 years).

Key actuarial assumptions used for the valuation are as follows.

(Unit: % p.a.)

|                      | Consolidated financial statements |            | Separate financial statements |            |
|----------------------|-----------------------------------|------------|-------------------------------|------------|
|                      | 2016                              | 2015       | 2016                          | 2015       |
| Discount rate        | 2.4 - 3.2                         | 2.0 - 2.8  | 2.8                           | 2.6        |
| Salary increase rate | 5.0                               | 5.0        | 5.0                           | 5.0        |
| Turnover rate        | 0.0 - 18.0                        | 0.0 - 18.0 | 0.0 - 14.0                    | 0.0 - 14.0 |

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2016 and 2015 are summarised below.

(Unit: Million Baht)

|                      | Consolidated financial statements |             | Separate financial statements |             |
|----------------------|-----------------------------------|-------------|-------------------------------|-------------|
|                      | As at 31 December 2016            |             | As at 31 December 2016        |             |
|                      | 1% increase                       | 1% decrease | 1% increase                   | 1% decrease |
| Discount rate        | (46.7)                            | 54.9        | (45.6)                        | 53.7        |
| Salary increase rate | 45.0                              | (39.0)      | 43.9                          | (38.1)      |
| Turnover rate        | (49.9)                            | 31.9        | (48.8)                        | 31.5        |

(Unit: Million Baht)

|                      | Consolidated financial statements |             | Separate financial statements |             |
|----------------------|-----------------------------------|-------------|-------------------------------|-------------|
|                      | As at 31 December 2015            |             | As at 31 December 2015        |             |
|                      | 1% increase                       | 1% decrease | 1% increase                   | 1% decrease |
| Discount rate        | (44.2)                            | 52.1        | (43.3)                        | 51.1        |
| Salary increase rate | 42.6                              | (36.9)      | 41.7                          | (36.1)      |
| Turnover rate        | (47.1)                            | 30.6        | (46.1)                        | 30.2        |

## 22. Convertible bonds treated as equity securities

Convertible bonds treated as equity securities as at 31 December 2016 and 2015 are as follows.

- a) Partly secured convertible bonds in an amount of Baht 300 million, with a maturity of 12 years, and a coupon rate of 2.5% p.a. for years 1 - 4, 5% p.a. for years 5 - 8, and 10% p.a. for years 9 - 12, payable semi-annually. The current conversion price is Baht 4.55 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds were secured by the mortgage of the Company's land. On 23 August 2012, the Company released the mortgage of the land.
- b) Partly secured convertible bonds in an amount of Baht 250 million (after conversion by the bondholder of Baht 750 million in the year 2003); with a maturity of 12 years, and a coupon rate of 1% p.a., payable semi-annually. The current conversion price is Baht 3.50 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds were secured by the mortgage of the Company's land. On 23 August 2012, the Company released the mortgage of the land.

On 22 November 2000, the meeting of the bonds' holders and on 24 November 2000, an extraordinary meeting of the Company's shareholders passed approval of the amendment to the terms and conditions governing the rights and obligations of the issuer and the bondholders, which gives the Company the option to either redeem the convertible bonds or to convert the bonds into ordinary shares on the maturity date.

On 6 December 2011, the meeting of bonds' holders and on 8 December 2011, an extraordinary meeting of the Company's shareholders passed approval of the amendment to the terms and conditions governing the rights and obligations of the issuer and the bondholders, which to extend the tenure of the convertible bonds for additional 5 years maturing on 23 August 2017 and that the security of the convertible bonds be released in accordance with the same term on 23 August 2012.

On 9 November 2015, the meeting of bonds' holders and on 30 November 2015, an extraordinary meeting of the Company's shareholders passed approval of the amendment to the terms and conditions governing the rights and obligations of the issuer and the bondholders, which to extend the tenure of the convertible bonds for additional 10 years maturing on 23 August 2027 and to cancel the appointment of a bondholders' representative since the collateral for the convertible bonds has already been released. In addition, it is proposed that the name of the BH Convertible Bonds Series#1 and Series#2 be changed to reflect the new maturity date and the release of the collateral for the bonds.

According to the Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", because the Company has the option to either redeem the convertible bonds or to convert them into ordinary shares on the maturity date, and delivery of equity securities will not be changed by fair value of such equity securities (since the Company determined a certain conversion price), so the convertible bonds are not covered by the definition of financial liabilities and are to be treated as equity securities. In addition, the Company's management expresses their intention to convert these bonds into ordinary shares on the maturity date. Therefore, the whole amounts of the convertible bonds are presented as part of shareholders' equity and future interest on the bonds will be recorded as a deduction from shareholders' equity.

The Company has reserved 178,571,433 ordinary shares to accommodate the above convertible bonds.

Interest expense for the year 2016 of the convertible bonds amounted to Baht 33 million (2015: Baht 33 million), being recorded as a reduction to unappropriated retained earnings.

## 23. Share capital

Preference shareholders have the same right as the ordinary shareholders except that they are entitled to receive an annual dividend at 15% of preference shares capital prior to the dividend paid to the ordinary shareholders. Preference shares can be converted into ordinary shares.

In the first quarter of 2016, 20,000 preference shares (2015: 25,000 shares) were converted into ordinary shares at ratio of one preference share to one ordinary share. The Company registered this conversion with the Ministry of Commerce on 8 March 2016.

## 24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 25. Expenses by nature

Significant expenses classified by nature are as follows.

(Unit: Thousand Baht)

|   | Consolidated financial statements |           | Separate financial statements |           |
|---|-----------------------------------|-----------|-------------------------------|-----------|
|   | 2016                              | 2015      | 2016                          | 2015      |
| Salaries and wages and other employee benefits                                | 3,093,556                         | 3,256,712 | 2,987,594                     | 3,081,219 |
| Physicians' fee   | 3,890,375                         | 3,876,569 | 3,847,266                     | 3,841,544 |
| Depreciation  | 1,061,183                         | 976,412   | 1,008,054                     | 933,790   |
| Amortisation  | 77,503                            | 68,332    | 76,871                        | 67,964    |
| Loss on impairment of investment in a subsidiary                              | -                                 | -         | -                             | 29,500    |
| Loss from share capital reduction and dissolution of an associate             | -                                 | -         | -                             | 817       |
| Property, plant and equipment rental expenses from operating lease agreements | 92,125                            | 77,908    | 80,772                        | 75,469    |
| Building and equipment maintenance expenses                                   | 316,530                           | 308,545   | 315,707                       | 294,227   |
| Advertising and public relation expenses                                      | 260,939                           | 255,174   | 244,593                       | 245,715   |
| Medicine, medical supply and other supply consumptions                        | 2,848,793                         | 2,961,992 | 2,795,397                     | 2,836,084 |

## 26. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows.

(Unit: Thousand Baht)

|   | Consolidated financial statements |         | Separate financial statements |          |
|---|-----------------------------------|---------|-------------------------------|----------|
|   | 2016                              | 2015    | 2016                          | 2015     |
| Current income tax:   |                                   |         |                               |          |
| Current income tax for the year                               | 832,599                           | 831,141 | 812,306                       | 811,748  |
| Deferred tax:   |                                   |         |                               |          |
| Relating to origination and reversal of temporary differences | (58,752)                          | (7,822) | (58,714)                      | (10,402) |
| Income tax expenses reported in the income statement          | 773,847                           | 823,319 | 753,592                       | 801,346  |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows.

(Unit: Thousand Baht)

|  | Consolidated financial statements |         | Separate financial statements |         |
|--|-----------------------------------|---------|-------------------------------|---------|
|  | 2016                              | 2015    | 2016                          | 2015    |
| Deferred tax relating to actuarial gain (loss) | 3,970                             | (6,452) | 3,816                         | (6,367) |
| Total  | 3,970                             | (6,452) | 3,816                         | (6,367) |

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

|  | Consolidated financial statements |            | Separate financial statements |           |
|--|-----------------------------------|------------|-------------------------------|-----------|
|  | 2016                              | 2015       | 2016                          | 2015      |
| Accounting profit before tax   | 4,377,878                         | 4,250,839  | 4,424,626                     | 4,212,552 |
| Applicable tax rate  | 10 and 20%                        | 10 and 20% | 20%                           | 20%       |
| Accounting profit before tax multiplied by income tax rate (before eliminations) | 916,438                           | 871,404    | 884,925                       | 842,510   |
| Effects of:  |                                   |            |                               |           |
| Tax-exempt revenues  | (59,186)                          | (41,417)   | (41,314)                      | (29,861)  |
| Non-deductible expenses  | 8,003                             | 15,030     | 7,921                         | 15,092    |
| Additional expense deductions allowed  | (97,670)                          | (37,344)   | (97,671)                      | (37,344)  |
| Others   | 6,262                             | 15,646     | (269)                         | 10,949    |
| Total  | (142,591)                         | (48,085)   | (131,333)                     | (41,164)  |
| Income tax expenses reported in the income statement                             | 773,847                           | 823,319    | 753,592                       | 801,346   |

The components of deferred tax assets and deferred tax liabilities are as follows.

(Unit: Thousand Baht)

|   | Separate financial statements     |         |                               |         |
|---|-----------------------------------|---------|-------------------------------|---------|
|   | Consolidated financial statements |         | Separate financial statements |         |
|   | 2016                              | 2015    | 2016                          | 2015    |
| <b>Deferred tax assets</b>                        |                                   |         |                               |         |
| Allowance for doubtful accounts                   | 46,854                            | 23,756  | 46,854                        | 23,756  |
| Allowance for diminution in value of inventories  | 10                                | 45      | -                             | -       |
| Allowance for loss on impairment of investments   | 5,900                             | 5,900   | 5,900                         | 5,900   |
| Accumulated depreciation - building and equipment | 81,601                            | 55,924  | 81,601                        | 55,924  |
| Accumulated amortisation - intangible assets      | 6,651                             | 5,992   | 6,610                         | 5,944   |
| Provision for long-term employee benefits         | 107,196                           | 103,020 | 106,845                       | 102,666 |
| Unrealised loss from exchange rate                | 4,486                             | 2,737   | -                             | -       |
| Total   | 252,698                           | 197,374 | 247,810                       | 194,190 |
| <b>Deferred tax liabilities</b>                   |                                   |         |                               |         |
| Deferred debenture issuing costs                  | (3,092)                           | (4,369) | (3,092)                       | (4,369) |
| Interest receivable                               | (1,819)                           | -       | -                             | -       |
| Total   | (4,911)                           | (4,369) | (3,092)                       | (4,369) |
| Deferred tax assets - net                         | 247,787                           | 193,005 | 244,718                       | 189,821 |



As at 31 December 2016 the subsidiaries have unused tax losses totaling Baht 37 million (2015: Baht 46 million). No deferred tax assets have been recognised on this amount as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 37 million will expire between 2017 and 2020.

## 27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following tables set forth the computation of basic and diluted earnings per share.

|   | Consolidated financial statements |                 |  |                   |                    |        |
|---|-----------------------------------|-----------------|--|-------------------|--------------------|--------|
|   | Profit for the year               |                 | Weighted average number of ordinary shares |                   | Earnings per share |        |
|   | 2016                              | 2015            | 2016                                       | 2015              | 2016               | 2015   |
|   | (Thousand Baht)                   | (Thousand Baht) | (Thousand Shares)                          | (Thousand Shares) | (Baht)             | (Baht) |
| <b>Basic earnings per share</b>   |                                   |                 |  |                   |                    |        |
| Profit attributable to equity holders of the Company  | 3,626,174                         | 3,435,834       | 728,642                                    | 728,621           | 4.98               | 4.72   |
| <b>Effect of dilutive potential ordinary shares</b>   |                                   |                 |  |                   |                    |        |
| Preference shares   | -                                 | -               | 1,410                                      | 1,431             |                    |        |
| Convertible bonds   | -                                 | -               | 137,363                                    | 137,363           |                    |        |
| <b>Diluted earnings per share</b>   |                                   |                 |  |                   |                    |        |
| Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares | 3,626,174                         | 3,435,834       | 867,415                                    | 867,415           | 4.18               | 3.96   |

|   | Separate financial statements |                 |  |                   |                    |        |
|---|-------------------------------|-----------------|--|-------------------|--------------------|--------|
|   | Profit for the year           |                 | Weighted average number of ordinary shares |                   | Earnings per share |        |
|   | 2016                          | 2015            | 2016                                       | 2015              | 2016               | 2015   |
|   | (Thousand Baht)               | (Thousand Baht) | (Thousand Shares)                          | (Thousand Shares) | (Baht)             | (Baht) |
| Basic earnings per share  |                               |                 |  |                   |                    |        |
| Profit attributable to equity holders of the Company  | 3,671,034                     | 3,411,206       | 728,642                                    | 728,621           | 5.04               | 4.68   |
| Effect of dilutive potential ordinary shares  |                               |                 |  |                   |                    |        |
| Preference shares   | -                             | -               | 1,410                                      | 1,431             |                    |        |
| Convertible bonds   | -                             | -               | 137,363                                    | 137,363           |                    |        |
| Diluted earnings per share  |                               |                 |  |                   |                    |        |
| Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares | 3,671,034                     | 3,411,206       | 867,415                                    | 867,415           | 4.23               | 3.93   |

## 28. Segment information

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

The Group has only one main reportable operating segment, which is the hospital and health care center business, and the major geographical area of its operations is Thailand, with its overseas operations not being material. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

For the years 2016 and 2015, the Group has no major customer with revenues of 10% or more of the Group's revenues.

## 29. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly at the rate of 5% - 15% of their basic salaries and the Group contributed 5% - 7% of basic salary. The fund, which is managed by Bualuang Securities Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to Baht 72 million (2015: Baht 67 million) (separate financial statements: Baht 70 million, 2015: Baht 65 million), were recognised as expenses.

### 30. Dividends paid

| Dividend                   | Approved by   | Dividend paid<br>(Thousand Baht) | Dividend per share<br>(Baht) |
|----------------------------|---|----------------------------------|------------------------------|
| Final dividends for 2014   | Annual General Meeting of<br>the shareholders<br>on 29 April 2015 | 912,557                          | 1.25                         |
| Interim dividends for 2015 | Board of Director's meeting<br>on 10 August 2015                  | 656,668                          | 0.90                         |
| Total for 2015             |   | 1,569,225                        |                              |
| Final dividends for 2015   | Annual General Meeting<br>of the shareholder<br>on 27 April 2016  | 1,058,340                        | 1.45                         |
| Interim dividends for 2016 | Board of Director's meeting<br>on 28 July 2016                    | 693,524                          | 0.95                         |
| Total for 2016             |   | 1,751,864                        |                              |

### 31. Commitments and contingent liabilities

#### 31.1 Capital commitments

As at 31 December 2016 and 2015, the Group has capital commitments as below.

(Unit: Million Baht)

| Details of Commitments                                       | Consolidated financial statements |      | Separate financial statements |      |
|--|-----------------------------------|------|-------------------------------|------|
|  | 2016                              | 2015 | 2016                          | 2015 |
| 1) Design and renovation agreements of buildings             | 691                               | 146  | 689                           | 144  |
| 2) Purchase of medical instruments and<br>hospital equipment | 104                               | 177  | 100                           | 176  |
| 3) Purchase of computer software agreements                  | 368                               | -    | 368                           | -    |

### 31.2 Operating lease and long-term service commitments

The Group has entered into operating lease agreements in respect of the lease of lands, buildings, office space, vehicles and equipment and long-term service agreements. The terms of the agreements are generally between 1 and 30 years.

As at 31 December 2016 and 2015, future minimum payments required under the above agreements were as follows.

(Unit: Million Baht)

| Details of commitments   | Consolidated financial statements |      |              |      |                   |      |
|--|-----------------------------------|------|--------------|------|-------------------|------|
|  | Payable within                    |      |              |      |                   |      |
|  | 1 year                            |      | 1 to 5 years |      | More than 5 years |      |
|  | 2016                              | 2015 | 2016         | 2015 | 2016              | 2015 |
| 1) Nursing dormitory land rental expense<br>(shall be extended for a further period of 30 years) | 1                                 | 2    | 4            | 7    | 1                 | 2    |
| 2) Lease of office space   | 24                                | 32   | 1            | 33   | -                 | -    |
| 3) Maintenance service fee for medical instruments   | 167                               | 136  | 214          | 100  | 4                 | -    |
| 4) Rental and maintenance service fee for cars   | 13                                | 11   | 25           | 16   | -                 | -    |
| 5) Service fee for medical treatment information<br>database                                     | 42                                | 41   | 230          | 218  | -                 | -    |
| 6) Maintenance service fee for computer system   | 7                                 | -    | 61           | -    | -                 | -    |

(Unit: Million Baht)

| Details of commitments   | Separate financial statements |      |              |      |                   |      |
|--|-------------------------------|------|--------------|------|-------------------|------|
|  | Payable within                |      |              |      |                   |      |
|  | 1 year                        |      | 1 to 5 years |      | More than 5 years |      |
|  | 2016                          | 2015 | 2016         | 2015 | 2016              | 2015 |
| 1) Nursing dormitory land rental expense<br>(shall be extended for a further period of 30 years) | 1                             | 2    | 4            | 7    | 1                 | 2    |
| 2) Lease of office space   | 24                            | 32   | -            | 33   | -                 | -    |
| 3) Maintenance service fee for medical instruments   | 157                           | 128  | 204          | 64   | 4                 | -    |
| 4) Rental and maintenance service fee for cars   | 12                            | 10   | 22           | 15   | -                 | -    |
| 5) Service fee for medical treatment information<br>database                                     | 42                            | 39   | 230          | 213  | -                 | -    |
| 6) Maintenance service fee for computer system   | 6                             | -    | 59           | -    | -                 | -    |

### 31.3 Commitments from other contract

The Company entered into the medical equipment utilisation contract with a local company. The contract covers period of 7 years (expire in 2021) and under the conditions of the contract, the Company is required to purchase medical supplies and services to use with the medical equipment at the prices specified in the contract in total throughout the period of the contract. As at 31 December 2016, the outstanding amount of medical supplies and services that the Company is required to purchase in accordance with the contract is Baht 159 million (2015: Baht 239 million).

### 31.4 Uncalled portion of investment in subsidiary

As at 31 December 2016, the Company has commitment in respect of the uncalled portion of investment in an overseas subsidiary (Asia Global Health Ltd.) of HKD 2.34 million (2015: HKD 2.34 million).

### 31.5 Bank guarantees

As at 31 December 2016, there were outstanding bank guarantees of Baht 30 million (2015: Baht 28 million) issued by banks on behalf of the Company. All were required in the normal course of business e.g. payment of utility expenses and space rental.

### 31.6 Contingent liabilities arising from agreement to acquire investments in subsidiaries

Health Horizons Enterprises Pte. Ltd. ("HHE"), an overseas subsidiary that is 80% owned by the Company, has contingent liabilities under the Share Sales and Purchase Agreement, dated 5 March 2014, whereby it acquired common shares of Bumrungrad Mongolia LLC ("BML") and Seoul Seniors Tower LLC ("SST"). The seller is entitled to receive an additional contingent consideration in the form of earn-out payments, provided certain cumulative net profit targets are achieved through 31 December 2016, at a maximum amount of MNT 10,966 million, or equivalent to approximately Baht 158 million.

The Group has reviewed and reassessed the likelihood that the Group will have to pay this additional amount, taking into consideration the economic situation, operating performance and the forecast operating results of SST for the years 2014 to 2016. As at 31 December 2016 and 2015, the Group estimated that it has no obligation to pay an additional consideration.

## 32. Fair value hierarchy

As at 31 December 2016 and 2015, the Group had liabilities that were disclosed their fair value using a level of inputs as follows.

(Unit: Thousand Baht)

| Consolidated financial statements/ Separate financial statements |         |           |         |           |
|--|---------|-----------|---------|-----------|
| As at 31 December 2016   |         |           |         |           |
|  | Level 1 | Level 2   | Level 3 | Total     |
| Liabilities for which fair value are disclosed                   |         |           |         |           |
| Debentures   | -       | 3,780,717 | -       | 3,780,717 |

(Unit: Thousand Baht)

| Consolidated financial statements/ Separate financial statements |         |           |         |           |
|--|---------|-----------|---------|-----------|
| As at 31 December 2015   |         |           |         |           |
|  | Level 1 | Level 2   | Level 3 | Total     |
| Liabilities for which fair value are disclosed                   |         |           |         |           |
| Debentures   | -       | 5,232,275 | -       | 5,232,275 |

### 33. Financial instruments

#### 33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise cash and cash equivalents, short-term investments, accounts receivable and payable, long-term loan to and long-term loan from and long-term debentures. The financial risks associated with these financial instruments and how they are managed is described below.

##### *Credit risk*

The Group is exposed to credit risk primarily with respect to trade accounts receivable and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables and other receivables as stated in the statement of financial position.

##### *Interest rate risk*

The Group's exposures to interest rate risk relate primarily to their interest-bearing, cash at banks, short-term investments, long-term loan to and long-term loan from and long-term debentures. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

|  | Consolidated financial statements |              |              |                        |                      |              |                         |
|--|-----------------------------------|--------------|--------------|------------------------|----------------------|--------------|-------------------------|
|  | As at 31 December 2016            |              |              |                        |                      |              |                         |
|  | Fixed interest rates              |              |              | Floating interest rate | Non-interest bearing | Total        | Effective interest rate |
|  | Within 1 year                     | 1-5 years    | Over 5 years |                        |                      |              |                         |
|  |                                   |              |              |                        |                      |              | (% per annum)           |
| <b>Financial assets</b>  |                                   |              |              |                        |                      |              |                         |
| Cash and cash equivalents                                      | 1,063                             | -            | -            | 4,017                  | 74                   | 5,154        | 0.05 - 3.60             |
| Short-term investments   | 1,523                             | -            | -            | -                      | -                    | 1,523        | 1.58 - 1.65             |
| Trade and other receivables                                    | -                                 | -            | -            | -                      | 1,695                | 1,695        | -                       |
|  | <b>2,586</b>                      | <b>-</b>     | <b>-</b>     | <b>4,017</b>           | <b>1,769</b>         | <b>8,372</b> |                         |
| <b>Financial liabilities</b>                                   |                                   |              |              |                        |                      |              |                         |
| Trade and other payables                                       | -                                 | -            | -            | -                      | 876                  | 876          | -                       |
| Accrued physicians' fees                                       | -                                 | -            | -            | -                      | 597                  | 597          | -                       |
| Long-term loan from and interest payable to a related party    | -                                 | 176          | -            | -                      | 9                    | 185          | 1.38                    |
| Long-term loan from and interest payable to an unrelated party | -                                 | 19           | -            | -                      | -                    | 19           | 1.38                    |
| Long-term debentures   | -                                 | 3,485        | -            | -                      | -                    | 3,485        | 4.59 and 4.97           |
|  | <b>-</b>                          | <b>3,680</b> | <b>-</b>     | <b>-</b>               | <b>1,482</b>         | <b>5,162</b> |                         |

(Unit: Million Baht)

|   | Separate financial statements |              |              |                        |                      |              |                         |
|---|-------------------------------|--------------|--------------|------------------------|----------------------|--------------|-------------------------|
|   | As at 31 December 2016        |              |              |                        |                      |              |                         |
|   | Fixed interest rates          |              |              | Floating interest rate | Non-interest bearing | Total        | Effective interest rate |
|   | Within 1 year                 | 1-5 years    | Over 5 years |                        |                      |              |                         |
|   |                               |              |              |                        |                      |              | (% per annum)           |
| <b>Financial assets</b>                                     |                               |              |              |                        |                      |              |                         |
| Cash and cash equivalents                                   | 1,022                         | -            | -            | 3,902                  | 15                   | 4,939        | 0.05 - 1.53             |
| Short-term investments                                      | 1,509                         | -            | -            | -                      | -                    | 1,509        | 1.58                    |
| Trade and other receivables                                 | -                             | -            | -            | -                      | 1,692                | 1,692        | -                       |
|   | <b>2,531</b>                  | <b>-</b>     | <b>-</b>     | <b>3,902</b>           | <b>1,707</b>         | <b>8,140</b> |                         |
| <b>Financial liabilities</b>                                |                               |              |              |                        |                      |              |                         |
| Trade and other payables                                    | -                             | -            | -            | -                      | 870                  | 870          | -                       |
| Accrued physicians' fees                                    | -                             | -            | -            | -                      | 590                  | 590          | -                       |
| Long-term loan from and interest payable to a related party | -                             | 176          | -            | -                      | 9                    | 185          | 1.38                    |
| Long-term debentures  | -                             | 3,485        | -            | -                      | -                    | 3,485        | 4.59 and 4.97           |
|   | <b>-</b>                      | <b>3,661</b> | <b>-</b>     | <b>-</b>               | <b>1,469</b>         | <b>5,130</b> |                         |

(Unit: Million Baht)

|   | Consolidated financial statements |              |              |                        |                      |              |                         |
|---|-----------------------------------|--------------|--------------|------------------------|----------------------|--------------|-------------------------|
|   | As at 31 December 2015            |              |              |                        |                      |              |                         |
|   | Fixed interest rates              |              |              | Floating interest rate | Non-interest bearing | Total        | Effective interest rate |
|   | Within 1 year                     | 1-5 years    | Over 5 years |                        |                      |              |                         |
|   |                                   |              |              |                        |                      |              | (% per annum)           |
| <b>Financial assets</b>                                     |                                   |              |              |                        |                      |              |                         |
| Cash and cash equivalents                                   | 3,986                             | -            | -            | 995                    | 73                   | 5,054        | 0.05 - 3.60             |
| Short-term investments                                      | 2,306                             | -            | -            | -                      | -                    | 2,306        | 1.90 - 2.00             |
| Trade and other receivables                                 | -                                 | -            | -            | -                      | 2,318                | 2,318        | -                       |
|   | <b>6,292</b>                      | <b>-</b>     | <b>-</b>     | <b>995</b>             | <b>2,391</b>         | <b>9,678</b> |                         |
| <b>Financial liabilities</b>                                |                                   |              |              |                        |                      |              |                         |
| Trade and other payables                                    | -                                 | -            | -            | -                      | 830                  | 830          | -                       |
| Accrued physicians' fees                                    | -                                 | -            | -            | -                      | 713                  | 713          | -                       |
| Long-term loan from and interest payable to a related party | -                                 | 176          | -            | -                      | 7                    | 183          | 1.38                    |
| Long-term debentures  | 1,497                             | 996          | 2,485        | -                      | -                    | 4,978        | 4.13 - 4.97             |
|   | <b>1,497</b>                      | <b>1,172</b> | <b>2,485</b> | <b>-</b>               | <b>1,550</b>         | <b>6,704</b> |                         |



(Unit: Million Baht)

|  | Separate financial statements |              |              |                        |                      |              |                         |
|--|-------------------------------|--------------|--------------|------------------------|----------------------|--------------|-------------------------|
|  | As at 31 December 2015        |              |              |                        |                      |              |                         |
|  | Fixed interest rates          |              |              | Floating interest rate | Non-interest bearing | Total        | Effective interest rate |
|  | Within 1 year                 | 1-5 years    | Over 5 years |                        |                      |              |                         |
|  |                               |              |              |                        |                      |              | (% per annum)           |
| Financial assets   |                               |              |              |                        |                      |              |                         |
| Cash and cash equivalents                                      | 3,897                         | -            | -            | 908                    | 13                   | 4,818        | 0.05 - 1.85             |
| Short-term investments   | 2,302                         | -            | -            | -                      | -                    | 2,302        | 1.90 - 2.00             |
| Trade and other receivables                                    | -                             | -            | -            | -                      | 2,328                | 2,328        | -                       |
| Long-term loan to and interest receivable from a related party | -                             | 9            | -            | -                      | -                    | 9            | 1.38                    |
|  | <b>6,199</b>                  | <b>9</b>     | <b>-</b>     | <b>908</b>             | <b>2,341</b>         | <b>9,457</b> |                         |
| Financial liabilities  |                               |              |              |                        |                      |              |                         |
| Trade and other payables                                       | -                             | -            | -            | -                      | 820                  | 820          | -                       |
| Accrued physicians' fees                                       | -                             | -            | -            | -                      | 708                  | 708          | -                       |
| Long-term loan from and interest payable to a related party    | -                             | 176          | -            | -                      | 7                    | 183          | 1.38                    |
| Long-term debentures   | 1,497                         | 996          | 2,485        | -                      | -                    | 4,978        | 4.13 - 4.97             |
|  | <b>1,497</b>                  | <b>1,172</b> | <b>2,485</b> | <b>-</b>               | <b>1,535</b>         | <b>6,689</b> |                         |

In addition, as at 31 December 2016 and 2015, the Company's exposures to fixed interest rate risk relate to convertible bonds treated as equity securities amounting to Baht 550 million with maturity date in 2027 and carry interests at the rates 1% and 10% per annum, as described in Note 22 to the financial statements.

#### *Foreign currency risk*

The Company's exposure to foreign currency risk arises from investments in subsidiaries those are denominated in foreign currencies. The Company has no foreign currency forward contracts to reduce the exposure since the Company expects the risk to be minimal. The Group does not use foreign currency forward contracts or purchased currency options for trading purposes.

The Group has no significant balance of financial assets and liabilities denominated in foreign currencies as at 31 December 2016 and 2015.

### 33.2 Fair values of financial instruments

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows.

- For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, short-term investments, trade and other receivables, long-term loan to and long-term loan from, trade and other payables and accrued physicians' fees, the carrying amounts at the statement of financial position approximate fair value.

- b) For long-term debentures, fair value is derived from quoted market prices of the Thai Bond Market Association at the close of the business on the reporting date.

Since the majorities of the Group's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position. The carrying amount of long-term debentures with fixed interest rates as at 31 December 2016 amounted to Baht 3,485 million (2015: Baht 4,978 million), and their fair value amounted to Baht 3,781 million (2015: Baht 5,323 million).

### 34. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.44:1 (2015: 0.63:1) and the Company's was 0.45:1 (2015: 0.66:1).

### 35. Events after the reporting period

35.1 On 20 January 2017, Life and Longevity Ltd., the Company's wholly-owned subsidiary which is registered in Hong Kong Special Administrative Region of the People's Republic of China, acquired 49% of the common shares of Inovital International AG which is incorporated in Swiss Confederation, for CHF 49,000 (490 ordinary shares with a par value of CHF 100 each). That company is principally engaged in manufacture and sale of vitamin supplement products and after sales services.

The investment was made in accordance with a resolution of the Investment Committee Meeting held on 28 July 2016.

35.2 On 28 February 2017, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of shareholders to be held in April 2017 to adopt a resolution to pay a dividend of Baht 2.5 per share, or a total of Baht 1,825.1 million, to the shareholders in respect of the 2016 profit. The Company already paid an interim dividend of Baht 0.95 per share, or a total of Baht 693.5 million on 26 August 2016. The remaining dividend of Baht 1.55 per share, or a total of Baht 1,131.6 million will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

### 36. Reclassifications

The Company reclassified certain amounts in the income statements for the year ended 31 December 2015 to conform to the current periods' classification, as following.

(Unit: Thousand Baht)

|                             | Consolidated financial statements |                        | Separate financial statements |                        |
|-----------------------------|-----------------------------------|------------------------|-------------------------------|------------------------|
|                             | As reclassified                   | As previously reported | As reclassified               | As previously reported |
| Cost of hospital operations | 10,484,365                        | 10,396,068             | 10,203,096                    | 10,114,800             |
| Administrative expenses     | 3,020,247                         | 3,108,544              | 2,946,587                     | 3,034,883              |

The reclassifications had no effect to previously reported profit or shareholders' equity.

### 37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2017.



# COMPANY

and Business Information

## VISION / MISSION / VALUES

### Vision/Mission:

Bumrungrad aspires to provide the best care with science, compassion, and integrity for each of our patients

### Values:

1. Compassionate Caring

We care with compassion for our patients, each other, our community and our environment.

2. Adaptability, Learning, and Innovation

We strive to innovate, learn, improve, meet challenges with a positive attitude and adapt to a changing world.

3. Safety, Quality with Measurable Results

We evaluate ourselves by the measurable quality of care and safety we provide to our patients, and the results we return to our colleagues and stakeholders.

4. Teamwork and Integrity

We work TOGETHER and treat our patients and stakeholders with respect, honesty and integrity.

### Company Information

|   |   |
|---|---|
| Name :  | Bumrungrad Hospital Public Company Limited  |
| Type of Business :                                      | Private hospital  |
| Head Office Address :                                   | 33 Sukhumvit Soi 3 (Nana Nua) Sukhumvit Road<br>Klong Toey Nua, Wattana, Bangkok 10110  |
| Registration No. :                                      | 0107536000994   |
| Home page :   | <a href="http://www.bumrungrad.com">http://www.bumrungrad.com</a>   |
| E-mail address :  | <a href="mailto:ir@bumrungrad.com">ir@bumrungrad.com</a>  |
| Telephone :   | 0 2667 1000   |
| Fax :   | 0 2667 2525   |
| Registered Capital :<br>(as at 31 December 2016)        | Baht 922,702,685<br>Divided into<br>Ordinary shares of 921,296,022 shares, par value at Baht 1 per share<br>Preferred shares of 1,406,663 shares, par value at Baht 1 per share |
| Issued and Paid up Capital:<br>(as at 31 December 2016) | Baht 730,052,222<br>Divided into<br>Ordinary shares of 728,645,559 shares, par value at Baht 1 per share<br>Preferred shares of 1,406,663 shares, par value at Baht 1 per share |

## Entities in which the Company has more than 10% shareholding

|    | Legal Entity   | Type of Business                                    | Issued ordinary shares | Shareholding (%) |
|----|--|---|------------------------|------------------|
| 1. | <b>Vitalife Corporation Limited</b><br>210 Sukhumvit Soi 1, Sukhumvit Road,<br>Klong Toey Nua, Wattana, Bangkok 10110<br>Phone 0 2667 2340, Fax 0 2667 2341  | Comprehensive wellness center                       | 315,000 shares         | 100%             |
| 2. | <b>Asia Global Research Company Limited</b><br>2 Sukhumvit Road,<br>Klong Toey, Klong Toey, Bangkok 10110<br>Phone 0 2667 1700, Fax 0 2667 1800  | Clinical research                                   | 5,000,000 shares       | 100%             |
| 3. | <b>Asia Global Health Limited</b><br>Room 337, 3rd Fl. South China C.S.<br>Building, 13-17 Wah Sing Street, Kwai<br>Chung, New Territories, Hong Kong.<br>Phone (852) 881 8226, Fax (852) 881 0377                                 | Investment in healthcare & related business in Asia | 1,220,000 shares       | 100%             |
| 4. | <b>Ruenmongkol Company Limited</b><br>11/26 Sukhumvit Soi 1, Sukhumvit Road,<br>Klong Toey Nua, Wattana, Bangkok 10110<br>Phone 0 2667 1000, Fax 0 2667 2525   | Owns the land at Sukhumvit Soi 1                    | 34,000,000 shares      | 100%             |
| 5. | <b>Life and Longevity Limited</b><br>Room 337, 3rd Fl. South China C.S.<br>Building, 13-17 Wah Sing Street, Kwai<br>Chung, New Territories, Hong Kong.<br>Phone (852) 881 8226, Fax (852) 881 0377                                 | Holding company for overseas investments            | 82,000 shares          | 100%             |
| 6. | <b>Bumrungrad Heath Network Co., Ltd.</b><br>(previously Bumrungrad Personnel Development Center Co., Ltd.)<br>33 Sukhumvit Soi 3, Sukhumvit Road,<br>Klong Toey Nua, Wattana, Bangkok 10110<br>Phone 0 2667 1000, Fax 0 2667 2525 | Holding company for overseas investments            | 12,000,000 shares      | 100%             |
| 7. | <b>Health Horizons Enterprises Pte. Ltd.</b><br>8 Marina Boulevard #05-02 Marina Bay<br>Financial Center, Singapore 018981<br>Phone +65 6338 1888, Fax +65 6337 5100   | Holding company for overseas investments            | 16,849,422 shares      | 80%              |

|     | Legal Entity   | Type of Business  | Issued ordinary shares | Share holding (%)    |
|-----|--|---|------------------------|----------------------|
| 8.  | <b>Bumrungrad Mongolia LLC</b><br>Choidog-5, Peace Avenue, 1st Khoroo,<br>Sukhbaatar District, Ulaanbaatar, Mongolia<br>Phone +976-7012-9000,<br>Fax +976-7011-1164                          | Holding company for overseas investments  | 4,141,000<br>Shares    | 80%<br>(100% by HHE) |
| 9.  | <b>Seoul Seniors Tower LLC</b><br>Choidog-5, Peace Avenue, 1st Khoroo,<br>Sukhbaatar District, Ulaanbaatar, Mongolia<br>Phone +976-7012-9000, Fax +976-7011-1164                             | Owns and operates Ulaanbaatar Songdo Hospital in Mongolia   | 8,000,000<br>shares    | 41%<br>(51% by BML)  |
| 10. | <b>Bumrungrad Personnel Development and Training Center Co., Ltd.</b><br>33 Sukhumvit Soi 3, Sukhumvit Road,<br>Klong Toey Nua, Wattana, Bangkok 10110<br>Phone 0 2667 1000, Fax 0 2667 2525 | Personnel development and training Center (for own and affiliated companies only)   | 500,000<br>shares      | 100%                 |
| 11. | <b>Bumrungrad International Limited</b><br>33 Sukhumvit Soi 3, Sukhumvit Road,<br>Klong Toey Nua, Wattana, Bangkok 10110<br>Phone 0 2667 1000, Fax 0 2667 2525                               | Dormant company   | 45,938<br>shares       | 31.5%                |
| 12. | <b>Bumrungrad Services Co., Ltd.</b><br>33 Sukhumvit Soi 3 Sukhumvit Road,<br>Klong Toey Nua, Wattana, Bangkok 10110<br>Phone 0 2667 1000, Fax 0 2667 2525                                   | Referral services to both domestic and overseas patients and healthcare-related training services to non-affiliated companies | 200,000<br>Shares      | 100%                 |
| 13. | <b>Bumrungrad Myanmar Co., Ltd.</b><br>No.46/B GF-A Pantra, Street Dagon<br>Township, Yangon, Myanmar  | Operates a private primary care and diagnostic services clinic in Myanmar   | 1,325,750<br>Shares    | 80%<br>(80% by BHN)  |



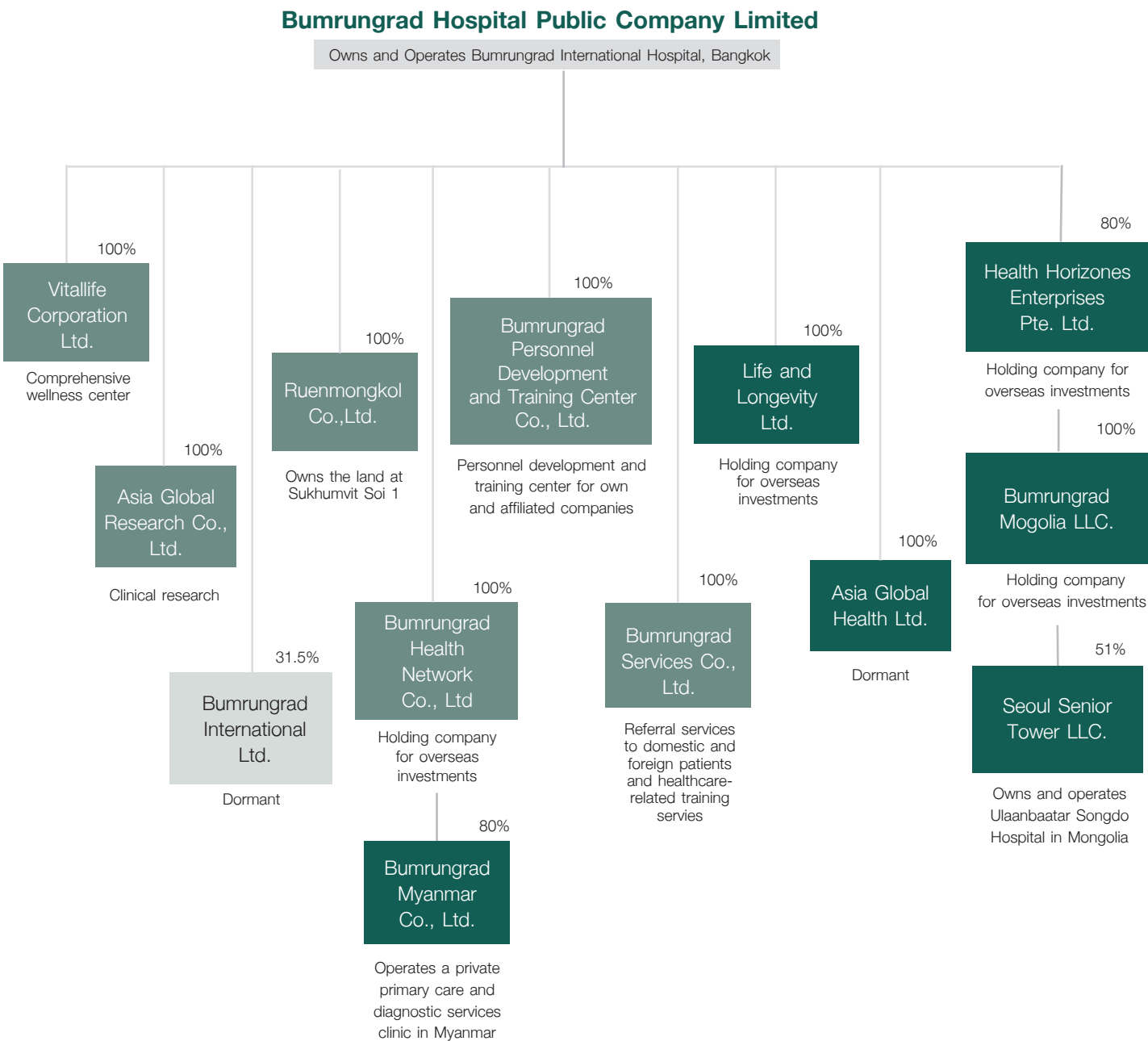
## Reference Persons

| Company                        |   |
|--------------------------------|---|
| 1. Auditor                     | EY Office Limited<br>33rd Floor, Lake Rajada Office Complex, 193/136-137<br>New Ratchadapisek Road, Bangkok 10110<br>Phone 0 2264 0777, Fax 0 2264 0789-90                          |
| 2. Legal Consultant            | Damrongtham Law Office<br>63 Soi 8 (Soi Preeda), Sukhumvit Road, Bangkok 10110<br>Phone 0 2255 2552, Fax 0 2653 1133  |
| 3. Share Registrar             | Thailand Securities Depository Company Limited<br>93 The Stock Exchange of Thailand Building,<br>Ratchadaphisek Road, Dindaeng, Bangkok 10400<br>Phone 0 2009 9000, Fax 0 2009 9999 |
| 4. Convertible Bonds Registrar | Bumrungrad Hospital Public Company Limited<br>33 Sukhumvit Soi 3 (Nana Nua), Sukhumvit Road, Klong Toey Nua,<br>Wattana, Bangkok 10110<br>Phone 0 2667 2025, Fax 0 2667 2031        |
| 5. Debentures Registrar        | Siam Commercial Bank Public Company Limited<br>9 Ratchadaphisek Road, Jatujak, Bangkok 10900<br>Phone 0 2544 4049, Fax 0 2937 7662  |

# BUSINESS POLICY AND OVERALL OPERATION

Bumrungrad Hospital Public Company Limited (the “Company”) operates a private hospital business in Bangkok with 580 licensed beds and capacity for over 5,500 outpatients per day. The Company is one of the leading healthcare providers in Thailand and the Southeast Asian region, providing complete healthcare services for both outpatients and inpatients. The Company has always emphasized the importance of quality healthcare and experienced physicians and staff. Bumrungrad International Hospital, Bangkok is the first hospital in Asia to receive the US standard accreditation from the Joint Commission International (JCI). The hospital has also received JCI’s Clinical Care Program Certification (CCPC) for specialty programs including the Primary Stroke Program, Diabetes Mellitus Program Chronic Kidney Disease Program and Knee Replacement Program. Additionally, the hospital is the first to be accredited by Thai Hospital Accreditation (HA) and the first hospital in Thailand to receive accreditation from the College of American Pathologists (CAP).

Corporate structure (as of 31 December 2016)



The Company has nine subsidiaries, including (1) Vitallife Corporation Limited, (2) Asia Global Health Limited, (3) Asia Global Research Company Limited, (4) Ruenmongkol Company Limited, (5) Life and Longevity Limited, (6) Bumrungrad Health Network Company Limited, (7) Bumrungrad Personnel Development and Training Center Company Limited, (8) Health Horizons Enterprises Pte. Ltd., and (9) Bumrungrad Services Company Limited

The Company also has three indirectly owned subsidiaries, including (1) Bumrungrad Mongolia LLC. (80%-owned as per its shareholding portion in Health Horizons Enterprises Pte. Ltd.), (2) Seoul Seniors Towers LLC (approx. 41%-owned with control as per its shareholding portion through Health Horizons Enterprises Pte. Ltd. and Bumrungrad Mongolia LLC.), and (3) Bumrungrad Myanmar Co., Ltd. (80%-owned through Bumrungrad Health Network Co., Ltd.)

The Company has one 31.5%-owned associated company, Bumrungrad International Limited.

Details of subsidiaries, affiliated companies and related companies are as follows:

**Vitallife Corporation Limited (“VTL”)** is a pioneer in longevity medicine; integrating predictive, preventive, rejuvenating, and regenerative strategies for optimal healthy lifestyles. Vitallife brings together cutting-edge technologies to provide patients the means to “Feel Younger, Look Better, and Live Longer”. Biomarker analysis, advanced supplementation, toxicity assessments, early detection, and regenerative medicine are key Vitallife analytics.

**Asia Global Health Limited (“AGH”)** has served as a company that supports the strategy for regional investment in healthcare and related business. It is currently a dormant company.

**Asia Global Research Company Limited (“AGR”)** is the provider of clinical research, both within Thailand and Southeast Asia. The services include (1) contract research organization (“CRO”), which performs multicenter clinical trials for international biotech, pharmaceutical and device companies, and (2) site management organization (“SMO”), which manages groups of investigational sites to provide quality research and quality data.

**Ruenmongkol Company Limited (“RM”)** is the owner of land to be used for business expansion at Sukhumvit Soi 1 (approx. 3-3-44.4 Rai).

**Life and Longevity Limited (“LLL”)** registered in Hong Kong Special Administrative Regions of the People’s Republic of China, a holding company for overseas investments of the Company.

**Bumrungrad International Limited (“BIL”)** has served as a Company international investment arm. BIL had focused on hospital ownership and management. In 2013, BIL ceased its operating activity and pursued the distribution of its funds to shareholders via capital reduction and loan to shareholders.

**Bumrungrad Health Network Co., Ltd. (“BHN”)** (previously Bumrungrad Personnel Development Co., Ltd.) is a company focused on investing in healthcare and related businesses overseas.

**Health Horizons Enterprises Pte. Ltd. (“HHE”)** is a holding company registered in Singapore, which supports the Company’s strategy for overseas investment in healthcare and related business.

**Bumrungrad Mongolia LLC (“BML”)** is a holding company registered in Mongolia, which supports the Company’s strategy for overseas investment in healthcare and related business.

**Seoul Seniors Towers LLC (“SST”)** is a company that owns and operates Ulaanbaatar Songdo Hospital in Mongolia.

**Bumrungrad Personnel Development and Training Center Co., Ltd. (“BPDTC”)** is the personnel development and training company that focuses on improving and expanding the capabilities in clinical and healthcare service to the Company and affiliated companies only.

**Bumrungrad Services Co., Ltd. (“BS”)** is a company that supports the strategy for referral services to both domestic and foreign patients and provides healthcare-related training services to non-affiliated companies.

**Bumrungrad Myanmar Co., Ltd. (“BM”)** is a company that operates a private primary care and diagnostic services clinic in Myanmar.

## Revenue Structure

Unit: Baht Million

| Product line /<br>Business Group | Operate by   | %<br>Shareholding<br>By Company | 2016          |              | 2015          |              | 2014          |              |
|----------------------------------|--|---------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                                  |  |                                 | Revenue       | %            | Revenue       | %            | Revenue       | %            |
| Healthcare                       | Bumrungrad Hospital PCL.                               |                                 | 17,301        | 95.4         | 17,067        | 95.2         | 15,135        | 95.1         |
| Healthcare                       | Vitalife Corporation Ltd.                              | 100                             | 321           | 1.8          | 293           | 1.6          | 225           | 1.4          |
| Healthcare                       | Seoul Seniors Towers LLC                               | 41                              | 212           | 1.2          | 212           | 1.3          | 212           | 1.3          |
| Healthcare                       | Bumrungrad Health Network Co., Ltd.                    | 100                             | 17            | 0.1          | 0             | 0.0          | 0             | 0.0          |
| <b>Total Healthcare</b>          |  |                                 | <b>17,851</b> | <b>98.5</b>  | <b>17,600</b> | <b>98.2</b>  | <b>15,572</b> | <b>97.9</b>  |
| Rental                           | Bumrungrad Hospital PCL.                               |                                 | 64            | 0.4          | 60            | 0.3          | 58            | 0.4          |
| <b>Total Rental</b>              |  |                                 | <b>64</b>     | <b>0.4</b>   | <b>60</b>     | <b>0.3</b>   | <b>58</b>     | <b>0.4</b>   |
| Others                           | Bumrungrad Hospital PCL.                               |                                 | 189           | 1.0          | 249           | 1.4          | 262           | 1.6          |
| Others                           | Vitalife Corporation Ltd.                              | 100                             | 8             | 0.0          | 7             | 0.0          | 4             | 0.0          |
| Others                           | Asia Global Research Ltd.                              | 100                             | 5             | 0.0          | 8             | 0.0          | 12            | 0.1          |
| Others                           | Health Horizons Enterprises Pte. Ltd.                  | 80                              | 7             | 0.0          | 2             | 0.0          | 1             | 0.0          |
| Others                           | Bumrungrad Health Network Co., Ltd. (formerly known as | 100                             | 1             | 0.0          | 1             | 0.0          | 1             | 0.0          |
| Others                           | Bumrungrad Services Co., Ltd.                          | 100                             | 1             | 0.0          | 2             | 0.0          | 0             | 0.0          |
| <b>Total Others</b>              |  |                                 | <b>211</b>    | <b>1.2</b>   | <b>269</b>    | <b>1.5</b>   | <b>280</b>    | <b>1.8</b>   |
| <b>Total</b>                     |  |                                 | <b>18,126</b> | <b>100.0</b> | <b>17,929</b> | <b>100.0</b> | <b>15,910</b> | <b>100.0</b> |

# Products and services description

## Bumrungrad Hospital Public Company Limited (“the Company”)

The Company is an owner and operator of multiple healthcare-related entities, both within and outside of Thailand, to include Bumrungrad International Hospital, and Vitallife Wellness Center, both in Bangkok and Ulaanbaatar Songdo Hospital in Mongolia, with Bumrungrad International Hospital as the main revenue contributor.

In 2016, the revenue from hospital operations of the Bangkok facility is 95.4% of total revenues.

### The Hospital’s Services:

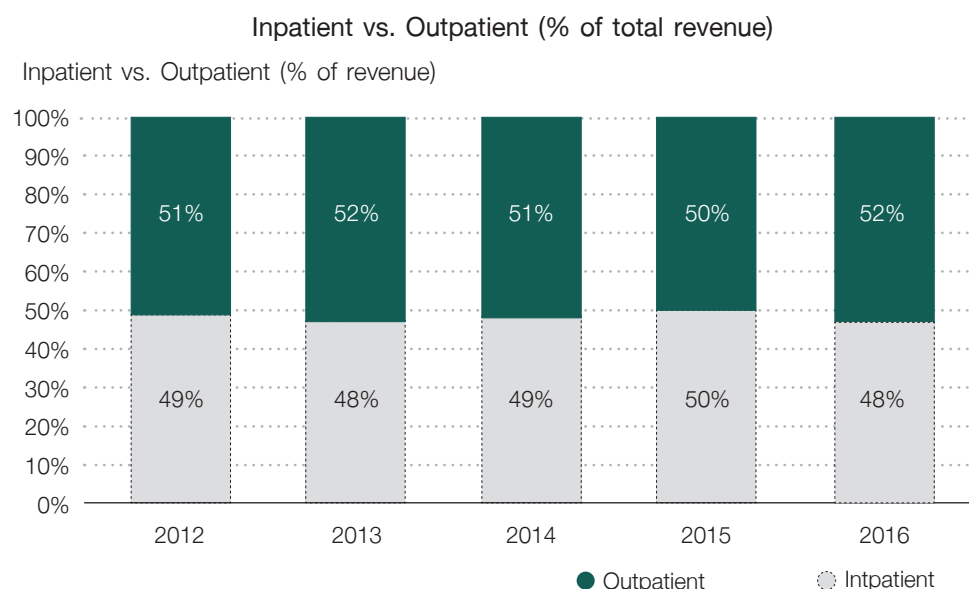
The services of Bumrungrad International Hospital, Bangkok can be detailed as follows:

1. Outpatient service has 45 clinics/centers with 285 examination rooms, and capacity to serve over 5,500 outpatients per day, with the following details:

- |                                      |   |
|--------------------------------------|---|
| ● Allergy Center                     | ● Liver Center  |
| ● Arrhythmia Center                  | ● Memory Clinic   |
| ● Breast Care Clinic                 | ● Men Center  |
| ● Breast Feed Clinic                 | ● Nephrology (Kidney) Center                                  |
| ● Children’s (Pediatrics) Center     | ● Neuroscience Center   |
| ● Dental Center                      | ● New Life Healthy Aging Clinic                               |
| ● Diabetes Center                    | ● Nichada Clinic (located in Nichada Thani, Nonthaburi)       |
| ● Diagnostic Center                  | ● Orthopedic Center   |
| ● Dialysis Center                    | ● Parkinson’s Disease and Movement Disorders Clinic           |
| ● Digestive Disease (GI) Center      | ● Perinatal Center  |
| ● Ear, Nose and Throat Center        | ● Physical Therapy & Rehabilitation Center                    |
| ● Emergency Center                   | ● Plastic (Cosmetic) Surgery Center                           |
| ● Eye Center                         | ● Pulmonary (Lung) Center                                     |
| ● Eye Laser Refraction Center        | ● Rehabilitation Clinic (located at AIA Tower, Sathorn Tower) |
| ● Fertility Center & IVF Clinic      | ● Skin Center (Dermatology)                                   |
| ● Health Screening Center (Check-up) | ● Sleep Lab   |
| ● Hearing and Balance Clinic         | ● Spine Institute   |
| ● Heart Center (Cardiology)          | ● Surgical Clinics  |
| ● Horizon Regional Cancer Center     | ● Travel Medicine Center                                      |
| ● Hyperbaric Oxygen Therapy          | ● Urology Center  |
| ● Hypertension Clinic                | ● Wellness Center (Vitallife)                                 |
| ● Intensive Care Unit (ICU)          | ● Women’s Center  |
| ● Joint Replacement Center           |   |

2. Licensed capacity for inpatient service totals 580 beds, which includes ward beds and intensive care beds.

In 2016, the Company treated more than 1.2 million medical episodes. The revenue contribution by inpatient and outpatient services in 2016 :

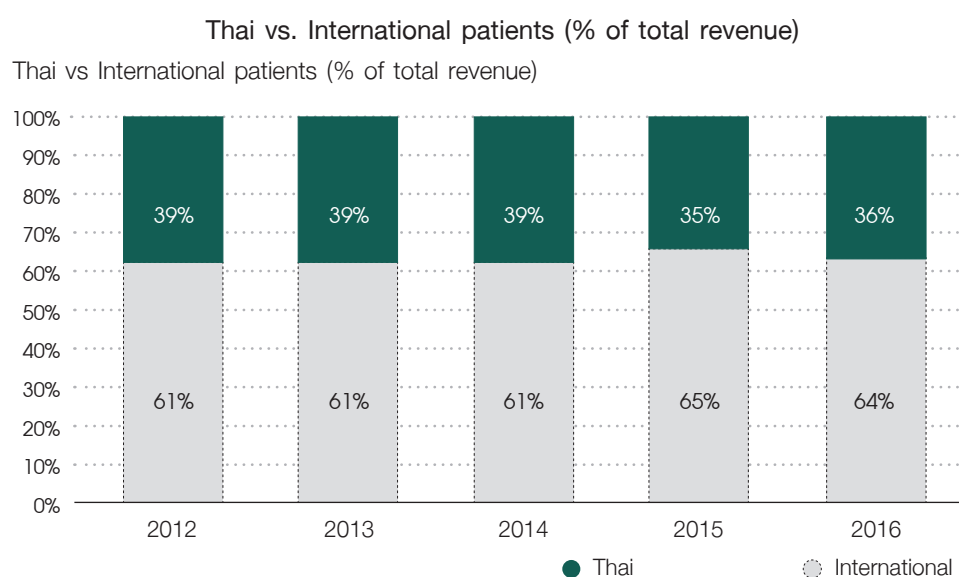


#### International Patient Services:

The Company has a strong and successful track record in increasing its share in the international market. It has an International Patient Services Center to facilitate and accommodate international patients. The services offered include medical coordinators, interpreters, insurance coordination, referral center, visa extension counter, embassy assistance, airport reception and travel assistance. The Company also has 35 overseas referral offices in 20 countries.

In 2016, Bumrungrad International Hospital treated over 630,000 international medical episodes from over 190 countries. The top three highest revenue contributors by country are Myanmar, the United Arab Emirates and Oman.

The following graph shows the historical revenue contribution of international patients over the past five years.



\* Note: International patients are by nationality and include both expatriates and medical tourists.

### The Bangkok Facility:

At present, the hospital's services are mostly conducted and/or supported in five buildings:

1. **Bumrungrad International Clinic Building (BIC)** is a 22-storey outpatient facility, with the first ten floors being used as parking spaces and the top 12 floors as outpatient clinics and ancillary services together with non-clinic floors for patient services, conference and educational facilities.
2. **Bumrungrad International Hospital Building (BIH)** offers a combination of inpatient and outpatient services. The licensed inpatient bed capacity of the Bumrungrad International Hospital Building is 580.
3. **Bumrungrad International Tower Building (BIT)** is currently under renovation for clinical and support functions, with 7 floors of parking spaces. Completion is expected in the second half of year 2017.
4. **Vitalife Building** is occupied by Vitalife Corporation Limited which provides a scientifically based, highly personalized approach for the prediction and prevention of age related disease as well as helping customers shape a more youthful life.
5. **Bumrungrad Residential and Office Building (BRO)** accommodates back office functions and employee housing for over 1,000 nurses.

### The Ulaanbaatar Songdo Hospital in Mongolia:

Ulaanbaatar Songdo is one of the leading private hospitals in Mongolia. Strategically located in the center of the country's capital, the hospital's services are offered in an 8-storey building, with 88 inpatient beds.

## INDUSTRY AND COMPETITION

In 2016, the global economy indicated slower growth signals, following the Brexit vote and weak economic data from several regions around the world. Many countries have had negative interest rate signals and large population countries like India have had a sustained push for demonetization of higher denomination bills that has affected economic activity in the near term. The Eurozone economy is also in a slow recovery and the Japanese economy remains tepid. Economies in the Middle East remained subdued with sustained low oil prices for much of 2016. Southeast Asian economies remain promising with many of the ASEAN countries forecasting high single digit GDP growth in 2016. The global inflation rate remained subdued. The different direction of economic cycles of major countries has led to greater divergence in monetary policy between countries. This was clearly seen as the US Fed hiked interest rates in 2016 with indications to continue hiking in 2017, following an extended period of low interest rates over the past 9 years.

In 2016, the world economy was reported to have expanded by 3.1 percent. The Thai economy in 2016 is forecasted at 3.2% with inflation at 2.5% so real growth is weak domestically. Medical tourism in Thailand grew mostly from neighboring countries while there were headwinds in other regions, such as the GCC and Middle-East nations.

Thailand is one of the most popular holiday destinations in Asia luring tourists and travelers with its diverse package of beaches, cultural sites and shopping life-styles. Bangkok is clearly the top destination for any visitor to Thailand, including medical tourists. It has numerous English-speaking physicians, many of whom studied internationally. The hospitals are outfitted with modern equipment and the clean, attractive facilities provide quality service to patients from all over the world.

Over the past few years, Bumrungrad International Hospital has become known as one of the top premium destinations for medical tourism in the world. Our focus remains on the strategy of serving local and international patients that seek the differentiation of our services compared with other health care providers.

Our core values are caring for our patients with compassion, professionalism, and as a team while continuously strengthening the systems and processes that ensure quality, safety and consistency to deliver better outcomes. We always try our best to offer excellent doctors supported by experienced colleagues, advanced technology and responsive service in a comforting environment.

Our business in 2016, showed steady demand from domestic markets with mixed overseas market growth. Although muted growth was noted within certain Middle-East regions, neighboring country growth was strong, mostly due to existing healthcare infrastructures in these countries being inadequate to cope with the rise in demand and the need for more complex services and treatments. Realizing the problems of healthcare scarcity in certain countries, we therefore opened the Bumrungrad Yangon Clinic in Myanmar with a focus on primary care and diagnostic services. The clinic has been well received locally and is seeing a mix of new and existing BI patients in Myanmar.

In spite of the challenges faced in 2016, the management team delivered strong performance in managing costs and was able to produce another consistent year of record revenue, EBIDTA, profit, and margins. We will continue to invest in our people and systems to continuously redefine what it means to be a leading healthcare provider that continues to provide outstanding service and satisfying results well into the future.

## **Markets**

Our markets can be viewed in two broad categories: domestic and international. Our domestic market consists primarily of Thais with upper-middle class incomes and above and the Thailand expatriate community. The international market is primarily comprised of medical tourism patients from countries where there are issue with quality, access and affordability associated with their healthcare infrastructure and/or healthcare services. For both market segments, the Company through its quality reputation not only attracts patients on an individual basis, but also through third parties by way of corporate contracts, insurance companies, and referral sources both within Thailand and abroad.

## **Distribution and Marketing Channels**

An effective way to attract customers is by way of obtaining patient referrals, both within Thailand and from other countries. With Bumrungrad International Hospital, as a reputable tertiary hospital of more than 36 years, specializing in the treatments of complicated diseases, the Company has established excellent referral connections with hospitals and doctors both within Thailand and abroad. For its international marketing, the Company has set up 35 referral offices in 20 countries.

The hospital maintains over one thousand corporate and insurance contracts as an additional way to provide access and attract patients to the hospital.



## Sources of Products and Services

Bumrungrad International Hospital, Bangkok

Capacity

As at 31 December

| Inpatients                              | 2016    | 2015    | 2014    |
|---|---------|---------|---------|
| Total number of licensed beds           | 580     | 580     | 580     |
| Beds in operation                       | 539     | 539     | 565     |
| Weighted total capacity*                | 197,274 | 196,735 | 204,218 |
| Occupied beds per year (beds)           | 137,243 | 149,519 | 135,342 |
| Weighted capacity Utilization (percent) | 69.57   | 76.00   | 66.27   |

\* Weighted total capacity is calculated by multiplying the number of beds in operation with the number of days of service.

As at 31 December

| Outpatients                             | 2016  | 2015  | 2014  |
|---|-------|-------|-------|
| Capacity per day (persons)              | 5,500 | 5,500 | 5,500 |
| Average outpatients per day (persons)   | 2,952 | 2,992 | 2,976 |
| Weighted Capacity Utilization (percent) | 53.67 | 54.40 | 54.11 |

## Raw Materials and Suppliers

Primary raw materials of the hospital business are pharmaceuticals, medical supplies and medical equipment. Raw material suppliers include both local companies and international distributors with offices in Thailand. With a network of over 600 suppliers, the Company is able to source raw materials without disruption. In addition, the Company uses an efficient purchasing and inventory control system to evaluate pricing, effectiveness and quality of raw materials.

## Environmental Compliance

The Company is firmly committed to environmental protection and conservation of energy and natural resources. The Company has established an environmental policy to communicate to employees its views on environmental preservation and encourages employees to actively support environmental protection.

The Company is committed to minimizing its environmental impact on neighboring communities and to efficient use of natural resources through energy conservation and materials recycling programs. All employees and contractors of the Company are expected to follow the government's environmental regulations and the Company's environmental policies.

## RISK FACTORS

### Political, macroeconomics and other unexpected factors

In 2016, the hospital industry in Thailand was affected by a number of external factors, including global and domestic economic slowdowns, and force majeure events.

The economies of several countries in the region have not yet shown positive signs of recovery, and crude oil and commodity prices fluctuated but remained mostly depressed over the course of 2016, directly affecting the economic environment in many commodity countries. Economic weakness is one of the major factors eroding demand of healthcare services in the international markets.

To minimize risk, our strategy does not rely on high volume, low intensity healthcare but instead targets higher acuity and more complicated cases that require more extensive medical care. In addition, the Company maintains a balanced and diversified portfolio of international and Thai resident patients so that our hospital does not rely excessively on revenue from any one sector. The Company continues to focus on marketing activities related to the domestic market while continuing to work to attract international patients.

### Intensified competition in the premium healthcare sector

As private hospitals in Thailand, Southeast Asia, and the Middle East continue to develop, competition in the private healthcare sector continues to intensify the risk of losing business to competitors.

In order to mitigate this risk and maintain its leading position in Thailand and Asia, the Company has focused on continuing to recruit and attract doctors of the highest caliber, especially sub-specialty experts, providing an ideal professional and clinical environment as well as expanding new services to our patients. In 2016, our hospital was the first private hospital in Thailand to receive accreditation from the College of American Pathologists (CAP) that certifies our lab to be equivalent to the top institutions within the USA. We also announced that we are implementing a new Health Information System, TrakCare, and will become a fully integrated digital hospital further improving safety and quality for patients. We also partnered with GE to install the latest 3 Tesla MRI in the hospital.

The Company's Bangkok hospital was the first hospital in Asia to receive US standard accreditation from Joint Commission International Accreditation (JCIA), and has also received JCI's Clinical Care Program Certification (CCPC) for specialty programs, including the Primary Stroke Program, Diabetes Mellitus Program, Knee Replacement Program and Chronic Kidney Disease Program. The hospital was the first private hospital in Thailand to receive Thai Hospital Accreditation (HA), and the first awarded "Thailand Quality Class" from the Thailand Productivity Institute.

In addition, we have developed network relationships with 36 major hospitals across Thailand as well as international referral offices in many countries to refer complicated cases, providing our Bangkok Bumrungrad Hospital a strong base of referral patients both from within Thailand and abroad. We also opened a satellite clinic in Yangon, Myanmar to treat primary care and health screening cases as well as to support patient care locally both before and following procedures that are done at the Bangkok campus. Additionally, we opened a Physical Therapy clinic in the Sathorn district to better increase access to patients seeking treatment in that area of the city.

## Shortage of professional staff

The hospital business requires a large number of professional personnel including nurses, pharmacists and various technologists, with specific technical expertise and knowledge. A shortage of these professionals is due in part to increasing demand from both the private and public sectors. Given the importance of its international client base, the Company also requires multi-lingual professionals.

In order to minimize risk, the Company offers competitive compensation and benefits for its staff. Bumrungrad Hospital also provides education and training, recreation, staff engagement projects, scholarships and staff welfare activities to all staff members. Through a decentralized management structure, the Company also offers excellent career paths to various categories of staff.

In 2016, the Company continued to contribute to an academic collaboration with St. Louis College's nursing program that will supply top nursing school graduates to Bumrungrad.

## Control Dilution

The Company has two series of convertible bonds: series# 1 - an amount of Baht 300 million with the current conversion price of Baht 4.55 per one ordinary share, and series# 2 - an amount of Baht 250 million with the current conversion price of Baht 3.50 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. Should the bondholders exercise the convertible bonds right, the dilutive impact to existing shareholders and the Company will have 137.36 million additional common shares.

As at 31 December 2016, no convertible bonds have been exercised.

## Legal disputes

The hospital business is subject to litigation risk related to the provision of healthcare services by hospital staff and physicians.

To minimize litigation risk, Bumrungrad International Hospital has implemented a quality management system to ensure that the risk of mistakes by hospital personnel are minimized and corrected. In addition, the hospital has various insurance policies in force against potential litigation.

## THE COMPANY'S MAJOR SHAREHOLDERS

### Major Shareholders

List of the Company's 10 major shareholders as at 31 December 2016 is as follows:

| Shareholder  | Number of shares*  | Shareholding** (%) |
|--|--------------------|--------------------|
| 1. Bangkok Dusit Medical Services PCL.               | 174,850,200        | 23.95              |
| 2. Bangkok Insurance PCL.                            | 106,760,417        | 14.62              |
| 3. UOB KAY HIAN (HONG KONG) LIMITED - Client Account | 60,829,265         | 8.33               |
| 4. Thai NVDR Co., Ltd                                | 46,657,473         | 6.39               |
| 5. Sinsuptawee Asset Management Co., Ltd.            | 36,632,014         | 5.02               |
| 6. Wattanasophonpanich Co., Ltd                      | 26,138,875         | 3.58               |
| 7. Social Security Office                            | 17,135,400         | 2.35               |
| 8. GIC Private Limited                               | 14,350,700         | 1.97               |
| 9. State Street Bank Europe Limited                  | 12,953,938         | 1.77               |
| 10. Chase Nominees Limited                           | 11,117,636         | 1.52               |
| <b>Total</b>   | <b>507,425,918</b> | <b>69.51</b>       |

\* Number of shares includes preferred shares.

\*\* The calculation of holding percentage includes preferred shares.

The Company has shareholders in the top ten major shareholders list who are foreign financial institutions or custodians acting as trust companies or nominee accounts. The Company has no knowledge of the ultimate shareholders of these companies as these shareholders have never nominated their representatives to serve on the Board of Directors nor taken part in the management of the Company.

### Dividend Policy

The Company's dividend policy is as follows:

- When the Company has net profit which can be distributed to shareholders, the preferred shareholders will receive dividends before the ordinary shareholders. In any year that dividends distributed to the preferred shareholders reach 15% of the capital represented by the preferred shares, the balance of the profit shall be distributed to the ordinary shareholders at any amount as determined by the shareholders' meeting.
- In any year that the Company is able to distribute dividends of more than 15% of its capital, the shareholders of both types shall receive the dividends equally.
- For the payment of dividends, the Board of Directors is to follow the resolution of the shareholders' meeting.
- For every dividend payment, the Company shall reserve at least 5% of the profit as appropriated statutory reserve, until the reserve accounts for 10% of the Company's capital.
- Accrued dividends are not entitled to any interest payment.

Subsidiaries' dividend policy is as follows:

- When the company has profit which can be distributed to shareholders, the company is eligible to pay dividends to its shareholders at any amount in accordance with the resolution of shareholders' meeting.
- Accrued dividends are not entitled to any interest payment.

On 28 February 2017, the Board of Directors approved, subject to shareholders' approval in the shareholders' meeting to be held on 26 April 2017, a dividend payment for the year 2016 to preferred and ordinary shareholders at the rate of Baht 2.50 per share, totaling Baht 1,825.13 million, which is a 50.33% pay-out ratio. The Company already paid an interim dividend of Baht 0.95 per share, totaling Baht 693.55 million, on 26 August 2016. The remaining dividend payment of Baht 1.55 per share, amounting to Baht 1,131.58 million, will be paid on 15 May 2017, after the shareholders' approval.

For the year 2015, the Company paid dividend of Baht 2.35 per share, totaling Baht 1,715.62 million, or 49.93% pay-out ratio.

## MANAGEMENT STRUCTURE

The Company has five sets of committees, which are the Company's Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Governing Board of Bumrungrad International Hospital, Bangkok and the Investment Committee. Details of each committee are as follows:

### Board of Directors

The Company's Board of Directors as at 31 December 2016 comprises the following :

|     |                |                 |  |
|-----|----------------|-----------------|--|
| 1.  | Mr. Chai       | Sophonpanich    | Chairman, Chairperson of the Investment Committee  |
| 2.  | Dr. Chanvit    | Tanphiphat, MD  | Vice Chairman, Member of the Nomination and Remuneration Committee                                   |
| 3.  | Mrs. Linda     | Lisahapanya     | Director, Member of Investment Committee and Managing Director                                       |
| 4.  | Dr. Num        | Tanthuwanit, MD | Director, Chief Executive Officer  |
| 5.  | Mr. Chong      | Toh             | Director, Member of the Nomination and Remuneration Committee and Member of the Investment Committee |
| 6.  | Dr. Sinn       | Anuras, MD*     | Director, Group Medical Director   |
| 7.  | Dr. Suvarn     | Valaisathien    | Director, Member of the Investment Committee   |
| 8.  | Ms. Sophavadee | Uttamobol       | Independent Director, Chairperson of the Audit Committee   |
| 9.  | Mr. Soradis    | Vinyaratn       | Independent Director, Member of the Audit Committee  |
| 10. | Mr. Prin       | Chirathivat     | Independent Director, Member of the Audit Committee  |
| 11. | Mrs. Aruni     | Kettratad       | Independent Director, Chairperson of the Nomination and Remuneration Committee                       |

\* Dr. Sinn Anuras, MD ceased to be director of the Company on and from 1 January 2017.

Mr. Banphot Kittikonglert, Company Secretary, is secretary of the Board of Directors.

## Legal Binding of the Company

Any two authorized directors, except Mr. Chong Toh, may jointly sign and affix the Company's seal.

## Term of Directors

At the annual general meeting of shareholders, one-third of the directors shall retire from office. If the number of directors is not a multiple of three, then the number nearest to one-third shall retire from office. Retiring directors shall be those who have served longest in office. Those who retire by rotation are eligible for re-election.

## Duties and Responsibilities of the Board of Directors

The duties and responsibilities of the Board of Directors, which are described in the Board of Directors' Charter, are as follows:

1. To perform duties in accordance with the laws, the Company's objectives and regulations, and resolutions of the shareholders' meeting, in good faith and with care for the best interest of the Company;
2. To establish the Company's vision, directions and strategies, with the aim to maximize long-term shareholders' value;
3. To endorse major strategies and policies, including objectives, business plans, financial targets, operating plans and capital expenditure budgets, as proposed by management; and to monitor and ensure the implementation and follow up on the outcome;
4. To establish the Corporate Governance Manual and the Company's Code of Ethics, and to monitor and ensure communication and implementation of such policies and guidelines, to approve amendments as appropriate and to report in the annual report;
5. To ensure proper systems for corporate accounting, financial reporting and financial auditing; to ensure that the Company has an effective internal control, internal audit and risk management system, which should be reviewed annually, and to assign the internal audit department to independently audit and report on the system;
6. To approve quarterly and annual financial reports; to ensure that they are correct, accurate, credible, in compliance with generally accepted accounting standards and report to shareholders in the annual report;
7. To monitor, supervise and approve, as the case may be, and to ensure transparency in the transactions which are connected transactions and may cause conflict of interest, and to set clear guidelines on the approval and disclosure process of transactions with conflict of interest; and
8. To set and appoint committees as appropriate to help pursue, study in detail, monitor and oversee matters of importance as assigned, and to approve their charters which include their duties and responsibilities and determine their remuneration.

## Audit Committee

The Company's Audit Committee as at 31 December 2016 comprises the following:

- |    |                |             |                                    |
|----|----------------|-------------|------------------------------------|
| 1. | Ms. Sophavadee | Uttamobol   | Chairperson of the Audit Committee |
| 2. | Mr. Soradis    | Vinyaratn   | Member of the Audit Committee      |
| 3. | Mr. Prin       | Chirathivat | Member of the Audit Committee      |

Ms. Oracha Kunajiranut, Director of Corporate Internal Audit, is secretary of the Audit Committee.

The Company's Audit Committee has the experience and knowledge of the Company's financial matters and Ms. Sophavadee Uttamobol is the Chairperson of the Audit Committee member who has the knowledge and experience in reviewing the Company's financial statements.

### Term of the Audit Committee

The term of service on the Audit Committee is 3 years. In case that an Audit Committee member vacates his position before the expiration of his term of service, the Board of Directors shall select a replacement as soon as possible. The replacement will serve only up to the remaining term of the Audit Committee.

### Authorities, Duties and Responsibilities of the Audit Committee

The Board of Directors grants authority to the Audit Committee to fulfil its duties and responsibilities as follows:

1. To engage independent advisers as necessary to carry out its duties to seek independent opinion from any professional counsel when it is deemed necessary at the expense of the Company;
2. To have unrestricted access to management, employees and relevant information;
3. To conduct special investigations where required;
4. To establish procedures in dealing with concerns of employees regarding accounting, internal controls or auditing matters;
5. To establish procedures for receiving, keeping and managing complaints received by the Company regarding finance, internal controls or auditing matters;
6. To have direct responsibilities on consideration of the remuneration and the selection and nomination of the independent auditor;
7. To approve fees and terms and conditions of audit-related work and to review the provision of non-audit services by the external auditor (and, when required, the framework for pre-approval of such services);
8. To approve expenses incurred to fulfil Audit Committee's duties; and
9. To promote and support the organizational independence of the internal audit activity by:
  - i. Approving the internal audit charter;
  - ii. Approving the risk based internal audit plan;
  - iii. Approving the internal audit budget and resource plan;
  - iv. Receiving communications from head of corporate internal audit on the internal audit activity's performance relative to the plan and other matters, including private meetings with head of corporate internal audit without management present, as well as annual confirmation of the internal audit activity's organizational independence;
  - v. Approving all decisions regarding the performance evaluation, appointment and removal of head of corporate internal audit;

- vi. Approving the remuneration, including the annual compensation and salary adjustment, of head of corporate internal audit; and
- vii. Making appropriate inquiries of management and head of corporate internal audit to determine whether there are inappropriate scope or resource limitations that impede the ability of the internal audit activity to execute its responsibilities.

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee as at 31 December 2016 comprises the following:

- |    |                            |  |
|----|----------------------------|--|
| 1. | Mrs. Aruni Kettratad       | Chairperson of the Nomination and Remuneration Committee |
| 2. | Dr. Chanvit Tanphiphat, MD | Member of the Nomination and Remuneration Committee      |
| 3. | Mr. Chong Toh              | Member of the Nomination and Remuneration Committee      |

Mr. Banphot Kittikinglert, Company Secretary, is the secretary of the Nomination and Remuneration Committee.

### Term of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has a term of three years. Members of the Nomination and Remuneration Committee may be re-elected upon expiration of the term.

### Duties and Responsibilities of the Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee, in accordance with Nomination and Remuneration Committee's Charter, are as follows:

#### a) Nomination

1. To consider the appropriate size, composition and term of the Board of Directors;
2. To consider and recommend whether there should be a retirement age for directors, and to recommend to the Board of Directors the directors' retirement age;
3. To formulate and review qualifications of directors and members of the Committees;
4. To propose and review candidates for the director position in case of vacancies or for any other reasons, including collecting a list of candidates nominated by shareholders, to be approved by the Board of Directors and/or Shareholders' Meeting as the case may be; and
5. To consider and propose qualified directors to be a member of a Committee when there is a vacancy.

#### b) Remuneration

1. To determine the procedures and criteria for fair and reasonable compensation for directors and Committee members;
2. To recommend remuneration for directors and Committee members, including remuneration of the Nomination and Remuneration Committee members, to the Board of Directors and/or Shareholders' Meeting, as the case may be; and
3. To implement a process for assessing the performance of the Board of Directors and Committees, including proposing their Performance Evaluation Form.

#### c) To perform other duties relevant to the Nomination and Remuneration Committee as may be assigned by the Board.



## Governing Board of Bumrungrad International Hospital, Bangkok

The Governing Board of Bumrungrad International Hospital, Bangkok as at 31 December 2016, comprises the following:

|     |                                 |                       |
|-----|---------------------------------|-----------------------|
| 1.  | Dr. Visuit Vivekaphirat, MD     | Chairman              |
| 2.  | Dr. Num Tanthuanit, MD          | Secretary, Ex officio |
| 3.  | Dr. Chanvit Tanphiphat, MD      | Member                |
| 4.  | Dr. Somsak Chaovitsaree, MD     | Member                |
| 5.  | Dr. Oradee Chandavas, MD        | Member                |
| 6.  | Dr. Roekchai Tulyapronchote, MD | Member                |
| 7.  | Dr. Rujapong Sukhabote, MD      | Member                |
| 8.  | Dr. Sira Sooparb, MD            | Member                |
| 9.  | Dr. Winyou Ratanachai, MD       | Member                |
| 10. | Ms. Sophavadee Uttamobol        | Member                |
| 11. | Dr. Sinn Anuras, MD*            | Ex officio            |
| 12. | Mrs. Artirat Charukitpipat      | Ex officio            |
| 13. | Ms. Jiraporn Lekdumrongsak      | Ex officio            |
| 14. | Ms. Oraphan Buamuang            | Ex officio            |
| 15. | Ms. Varanya Seupsuk             | Ex officio            |
| 16. | Dr. Sasithorn Rungbanapan, MD   | Ex officio            |

\* Dr.Sinn Anuras, MD ceased to be member of the Governing Board of Bumrungrad International Hospital on and from 1 January 2017.

### Term of the Governing Board

The Governing Board has a term of two years. Members of the Governing Board may be re-elected upon expiration of the term.

### Duties and Responsibilities of the Governing Board

The Governing Board has the objective to recommend and implement the Hospital Policy, promote patient safety and performance improvement, provide quality patient care and provide for organizational management and planning of the hospital. The Governing Board has the scope of duties and responsibilities in accordance with Governing Board Bylaws, Rules and Regulations of Bumrungrad International Hospital, Bangkok as follows:

1. To organize physicians and other practitioners granted clinical privileges at the Hospital into a medical staff under Professional Staff Bylaws, Rules and Regulations approved by the Governing Board;
2. To appoint and reappoint Medical Staff members and assign clinical privileges in accordance with Professional Staff Bylaws, Rules and Regulations;
3. To establish and amend, together with the Medical Staff, and approve Professional Staff Bylaws, Rules and Regulations which set forth its organization and governance; and
4. To assign to the Medical Staff reasonable authority to ensure appropriate professional care to Hospital patients, including to direct that all reasonable and necessary steps be taken by the Medical Staff and Hospital administration for meeting JCI and HA accreditation standards and complying with applicable laws and regulations.

## Investment Committee

The Company's Investment Committee as at 31 December 2016 comprises the following:

- |    |            |              |                                      |
|----|------------|--------------|--------------------------------------|
| 1. | Mr. Chai   | Sophonpanich | Chairman of the Investment Committee |
| 2. | Mrs. Linda | Lisahapanya  | Member of the Investment Committee   |
| 3. | Mr. Chong  | Toh          | Member of the Investment Committee   |
| 4. | Dr. Suvarn | Valaisathien | Member of the Investment Committee   |

### Term of the Investment Committee

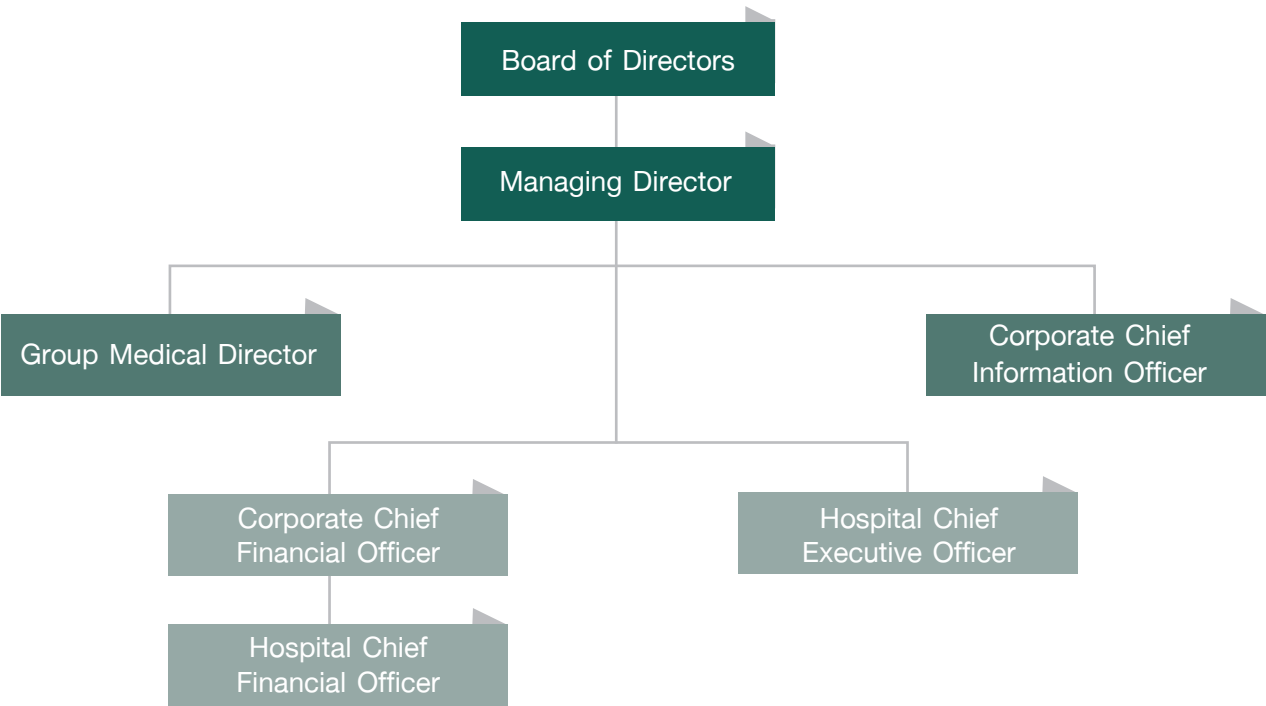
The Investment Committee has a term of three years. Members of the Investment Committee may be re-elected upon expiration of the term.

### Duties and Responsibilities of the Investment Committee

The duties and responsibilities of the Investment Committee, in accordance with Investment Committee's Charter, are as follows:

1. To consider investment opportunities, their appropriateness and feasibilities, and investment structure of each investment project. Investment projects include the Company's annual capital expenditure, expansion and renovation of the Bangkok hospital facilities, investment and / or joint-venture, by the Company, subsidiary or affiliate, in new project, business or company both within Thailand or abroad;
2. To consider financial status of the Company in order to evaluate the Company's investment capacity;
3. To recommend investment projects which have been considered by the Investment Committee to the Board of Directors for approval;
4. To monitor result of an investment made by the Company in terms of its performance and to consider any action necessary to minimize the Company's risks from investment; and
5. To perform other duties relevant to the Investment Committee as may be assigned by the Board of Directors.

### Organization Chart



**The Company's Management as at 31 December 2016 consists of the following:**

- |    |             |                 |                                     |
|----|-------------|-----------------|-------------------------------------|
| 1. | Mrs. Linda  | Lisahapanya     | Managing Director                   |
| 2. | Dr. Sinn    | Anuras, MD*     | Group Medical Director              |
| 3. | Mr. Dickon  | Smart-Gill      | Corporate Chief Information Officer |
| 4. | Mr. Kenneth | Love            | Corporate Chief Financial Officer   |
| 5. | Dr. Num     | Tanthuwanit, MD | Hospital Chief Executive Officer    |
| 6. | Ms. Oraphan | Buamuang**      | Hospital Chief Financial Officer    |

\* Dr. Sinn Anuras, MD ceased to be Company's management on and from 1 January 2017.

\*\* Ms. Oraphan Buamuang has been appointed on 1 May 2016.

**Management's authority to approve the capital expenditure**

The Managing Director is the highest-ranking corporate executive of management authorized by the Board of Directors to approve for all budgeted capital expenditure or project up to Baht 40 million per capital expenditure or projects up to Bath 40 million per capital expenditure or project.

## ATTACHMENT 1 DETAILS OF DIRECTORS, MANAGEMENT AND CONTROLLING PARTIES

### Director

| Name / Position   | Age | Education  | Shareholding*<br>(%) | Family Relationship<br>between Management   | Work Experience   |
|---|-----|--|----------------------|---|---|
| 1. Mr. Chai Sophonpanich<br>Chairman of the Board of<br>Directors<br>Chairman of the Investment<br>Committee              | 74  | <ul style="list-style-type: none"> <li>- Bachelor of Science, University of Colorado, USA</li> <li>- Advanced Management Program, The Wharton School, University of Pennsylvania, USA</li> <li>- The Joint State - Private Sectors Course, Class 6, The National Defense College of Thailand</li> <li>- Director Certification Program, Class 16/2002, Thai Institute of Directors</li> <li>- Chairman 2000, Class 10/2004, Thai Institute of Directors</li> </ul> | 1.533                | <ul style="list-style-type: none"> <li>- Spouse of Mrs. Linda Lisahapanya's sister</li> <li>- Father of Mr. Chong Toh's spouse</li> </ul> | <ul style="list-style-type: none"> <li>- 2010 - 2015<br/>Chairman and Chief Executive Officer, Bangkok Insurance PCL.</li> <li>- 1988 – Present<br/>Chairman, Furukawa Metal (Thailand) PCL.</li> <li>- 1986 – Present<br/>Chairman, Charoong Thai Wire &amp; Cable PCL.</li> <li>- 1978 – Present<br/>Chairman, Bangkok Insurance PCL.</li> <li>- 1968 – Present<br/>Director, Bangkok Life Insurance Co.,Ltd.</li> <li>- 1968 – Present<br/>Vice Chairman, Thai Reinsurance PCL.</li> </ul> |
| 2. Dr. Chanvit Tanphiphat, MD<br>Chairman of the Board of<br>Directors<br>Nomination and Remuneration<br>Committee Member | 73  | <ul style="list-style-type: none"> <li>- MB ChB (Bachelor of Medicine and Bachelor of Surgery), Leeds University, United Kingdom</li> <li>- FRCS (Fellowship of the Royal College of Surgeons of Edinburgh), United Kingdom</li> </ul>   | 0.065                | -   | <ul style="list-style-type: none"> <li>- Professor Emeritus, Department of Surgery, Faculty of Medicine, Chulalongkorn University</li> </ul>  |
| 3. Mrs. Linda Lisahapanya<br>Managing Director<br>Investment Committee Member   | 64  | <ul style="list-style-type: none"> <li>- Master of Finance, University of Illinois, USA</li> <li>- Director Certification Program, Class 78/2006, Thai Institute of Directors</li> </ul>   | 0.008                | - Sister of Mr. Chai Sophonpanich's spouse  | <ul style="list-style-type: none"> <li>- Managing Director, Bumrungrad Hospital PCL.</li> </ul>   |
| 4. Dr. Sinn Anuras, MD**<br>Director  | 75  | <ul style="list-style-type: none"> <li>- Doctor of Medicine, Chulalongkorn University</li> <li>- Board Certifications:<br/>- American Board of Internal Medicine</li> <li>- American Board of Gastroenterology</li> </ul>  | -                    | -   | <ul style="list-style-type: none"> <li>- 1987 – 1994<br/>Professor and Vice Chairperson of Medical Affairs, University Medical Center, Lubbock, Texas, USA</li> </ul>   |

\* Shareholding as at 31 December 2016, including both preferred and ordinary shares, and shares held by spouse and minors.

\*\* Dr. Sinn Anuras, MD ceased to be director of the Company on and from 1 January 2017.

| Name / Position  | Age | Education   | Shareholding* (%) | Family Relationship between Management       | Work Experience  |
|--|-----|---|-------------------|--|--|
| 5. Mr. Chong Toh<br>Director<br>Investment Committee Member<br>Nomination and Remuneration<br>Committee Member | 48  | <ul style="list-style-type: none"> <li>- Master of Science in Management, Massachusetts Institute of Technology, USA</li> <li>- Bachelor of Arts in Philosophy, Politics and Economics, Oxford University, United Kingdom</li> <li>- Director Accreditation Program, Class 54/2006, Thai Institute of Directors</li> </ul>  | 0.235             | - Spouse of Mr. Chai Sophonpanich's daughter | <ul style="list-style-type: none"> <li>- 2005 – Present<br/>Executive Vice President, International Banking Group, Bangkok Bank PCL.</li> <li>- 2005 – Present<br/>Executive Chairman, Bualuang Securities PCL.</li> <li>- 2001 – Present<br/>Director, Bualuang Securities PCL.</li> <li>- 2000 – Present<br/>Director, Asia Cement PCL.</li> <li>- 2001 – 2005<br/>President, Bualuang Securities PCL.</li> <li>- 1999 – 2005<br/>Director, Bualuang Finance Co., Ltd.</li> <li>- 2000 – 2001<br/>President, Bualuang Finance Co., Ltd.</li> </ul>                                 |
| 6. Dr. Num Tanthuwanit, MD<br>Director   | 43  | <ul style="list-style-type: none"> <li>- Master of Science in Management Stanford University</li> <li>- M.D., Faculty of Medicine, The University of Melbourne, Australia</li> <li>- Fellow of The Australasian Faculty of Rehabilitation Medicine, The Royal Australasian College of Physicians, Australia</li> <li>- Diploma of Thai board of Physical Medicine and Rehabilitation</li> <li>- Special Clinical Trainings: Clinical Exercise Specialist, American College of Sport Medicine and Cardiac Rehabilitation, USA</li> </ul> | 0.046             | - Spouse of Mr. Chai Sophonpanich's daughter | <ul style="list-style-type: none"> <li>- 2014 – present<br/>Chief Executive Officer, Bumrungrad Hospital PCL.</li> <li>- 2012 – 2014<br/>Medical Director, Bumrungrad Hospital PCL.</li> <li>- 2011 – 2012<br/>Associated Medical Director, Bumrungrad Hospital PCL.</li> <li>- 2009 – 2011<br/>General and Rehabilitation Physician, Bumrungrad Hospital PCL.</li> <li>- 2006 – 2009<br/>General and Rehabilitation Physician, Chandarubeksa Hospital, Kampaengsan Royal Thai Air Force Base.</li> <li>- 1997 – 2006<br/>Consultant Physician in Rehabilitation Medicine</li> </ul> |

\* Shareholding as at 31 December 2016, including both preferred and ordinary shares, and shares held by spouse and minors.

| Name / Position   | Age | Education   | Shareholding*<br>(%) | Family Relationship<br>between Management | Work Experience   |
|---|-----|---|----------------------|---|---|
| 7. Dr. Suvarn Valaisathien<br>Director<br>Investment Committee Member                 | 71  | <ul style="list-style-type: none"> <li>- Ph.D. in Law, Gorge Washington University</li> <li>- LL.M, Harvard University</li> <li>- Barrister, Thai Bar Association</li> <li>- First honored LLB, Chulalongkorn University</li> </ul>   | 0.006                | -   | <ul style="list-style-type: none"> <li>- 2005 - present<br/>Chairman of SVI PCL.</li> <li>- 2004 - present<br/>Chairman of Saver Club</li> <li>- 2002 - present<br/>Executive Director of Berli Jucker PCL.</li> <li>- 2002 - present<br/>Legal consultant</li> <li>- 2000 - 2002<br/>Deputy Minister, Ministry of Commerce</li> <li>- 1981- 2000<br/>Legal Consultant for various companies</li> <li>- 1979<br/>Vice Governor, Petroleum Authority of Thailand</li> <li>- 1976<br/>Legal Consultant, The World Bank, Washington, D.C.</li> <li>- 1974<br/>Head of Taxes Division, S.G.V.-Na Thalang</li> <li>- 1971<br/>Lawyer, Hale and Dorr, Boston USA</li> </ul> |
| 8. Ms. Sophavadee Uttamabol<br>Independent Director<br>Chairperson of Audit Committee | 56  | <ul style="list-style-type: none"> <li>- Master of Business Administration, Chulalongkorn University</li> <li>- Director Accreditation Program, Class 5/2003, Thai Institute of Directors</li> <li>- Audit Committee Program, Class 2/2004, Thai Institute of Directors</li> <li>- Role of Chairman Program Class 14/2006, Thai Institute of Directors</li> </ul> | -                    | -   | <ul style="list-style-type: none"> <li>- 2001 - Present<br/>Director, S&amp;P Syndicate PCL.</li> <li>- 1991 - Present<br/>Legal Consultant, Damrongtham Law Office</li> </ul>  |

\* Shareholding as at 31 December 2016, including both preferred and ordinary shares, and shares held by spouse and minors.

| Name / Position  | Age | Education  | Shareholding* (%) | Family Relationship between Management | Work Experience   |
|--|-----|--|-------------------|--|---|
| 9. Mr. Prin Chirathivat<br>Independent Director<br>Audit Committee Member                                | 54  | <ul style="list-style-type: none"> <li>- MBA, Sasin Graduate Institute of Business Administration, Chulalongkorn University</li> <li>- B.S. (Accounting), Skidmore College, New York, U.S.A.</li> <li>- Director Certification Program, 2000, Thai Institute of Directors</li> <li>- Director Accreditation Program, 2005, Thai Institute of Directors</li> <li>- Audit Committee Program, 2005, Thai Institute of Directors</li> <li>- The Role of Chairman, 2005, Thai Institute of Directors</li> <li>- Chief Financial Officer, 2006</li> <li>- Monitoring the System of Internal Control and Risk Management, 2007</li> <li>- Monitoring the Internal Audit Function, 2007</li> <li>- Monitoring Fraud Risk Management, 2009</li> <li>- Monitoring of the Quality of Financial Reporting, 2009</li> </ul> | 0.003             | -                                      | <ul style="list-style-type: none"> <li>- Director/ Executive Director, Central Pattana PCL.</li> <li>- Director/ Executive Director, Central Plaza Hotel PCL.</li> <li>- Chairman of the Audit Committee and Director, Bualuang Securities PCL.</li> <li>- Executive Director, Central Group of Companies</li> <li>- Director/ Executive Director, Central Retail Corporation Co., Ltd.</li> <li>- Member of Board University Affairs, Chiangrai Rajabhat University</li> <li>- Consultant, Market for Alternative Investment (MAI)</li> <li>- Director, General Card Services Co.,Ltd.</li> <li>- Director, Indhra Insurance PCL.</li> <li>- Director, Dhanamitr Factoring PCL.</li> <li>- Director, Malee Sampran PCL.</li> </ul> |
| 10. Mr. Soradis Vinyaratn<br>Independent Director<br>Audit Committee Member                              | 76  | <ul style="list-style-type: none"> <li>- Bank Management, City of London College of Banking, London, United Kingdom</li> <li>- Director Accreditation Program, Class CP/2005, Thai Institute of Directors</li> </ul>   | 0.056             | -                                      | <ul style="list-style-type: none"> <li>- 2010 – Present<br/>Independent Director Dusti Thani PCL.</li> <li>- 1982 – 2001<br/>Vice Chairperson, Landmark Hotel Group</li> <li>- 1957 – 1990<br/>Executive Vice President, Bangkok Bank PCL.</li> </ul>   |
| 11. Mrs. Aruni Kettratad<br>Independent Director<br>Chairperson of Nomination and Remuneration Committee | 69  | <ul style="list-style-type: none"> <li>- Master of Business Administration, University of Portland, Oregon, USA</li> <li>- Role of the Nomination and Governance Committee (RNG), 2011, IOD Training</li> <li>- Director Accreditation Program (DAP), 2011, IOD Training</li> <li>- Role of the Compensation Committee (RCC), 2013, IOD Training</li> </ul>  | -                 | -                                      | <ul style="list-style-type: none"> <li>- 2009 – Present<br/>Managing Director, AA Talent Recruitment Co., Ltd.</li> <li>- 2006 – 2008<br/>Freelance consultant in HR management services</li> <li>- 1987 – 2005<br/>Partner-in-Charge, Recruitment &amp; Human Resources Consulting Department, Ernst &amp; Young, Thailand</li> </ul>  |

\* Shareholding as at 31 December 2016, including both preferred and ordinary shares, and shares held by spouse and minors.

## MANAGEMENT

| Name / Position  | Age | Education  | Shareholding*<br>(%) | Family Relationship<br>between Management     | Work Experience  |
|--|-----|--|----------------------|---|--|
| 1. Mrs. Linda Lisahapanya<br>Managing Director                     | 64  | - Master of Finance, University of Illinois, USA<br>- Director Certification Program, Class 78/2006,<br>Thai Institute of Directors                        | 0.008                | - Sister of Mr. Chai<br>Sophonpanich's spouse | - Managing Director, Bumrungrad Hospital PCL.  |
| 2. Dr. Sinn Anuras, MD**<br>Group Medical Director                 | 75  | - Doctor of Medicine, Chulalongkorn University<br>- Board Certifications:<br>- American Board of Internal Medicine<br>- American Board of Gastroenterology | -                    | -   | - 1987 – 1994<br>Professor and Vice Chairperson<br>of Medical Affairs, University Medical Center,<br>Lubbock, Texas, USA   |
| 3. Mr. Dickon Smart-Gill<br>Corporate Chief Information<br>Officer | 43  | - Bachelors of Science in Computation,<br>University of Manchester (UMIST), England  | -                    | -   | - 2013 - Present<br>Corporate Chief Information Officer, Bumrungrad<br>Hospital PCL.<br>- 2011 – 2013<br>Cofounder, Clouded Minds Ltd.<br>- 2008 – 2011<br>Principal Solutions Architect, Microsoft<br>Corporation<br>- 2008<br>Solutions Manager, Microsoft Corporation<br>- 2005 - 2007<br>Cofounder and COO, Global Care Solutions  |
| 4. Mr. Kenneth Love<br>Corporate Chief Financial Officer           | 67  | - Bachelor of Science in Commerce and<br>Accounting, Bellarmine University in Kentucky<br>- US- Certified Public Accountant in 1980.                       | -                    | -   | - 35 plus years' healthcare experience:<br>- May 2013 – Present<br>Corporate Chief Financial Officer, Bumrungrad<br>Hospital PCL<br>- Jan 2012 – Apr 2013<br>Acting Chief Financial Officer, Bumrungrad<br>Hospital PCL<br>- 2011<br>Acting Chief Financial Officer, Mafrag Hospital,<br>Abu Dhabi<br>- Aug 2008 – May 2013<br>Chief Financial Officer, Bumrungrad International<br>Limited<br>- Prior to Bumrungrad International Limited<br>Senior Vice President, Financial Operations, Tenet<br>Healthcare Corporation, Santa Barbara,<br>California, USA. |

\* Shareholding as at 31 December 2016, including both preferred and ordinary shares, and shares held by spouse and minors.

\*\* Dr. Sinn Anuras, MD ceased to be management of the Company on and from 1 January 2017.



| Name / Position   | Age | Education   | Shareholding* (%) | Family Relationship between Management       | Work Experience   |
|---|-----|---|-------------------|--|---|
| 5. Dr. Num Tanthuwani, MD<br>Hospital Chief Executive officer | 43  | <ul style="list-style-type: none"> <li>- Master of Science in Management Stanford University</li> <li>- M.D., Faculty of Medicine, The University of Melbourne, Australia</li> <li>- Fellow of The Australasian Faculty of Rehabilitation Medicine, The Royal Australasian College of Physicians, Australia</li> <li>- Diploma of Thai board of Physical Medicine and Rehabilitation</li> <li>- Special Clinical Trainings: Clinical Exercise Specialist, American College of Sport Medicine and Cardiac Rehabilitation, USA</li> </ul> | 0.046             | - Spouse of Mr. Chai Sophonpanich's daughter | <ul style="list-style-type: none"> <li>- 2014 – present<br/>Chief Executive Officer, Bumrungrad Hospital PCL.</li> <li>- 2012 – 2014<br/>Medical Director, Bumrungrad Hospital PCL.</li> <li>- 2011 – 2012<br/>Associated Medical Director, Bumrungrad Hospital PCL.</li> <li>- 2009 – 2011<br/>General and Rehabilitation Physician, Bumrungrad Hospital PCL.</li> <li>- 2006 - 2009<br/>General and Rehabilitation Physician, Chandarubeksa Hospital, Kampaengsan Royal Thai Air Force Base.</li> <li>- 1997 - 2006<br/>Consultant Physician in Rehabilitation Medicine,</li> </ul> |
| 6. Ms. Oraphan Buamuang<br>Hospital Chief Financial Officer   | 43  | <ul style="list-style-type: none"> <li>- MBA major in Finance and International business Thammasat Universit</li> <li>- Bachelor Degree in Financial Accounting The University of Thai Chamber of Commerce</li> <li>- Certificate in Strategic Investment for Optimal Return Rangsit University</li> <li>- Thai – Certified Public Accountant (CPA)</li> </ul>  | -                 | -  | <ul style="list-style-type: none"> <li>- May 2016 – Present<br/>Hospital Chief Financial Officer Bumrungrad Hospital Public Co., Ltd.</li> <li>- Jan 2010 – April 2016<br/>Financial Investment Consultant Bumrungrad Hospital Public Co., Ltd.</li> <li>- Mar 2004 – Dec 2009<br/>Associate Director, Planning &amp; Investment Bumrungrad International Limited</li> <li>- Nov 1999 – Feb 2004<br/>Financial Analyst Bumrungrad Hospital Public Co., Ltd.</li> <li>- Sep 1996 – Aug 1999<br/>Senior Auditor KPMG Audit (Thailand) Co., Ltd.</li> </ul>                              |

\* Shareholding as at 31 December 2016, including both preferred and ordinary shares, and shares held by spouse and minors.

DETAIL OF DIRECTORS OF SUBSIDIARIES AND ASSOCIATED COMPANY  
(AS OF 31 DECEMBER 2016)

| Companies                         |   | Subsidiaries |     |     |    |     |       |     |     |    |     |     | Associated company |   |
|-----------------------------------|---|--------------|-----|-----|----|-----|-------|-----|-----|----|-----|-----|--------------------|---|
|                                   |   | VTL          | AGH | AGR | RM | LLL | BPDTC | BHN | HHE | BS | BML | SST |                    |   |
| Directors                         |   |              |     |     |    |     |       |     |     |    |     |     |                    |   |
| 1. Mr. Chai Sophonpanich          | X |              |     |     |    |     |       |     |     |    |     |     |                    |   |
| 2. Mrs. Linda Lisahapanya         | / | X            | X   |     | /  |     |       | /   | /   | /  |     |     | /                  | / |
| 3. Dr. Sinn Anuras, MD*           |   |              | /   |     |    |     |       |     |     |    |     |     |                    |   |
| 4. Dr. Num Tanthuwanit, MD        |   |              |     |     | /  | /   | /     |     | /   |    |     |     |                    |   |
| 5. Dr. Pansak Sukraoek            | / |              |     |     |    |     |       |     |     |    |     |     |                    |   |
| 6. Dr. Bernard Charnwut Chan      |   |              |     |     |    |     |       | /   |     |    | /   |     | /                  | / |
| 7. Mr. Daniel Gillespie           |   |              |     |     |    |     |       |     |     |    |     |     | /                  | / |
| 8. Dr. Jennifer Lee, MD           |   |              |     |     |    |     |       |     |     |    |     |     | /                  | / |
| 9. Mr. Yanchai Tantiratapong      |   |              |     |     |    |     |       |     |     |    |     |     | /                  | / |
| 10. Ms. Varanya Seupsuk           |   |              |     | /   |    |     |       |     |     |    |     |     |                    |   |
| 11. Mr. Kittiphan Leepipatanawith |   | /            |     | /   |    |     |       |     |     |    |     |     |                    |   |
| 12. Mrs. Artirat Charukitpipat    |   |              |     |     | /  | /   | /     | /   | /   |    |     |     |                    |   |
| 13. Dr. Sudarshan Narasimhan      |   |              |     |     |    |     |       |     |     |    |     | /   |                    |   |
| 14. Dr. Narintara Boonjongcharoen |   |              |     |     |    |     |       |     |     | /  | /   |     |                    |   |
| 15. Dr. Boldsaikhan Bundan        |   |              |     |     |    |     |       |     |     |    | /   |     |                    |   |
| 16. Mr. Lim Seng Bee              |   |              |     |     |    |     |       | /   |     |    |     |     |                    |   |
| 17. Mr. U Mo Ye Kyaw              |   |              |     |     |    |     |       |     |     |    |     |     | /                  | / |
| 18. Dr. Thanakrit Chintavorn, MD  |   |              |     |     |    |     | /     |     |     |    |     |     |                    |   |

Notes:

1. / = Director

X = Chairman

// = Management
2. Bumrungrad Hospital Public Co., Ltd.

= BHPCL
3. Vitalife Corporate Limited

= VTL
4. Asia Global Health Co., Ltd.

= AGH
5. Asia Global Research Co., Ltd.

= AGR
6. Ruenmongkol Co., Ltd.

= RM
7. Life and Longevity Co., Ltd.

= LLL
8. Bumrungrad Personnel Development and Training Center Co., Ltd.

= BPDT
9. Bumrungrad Health Network Co., Ltd.

= BHN
10. Health Horizons Enterprises Pte. Ltd.

= HHE
11. Bumrungrad Services Co., Ltd.

= BS
12. Bumrungrad Mongolia LLC.

= BML
13. Soul Senior Tower LLC.

= SST
14. Bumrungrad Mynmar Co., Ltd.

= BM
15. Bumrungrad International Limited

= BIL

\* Dr. Sinn Anuras, MD ceased to be director of AGR on and from 1 February 2017

## Election of Directors and Management

The Nomination and Remuneration Committee has the responsibility to select and nominate candidates to replace directors and members of committees whose terms have expired or for any other reasons, including to consider candidates proposed by shareholders, and to propose to the Board of Directors to approve or to recommend to shareholders' meetings of such appointment. The Nomination and Remuneration Committee is responsible for considering qualifications of candidates, taking into account their knowledge, abilities, experience which will be beneficial to the Company, their leadership skills, visions, ethical values, and their independence in making professional decisions and for ensuring that the candidates possess the qualifications as stipulated in the Board of Directors' Charter.

The process for electing directors in a shareholders' meeting is in accordance with the following rules and principles:

1. Each shareholder has one vote for one share.
2. The election of directors may be either by voting for each individual director, or by voting for a group of directors, whichever way the shareholders' meeting deems appropriate. For each resolution, each shareholder must exercise all of his/her votes for one individual director or for one group of directors. Votes by each shareholder may not be split between any directors or any groups of directors.
3. The election passes with the majority of the votes. If the number of votes is equal, the chairperson of the meeting has the final vote.

The process for selection of independent directors is the same as that of directors and management.

### Qualifications of independent directors are as follows:

1. Holds shares not more than one percent of total shares with voting right of the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, inclusive of the shares held by related persons of such independent director.
2. Is not an executive director, employee, staff, advisor with salary, or controlling person of the Company, the Company's parent company, subsidiary company, associate company, subsidiary company of the same level, major shareholder or controlling person (at present and two years prior to the appointment).
3. Is not related, whether by blood or legal registration as father, mother, spouse, sibling and child, including spouse of children, with the management, major shareholder, controlling person or those who will be nominated as management or controlling person of the Company or subsidiary.
4. Does not have business relationship with the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither is a significant shareholder or controlling person of any person having a business relationship with the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person (at present and two years prior to the appointment), with details as per rules and regulations of the Securities and Exchange Commission, Thailand.
5. Is not an auditor of the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, and is not a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, the Company's parent company, subsidiary company,

associate company, major shareholder or controlling person (at present and two years prior to the appointment).

6. Is not a provider of any professional services including as legal advisor or financial advisor who receives service fees exceeding Baht two million per year from the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, and is not a significant shareholder, controlling person or partner of the provider of professional services (at present and two years prior to the appointment).
7. Is not a director appointed as a representative of the Company's director, major shareholder, or shareholder who is related to major shareholder.
8. Does not undertake any business in the same nature and in competition to the business of the Company or the Company's subsidiary company, or is not a significant partner in a partnership nor an executive director, employee, staff, advisor with salary or holding shares exceeding one percent of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.
9. Does not possess any other characteristics that deter the ability to express independent opinions with regards to the Company's business operations.

## Remuneration of Directors, Committees and Management

### Directors' Remuneration and Committees' Remuneration

| Name                          | Board of Directors |                     |                      |                      |                   | Audit Committee    |                      | Nomination and Remuneration Committee |                      | Total Remuneration |
|-------------------------------|--------------------|---------------------|----------------------|----------------------|-------------------|--------------------|----------------------|---------------------------------------|----------------------|--------------------|
|                               | Number of Meetings | Annual Remuneration | Special Remuneration | Meeting Remuneration | Total             | Number of Meetings | Meeting Remuneration | Number of Meetings                    | Meeting Remuneration |                    |
| 1. Mr. Chai Sophonpanich      | 4/4                | 1,400,000           | 700,000              | 200,000              | 2,300,000         |                    |                      |                                       |                      | 2,300,000          |
| 2. Dr. Charvit Tanphiphat, MD | 3/4                | 1,040,000           | 520,000              | 120,000              | 1,680,000         |                    |                      | 1/1                                   | 30,000               | 1,710,000          |
| 3. Mrs. Linda Lisahapanya     | 4/4                | 900,000             | 450,000              | 120,000              | 1,470,000         |                    |                      |                                       |                      | 1,470,000          |
| 4. Dr. Num Tanthuanit, MD     | 4/4                | 900,000             | 450,000              | 120,000              | 1,470,000         |                    |                      |                                       |                      | 1,470,000          |
| 5. Mr. Chong Toh              | 3/4                | 900,000             | 450,000              | 90,000               | 1,440,000         |                    |                      | 1/1                                   | 30,000               | 1,470,000          |
| 6. Dr. Sinn Anuras, MD*       | 4/4                | 900,000             | 450,000              | 120,000              | 1,470,000         |                    |                      |                                       |                      | 1,470,000          |
| 7. Dr. Suvarn Valaisathien    | 4/4                | 900,000             | 450,000              | 120,000              | 1,470,000         |                    |                      |                                       |                      | 1,470,000          |
| 8. Ms. Sophavadee Uttamobol   | 4/4                | 900,000             | 450,000              | 120,000              | 1,470,000         | 4/4                | 200,000              |                                       |                      | 1,670,000          |
| 9. Mr. Soradis Vinyaratn      | 4/4                | 900,000             | 450,000              | 120,000              | 1,470,000         | 4/4                | 120,000              |                                       |                      | 1,590,000          |
| 10. Mr. Prin Chirathivat      | 3/4                | 900,000             | 450,000              | 90,000               | 1,440,000         | 3/4                | 90,000               |                                       |                      | 1,530,000          |
| 11. Mrs. Aruni Kettratad      | 4/4                | 900,000             | 450,000              | 120,000              | 1,470,000         |                    |                      | 1/1                                   | 50,000               | 1,520,000          |
| <b>Total</b>                  |                    | <b>10,540,000</b>   | <b>5,270,000</b>     | <b>1,340,000</b>     | <b>17,150,000</b> |                    | <b>410,000</b>       |                                       | <b>110,000</b>       | <b>17,670,000</b>  |

\* Dr Sinn Anuras, MD ceased to be director of the Company on and from 1 January 2017

Remuneration of Directors, the Audit Committee and the Nomination and Remuneration Committee for the year ended 31 December 2016 for 11 directors are as follows:

In 2016, the Investment Committee held 2 meetings. Total remuneration of Baht 0.34 million was paid to the members of the Investment Committee.

In 2016, the Governing Board held 4 meetings. Total remuneration of Baht 0.54 million was paid to the members of the Governing Board.

Directors' remuneration represents the benefits paid to the Company's directors exclusive of salaries and related benefits payable to the management. The above remunerations have been approved by the shareholders.

## Management's Remuneration

In 2016, the total remuneration of 10 executive positions of the Company and its subsidiaries amounted to Baht 118.1 million. The Company and its subsidiaries had employee benefit expense payable to their directors and management as follows:

|                              |             |                       |                |
|------------------------------|-------------|-----------------------|----------------|
| Short-term employee benefits | Baht        | 112.608               | million        |
| Long-term employee benefits  | Baht        | 5.465                 | million        |
| Termination benefits         | Baht        | <u>0.003</u>          | million        |
| <b>Total</b>                 | <b>Baht</b> | <b><u>118.076</u></b> | <b>million</b> |



# CORPORATE

Governance

## CORPORATE GOVERNANCE

The Company realizes the importance of good corporate governance, and is committed to follow the Principles of Good Governance Guidelines in order to manage its business with transparency, to build confidence for all stakeholders and to compete efficiently at the international level. The Company therefore would like to report the following:

### 1. The Rights of Shareholders

The Company acknowledges the importance of all shareholders' rights, including major and minority shareholders. Shareholders' rights include basic rights as investors and as owners of the Company, such as rights to buy, sell, transfer their shares; rights to receive dividends from the Company; rights in shareholders' meetings; rights to receive comprehensive, sufficient and timely news and information through easily accessible channels; rights to express their opinions; rights to participate in making decisions on important issues, such as election of directors, approval of important transactions that affect the direction of the business and operation of the Company, amendment of memorandum of association and articles of association of the Company. In 2016, the Company has implemented the following to encourage and facilitate the exercise of shareholders' rights in the annual general meeting of shareholders:

1. The Company gives shareholders the right to propose important and appropriate issues for incorporation as an agenda in the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director in advance before the annual general meeting of shareholders. Shareholders can find details of the criteria and guidelines on the Company's website.
2. The Company sends invitation letters to shareholders in advance to inform them of the meeting agendas which include opinion of the Board of Directors on each agenda item, together with supporting documents and information sufficient to facilitate shareholders in making their decisions. In addition, the invitation letter package includes details of required documents in order to protect shareholders' rights to attend the shareholders' meeting, together with their rights to vote. Moreover, the invitation letter to the shareholders' meeting is disclosed on the Company's website. For annual general meeting of shareholders, the invitation letter is posted on the website 30 days prior to the meeting date.
3. For those shareholders unable to attend the meeting, these shareholders have the right to authorize a person or an independent director as their proxy to attend the meeting and vote on their behalf, using one of the proxy forms sent with the invitation letter. Moreover, shareholders can download the proxy form from the Company's website.
4. The Company implements the barcode system for registration and the voting process, including the use of voting cards. This helps accelerate and ensure the accuracy of the registration and vote counting process. In addition, shareholders are able to register after the meeting has started to exercise their rights to vote on agendas that have not been voted. Upon completion of the meeting, shareholders are able to verify the details.
5. Before going into each agenda, the Chairman of the Board of Directors, who acts as chairman of the meeting, assigns the Company Secretary to inform the meeting of the voting process for each agenda. During the meeting, the chairman of the meeting gives all shareholders the opportunity to comment, ask questions or give opinions and suggestions on any agenda item. The Chairman and management see the importance of every question and give precise and clear answers.
6. The Company Secretary records minutes of the shareholders' meetings which are correct and complete, with details on voting results of each agenda. In addition, the minutes are sent to the Stock Exchange of Thailand and posted on the Company's website within 14 days after the meeting date, so that shareholders are promptly informed and are able to verify.



## 2. The Equitable Treatment of Shareholders

The Company is strongly committed to equitable treatment of every shareholder, whether they are major or minority shareholders, institutional investors or foreign shareholders, and has created various mechanisms, such as:

1. The Company provides a channel for minority shareholders to propose issues deemed important and appropriate to include in the agenda of the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director. The announcement has been made through the Stock Exchange of Thailand and the Company's website. Independent directors will consider and propose the matter to the Board of Directors to be included in the meeting agenda as appropriate.
2. For shareholders who are unable to attend the shareholders' meeting, the Company provides proxy forms which allow shareholders to specify their vote on each agenda. The proxy forms, which are in accordance with the format provided by the Ministry of Commerce, are sent with the invitation letter. As an alternative for shareholders, the Company also proposes one independent director as the proxy.
3. The shareholders' meetings proceed according to the order of the agenda, without adding new and uninformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making decision. Moreover, there are no changes to the important information in the shareholders' meeting.
4. The Company sees the importance of the consideration on transactions which may have conflict of interest or may be connected or related transactions, and abides by good corporate governance principles, including rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. For these transactions, directors, management and those who are related persons do not participate in the consideration to approve such transactions.
5. The Company provides oversight and control to prevent improper use of inside information. The Company has the policy regarding management using internal information for personal benefits as follows:
  - 5.1 According to Company's rules and regulations, directors are required to inform the Company immediately in the event that they may have any interests in any agreements being entered into by the Company, or that there is an increase or decrease in their holding of shares or bonds of the Company or subsidiaries.
  - 5.2 Directors and management must prepare and disclose securities holding report to the Securities Exchange Commission and to the Company within the required time.

**Penalties for violation include the following:**

1. Verbal warning for corrective action
2. Report to shareholders' meeting for consideration
3. Compensation for any damages
4. Disclosure to Securities and Exchange Commission and the Stock Exchange of Thailand

In addition, directors and management of the Company must report the purchase or sale of the Company's securities to the Securities and Exchange Commission and the Company within three business days.

### 3. The Role of Stakeholders

The Company recognizes its responsibilities towards each stakeholder, for sustainable mutual benefits which will lead to stability of the business operations. The Company intends to interact with each party fairly. The important stakeholders of the Company are as follows:

**Shareholders:** In addition to the basic rights, rights in accordance with the laws and the Company's articles of association, such as rights to check number of shares, rights to receive share certificates, rights to attend and vote in shareholders' meetings, rights to express opinions independently at shareholders' meetings, and rights to receive fair returns, the Company also provides equal and timely information to all shareholders, and gives all shareholders the right to suggest and express their opinions independently on the Company's business and operations in shareholders' meetings, as the Company's owners.

**Customers / Patients:** The Company provides patient care in an ethical manner, and at the best possible quality, taking into consideration patient safety, patients' satisfaction and efficiency in providing its services. The hospital's Medical Ethics Committee protects patients' rights. In addition, the Company has a department to take customer complaints and to monitor and continuously improve the quality of the care provided to all patients, taking into consideration patients' needs and suggestions. In addition, the Company has engaged a third-party consultant to measure the hospital's customer engagement level, in order to continuously improve the hospital's services for patients and to maintain patients' long-term relationships with the hospital.

**Employees:** The Company believes that its employees are valuable resources and therefore gives all employees equal opportunity in their employment. The Company has the policy to provide employees with appropriate compensation and appoints a welfare committee to oversee the well-being and safety of its employees. The Company also provides an individual development plan (IDP) for each employee, as well as continuous education and regular training programs to develop and reinforce employees' knowledge, abilities and skills in all areas including operations, management and technical expertise, in order for employees to fulfill their jobs more effectively.

Furthermore, the Company holds Town Hall Meetings to provide opportunities for employees to voice their opinions or complain directly to management, implements an Innovation Program where employees are able to propose suggestions to improve work process and services, and has an employee recognition program to increase employees' morale. The Company believes that work efficiency is a result of employees' loyalty to the Company, and is therefore committed to continuously build and assess the employees' engagement with the Company, in order to improve its human resources management.

**Suppliers / Contractors:** The Company has a purchasing policy that is fair to all parties concerned. In addition, the Company abides by the terms and conditions of agreements and contracts with all suppliers and contractors and ensures timely payment to all suppliers and contractors.

**Creditors:** The Company is committed to giving information with accuracy and transparency to creditors, abides by loan agreements and loan covenants, and ensures timely payments. The Company believes that good relationships with creditors, including building credibility and trust, are a responsibility of the Company towards its creditors.

**Competitors:** The Company competes with competitors within the rules and regulations, and treats competitors fairly and with integrity. The Company focuses on competition in the area of quality and efficiency of service for the best benefit of customers and patients.

**Community:** The Company has established the Corporate Social Responsibility (CSR) Committee to oversee and guide the Company's activities undertaken to ensure the Company meets its social responsibilities in all its activities and also collaborate with Bumrungrad Hospital Foundation on the main charity projects. The Company's CSR emphasizes on two directions which are health promotion and health education. Details of company's CSR activities are available in CSR section.

## 4. Disclosure and Transparency

The Company realizes the importance of disclosing information which is significant for shareholders and investors in making their decisions. The Company has a policy to disclose information which is transparent, complete, reliable and timely, through various channels which are easily accessible, in order for shareholders and investors to conveniently obtain the disclosures. The Company also ensures it abides by the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Information disclosed to the public includes both financial and non-financial information, such as financial statements, management discussions and analysis, the report of the accountability of the Board of Directors to the Company's financial reports, the report of the Audit Committee, connected transactions, structure, duties and responsibilities of the Board of Directors and committees, including statistics on meeting attendance, and corporate governance reports.

The Company has many channels to communicate with shareholders and investors. These include those stipulated by rules and regulations, such as the 56-1 filing form, annual reports, the website of the Stock Exchange of Thailand, and other communication channels, such as the Company's website in the Investor Relations section, which are consistently updated, in both Thai and English, quarterly analyst meetings (four times in 2016), roadshows and investor conferences (4 times overseas, including USA, Singapore and Hong Kong) and investor meetings and conference calls (64 times in 2016). In addition, the Company holds press conferences to update important events of the Company, in order to disseminate information to the public.

Furthermore, the Company has Company Secretary and Investor Relations Department to facilitate interested investors and shareholders. Information can be requested by phone at 02-667-2508, by e-mail at [ir@bumrungrad.com](mailto:ir@bumrungrad.com), or through the Company's website, <http://investor.bumrungrad.com>

## 5. Responsibilities of the Board of Directors

### Structure of the Board of Directors

The Board of Directors is comprised of qualified directors with extensive experience in various fields. Every director participates in setting the Company's vision, mission, strategies, goals, business plans and budgets. The Board of Directors also ensures that the plans are carried out efficiently and effectively by the management, to ensure the maximization of the Company's value and stability to shareholders. The Board of Directors meets quarterly to review the management's report on the Company's operations. Details of duties and responsibilities of the Board of Directors can be found in section of Management Structure.

As at 31 December 2016, there are 11 directors, as follows:

1. Non-executive directors: Four non-executive directors, which are Mr. Chai Sophonpanich, Dr. Chanvit Tanphiphat, MD, Mr. Chong Toh, and Dr. Suvarn Valaisathien
2. Executive directors: Three executive directors, including Mrs. Linda Lisahapanya, Dr. Sinn Anuras, MD\*, and Dr. Num Tanthuwani, MD.
3. Independent directors: Four independent directors who possess the qualifications as stipulated by the Securities and Exchange Commission, comprising Ms. Sophavadee Uttamobol, Mr. Soradis Vinyaratn, Mr. Prin Chirathivat and Mrs. Aruni Kettratad.

At present, the four independent directors account for 36% of total Board of Directors and more than one-third of the Board of Directors, and will be in accordance with the Securities and Exchange Act (No. 4) B.E. 2551.

\* Dr Sinn Anuras, MD ceased to be executive director on and from 1 January 2017.

**Segregation of Duties:** The Company clearly separates duties and responsibilities of the Board of Directors and management. The Board of Directors is responsible for endorsing strategies and supervising management's operations at the policy level, whereas management is responsible for managing the business as per such strategies. Therefore, the Chairman of the Board of Directors is not the same person as the Managing Director.

The Chairman of the Board is not an executive director and is not involved in managing the Company. Management is assigned the responsibility of implementing the business plan and strategies, and controlling expenses and investments as approved in the budget by the Board of Directors.

**Directorship Positions in other Listed Companies:** The Company realizes the value of experience that directors receive from being directors in other companies. The Company therefore has the policy that directors may hold board positions in not more than eight companies listed on the Stock Exchange of Thailand, in order for the directors to be able to allocate sufficient time for each company. With regards to the management, other than board positions at the Company's subsidiaries and affiliated companies, the Managing Director and the Company's management are allowed to hold director and/or independent director positions in not more than three other companies. In addition, such positions must be approved by the Board of Directors.

**Company Secretary:** The Board of Directors appointed Mr. Banphot Kittikonglert as the Company Secretary to be responsible for administering the Board of Directors' meetings and shareholders' meetings, for preparing minutes of such meetings and annual reports, and for safekeeping documents as required by rules and regulations. In addition, the Company Secretary is responsible for advising the Board of Directors and management regarding rules and regulations related to listed companies and corporate governance policies.

## Committees

The Board of Directors has set up committees to assist with specific tasks and to propose assigned issues to the Board of Directors for consideration or acknowledgement. Details of committee members and their duties and responsibilities are listed in section of Management Structure. The Company has four committees as follows:

1. Audit Committee is responsible for reviewing the financial reports, internal control system, internal audit system, and risk management system, and for selecting and coordinating with the Company's auditor. The Audit Committee consists of three independent directors. In 2016, the Audit Committee held 4 meetings and reported their meeting results to the Board of Directors. Details of attendance of Audit Committee members are in section of Remuneration of Directors, Committees and Management.
2. Nomination and Remuneration Committee is responsible for selecting and proposing candidates for the positions of director and committee member to Board of Directors for approval, and for setting appropriate compensation. The Nomination and Remuneration Committee consists of one independent director, who is the chairman of the Nomination and Remuneration Committee, and two non-executive directors. In 2016, the Nomination and Remuneration Committee held 1 meeting and reported their meeting results to the Board of Directors. Details of attendance of Nomination and Remuneration Committee members are in section of Remuneration of Directors, Committees and Management.
3. Governing Board of Bumrungrad International Hospital, Bangkok is responsible for implementing the Hospital Policy, promoting patient safety and performance improvement, and providing quality patient care. The Governing Board consists of two directors, eight management, and six physicians. In 2016, the Governing Board held 4 meetings.
4. Investment Committee is responsible for considering investment projects before proposing to the Board of Directors for approval. The Investment Committee consists of three non-executive directors and two executive directors. In 2016, the Investment Committee held 2 meetings.

## Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors has responsibilities towards all shareholders, both major and minority shareholders, in ensuring that the Company conducts its business and implements corporate governance practices in accordance with its objectives and policies for the highest benefit of shareholders, with care and integrity, under business ethical values, taking into account the interests of all stakeholders and under laws and the articles of association of the Company. The duties and responsibilities of the Board of Directors are in section of Management Structure.

**Internal control and internal audit systems:** The Company has given importance to internal controls and internal audit systems by establishing an internal audit unit, with the primary objective to support and develop effective internal control of the organization, in order to minimize operational risks, and to ensure quality of the work process and operations. Emphasis is on effectiveness and efficiency, appropriateness of expenses and costs, and operations which are in accordance with the policy and/or requirements of the management.

To ensure the independence of the internal audit unit and the balance of power, the internal audit unit reports directly to the Audit Committee.

**Conflict of interest:** To prevent any problems related to conflicts of interest, the Board of Directors considers transactions which may have conflicts of interest or which may be related parties transactions with caution, fairness and transparency, and strictly follows the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, with pricing and other conditions on an arms-length basis. Details of the transactions, including amount, contracting party, and reasons for entering into the transactions are disclosed in financial statements, the annual reports, and the 56-1 filing.

## Board of Directors' Meetings

It is the duty of every director to attend Board of Directors' meetings regularly, in order to acknowledge and make decisions relating to the operations of the Company. The Board of Directors holds four regular meetings every year (held quarterly), of which the schedule is set in advance for the entire year, and holds extraordinary meetings as necessary to consider matters which are important and urgent. In 2016, there were 4 Board of Directors' meetings. Details of the meeting attendance of each director are in the table in section of Remuneration of Directors, Committees and Management.

For each meeting, agenda are clearly set in advance by the Chairman of the Board together with the Managing Director. Moreover, each director is given opportunities to propose issues as agendas. The Company Secretary prepares and distributes invitation letters, agendas, and other supporting documents to the Board of Directors at least seven days in advance in order to allow directors sufficient time to research and study the information prior to the meeting.

Normally, each meeting lasts two hours. For the consideration of each agenda, the Chairman of the meeting allocates sufficient time for management to present adequate details on the agenda and for directors to discuss the matter carefully, and gives directors the opportunity to express their opinions in the meeting independently. The majority vote is the passing resolution for each agenda, where one director has one vote. In case any director has a personal conflict of interest, such director will leave the meeting and/or does not vote on that particular matter. If the voting result is equal, the Chairman of the meeting casts the deciding vote. In addition, senior managements are invited to attend Board of Directors' meetings to provide useful and important information, and to directly obtain business strategies from the Board of Directors to be implemented in the Company's operations.

Upon completion of each meeting, the Company Secretary is responsible for documenting and distributing minutes for adoption at the next Board of Directors' meeting. Directors are able to comment, amend and make additions so that the minutes are as accurate as possible. The Company Secretary keeps the adopted minutes, which are signed by the Chairman of the Board of Directors, both in the form of hard copies and electronic files, along with supporting documents available for directors' and relevant persons' verification and reference.

## Remuneration of the Board of Directors and Management

The Company provides appropriate remuneration for the Board of Directors and management. The remuneration of the Board of Directors in the form of annual remuneration and meeting remuneration has been approved by shareholders' meetings. Consideration of directors' remuneration takes into account that of other comparable listed companies in the same industry. Committee members only receive remuneration in the form of meeting remuneration.

Management's remuneration is in the form of salaries and bonuses, taking into consideration the responsibilities and performance of each person and performance of the Company.

Details of 2016 remuneration of each individual director, which has been approved by the shareholders' meeting, and the sum of management's remuneration, are disclosed in section of Remuneration of Directors, Committees and Management.

## Development Programs for Directors and Management

The Company has a director's manual which summarizes related laws, rules and regulations, so that directors are informed of their roles, responsibilities and guidelines for the position as a director. For newly appointed directors, the Company informs them of information which is important for fulfilling the duties of the Company's directors, which includes the Company's background information, business strategy and director's manual.

Moreover, the Company supports development programs for directors and management in various forms, such as training and seminars organized by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand, and the Securities and Exchange Commission.

A majority of the Board of Directors, 9 directors, have passed IOD training courses, as follows:

|                          | Chairman Program | Director Certification Program (DCP) | Director Accreditation Program (DAP) | Audit Committee Program (ACP) | Role of the Compensation Committee (RCC) | Role of the Nomination and Governance Committee (RNG) |
|--------------------------|------------------|--------------------------------------|--------------------------------------|-------------------------------|--|---|
| Mr. Chai Sophonpanich    | /                | /                                    |                                      |                               |  |   |
| Mrs. Linda Lisahapanya   |                  | /                                    |                                      |                               |  |   |
| Dr. Num Tanthuanit, MD   |                  |                                      | /                                    |                               |  |   |
| Mr. Chong Toh            |                  |                                      | /                                    |                               |  |   |
| Ms. Sophavadee Uttamobol | /                |                                      | /                                    | /                             |  |   |
| Mr. Soradis Vinyaratn    |                  |                                      | /                                    |                               |  |   |
| Mr. Prin Chirathivat     | /                | /                                    | /                                    | /                             |  |   |
| Dr. Suvam Valaisathien   |                  |                                      | /                                    |                               |  |   |
| Mrs. Aruni Kettratad     |                  |                                      | /                                    |                               | /  | /   |

\*For more detail of the Company's information, please refer to the filing report of the Company (56-1 report) at [www.sec.or.th](http://www.sec.or.th) or <http://investor.bumrungrad.com>

# INTERNAL CONTROL

and Risk Management

## INTERNAL CONTROL AND RISK MANAGEMENT

Bumrungrad Hospital Public Company Limited continuously values the internal control system, the internal audit system, and the risk management system. As a result, the Board of Directors has governed and assigned the Audit Committee to review and ensure appropriateness and effectiveness of the Company's systems, with realizing that the good systems can help mitigate business risks and operational risks to the acceptable level, and help detect existing deficiencies in a timely manner. In addition, they can help the Company to generate accurate and reliable financial reports, and help the Company's operations to achieve its defined goals.

### Part 1: Control Environment

The Company set its vision, mission, and operating policy, with the emphasis on integrity and ethics by declaration of intent in view of establishing Thailand's Private Sector Collective Action Coalition against Corruption, and clearly defined both short-term and long-term business goals. It has also rewarded employees based on their performance on achieving those goals. In addition, the Company has the organizational structure and work procedures that help tighten its operations and prevent unauthorized asset use. Furthermore, the Company's executives continuously develop and improve the quality of management; resulting in recognitions by several third-party organizations, especially as the Asia's first hospital accredited by the US-based Joint Commission International (JCI) in 2002 and re-accredited in 2005, 2008, 2011 and 2014, and as evidenced by the Best Practice Workplace Award for Labor Relations and Labor Welfare in 'the Large Enterprise without Federation of Labor Union' category received from the Thailand's Ministry of Labor in 2009 - 2014. Based upon the aforementioned characteristics, it is deemed that the Company has a good organizational structure and environment, which is an essential foundation for an effective internal control system.

### Part 2: Risk Assessment

The Company regularly assesses business risk factors, taking into account economic and political circumstances, competition, labor market, and natural disasters, which are external factors. It also assesses internal factors, especially risk factors concerning medical services, which may lead to legal disputes that may have a significant impact to the Company. In addition, the Company has determined the risk management approach for the possible flooding by assigning the Management to prepare the Business Continuity Plan, and has established the Hospital Administrative Policy on Safety and Environment Risk Assessment. Consequently, it is deemed that the Company has the effective risk management processes that can mitigate business risks to the acceptable level.

### Part 3: Control Activities

The Company has established transaction approval authority and limits based on the nature and amount of transaction. In case of connected transactions or potential conflict of interest transactions, the Audit Committee has a duty to review the necessity and rationale of those transactions, which must be approved by the Management, the Board of Directors, or the Shareholders as the case may be. The person with conflict of interest is not allowed to vote in these transactions. Moreover, the Company regularly monitors subsidiaries' and affiliates' operations by delegating the Company's directors or management to take a position of directors in those subsidiaries or affiliates. In 2016, the Company entered into all such transactions with related persons or parties in compliance with the principles, procedures, and conditions stipulated in laws and regulations, under the good corporate governance policy, on an arm's length basis, and for its own highest benefits.



## Part 4: Information and Communication

The Company has performed financial reporting in accordance with the accounting policy as deemed appropriate for its nature of business, and with the Generally Accepted Accounting Principles (GAAP). In addition, the Company has implemented the International Financial Reporting Standards (IFRS), which was effective in the year 2011, by preparing data and information systems to be ready for those standards. The Company has also engaged a consulting firm to give advice and provide training sessions for all relevant executives and employees. Moreover, the Company has provided necessary and sufficient information for the Board of Directors to make a decision.

## Part 5: Monitoring Activities

The Company set up the Corporate Internal Audit Division, directly reporting to the Audit Committee to ensure its independence, Head of which has duties and qualifications as shown in the Appendix 3 with the audit objectives to assure that:

- Operations in various processes are efficient and effective enough to achieve the Company's objectives;
- The financial reporting process has adequate and proper controls to make financial data reliable;
- The management control process is effective enough to govern adherence to laws and regulations, and the Company's policies and procedures appropriately;
- The internal controls over work processes pertaining to patients' safety are effective and adequate.

In addition, the Company delegated the internal auditors to investigate immediately in the case of suspected frauds, practices that violated the laws, and other irregular actions, which may affect the reputation and financial position of the company significantly, and assigned responsible persons to determine ways to develop and improve work systems according to the internal auditors' recommendations, and the independent auditor's recommendations in the Management Letter.

\*For more detail of the Company's information, please refer to the filing report of the Company (56-1 report) at [www.sec.or.th](http://www.sec.or.th) or <http://investor.bumrungrad.com>



# RELATED

Party Transections

## RELATED PARTY TRANSACTIONS

| Related Company                 | Relationship  | Description   | Amount (Baht Million)   |                         | Pricing Policy  | Reason for the Transaction  |
|---------------------------------|---|---|-------------------------|-------------------------|---|---|
|                                 |   |   | For the year ended 2016 | For the year ended 2015 |   |   |
| Bangkok Insurance PCL.<br>(BKI) | Common director and major shareholders of the Company, holding 14.62% of the total issued shares as at 31 December 2016 (the same as at 31 December 2015) | <u>Borrowing of Money</u><br>- The Company issued and offered 100,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011 Series 1 Due A.D. 2016 with the par value of Baht 1,000 each and interest rate of 4.13% and 100,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011 Series 2 Due A.D. 2018 with the par value of Baht 1,000 each and interest rate of 4.59% to BKI. | 100.0                   | 200.0                   | The price per unit including interest rate of debentures offered to BKI was the same price that the Company offers to other third-party subscribers.  | The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders. |
|                                 |   | <u>Revenues</u><br>- Revenues from hospital services received from BKI.   | 13.1                    | 14.3                    | It was the Company's normal course of business, charging at normal price and benefits as customers in general.  | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |
|                                 |   | <u>Expenses</u><br>- Insurance fees which the Company paid to BKI   | 29.0                    | 33.7                    | BKI was the insurance provider which the Company has always used. In addition, the insurance premium that the Company paid to BKI was at the rate which BKI offers to its customers in general. | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |

| Related Company                      | Relationship    | Description   | Amount (Baht Million)   |                         | Pricing Policy   | Reason for the Transaction  |
|--------------------------------------|-----------------|---|-------------------------|-------------------------|--|---|
|                                      |                 |   | For the year ended 2016 | For the year ended 2015 |  |   |
| Bangkok Life Assurance PCL.<br>(BLA) | Common director | <u>Interest Payment</u><br>- Interest payment for 100,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011, Series 1 Due A.D. 2016 with the par value of Baht 1,000 each and interest rate of 4.13% and 100,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011, Series 2 Due A.D. 2018 with the par value of Baht 1,000 each and interest rate of 4.59% | 8.6                     | 8.7                     | The Interest rate was fixed by the terms and conditions of the Debenture which is 4.13 and 4.59% per annual.   | The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders. |
|                                      |                 | <u>Borrowing of Money</u><br>- The Company issued and offered 755,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011 Series 3 Due A.D. 2021 with the par value of Baht 1,000 each and interest rate of 4.97%.  | 755.0                   | 755.0                   | The price per unit including interest rate of debentures offered to BLA was the same price that the Company offers to other third-party subscribers. | The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders. |
|                                      |                 | <u>Revenues</u><br>- Revenues from hospital services received from BLA.   | 18.7                    | 13.3                    | It was the Company's normal course of Business, charging at normal price and benefits as customers in general.                                       | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |

| Related Company         | Relationship     | Description  | Amount (Baht Million)   |                         | Pricing Policy   | Reason for the Transaction  |
|-------------------------|------------------|--|-------------------------|-------------------------|--|---|
|                         |                  |  | For the year ended 2016 | For the year ended 2015 |  |   |
| Bangkok Bank PCL. (BBL) | Common Executive | <u>Expenses</u><br>- Insurance fees which the Company paid to BLA  | 1.3                     | 1.2                     | BLA was the insurance provider which the Company has always used. In addition, the insurance premium that the Company paid to BLA was at the rate which BLA offers to its customers in general.                                    | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |
|                         |                  | <u>Interest Payment</u><br>- Interest payment for 755,000 units of the Debentures of Bumrungrad Hospital Public Company Limited No.1/2011 Series 3 Due A.D. 2021 with the par value of Baht 1,000 each | 37.6                    | 37.5                    | The Interest rate was fixed by the terms and conditions of the Debenture which is 4.97% per annum  | The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders. |
|                         |                  | <u>Bank Deposits</u><br>- Fixed Deposits over 3 months   | 1,509.0                 | 2,302.0                 | The Interest rates are at market rates   | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |
|                         |                  | <u>Convertible bonds</u><br>- Partly secured convertible bonds, with a maturity of 12 years  | 300.0                   | 300.0                   | A coupon rate of 2.5% for years 1-4, 5% for years 5-8, and 10% for years 9-12, payable semi-annually, which to extend the tenure for additional 5 years maturing on 23 August 2017 and another 10 years maturing on 23 August 2027 | The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders. |
|                         |                  | <u>Convertible bonds</u><br>- Partly secured convertible bonds, with a maturity of 12 years  | 250.0                   | 250.0                   | A coupon rate of 1.0% per annum, payable semi-annually, which to extend the tenure for additional 5 years maturing on 23 August 2017 and another 10 years maturing on 23 August 2027   | The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders. |
|                         |                  | <u>Revenues</u><br>- Revenues from hospital services received from BBL   | 36.3                    | 30.3                    | It was the Company's normal course of business, charging at normal price and benefits as customers in general.   | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |

| Related Company      | Relationship     | Description  | Amount (Baht Million)   |                         | Pricing Policy  | Reason for the Transaction  |
|----------------------|------------------|--|-------------------------|-------------------------|---|---|
|                      |                  |  | For the year ended 2016 | For the year ended 2015 |   |   |
|                      |                  | - Rental income of area of BBL branch at Bumrungrad Hospital               | 2.5                     | 2.4                     | Charging at normal price and benefits as customers in general.  | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |
|                      |                  | - Interest income on bank deposits   | 26.3                    | 46.9                    | The Interest rates are at market rates  | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |
|                      |                  | <u>Expenses</u><br>- Bank credit cards commission fees paid to BBL         | 125.0                   | 120.9                   | BBL was the credit card service provider which the Company has always used. The Company invested in various infrastructures to maximize the benefits from efficient use of credit card payment system. The fees paid to BBL are at the market rate. | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |
|                      |                  | - Interest on convertible bonds paid to BBL                                | 32.5                    | 32.5                    | The Company paid interest on Baht 550 million principal of convertible bonds. Interest rates are in accordance with debt restructuring agreement.   | The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders. |
| Thai Consultant Ltd. | Common executive | <u>Expenses</u><br>- Consulting fees on legal paid to Thai Consultant Ltd. | 3.8                     | 2.4                     | The Company paid hourly fixed expenses at the normal rate which Thai Consultant Ltd. charges to its customers in general.   | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.    |

| Related Company                          | Relationship   | Description   | Amount (Baht Million)   |                         | Pricing Policy  | Reason for the Transaction  |
|--|--|---|-------------------------|-------------------------|---|---|
|  |  |   | For the year ended 2016 | For the year ended 2015 |   |   |
| Bumrungrad International Limited (BIL)   | Associated company, in which the Company, as at 31 December 2016, owned 31.5% of the total shares (the same as at 31 December 2015) and has common directors | <u>Revenues</u><br>- Consulting fee income received from BIL                        | 0.15                    | 0.05                    | The Company charges the fees in relation to the actual cost of the resources used.                              | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.                                |
|  |  | <u>Interest Payment</u><br>- Interest paid on long-term loan of 176.4 million baht. | 2.4                     | 2.5                     | The loans carry interest at the 1-year fixed deposit rate of one of local commercial banks, and are due at call | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.   |
| The Bumrungrad Hospital Foundation (BHF) | Common director  | <u>Revenues</u><br>- Revenues from hospital services received from BHF              | 53.4                    | 29.2                    | It was the Company's normal course of business, charging at normal price and benefits as customers in general.  | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.   |
|  |  | - Other revenue from resources used   | 1.0                     | 0.8                     | The Company charges the expenses in relation to the actual cost of the resources used.                          | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.   |
|  |  | <u>Expenses</u><br>- Donation   | 32.4                    | 24.0                    | The Company paid the donation expenses according to the policy approved by the Board of Directors.              | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business and it was approved by the Board of Directors. |



| Related Company                                       | Relationship  | Description   | Amount (Baht Million)   |                         | Pricing Policy   | Reason for the Transaction  |
|---|---|---|-------------------------|-------------------------|--|---|
|   |   |   | For the year ended 2016 | For the year ended 2015 |  |   |
| AA Talent Recruitment Co., Ltd.                       | Common director   | <u>Expenses</u><br>- Service Fee for personnel recruitment services | 1.2                     | 2.0                     | It was the Company's normal course of business, charging at normal price and benefits as customers in general. | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business. |
| Bangkok Dusit Medical Services PCL. (BDMS)            | BDMS was one of the major shareholders of the Company, holding 23.95% of the total issued shares as at 31 December 2016 (the same as at 31 December 2015) | <u>Expenses</u><br>- Radio pharmaceuticals                          | 11.4                    | 11.9                    | It was the Company's normal course of business, charging at normal price and benefits as customers in general. | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business. |
| A.N.B. Laboratories (Amnuay pharmacy) Co., Ltd. (ANB) | An indirect subsidiary of the major shareholder, Bangkok Dusit Medical Services PCL. (BDMS)   | <u>Expenses</u><br>- Medicine                                       | 0.9                     | 0.9                     | It was the Company's normal course of business, charging at normal price and benefits as customers in general. | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business. |
| National Healthcare Systems Co., Ltd. (NHS)           | A subsidiary of the major shareholder, Bangkok Dusit Medical Services PCL (BDMS)  | <u>Expenses</u><br>- Laboratory Services                            | 13.1                    | 5.8                     | It was the Company's normal course of business, charging at normal price and benefits as customers in general. | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business. |
| Samitivej PCL.  | A subsidiary of the major shareholder, Bangkok Dusit Medical Services PCL (BDMS)  | <u>Expenses</u><br>- Laboratory Services                            | -                       | 3.8                     | It was the Company's normal course of business, charging at normal price and benefits as customers in general. | The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business. |



# CORPORATE

Social Responsibility

## COMPASSIONATE CARE

We place a high priority on our commitment to serve those who are less fortunate. Through social responsibility programs such as the Bumrungrad Foundation and Rak Jai Thai (Healing Hearts), and the Mobile Clinic, Bumrungrad strives to be worthy of the trust our community has placed in our leadership. Here is a short sample of some of the ways Bumrungrad continues to deliver on this goal.

### Health Promotion Campaigns

- Founded in 2003, the “Rak Jai Thai” or “Healing Hearts” program is a joint collaboration between Bumrungrad Hospital Foundation and Bumrungrad Hospital Plc. The project aims to provide surgical treatment to impoverished children suffering from congenital heart disease or heart valve disease. In recent years, the average price of heart surgery has been around 650,000 baht per person, making this treatment out of reach for many children who need it. Through the Rak Jai Thai program, more than 750 children have received life-saving heart surgery since its launch in 2003.
- **Mobile Medical Units**  
Doctors and dentists from Bumrungrad’s medical volunteer team joined forces with Chai Sophonpanich, Chairman of Bangkok Insurance Plc., to launch a mobile medical unit that provides free health and dental checkup as well as treatment to around 1,000 villagers each year in the provinces of Sakhon Nakhon and Mukdahan. Bumrungrad Hospital Foundation also coordinates a handicraft training program for villagers in Nong Khong, Mukdahan. This program helps families in the local community generate additional income for their use, further strengthening their quality of life.
- Bumrungrad’s team of medical volunteers launched a mobile medical unit offering free services at Ban Huay Hin School in Tambon Wangyao, Amphoe Dahn Chang, and Suphanburi province.
- The Eye Center at Bumrungrad Hospital has organized a medical unit to provide free eye screenings to pupils at Makut Kiriwan School for the Blind in Kao Yai.
- The mobile medical team was also dispatched to Sanam Laung to attend the funeral rites for His Majesty King Bhumibol Adulyadej. The project, named “Volunteer Medics Pay Tribute to His Majesty”, was organized by the Medical Council of the Good Medical Governance Foundation and The Good Governance for Medical Executives Course 1-5.
- In 2001, Thomson Fund and Bumrungrad Hospital Foundation established the Thomson Fund Mobile Clinic. In the years since its founding, the clinic has worked daily to offer free checkups and medical treatment to underserved communities in 40 neighborhoods throughout Bangkok and its environs. In 2016, the mobile clinic provided free checkups and treatment to a total of 22,231 patients, as well as donating 6,091 bags of rice to local communities.

### Health Awareness Campaigns

As part of its social contract, Bumrungrad Hospital aims to educate the public on key health issues and raise awareness of individual and public health. Throughout the year, Bumrungrad Hospital organizes events and activities such as exhibitions and seminars to help raise awareness of health issues among the public. Volunteers from Bumrungrad visit schools to lecture students on healthy living, and also produce publications such as Better Health magazine, that aim to raise awareness of health issues among the community.

## Other Public Projects

- In collaboration with the Blood Service Center of the Thai Red Cross Society, Bumrungrad organizes a blood drive four times a year with customers and staff.
- With the support of volunteers from Bangkok Insurance Plc. and Bangkok Life Insurance Plc., Bumrungrad Hospital also coordinates the B3 Project: a collection of annual social work and environmental conservation activities. This year, Bumrungrad organized a local development project aimed at raising the standards of living for students and teachers at the Ban Na Isan Border Patrol Police School in Chachoeng Sao province.
- Bumrungrad Hospital, along with Bumrungrad Hospital Foundation also launched a special project for distributing CDs in remembrance of His Majesty King Bhumibol Adulyadej. The project, known as “His Presence in the Thai Soul” offered free double disc collections featuring musical compositions of His Majesty King Bhumibol Adulyadej and special songs for our beloved King. Some of these CDs were also distributed to royal funeral attendees at Dusit Maha Prasat Throne Hall after royal merit-making rites and during ceremonies for paying homage to King Bhumibol’s remains, as per the request of the Bureau of the Royal Household.
- In 2016, Bumrungrad Hospital was awarded for Excellence in Corporate Social Responsibility by a Thai Company for its longstanding Rak Jai Thai project, which is now set to expand to neighboring countries. The prize, which has now been awarded to Bumrungrad for four consecutive years, was presented by the American Chamber of Commerce in Thailand (AMCHAM), in recognition of Bumrungrad’s demonstrated commitment to public service.
- Her Royal Highness Princess Soamsawali presided over the ceremony to present plaques to outstanding supporters of The Foundation for the Welfare of the Mentally Challenged Children of Thailand at the Emerald Hotel. Bumrungrad Hospital was the only hospital to attend the event, where it received an award for its longstanding support of the foundation and those who live with developmental disabilities.

## Social Work Associations

- Founding Committee of the CSR Club, Thai Listed Companies Association (TLA)
- Thai Environmental and Community Development Association

Through innovative and timely programs, Bumrungrad renews its commitment to serving the community by finding ways to alleviate some of the challenges that affect our society. Together with the help of our doctors and organizations that see the inherent value of lending a helping hand, we will continue to be a part of positive change for the benefit of our future generations.

\*For more detail of the Company’s information, please refer to the filing report of the Company (56-1 report) at [www.sec.or.th](http://www.sec.or.th) or <http://investor.bumrungrad.com>





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