



ANNUAL REPORT 2018

BUMRUNGRAD HOSPITAL
PUBLIC COMPANY LIMITED



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MESSAGE FROM THE CHAIRMAN



Today, Bumrungrad is one of the most recognized healthcare brand names in the world. We enjoy a reputation for outstanding medical care -- especially tertiary care for complicated diseases requiring collaboration of expertise from transdisciplinary areas.

Our hospital is equipped with state-of-the-art technologies and has garnered awards from international organizations in recognition of our world-class standards. More than 1.1 million patients from over 190 countries travel to Thailand each year to receive medical treatment and care at Bumrungrad International Hospital. This is a far cry from our modest origins as a 200-bed general hospital almost 40 years ago.

Four key factors have helped build the trust and confidence that patients have in Bumrungrad. First and foremost is our reputation for the highest quality and safety standards in the medical treatment and care we provide. This is evidenced by accreditations and recognition by international organizations. Secondly, we have sought the most highly skilled medical staff in every field, setting up multi-disciplinary teams comprising doctors, nurses, pharmacists, physical therapists, nutritionists, medical technologists and others. This patient-centered approach ensures smooth and effective collaboration as we provide treatment and care to our patients. Thirdly, our

attitude and ambition as an early-adopter of innovation and advanced technology allow us to capture new healthcare trends and to develop prevention and treatment plans for individual patients. Finally, the longstanding trust that patients place in Bumrungrad for compassionate care. Together, these four factors allow us to deliver the best medical treatment and care possible, while creating a positive experience for our patients.

During 2018, the global healthcare industry has faced challenges. Many leading hospitals have revised their strategies to focus even more on quality, safety and clinical outcomes. Healthcare leaders around the world, especially in Asia, are therefore looking for new technologies, such as artificial intelligence, big data and other cost-effective ways to deliver better and more personalized care.

As we look ahead, Bumrungrad is focusing on key strategies to maintain Thailand's position as the leading healthcare destination in Asia-Pacific. The uniqueness of our focus is to shift from volume-based to value-based care which will implement further technology to help us achieve even higher standards of operational efficiency, clinical excellence and patient care. We increasingly use AI, robotic-assisted surgery and big data together with our integrative

healthcare approach, which blends preventive and traditional treatments. These new technologies combine seamlessly to ensure a positive patient experience. For example, we have completed our digital transformation to TrakCare, our electronic medical record (EMR) solution, in 2018. This is already yielding benefits in terms of patient safety, efficiency, big data management and patient satisfaction.

Yet despite our focus on technology and innovation, we will not lose touch with the cornerstone of our success: the trust we have built over nearly 40 years. Thousands of physicians, dentists and other staff have worked to create the trust placed in us by patients in Thailand and around the world. We respect and honor their trust, ensuring that quality, safety and compassionate care will remain the hallmarks of patient care at Bumrungrad International Hospital.



Mr. Chai Sophonpanich
Chairman of the Board

MESSAGE FROM THE MANAGING DIRECTOR



During 2018, Bumrungrad International Hospital further cemented its reputation for superior clinical excellence. We were also recognized by many third parties for our pioneering adoption of advanced medical technology and other innovative methods.

Over the course of the year, Bumrungrad and Vitallife Wellness Center, our subsidiary company, garnered 15 awards and accreditations in recognition of our world-class quality standards. These accolades included:

- Most Trusted Hospital 2018 - Thailand by South East Asia Magazine;
- 2018 Medical Tourism Hospital of the Year in Asia Pacific;
- Smart Hospital of the Year in Asia Pacific;
- Hospital of the Year - Thailand by Healthcare Asia Magazine; and
- Most recently, we were named Most Improved Thai Hospital and Nursing Excellence by Hospital Management Asia 2018.

Yet we will not be complacent. Instead, we remain uncompromising in our quest for continuous improvement. This is demonstrated by the market-leading programs and technologies we continue to implement for clinical operations and overall excellence in patient care.

At the start of 2018, we became a fully integrated digital hospital with the launch of our new IT system, TrakCare. This allows physicians and medical staff across different hospital departments to easily and securely access a single, comprehensive record for each patient in real time. This digital transformation will further improve the quality and safety of the treatment we can offer.

In addition, Bumrungrad established a robotic surgery center of excellence, introducing the da Vinci system to assist in minimally invasive surgery (MIS). The Company has also acquired robotic-assisted surgery in our Spine Institute to enable spine surgeons to operate with enhanced vision, precision and control. This integration of robotic hardware and software with the expertise of our surgeons breaks new ground in Thailand's medical world.

In partnership with Biotia, an American health tech startup company, we are piloting artificial intelligence (AI) and sequencing-based technology to revolutionize pathogen and drug resistance detection. By utilizing this technology, we can offer the most appropriate treatments for infectious diseases, improving patient outcomes while minimizing the development of further antimicrobial resistance.

We have also launched a new preventive approach to healthcare, working closely with Vitallife Wellness Center. Responding to a growing desire among patients to look and feel better, as well as to live longer, this integrative care allows us not only to cure illness but also to predict and prevent disease and promote well-being for a more comprehensive approach to healthcare. In 2018, the Company committed to add a satellite Vitallife Wellness Center at Bangkrajao in combination with a five-star villa hotel development.

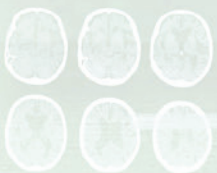
All of these successes are the result of our commitment to patients - a commitment shared by our doctors, nurses and support staff. Our patients and the trust they place in us are at the heart of everything we do. We will continue to build on our success, combining the expertise of our specialists, the care of our entire staff and state-of-the-art medical technology to continuously improve the quality of treatment and care we offer all patients.



Mrs. Linda Lisahapanya
Managing Director

EACH YEAR, 1.1 MILLION PATIENTS FROM 190 COUNTRIES PLACE THEIR TRUST IN BUMRUNGRAD

As one of the largest private hospitals in Southeast Asia, Bumrungrad is widely recognized for its prestigious high-quality medical care. It is a medical center providing treatment and care, complete with all kinds of facilities and cutting-edge technology available for diagnosis, treatment, and critical patient care, particularly in tertiary care and in dealing with complex diseases, which call for expert multi-disciplinary teams. Placing their trust in Bumrungrad, each year, over **1.1 million patients, of which about 629,000 are foreign nationals,** including those residing in Thailand and neighboring countries, from over 190 countries worldwide visit Bumrungrad to seek treatment and care.





TO BE TRUSTED IS A GREAT COMPLIMENT

Bumrungrad was recognized as the most trusted hospital in the country

with the Thai Business Excellence Award 2018 by South East Asia News Magazine. Garnered at the same time were 14 awards from three other Asia-Pacific regional organizations. This is in addition to various safety and standards awards Bumrungrad has earned through rigorous accreditation procedures, including the JCI's (Joint Commission International Accreditation) with Bumrungrad being the first in Asia to be accredited. Bumrungrad has also been endorsed with the DNV-GL's Managing Infection Risk Standards certification, the College of American Pathologists (CAP) certification, as well as a Gold Award, CSSD Center of Excellence Program 2017 from APSIC (Asia-Pacific Society for Infection Control) for its medical instrument and device sterilization process, as a hospital of high quality and safety standards.



15 Awards from 4 Asia-Pacific organizations

Thai Business Excellence Awards 2018

- Most Trusted Hospital 2018 Thailand

Global Health and Travel Awards 2018

- 2018 Medical Tourism Hospital of The Year in Asia Pacific
- 2018 Orthopaedic Service Provider of The Year in Asia Pacific
- 2018 Hospital of The Year Thailand
- 2018 Smart Hospital of The Year in Asia Pacific
- 2018 Cardiology Service Provider of The Year in Asia Pacific
- 2018 ENT Service Provider of The Year in Asia Pacific
- 2018 Transplant Service Provider of The Year in Asia Pacific
- 2018 Cosmetic Surgery Provider of The Year in Asia Pacific

Healthcare Asia Awards 2018

- Hospital of the Year Thailand
- Patient Care Initiative of the Year-Thailand
- 2018 Best Health Screening Provider of The Year in Asia Pacific (VTL)
- 2018 Integrated Health and Wellness Service Provider of The Year in Asia Pacific (VTL)

Hospital Management Asia Awards 2018

- Most Improved Hospital in Thailand Excellence Award
- Gold Award Winner Nursing Excellence Project



WE REGULARLY INNOVATE AND EMBRACE APPROPRIATE APPLICATION OF TECHNOLOGY

Bumrungrad hospital is presently in transition towards becoming **a smart hospital, with the aim to go completely digital. Advanced technological innovations have been brought in to upgrade our systems of health care services.**

This includes the use of TrakCare to manage patient information and the da Vinci Robotic system to help surgeons achieve optimum results in dealing with various cancers such as genitourinary cancer, prostate cancer surgery, gynecological surgery, abdominal surgery, and general surgery. In addition, the practice of Precision Medicine enables our medical specialists to make even better decisions on more appropriate treatment plans and approaches for individual patients. Meanwhile, Cardiolnsight is used as a new technology in diagnosing cardiac arrhythmia and the robotic arm in assisting spine surgeons. The latest GE 3 Tesla MRI scanner also enhances diagnosis procedures with its larger and quieter chamber and higher resolution images. And most recently, Bumrungrad has joined hands with Biotia, a US-based biotechnology startup offering AI solutions from the U.S., to pilot AI sequencing-based microbial surveillance and identification software.



CE



38-YEAR HISTORY OF HUMANIZED CARE

Bumrungrad is committed to providing care to all equally and putting efforts in facilitating treatment and care regardless of race, culture, and religion. We are determined to give such care and comfort for patients to feel as if they were treated and cared for in their home country. We take care of Thai patients as they are our own family. This is clearly **a success factor that generates a positive experience in over 3,000 patients and about 89 admissions each and every day.**

They return home with most favorable impressions and relate the fine feelings and experience to their families and friends, helping sustain the good reputation Bumrungrad enjoys.





Directors

Dr. Suvarn Valaisathien
Vice Chairman

Mr. Soradis Vinyaratn
Independent Director

Dr. Chanvit Tanhiphat, M.D.
Vice Chairman

Mrs. Linda Lisahapanya
Managing Director



Mr. Chai Sophonpanich
Chairman of the Board

Mrs. Aruni Kettratad
Independent Director

Assoc. Prof. Dr. Somsak Chaovisitsaree, M.D.
Director

Ms. Sophavadee Uttamobol
Independent Director

Mr. Prin Chirathivat
Independent Director

Mr. Chong Toh
Director

Mr. Bernard Charnwut Chan
Director



Senior Executives

Dr. Winyou Ratanachai, M.D.
Chief Medical Officer

Mr. Aniello Sorrentino
Chief Strategist

Mr. Kenneth Love
Corporate CFO

Mrs. Artirat Charukitpipat
Chief Operating Officer

Ms. Pantip Chirakarnjanakorn
Company Secretary





Financial Information

Financial Highlights

	2018	2017	2016	2015	2014
Financial Performance (Baht '000)					
Total current assets	12,100,782	10,550,331	8,802,638	10,088,278	8,499,391
Total assets	24,748,808	23,483,955	21,332,954	21,297,518	19,144,695
Total current liabilities	2,878,134	3,646,891	2,358,096	4,056,456	2,322,013
Total liabilities	6,004,383	6,779,005	6,545,006	8,197,028	7,884,732
Total shareholders' equity	18,744,425	16,704,950	14,787,948	13,100,490	11,259,963
Total revenues	18,541,029	18,271,565	17,896,573	17,735,170	15,726,376
Share of income (loss) from investments in joint venture and associated companies	(4)	3,547	2,212	12,515	(2,745)
Net profit excluding extraordinary items	4,151,886	3,943,888	3,626,174	3,435,834	2,730,296
Net profit for the year	4,151,886	3,943,888	3,626,174	3,435,834	2,730,296
Basic earnings per share	5.70	5.41	4.98	4.72	3.75
Earnings per share - fully diluted	4.79	4.55	4.18	3.96	3.15
Book value per share	25.72	22.92	20.30	17.98	15.45
Book value per share - fully diluted	21.61	19.26	17.05	15.10	12.98
Dividend per share	2.90	2.70	2.50	2.35	1.95
Financial Ratios					
Gross profit margin (%)	49.2	47.7	46.4	44.9	44.0
EBITDA margin (%)	34.0	33.2	31.6	30.3	29.0
Net profit margin excluding extraordinary items (%)	22.4	21.6	20.3	19.4	17.4
Net profit margin (%)	22.4	21.6	20.3	19.4	17.4
Growth on revenues from hospital operations (%)	1.4	2.3	1.2	13.1	8.0
Growth on net profit excluding extraordinary items (%)	5.3	8.8	5.5	25.8	8.3
Growth on net profit for the year (%)	5.3	8.8	5.5	25.8	8.3
Return on equity (%)	23.4	25.0	26.0	28.2	26.2
Return on assets (%)	17.2	17.6	17.0	17.0	15.0
Liabilities to equity (x)	0.3	0.4	0.4	0.6	0.7
Debt to equity (x)	0.1	0.2	0.3	0.4	0.5
Net debt to equity (x)	0.0	0.1	(0.1)	0.0	0.0
Interest coverage ratio (x)	35.9	34.2	23.4	22.1	18.8
Liquidity ratio (x)	4.2	2.9	3.7	2.5	3.7
Average collection Period (days)	47.4	39.2	44.4	41.8	35.1
Average inventory Period (days)	13.6	11.8	11.8	11.3	12.5
Average payable Period (days)	29.9	28.5	28.4	28.3	30.2

Management Discussion and Analysis

Total revenues for 2018 increased to Baht 18,541 million, or 1.5% more than Baht 18,272 million in 2017. Net profit rose 5.3% to Baht 4,152 million in 2018 from Baht 3,944 million in 2017, with Net profit margin at 22.4% in 2018 compared to 21.6% in 2017.

Details of the management discussion and analysis follow:

1. Income Statement

The Company reported Revenues from hospital operations of Baht 18,264 million, a 1.4% improvement year-over-year from Baht 18,020 million in 2017. This was mostly due to the increase in revenues from non-Thai patients of 2.2%, offset with a decrease in revenues from Thai patients of 2.9%. As a result, the revenue contribution from Thai patients in 2018 was 34.5% and from non-Thai patients was 65.5%, compared with 35.6% and 64.4%, respectively, in 2017.

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 10,046 million in 2018, or 2.3% less year-over-year from Baht 10,286 million in 2017. 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 55.0% in 2018 compared with 57.1% in 2017. Selling expenses (including Depreciation and amortization) were Baht 386 million in 2018, or 23.9% more than Baht 312 million in 2017. The variance was mostly due to Baht 53 million more marketing expense. Administrative expenses (including Depreciation and amortization) were Baht 2,902 million in 2018, or 6.1% more than Baht 2,736 million in 2017. The variance was mostly due to Baht 62 million more software support and maintenance, mostly due to additional IBM Watson software support and maintenance and new IT support service; Baht 55 million more depreciation and amortization, mostly due to new HIS software and BI Tower building renovation; and Baht 31 million more personnel cost associated with the annual merit increase. EBITDA increased by 3.7% year-over-year to Baht 6,256 million in 2018 from Baht 6,031 million in 2017, with an EBITDA margin of 34.0% in 2018, improving from 33.2% in 2017.

2018 Depreciation and amortization was Baht 1,180 million, a decrease from Baht 1,206 million in 2017, mostly due to a decrease of accelerated depreciation related to wireless network replacement.

Corporate income tax of Baht 880 million in 2018 was higher than Baht 841 million in 2017. The variance is mostly due to the increase in taxable operating profit, offset with the increase in tax benefit related to training expenses.

Basic EPS for 2018 of Baht 5.70 was 5.3% more than Baht 5.41 in 2017, while 2018 Diluted EPS increased at the same rate to Baht 4.79 from Baht 4.55 in 2017.

(Unit: Million Baht)

Income statements	2018	2017	Change
Revenues from Hospital Operations	18,264	18,020	1.4%
Total Revenues	18,541	18,272	1.5%
EBITDA	6,256	6,031	3.7%
Net Profit	4,152	3,944	5.3%
EBITDA Margin	34.0%	33.2%	
Net Profit Margin	22.4%	21.6%	

(Unit: Baht)

EPS	2018	2017	Change
EPS - Basic	5.70	5.41	5.3%
EPS - Fully Diluted	4.79	4.55	5.3%

2. Statement of Financial Position

As at 31 December 2018, the Company reported Total current assets of Baht 12,101 million, an increase from Baht 10,550 million as at 31 December 2017. The variance is mostly due to a net increase of Baht 738 million in Cash, Cash equivalents, and Short-term investments, mostly due to Baht 4,734 million increase in cash from operating activities, offset with Baht 2,043 million dividend payment, Baht 1,000 million repayment of the Series 2 debentures, and Baht 893 million capital spending in 2018. Trade receivables were Baht 2,541 million as at 31 December 2018 versus Baht 1,787 million as at 31 December 2017. The collection period was 47.4 days as at 31 December 2018 compared to 39.2 days as at 31 December 2017, mostly due to revenues and the collection periods associated with certain Middle East accounts.

Total non-current assets decreased to Baht 12,648 million as at 31 December 2018 from Baht 12,934 million as at 31 December 2017, mostly due to Baht 528 million decrease in Property, plant and equipment as a result of Depreciation and amortization exceeding CAPEX addition in 2018, offset with Baht 289 million increase in Intangible assets associated with new various software.

Total current liabilities were Baht 2,878 million as at 31 December 2018, a decrease from Baht 3,647 million as at 31 December 2017. The variance was mostly due to the decrease of Baht 999 million Current portion of long-term debentures paid in December 2018, associated with the Baht 1,000 million repayment of the Series 2 debentures; offset with Baht 113 million increased Accrued physician fee.

Non-current liabilities were Baht 3,126 million as at 31 December 2018, a decrease from Baht 3,132 million as at 31 December 2017.

The Company's Interest coverage ratio improved to 35.9x in 2018 from 34.2x in 2017, due to higher EBITDA in 2018 compared to 2017. Interest expense decreased by Baht 9 million and Baht 27 million in 2018 and 2017, respectively, for capitalized interest associated with the campus expansion project.

Total shareholders' equity grew to Baht 18,744 million as at 31 December 2018 from Baht 16,705 million as at 31 December 2017. This increase resulted mostly from the Company's 2018 Net profit of Baht 4,152 million, offset with Baht 2,044 million dividend payment. Average return on assets (ROA) was 17.2% in 2018, compared to 17.6% in 2017. Average return on equity (ROE) was 23.4% in 2018, compared to 25.0% in 2017.

(Unit: Million Baht)

	31-Dec-18	31-Dec-17	Change
Total Assets	24,749	23,484	5.4%
Total Liabilities	6,005	6,779	-11.4%
Total Shareholders' Equity	18,744	16,705	12.2%

	2018	2017
Interest Coverage Ratio (x)	35.9*	34.2*
Average Collection Period (days)	47.4	39.2
Average Inventory Period (days)	13.6	11.8
Average Payables Period (days)	29.9	28.5
Net Debt to Equity (x)	0.0	0.1
Average Return on Assets (%)	17.2%	17.6%
Average Return on Equity (%)	23.4%	25.0%

* After adding back the 2018 and 2017 capitalized interest expense related to the campus expansion.

3. Liquidity

The Company's Net cash flows from operating activities in 2018 were Baht 4,734 million, compared to Baht 5,243 million in 2017. This decrease was mainly due to Baht 660 million more in Trade and other receivables. Net cash flows used in investment activities were Baht 1,431 million in 2018 compared to Baht 5,868 million in 2017. This variance was mainly due to Baht 3,595 million change between Short-term investments and Cash and cash equivalents. The Company reported Net cash flows used in financing activities of Baht 3,245 million in 2018 compared to Baht 2,061 million in 2017, mostly as a result of the Baht 1,000 million repayment of the Series 2 debentures. As a result of the above, Cash and cash equivalents was Baht 2,529 million as at 31 December 2018, compared to Baht 2,470 million as at 31 December 2017.

The Company's Liquidity ratio as at 31 December 2018 improved to 4.2x from 2.9x as at 31 December 2017, due to the decrease of Baht 999 million Current portion of long-term debentures paid in December 2018. Similarly, the Quick ratio as at 31 December 2018 improved to 1.8x from 1.2 x as 31 December 2017.

(Unit: Million Baht)

	2018	2017
Cash Flow from Operating Activities	4,734	5,243
Cash Flow used in Investing Activities	(1,431)	(5,868)
Cash Flow used in Financing Activities	(3,245)	(2,061)
Net increase (decrease) in cash and cash equivalents	58	(2,684)
Cash and cash Equivalents at end of year	2,529	2,470

	31-Dec-18	31-Dec-17
Liquidity Ratio (x)	4.2	2.9
Quick Ratio (x)	1.8	1.2

4. Other Matter

On October 3, 2018, TRIS Rating affirmed the Company rating and the senior unsecured debenture ratings at "A+". The ratings reflect the Company's leading position in the premium segment of Thailand's private healthcare market, its well-accepted brand among local and international patients, and its strong financial profile supported by its high profitability and very low leverage. However, these strengths are partially offset by intense competition in the local and international healthcare markets, the risk from single premise limitation, and the slowdown in the growth of patient number, especially patients from the Middle East countries.

5. Contractual Obligations

(Unit: Million Baht)

As at 31 December 2018

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Long-term loan from and interest payable to a related party	166	-	-	-	2	168	(% per annum) 1.25
Long-term loan from and interest payable to an unrelated party	-	19	-	-	1	20	1.25
Long-term debentures	-	2,492	-	-	-	2,492	4.97
	166	2,511	-	-	3	2,680	

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

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, and the compliance with laws, and to consider potential conflict of interest transactions.

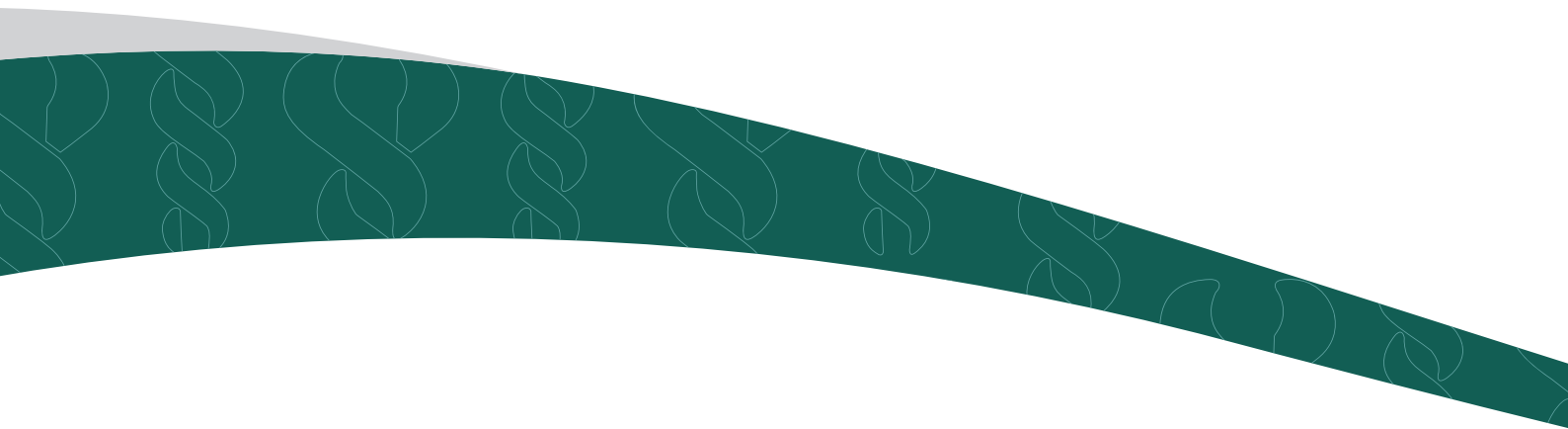
In the year 2018, the Audit Committee held totally 4 meetings and a meeting with the independent auditor without the presence of management, to perform its duties and responsibilities. The committee's main activities are summarized as below:

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 Ms. Vissuta Jariyathanakorn and/or Ms. Sumalee Reewarabandith and/or Ms. Kosum Cha-em 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 were 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.

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 2019





Report and Consolidated Financial Statements

31 December 2018

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 2018, 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 2018, 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 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 Matter

Key audit matter is this matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was 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 this matter.

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 this matter. 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 matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond to the matter are described below.

Revenue recognition

Revenues from hospital operations are significant to the financial statements because the amount is high (approximately 99% 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, and with special consideration given to expanding the scope of the testing of 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.
- Reviewing credit notes that the Group issued after the period-end.

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 matter. 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.

I am responsible for the audit resulting in this independent auditor's report.

Kosum Cha-em
Certified Public Accountant (Thailand) No. 6011
EY Office Limited
Bangkok: 20 February 2019

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	2,528,751,260	2,470,436,654	2,287,035,486	2,204,121,813
Short-term investments	8	6,477,818,697	5,797,888,737	6,446,149,016	5,793,633,400
Trade and other receivables	9	2,560,672,526	1,818,549,649	2,565,570,531	1,816,440,167
Inventories	10	391,809,186	307,838,561	321,393,764	260,935,781
Prepaid expenses		109,234,010	111,062,695	86,415,849	98,225,175
Other current assets		32,496,577	44,554,769	27,216,506	40,897,108
Total current assets		12,100,782,256	10,550,331,065	11,733,781,152	10,214,253,444
Non-current assets					
Advance payment for share subscription	6, 11	-	-	-	45,000,000
Investments in subsidiaries	11	-	-	1,683,772,798	1,638,772,798
Investment in associates	12	219,841,286	219,858,963	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	11,256,012,745	11,784,244,407	9,741,079,891	10,220,695,522
Intangible assets	15	789,315,193	500,158,910	784,778,284	494,893,403
Goodwill	16	74,320,236	111,009,541	-	-
Deferred tax assets	26	289,744,775	291,188,176	282,454,993	283,970,090
Other non-current assets		17,092,333	25,464,051	16,973,203	25,344,144
Total non-current assets		12,648,026,568	12,933,624,048	12,512,206,216	12,711,823,004
Total assets		24,748,808,824	23,483,955,113	24,245,987,368	22,926,076,448

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	17	964,663,451	856,976,914	958,824,477	867,962,110
Accrued physicians' fees		739,345,490	626,326,580	725,620,576	619,483,504
Loan and interest payable to a related party	6	168,182,018	187,627,981	168,182,018	187,627,981
Current portion of long-term debentures	19	-	998,570,262	-	998,570,262
Accrued expenses		518,982,264	507,865,386	509,191,198	499,075,582
Income tax payable		407,471,762	393,549,078	380,567,497	375,806,460
Other current liabilities		79,490,045	75,974,569	59,046,249	56,635,361
Total current liabilities		2,878,135,030	3,646,890,770	2,801,432,015	3,605,161,260
Non-current liabilities					
Long-term loan and interest payable to an unrelated party	18	19,701,778	18,127,249	-	-
Long-term debentures - net of current portion	19	2,492,080,893	2,489,671,954	2,492,080,893	2,489,671,954
Deferred tax liabilities	26	47,817,240	48,117,911	-	-
Provision for long-term employee benefits	21	566,649,310	576,196,761	553,018,767	566,967,228
Total non-current liabilities		3,126,249,221	3,132,113,875	3,045,099,660	3,056,639,182
Total liabilities		6,004,384,251	6,779,004,645	5,846,531,675	6,661,800,442

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital	23				
Registered					
921,401,820 ordinary shares of Baht 1 each (2017: 921,339,320 ordinary shares of Baht 1 each)		921,401,820	921,339,320	921,401,820	921,339,320
1,300,865 preference shares of Baht 1 each (2017: 1,363,365 preference shares of Baht 1 each)		1,300,865	1,363,365	1,300,865	1,363,365
		922,702,685	922,702,685	922,702,685	922,702,685
Issued and paid-up					
728,751,357 ordinary shares of Baht 1 each (2017: 728,688,857 ordinary shares of Baht 1 each)		728,751,357	728,688,857	728,751,357	728,688,857
1,300,865 preference shares of Baht 1 each (2017: 1,363,365 preference shares of Baht 1 each)		1,300,865	1,363,365	1,300,865	1,363,365
		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		16,789,303,287	14,665,125,373	16,741,560,171	14,606,380,484
Other components of shareholders' equity		7,414,636	79,357,515	-	-
Equity attributable to owners of the Company		18,454,613,445	16,402,378,410	18,399,455,693	16,264,276,006
Non-controlling interests of the subsidiaries		289,811,128	302,572,058	-	-
Total shareholders' equity		18,744,424,573	16,704,950,468	18,399,455,693	16,264,276,006
Total liabilities and shareholders' equity		24,748,808,824	23,483,955,113	24,245,987,368	22,926,076,448

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Revenues					
Revenues from hospital operations		18,264,201,222	18,019,776,250	17,564,086,153	17,429,258,729
Rental income		61,760,610	66,888,398	84,576,604	78,838,529
Interest income		125,395,853	103,251,408	116,750,559	96,012,331
Dividend income	11.1, 12.2	-	-	319,158,870	211,557,829
Other income		89,670,542	81,649,552	111,321,085	98,955,991
Total revenues		18,541,028,227	18,271,565,608	18,195,893,271	17,914,623,409
Expenses					
Cost of hospital operations		10,045,964,169	10,285,873,507	9,714,416,067	9,957,114,736
Selling expenses		386,073,734	311,653,832	353,020,949	292,491,593
Administrative expenses		2,902,219,828	2,736,223,349	2,967,860,632	2,770,866,736
Exchange losses		5,181,798	9,171,517	3,137,179	1,279,483
Total expenses		13,339,439,529	13,342,922,205	13,038,434,827	13,021,752,548
Profit before share of profit (loss) from investments in associates, finance cost and income tax expenses		5,201,588,698	4,928,643,403	5,157,458,444	4,892,870,861
Share of profit (loss) from investments in associates	12.2	(4,274)	3,546,571	-	-
Profit before finance cost and income tax expenses		5,201,584,424	4,932,189,974	5,157,458,444	4,892,870,861
Finance cost		(165,154,581)	(149,854,660)	(164,857,977)	(149,573,025)
Profit before income tax expenses		5,036,429,843	4,782,335,314	4,992,600,467	4,743,297,836
Income tax expenses	26	(880,204,635)	(840,958,234)	(831,670,614)	(807,467,272)
Profit for the year		4,156,225,208	3,941,377,080	4,160,929,853	3,935,830,564
Profit (loss) attributable to:					
Equity holders of the Company		4,151,885,684	3,943,889,207	4,160,929,853	3,935,830,564
Non-controlling interests of the subsidiaries		4,339,524	(2,512,127)		
		4,156,225,208	3,941,377,080		
Earnings per share					
Basic earnings per share	27				
Profit attributable to equity holders of the Company		5.70	5.41	5.71	5.40
Diluted earnings per share					
Profit attributable to equity holders of the Company		4.79	4.55	4.80	4.54

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit for the year	4,156,225,208	3,941,377,080	4,160,929,853	3,935,830,564
Other comprehensive income:				
Other comprehensive income to be reclassified to income statement in subsequent periods:				
Exchange differences on translation of financial statements in foreign currencies	(89,043,333)	(44,229,788)	-	-
Income tax on other paid-in capital of an associate	-	(43,393,263)	-	-
Other comprehensive income to be reclassified to income statement in subsequent periods	(89,043,333)	(87,623,051)	-	-
Other comprehensive income not to be reclassified to income statement in subsequent periods				
Actuarial gain (loss) - net of income tax	48,780,426	(42,783,746)	50,738,030	(41,313,039)
Other comprehensive income not to be reclassified to income statement in subsequent periods - net of income tax	48,780,426	(42,783,746)	50,738,030	(41,313,039)
Other comprehensive income for the year	(40,262,907)	(130,406,797)	50,738,030	(41,313,039)
Total comprehensive income for the year	4,115,962,301	3,810,970,283	4,211,667,883	3,894,517,525
Total comprehensive income attributable to:				
Equity holders of the Company	4,128,723,231	3,822,490,851	4,211,667,883	3,894,517,525
Non-controlling interests of the subsidiaries	(12,760,930)	(11,520,568)		
	4,115,962,301	3,810,970,283		

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

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements

Equity attributable to owners of the Company

Other components of shareholders' equity

Other comprehensive income

	Issued and paid-up share capital		Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings		Exchange differences on translation of financial statements in foreign currencies	Other paid-in capital of an associate	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Ordinary shares	Preference shares			Appropriated	Unappropriated						
Balance as at 1 January 2017	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
Profit (loss) for the year	-	-	-	-	-	3,943,889,207	-	-	-	3,943,889,207	(2,512,127)	3,941,377,080
Other comprehensive income for the year	-	-	-	-	-	(42,783,746)	(35,221,347)	(43,393,263)	(78,614,610)	(121,398,356)	(9,008,441)	(130,406,797)
Total comprehensive income for the year	-	-	-	-	-	3,901,105,461	(35,221,347)	(43,393,263)	(78,614,610)	3,822,490,851	(11,520,568)	3,810,970,283
Preference shares converted to ordinary shares (Note 23)	43,298	(43,298)	-	-	-	-	-	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(1,861,467,351)	-	-	-	(1,861,467,351)	-	(1,861,467,351)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	-	-	-	(32,500,000)	-	(32,500,000)
Balance as at 31 December 2017	728,688,857	1,363,365	285,568,300	550,000,000	92,275,000	14,665,125,373	(129,421,756)	208,779,271	79,357,515	16,402,378,410	302,572,058	16,704,950,468
Balance as at 1 January 2018	728,688,857	1,363,365	285,568,300	550,000,000	92,275,000	14,665,125,373	(129,421,756)	208,779,271	79,357,515	16,402,378,410	302,572,058	16,704,950,468
Profit for the year	-	-	-	-	-	4,151,885,684	-	-	-	4,151,885,684	4,339,524	4,156,225,208
Other comprehensive income for the year	-	-	-	-	-	48,780,426	(71,942,879)	-	(71,942,879)	(23,162,453)	(17,100,454)	(40,262,907)
Total comprehensive income for the year	-	-	-	-	-	4,200,666,110	(71,942,879)	-	(71,942,879)	4,128,723,231	(12,760,930)	4,115,962,301
Preference shares converted to ordinary shares (Note 23)	62,500	(62,500)	-	-	-	-	-	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(2,043,988,196)	-	-	-	(2,043,988,196)	-	(2,043,988,196)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	-	-	-	(32,500,000)	-	(32,500,000)
Balance as at 31 December 2018	728,751,357	1,300,865	285,568,300	550,000,000	92,275,000	16,789,303,287	(201,364,635)	208,779,271	7,414,636	18,454,613,445	289,811,128	18,744,424,573

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 2018

(Unit: Baht)

	Separate financial statements						Total shareholders' equity
	Issued and paid-up share capital		Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings		
	Ordinary shares	Preference shares			Appropriated	Unappropriated	
Balance as at 1 January 2017	728,645,559	1,406,663	285,568,300	550,000,000	92,275,000	12,605,830,310	14,263,725,832
Profit for the year	-	-	-	-	-	3,935,830,564	3,935,830,564
Other comprehensive income for the year	-	-	-	-	-	(41,313,039)	(41,313,039)
Total comprehensive income for the year	-	-	-	-	-	3,894,517,525	3,894,517,525
Preference shares converted to ordinary shares (Note 23)	43,298	(43,298)	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(1,861,467,351)	(1,861,467,351)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	(32,500,000)
Balance as at 31 December 2017	728,688,857	1,363,365	285,568,300	550,000,000	92,275,000	14,606,380,484	16,264,276,006
Balance as at 1 January 2018	728,688,857	1,363,365	285,568,300	550,000,000	92,275,000	14,606,380,484	16,264,276,006
Profit for the year	-	-	-	-	-	4,160,929,853	4,160,929,853
Other comprehensive income for the year	-	-	-	-	-	50,738,030	50,738,030
Total comprehensive income for the year	-	-	-	-	-	4,211,667,883	4,211,667,883
Preference shares converted to ordinary shares (Note 23)	62,500	(62,500)	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(2,043,988,196)	(2,043,988,196)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	(32,500,000)
Balance as at 31 December 2018	728,751,357	1,300,865	285,568,300	550,000,000	92,275,000	16,741,560,171	18,399,455,693

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	5,036,429,843	4,782,335,314	4,992,600,467	4,743,297,836
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,179,529,412	1,205,911,730	1,122,581,883	1,149,160,424
Bad debts and doubtful debts	78,031,565	80,591,389	71,655,757	80,459,771
Reduction of cost of inventories to net realisable value	1,783,255	368,107	-	-
Gain on sales and write-off of building and equipment	(672,480)	(2,126,617)	(1,329,921)	(1,698,058)
Loss on write-off of computer software	-	2,617	-	2,617
Long-term employee benefits expenses	96,696,764	87,047,715	94,294,357	84,563,802
Loss on impairment of assets	-	886,104	-	-
Share of loss (profit) from investments in associates	4,274	(3,546,571)	-	-
Interest income	(125,395,853)	(103,251,408)	(116,750,559)	(96,012,331)
Dividend income	-	-	(319,158,870)	(211,557,829)
Amortisation of debenture issuing costs to interest expenses	3,838,676	3,700,802	3,838,676	3,700,802
Interest expenses	161,315,905	146,153,858	161,019,301	145,872,223
Profit from operating activities before changes in operating assets and liabilities	6,431,561,361	6,198,073,040	6,008,751,091	5,897,789,257
Operating assets (increase) decrease				
Trade and other receivables	(841,701,762)	(182,120,378)	(842,333,440)	(183,107,749)
Inventories	(85,695,559)	1,807,185	(60,457,983)	18,980,963
Prepaid expenses	1,828,685	(4,003,495)	11,809,326	(10,749,434)
Other current assets	15,079,195	(227,473)	16,742,950	653,157
Other non-current assets	8,371,718	(1,614,855)	8,370,941	(1,629,810)
Operating liabilities increase (decrease)				
Trade and other payables	23,330,051	36,554,454	6,505,881	53,643,380
Accrued physicians' fees	113,018,910	29,401,183	106,137,072	29,391,038
Accrued expenses	14,016,525	60,507,844	11,624,657	63,642,249
Other current liabilities	3,515,476	2,312,544	2,410,888	5,344,178
Paid for long-term employee benefits	(45,461,235)	(56,289,541)	(44,820,280)	(55,039,430)
Cash flows from operating activities	5,637,863,365	6,084,400,508	5,224,741,103	5,818,917,799
Cash paid for corporate income tax	(903,934,358)	(841,021,473)	(855,623,758)	(813,659,354)
Net cash flows from operating activities	4,733,929,007	5,243,379,035	4,369,117,345	5,005,258,445

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

Cash flow statement (Continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in short-term investments	(679,929,960)	(4,274,588,737)	(652,515,616)	(4,284,633,400)
Cash paid for investments in associate	-	(1,669,818)	-	-
Advance payment for share subscription	-	-	-	(45,000,000)
Dividend received	-	-	319,158,870	190,010,510
Cash paid for acquisition and payment of account payable - construction and purchase of property, plant and equipment	(508,241,635)	(1,411,642,438)	(458,780,504)	(1,352,758,709)
Cash paid for acquisition and payment of account payable - purchase of computer software	(385,193,462)	(255,810,074)	(385,086,593)	(254,986,646)
Proceeds from sales of equipment	2,852,507	4,059,002	5,128,174	4,169,568
Interest income	139,919,622	72,056,549	131,231,981	64,852,650
Net cash flows used in investing activities	(1,430,592,928)	(5,867,595,516)	(1,040,863,688)	(5,678,346,027)
Cash flows from financing activities				
Repayment of long-term debenture	(1,000,000,000)	-	(1,000,000,000)	-
Interest paid for long-term debentures	(170,150,000)	(170,150,000)	(170,150,000)	(170,150,000)
Dividend paid	(2,042,689,984)	(1,858,665,151)	(2,042,689,984)	(1,858,663,481)
Interest paid for convertible bonds treated as equity securities	(32,500,000)	(32,500,000)	(32,500,000)	(32,500,000)
Net cash flows used in financing activities	(3,245,339,984)	(2,061,315,151)	(3,245,339,984)	(2,061,313,481)
Increase in translation adjustment	318,511	1,807,248	-	-
Net increase (decrease) in cash and cash equivalents	58,314,606	(2,683,724,384)	82,913,673	(2,734,401,063)
Cash and cash equivalents at beginning of year	2,470,436,654	5,154,161,038	2,204,121,813	4,938,522,876
Cash and cash equivalents at end of year	2,528,751,260	2,470,436,654	2,287,035,486	2,204,121,813
Supplemental cash flow information				
Non-cash transactions				
Accrued dividend income	-	21,547,319	-	21,547,319
Interest capitalised as cost of assets	9,723,014	26,611,453	9,723,014	26,611,453
Acquisition of construction and purchase of property, plant and equipment for which no cash has been paid	122,786,180	40,386,976	122,786,180	40,386,976
Acquisition of purchase of computer software which no cash has been paid	4,145,794	3,486,723	4,145,794	3,486,723

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

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 11 October 2016, 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").

			Percentage of shareholding	
Company	Nature of business	Country of incorporation	2018	2017
			(%)	(%)
<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. ("BPDTC")	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 ("LLL")	Overseas investment	Hong Kong	100	100
Health Horizons Enterprises Pte. ("HHE")	Overseas investment	Singapore	80	80

Company	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 (%)	2017 (%)
Bumrungrad Services Co., Ltd. ("BS")	Referral services to both domestic and foreign patients and training center for healthcare service business	Thailand	100	100
<u>Subsidiaries held by subsidiaries</u>				
Bumrungrad Mongolia LLC ("BML") (Investment through HHE)	Overseas investment	Mongolia	80	80
Seoul Seniors Tower LLC ("SST") (Investment through BML)	Owner and operates hospital	Mongolia	41	41
Bumrungrad Myanmar ("BM") (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 Group has been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss 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 financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018.

These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Groups' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Group believes that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16

Hedges of a Net Investment in a Foreign Operation

TFRIC 19

Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 stage 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 impairment loss (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.

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 - 30 years
Buildings and construction	5 - 40 years
Facility systems	5 - 40 years
Medical accessory equipment	3 - 15 years
Hospital equipment	3 - 10 years
Equipment and furniture	5 - 20 years
Motor vehicles	5 and 8 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, the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses (if any). 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 associated companies, 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 profit or loss 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 defined benefit plans are recognised immediately in the statement of 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 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 Company holds less than half of shares

The management of the Group determined that the Company 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 Company 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 Company 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 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 Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess 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, Group 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 financial statements		Separate financial statements		Pricing policy
	2018	2017	2018	2017	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Medical service income	-	-	44.0	45.0	Market price
Professional service income	-	-	24.0	21.6	Actual paid and cost plus margin
Rental income	-	-	22.8	12.1	As per contracts
Sales of medicine and medical supplies	-	-	16.5	9.0	Cost plus margin
Sales of equipment	-	-	2.3	0.1	Market price and cost plus margin
Dividend income	-	-	319.2	190.0	As declared
Lab service expense	-	-	6.4	1.0	Market price
Pharmacy expense	-	-	67.3	27.6	Market price
Training expenses	-	-	233.5	200.9	Cost plus margin
Service expenses	-	-	13.0	10.2	Cost plus margin
Rental expenses	-	-	6.2	1.6	As per contracts
Transactions with associates					
Consulting income	0.2	0.2	0.2	0.2	As per contract
Dividend income	-	-	-	21.5	As declared
Interest expense on long-term loan	2.1	2.3	2.1	2.3	1.25% p.a. (2017: 1.25% and 1.38% p.a.)
Transactions with related parties					
Medical service income	69.7	56.3	69.7	56.3	Market price
Rental income	2.9	2.8	2.9	2.8	Market price
Interest income on short-term investments	70.8	49.6	70.8	49.3	1.00% to 1.70% p.a. (2017: 1.29% to 1.70% p.a.)
Other income	0.3	0.4	0.3	0.4	At cost
Lab service expense	5.5	9.8	5.5	9.8	Market price
Purchase of medicine and medical supplies	14.0	12.1	14.0	12.1	Market price
Donation expense	36.9	31.9	36.9	31.9	-
Insurance expense	30.5	28.4	30.3	28.3	As per insurance policies
Credit card commission fees	131.3	136.6	124.3	130.8	Market price
Legal advisory fee	6.6	4.8	6.4	4.0	Market price
Service fee	1.3	2.0	1.3	2.0	Market price
Interest expense on long-term debentures	27.1	42.1	27.1	42.1	4.59% to 4.97% p.a. (2017: 4.59% to 4.97% p.a.)
Interest expense on convertible bonds	32.5	32.5	32.5	32.5	1.00% and 10.00% p.a.

The balances of the accounts as at 31 December 2018 and 2017 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term investments - Fixed deposits with a local commercial bank (Note 8)				
Related company (common executive)	4,801,257	5,293,633	4,799,457	5,293,633
Trade and other receivables - related parties (Note 9)				
Subsidiaries	-	-	43,908	23,714
Associate	12	21,559	12	21,559
Related company (common director)	13,543	4,447	13,543	4,447
Total	13,555	26,006	57,463	49,720
Advance payment for share capital (Note 11.4)				
Subsidiary	-	-	-	45,000
Trade and other payables - related parties (Note 17)				
Subsidiaries	-	-	44,739	39,497
Loan and interest payable to a related party				
Associate	168,182	187,628	168,182	187,628
Long-term debentures (Note 19)				
Related companies (common shareholder)	455,000	855,000	455,000	855,000
Convertible bonds treated as equity securities (Note 22)				
Related company (common executive)	550,000	550,000	550,000	550,000

During the current year, a related party sold Baht 300 million of long-term debentures to unrelated companies and persons and long-term debentures Baht 100 million was redeemed.

Loan and interest payable to a related party

During the year ended 31 December 2018, movements of loan and interest payable to a related company were as follows.

(Unit: Thousand Baht)

Consolidated financial statements/ Separate financial statements

	Balance as at 31 December 2017	During the year		Balance as at 31 December 2018
		Increase	Decrease	
Bumrungrad International Ltd.				
Principal	176,400	-	(10,488)	165,912
Interest payable	11,228	2,101	(11,059)	2,270
Total	187,628	2,101	(21,547)	168,182

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Group had employee benefit expenses payable to their directors and management as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term benefits	124,333	110,306	98,915	89,066
Post-employment benefits	6,570	4,269	5,842	3,916
Other long-term benefits	7	7	2	3
Total	130,910	114,582	104,759	92,985

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	18,207	13,328	17,292	12,328
Bank deposits	2,510,526	1,374,684	2,269,731	1,164,145
Promissory notes	18	1,082,425	12	1,027,649
Total	2,528,751	2,470,437	2,287,035	2,204,122

As at 31 December 2018, bank deposits in savings accounts, fixed deposits and promissory notes carried interests between 0.05% and 3.60% per annum (2017: between 0.05% and 3.60% per annum).

8. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Fixed deposits with a local commercial bank	6,477,819	5,797,889	6,446,149	5,793,633
Interest rate (% p.a.)	1.40 - 1.55	1.25 - 1.70	1.40 - 1.50	1.25 - 1.70

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	13,375	4,186	14,233	5,455
Total trade receivables - related parties	13,375	4,186	14,233	5,455
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,302,421	992,543	1,290,536	988,607
Past due				
1 - 30 days	430,499	7,574	419,281	3,448
31 - 60 days	190,967	282,997	186,685	272,139
61 - 90 days	75,055	148,449	72,595	146,272
91 - 180 days	304,562	278,167	298,122	273,857
181 - 365 days	249,036	127,216	244,054	126,845
More than 365 days	239,929	175,526	238,340	175,526
Total	2,792,469	2,012,472	2,749,613	1,986,694
Less: Allowance for doubtful debts	(251,820)	(225,223)	(247,740)	(225,192)
Total trade receivables - unrelated parties, net	2,540,649	1,787,429	2,501,873	1,761,502
Total trade receivables - net	2,554,024	1,791,435	2,516,106	1,766,957
<u>Other receivables</u>				
Accrued dividend - related parties	-	21,547	-	21,547
Other receivables - related parties	180	273	43,230	22,718
Other receivables - unrelated parties	6,469	5,295	6,235	5,218
Total other receivables	6,649	27,115	49,465	49,483
Total trade and other receivables - net	2,560,673	1,818,550	2,565,571	1,816,440

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories – net	
	2018	2017	2018	2017	2018	2017
Medicine	234,881	165,532	2,201	417	232,680	165,115
Medical supplies	72,638	65,386	-	-	72,638	65,386
Other supplies	86,491	77,338	-	-	86,491	77,338
Total	394,010	308,256	2,201	417	391,809	307,839

(Unit: Thousand Baht)

Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories – net	
	2018	2017	2018	2017	2018	2017
Medicine	191,947	136,433	-	-	191,947	136,433
Medical supplies	52,801	48,054	-	-	52,801	48,054
Other supplies	76,646	76,449	-	-	76,646	76,449
Total	321,394	260,936	-	-	321,394	260,936

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)						
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 95 million	Baht 50 million	100	100	95,000	50,000	50,000	50,000	45,000	-
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 120 million	100	100	120,000	120,000	-	-	120,000	120,000
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 82,000	100	100	2,860	2,860	-	-	2,860	2,860
Health Horizons Enterprises Pte. Ltd.	USD 16.8 million	USD 16.8 million	80	80	436,211	436,211	-	-	436,211	436,211
Bumrungrad Services Co., Ltd.	Baht 2 million	Baht 2 million	100	100	2,000	2,000	-	-	2,000	2,000
Total					1,763,273	1,718,273	79,500	79,500	1,683,773	1,638,773

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

(Unit: Thousand Baht)

Company	Separate financial statements	
	2018	2017
Vitalife Corporation Ltd.	229,159	100,011
Bumrungrad Personnel Development and Training Center Co., Ltd.	90,000	89,999
Total	319,159	190,010

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		Gain allocated to non-controlling interests during the year	
	2018	2017	2018	2017	2018	2017
	(%)	(%)				
Seoul Seniors Tower LLC	49	49	238,420	231,111	7,309	2,497

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	
	2018	2017
Current assets	98,634	75,209
Non-current assets	352,686	383,600
Current liabilities	140,292	136,768
Non-current liabilities	-	-

Summarised information about comprehensive income

(Unit: Thousand Baht)

	Seoul Seniors Tower LLC For the years ended 31 December	
	2018	2017
Revenue	220,159	201,656
Profit	16,945	7,143
Other comprehensive income	-	-
Total comprehensive income	16,945	7,143

Summarised information about cash flows

(Unit: Thousand Baht)

	Seoul Seniors Tower LLC For the years ended 31 December	
	2018	2017
Cash flows from operating activities	40,919	30,665
Cash flows used in investing activities	(20,302)	(4,546)
Decrease in translation adjustment	(5,906)	(217)
Net increase in cash and cash equivalents	14,711	25,902

11.4 Capital increase of subsidiariesBumrungrad Mongolia LLC

On 24 April 2017, the shareholders' meeting of Bumrungrad Mongolia LLC., a subsidiary held by Health Horizons Enterprises Pte. Ltd. (the Company's subsidiary), passed a resolution to increase the registered share capital from MNT 4,141 million (4.14 million ordinary shares with a par value of MNT 1,000 each) to MNT 4,181 million (4.18 million ordinary shares with a par value of MNT 1,000 each), by issuing additional MNT 0.04 million ordinary shares with a par value of MNT 1,000 each, or equivalent to approximately Baht 1 million, to the existing shareholder. Health Horizons Enterprises Pte. Ltd. acquired all of the additional shares. The subsidiary registered the increase of its share capital on 3 May 2017.

Asia Global Research Co., Ltd.

On 28 December 2017, the Extra Ordinary Meeting of the shareholders of a subsidiary (Asia Global Research Co., Ltd.) passed a resolution to increase the registered share capital from Baht 50 million (5 million ordinary shares with a par value of Baht 10 each) to Baht 95 million (9.5 million ordinary shares with a par value of Baht 10 each), by issuing additional 4.5 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 in advance on 28 December 2017. The subsidiary registered the increase of its share capital with the Ministry of Commerce on 11 January 2018.

During the current year, the Company already recorded Baht 45 million advance payment of shares to be investment in subsidiary.

12. Investment in associates

12.1 Details of investment in associates

(Unit: Thousand Baht)

Consolidated financial statements

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2018	2017	2018	2017	2018	2017
			(%)	(%)				
<u>An associate held by the Company</u>								
Bumrungrad International Ltd. (registered the dissolution on 28 December 2017)	Holding company	Thailand	31.5	31.5	1,447	1,447	218,413	218,413
<u>An associate held by the subsidiary</u>								
Inovital International AG (held by LLL)	Manufacture and sale of vitamin supplement products	Swiss Confederation	49.0	49.0	1,670	1,670	1,428	1,446
Total					3,117	3,117	219,841	219,859

(Unit: Thousand Baht)

Separate financial statements

Company	Shareholding percentage		Carrying amounts based on cost method	
	2018	2017	2018	2017
	(%)	(%)		
Bumrungrad International Ltd. (registered the dissolution on 28 December 2017)	31.5	31.5	1,447	1,447
Total			1,447	1,447

12.2 Share of profit (loss) and dividend received

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

(Unit: Thousand Baht)

Company	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates during the years		Dividend received during the years	
	2018	2017	2018	2017
Bumrungrad International Ltd. (registered the dissolution on 28 December 2017)	-	3,681	-	21,547
Inovital International AG (held by LLL)	(4)	(134)	-	-
Total	(4)	3,547	-	21,547

12.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	Bumrungrad International Ltd. (registered the dissolution on 28 December 2017)		Inovital International AG (held by LLL)	
	2018	2017	2018	2017
Current assets	695.5	762.4	3.0	3.3
Current liabilities	(2.2)	(69.1)	(0.3)	(0.2)
Net assets	693.3	693.3	2.7	3.1
Shareholding percentage (%)	31.5	31.5	49.0	49.0
Share of net assets	218.4	218.4	1.3	1.5
Carrying amounts of associates based on equity method	218.4	218.4	1.4	1.4

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

	Bumrungrad International Ltd. (registered the dissolution on 28 December 2017)		Inovital International AG (held by LLL)	
	2018	2017	2018	2017
Revenue	-	12.6	-	-
Profit (loss)	-	11.7	(0.9)	(0.3)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	11.7	(0.9)	(0.3)

Acquisition of a new associate

On 20 January 2017, Life and Longevity Ltd. (LLL), 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.

Dissolution of an associate

On 27 December 2017, an extraordinary general meeting of shareholders of an associate (Bumrungrad International Limited ("BIL")), approved the dissolution of the BIL, and BIL registered its dissolution with the Ministry of Commerce on 28 December 2017. Currently, BIL is in the process of liquidation.

13. Other long-term investment

(Unit: Thousand Baht)

Company	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	(%)	(%)				
Chantaburi Country Club Co., Ltd.	0.1	0.1	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 2017	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
Additions	-	-	21,204	49,279	325,448	48,414	25,861	4,799	875,155	1,350,160
Disposals/write-off	-	-	(74,300)	(46,797)	(192,793)	(51,824)	(36,923)	(901)	-	(403,538)
Transfer in (out)	-	28,087	483,912	93,427	288,499	-	2,667	-	(896,592)	-
Capitalised interest	-	-	-	-	-	-	-	-	26,611	26,611
Translation adjustment	-	(73)	(32,952)	(71)	(4,570)	(9,805)	(995)	(129)	-	(48,595)
31 December 2017	4,027,325	64,978	6,914,861	1,224,657	5,122,096	1,351,576	605,455	49,402	1,086,789	20,447,139
Additions	-	227	20,288	36,726	111,121	113,669	3,618	-	304,992	590,641
Disposals/write-off	-	-	(13,555)	(1,223)	(17,289)	(21,803)	(5,650)	(1,409)	-	(60,929)
Transfer in (out)	-	8,921	506,574	115,689	-	23,220	-	-	(654,404)	-
Capitalised interest	-	-	-	-	-	-	-	-	9,723	9,723
Translation adjustment	-	(94)	(42,880)	(94)	(6,169)	(13,126)	(1,367)	(126)	-	(63,856)
31 December 2018	4,027,325	74,032	7,385,288	1,375,755	5,209,759	1,453,536	602,056	47,867	747,100	20,922,718

(Unit: Thousand Baht)

Consolidated financial statements

Accumulated depreciation

1 January 2017	-	23,939	2,770,471	425,060	3,388,100	865,695	429,856	40,108	-	7,943,229
Depreciation for the year	-	2,143	412,808	109,360	416,396	138,771	50,582	1,879	-	1,131,939
Depreciation on disposals/write-off	-	-	(74,200)	(46,660)	(192,793)	(51,238)	(35,867)	(862)	-	(401,620)
Translation adjustment	-	(18)	(4,467)	(14)	(1,024)	(5,690)	(509)	(56)	-	(11,778)
31 December 2017	-	26,064	3,104,612	487,746	3,610,679	947,538	444,062	41,069	-	8,661,770
Depreciation for the year	-	2,908	405,838	108,720	340,684	183,702	38,456	2,238	-	1,082,546
Depreciation on disposals/write-off	-	-	(13,552)	(1,204)	(16,610)	(20,988)	(4,987)	(1,408)	-	(58,749)
Translation adjustment	-	(37)	(7,991)	(40)	(2,355)	(8,654)	(840)	(70)	-	(19,987)
31 December 2018	-	28,935	3,488,907	595,222	3,932,398	1,101,598	476,691	41,829	-	9,665,580

Allowance for impairment loss

1 January 2017	-	-	-	-	-	239	-	-	-	239
Increase during the year	-	-	-	-	-	-	-	-	886	886
31 December 2017	-	-	-	-	-	239	-	-	886	1,125
31 December 2018	-	-	-	-	-	239	-	-	886	1,125

Net book value

31 December 2017	4,027,325	38,914	3,810,249	736,911	1,511,417	403,799	161,393	8,333	1,085,903	11,784,244
31 December 2018	4,027,325	45,097	3,896,381	780,533	1,277,361	351,699	125,365	6,038	746,214	11,256,013

Depreciation for the years

2017 (Baht 855 million included in cost of hospital operations, and the balance in selling and administrative expenses)

1,131,939

2018 (Baht 773 million included in cost of hospital operations, and the balance in selling and administrative expenses)

1,082,546

(Unit: Thousand Baht)

Separate financial statements

Cost

	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
1 January 2017	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
Additions	-	-	16,138	49,275	298,360	35,803	24,874	4,788	862,039	1,291,277
Disposals/write-off	-	-	(74,300)	(46,795)	(208,295)	(51,824)	(36,923)	(439)	-	(418,576)
Transfer in (out)	-	28,087	470,950	93,425	288,501	-	2,667	-	(883,630)	-
Capitalised interest	-	-	-	-	-	-	-	-	26,611	26,611
31 December 2017	2,982,291	44,662	5,753,196	1,198,918	4,433,124	1,052,960	469,245	25,560	1,085,000	17,044,956
Additions	-	227	12,130	36,460	88,497	99,685	1,835	-	302,346	541,180
Disposals/write-off	-	-	(13,555)	(1,223)	(39,260)	(21,169)	(5,650)	(1,409)	-	(82,266)
Transfer in (out)	-	8,921	506,574	115,689	-	23,220	-	-	(654,404)	-
Capitalised interest	-	-	-	-	-	-	-	-	9,723	9,723
31 December 2018	2,982,291	53,810	6,258,345	1,349,844	4,482,361	1,154,696	465,430	24,151	742,665	17,513,593

(Unit: Thousand Baht)

Separate financial statements

Accumulated depreciation

1 January 2017	-	16,327	1,987,879	391,928	2,836,655	591,575	322,785	16,803	-	6,163,952
Depreciation for the year	-	2,024	392,292	109,050	407,085	115,221	48,796	1,707	-	1,076,175
Depreciation on disposals/write-off	-	-	(74,200)	(46,660)	(207,702)	(51,238)	(35,867)	(439)	-	(416,106)
31 December 2017	-	18,351	2,305,971	454,318	3,036,038	655,558	335,714	18,071	-	6,824,021
Depreciation for the year	-	2,797	385,275	108,388	318,919	172,327	36,917	2,098	-	1,026,721
Depreciation on disposals/write-off	-	-	(13,552)	(1,204)	(36,329)	(20,988)	(4,987)	(1,408)	-	(78,468)
31 December 2018	-	21,148	2,677,694	561,502	3,318,628	806,897	367,644	18,761	-	7,772,274

Allowance for impairment loss

1 January 2017	-	-	-	-	-	239	-	-	-	239
31 December 2017	-	-	-	-	-	239	-	-	-	239
31 December 2018	-	-	-	-	-	239	-	-	-	239

Net book value

31 December 2017	2,982,291	26,311	3,447,225	744,600	1,397,086	397,163	133,531	7,489	1,085,000	10,220,696
31 December 2018	2,982,291	32,662	3,580,651	788,342	1,163,733	347,560	97,786	5,390	742,665	9,741,080

Depreciation for the years

2017 (Baht 810 million included in cost of hospital operations, and the balance in selling and administrative expenses)

2018 (Baht 733 million included in cost of hospital operations, and the balance in selling and administrative expenses)

1,076,175

1,026,721

During the year ended 31 December 2018, the Company had capitalised of interest cost totaling Baht 10 million (2017: Baht 27 million). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 4.97% per annum (2017: 4.97% per annum).

As at 31 December 2018, 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 3,555 million (2017: Baht 2,885 million) (separate financial statements: Baht 3,510 million, 2017: Baht 2,827 million).

15. Intangible assets

(Unit: Thousand Baht)

	Computer software	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2017	1,350,221	1,379,169
Additions	259,297	258,473
Write-off	(602,522)	(602,522)
Translation adjustment	(253)	-
31 December 2017	1,006,743	1,035,120
Additions	385,853	385,746
Translation adjustment	160	-
31 December 2018	1,392,756	1,420,866
Accumulated amortisation		
1 January 2017	664,941	699,527
Amortisation during the year	73,973	72,985
Amortisation on write-off	(232,285)	(232,285)
Translation adjustment	(45)	-
31 December 2017	506,584	540,227
Amortisation during the year	96,983	95,861
Translation adjustment	(126)	-
31 December 2018	603,441	636,088
Allowance for impairment loss		
1 January 2017	370,233	370,233
Decrease during the year	(370,233)	(370,233)
31 December 2017	-	-
31 December 2018	-	-
Net book value		
31 December 2017	500,159	494,893
31 December 2018	789,315	784,778

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	
	2018	2017	2018	2017
Trade payables - unrelated parties	786,175	755,553	743,581	729,180
Accounts payable - construction, purchase of medical equipment and computer software	126,932	43,874	126,932	43,874
Other payables - related parties	-	-	44,739	39,497
Other payables - unrelated parties	51,556	57,550	43,572	55,411
Total	964,663	856,977	958,824	867,962

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

During the year ended 31 December 2018, movements of long-term loan and interest payable to an unrelated party were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2017	During the year		Balance as at 31 December 2018
		Increase	Decrease	
Principal	19,073	1,464	-	20,537
Interest payable	426	223	-	649
Translation adjustment	(1,372)	-	(112)	(1,484)
Total	18,127	1,687	(112)	19,702

As at 31 December 2018, 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.

The long-term debentures Series#1 was entirely redeemed on 20 December 2016.

The long-term debentures Series#2 was entirely redeemed on 20 December 2018.

As at 31 December 2018 and 2017 detail of outstanding long-term debentures are as follows.

(Unit: Thousand Baht)

Series	Maturity date	No. of units (Thousand units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest payment	Carrying amount	
						2018	2017
2	Entirely redeemed on 20 December 2018 (7 years)	1,000	1,000	4.59	Semi-annual	-	1,000,000
3	Entirely redeemed on 20 December 2021 (10 years)	2,500	1,000	4.97	Semi-annual	2,500,000	2,500,000
Total						2,500,000	3,500,000
Less: Deferred debenture issuing costs						(7,919)	(11,758)
Long-term debentures - net						2,492,081	3,488,242
Less: Portion due within one year						-	(998,570)
Long-term debentures, net of current portion						2,492,081	2,489,672

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 2018, the Group has short-term credit facilities which have not yet been drawn down amounting to Baht 3,310 million (2017: 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	
	2018	2017	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	538,653	457,127	37,544	35,389	576,197	492,516
Included in the income statement:						
Current service cost	78,966	68,315	6,338	6,282	85,304	74,597
Interest cost	12,795	12,607	889	960	13,684	13,567
Past service cost and gains or losses on settlement	-	243	(2,291)	(1,359)	(2,291)	(1,116)
Included in the statement of comprehensive income:						
Actuarial loss (gain) arising from						
- Demographic assumption changes	-	9,886	-	-	-	9,886
- Financial assumptions changes	(15,091)	25,297	-	-	(15,091)	25,297
- Experience adjustments	(45,693)	17,740	-	-	(45,693)	17,740
Benefits paid during the year	(41,842)	(52,562)	(3,619)	(3,728)	(45,461)	(56,290)
Provision for long-term employee benefits at end of year	527,788	538,653	38,861	37,544	566,649	576,197

(Unit: Thousand Baht)

Separate financial statements

	Compensations on employees' retirement		Other long-term employee benefits		Total	
	2018	2017	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	529,953	450,871	37,014	34,931	566,967	485,802
Included in the income statement:						
Current service cost	76,890	66,478	6,233	6,197	83,123	72,675
Interest cost	12,415	12,305	874	947	13,289	13,252
Past service cost and gains or losses on settlement	-	-	(2,118)	(1,363)	(2,118)	(1,363)
Included in the statement of comprehensive income:						
Actuarial loss (gain) arising from						
- Demographic assumption changes	-	9,620	-	-	-	9,620
- Financial assumptions changes	(15,110)	24,752	-	-	(15,110)	24,752
- Experience adjustments	(48,312)	17,268	-	-	(48,312)	17,268
Benefits paid during the year	(41,202)	(51,341)	(3,618)	(3,698)	(44,820)	(55,039)
Provision for long-term employee benefits at end of year	514,634	529,953	38,385	37,014	553,019	566,967

The Group expects to pay Baht 38 million (2017: Baht 32 million) (separate financial statements: Baht 38 million, 2017: Baht 32 million) of long-term employee benefits during the next year.

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 6 - 26 years (2017: 7 - 23 years) (separate financial statements: 20 years, 2017: 20 years).

Key actuarial assumptions used for the valuation are as follows.

(Unit: % p.a.)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.2 - 3.4	2.2 - 2.8	2.7	2.4
Salary increase rate	5.0	5.0	5.0	5.0
Turnover rate	0.0 - 18.0	0.0 - 18.0	0.0 - 13.0	0.0 - 13.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2018 and 2017 are summarised below.

(Unit: Million Baht)

As at 31 December 2018

	Consolidated financial statements		Separate financial statements	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(52.8)	61.7	(51.7)	60.4
Salary increase rate	50.5	(44.2)	49.4	(43.2)
Turnover rate	(56.2)	35.1	(55.1)	34.7

(Unit: Million Baht)

As at 31 December 2017

	Consolidated financial statements		Separate financial statements	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(49.2)	57.4	(48.1)	56.1
Salary increase rate	46.5	(40.7)	45.4	(39.7)
Turnover rate	(52.5)	37.2	(51.3)	36.7

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits of Baht 139 million (The Company only: Baht 135 million). The Group will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

22. Convertible bonds treated as equity securities

Convertible bonds treated as equity securities as at 31 December 2018 and 2017 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, which the interest was 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., which the interest was 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.

The interest expense for the year 2018 of the convertible bonds amounted to Baht 33 million (2017: Baht 33 million), was 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 2018, 62,500 preference shares (2017: 43,298 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 6 March 2018.

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	
	2018	2017	2018	2017
Salaries, wages and other employee benefits	2,914,371	3,103,910	2,789,446	3,002,716
Physicians' fee	3,857,705	3,928,262	3,771,153	3,873,938
Depreciation	1,082,546	1,131,939	1,026,721	1,076,175
Amortisation	96,983	73,973	95,861	72,985
Property, plant and equipment rental expenses from operating lease agreements	62,335	86,399	52,442	76,325
Building and equipment maintenance expenses	310,007	284,856	308,882	283,006
Advertising and public relation expenses	329,973	283,940	309,519	269,387
Medicine, medical supply and other supply consumptions	2,706,903	2,854,328	2,649,756	2,784,679

26. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax for the year	891,063	869,495	842,840	836,391
Deferred tax:				
Relating to origination and reversal of temporary differences	(10,858)	(28,537)	(11,169)	(28,924)
Income tax expenses reported in the income statement	880,205	840,958	831,671	807,467

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to actuarial loss (gain)	(12,000)	10,139	(12,684)	10,328
Deferred tax relating to share of profit from investment in an associate	-	(43,393)	-	-
Total	(12,000)	(33,254)	(12,684)	10,328

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	5,036,430	4,782,335	4,992,600	4,743,298
Applicable tax rate	10, 15 and 20%	10, 15 and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,068,279	997,504	998,520	948,660
Effects of:				
Tax-exempt revenues	(93,171)	(65,489)	(63,832)	(43,312)
Non-deductible expenses	17,497	9,027	11,989	8,652
Additional expense deductions allowed	(116,604)	(108,685)	(115,676)	(107,933)
Others	4,204	8,601	670	1,400
Total	(188,074)	(156,546)	(166,849)	(141,193)
Income tax expenses reported in the income statement	880,205	840,958	831,671	807,467

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

(Unit: Thousand Baht)

Statements of financial position

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	49,548	45,038	49,548	45,038
Allowance for diminution in value of inventories	440	84	-	-
Allowance for loss on impairment of investments	5,900	5,900	5,900	5,900
Allowance for construction in progress	177	177	-	-
Recognition of rental expense	-	262	-	158
Accumulated depreciation - building and equipment	104,645	106,330	104,645	106,330
Accumulated amortisation - intangible assets	3,249	5,246	3,220	5,211
Provision for long-term employee benefits	121,929	124,147	120,726	123,798
Unrealised loss from exchange rate	3,857	4,004	-	-
Total	289,745	291,188	284,039	286,435
Deferred tax liabilities				
Deferred debenture issuing costs	(1,584)	(2,352)	(1,584)	(2,352)
Recognition of rental income	-	(113)	-	(113)
Other paid-in capital of an associate	(43,393)	(43,393)	-	-
Interest receivable	(2,840)	(2,260)	-	-
Total	(47,817)	(48,118)	(1,584)	(2,465)
Deferred tax assets - net			282,455	283,970

As at 31 December 2018 the subsidiaries have unused tax losses totaling Baht 12 million (2017: Baht 39 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 12 million will expire between 2019 and 2023.

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	
	2018	2017	2018	2017	2018	2017
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	4,151,886	3,943,889	728,740	728,681	5.70	5.41
Effect of dilutive potential ordinary shares						
Preference shares	-	-	1,312	1,371		
Convertible bonds	-	-	137,363	137,363		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	4,151,886	3,943,889	867,415	867,415	4.79	4.55

Separate financial statements

	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	4,160,930	3,935,831	728,740	728,681	5.71	5.40
Effect of dilutive potential ordinary shares						
Preference shares	-	-	1,312	1,371		
Convertible bonds	-	-	137,363	137,363		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	4,160,930	3,935,831	867,415	867,415	4.80	4.54

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 and geographical area.

For the years 2018 and 2017, 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 2018 amounting to Baht 70 million (2017: Baht 73 million) (separate financial statements: Baht 67 million, 2017: Baht 71 million), were recognised as expenses.

30. Dividends paid

Dividends	Approved by	Dividend paid (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2016	Annual General Meeting of the shareholder on 26 April 2017	1,131,514	1.55
Interim dividends for 2017	Board of Director's meeting on 9 August 2017	729,953	1.00
Total for 2017		<u>1,861,467</u>	
Final dividends for 2017	Annual General Meeting of the shareholder on 25 April 2018	1,241,076	1.70
Interim dividends for 2018	Board of Director's meeting on 8 August 2018	802,912	1.10
Total for 2018		<u>2,043,988</u>	

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2018 and 2017, the Group had capital commitments as below.

(Unit: Million Baht)

Details of Commitments	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
1) Design and renovation agreements of buildings	236	300	236	292
2) Purchase of medical instruments and hospital equipment	17	8	17	7
3) Purchase of computer software agreements	52	237	52	237

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 2018 and 2017, future minimum payments required under the above agreements were as follows.

(Unit: Million Baht)

Consolidated financial statements

Details of commitments	Payable within					
	1 year		1 to 5 years		More than 5 years	
	2018	2017	2018	2017	2018	2017
1) Nursing dormitory land rental expense (shall be extended for a further period of 30 years)	1	1	3	4	-	-
2) Lease of office space	8	8	6	14	-	-
3) Maintenance service fee for medical instruments	187	139	55	109	-	2
4) Rental and maintenance service fee for cars	13	14	16	20	-	-
5) Service fee for medical treatment information	71	72	65	138	-	-
6) Maintenance service fee for computer system	50	1	10	60	-	-

(Unit: Million Baht)

Separate financial statements

Details of commitments	Payable within					
	1 year		1 to 5 years		More than 5 years	
	2018	2017	2018	2017	2018	2017
1) Nursing dormitory land rental expense (shall be extended for a further period of 30 years)	1	1	3	4	-	-
2) Lease of office space	10	10	6	16	-	-
3) Maintenance service fee for medical instruments	187	131	55	109	-	2
4) Rental and maintenance service fee for cars	13	13	15	19	-	-
5) Service fee for medical treatment information	71	72	65	138	-	-
6) Maintenance service fee for computer system	49	-	10	59	-	-
7) Medical research	1	-	-	-	-	-

In addition, the Company has lease commitment for building space with a company for a period of 4 years ending 27 September 2020. Under the terms of the agreement, the Company agrees to pay a rental fee at a rate based on the revenues and other information.

31.3 Uncalled portion of investment in subsidiary

As at 31 December 2018, the Company had commitment in respect of the uncalled portion of investment in an overseas subsidiary (Asia Global Health Ltd.) of HKD 2.34 million (2017: HKD 2.34 million).

31.4 Bank guarantees

As at 31 December 2018, there were outstanding bank guarantees of Baht 30 million (2017: Baht 30 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.

32. Fair value hierarchy

As at 31 December 2018 and 2017, 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 2018				
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed				
Debentures	-	2,690,790	-	2,690,790

(หน่วย: พันบาท)

Consolidated financial statements/ Separate financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed				
Debentures	-	3,793,911	-	3,793,911

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 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 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 2018

As at 31 December 2018							
	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	-	-	-	2,498	31	2,529	0.05 - 3.60
Short-term investments	6,478	-	-	-	-	6,478	1.40 - 1.55
Trade and other receivables	-	-	-	-	2,561	2,561	-
	6,478	-	-	2,498	2,592	11,568	
Financial liabilities							
Trade and other payables	-	-	-	-	965	965	-
Accrued physicians' fees	-	-	-	-	739	739	-
Loan and interest payable to a related party	166	-	-	-	2	168	1.25
Long-term loan and interest payable to an unrelated party	-	19	-	-	1	20	1.25
Long-term debentures	-	2,492	-	-	-	2,492	4.97
	166	2,511	-	-	1,707	4,384	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2018

	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	-	-	-	2,274	13	2,287	0.05 - 1.03
Short-term investments	6,446	-	-	-	-	6,446	1.40 - 1.50
Trade and other receivables	-	-	-	-	2,566	2,566	-
	6,446	-	-	2,274	2,579	11,299	
Financial liabilities							
Trade and other payables	-	-	-	-	959	959	-
Accrued physicians' fees	-	-	-	-	726	726	-
Loan and interest payable to a related party	166	-	-	-	2	168	1.25
Long-term debentures	-	2,492	-	-	-	2,492	4.97
	166	2,492	-	-	1,687	4,345	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	1,082	-	-	1,352	36	2,470	0.05 - 3.60
Short-term investments	5,798	-	-	-	-	5,798	1.25 - 1.70
Trade and other receivables	-	-	-	-	1,819	1,819	-
	6,880	-	-	1,352	1,855	10,087	
Financial liabilities							
Trade and other payables	-	-	-	-	857	857	-
Accrued physicians' fees	-	-	-	-	626	626	-
Loan and interest payable to a related party	176	-	-	-	11	187	1.25
Long-term loan and interest payable to an unrelated party	-	18	-	-	-	18	1.25
Long-term debentures	998	2,490	-	-	-	3,488	4.59 and 4.97
	1,174	2,508	-	-	1,494	5,176	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	1,027	-	-	1,153	24	2,204	0.05 - 1.40
Short-term investments	5,794	-	-	-	-	5,794	1.25 - 1.70
Trade and other receivables	-	-	-	-	1,816	1,816	-
	6,821	-	-	1,153	1,840	9,814	
Financial liabilities							
Trade and other payables	-	-	-	-	868	868	-
Accrued physicians' fees	-	-	-	-	619	619	-
Loan and interest payable to a related party	176	-	-	-	11	187	1.25
Long-term debentures	998	2,490	-	-	-	3,488	4.59 and 4.97
	1,174	2,490	-	-	1,498	5,162	

In addition, as at 31 December 2018 and 2017, 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 2018 and 2017.

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.

- a) 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 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 2018 amounted to Baht 2,492 million (2017: Baht 3,488 million), and their fair value amounted to Baht 2,691 million (2017: Baht 3,794 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 2018, the Group's debt-to-equity ratio was 0.32:1 (2017: 0.41:1) and the Company's was 0.32:1 (2017: 0.41:1).

35. Events after the reporting period

On 20 February 2019, 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 2019 to adopt a resolution to pay a dividend of Baht 2.9 per share, or a total of Baht 2,117 million, to the shareholders in respect of the 2018 profit. The Company already paid an interim dividend of Baht 1.1 per share, or a total of Baht 803 million on 5 September 2018. The remaining dividend of Baht 1.8 per share, or a total of Baht 1,314 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 2017 to conform to the current periods' classification, as following.

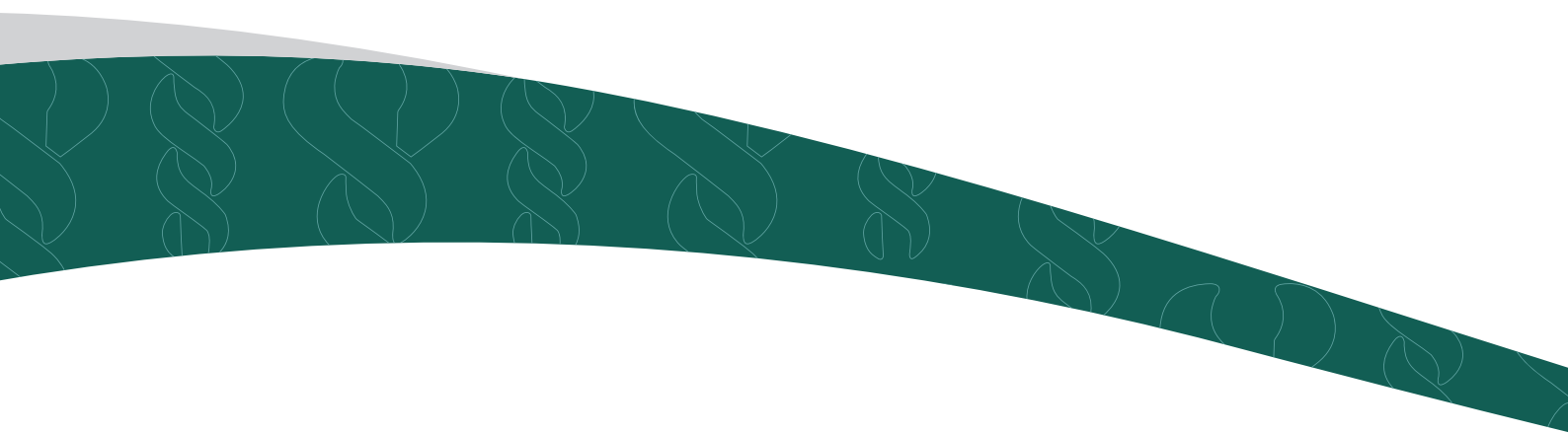
(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Revenues from hospital operations	18,019,776	18,279,349	17,429,259	17,688,832
Other income	81,650	77,096	98,956	94,402
Cost of hospital operations	10,285,874	10,459,826	9,957,115	10,131,067
Selling expenses	311,654	-	292,492	-
Administrative expenses	2,736,223	3,128,944	2,770,867	3,144,426

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 20 February 2019.





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 Soi 3 (Nana Nua), Sukhumvit Road Klong Toei Nua, Vadhana, Bangkok 10110
Registration No. :	0107536000994
Home page :	http://www.bumrungrad.com
E-mail address :	ir@bumrungrad.com
Telephone :	0 2066 8888
Fax :	0 2011 5100
Registered Capital :	Baht 922,702,685
(4 March 2019)	Divided into Ordinary shares of 921,401,820 shares, par value at Baht 1 per share Preferred shares of 1,300,865 shares, par value at Baht 1 per share
Issued and Paid up Capital:	Baht 730,052,222
(4 March 2019)	Divided into Ordinary shares of 728,841,357 shares, par value at Baht 1 per share Preferred shares of 1,210,865 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. Vitallife Corporation Ltd. Head Office: 210 Sukhumvit Soi 1 (Soi Ruenrudee) Sukhumvit Road Khlong Toei Nua, Vadhana, Bangkok 10110 Phone 0 2066 8899, Fax 0 2011 4011 Branch Office 1: 82 Sukhumvit Soi 1 (Soi Ruenrudee) Sukhumvit Road Khlong Toei Nua, Vadhana, Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 4011 Branch Office 2: 68 Bumrungrad International Tower, 8 Floor Soi Sukhumvit 1, Sukhumvit Road Khlong Toei Nua, Vadhana 10110 Phone 0 2066 8888, Fax 0 2011 4011 Branch Office 3: 68 Bumrungrad International Tower, 10 Floor Soi Sukhumvit 1, Sukhumvit Road Khlong Toei Nua, Vadhana 10110 Phone 0 2066 8888, Fax 0 2011 4011	Comprehensive scientific wellness center	315,000 shares	100%
2. Asia Global Research Co., Ltd. Head Office: 3241 Rama 4 Road Khlong Ton, Khlong Toei Bangkok 10110 Phone 0 2011 5126, Fax 0 2011 5127 Branch Office 1: 68 Bumrungrad International Tower, 11 Floor Soi Sukhumvit 1, Sukhumvit Road Khlong Toei Nua, Vadhana 10110 Phone 0 2011 5126, Fax 0 2011 5127	Clinical research	9,500,000 shares	100%
3. Asia Global Health Ltd. Room 337, 3rd Fl. South China C.S. Building 13-17 Wah Sing Street, Kwai Chung New Territories, Hong Kong Phone (852) 881 8226, Fax (852) 881 0377	Dormant	1,220,000 shares	100%
4. Ruenmongkol Co., Ltd. 11/26 Sukhumvit Soi 1, Sukhumvit Road Khlong Toei Nua, Vadhana Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Owns the land at Sukhumvit Soi 1	34,000,000 shares	100%
5. Life and Longevity Ltd. Room 337, 3rd Fl. South China C.S. Building 13-17 Wah Sing Street, Kwai Chung New Territories, Hong Kong Phone (852) 881 8226, Fax (852) 881 0377	Holding company for overseas investments	82,000 shares	100%

Legal Entity	Type of Business	Issued ordinary shares	Shareholding
6. Bumrungrad Heath Network Co., Ltd. (previously Bumrungrad Personnel Development Center Co., Ltd.) 33 Sukhumvit Soi 3, Sukhumvit Road Khlong Toei Nua, Vadhana Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Holding company for overseas investments	12,000,000 shares	100%
7. Health Horizons Enterprises Pte. Ltd. 8 Marina Boulevard #05-02 Marina Bay Financial Centre, Singapore 018981 Phone +65 6338 1888, Fax +65 6337 5100	Holding company for overseas investments	16,849,422 shares	80%
8. Bumrungrad Mongolia LLC Choidog-5, Peace Avenue, 1st Khoroo Sukhbaatar District, Ulaanbaatar, Mongolia Phone +976-7012-9000, Fax +976-7011-1164	Holding company for overseas investments	4,181,000 shares	80% (100% by HHE)
9. Seoul Seniors Tower LLC Choidog-5, Peace Avenue, 1st Khoroo Sukhbaatar District, Ulaanbaatar, Mongolia Phone +976-7011-1163, Fax +976-7011-1164	Owns and operates Ulaanbaatar Songdo Hospital in Mongolia	8,000,000 shares	41% (51% by BML)
10. Bumrungrad Personnel Development and Training Center Co., Ltd. 33 Sukhumvit Soi 3, Sukhumvit Road Khlong Toei Nua, Vadhana Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Personnel development and training center (for affiliated companies only)	500,000 shares	100%
11. Bumrungrad International Limited 33 Sukhumvit Soi 3, Sukhumvit Road Khlong Toei Nua, Vadhana Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Dissolved and being liquidated	45,938 shares	31.5%
12. Bumrungrad Services Co., Ltd. 33 Sukhumvit Soi 3, Sukhumvit Road Khlong Toei Nua, Vadhana Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Referral services to both domestic and overseas patients and healthcare- related training services to non-affiliated companies	200,000 shares	100%
13. Bumrungrad Myanmar Co., Ltd. No. 46/B GF-A Pantra Street, Dagon Township Yangon, Myanmar Phone 95-978 230 2424 Fax 95-1 230 2424	Operate a private primary care and medical diagnostic services clinic in Myanmar	1,325,750 shares	80% (80% by BHN)
14. INOVITAL International AG Neuuhofstrasse 5A, 6340 Baar, Switzerland	Manufacture and sale of vitamin supplement products and after sales services	490 shares	49% (49% by LLL)

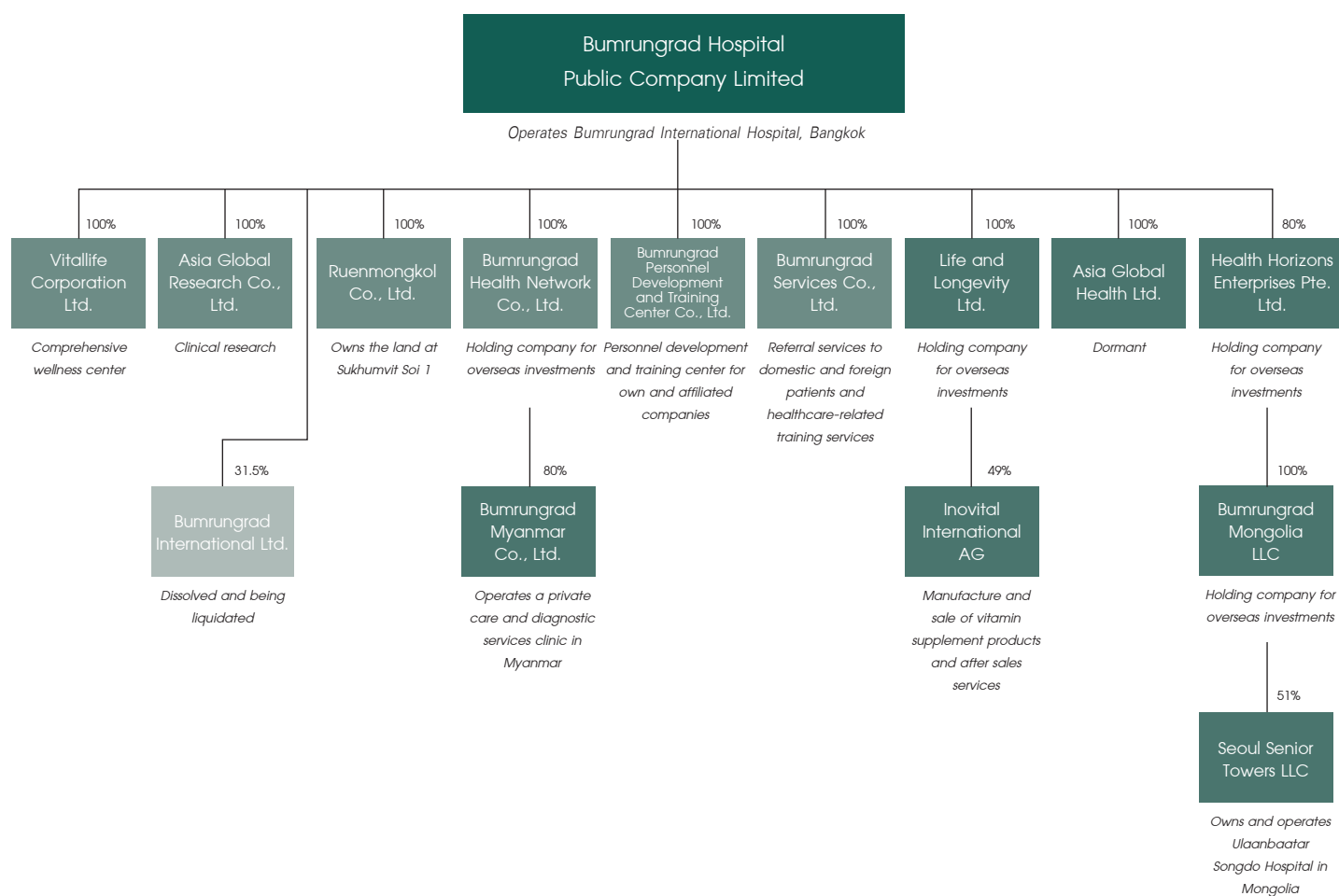
Reference Persons

	Company
1. Auditor	EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Phone 0 2264 9090, Fax 0 2264 0789-90
2. Legal Consultant	Thai Consultant Ltd. 63 Soi 8 (Soi Preeda), Sukhumvit Road, Bangkok 10110 Phone 0 2255 2552, Fax 0 2653 1135
3. Share Registrar	Thailand Securities Depository Company Limited 93, 14th Floor, The Stock Exchange of Thailand Building Ratchadapisek Road, Dindaeng, Bangkok 10400 Phone 0 2009 9000, Fax 0 2009 9992
4. Convertible Bonds Registrar	Bumrungrad Hospital Public Company Limited 33 Soi 3 (Nana Nua), Sukhumvit Road, Khlong Toei Nua Vadhana, Bangkok 10110 Phone 0 2011 4956, Fax 0 2011 5100
5. Debentures Registrar	Siam Commercial Bank Public Company Limited 9 Ratchadapisek Road, Jatujak, Bangkok 10900 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). Additionally, the hospital is the first to be approved by Thai Hospital Accreditation (HA), and the first hospital in Thailand to receive accreditations from the College of American Pathologists (CAP) and the first in Asia to receive Det Norske Veritas (DNV) in Managing Infection Risk (MIR).

Corporate structure (as of 31 December 2018)



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 (formerly known as Bumrungrad Personnel Development Center 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 two associated companies, including (1) 31.5%-owned Bumrungrad International Limited, and (2) 49%-indirect owned Inovital International AG through Life and Longevity Limited.

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

Vitallife Corporation Limited (“Vitallife”) is a pioneer in longevity medicine; integrating predictive, preventive, rejuvenating, and regenerative strategies for optimal healthy lifestyles. Vital Life 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 Vital Life 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 now 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”) had 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. The Company was dissolved on 28 December 2017 and is now in the liquidation process.

Bumrungrad Health Network Co., Ltd. (“BHN”) (previously Bumrungrad Personnel Development Center 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 businesses.

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

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 medical diagnostic services clinic in Myanmar.

Inovital International AG ("Inovital") is principally engaged in manufacturing and sales of vitamin supplement products and after sales services.

Revenue Structure

(Unit: Baht Million)

Product line / Business Group	Operated by	% Shareholding By Company	2018		2017		2016	
			Revenue	%	Revenue	%	Revenue	%
Healthcare	Bumrungrad Hospital Pcl.		17,498	94.4	17,375	95.1	17,072	95.4
Healthcare	Vitalife Corporation Ltd.	100.0	521	2.8	422	2.3	321	1.8
Healthcare	Seoul Seniors Towers LLC	40.8	222	1.2	194	1.1	212	1.2
Healthcare	Bumrungrad Myanmar Co., Ltd.	80.0	23	0.1	28	0.1	17	0.1
Total Healthcare			18,264	98.5	18,019	98.6	17,622	98.5
Rental	Bumrungrad Hospital Pcl.		62	0.3	67	0.4	64	0.4
Total Rental			62	0.3	67	0.4	64	0.4
Others	Bumrungrad Hospital Pcl.		176	0.9	162	0.9	189	1.1
Others	Vitalife Corporation Ltd.	100.0	9	0.0	5	0.0	8	0.0
Others	Asia Global Research Ltd.	100.0	14	0.1	4	0.0	5	0.0
Others	Health Horizons Enterprises Pte. Ltd.	80.0	9	0.0	7	0.0	7	0.0
Others	Bumrungrad Health Network Co., Ltd.	100.0	-	0.0	-	0.0	1	0.0
Others	Bumrungrad Services Co., Ltd.	100.0	7	0.0	7	0.0	1	0.0
Total Others			215	1.2	185	1.0	211	1.1
Total			18,541	100.0	18,271	100.0	17,897	100.0

Products and services description

Bumrungrad Hospital Public Company Limited (“the Company”)

The Company is the owner and operator of multiple healthcare-related entities, both within and outside of Thailand. They include Bumrungrad International Hospital, Bumrungrad International Clinic, Vitallife Scientific Wellness Center, Vitallife Skin Clinic, Bumrungrad International Dialysis Clinic, and Esperance Cancer Clinic, all are in Bangkok; Bumrungrad Clinic Yangon in Myanmar, and Ulaanbaatar Songdo Hospital in Mongolia. Bumrungrad International Hospital is the main revenue contributor.

In 2018, the revenue from hospital operations of the Bangkok facility is 97.2 % of total revenues.

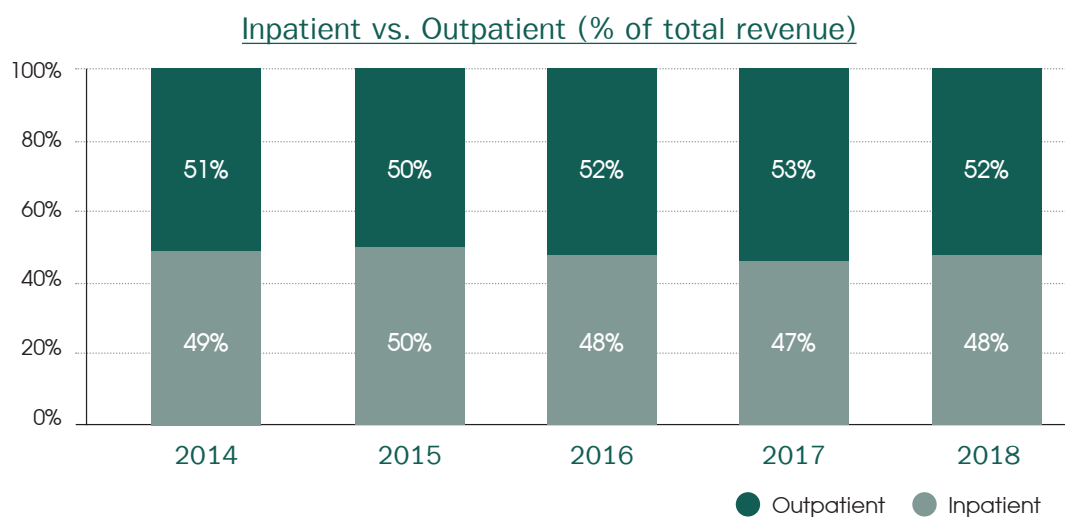
The Hospital’s Services:

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

1. Outpatient service has 47 clinics/centers with 272 examination rooms, and capacity to serve over 5,500 outpatients per day, with the following details:

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

2. Licensed capacity for inpatient service totals 580 beds, which includes ward beds and intensive care beds. In 2018, the Company treated more than 1.1 million medical episodes. The revenue contribution by inpatient and outpatient services in 2018 is as follows:

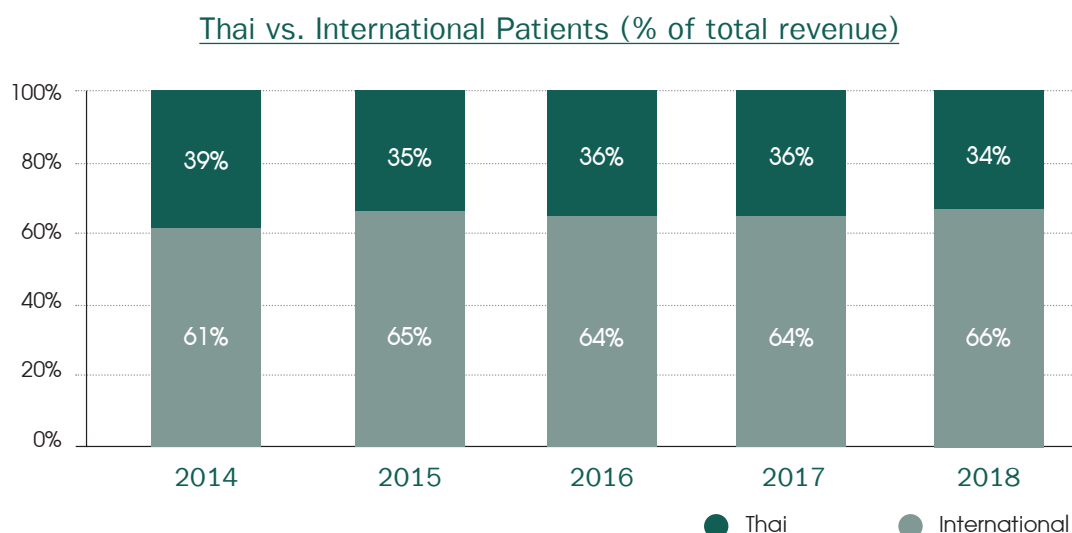


International Patient Services:

The Company 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 47 overseas referral offices in 26 countries.

In 2018, Bumrungrad treated over 629,000 international medical episodes from over 190 countries. The top three highest revenue contributors by country are Myanmar, Oman and United Arab Emirates.

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



* Note: International patients are non-Thai nationals and include both expatriates and medical tourists.

The Bangkok Facility :

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

1. **Bumrungrad International Clinic Building (BIC)** is a 22-storey outpatient facility, with the first 10 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 is 580.
3. **Bumrungrad International Tower Building (BIT)** offers clinical and support functions, with seven floors of parking spaces.
4. **Vitalife Building** is occupied by Vitalife Corporation Limited, which provides a scientifically based, highly personalized treatment approach for the prediction and prevention of age-related disease as well as helping customers live 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 87 inpatient beds.

Industry and Competition

The medical tourism industry is expected to see continued growth due to the increasingly health-conscious preferences and the growth of the global middle class, and aging populations. These have resulted in higher spend rates for treatments. According to the International Healthcare Research Center and Global Healthcare, medical services around the world generate \$439 billion revenue annually. An estimated 11 million international patients travel abroad each year for medical care.

Thailand is one of the top medical tourism destinations. Demand continues to be driven by two groups. The first group comprises aging populations in developed countries with expensive healthcare systems and long waiting times for advanced medical treatment. The second group includes upwardly mobile patients in emerging economies where healthcare resources are not sufficiently developed. High-quality healthcare and cost-effectiveness are the main factors that make medical tourism in Asia attractive and efficient. These factors will continue to drive patients across borders in search of care. Thailand's strongest competitors in Asia include South Korea, India and Malaysia.

Although competition is growing, hospitals in Thailand still enjoy a competitive advantage. Thailand offers a unique combination of highly qualified doctors, advanced science and medical technology; affordability and long experience serving international patients; as well as low labor cost and the appeal of Thai culture; with its legendary hospitality. Bumrungrad benefits from all these characteristics, plus a large, centrally located campus that provides easy access to any medical resources needed, even in the most complex cases.

Furthermore, the Company strongly believes in creating an allied network among relevant parties as an approach towards sustainable development of public health services with a win-win strategy for all concerned. One particularly successful strategy initiated by Bumrungrad has been the development of a patient referral

network. Bumrungrad International Hospital has set up a Memorandum of Understanding with 51 allied hospitals and medical schools nationwide to provide seamless Concierge services for domestic patients through this referral network. Collaboration will extend to knowledge sharing and joint research.

For international patients, to date, 47 referral offices have been set up in 26 countries to facilitate the referral of patients from overseas. We have also formed a strong alliance with Concierge agencies overseas to provide primary care, especially in those countries where high-quality standard of public healthcare may not be readily available, such as Myanmar and Mongolia. Patients with complicated conditions which need tertiary care are then referred to Bumrungrad International Hospital in Bangkok, where they receive further treatment from specialized medical teams.

In addition, interpretation services are available in 14 major languages, such as Burmese, Cambodian, Vietnamese, Arabic, Bangladeshi, French, German, Korean, Chinese, Japanese and Russian, as well as English. These services are provided by hospital staff who also have medical backgrounds. The Company also ensures that we meet the needs of different religions and cultures, such as prayer rooms and halal food we offer to Muslim patients.

In order to retain and increase our customers and stay competitive, the Company will continue to focus on an integrative healthcare approach. We will combine traditional and preventive treatments, as well as the latest technological innovations in order to achieve the best clinical results and the most positive experience for all patients in our care.

Markets

Our markets can be viewed in two broad categories: domestic and international. The domestic market consists mainly of Thais of upper-middle class incomes and above. The international market primarily comprises local expatriate community and medical tourism patients from countries where healthcare infrastructure and services lack quality, access or affordability.

In both market segments, the Company attracts patients based on the strength of our reputation. This may be on an individual basis or through third parties, including corporate contracts, insurance companies, and referral sources both within Thailand and abroad.

Distribution and Marketing Channels

Patient referrals are a particularly effective way to attract customers. Over the course of nearly 40 years, we have built a reputation for excellence, specializing in the treatment of complicated diseases. During this time, the Company has established excellent connections with hospitals and doctors in Thailand and overseas, which allows for referrals. In addition, the Company has set up 47 referral offices in 26 countries.

Within Thailand, we have built a network of 51 domestic hospitals that operate in public, private and research sectors and serve as a source of referred patients. In addition, we have established numerous direct billing agreements with insurance providers, assistance companies and corporate sales agreements.

Sources of Products and Services

Bumrungrad International Hospital, Bangkok

Capacity

As at 31 December

Inpatients	2018	2017	2016
Total number of licensed beds	580	580	580
Beds in operation	556	546	539
Weighted total capacity*	202,940	199,290	197,274
Occupied beds per year (beds)	129,051	127,985	137,243
Weighted capacity Utilization (percent)	63.59	64.22	69.57

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

Outpatients	2018	2017	2016
Capacity per day (persons)	5,500	5,500	5,500
Average outpatients per day (persons)	2,729	2,888	2,952
Weighted Capacity Utilization (percent)	49.62	52.51	53.67

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

Due to evolving customer demands and new market dynamics, healthcare service providers around the world seek innovative and cost-effective ways to deliver patient-centric, high-quality and smart healthcare.

During 2018, the hospital industry in Thailand experienced revenue pressure as a result of unfavorable economic conditions, both globally and domestically.

In order to mitigate risk - and to maintain our leading position in Thailand and Asia - the Company focuses on complicated cases that require extensive medical care in multiple specialties as well as conducts marketing activities to maintain 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.

Intensified competition in the premium healthcare sector

As competition increases, the Company continuously improves the quality of healthcare services we offer by embracing innovation and recruiting medical staff of the highest caliber. By doing so, we remain competitive and minimize the risk of losing business to competitors.

Healthcare businesses around the world increasingly rely on innovation and advanced technology to add value to their products and services. Bumrungrad Hospital's use of advanced technology has enhanced the efficiency of our medical services in recent years. Robot-assisted surgery, for example, enables our surgeons to operate with an unprecedented degree of precision and control.

Furthermore, the Company has collaborated with Biotia, an American health tech startup company, to pilot artificial intelligence (AI) sequencing-based technology to offer the best possible treatments for infectious diseases. This improves patient outcomes, while minimizing the risk of developing further antimicrobial resistance.

In addition, the Company has made significant progress with joint ventures, public-private partnerships (PPPs) and other collaborative relationships across healthcare sectors and geographies. Our strong relationships with local network hospitals and international referral offices allow complicated cases to be referred and treated in a seamless process.

Our commitment to continuous improvement is demonstrated by our numerous accreditations, such as the US-based JCI (Joint Commission International) accreditation 'Advanced Hospital Accreditation (A-HA). In 2018 alone, we received 15 awards from reputable Asia-Pacific organizations, including Most Trusted Hospital 2018 - Thailand, one of the award categories of Thai Business Excellence Award 2018 by *South East Asia Magazine*; 2018 Medical Tourism Hospital of the Year in Asia Pacific; and Smart Hospital of the Year in Asia Pacific. Other awards recognize the hospital's specializations, including 2018 Orthopedic Service Provider of the Year in Asia Pacific and 2018 Cardiology Service Provider of the Year in Asia Pacific by *Global Health and Travel Magazine*; as well as Hospital of the Year - Thailand by *Healthcare Asia Magazine*. The latest accolade we received is Most Improved Thai Hospital and Nursing Excellence by Hospital Management Asia 2018.

These prestigious awards reaffirm Bumrungrad's strong commitment to pursuing the highest standards of excellence in medical care.

Shortage of professional staff

A shortage of skilled professionals is due in part to increasing demand within the industry from both public and private sectors. Given the importance of its international client base, the Company also requires multi-lingual professionals.

To retain and develop our highly skilled workforce, the Company offers highly competitive compensation, benefits, training, scholarships, career development programs as well as recognition for both clinical and non-clinical staff.

Raw Materials and Suppliers

Our primary raw materials include pharmaceuticals, medical supplies and medical equipment. The Company purchases these raw materials from both local and international suppliers. With a network of over 600 suppliers, we are able to obtain raw materials without disruption or difficulty. Even though there might be a risk to product quality or pricing, the Company is able to evaluate pricing, effectiveness and quality of raw materials through an efficient purchasing and inventory control system.

Control Dilution

The Company has 2 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 be 137.36 million additional common shares of the Company.

As at 31 December 2018, 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 Bumrungrad personnel is minimized. In addition, the Company has various insurance policies in force against potential litigation.

THE COMPANY'S MAJOR SHAREHOLDERS

List of the Company's 10 major shareholders as at 31 December 2018 are as follows:

Shareholder	Number of shares*	Shareholding** (%)
1. Bangkok Dusit Medical Services PCL	181,660,706	24.88
2. Bangkok Insurance PCL	106,760,417	14.62
3. UOB Kay Hian (Hong Kong) Limited - Client Account	61,509,565	8.43
4. Thai NVDR Co., Ltd.	60,305,447	8.26
5. The Sophonpanich Co., Ltd.	26,138,875	3.58
6. Social Security Office	23,133,400	3.17
7. Sinsuptawee Asset Management Co., Ltd.	14,158,914	1.94
8. South East Asia UK (Type C) Nominees Limited	12,431,183	1.70
9. State Street Europe Limited	11,278,734	1.55
10. Mr. Chai Sophonpanich	10,482,485	1.44
Total	507,859,726	69.56

* Number of shares includes preferred shares.

** The calculation of holding percentage includes preferred shares.

Among the Company's top ten major shareholders list 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.

- 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.

On 20 February 2019, the Board of Directors approved, subject to shareholders' approval in the shareholders' meeting to be held on 24 April 2019, a dividend payment for the operation period from 1 January 2018 to 31 December 2018 to preferred and ordinary shareholders at the rate of Baht 2.9 per share, totaling Baht 2,117 million, which is a 51 % pay-out ratio. The Company already paid an interim dividend of Baht 1.10 per share, totaling Baht 803 million, on 5 September 2018. The remaining dividend payment of Baht 1.8 per share, amounting to Baht 1,314 million, will be paid on 8 May 2019, after receiving shareholders' approval.

For the operation period from January 2017 to 31 December 2017, the Company paid dividend of Baht 2.70 per share, totaling Baht 1,971.14 million, or a 50% pay-out ratio.

MANAGEMENT STRUCTURE

The Company has five 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 2018 comprises the following:

1. Mr. Chai	Sophonpanich	Chairman of the Board Chairman of the Investment Committee
2. Dr. Charvit	Tanhiphat, M.D.	Vice Chairman of the Board Member of the Nomination and Remuneration Committee
3. Dr. Suvarn	Valaisathien	Vice Chairman of the Board
4. Mrs. Linda	Lisahapanya	Managing Director Member of the Investment Committee
5. Ms. Sophavadee	Uttamobol	Independent Director Chairperson of the Audit Committee
6. Mr. Soradis	Vinyaratn	Independent Director Member of the Audit Committee
7. Mr. Prin	Chirathivat	Independent Director Member of the Audit Committee
8. Mrs. Aruni	Kettratad	Independent Director Chairperson of the Nomination and Remuneration Committee
9. Mr. Chong	Toh	Director Member of the Nomination and Remuneration Committee

10. Dr. Somsak	Chaovisitsaree, M.D.*	Director Hospital CEO and Medical Director
11. Mr. Bernard	Charnwut Chan	Director

Ms. Pantip Chirakarnjanakorn, Company Secretary, is the secretary to the Board of Directors.

* Dr. Somsak Chaovisitsaree, M.D. has resigned from his position as director, Hospital Chief Executive Officer, and Medical Director with effect on 31 January 2019.

Legal Binding of the Company

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

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 shareholder 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 2018 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. Rangsima Thongdee, Director of Corporate Internal Audit, is secretary to the Audit Committee.

The Company's Audit Committee have 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 of the Audit Committee is 3 years. In case that an Audit Committee member vacates his/her position before the expiration of his/her 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 granted authorities to the Audit Committee to fulfil its duties and responsibilities as follows:

1. To review the financial reports of the Company to ensure accuracy and sufficiency.
2. To review the Company's internal control system, internal audit system, and risk management system to ensure appropriateness and effectiveness by approving the annual internal audit plan and its changes, considering the audit results, including considering the independence of the internal audit function, giving consent to the appointment, rotation or termination of Head of corporate internal audit unit or another function responsible for internal auditing.
3. To review the Company's compliance with the laws governing securities and exchange, including rules and regulations prescribed by the Stock Exchange of Thailand and other laws related to the conduct of the Company's business.
4. To consider, select and propose the appointment of an independent party as the Company's external auditor, to propose the audit fees, and to meet with the external auditor without the presence of management at least once a year.
5. To consider related party transactions or transactions which may have conflict of interest, to be in accordance with the Stock Exchange of Thailand rules and regulations, to ensure that such transactions are reasonable and are for the best benefits of the Company.
6. To prepare the report of the Audit Committee to be disclosed in the Company's annual report including opinion on the accuracy, sufficiency and credibility of the Company's financial statements, internal control system and compliance with the laws governing securities and exchange and rules and regulations prescribed by the Stock Exchange of Thailand and other laws related to the conduct of the Company's business.
7. To report to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit if it is found or suspected that there is a transaction or an act which may materially affect the Company's financial conditions and operating results

8. To perform other duties as assigned by the Board of Directors and with consent from the Audit Committee.
9. To have unrestricted access to management, employees and relevant information.
10. To conduct special investigations where required.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee as at 31 December 2018 comprises the following:

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

Ms. Pantip Chirakarnjanakorn, Company Secretary, is the secretary to 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:

1. Nomination
 - a. to consider the appropriate size, composition and term of the Board of Directors;
 - b. 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;
 - c. to formulate and review qualifications of directors and members of the Committees;
 - d. 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
 - e. to consider and propose qualified directors to be a member of a Committee when there is a vacancy.
2. Remuneration
 - a. to determine the procedures and criteria for fair and reasonable compensation for directors and Committee members;
 - b. 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
 - c. to implement a process for assessing the performance of the Board of Directors and Committee Members, including proposing their Performance Evaluation Form.

3. to perform other duties relevant to the Nomination and Remuneration Committee as may be assigned by the Board of Directors.

Governing Board of Bumrungrad International Hospital, Bangkok

The Governing Board of Bumrungrad International Hospital, Bangkok as at 31 December 2018, comprises the following:

1. Dr. Visuit	Vivekaphirat, MD	Chairman
2. Dr. Somsak	Chaovisitsaree, MD*	Secretary, Ex officio
3. Dr. Charvit	Tanphiphat, M.D.	Member
4. Ms. Sophavadee	Uttamobol	Member
5. Dr. Watcharaphong	Sae Chere, M.D.	Member
6. Dr. Oradee	Chandavasut, M.D.	Member
7. Dr. Taveesin	Tanprayoon, M.D.	Member
8. Dr. Winyou	Ratanachai, M.D.	Member
9. Dr. Roekchai	Tulyapronchote, M.D.	Member
10. Dr. Terdsak	Rojsurakitti, M.D.	Member
11. Dr. Sukitti	Panpunnung, M.D.	Member
12. Mrs. Artirat	Charukitpipat	Ex officio
13. Ms. Jiraporn	Lekdumrongsak	Ex officio
14. Ms. Oraphan	Buamuang	Ex officio

* Dr. Somsak Chaovisitsaree, M.D. has resigned from his position as director, Hospital Chief Executive Officer, and Medical Director with effect on 31 January 2019.

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 2018 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 |

Ms. Pantip Chirakarnjanakorn, Company Secretary, is the secretary to the Investment Committee.

Term of the Investment Committee

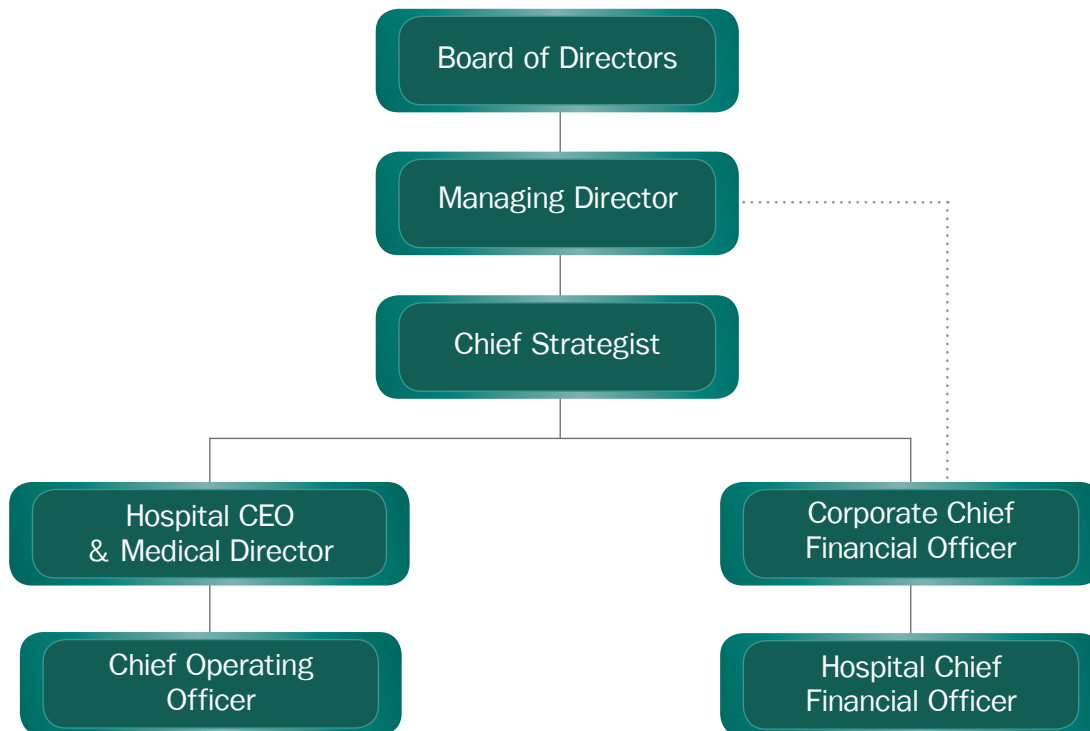
The Investment Committee has a term of three years. Members of the Investment Committee may be re-elected upon expiration of the term.

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 facilities of the hospital and clinics in Bangkok, investment and / or joint-venture, by the Company, subsidiaries or affiliates, in new project, business or company both within Thailand and 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 2018 consists of the following:

1. Mrs. Linda	Lisahapanya	Managing Director
2. Mr. Aniello	Sorrentino *	Chief Strategist
3. Mr. Kenneth	Love	Corporate Chief Financial Officer
4. Dr. Somsak	Chaovisitsaree, M.D.**	Hospital Chief Executive Officer and Medical Director
5. Mrs. Artirat	Charukitpipat ***	Chief Operating Officer
6. Ms. Oraphan	Buamuang	Hospital Chief Financial Officer

* Mr. Aniello Sorrentino's title has changed to Chief Global Strategist from his previous title of Chief Strategist on 1 March 2019.

** Dr. Somsak Chaovisitsaree, M.D. has resigned from his position as director, Hospital Chief Executive Officer, and Medical Director with effect on 31 January 2019.

*** Mrs. Artirat Charukitpipat has been appointed as Hospital Chief Executive Officer on 31 January 2019.

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 all budgeted capital expenditures or projects up to Baht 40 million per capital expenditure or project.

Attachment 1 Details of Management and Controlling Parties

Directors

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
1. Mr. Chai Sophonpanich Chairman of the Board Chairman of the Investment Committee	75	- Bachelor of Science, University of Colorado, USA - Advanced Management Program The Wharton School, University of Pennsylvania USA - The Joint State - Private Sectors Course, Class 6, The National Defense College of Thailand - Director Certification Program, class 16/2002, Thai Institute of Directors - Chairman 2000, class 10/2004, Thai Institute of Directors	1.506	- Spouse of Mrs. Linda Lisahapanya's sister - Father of Mr. Chong Toh's spouse	11/2018 - present Chairman, Bangkok Insurance PCL 11/2018 - present Chairman, Furukawa Metal (Thailand) PCL 09/2018 - present Chairman, Charoeng Thai Wire & Cable PCL 11/2018 - present Chairman, Thai Reinsurance PCL
2. Dr. Charvit Tanphiphat, M.D. Vice Chairman of the Board Nomination and Remuneration Committee Member	75	- Bachelor of Medicine, and Bachelor of Surgery, Leeds University, United Kingdom - Fellowship of the Royal College of Surgeons of Edinburgh, United Kingdom	0.065	-	Professor Emeritus, Department of Surgery, Faculty of Medicine, Chulalongkorn University
3. Dr. Suwan Valaisathien Vice Chairman of the Board	73	- JD in Law, George Washington University - LL.M., Harvard University - Barrister, Thai Bar Association - LL.B. (<i>magna cum laude</i>), Chulalongkorn University	0.006	-	2004 - present Chairman of Saver Club 2002 - present Legal consultant 2000 - 2002 Deputy Minister, Ministry of Commerce 1981 - 2000 Legal consultant for various companies
4. Mrs. Linda Lisahapanya Managing Director Investment Committee Member	66	- Master's Degree in Finance, University of Illinois, USA - Director Certification Program, class 78/2006, Thai Institute of Directors	0.008	-	Managing Director, Bumrungrad Hospital PCL.
5. Ms. Sophavadee Uttamabol Independent Director Chairperson of the Audit Committee	58	- Master of Business Administration, Chulalongkorn University - Director Accreditation Program, class 5/2003, Thai Institute of Directors - Audit Committee Program, class 2/2004, Thai Institute of Directors - Role of Chairman Program class 14/2006, Thai Institute of Directors - Financial Statements for Directors, class 18/2012, Thai Institute of Directors	-	-	2001 - present Director, S&P Syndicate PCL 1991 - present Legal consultant, Thai Consultant Ltd.

* Shareholding as at 31 December 2018, including both preferred and ordinary shares, and shares held by spouse and minors.

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
6. Mr. Soradis Vinyaratn Independent Director Audit Committee Member	78	- Bank Management, City of London College of Banking, London, United Kingdom - Director Accreditation Program, class CP/2005, Thai Institute of Directors	-	-	2010 - 2015 1982 - 2001 1957 - 1990 Independent Director, Dusit Thani PCL Vice Chairman, Landmark Hotel Group Executive Vice President, Bangkok Bank PCL
7. Mr. Pin Chirathivat Independent Director Audit Committee Member	56	- Master of Business Administration, SASIN Graduate Institute of Business Administration, Chulalongkorn University - B.S. (Accounting), Skidmore College, New York, USA - Director Certification Program, DCP 2/2000 - Director Accreditation Program, DAP 35/2005 - Audit Committee Program, ACP 6/2005 - The Role of Chairman Program, RCP 11/2005 - Capital Market Academy, CMA 1/2005 - Monitoring the Internal Audit Function Program, MIA 1/2007 - Monitoring the System of Internal Control and Risk Management Program, MIR 1/2007 - Monitoring the Quality of Financial Reporting, MFR 7/2009 - Monitoring Fraud Risk Management (MFM), 1/2009 - Advanced Audit Committee Program, 1/2009 - Chief Financial Officer (CFO), 2006	0.003	-	2006 - present 2004 - present 2003 - present 2002 - present 1996 - present 1994 - present Executive Director, Robinson Department Store PCL Member of University Affairs Committee, Chiangrai Rajabhat University Executive Director, Central Plaza Hotel PCL Executive Director, Central Group of Companies Executive Director, Central Retail Corp Ltd. Executive Director, Central Pattana PCL
8. Mrs. Auni Kettratad Independent Director Chairperson of the Nomination and Remuneration Committee	71	- Master of Business Administration, University of Portland, Oregon, USA - Role of the Nomination and Governance Committee (RNG), 2011, IOD training - Director Accreditation Program (DAP), 2011, IOD training - Role of the Compensation Committee (RCC), 2013, IOD training	-	-	2009 - 2013 2014 - present Managing Director, AA Talent Recruitment Co., Ltd. President, AA Talent Recruitment Co., Ltd.

* Shareholding as at 31 December 2018, 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. Chong Toh Director Nomination and Remuneration Committee Member Investment Committee Member	50	- Master of Science in Management, Massachusetts Institute of Technology, USA - Bachelor of Arts in Philosophy, Politics and Economics, Oxford University, United Kingdom - Director Accreditation Program, class 54/2006, Thai Institute of Directors	0.235		2011 - present Senior Vice President, Bangkok Bank PCL 2005 - present Executive Chairman, Bualuang Securities PCL 2017 - present Senior Advisor, Morgan Stanley (Thailand) Limited
10. Dr. Somsak Chaovitsaree, M.D.** Director	56	- Global Business Leaders, Lead Business Institute - Advancing Business Acumen Program, The Wharton School University of Pennsylvania, USA - The Executive Program Systematic Innovation of Products, Processes, and Services, MIT Sloan School of Management, USA - Executive Education Emerging Leaders, Harvard Kennedy School, USA - Executive Development Program: Kellogg School of Management, Northwestern University, USA - Mini Master of Management (NIDA) - Cert. of Proficiency in OB&GYN (Thai Medical Council) - Diploma in Clinical Science (OB&GYN), Mahidol University - M.D. (Hons), Chiang Mai University	-	-	2015 - present Medical Director, Hospital Chief Executive Officer, Bumrungrad International Hospital 2014 - 2016 President of Chiang Mai University (CMU) Alumni 2014 - 2016 Member of University, Chiang Mai University 2012 - 2015 CEO of Maharaj Nakorn Chiang Mai Hospital, Faculty of Medicine, CMU 2010 - 2012 CEO of Siripahat Medical Center, Faculty of Medicine, CMU 2006 - 2010 Associated Dean, Faculty of Medicine Chiang Mai University 2006 - 2010 Vice Director, Siripahat Medical Center, Faculty of Medicine, CMU 1999 - 2002 Assistant Dean, Faculty of Medicine, CMU 1992 - 2015 Associate Professor Department of OB & Gyn Faculty of Medicine, CMU

* Shareholding as at 31 December 2018, including both preferred and ordinary shares, and shares held by spouse and minors.

** Dr. Somsak Chaovitsaree, M.D. has resigned from his position as director, Hospital Chief Executive Officer, and Medical Director with effect on 31 January 2019.

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
11. Mr. Benard Charnwut Chan Director	53	- Bachelor of Arts - Pomona College, California, USA (1988)	-	Stepbrother to Mr. Chai Sophonpanich	- President, Asia Financial Holdings Ltd. - President, Asia Insurance Co. Ltd. - Advisor, Bangkok Bank (China) Company Limited - Hong Kong Deputy, National People's Congress of the People's Republic of China - Convenor, Executive Council of Hong Kong SAR - Chairperson, The Hong Kong Council of Social Service - Chairman, Hong Kong - Thailand Business Council - Chairman, Committee on Reduction of Salt and Sugar in Food - Chairman, Steering Committee on Restored Landfill Revitalisation Funding Scheme - Chairman, The Jockey Club CPS Ltd. Advisory Committee - Member, West Kowloon Cultural District Authority Board - Member, Hong Kong Monetary Authority Exchange Fund Advisory Committee - Member, Financial Leaders Forum - Trustee, Pomona College, California, USA

* Shareholding as at 31 December 2018, including both preferred and ordinary shares, and shares held by spouse and minors.

Management

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
1. Mrs. Linda Lischapanya Managing Director	66	- Master's degree of Finance, University of Illinois, USA - Director Certification Program, class 78/2006, Thai Institute of Directors	0.008	-	Managing Director, Bumrungrad Hospital PCL
2. Mr. Aniello Sorrentino Chief Strategist	72	- Fellowship in Leadership Management, University of Southern California, Los Angeles, California - Executive Business Management Program, Stanford University, Palo Alto, California - DBA, Doctorate in Business Administration, Nova Southeastern University, Fort Lauderdale, Florida - MBA, concentration in Finance, Florida Atlantic University, Boca Raton, Florida - BA, Marketing, University of South Florida, Tampa, Florida	-	-	2017 - present Chief Strategist 2012 - 2016 Chief Strategy Advisor 2009 - 2011 International Business Development, Bumrungrad Hospital PCL 2006 - 2008 International Business Development Hospital CEO, Bumrungrad International Limited 2004 - 2006 Faculty Member & Healthcare Consultant (NMS Healthcare Consultancy Inc.), University of Southern California - Los Angeles, California, USA
3. Mr. Kenneth Love Corporate Chief Financial Officer	69	- Bachelor of Science in Commerce and Accounting, Bellarmine University in Kentucky - US- Certified Public Accountant in 1980	-	-	35 plus years' healthcare experience: May 2013 - present Corporate Chief Financial Officer, Bumrungrad Hospital PCL Jan 2012 - Apr 2013 Acting Chief Financial Officer, Bumrungrad Hospital PCL 2011 Acting Chief Financial Officer, Mafraq Hospital, Abu Dhabi Aug 2008 - May 2013 Chief Financial Officer, Bumrungrad International Limited Prior to Bumrungrad International Limited - Senior Vice President, Financial Operations, Tenet Healthcare Corporation, Santa Barbara, California, USA

* Shareholding as at 31 December 2018, including both preferred and ordinary shares, and shares held by spouse and minors.

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
4. Dr. Somsak Chaovitsaree, M.D.** Hospital Chief Executive Officer Medical Director	56	- Global Business Leaders, Lead Business Institute - Advancing Business Acumen Program, The Wharton School University of Pennsylvania, USA. - The Executive Program Systematic Innovation of Products, Processes, and Services, MIT; Sloan School of Management, USA. - Executive Education Emerging Leaders: HARVARD Kennedy School, USA. - Executive Development Program: Kellogg School of Management, Northwestern University, USA. - Mini Master of Management (NIDA) - Cert. of Proficiency in OB&GYN (Thai Medical Council) - Diploma in Clinical Science (OB&GYN), Mahidol University - M.D.(Hons), Chiang Mai University	-	-	2015 - present: Medical Director, Hospital Chief Executive Officer, Bumrungrad International Hospital President of Chiang Mai University (CMU) Alumni 2014 - 2016: Member of University, Chiang Mai University CEO of Maharaj Nakorn Chiang Mai Hospital, Faculty of Medicine, CMU 2012 - 2015: CEO of Sripahat Medical Center, Faculty of Medicine, CMU 2010 - 2012: Associated Dean, Faculty of Medicine, CMU 2006 - 2010: Faculty of Medicine Chiang Mai University Vice Director, Sripahat Medical Center, Faculty of Medicine, CMU 1999 - 2002: Assistant Dean, Faculty of Medicine, CMU 1992 - 2015: Associate Professor Department of OB & Gyn Faculty of Medicine, CMU
5. Mrs. Ariratt Charukitpipat *** Chief Operating Officer	50	- M.Sc. in Management (Human Resource Management), Sasin Graduate Institute of Business Administration - M.Sc. in Management (Strategic Marketing Management), Assumption University - Bachelor of Science in Pharmacy, Chulalongkorn University	-	-	2011 - 2012 Veijthani Hospital, Chief Administrative Officer 2008 - 2011 Samitivej Hospitals, Medical Support Division Manager 2006 - 2008 Bangkok Dusit Medical Services, HR Special Project Manager 2005 - 2006 Bangkok Hospital Pattaya, Assistant Deputy Hospital Director 2003 - 2005 National Healthcare Systems Co., Ltd., Central Procurement Manager 1993 - 2003 Bangkok Hospital Pattaya, Pharmacy Manager and MedTrak Implementer
6. Ms. Orphan Buamuang Hospital Chief Financial Officer	45	- MBA major in Finance and International business, Thammasat University - Bachelor Degree in Financial Accounting, The University of Thai Chamber of Commerce - Certificate in Strategic Investment for Optimal Return, Rangsit University - Thai - Certified Public Accountant (CPA)	-	-	May 2016 - present Hospital Chief Financial Officer, Bumrungrad Hospital PCL Jan 2010 - Apr 2016 Financial Investment Consultant, Bumrungrad Hospital PCL Mar 2004 - Dec 2009 Associate Director, Planning & Investment, Bumrungrad International Limited Nov 1999 - Feb 2004 Financial Analyst, Bumrungrad Hospital PCL Sep 1996 - Aug 1999 Senior Auditor, KPMG Audit (Thailand) Co., Ltd.

* Shareholding as at 31 December 2018, including both preferred and ordinary shares, and shares held by spouse and minors.

** Dr. Somsak Chaovitsaree, M.D. has resigned from his position as director, Hospital Chief Executive Officer, and Medical Director with effect on 31 January 2019.

*** Mrs. Ariratt Charukitpipat has been appointed as Hospital Chief Executive Officer on 31 January 2019.

Detail of Directors of Subsidiaries and Associated Company

(as of 31 December 2018)

Companies		Subsidiaries													Associated Companies	
Directors		VTL	AGH	AGR	RM	LLL	BPDTG	BHN	HHE	BS	BML	SST	BM	BIL	Inovital	
1. Mr. Chai Sophonpanich		X														
2. Mrs. Linda Lisahapanya		/	X	X		X			X	X	X			X		
3. Dr. Somsak Chaovitsaree, M.D.*				/			X	X		/			X			
4. Dr. Montinee Sangtian, M.D.							/									
5. Dr. Ponsak Sugkaroek, M.D.		/														
6. Mr. Bernard Charnwut Chan									/			/		/		
7. Mr. Daniel Gillespie														/		
8. Dr. Jennifer Lee, M.D.														/		
9. Mr. Yanchai Tantiratapong																
10. Mr. Kittiphan Leepipatanawith			/		X											
11. Mrs. Artirat Charukitpipat				/		/	/	/		/			/			
12. Dr. Bodsalkhan Bundan												/				
13. Mr. Lim Seng Bee									/							
14. Mr. Mo Ye Kyaw													/			
15. Mrs. Munkhtuya Ganbaatar												/				
16. Ms. Oraphan Buamuang					/											
17. Mr. Fritz Hermann Schärer															/	

* Dr. Somsak Chaovitsaree, M.D. has resigned from his position as director, Hospital Chief Executive Officer, and Medical Director with effect on 31 January 2019.

Notes:

1. / = Director X = Chairman
2. Vitallife Corporation Limited
3. Asia Global Health Limited
4. Asia Global Research Co., Ltd.
5. Ruenmongkol Co., Ltd.
6. Life and Longevity Ltd.
7. Bumrungrad Personnel Development and Training Center Co., Ltd.
8. Bumrungrad Health Network Co., Ltd.
9. Health Horizons Enterprises Pte. Ltd.
10. Bumrungrad Services Co., Ltd.
11. Bumrungrad Mongolia LLC
12. Soul Seniors Tower LLC
13. Bumrungrad Myanmar Co., Ltd.
14. Bumrungrad International Limited
15. Inovital International AG
- = VTL = HHE
- = AGH = BS
- = AGR = BML
- = RM = SST
- = LLL = BM
- = BPDTG = BIL
- = BHN = Inovital

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; and
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 director are as follows:

1. He/she holds not more than one percent of the total shares with voting rights of the Company, the parent company, the subsidiaries, the associated companies, the major shareholders or the controlling persons of the Company, inclusive of the shares held by the related persons of such independent director;
2. He/she is not, nor used to be an executive director, employee, staff, advisor with regular salary, or the controlling person of the Company, the parent company, the subsidiaries, the associated companies, the subsidiaries in the same tier, the major shareholders or the controlling person of the Company (unless the same has ceased two years prior to the appointment), except the independent director who used to be a government officer or a consultant of the government sector which is a major shareholder or the controlling person of the Company;
3. He/she is not related, whether by blood or legal registration, as father, mother, spouse, sibling and child, including spouse of children, with the other directors, executives, major shareholders, controlling persons, or those who will be nominated as a director, an executive, or controlling person of the Company or subsidiaries;
4. He/she does not have business relationship with the Company, the parent company, the subsidiaries, the associated companies, the major shareholders or the controlling person of the Company, in the manner which may interfere with his/her independent

judgment, and neither is or used to be a significant shareholder or controlling person of any person having a business relationship with the Company, the parent company, the subsidiaries, the associated companies, the major shareholders or the controlling persons of the Company (unless the same has ceased two years prior to the appointment), according to the rules and regulations of the Securities and Exchange Commission;

5. He/she is not, nor used to be an auditor of the Company, the parent company, the subsidiaries, the associated companies, the major shareholders or the controlling persons of the Company, and is not a significant shareholder, a controlling person, or a partner of an audit firm which employs the auditors of the Company, the parent company, the subsidiaries, the associated company, the major shareholders or the controlling persons of the Company (unless the same has ceased two years prior to the appointment).
6. He/she 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 parent company, the subsidiaries, the associated companies, the major shareholders or the controlling persons of the Company, and is not a significant shareholder, controlling person or partner of the provider of professional services (unless the same has ceased two years prior to the appointment);
7. He/she is not a director appointed as a representative of the Company's director, major shareholders, or shareholder who is related to major shareholders;
8. He/she does not undertake any business in the same nature and in competition to the business of the Company, or its subsidiaries, is not a significant partner in a partnership, nor an executive director, employee, staff, advisor with regular salary, or holds shares exceeding one percent of the total voting shares of companies which undertakes business in the same nature and in competition to the business of the Company or its subsidiaries; and
9. He/she does not possess any other characteristics that deter the ability to express independent opinions with regards to the Company's operations.

Remuneration of Directors, Committee Members and Management

Remuneration of Directors, members of the Audit Committee, and the Nomination and Remuneration Committee for the year ended on 31 December 2018 for 11 existing directors and one director whose term has ended during the years is as follows:

Name	Board of Directors				Audit Committee		Nomination and Remuneration Committee		Total Remuneration
	Number of Meetings	Total Annual Remuneration	Meeting Remuneration	Total	Number of Meetings	Meeting Remuneration	Number of Meetings	Meeting Remuneration	
1 Mr. Chai Sophonpanich	1/4	930,000	50,000	980,000					980,000
2 Dr. Chanvit Tanphiphat, M.D.	4/4	1,992,000	190,000	2,182,000			3/3	90,000	2,272,000
3 Dr. Suvarn Valaisathien	4/4	1,551,000	160,000	1,711,000					1,711,000
4 Mrs. Linda Lisahapanya	4/4	1,410,000	120,000	1,530,000					1,530,000
5 Ms. Sophavadee Uttamobol	4/4	1,410,000	120,000	1,530,000	5/5	250,000			1,780,000
6 Mr. Soradis Vinyaratn	4/4	1,410,000	120,000	1,530,000	5/5	150,000			1,680,000
7 Mr. Prin Chirathivat	3/4	1,410,000	90,000	1,500,000	3/5	90,000			1,590,000
8 Mrs. Aruni Kettratad	4/4	1,410,000	120,000	1,530,000			3/3	150,000	1,680,000
9 Mr. Chong Toh	3/4	1,410,000	90,000	1,500,000			3/3	90,000	1,590,000
10 Dr. Somsak Chaovitsaree, M.D.	4/4	1,326,000	120,000	1,446,000					1,446,000
11 Mr. Bernard Chanwut Chan	3/4	993,000	90,000	1,083,000					1,083,000
12 Dr. Pansak Sugkraroek, M.D.	2/4	613,000	60,000	673,000					673,000
Total Remuneration		15,865,000	1,330,000	17,195,000		490,000		330,000	18,015,000

Remark: Dr. Pansak tendered his resignation letter to the company on 1 July 2018 with effect on 31 July 2018. His resignation was registered with the Ministry of Commerce on 9 August 2018.

Mr. Chai Sophonpanich was elected as director by the Board of Directors Meeting No. 3/2018, held on 8 August 2018. His directorship was registered with the Ministry of Commerce on 9 August 2018.

Dr. Somsak Chaovitsaree, M.D. has resigned from his position as director, Hospital Chief Executive Officer, and Medical Director with effect on 31 January 2019.

In 2018, the Investment Committee held 3 meetings. Total remuneration of Baht 0.27 million was paid to the members of the Investment Committee.

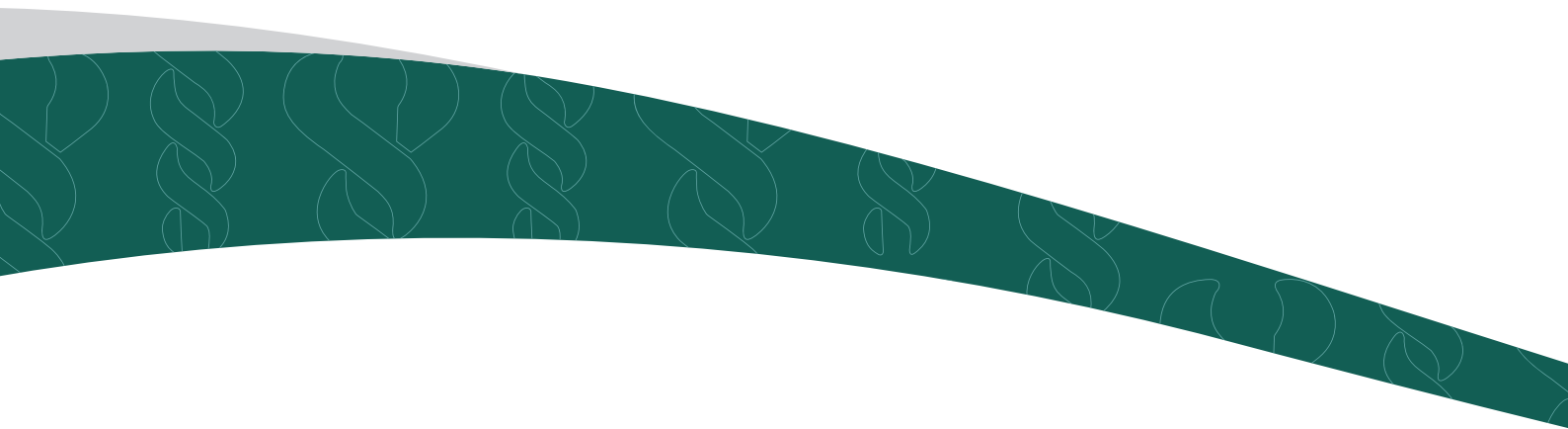
In 2018, the Governing Board held one meeting. Total remuneration of Baht 0.23 million was paid to the members of the Governing Board.

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

Management's Remuneration

In 2018, the total remuneration of 16 management positions of the Company and its subsidiaries amounted to Baht 112.3 million. The Company and its subsidiaries had employee benefit expense payable to their directors and management as follows:

Short-term employee benefits	Baht	105.673	million
Long-term employee benefits	Baht	0.007	million
Termination benefits	Baht	6.570	million
Total	Baht	112.250	million



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 domestically and at the international level. The Company therefore would like to report the following:

1. The Rights of Shareholders

The Company understands the importance of all shareholders' rights, both 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, amendments to the Memorandum of Association and Articles of Association of the Company.

In 2018, the Company implemented the following to encourage and facilitate the exercise of shareholders' rights in the annual general meeting of shareholders:

1. The Company provided the opportunity for shareholders to propose issues which are important and appropriate for inclusion as an agenda item in the Company's annual general meeting of shareholders (AGM), and in nominating candidates with appropriate knowledge, ability and qualifications as directors of the Company in advance of the AGM. Shareholders can find the criteria and guidelines on the Company's website.
2. The Company sent an invitation letter to the shareholders in advance of the AGM to inform them of the meeting agenda. The letter included comments of serving Directors on the agenda items, together with necessary supporting documents and information for the shareholders to make informed decisions. To protect the shareholders' right to attend and vote at the meeting, detailed information on the documentation required from the shareholders and how to register and vote were also included. The invitation letter was also published on the Company's website 30 days prior to the AGM.
3. For those shareholders who are unable to attend the meeting, they 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. Shareholders can also 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 ballots. 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, assigned the Company Secretary to inform the meeting of the voting process for each agenda. During the meeting, the chairman of the meeting gave all shareholders the opportunity to comment, ask questions or give opinions and suggestions on any agenda item. The Chairman and management saw the importance of every question and give precise and clear answers.
6. The Company Secretary recorded minutes of the shareholders' meetings which are correct and complete, with details on voting results of each agenda. In addition, the minutes were 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 able to verify the same.

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 the opportunity for minority shareholders to propose issues which are important and appropriate for inclusion as an agenda item in the Company's annual general meeting of shareholders and in nominating candidates with appropriate knowledge, ability and qualifications as directors of the Company. The announcement has been made through the website of the Stock Exchange of Thailand and the Company. The independent directors will consider and propose the same to the Board of Directors for incorporating such proposals/nominations as agenda items in the AGM 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 of the independent directors to be authorized by the shareholders as their 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 understands the importance of very carefully considering transactions which may have conflict of interest, or may be considered connected or related transactions, and abides by good corporate governance principles, including the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. For such transactions, the directors, management and those who are considered related persons do not participate in considering and/or approving the same.

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:

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.
2. Directors and management must prepare and disclose securities holding report to the Securities and Exchange Commission and to the Company within the required period.

Penalties for violation include the following:

1. Verbal warning for corrective action;
2. Report to shareholders' meeting for consideration;
3. Compensation for any damages; and
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.

There are also three additional methods employees and customers can voice their complaints; through a comment box, via an online incident report, or send an email to cfb@bumrungrad.com.

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 2018), roadshows and investor conferences (two times overseas, including Singapore and Hong Kong) and investor meetings and conference calls (fifty-seven times in 2018). 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 02 011-4956 and 02 011-5929, by e-mail at ir@bumrungrad.com, or through the Company's website (www.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 2018, there are 11 directors, as follows:

1. **Non-executive directors:** Five non-executive directors, which are Mr. Chai Sophonpanich, Dr. Chanvit Tanphiphat, M.D., Dr. Suvarn Valaisathien, Mr. Chong Toh, and Mr. Bernard Charnwut Chan.
2. **Executive directors:** Two executive directors, including Mrs. Linda Lisahapanya and Dr. Somsak Chaovitsaree, M.D.*
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 B.E. 2535, amended by Securities and Exchange Act (No. 4) B.E. 2551.

* Dr. Somsak Chaovitsaree, M.D. has resigned from his position as director, Hospital Chief Executive Officer, and Medical Director with effect on 31 January 2019.

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 of Directors 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 Ms. Pantip Chirakarnjanakorn 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 2018, the Audit Committee held 5 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, Committee Members, 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 chairperson of the Nomination and Remuneration Committee, and two non-executive directors. In 2018, the Nomination and Remuneration Committee held 3 meetings 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, Committee Members 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 totals 14 members, three of which are directors, four of which are management, and ten of which are physicians. In 2018, the Governing Board held one meeting.

4. Investment Committee is responsible for considering investment projects before proposing to the Board of Directors for approval. The Investment Committee consists of two non-executive directors and one executive director. In 2018, the Investment Committee held 3 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 may be considered 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 2018, 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, Committee Members, 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, agenda items, 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 item, 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 2018 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, Committee Members 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, 8 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	/	/				
Dr. Suvarn Valaisathien			/			
Mrs. Linda Lisahapanya		/				
Mr. Chong Toh			/			
Ms. Sophavadee Uttamobol	/		/	/		
Mr. Soradis Vinyaratn			/			
Mr. Prin Chirathivat	/	/	/	/		
Mrs. Aruni Kettratad			/		/	/

For more detail of the Company's information, please refer to the filing report of the Company (56-1 filing) at www.sec.or.th or Company's website (www.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 good systems can help mitigate business risks and operational risks to an 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, ethics, and anti-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, 2014 and 2017, 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 - 2018. 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 disaster, 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 process 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 2018, 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 benefit.

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 since 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.

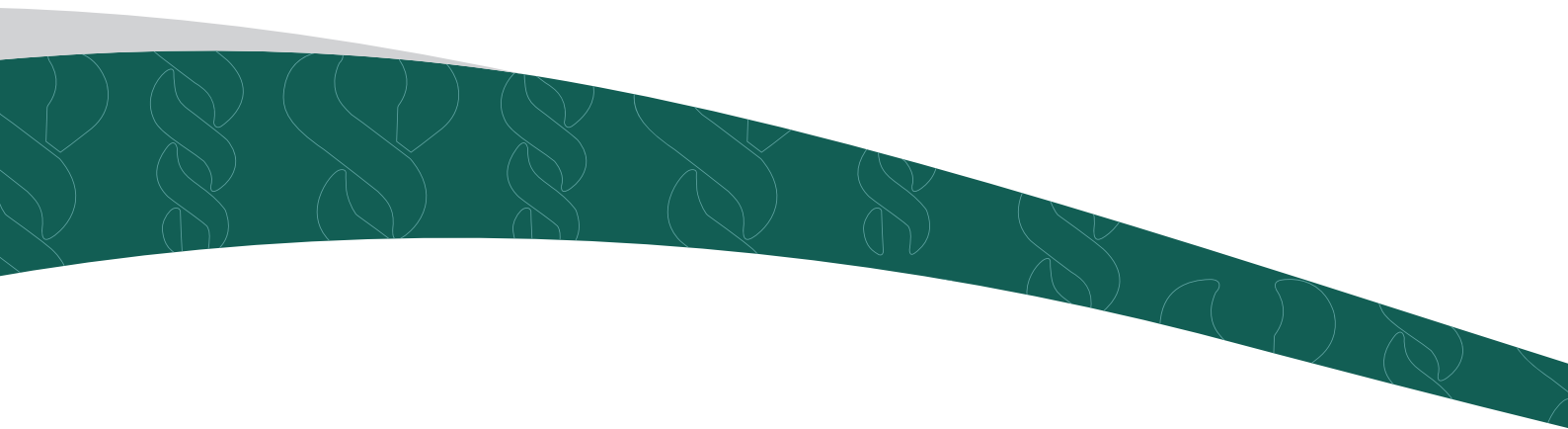
Part 5: Monitoring Activities

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 fraud, practices that violate 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 auditor's 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 filing) at www.sec.or.th or Company's website (www.bumrungrad.com).





Related Party Transactions

Related Party Transactions

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2018	For the year ended 2017		
Bangkok Insurance PCL. (BKI)	BKI was the major shareholder of the Company, with 14.62% shareholding as at 31 December 2018 (the same as at 31 December 2017) and has common director	<u>Borrowing of Money</u> - The Company issued and offered 100,000 units of the Debentures of Bumtugrad 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	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> - Revenues from hospital services received from BKI	14.9	17.8	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 of the Company.
		<u>Expenses</u> - Insurance fees which the Company paid to BKI	29.2	27.2	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.
		<u>Interest Payment</u> - Interest payment for 100,000 units of the Debentures of Bumtugrad 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%	4.4	4.6	The Interest rate was fixed by the terms and conditions of the Debenture which is 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.

Related Company	Relationship	Amount (Baht Million)		Description	Pricing Policy	Reason for the Transaction
		For the year ended 2018	For the year ended 2017			
Bangkok Life Assurance PCL. (BLA)	Common shareholder			<u>Borrowing of Money</u> - 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%. During the year 2018, BLA sold 300,000 units to unrelated companies and persons.	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.
		455.0	755.0			
				<u>Revenues</u> - Revenues from hospital services received from BLA.	It was the Company's normal course of Business, charging at normal price and benefits as customers in general.	
		25.3	18.5			
				<u>Expenses</u> - Insurance fees which the Company paid to BLA	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.
		1.1	1.2			
				<u>Interest Payment</u> - Interest payment for 455,000 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 (2017: 755,000 units)	The Interest rate was fixed by the terms and conditions of the Debenture which is 4.97% 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.
		22.6	37.5			

Related Company	Relationship	Amount (Baht Million)		Description	For the year ended		Pricing Policy	Reason for the Transaction
		2018	2017		2018	2017		
Bangkok Bank PCL. (BBL)	Common Executive			<u>Bank Deposits</u> - Fixed Deposits over 3 months	4,799.5	5,293.6	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> - 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 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> - 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 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> - Revenues from hospital services received from BBL	0.9	1.6	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.
				- Rental income of area of BBL branch at Bumrungrad Hospital	2.9	2.8	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	70.8	49.3	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> - Bank credit cards commission fees paid to BBL	124.3	130.8	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.

Amount (Baht Million)						
Related Company	Relationship	Description	For the year ended 2018	For the year ended 2017	Pricing Policy	Reason for the Transaction
Thai Consultant Ltd.	Common executive	<u>Expenses</u> - Consulting fees on legal paid to Thai Consultant Ltd.	6.4	4.0	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.
Bumrungrad International Limited (BIL)	Associated company, in which the Company, at 31 December 2018, has 31.5% shareholding (the same as at 31 December 2017) and has common directors	<u>Revenues</u> - Consulting fee income on hospital management received from BIL <u>Interest Payment</u> - Interest paid on long-term loan of 176.4 million baht.	0.2 2.1	0.2 2.3	The Company charges the fees in relation to the actual cost of the resources used. 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 of the Company.
		<u>Dividend Income</u> - Dividend received during the year from BIL	-	21.5	The Company has recognized dividend received from BIL as declared.	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.
The Bumrungrad Hospital Foundation (BHF)	Common director	<u>Revenues</u> - Revenues from hospital services received from BHF - Other revenue from resources used	28.7 0.3	18.4 0.4	It was the Company's normal course of business, charging at normal price and benefits as customers in general. 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> - Donation	36.9	31.9	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.
AAA Talent Recruitment Co., Ltd.	Common director	<u>Expenses</u> - Service Fee for personnel recruitment services	1.3	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.

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2018	For the year ended 2017		
Bangkok Dusit Medical Services PCL. (BDMS)	BDMS was the major shareholder of the Company, with 24.88% shareholding as at 31 December 2018 (31 December 2017: 20.50%)	Expenses - Radio pharmaceuticals	13.3	11.3	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.
A.N.B. Laboratories (Amnuay pharmacy) Co., Ltd. (ANB)	An indirect subsidiary of a major shareholder (Bangkok Dusit Medical Services PCL. or BDMS)	Expenses - Medicine	0.7	0.8	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.
National Healthcare Systems Co., Ltd. (NHS)	Subsidiary company of a major shareholder (Bangkok Dusit Medical Services PCL. or BDMS)	Expenses - Laboratory Services	5.5	9.8	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



Bumrungrad's continuous commitment in community healthcare

For more than 38 years in operation, Bumrungrad Hospital has been part of Thai society from the beginning when it was founded with the commitment to create and promote a culture and values supporting the aim to establish safety and quality standards and transparency. All this is undertaken with patients at the heart of everything we do.

Additionally, we have long been supporting social activities continuously in the areas we are good at for sustainable results. Social responsibility is the hospital's policy, process, and volunteering spirit all integrated and incorporating both internal and external processes. We take part in various community projects particularly those involving public health promotion and providing care and treatment for the underprivileged in the hope to achieve sustainable results, thereby cultivating fairness in business operations at the hospital, and among stakeholders, as well as society and environment.

Our social responsibility covers both the internal society within the organization and the one outside. For the former, our first and foremost responsibility is towards our patients. Bumrungrad Hospital has a management policy and a principal value committing itself to patient's rights, quality and safety, and measurable results. This is to create the confidence that all patients and visitors to the hospital are given the best and proper treatment according to both national and international hospital standards. One example is the JCI (Joint Commission International) standard, a highly-regarded accreditation that Bumrungrad was the first hospital in Asia to receive in 2002 and an honor it has enjoyed continuously to the present day.

Another example is that in 2017, Bumrungrad became the first hospital in Asia to be DNV GL MIR Certified. The DNV GL's Managing Infection Risk Standard provides a framework to help organizations improve the management of infection risk - which reduces the potential for harm to patients, visitors, and staff. The hospital also has a policy to properly care for the well-being of its personnel of over 4,800 to ensure they have a quality life and can, in turn, perform their duties to efficiently care for patients.

As far as the responsibility to external society, Bumrungrad relies on the organization's and its personnel's major capabilities to promote good public health as well as the well-being of people in various communities and the underprivileged. An ongoing major project is the "Rak Jai Thai" or "Healing Hearts" program where underprivileged children with congenital heart disease receive heart surgeries at no cost. From 2003-2018,

a total of 790 Thai children were operated on under this program. This help has also been extended to children from neighboring countries, Myanmar and Vietnam, with the latest addition to the program in 2018, Cambodia.

Another is the “ARSA Bumrungrad” Mobile Clinic that has been visiting various provinces of Thailand to provide free medical and dental services to those in remote rural areas. Since 1993, over 100,000 villagers have benefited from the services rendered by the Mobile Clinic. For the Greater Bangkok area in particular, the Mobile Clinic has been in operation since 2001, providing medical care free of charge for the underprivileged in over 27 communities five days a week, with an average of 18,000 service users per year.

For the sixth consecutive year, in 2018 Bumrungrad has received the AMCHAM CSR Excellence Award - Gold Level by the American Chamber of Commerce in Thailand in recognition of Bumrungrad’s continuous commitment to helping society.

For more detail of the Company’s information, please refer to the filing report of the Company (56-1 filing) at www.sec.or.th or company’s website (www.bumrungrad.com).



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