



BANGKOK CHAIN HOSPITAL PUBLIC COMPANY LIMITED

บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)



2015

Annual Report

รายงานประจำปี 2558



โรงพยาบาลเกษมราษฎร์
KASEMRAD HOSPITAL



The World Medical Center
โรงพยาบาลเวิลด์เมดิคอลเซ็นเตอร์



โรงพยาบาลการุญเวช
KARUNVEJ HOSPITAL

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Message from the Chairman of the Board of Directors

In 2015, Bangkok Chain Hospital Public Company Limited (“BCH” or the “Company”) has marked another level of development to continually build on its solid business platforms. During the year 2015, BCH has expanded two more hospitals, which are Kasemrad Chachoengsao and Karunvej Rattanatibeth, in order to expand its patient base as well as to remain a leading position in the middle-income cash patient segment and the patients under the social security coverage scheme of the healthcare service industry. BCH is currently operating 11 hospitals which located in Bangkok and provincial areas and 2 polyclinics under the following brands:

- **World Medical Center Hospital (“WMC”)** mainly serves upper tier and international patients
- **Kasemrad Hospital (“KH”)** mainly serves middle-income cash patients and patient under social security coverage scheme
- **Karunvej Hospital (“KV”)** mainly serves patients under social security coverage scheme

Although the global economic situation affected the country’s economy, reduced the consumer and investor confidence level, BCH continued to grow in 2015, achieving a higher revenue and net profit. Total revenue increased 8.7 percent over the previous year, to Baht 5,852 million. And, net profit increased 1.0 percent compared to the previous year, to Baht 527 million as a result of an improved performance from WMC and hospital expansions by KH and KV. For WMC, there is a significant improvement in number of patient both locally and internationally. For KH and KV, the continual growth was evidenced from the existing business operations and the additional revenue contributed from two new hospitals.

Apart from business expansion, BCH insisted to promote social responsibility activities under good corporate governance guidelines. In 2015, BCH has joined several charities such as publicizing about health surveillance on Seasonal Influenza and Hemorrhagic Fever. Moreover, BCH Group’s hospitals was also part of the big charities by supporting first aid facilities to the participants of the very notable events; “Bike for Dad 2015” and “Bike for Mom 2015”.

To this end, BCH will remain focused on its business operations. Additionally, one of the main objectives is to develop quality of group of hospitals and medical staffs to be in line with international standard in order to ensure customers’ satisfaction and pave the way for future business expansions.

On behalf of Bangkok Chain Hospital Public Company Limited, I would like to convey my gratitude to all shareholders, customers, financial institutions, private and government sectors, and business alliances for your unwavering trust and supports. Likewise, I would like to express my sincere appreciation to doctors, nurses, and employees for their exertions and dedications to the Company. BCH will strictly adhere to the intention to operate the business in line with ethical principles and good corporate governance guidelines to ensure sustainability and stability of the Company.



C. Harnphanich

Mr. Chalerm Harnphanich, M.D.
Chairman of the Board of Directors



Report of the Audit Committee

The Audit Committee of Bangkok Chain Hospital Public Company Limited consists of three independent directors who are professional in accounting, finance, legal, and organization management as follows:

| | | |
|-----------------------|------------------|---------------------------------|
| (1) Dr. Virach | Aphimeteetamrong | Chairman of Audit the Committee |
| (2) Mr. Siripong | Sombutsiri | Audit Committee |
| (3) Professor. Piphob | Veraphong | Audit Committee |

The Audit Committee completely performed duties as designated by the Board of Directors and specified in the Audit Committee Charter in accordance with the terms and best practices for Audit Committee of the Stock Exchange of Thailand. The main responsibilities of the Audit Committee include monitoring the Company's financial reports to be in compliance with Thai Financial Reporting Standards, reviewing business operations with respect to good corporate governance, having an adequate and effective internal control, performing in accordance with laws and regulations, and also monitoring all related transactions which potentially lead to conflict of interest between the Company and related persons. In fiscal year 2015, the Audit Committee held four meetings by discussion with the management, the internal auditor and the external auditor. The key duties can be summarized as follows:

1. Review of the financial report

The Audit Committee together with the management and the internal auditor reviewed the consolidated quarterly and annual financial statements of Bangkok Chain Hospital Public Company Limited including the related transactions and transactions that may lead to conflict of interest. In addition, the Audit Committee and the external auditor held a meeting to approve the consolidated quarterly and annual financial statements without the presence of the Company's management to consider the scope and auditing plan as well as to discuss on; the accuracy of the financial statements, the significant adjustment transactions that have an impact to the financial statements, the sufficiency of disclosure, and the observation and suggestion of the external audit. The Audit Committee resolved that the financial statements present fairly in all material respect and in accordance with Thai Financial Reporting Standard and adequately disclose the significant information which the external auditor independently opined on the audit report and presented to the Board of Directors.

2. Review of risk management

The Audit Committee reviewed the adequacy and effectiveness of the internal control system of the Company by considering the report of both internal and external auditors in order to assess the adequacy and effectiveness of internal control system, to ensure that risk management and business operations are in line with the policy and designated authorities.

3. Review of corporate governance

The Audit Committee reviewed the Company's corporate governance and found that the directors and employees have strictly followed the prescribed principals. The Board of Directors constantly instilled ethics and morals into employees at all levels in order to comply with the regulations of the Stock Exchange of Thailand and to ensure a confidence among shareholders, investors, customers, suppliers and other related parties.

4. Review of internal audit system

The Audit Committee regulated the Internal Audit Department to be independent in which the report line shall be directly to them. Additionally, the Audit Committee shall be continuously monitoring the outcome of the assessment as well as providing guidance to the internal audit process to be conducted in accordance to 2015 internal audit plan in order to be efficiently and effectively, and create sustainability and continuity to the organization. The internal audit result of 2015 indicated that the objectives have been achieved as planned with no significant deficiencies in the internal control system.

5. Review effectiveness of internal control

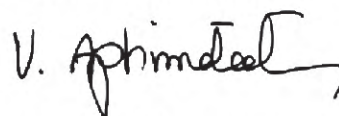
The Audit Committee reviewed the internal control assessment for the year 2015 with the Assessment Form of Sufficiency of Internal Control System prescribed by the Securities and Exchange Commission (SEC). The assessment includes business operating control, finance, and legal compliance as well as to achieve the objectives and goals. The assessment by the management and the internal audit indicates that the Company has the adequacy and effectiveness of internal control.

6. Appointment of the external auditor and review of the audit fees

The Audit Committee reviewed the knowledge, capabilities, qualification and last year performance of KPMG Phoomchai Audit Ltd. The Audit Committee recommended KPMG Phoomchai Audit Ltd. to the Board of Directors. The Board of Directors agreed to seek an approval at the Shareholders' meeting to appoint KPMG Phoomchai Audit Ltd. as the Company's auditor and the audit fee.

The Audit Committee performed its duties as designated by the Board of Directors. The Audit Committee has performed prudently and independently for the best benefit to all stakeholders. The Audit Committee has opinion that the Company's financial information was correct and reliable and has been prepared in accordance with Thai Financial Reporting Standards. The Company had sufficient risk management, appropriate and effective of internal control system and process, good corporate governance and complied with relevant laws and regulations.

On behalf of the Audit Committee



(Dr. Virach Aphimeteetamrong)

Chairman of the Audit Committee

23 February 2016



Corporate Social Responsibilities in 2015

Kasemrad Hospital (KH)



Kasemrad Rattanatibeth Hospital provided medical check-up services and free lunch including giving away appliances to the Handicapped Children Institutional Care at Ban Nonthabumi in Pakkred district and Home for Mentally Handicapped Children at Ban Rajawadee.



Kasemrad Chachoengsao Hospital participated in a notable charity "Bike for Dad 2015" by providing first aid services including free basic medical check-up to the participants in the event at Chachoengsao City Hall.



Kasemrad Prachachuen Hospital led by management team and staffs collectively gave away appliances at Home for Mentally Handicapped Children (Ban Fuengfah)



Kasemrad Saraburi Hospital jointly with Red Cross Society participated in the mobile medical check-up activities and educated the community about healthcare and plagues. In this event, the provincial governor has also joined the activity.



In 2015, there were many CSR activities that Kasemrad Hospital Group participated which include; appliance donation to Saraburi Home for Girls, clothes donation to the paupers at Banpodpittaya School in Chiang Rai province, and supported the high school singing contest at Central Plaza Chiang Rai.

World Medical Center Hospital (WMC)



In 2015, there were many CSR activities that WMC participated include; "Bike for Mom 2015", free medical check-up on Father day, and supporting first aid appliances to schools in communities nearby the hospital.



WMC participated in the event "Run in honor of the Princess" at Administrative Court by providing first aid service to the participants.



WMC joined the annual simulated fire evacuation plan by sending an ambulance and staffs to facilitate in the event at Central Plaza Changwattana

Karunvej Hospital (KV)



Karunvej Pathum Thani Hospital and Karunvej Ayudhaya Hospital jointly with PTT PCL participated in the medical voluntary event at Sainoi community to provide medical check-up and health advisory. In this event, there were more than 200 families participated.

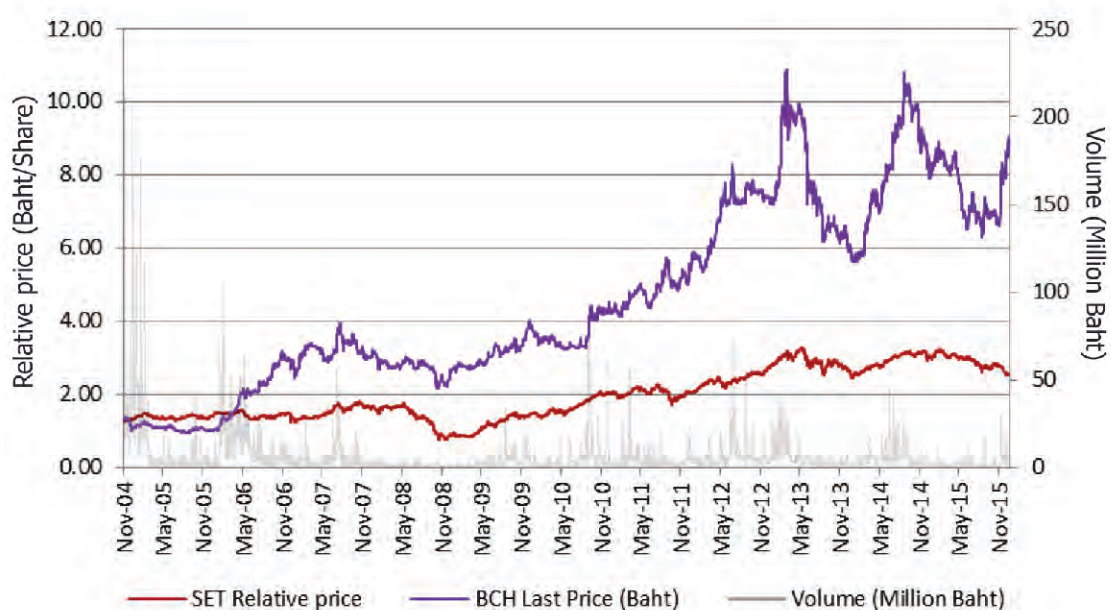


Karunvej Pathum Thani Hospital jointly with PTT PCL provided healthcare advisory to people in Chiangrak Community.

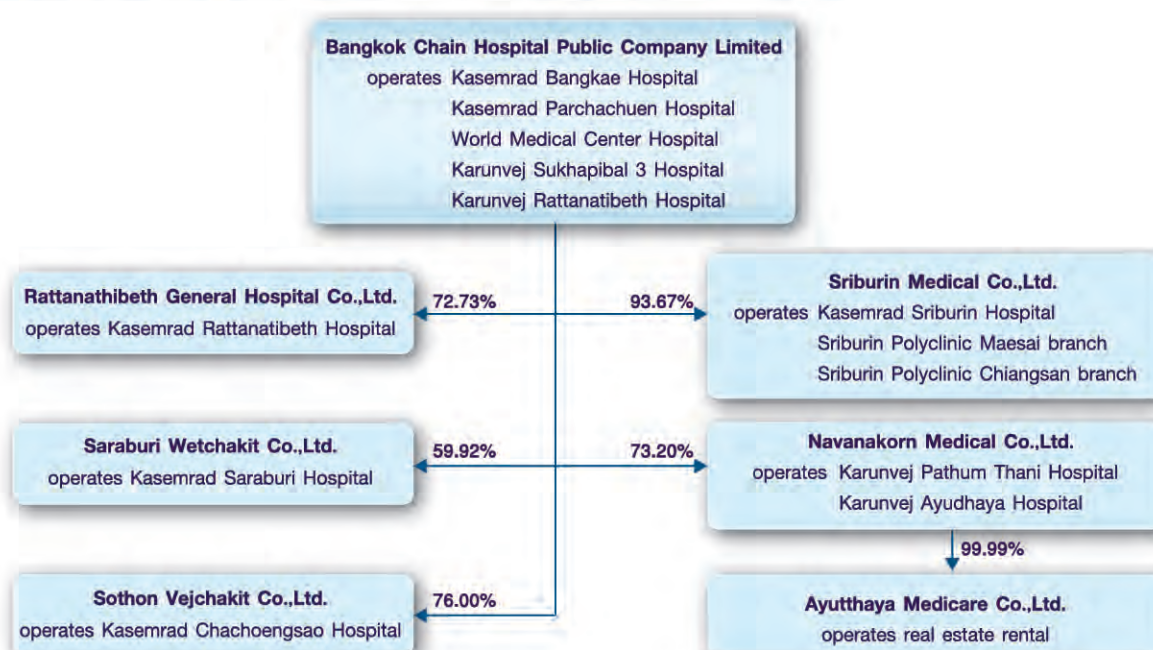
Company's Information

| | |
|---------------------------------------|---|
| Name | : Bangkok Chain Hospital Public Company Limited |
| Location | : 44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi |
| Nature of Business | : Private Hospital |
| Year of Establishment | : 1984 |
| Year of Listed in SET | : 2004 |
| Website | : www.bangkokchainhospital.com |
| Registered and Paid-up Capital | : THB 2,494 million (Par value at 1 Baht per share) |
| Major Shareholders | : Harnphanich Family holds up to 49.99 percent Institutional and retail investors hold up to 50.01 percent |

Historical Trading between BCH VS SET Index (Since IPO from Sept 2004 - Dec 2015)



Shareholding Structure of the Company



* Based on information as of 31 December 2015

General Information of the Company and its Subsidiaries

| Company | Registered Capital | Nature of Business | Opening/ Acquiring Date |
|--|--------------------|--|--|
| Bangkok Chain Hospital Plc. | Baht 2,494 million | Kasemrad Bangkae Hospital Kasemrad Prachachuen Hospital Karunvej Sukhapibal 3 Hospital World Medical Center Hospital Karunvej Rattanatibeth Hospital | August 8, 1984 July 15, 1997 September 26, 2000 March 22, 2013 June 12, 2015 |
| Sriburin Medical Co., Ltd. | Baht 170 million | Kasemrad Sriburin Hospital - Kasemrad Sriburin Clinic Maesai branch - Kasemrad Sriburin Clinic Chiangsan branch | January 10, 1993 August 1, 2004 August 8, 2014 |
| Rattanatibeth General Hospital Co., Ltd. | Baht 300 million | Kasemrad Rattanatibeth Hospital | February 15, 1993 |
| Saraburi Wetchakit Co., Ltd. | Baht 321 million | Kasemrad Saraburi Hospital | January 1, 1996 |
| Navanakorn Medicare Co., Ltd. | Baht 375 million | Karunvej Pathum Thani Hospital Karunvej Ayudhaya Hospital | December 18, 2013 |
| Ayutthaya Medicare Co., Ltd. | Baht 45 million | Property for rent (Land rent to Karunvej Ayudhaya Hospital) | December 18, 2013 |
| Sothon Vejchakit Co., Ltd. | Baht 350 million | Kasemrad Chachoengsao Hospital | May 1, 2015 |

Shareholding Structure of the Company

Name and Address of Each Hospital

| | |
|--|---|
| Kasemrad Bangkae Hospital | 586,588 Petchakasem Road, Bangkae-Nua, Bangkae, Bangkok 10160 Tel. (66) 2455-0110, (66) 2804-8959 Fax (66) 2454-1914 |
| Kasemrad Sriburin Hospital | 111/5 Moo 13 Sun-Sai, Muang, Chiang Rai 57000 Tel. (66) 5391-0999 Fax (66) 5371-7938 |
| - Kasemrad Sriburin Clinic Maesai branch | 952 Moo 1 Viengpangkam, Maesai, Chiang Rai 57130 Tel. (66) 5364-2742 Fax (66) 5364-2744 |
| - Kasemrad Sriburin Clinic Chiengsan branch | 339 Moo 6 Vieng, Chiengsan, Chiang Rai 57150 Tel. (66) 5365-0131 Fax (66) 5365-0133 |
| Kasemrad Rattanaibeth Hospital | 60 Moo 6 Sao-Thong-Hin, Bang-Yai, Nonthaburi 10140 Tel. (66) 2594-0020 Fax (66) 2594-0067 |
| Kasemrad Saraburi Hospital | 2/22 Mitraparb Road, Pak-Preaw, Muang, Saraburi 18000 Tel. (66) 3631-5555 Fax (66) 3631-5501 |
| Kasemrad Prachachuen Hospital | 950 Prachachuen Road, Wongsawang, Bangsue, Bangkok 10800 Tel. (66) 2910-1600 Fax (66) 2910-1649 |
| Kasemrad Chachoengsao Hospital | 29 Moo 3 Suwinthawong Road, Nha-Mueng, Mueng, Chachoengsao Tel. (66) 3881-2702 Fax (66) 3881-2720 |
| World Medical Center Hospital | 44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120 Tel. (66) 2836-9999, Fax (66) 2106-4858 |
| Karunvej Sukhapibal 3 Hospital | 88,90,92 Ramkamhaeng Road, Sapansoong, Bangkok 10260 Tel. (66) 2729-3000 Fax (66) 2729-5050 |
| Karunvej Pathum Thani Hospital | 98 Moo 13 Phahonyothin Road, Khlong-Nueng, Klong Luang, Pathum Thani 12120 Tel. (66) 2529-4533 Fax (66) 2529-3624 |
| Karunvej Ayudhaya Hospital | 61/9 Moo 4 Klong-Jik, Bangpa-in, Pranakorn Sriayudhaya 13160 Tel. (66) 3531-5100 Fax (66) 3531-5155 |
| Karunvej Rattanaibeth Hospital | 58 Moo 15 Bangrakpattana, Bangbuathong, Nonthaburi 11000 Tel. (66) 2921-3400 Fax (66) 2921-3400 Ext.1119 |

Reference Persons

| | |
|------------------------|--|
| Head Office | Bangkok Chain Hospital Public Company Limited 44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120 Tel. (66) 2836-9999, Fax (66) 2106-4858 |
| Share Registrar | Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4th, 6th-7th Floors, Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel. (66) 2229-2800, (66) 2654-5599 Fax (66) 2359-1262-3 |
| Auditor | KPMG Phoomchai Audit Limited 195 Empire Tower, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel. (66) 2677-2000, Fax (66) 2677-2220-3 |
| Legal Advisor | The Legalist Law Office Co., Ltd. 56/12 Soi Phattamon1, Ramkamhaeng Road (Sukhapibal 3), Huamark, Bangkok, Bangkok 10240 Tel. (66) 2735-2976-80, Fax (66) 2735-2981 |

Financial Highlights

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

| | 2015 | 2014 | 2013 |
|--|-----------|----------|-----------|
| Operating Performance (Baht million) | | | |
| Total Revenues | 5,851.85 | 5,381.50 | 4,796.41 |
| Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) | 1,468.48 | 1,422.86 | 1,350.12 |
| Net Profit for the year | 672.80 | 670.60 | 721.19 |
| Net Profit attributable to owners of the Company | 527.33 | 521.87 | 584.74 |
| Financial Position (Baht million) | | | |
| Total Assets | 10,597.87 | 9,991.61 | 10,030.19 |
| Total Liabilities | 5,676.33 | 5,324.61 | 5,484.65 |
| Non-Controlling Interests | 562.98 | 529.94 | 579.77 |
| Equity Attributable to Equity Holders of the Company | 4,358.56 | 4,137.06 | 3,965.77 |
| Financial Ratios | | | |
| Gross Profit Margin (%) | 30.82 | 30.76 | 32.12 |
| Net Profit Margin (%) * | 11.50 | 12.46 | 15.04 |
| Debt To Equity Ratio (Times) | 1.15 | 1.14 | 1.38 |
| Return On Equity (%) * | 13.67 | 14.37 | 15.87 |
| Return On Assets (%) * | 6.35 | 6.71 | 7.19 |
| Stock Information | | | |
| Issued Share Capital (million shares) ** | 2,493.75 | 2,493.75 | 2,493.75 |
| Earnings Per Share (Baht) ** | 0.21 | 0.21 | 0.23 |
| Book Value Per Share (Baht) ** | 1.97 | 1.87 | 1.82 |
| Cash Dividend Paid Per Share (Baht) ** | 0.12 | 0.16 | 0.16 |
| Stock Price at the End of Year (Baht) | 9.05 | 8.10 | 6.05 |

Remark: * Calculated using Net Profit for the year

** Data per share calculated by each item / number of shares issued in each year.

Board of Directors

1. Mr.Chalerm Harnphanich, M.D.

Chairman of the Board of Director
and Chief Executive Officer



1

2. Asst.Prof.Somporn Harnphanich, M.D.

Director and Senior
Executive Vice President



3

3. Ms.Pornluck Harnphanich, M.D.

Director and Executive Director



2

4. Mr.Kantaporn Harnphanich

Director and Executive Director



4

5. Dr.Virach Aphimeteetamrong

Independent Director and
Chairman of the Audit Committee



5

6. Mr.Siripong Sombutsiri

Independent Director and
Audit Committee



6

7. Professor Piphob Veraphong

Independent Director and
Audit Committee



7

8. Mr.Thawat Suntrajarn, M.D.

Independent Director



8

9. Mr.Paiboon Nakosiri

Director, Executive Director and
Company Secretary



9

10. Mrs.Saifon Chaimongkol

Director



10



Mr. Chalerm Harnphanich, M.D.
Chairman of the Board of Director /
Chief Executive Officer / Authorized Director
Age (year) 61

Education

- Master Degree in Business Administration, Ramkhamhaeng University
- M.D. Chiangmai University
- BSc, Medical Science, Chiangmai University
- Board Certification Specialist in Obstetrics and Gynecology, Siriraj Hospital, Mahidol University
- High Medical Certificate in Obstetrics and Gynecology, Siriraj Hospital, Mahidol University
- Director Certification Program and Director Accreditation Program, Thai Institute of Directors Association (IOD)
- Hospital Management, Sasin Graduate Institution of Business Administration of Chulalongkorn University

Work Experiences

- 2015-present Director / Sothon Vejchakit Co.,Ltd.
- 2014-present Director / Chiengrai Imaging Co.,Ltd.
- 2014-present Director / Park Inn Saraburi Co.,Ltd.
- 2014-present Director / Bright TV Co.,Ltd.
- 2013-present Director / Ayutthaya Medicare Co.,Ltd.
- 2013-present Director / Navanakorn Medicare Co.,Ltd.
- 2013-present Director / C.M.J. Land Co.,Ltd.
- 2011-present Director / Sub-committee for Investment, Social Security Office
- 2011-present Director / Committee of National Health Securities Office (NHSO) - Quality and Healthcare Standard Control
- 2011-2014 President / The Private Hospital Association
- 2011-present Partner / Park Inn Chiangrai Part., Ltd.
- 2004-present Committee / Medical Committee, Ministry of Public Health
- 1999-2011 Secretary / The Private Hospital Association
- 1996-present Director / S.C.K. Land Co.,Ltd.
- 1996-present Director / Saraburi Wetchakit Co.,Ltd.
- 1996-present Director / Sriburin Medical Co.,Ltd.
- 1993-present CEO / Bangkok Chain Hospital PCL.
- 1992-present Director / Rattatibeth General Hospital Co.,Ltd.

Directors' Meeting Participation in 2015

- Board of Directors : 6 from 6
- Executive Committee : 8 from 8

Share Holding (%) - 32.63 (No change in 2015)

Relationship - Asst.Prof.Dr.Somporn Harnphanich's husband



Asst. Prof. Somporn Harnphanich, M.D.
Director / Senior Executive Vice President /
Authorized Director
Age (year) 63

Education

- Master Degree in Business Administration, Ramkhamhaeng University
- M.D. Mahidol University
- BSc, Medical Science, Mahidol University
- Board Certificate: Anesthesia, Siriraj Hospital, Mahidol University
- Board Certificate: Medical Laws and Public Health Class 5th, Mahidol University
- Certificate of Occupational Medicine, Class 10th, Medical Council
- Certificate of Asia Pacific Hospital Management Programme, Singapore Management University
- Certificate of Meeting the Logistics Challenger of The Healthcare Sector HEC Montreal, Canada
- Certificate of Successful Completion / Lead Assessor Certificate, Anglo Japanese American
- Hospital Management, Sasin Graduate Institution of Business Administration of Chulalongkorn University
- Strategic Human Resource Manager Human Resource Institute, Thammasart University
- Director Accreditation Program, Thai Institute of Directors Association (IOD)
- Role of the Chairman Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2015-present Director / Sothon Vejchakit Co.,Ltd.
- 2014-present Director / Park Inn Saraburi Co.,Ltd.
- 2014-present Director / Ayutthaya Medicare Co.,Ltd.
- 2013-present Director / Navanakorn Medicare Co.,Ltd.
- 2010-2013 Director / Thai Listed Companies Association
- 1996-present Director / Saraburi Wetchakit Co.,Ltd.
- 1996-present Director / Sriburin Medical Co.,Ltd.
- 1995-present Chairman of Central Purchasing Department / Bangkok Chain Hospital PCL.
- 1993-present Director and Senior Executive Vice President / Bangkok Chain Hospital PCL.
- 1992-present Managing Director / Rattatibeth General Hospital Co.,Ltd.

Directors' Meeting Participation in 2015

- Board of Directors : 6 from 6
- Executive Committee : 7 from 8

Share Holding (%) - 7.37 (No change in 2015)

Relationship - Dr.Chalerm Harnphanich's wife

Board of Directors Bangkok Chain Hospital Public Company Limited



Ms. Pornluck Harnphanich, M.D.

Director / Executive Director /

Authorized Director

Age (year) 30

Education

- Master degree of Healthcare and Wellness Management
College of Management, Mahidol University
- M.D. Thammasat University
- Diploma Course in Dermatology and Dermatosurgery,
Institute of Dermatology
- American Board Certified in Nutritional Wellness American
Board of Nutritional Wellness
- Executive Mini Master of Business Administration,
NIDA Business School
- Short Course training in Skin Laser Surgery, Siriraj Hospital
- Certificate in Chelation Therapy (CMAT)
- HA Course for Quality Hospital Management (HA900)
- Director Accreditation Program,
Thai Institute of Directors (IOD)
- Successful Formulation & Execution of Strategy (SFE)
Program, Thai Institute of Directors (IOD)

Work Experiences

- 2015-present Director / Sothon Vejchakit Co.,Ltd.
- 2015-present Director / Coffee and Latte House Co.,Ltd.
- 2015-present Director / Global Inspired Laboratory Co.,Ltd.
- 2013-present Medical Director / Rattanaibeth General
Hospital Co.,Ltd.
- 2012-present Director / Bangkok Chain Hospital PCL.
- 2011-2014 Director / Rattanaibeth General Hospital
Co.,Ltd.
- 2011-present Director / Thipnate s.p.p. Co.Ltd.

Directors' Meeting Participation in 2015

- Board of Directors : 6 from 6
- Executive Committee : 1 from 8

Share Holding (%) - 3.33 (No change in 2015)

Relationship - Dr.Chalerm Harnphanich's daughter



Mr. Kantaporn Harnphanich

Director / Executive Director /

Authorized Director

Age (year) 28

Education

- Master degree of Healthcare and Wellness Management
College of Management, Mahidol University
- MBA, Assumption University
- BBA, Assumption University
- Director Accreditation Program,
Thai Institute of Directors (IOD)
- Successful Formulation & Execution of Strategy (SFE)
Program, Thai Institute of Directors (IOD)

Work Experiences

- 2015-present Director / Sothon Vejchakit Co.,Ltd.
- 2015-present Director / Bangkok Chain Hospital PCL.
- 2015-present Director / Coffee and Latte House Co.,Ltd.
- 2014-present Director / Park Inn Saraburi Co.,Ltd.
- 2014-present Director / Chiengrai Imaging Co.,Ltd.
- 2013-present Director / Balleto Foods Co.,Ltd.
- 2013-present Director of Marketing / Rattanaibeth
General Hospital Co.,Ltd.
- 2013-present Director of Marketing / Bangkok Chain
Hospital PCL.
- 2012-present Director Sriburin Medical Co.,Ltd.
- 2011-present Director / Thipnate s.p.p. Co.,Ltd.

Directors' Meeting Participation in 2015

- Board of Directors : 4 from 6
- Executive Committee : 1 from 8

Share Holding (%) - 3.33 (No change in 2015)

Relationship - Dr.Chalerm Harnphanich's son



Dr. Virach Aphimeteetamrong

Independent Director /
Chairman of the Audit Committee
Age (year) 72

Education

- Ph.D. (Finance), University of Illinois, Urbana-Champaign, USA
- Master Degree in MAS, University of Illinois, Urbana-Champaign, USA
- MBA, Gothenburg, Sweden
- Bachelor of Accounting (Honors 2nd), Chulalongkorn University
- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- present Chairman of the Board of Directors / Office Dr. Virach & Associates Co., Ltd.
- Present Independent Director / Supalai PCL.
- 2013-present Independent Director / Audit Committee Thai Agro Energy PCL.
- 2007-present Chairman of the Board of Director / Intouch Holdings PCL.
- 2004-present Independent Director / Chairman of the Audit Committee / Bangkok Chain Hospital PCL.
- 2004-present Independent Director / Chairman of the Audit Committee / Asia Plus Group Holdings Securities PCL.
- 1995-present Independent Director / Audit Committee / Metro Systems Corporation PCL.

Directors' Meeting Participation in 2015

- Board of Directors : 6 from 6
- Audit Committee : 4 from 4

Share Holding (%) - No (No change in 2015)

Relationship - No



Mr. Siripong Sombutsiri

Independent Director / Audit Committee
Age (year) 61

Education

- Master Degree of Business Administration in Finance, Sul Ross University
- Bachelor of Commerce and Accounting, Chulalongkorn University
- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2015-present Director / Thai Military Bank PCL.
- 2014-present Chairman of the Board of Directors / Chairman of the Audit Committee / Com 7 International PCL.
- 2013-present Director / Chairman of the Audit Committee / Pan Asia Footware PCL.
- 2011-present Director / Infinite Electric (Thailand) Co., Ltd.
- 2007-present Executive Director / AP (Thailand) PCL.
- 2004-present Independent Director / Audit Committee / Bangkok Chain Hospital PCL.

Directors' Meeting Participation in 2015

- Board of Directors : 6 from 6
- Audit Committee : 4 from 4

Share Holding (%) - No (No change in 2015)

Relationship - No

Board of Directors Bangkok Chain Hospital Public Company Limited



Professor Piphob Veraphong Independent Director / Audit Committee

Age (year) 54

Education

- Master Degree of LL.M., Harvard University
- Master Degree of LL.M. Taxation, Boston University
- Bachelor of Law (Honors), Chulalongkorn University
- Barrister-at-law
- Certificate of International Taxation, Harvard University
- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2015-present Independent Director / Audit Committee / Land and Houses PCL.
- 2004-present Independent Director / Audit Committee / Bangkok Chain Hospital PCL.
- 2002-present Partner / Law Alliance Ltd.

Directors' Meeting Participation in 2015

- Board of Directors : 5 from 6
- Audit Committee : 4 from 4

Share Holding (%) - No (No change in 2015)

Relationship - No



Mr. Thawat Suntrajarn, M.D. Independent Director

Age (year) 68

Education

- M.PH Mahidol University
- M.D. Chiangmai University
- BSc, Medical Science, Chiangmai University
- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2015-present Executive Board / National Vaccine Institute (Public Organization)
- 2010-present Independent Director / Bangkok Chain Hospital PCL.
- 2010-present Senior Expert Member / Phayao University Council
- 2009-2014 Executive Board / Banphaew Hospital (Public Organization)
- 2009-present President / Thailand Health Association
- 2008-present Advisor / Permanent Secretary Ministry of Public Health
- 2008-2013 Advisor / Public Health Commission, House of Senators
- 2008-present Advisor / Global Fund Principle Recipient Management office, Thailand Ministry of Public Health
- 2007-2012 Director / Naresuan University, Ministry of Public Health

Directors' Meeting Participation in 2015

- Board of Directors : 5 from 6

Share Holding (%) - No (No change in 2015)

Relationship - No



Mr. Paiboon Nakosiri

Director / Executive Director /

Authorized Director / Company Secretary

Age (year) 54

Education

- Master Degree in Business Administration, Thammasat University
- Bachelor of Accounting, Thammasat University
- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2015-present Director / Sothon Vejchakit Co.,Ltd.
- 2014-present Director / Chiengrai Imaging Co.,Ltd.
- 2013-present Director / Ayutthaya Medicare Co.,Ltd.
- 2013-present Director / Navanakorn Medical Co.,Ltd.
- 2005-present Director / Bangkok Chain Hospital PCL.
- 2009-present Director / Saraburi Wetchakit Co.,Ltd.
- 2009-present Director / Sriburin Medical Co.,Ltd.

Directors' Meeting Participation in 2015

- Board of Directors : 6 from 6
- Executive Committee : 8 from 8

Share Holding (%) - No (No change in 2015)

Relationship - No



Mrs. Saifon Chaimongkol

Director / Authorized Director

Age (year) 44

Education

- Master degree of Nursing, Mahidol University
- Bachelor degree of Nursing, Mahidol University
- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2015-present Director / Navanakorn Medical Co.,Ltd.
- 2015-present Director / Ayutthaya Medicare Co.,Ltd.
- 2011-present Central Purchasing Director / Bangkok Chain Hospital PCL.
- 2010-present Director / Bangkok Chain Hospital PCL.
- 2009-2011 HR & Quality Control Director / Rattanatibeth General Hospital Co.,Ltd.

Directors' Meeting Participation in 2015

- Board of Directors : 6 from 6

Share Holding (%) - No (No change in 2015)

Relationship - No

Products and Services

Products and services of the Company are as follows:

1. World Medical Center Hospital Group (WMC)

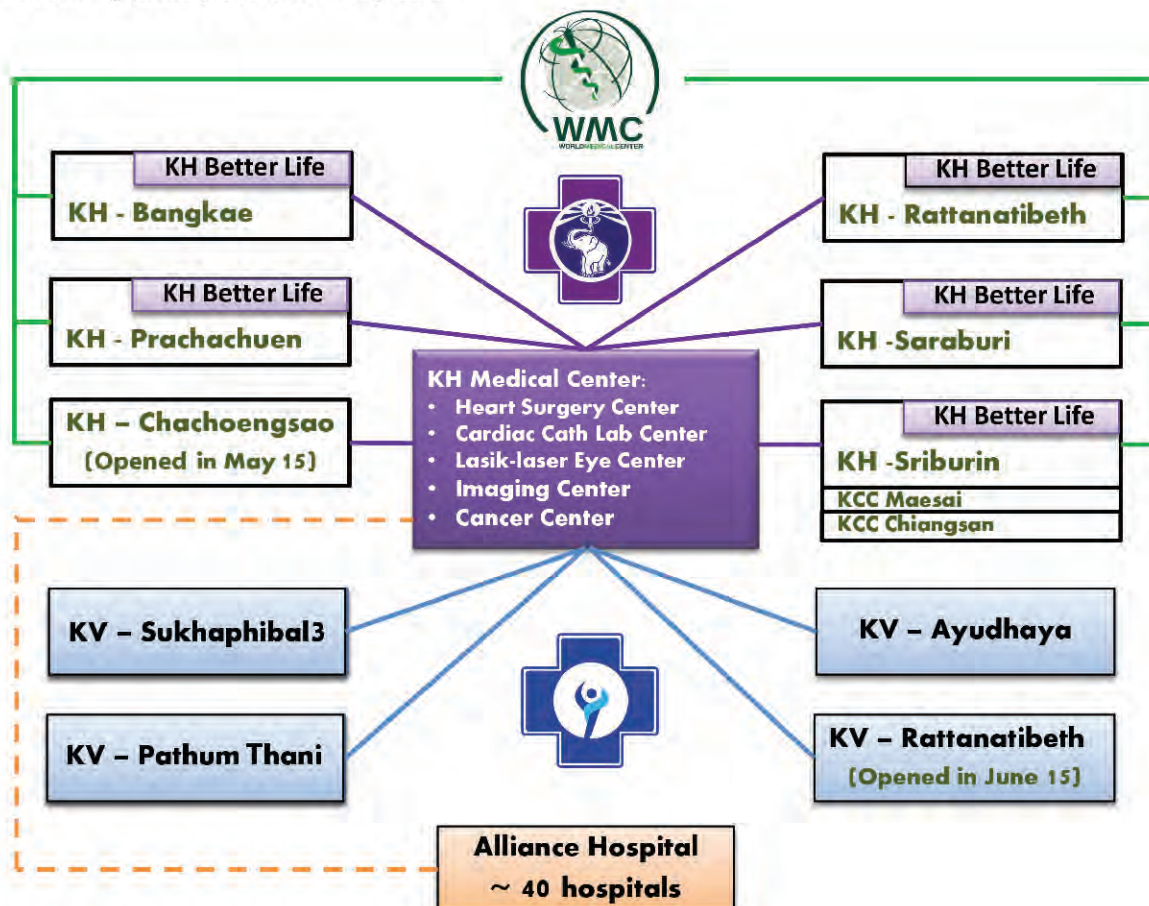
- **Target customers** : high-end / international patients
- Providing premium tertiary healthcare

2. Kasemrad Hospital Group (KH)

- **Target customers** : middle-income cash patients and social security patients
- Providing primary care and secondary care up to tertiary care
- **Kasemrad Medical Center [KHMC]** : providing comprehensive medical services in the level of tertiary care i.e. Heart Surgery Center, Cardiac Cath Lab Center, Lasik and Eye Center, Imaging Center, and Cancer Center to serve the referral patients from Kasemrad Hospital, Karunvej Hospitals and other alliance hospitals.
- **Kasemrad Community Clinic [KCC]** : the clinics provide primary care (Out-patients) in Maesai District and Chiangsan District.
- **KH Better Life** : healthy lifestyle and alternative medicine are as follows:
 - ⇒ Aesthetics (skin care and non-Invasive)
 - ⇒ Wellness Center (Health Check-up)
 - ⇒ Cosmetic Surgery
 - ⇒ Thai Traditional Medicine
 - ⇒ Dental & Aesthetic Dentistry

3. Karunvej Hospital Group (KV)

- **Target customer** : mainly social security patients
- Providing primary and secondary care



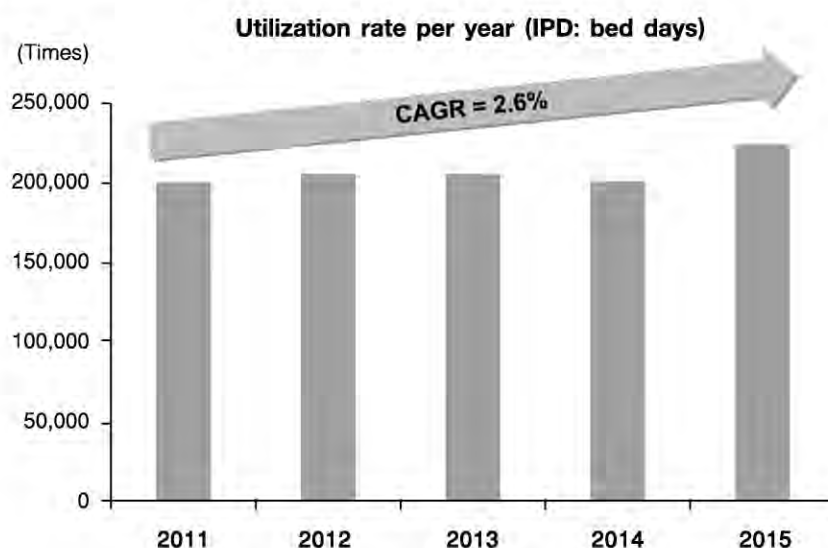
Service Capacity

Number of Examination Rooms and Beds for patients

Group of hospitals under the Company and subsidiaries have available examination rooms and beds to serve both In-patients (“IPD”) and Out-patients (“OPD”) as follows:

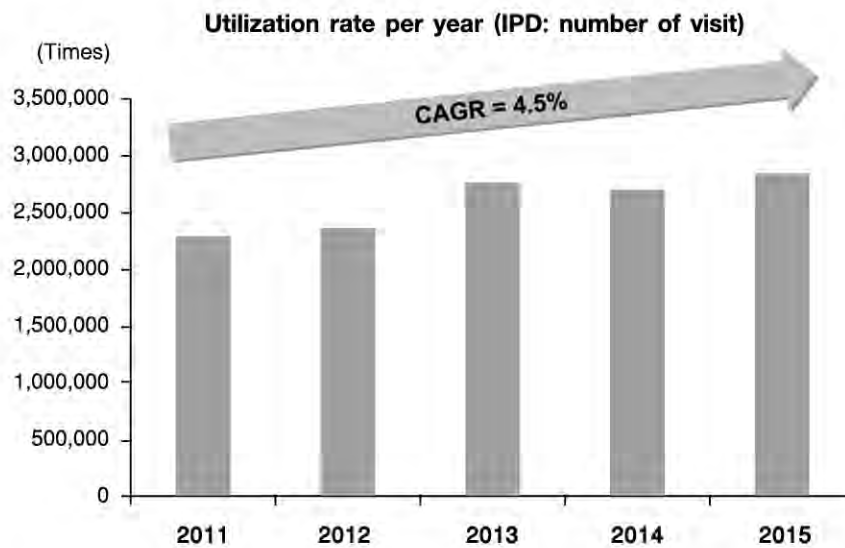
| Hospitals | Out-Patients | In-Patients | |
|------------------------|----------------------------|--|-------------------------|
| | Number of Examination Room | Maximum Capacity Bed based on Hospital Structure | Number of Licensed Beds |
| Kasemrad Bangkae | 57 | 500 | 311 |
| Kasemrad Sriburin | 50 | 220 | 120 |
| Kasemrad Rattanatibeth | 45 | 500 | 400 |
| Kasemrad Saraburi | 17 | 250 | 200 |
| Kasemrad Prachachuen | 48 | 450 | 373 |
| Kasemrad Chachoengsao | 16 | 250 | 100 |
| World Medical Center | 84 | 324 | 150 |
| Karunvej Sukhapibal 3 | 16 | 130 | 100 |
| Karunvej Pathum Thani | 17 | 200 | 200 |
| Karunvej Ayudhaya | 9 | 105 | 105 |
| Karunvej Rattanatibeth | 10 | 119 | 119 |
| Total | 369 | 3,048 | 2,178 |

• In-patients Service



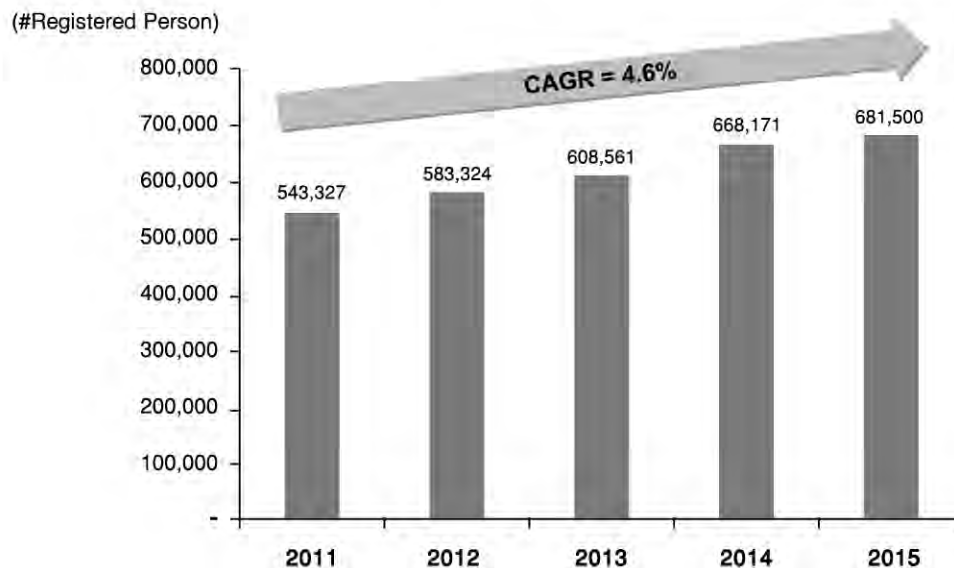
In the past five years, the utilization rate of IPD cash patients and social security patients grew about 2.6 percent per annum because of the expansions of two new hospitals, Kasemrad Chachoengsao and Karunvej Rattanatibeth, which resulted to an increase in number of beds and patients.

- **Out-patients Service**



In the past five years, the utilization rate of OPD cash patients and social security patients grew about 4.5 percent per annum as a result of the expansions of two new hospitals and the improvement of number of existing patient base.

- **Number of registered persons under Social Security Scheme**



In the past five years, the number of registered person under the social security scheme increased on average about 4.6 percent per annum. Mainly, the increase in number of registered persons in 2015 partly was from Kasemrad Chachoengsao as a result of an acquisition of Sotravej Hospital.

Nature of Business

1. Operates business as a group of hospitals and create strategic alliances to improve service efficiency

The Company operates its business as group of hospitals, which consists of 11 hospitals, to serve all types of customers both in Bangkok and provincials. The Company has centers of excellences to provide diagnosis services to patients under BCH Group's hospitals and patients who are from over 40 allied hospitals (Main Contractor of Social Security Office and National Health Security Office). The centers of excellences and referral bases are as follows:

- **Heart Center:** Kasemrad Prachachuen Hospital, Kasemrad Bangkae Hospital, and World Medical Center Hospital are able to provide diagnosis and one-stop service treatment for heart problems both Cardiac Cath Lab and Opened Heart Surgery.
- **Lasik and Eye Center:** Kasemrad Prachachuen Hospital and World Medical Center Hospital are able to provide eye surgery with laser technology.
- **Imaging Center:** Kasemrad Rattanatibeth Hospital, Kasemrad Sriburin Hospital, and World Medical Center Hospital provide diagnosis service with the advanced technology equipment e.g. Magnetic Resonance Imaging (MRI).
- **Cancer Center:** Kasemrad Prachachuen Hospital, Kasemrad Bangkae Hospital, Kasemrad Rattanatibeth Hospital, and World Medical Center Hospital are able to provide cancer diagnosis and chemotherapy.

Our group of hospitals with centers of excellences offer an exclusive rate to its group of hospitals and other allied hospitals. Under our centers of excellences' facilities, patients can undergo treatment or surgery quickly which in turn improves efficiency of equipment's utilization and increases turnover to the Company.

2. Revenue from various types of customer and regular earnings from the Social Security Scheme and Universal Coverage Scheme

Since the Company provides services to both cash patients and patients under governmental schemes, these provide diversified sources of income and those incomes are certain and paid on regular basis to the Company. Under the governmental schemes, it is compulsory by law and regulations that Social Security Office and National Universal Coverage Office must be responsible for medical expenses incurred from patients under the schemes. Having several types of customer also create efficiency in utilization of the Company's resources and facilities such as physicians, nurses, operational staffs, medical equipment and hospital beds, etc.

3. Supply Chain and Inventory Management

As a group of hospitals, the Company benefits from economy of scale in term of bulk purchasing through central procurement unit (purchase of materials, medicines, and medical equipment). The large purchasing volumes attributable to the higher negotiation and bargaining power for price and credit term. The Company also applies a material lending policy among hospitals on medical equipment, blood or parts of blood. As a result, it effectively creates an efficient use of materials, improves lead time of delivery and reduces materials' obsolete.

4. Management and Administration

BCH Group's hospitals are operated under group policies so that each hospital shares the same directions guided by the top management who has several important roles in a national healthcare administrative level and is the president of the Private Hospitals Association. Accordingly, the business operations can be well-rounded managed and experiences from the top management can be well utilized to resolve any changes to be in line with the current

economic situations. For example, the top management led the group of hospitals to participate in the social security scheme since 1992 and to join Universal Coverage Care in 2001. In addition, the top management also introduced the centers of excellences to the group in order to reduce referral costs and at the same time group of hospitals also benefit from the centers of excellence as some of them were qualified as a Supra Contractor by the Social Security Office and National Universal Coverage Office which further resulted to the continual growth.

Nature of Customers

1. Cash-base Patients

1.1 General customers are patients who select their preferred hospital by themselves and are fully and individually responsible for their expenses. They are health conscious with a focus on quality of life. Accordingly, the hospitals provide value added health package such as health check-up package and promote the use of advanced technological equipment for diagnosis and treatment services.

1.2 Corporate contract group are those private and governmental employees who are under contracts with the hospitals for their health coverage. Clients under this group include employees' family and clients of insurance firms who have health insured by the insurance company including treatment covered by the government's third-party insurance. Under this group of client, the medical fee shall be responsible by their contracted corporate under their agreed terms and conditions.

1.3 Compensation Fund group is a service to the companies' employees or factory employees. Under conditions of compensation funds, hospitals shall bill all expenses claimed to the Office of Compensation Fund. Most of the cases are from accidents at workplace.

2. Government Schemes' Customer Group

2.1 Group of Social Security Scheme: Under this scheme, private organizational employees shall contribute part of their monthly income into Social Security Fund. They can select their preferred hospital and access the medical services without any cost. As prescribed in Social Security Act B.E.2535, the Office of Social Security is responsible for medical expenses of the patients under social security scheme in lump-sum payment for ordinary out-patients and in accordance to the severity of diseases. All five Kasemrad Hospitals and three Karunvej Hospitals are participating in this scheme. In addition, Kasemrad Prachachuen Hospital and Kasemrad Bangkae Hospital are providing heart diagnosis and one-stop service treatment both cardiac cath lab and opened heart surgery Specifically. Kasemrad Prachachuen Hospital is qualified to provide heart surgery for referral patient under social security scheme. Kasemrad Prachachuen Hospital and World Medical Center Hospital also have eye surgery center with laser technology (Lasik). Also, Kasemrad Rattanatibeth Hospital, Kasemrad Sriburin Hospital, and World Medical Center Hospital have Imaging Center to serve the referral patients from allied hospitals under Social Security Scheme.

2.2 Group of Universal Coverage Scheme: This scheme is subsidized by government to Thai citizen who registered in this program. Currently, the group of hospitals provides services up to tertiary care with the treatment services for higher complicated level such as opened heart surgery and cardiac cath lab. Also, our Heart Center at Kasemrad Prachachuen Hospital is qualified to be a referral center to serve various groups of patients so we provide different types of services to serve different group of patient as a result to enhance business in higher extent and management efficiency.

Patients can be classified differently in accordance to their characteristics, thus BCH Group's hospitals have provided various services to fully serve each group of patients in order to increase group's expansion capability and management efficiency.

Industry and Competition

1. Competitors

The competitors are the hospitals located in the adjacent or same catchment areas (in approximately 20 kilometers radius) and the hospitals, located in the different areas, which patients rely on. However, the group of hospitals possess the competitive advantages as follows (1) The Company has well recognized physicians who are experienced and specialized in the particular area. (2) The Company has varieties of medical products and services to provide a full-range of conventional health service. (3) The Company is fully equipped with instruments and facilities to serve both out-patients and in-patients. Also, the facilities are hygienic, nice decorated and well-maintained (4) BCH Group's hospitals are located in the community areas with an easy access, hence attracted the physicians and medical professionals to join the hospitals (5) The Company offers reasonable medical fee in accordance to the levels of income of targeted customers. Particularly, the price structure is in line with other private hospitals in the same market (6) The Company operates as a group, thus, service coverage expands across locations/provinces so patients are able to access to the hospitals under the Company upon their conveniences.

2. Industrial Trend and Competition

Despite the economic crisis in the past years, medical services remain attainable. The awareness of people on healthcare also gradually increases which resulted to an escalation of the individual spending on healthcare. Currently, private hospitals play a significant role serving the individuals' needs, especially the sizable chained hospitals. Prompt services with variety of products are key success for business growth in which private hospital can well serve their targeted customer. On the other hand, the public hospitals are unable to match the increase of public demand due to the limitation on budgets and human resources.

Competitions among private hospitals are likely to be intense in the form of group of hospitals. Recently, private hospitals in Thailand tend to merge and/or create an alliance in order to effectively manage their costs and be prompt for increasing competitiveness in domestic market and incoming patients from overseas. Simultaneously, private hospitals also introduce the centers of excellences to serve the particular group of customer in order to avoid a cannibalization within the same group of hospitals. Moreover, they are creating their unique selling point to increase their market share.

Limitations of Business Operation for Private Hospitals

- Numbers of expertise in medical profession who are widely recognized are insufficient to serve the increasing public demands. Each private hospital is competing on the incentives issue which makes the costs to be even higher. Thus, human cost management is considered to be one of the key considerations for private hospital's operation.
- Business operations for private hospitals require high capital investment especially the investment in medical equipment and working capital for medicines, medical supplies and consumables. Financial planning is therefore crucial for the management to run its operations.
- Consumer behavior at a critical stage is receptive to an experience of an individual physician and name. Newly established hospitals shall take longer time to make their names and quality of service recognized by the public.
- Laws under National Public Health system change rapidly.
- Group of hospitals must be in compliance with the public advertisement under the Advertisement Regulations for Health Care Provider B.E.2541 which is very strict on health products and services' advertisement.
- Changes of the Medical Council's regulations may potentially impede our current and future business operations.

Risk Factors

1. Risk from Regulatory Changes on Managed Care Programs

In 2015, the Company has revenue from managed care as follows: revenue from Social Security Scheme was approximately 34 percent of total revenue from hospitals and revenue from National Health Security Scheme was approximately 1 percent of total revenue from hospitals. Therefore, regulatory changes on managed care programs could affect the Company's business operations however the management closely monitored the changes and actively participated in the policy setting discussion as well as providing the necessary information to the Government Agencies' Committee. Our management is the member of the Committee of Public Health, the Senate, the Associate Committee for Universal Coverage Development, the Counselor of Labor Committee of Parliament, and the Committee of car accident protection, Insurance Department, Ministry of Commerce. Furthermore, the Company has a policy to control its expenditures and actively assess the changes of aforementioned managed care programs in order to reduce any potential negative effects to the Company's performance.

2. Risk from Competition in Private Hospital Industry

The competition in hospital business has been continually increasing over years. In order to capture the market, the Company has setup the specialized tertiary care centers (Excellent Centers) to provide full range of medical services in order to increase competitiveness and create uniqueness. As a chain hospital, the Company also benefits from cost effective procurement through central procurement department which also leads to an increases in competitiveness.

3. Risk from Shortage of Medical Staffs

The Company's business operations are service-base which necessarily depends on experienced and well-trained medical staffs including physicians, pharmacists, nurses and other specialties. The intense competitions among hospitals both private and public hospitals caused the snatch of medical staffs across hospitals. To retain its physicians and staffs, the Company provides competitive remuneration package, employees' welfare program and training courses. Moreover, the Company offers employees the opportunities to participate in management discussions so they can be a part of business growth.

Shareholders

List of the Company's ten major shareholders as at August 2, 2015* is as follows:

| Rank | Shareholders | Number of Shares | % |
|------|-------------------------------------|----------------------|---------------|
| 1 | Mr.Chalerm Harnphanich | 813,750,000 | 32.63% |
| 2 | Mrs.Somporn Harnphanich | 183,750,000 | 7.37% |
| 3 | THE BANK OF NEW YORK MELLON | 157,783,075 | 6.33% |
| 4 | THAI NVDR CO., LTD. | 130,412,475 | 5.23% |
| 5 | Ms.Pornluck Harnphanich | 83,000,000 | 3.33% |
| 6 | Mr.Kantaporn Harnphanich | 83,000,000 | 3.33% |
| 7 | Ms.Pornsuda Harnphanich | 83,000,000 | 3.33% |
| 8 | SOCIAL SECURITY OFFICE | 80,387,800 | 3.22% |
| 9 | N.C.B. TRUST LIMITED-NORGES BANK 11 | 70,646,500 | 2.83% |
| 10 | CHASE NOMINEES LIMITED | 54,205,825 | 2.17% |
| | Total | 1,739,935,675 | 69.77% |

Remark: *As of the recent book closing date

Management Structure and details of the Board of Directors and Executives

The Company's management structure has three sets of committees which are the Company's Board of Directors, Audit Committee, and Executive Committee. Details of each committee are as follows:

Board of Directors

The Company's Board of Directors and Audit Committee are as follows:

| | | |
|----------------------|-------------------|--|
| 1. Mr.Chalerm | Harnphanich, M.D. | Chairman of the Board and CEO |
| 2. Asst.Prof.Somporn | Harnphanich, M.D. | Director and Senior Executive Vice President |
| 3. Ms.Pornluck | Harnphanich, M.D. | Director |
| 4. Mr.Kantaporn | Harnphanich | Director |
| 5. Dr.Virach | Aphimeteetamrong | Independent Director and Chairman of the Audit Committee |
| 6. Mr.Siripong | Sombutsiri | Independent Director and Audit Committee |
| 7. Professor.Piphob | Veraphong | Independent Director and Audit Committee |
| 8. Mr.Thawat | Suntrajarn, M.D. | Independent Director |
| 9. Mr.Paiboon | Nakosiri | Director and Company Secretary |
| 10. Mrs.Saifon | Chaimongkol | Director |

Independent Director means the Director who is independent in expressing his opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly. The qualifications of the Independent Director are as follows:

1. Hold share not more than 1% of paid up capital of the Company, affiliates company, joint company, associated company, including the shares held by the related person;
2. Being independent either directly or indirectly of both financial and management of the Company or joint company or major shareholders of the Company, and having no benefit or interest in such manner within two years before being appointed as the Independent Director, unless the Board of Director has carefully considered and see that such participation in having benefit or interest will not affect the duty performing and the independence in giving an opinion;
3. Must not be the Director who has been appointed as the representative to maintain the interest of the Director of the Company, major shareholders, or shareholders who are related to the major shareholders of the Company;
4. Must not participate in management and must not be employee, staff or consultant who receives regular salary in the Company, affiliate company, joint company, company or major shareholder of the Company;
5. Must not be related person or relatives of the executive or major shareholders of the Company;
6. Capable to perform his duty and express opinion or report result of duty performing independently as assigned by the Board of Directors, and not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person; and
7. No other character that causes the inability to give opinion to operation of the Company independently.

All the definitions above have complied with the rules and regulations stipulated by Securities and Exchange Commission and the Stock Exchange of Thailand.

Directors who have Authorization upon the Company's Affidavit are as follows:

Directors, who have authorization to sign, consist of Mr.Chalerm Harnphanich or Asst.Prof.Somporn Harnphanich or Mr.Paiboon Nakosiri or Ms.Pornluck Harnphanich or Mr.Kantaporn Harnphanich or Mrs.Saifon Chaimongkol, two of these six directors sign together with the Company's seal.

The Scope of Authorities and Responsibilities of the Company's Directors

The Board of Directors has authorities and responsibilities to manage the Company in accordance with the law, 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. The scopes of its authorities and responsibilities are as follows:

- (1) To arrange the Annual General Shareholders' Meeting within 4 months from the end of the Company's accounting period;
- (2) To set the Board of Directors' Meeting at least once every three months;
- (3) To approve the Company's Statements of Financial Position and Statements of Income as at the end of the Company's accounting period, of which review or audit by and report to at the shareholders' meeting for further approval;
- (4) To authorize a Director or Directors, or other persons to act on behalf of the Board, under their supervision, or authorize within a specific time, or shall cancel or amend their given authority as appropriate.

The Board of Directors may conjure to authorize the Management Committee to carry out the task with the authorization details in area extended to or limited in the scope of authority of the Committee. Such authority is, however, not enabling the Management Committee to consider or approve any issue that the Committee or any individual that may investigate a conflict of interest to the Company or its subsidiaries, unless it is an issue approved under policy or rules that have already been considered and approved by the Board;

- (5) To establish the Company's objectives, policies, business plan, and budgets. Also to supervise the management of the Executive Committee to ensure that objectives are reached. The Board of Directors, however, has to obtain consents from the shareholders' meeting prior to their exercise on the following subjects - approval from the shareholders' meeting that is imposed by laws i.e. increase or decrease of registered capital, issuance of debentures, sales or transfer the Company's main activities partly or wholly to other partners, purchase or acquire other Company's activities, correction of the Memorandum of Association or Regulations.

The Directors are also subjected to supervise the Company to comply with the laws and regulations of the Securities and Exchange Acts, SET's regulations, such as relevant reports and trading on significant properties and assets under SET or other related laws on the Company's business;

- (6) To decide the structure of administration. To set and appoint the Executive Committee, Chief Executive Officer, or other Directors as appropriate;
- (7) To follow up on the outcome of the Company's performance.
- (8) The Directors shall not engage in the same business with Company or in complete business or being shareholders of Ordinary Partnership or being the Unlimited Partnership in the limited company or being a director of private company or other companies which conduct business similar to the Company or in a competing manner of the Company, regardless the contribution is for their own ends or for the others, unless otherwise prior to the appointment with acknowledging at the shareholders' meeting; and
- (9) To notify the Company immediately if they have directly or indirectly benefits from any Contract of the Company, or decrease / increase in shareholding portion in the Company or its subsidiaries or affiliated companies.

Audit Committee

The Company's Audit Committee are as follows:

| | | |
|----------------------|------------------|---------------------------------|
| (1) Dr.Virach | Aphimeteetamrong | Chairman of the Audit Committee |
| (2) Mr.Siripong | Sombutsiri | Audit Committee |
| (3) Professor.Piphob | Veraphong | Audit Committee |

The Scope of Duties and Responsibilities of the Audit Committee

The Audit Committee has the scope of duties and responsibilities as assigned by the Board of Directors and also report to the Board of Directors as follows:

1. Review the accuracy, sufficiency and reliability of the Company's financial report;
2. Review the appropriateness and effectiveness of internal control systems, and internal audit of the Company;
3. Monitor the Company's compliance with Securities and Exchange Acts and Regulations of the SET, and/or any other laws relevant to the Company's business;
4. Consider, select and propose to the Board of Directors for appointment of independent persons to be the Company's auditors as well as the audit fees, by considering the audit firm's independence, credibility, adequacy of its resources, audit engagements, and the experience of its supervisory and professional staff to audit the Company's financial statements, and attend a non-management meeting with auditors at least once a year;
5. Consider, select, appoint and approve the remuneration of internal audit team, by considering their knowledge, proficiency and work experience as well as approve an annual internal audit plan. In case that the Company sets up an internal audit department, the audit committee will approve the appointment, removal and discharge as well as evaluate the annual performance of internal audit team;
6. Discuss and consider the relationship and coordination of the scope and audit plan of internal and external auditors;
7. Review and consider together with the internal auditor in respect of the results of internal audit, issues and recommendation;
8. Review and consider together with the external auditor in respect of the results of the financial reporting, issues and recommendation;
9. Consider the disclosure of the connected transactions or any transactions that may cause conflict of interest completely, complying with government agencies' rules and regulations to ensure that such transactions are reasonable and create the highest benefit to the Company;
10. Prepare a report that describes the Audit Committee's activities and responsibilities. This report shall be signed by the Chairman of the Audit Committee and published in the annual report to the shareholders. The Audit Committee's report shall consist of at least the following information.
 - An opinion on preparation and disclosure of the Company's financial reports for accuracy, completeness and creditability;
 - An opinion on the adequacy of the Company's internal control systems;
 - A reason to ensure that the Company's auditors are suitable to be reappointed for another term;
 - An opinion on the Company's compliance with Securities and Exchange Acts and Regulations of the SET, or any other laws relevant to the Company's business;
 - Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board of Directors; and

- Other transactions, which according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board of Directors.
11. Prepare a report on activities of the Audit Committee to the Board of Directors at least once a year;
 12. Having the authority to examine and scrutinize any related issues, the Audit Committee can seek for the independent advisor with the Company's expenses in order to succeed the assignments;
 13. Any other activities specified by relevant laws or assigned by the Board of Directors under the duties and responsibilities of the Audit Committee, such as to revise the monetary management and risk management policies, to revise the management's practice following the code of conduct, to revise together with management for any significant matters to be publicized according to specified laws; i.e. Management Discussion and Analysis (MD&A);
 14. Review and amend the Audit Committee Charter annually to update and to be suitable for organizational environment; and
 15. Ensure the independence of internal and external auditors.

Executive Committee

The Company's Executive Committees are as follows:

| | | |
|-----------------------|----------------------|--|
| (1) Mr.Chalerm | Harnphanich, M.D. | Chairman of the Executive Board / CEO |
| (2) Asst.Prof.Somporn | Harnphanich, M.D. | Executive Director / Senior Executive Vice President |
| (3) Mr.Paiboon | Nakosiri | Executive Director / Executive Vice President |
| (4) Mr.Dhiti | Pattanakumjorn, M.D. | Executive Director |
| (5) Ms.Pornluck | Harnphanich, M.D. | Executive Director |
| (6) Mr.Kantaporn | Harnphanich | Executive Director |

The Scope of Authorities and Responsibilities of the Executive Committee

The scope of authorities and responsibilities of the Executive Committee includes the regular operations' administration and management of the Company, policy making, business planning, budgeting, structuring administrative process and empowering the line of command in the Company in compliance with the current economic condition, subsequently present in the Board of Directors' Meeting for an approval or consensus, which will then be included the auditing and following-up part as prescribed by the Company. The scopes of authorities and responsibilities are:

- (1) Carry out the business and manage Company's business activities with objectives, regulations, policy, delegation or consents of the Board of Directors from the Board's Meeting or from the Company's Shareholder Meeting;
- (2) Analyze and issue the policy, direction, and strategy of the Company's operation. Consider and approve budgeting and financial plans, human resources management, information technology investment, business expansion, public relations, and supervise and direct the works carried out by appointed working groups to meet the objectives; and present the results to the Board of Directors for further development;
- (3) Plan for an annual budget allocation as being presented by the administration team prior to the consideration and approval by the Company's Board of Directors. The scope of responsibilities includes a consideration and approval for the changes or increase in the Company's annual expenses budget during the absence of a seasonal meeting for the Board of Directors. The results shall be presented to the Board of the Directors in the following meeting;

- (4) Authorized to consider and approve in the capital expenditure within each individual credit line not exceeding Baht 5.0 million;
- (5) Approve an important investment expenses as set within the annual expenses budget as being presented by the Board of Directors or primarily have been approved by the Board of Directors;
- (6) Authorized to consider and approve for loans, procurement of credit lines, or any credit loans made by the Company within each individual line not exceeding Baht 5.0 million;
- (7) The Management Committee act as consultants to the administration team for policies of finance, marketing, human resources management, and other relevant operations;
- (8) Consider on the profit and loss of the Company and the payment of interim dividend or annual dividend; and present them to the Board of Directors for an approval;
- (9) Play a crucial role in a consideration for organization structure, management and administration including an appointment, employment, allocation, compensation and benefits, and reward to the managerial level who are non-executive directors, excluding the Chief Executive Officer and the termination of employment;
- (10) Have an authority to authorize or delegate a Director or Directors or other individuals to perform or carry out a task under a supervision of the Management Committee, or may authorize such individuals as appropriate within a specific period of time. Such authorization may be subjected to terminate, cancel, or amend unto such individuals as appropriate; and
- (11) Operate in other issues as being given by the Board of Directors on a periodical basis.

The authority of the Management Committee shall not include any approval of the issue that may invoke a conflict, or any issue that the Management Committee or the person pertaining to the Management Committee has been involved in with any means to have taken parts for the benefits, or invoke any other conflicts with the Company or its affiliations by rules on the Stock Exchange of Thailand. The approval for such mentioned issues have to be presented to the Directors' Meeting and/ or the Shareholders' Meeting for further consideration and approval as prescribed under the Company's regulations or by relevant laws.

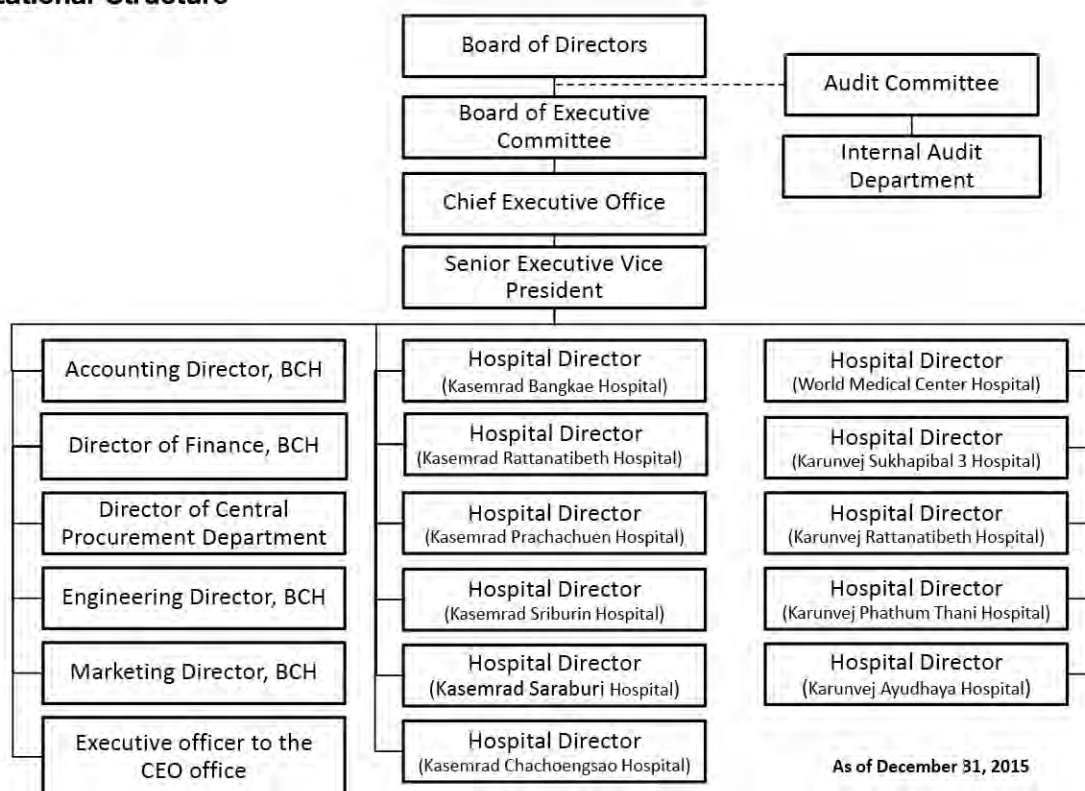
The Scope of Authorities and Responsibilities of the Chief Executive Officer

- (1) Supervises the Company's operations and/or manage daily operations;
- (2) Operates and acts in lieu of the policy, plan, and budgets as approved by the Directors and/or the Management Committee;
- (3) Authorized by the Company to administer and manage the Company's activities to meet the objectives, regulations, policies and rules, and by consents of the Shareholders' Meetings and/or the Board of Directors' Meeting and/or the Management Committee's Meeting;
- (4) Have an authority to appoint and administer Sub-committee to optimize management with transparency. The Sub-committee shall have a periodical empowerment and/or delegates other individuals to perform a particular duty, within the scope as prescribed in the Letter of Authorization and/ or as prescribed by the regulations or by orders of the Board of Directors and/ or the Company;
- (5) Plans for the Company's Mission, Objectives, and Policies. Delegates the works and directs and supervises the operations as a whole;
- (6) Continuously follows up and evaluates the Company's performance as a risk management, internally and externally;
- (7) Authorized for an approval of the Company's capital expenditure of each credit line not exceeding Baht 2.0 million; and a regular Company's operation expenses, such as a correspondence with the bank for saving accounts, purchasing of medicines and medical equipment, with each credit line not exceeding Baht 2.0 million;

- (8) Subjected to make a decision upon the Company's regular operations, such as in Contract for Health Service, Contract for Employment for Medical Services under a Social Security Act B.E.2533, Contract for Medical Services in the Universal Coverage Scheme, Contract of Purchase and Employment, including a decision on the procedures to make those Contracts. Such procedures will be presented to the Management Committee and the Company's Board of Directors;
- (9) Authorized to hire, employ, appoint, allocate, or transfer the employees within and between the units, sections, departments; or terminate the employment. Authorized to set salary scales, compensation and benefits, rewards, and total welfare of the Company's employees;
- (10) Have a full authority to order, announce, delegate of rules and regulations to have the operations meet the policy and objectives of the Company and to restore and ensure that working disciplines are in place; and
- (11) Perform other duties as assigned periodically from the Company's Board of Directors.

The authority of the Chief Executive Officer and the authority given to appropriate personnel are excluding the authority and/or an authorization for an approval that might invoke a conflict of interest and of benefits towards the personnel with the Company or affiliated companies under the SET's regulations. Approval for such cases has to be presented to the Board of Directors' Meeting and/or the Shareholders' Meeting for an approval as required by the Company's regulations or by other related laws.

Organizational Structure



Details of the Management and Executives (As of 31 December 2015)

| Name | Position |
|--------------------------------------|---|
| Mr.Chalerm Harnphanich, M.D. | Chief Executive Officer |
| Asst.Prof.Somporn Harnphanich, M.D. | Senior Executive Vice President |
| Mr.Paiboon Nakosiri | Executive officer to the CEO office |
| Mr.Kantaporn Harnphanich | Marketing Director, BCH |
| Ms.Pornsuda Harnphanich | Director of Finance, BCH |
| Assoc. Prof. Piya Netrawichien, M.D. | Hospital Director (Kasemrad Prachachuen Hospital) |
| Mr.Surapant Taweewikayakarn, M.D. | Hospital Director (Kasemrad Rattanaibeth Hospital) |
| Mr.Nopparuj Potcharakotchanun, M.D. | Hospital Director (Kasemrad Bangkai Hospital) |
| Mr.Pichai Ditsataporncharoen, M.D. | Hospital Director (Kasemrad Saraburi Hospital) |
| Mr.Jakapan Bhongsatiern, M.D. | Hospital Director (Kasemrad Sriburin Hospital) |
| Mr. Krit Palasudhi, M.D. | Hospital Director (Kasemrad Chachoengsao Hospital) |
| Prof.Adisorn Patradul, M.D. | Hospital Director (World Medical Center Hospital) |
| Mr.Dhiti Pattanakumjorn, M.D. | Hospital Director (Karunvej Sukhapibal 3 Hospital) |
| Mr.Yingkiat Paisalachapong, M.D. | Hospital Director (Karunvej Phathum Thani Hospital) |
| Mr.Suthana Setawanna, M.D. | Hospital Director (Karunvej Ayudhaya Hospital) |
| Mr.Pichai Tripatara, M.D. | Hospital Director (Karunvej Rattanaibeth Hospital) |
| Mrs.Saifon Chaimongkol | Director of Central Procurement Department |
| Mr. Wikrom Chanvorachaikul | Engineering Director, BCH |
| Mr.Voravee Kiatiniyomsak | Accounting Director, BCH |

Remuneration for Directors and Management

The remuneration policy for directors, approved by the shareholders' meeting, is clearly established. The remuneration for directors is provided at an appropriate level and sufficient to attract and retain the capable and qualified directors. Such remuneration is set at the same level as industry standard suitable to the duty and responsibility assigned.

The 2015 annual general meeting of shareholders held on 28 April 2015 approved the remuneration of year 2015 for directors as follows:

| Position | Remuneration (Baht/month) | Pension (Baht/year) | Others |
|---------------------------------|---------------------------|---------------------|--------|
| Chairman of the Audit Committee | 50,000.00 | 512,100.00 | - |
| Audit Committee | 45,000.00 | 460,700.00 | - |
| Director | 40,000.00 | 409,500.00 | - |

Board of Directors' remunerations for 12 months period ended on 31 December 2015 are as follows:

Unit: Baht

| No. | Name | Position | Remuneration | Pension | Total. |
|--------------|-------------------------------------|--|---------------------|---------------------|---------------------|
| 1 | Mr.Chalerm Harnphanich, M.D. | Chairman of Board / Chairman of the Executive Board | 480,000.00 | 409,500.00 | 889,500.00 |
| 2 | Asst.Prof.Somporn Harnphanich, M.D. | Director / Executive Director | 480,000.00 | 409,500.00 | 889,500.00 |
| 3 | Mr.Paiboon Nakosiri | Director / Executive Director / Company secretary | 480,000.00 | 409,500.00 | 889,500.00 |
| 4 | Mr.Suvit Kositsurangkakul, M.D. | Director / Executive Director | 120,000.00 | 409,500.00 | 529,500.00 |
| 5 | Mr.Kantaporn Harnphanich | Director / Executive Director | 360,000.00 | - | 360,000.00 |
| 6 | Ms.Pornluck Harnphanich, M.D. | Director/ Executive Director | 480,000.00 | 409,500.00 | 889,500.00 |
| 7 | Mrs.Saifon Chaimongkol | Director | 480,000.00 | 409,500.00 | 889,500.00 |
| 8 | Mr.Thawat Suntrajarn, M.D. | Independent Director | 480,000.00 | 409,500.00 | 889,500.00 |
| 9 | Dr.Virach Aphimeteetamrong | Independent Director and Chairman of the Audit Committee | 600,000.00 | 512,100.00 | 1,112,100.00 |
| 10 | Mr.Siripong Sombutsiri | Independent Director and Audit Committee | 540,000.00 | 460,700.00 | 1,000,700.00 |
| 11 | Professor.Piphob Veraphong | Independent Director and Audit Committee | 540,000.00 | 460,700.00 | 1,000,700.00 |
| Total | | | 5,040,000.00 | 4,300,000.00 | 9,340,000.00 |

The Company and its subsidiaries have management and executives' remuneration of 19 persons for 12 months period ended on 31 December 2015 (i.e. salary and bonus) totaling Baht 166.58 million. The remuneration for management and executives is set at the same level as industry standard suitable to the duty and responsibility assigned and related to the Company's profitability and performance of each individual.

Directors' Meeting Participation in 2015

| | Name | Board of Directors | Executive Committee | Audit Committee |
|-----|-------------------------------------|--------------------|---------------------|-----------------|
| 1. | Mr.Chalerm Harnphanich, M.D. | 6 from 6 | 8 from 8 | - |
| 2. | Asst.Prof.Somporn Harnphanich, M.D. | 6 from 6 | 7 from 8 | - |
| 3. | Mr.Paiboon Nakosiri | 6 from 6 | 8 from 8 | - |
| 4. | Ms.Pornluck Harnphanich, M.D. | 6 from 6 | 1 from 8 | - |
| 5. | Mr.Kantaporn Harnphanich | 4 from 6 | 1 from 8 | |
| 6. | Mr.Suvit Kositsurangkul, M.D. | 2 from 6 | 6 from 8 | - |
| 7. | Dr.Virach Aphimeteetamrong | 6 from 6 | - | 4 from 4 |
| 8. | Mr.Siripong Sombutsiri | 6 from 6 | - | 4 from 4 |
| 9. | Professor.Piphob Veraphong | 5 from 6 | - | 4 from 4 |
| 10. | Mrs. Saifon Chaimongkol | 6 from 6 | - | - |
| 11. | Mr.Thawat Suntrajarn, M.D. | 5 from 6 | - | - |
| 12. | Mr.Dhiti Pattanakumjorn, M.D. | - | 8 from 8 | - |
| 13. | Ms.Apinya Jarutrakulchai | - | 6 from 8 | - |

Auditor's Remuneration

| No. | Company Name | Audit | Audit Fee (Baht) |
|--------------|--|------------------------------|------------------|
| 1 | Bangkok Chain Hospital PCL. | KPMG Phoomchai Audit Limited | 1,985,000 |
| 2 | Rattatibeth General Hospital Co., Ltd. | KPMG Phoomchai Audit Limited | 500,000 |
| 3 | Saraburi Wetchakit Co., Ltd. | KPMG Phoomchai Audit Limited | 325,000 |
| 4 | Sriburin Medical Co., Ltd. | KPMG Phoomchai Audit Limited | 365,000 |
| 5 | Navanakorn Medicare Co.,Ltd. | KPMG Phoomchai Audit Limited | 325,000 |
| 6 | Ayudhaya Medicare Co.,Ltd. | KPMG Phoomchai Audit Limited | 130,000 |
| 7 | Sothon Vejchakit Co., Ltd. | KPMG Phoomchai Audit Limited | 250,000 |
| Total | | | 3,880,000 |

Good Corporate Governance

The Company understands and realizes the importance of good corporate governance. It means that the Company's management and administrations are efficient, transparent, and auditable which leads to the trust and confidence to the shareholders, investors, other stakeholders. In addition, good corporate governance shall add a firm's value and contribute to the sustainable growth of the Company. The Company has complied with the corporate governance guidelines as follows:

1. Shareholders' right

The Board of Directors realizes the importance of good corporate governance. In order to be more transparent, increase competency, and increase confidence level to shareholders, investors and all relevant parties, the Company has imposed the supporting policy to promote good corporate governance as follows:

- The Board of Directors has an intention to maximize value to the business in the long-run with caution as well as be responsible to work with competency and efficiency in order to maximize value to all shareholders, and to prevent any conflicts of interest and be responsible for his/her decision making;
- Operates business with transparency and have adequate information disclosed for audit by relevant parties;
- Operates business with consideration to all risk factors and applies an appropriate risk management tool;
- Before shareholders' meetings, the Company shall send out an invitation with attachments of agendas of the meeting, Board of Directors' opinion, proxy form (B) as well as informing the date, time, venue, map as well as all relevant information that requires shareholders to consider before making their decisions at least 21 days before the date of meetings. (The said information shall be posted to the Company's website 30 days prior to the meeting date). On the meeting date, the Company shall provide the minutes of the shareholders' meetings correctly and completely. In addition, the Company has a policy to reserve an option to shareholders by nominating two independent directors to be a shareholder's nominee attending the meeting and vote on behalf of them. Also, the Company has informed the shareholders, through SET's website and the Company's website on December 18, 2015 – February 12, 2016, to propose any issues as agendas in the Annual General Meeting for the year 2016;
- The Company has a policy for all shareholders to have equal right to investigate the Company's operations, inquire and express opinion and recommendations. The Company secretary shall record the important issues raised in the shareholders' meetings and submit to SET under the regulations within 14 days after the shareholders' meetings; and
- The Company realizes and respects the importance of the right of shareholders, therefore Chairman, Chief Executive Officer and other sub-committees attended the shareholders' meetings in order for shareholders to ask any questions directly. In 2015, the Company had a 2015 Annual General Meeting which was held on April 28, 2015 at the Meeting Room on 22nd floor of World Medical Center Hospital, No. 44 Moo 4 Chaengwattana Road, Pakkred, Nonthaburi which the attendance of the Board of Directors.

2. Fair and Equitable Treatment to Shareholders

- The Company strictly provides equal and fair treatment to all shareholders and stakeholders;
- The Company has an explicit organization structure as well as the policies to prevent any conflict of interest. For example, directors or executives who involve in the related party transaction that may invoke the conflict of interest, they should not vote. Consistently, the Company shall escalate the issues to the audit committees for their considerations and opinions of the related party transaction before presenting to the Board of Directors. In addition, the Company also discloses the related party transactions in the financial statements in accordance with generally accepted accounting standards;
- Prior to the shareholders' meeting, the Company sent out the invitation letter with sufficient information of each agenda to shareholders for their considerations before approvals in the shareholders' meetings, e.g. dividend payment, appointment of directors, consideration of directors' remuneration, appointment of auditors as well as audit fee, and any significant matters, such as amendments of the Company's articles of association, issuance and offer for sale of debentures, etc.;
- The Company has a policy to provide an option to shareholders in which they may nominate an independent director of the Company on their behalf to attend and vote in the meeting;
- The Company reserves the right of each shareholder to select, consider and appoint new members of the Board of Directors. In this case, the Company also informed via SET web sites and the Company's website since December 18, 2015 – February 12, 2016 for shareholders' actions; and
- Every director and executive must regularly submit to the Board a report of their ownership of the Company's shares.

3. Awareness in Stakeholders

The Company realizes the importance of the right of each stakeholder as described below:

- Shareholders* : The Company realizes and respects the importance of the right of shareholders, such as the right to attend and vote in the shareholders' meeting, the right to nominate an independent director of the Company as their nominee, the right to express opinion in the shareholders' meeting, the right to obtain a fair profit sharing of the Company, etc.
- Employees* : The Company treats each employee fairly and compensates employees fairly with an appropriate remuneration.
- Suppliers* : The Company purchases goods and services and be responsible to the supplier under agreed commercial terms and conditions.
- Creditors* : The Company complies with the borrowing terms and conditions stipulated in the Agreement.
- Customers* : The Company serves patient with cares and responsibilities in an ethical manner and at best quality and standard. The hospital has a responsive unit to take any comments and feedbacks from patients for further development.
- Competitors* : The Company competes with its competitors fairly and in accordance with the rules and regulations. Also, the Company shall avoid an unfair competition and refuse any unethical method to destroy the competitors. In the prior year, the Company had no dispute or lawsuit with competitor.
- Community* : The Company insists to promote social responsibility to the community and environment.

As described the Company interacts under laws and regulations for stakeholders' right to be overseen fairly.

4. Information Disclosure and Transparency

- The Company shall disclose any relevant information regarding financial performance, shareholding structure, and good corporate governance with accuracy, completeness, regularity, timely manner, transparency and on reliable basis;
- The Company has clearly and transparently determined and disclosed the remuneration policy for directors and management which is approved by shareholders. The remunerations for directors and management are based on the companies in the same industry with similar size of operation and also related to the Company's profitability and performance of each individual;
- The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and information as appeared in the annual report. The financial statements have been prepared in accordance with the Thai Financial Reporting Standards using appropriate and consistent accounting policies. The financial statements were prepared with caution and were evaluated for appropriateness of the overall presentation of the financial statements. There is sufficient information disclosure in the notes to the financial statements. The Board of Directors has set up the Audit Committee to oversee the quality of financial report and internal control system; and
- After the Company was listed in The Stock Exchange of Thailand (SET), the Company has set up an investor relations function in order to provide the relevant information with accuracy, completeness, regularity, timely manner, transparency and on a reliable basis to the external parties. The investor relation team shall directly interact with all relevant external parties such as shareholders, institute investors, general investors, analysts and all relevant parties. The Company shall organize the analyst and investor meeting on regular basis.

5. Directors' Responsibility

1. Structure of the Board and Sub-Committees

The Board of Directors consists of various qualified persons who play an important role in setting the Company's policy together with top executives and determining the business plan both in short-term and long-term as well as the financial policy, risk management, and the organization's overview. In addition, the Board also supervises, investigates and evaluates the Company's results of operations and performance of each top executive to be in line with plan independently.

Presently, the Company has 10 directors which comprise of 5 executive directors, representing 50.0 percent of all directors; 1 non-executive director, representing 10.0 percent of all directors; and 4 independent directors, representing 40.0 percent of all directors. In such a way, it complies with the minimum requirement of the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). In addition, the Board has appointed sub-committees; 1) The audit committee comprised of 3 independent directors, has the duration for position for each 2 years (names as mentioned under "Management Structure") and 2) The Executive Committee comprised of 6 executive directors (names as mentioned under "Management Structure"), in order to handle specific tasks and propose to the Board of Directors for consideration and acknowledgement. Each sub-committee has its rights and duties prescribed in the scope and responsibilities of each. The Company has segregation of roles, duties and responsibilities between the Board and top executives clearly. The Board has their duties for setting the Company's policies and monitoring implementation by top executives in policy level, while top executives have their duties regarding the management in compliance with the Company's policies. Therefore, the Chairman of the Board is not the same person as the Chief Executive Officer. Both positions must be selected by the Board of Directors for the most appropriate persons.

2. Roles, Duties and Responsibilities of the Board

The Board of Directors involves in the setting of the Company's vision, mission, strategies, goals, business plans, budgets, internal control, internal audit, and suitable risk management. The Board also ensures that plans are carried out efficiently and effectively. The Board follows up the aforementioned operations regularly in the Board of Directors' meeting. In addition, the Board sets the scope, roles and responsibilities for each committee; the Board of Directors, the Audit Committee, the Management Committee and Chief Executive Officer clearly and transparently.

The Company sets the disciplines and practical guidelines for business ethics in written including the punishment for related persons to follow the Company's mission honestly. The Company has a policy and guiding principles to act in avoiding the unethical problems under laws and traditional practices. In addition, the Company has an ethic in service fee in which patients can review the details of services under the nursing business law B.E. 2541, including an ethic in public relation by which the Company acts under the private nursing business law.

The Company has clear management structure including various methods to prevent any conflict of interests. For example, in case the director enters into the related party transactions that may invoke the conflict of interest, that director will be prohibited to vote. The Company shall escalate the issue to the Audit Committee for their considerations and opinions before presenting to the Board of Directors. In addition, the Company has disclosed the related party transactions in the financial statements in conformity with Thai Financial Reporting Standards.

3. Criteria for selection of Directors

The Company does not have an established nominating committee to select directors. The Board of Directors considers in the structure, diversity and the expertise to complement the existing skill of the Board of Directors and personal qualification for directorship as well as experience, skills, directorship performance and who is not prohibited by the law and notification of the Security and Exchange Commissions. The criteria for selection of directors according to the Company Article of Association are as follows:

The shareholders' meeting shall elect the directors by majority vote in accordance with the following rules and procedures:

1. Each shareholder shall have a number of votes at the equivalent of one share per one vote;
2. Shareholders shall vote for each individual director; and
3. After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in the order until all of the directorial positions are filled. In the event of tie vote, the Chairman shall have the casting vote.

The Company shall arrange an orientation for the new directors so that they know the Company's information and understand their roles and responsibilities in the position of the Company's director as well as the related laws and regulations. The topics in the orientation shall cover vision and mission of the Company, company profile, shareholding structure, organizational structure, management structure, business plan, and historical agendas in the past meeting of Board of Directors. Also, the Company's manual books shall be given to the new directors for their further study.

4. Board Meetings

The Board of Directors usually meets four times a year and the extraordinary meetings are carried out as necessary. The agendas of the meeting shall be clearly set in advance. Additionally, the performance evaluation shall be regularly set and considered in the board of directors' meeting. The Company sends the invitation letters with the agendas and supporting documents to directors for their considerations and study at least 7 days before the meeting. (Details of each committee's meetings in 2015 are mentioned under "Management Structure").

5. Remuneration

The Company has set the policy for directors and management remuneration clearly and transparently and is approved by shareholders. The remunerations for directors and management are based on the companies in the same industry with similar size of operation and also related to the Company's profitability and performance of each individual.

6. Controlling System and Internal Audit

The Company realizes the importance of internal control for both managerial level and operational level. The roles and responsibilities of both management level and operational level are clearly set as well as the delegation of power is also set for the continuity of business. The Company oversees the use of assets and has segregation of duties to assess the performance across departments. In addition, the Company has internal control over financial transactions of which all transactions shall be reported directly to the financial management.

The Company has set up an internal audit department which is an independent unit to perform any investigation and to report directly to the audit committee in order to ensure that the business operations are in line with the regulations (Compliance Control).

Internal audit team has duties to perform an investigation on every activity as its annual plan i.e. accounting records, bank deposit, and inventory and fixed assets observation. In case of doubts or unusual events occurred, they will investigate the operations of those departments immediately until the doubtful transaction is verified. Subsequently, the results of those issues shall be reported to the Audit Committee.

7. Board and Management Training

The Company encourages all directors and management to take a training course in accordance with the corporate governance guidelines. All training expenses shall be paid by the Company. The training courses are Director Certification Program (DCP) (1 director was successfully attended) and Director Accreditation Program (DAP) (10 directors successfully attended).

Internal Control of Information

The Company has a policy to prohibit the directors or the management to exploit for their own interest using internal information of the Company. The directors, the management, and the staffs who work within an area of such information are prohibited to trade the Company's stock within a period of one month prior to the public announcement of the financial statements.

The Company has informed the management of each department to understand their roles and duties about the prohibition of trading Company's stock by either himself/herself or their spouse, or their children under age of 20. They are obliged to submit a report of their changes of stock holding to the Securities and Exchange Commission Thailand Act 59 and the Penalty Regulation Act 275 under Securities and Exchange Commission Act B.E.2535.

The Company has set the Rules of Enforcement for those breaching and exploiting for their own interest using the Company's internal information. The Enforcements range from verbal warning to expelling.

Internal Control

On February 23, 2015, the Board of Directors, the Audit Committee, and the Management collectively convened for an evaluation of the internal control system in considerations of the auditing results of the internal audit department and suggestions from the auditors and inquiries from the management. From the Company's internal control system evaluation checklists, there are 5 parts to be considered; organization and environment, risk management control for management operation, information technology system, information communication and monitoring system. The committees agreed that the Company had sufficient internal control system with major shareholders, directors, management, and other related persons. For other issues that related to the internal control system, the committees agreed that the Company is in compliance with the internal control system. For good corporate governance, the committee promoted the management to continuously improve internal control quality.

For internal control of the six subsidiaries, Rattanatibeth General Hospital Co., Ltd., Saraburi Wetchakit Co., Ltd., Sriburin Medical Co., Ltd, Navanakorn Medicare Co., Ltd., Ayutthaya Medicare Co., Ltd., and Sothon Vejchakit Co., Ltd., the Company regulated that all subsidiaries must be in compliance with the group's internal control system. Additionally, the Company also assigned the internal auditors to audit the business operation of each subsidiary. In 2015, the internal auditors reported that all subsidiaries sufficiently and efficiently applied the same internal control system as the Company.

Dividend Policy

The Company and its subsidiaries have the dividend policy to pay out at least 40 percent of the net profit of the separated financial statements after deducting income tax and legal reserve of the Company. However, the dividend shall be paid in case there are no unusual events and no significant effect to the Company's operations. The dividend payment of the Company shall be considered based on the Company's operating results, liquidity, business expansion, and other related factors. Consistently, the Company's dividend payment shall be approved by shareholders and/or the Board of Directors as appropriate.

Related Party Transaction

The Company has an agreement between its subsidiaries of which the subsidiaries must have no individual who possess more than 10 percent ownership that potentially invoke a conflict of interest. Those subsidiaries are Rattanatibeth General Hospital Co., Ltd., Saraburi Wetchakit Co., Ltd., Sriburin Medical Co., Ltd, Navanakorn Medicare Co., Ltd., and Sothon Vejchakit Co., Ltd. The related party transactions are those involved selling and purchasing goods and services across group companies and inter-company loans. The price and interest rate of those related party transactions are set to be in line with the regular business agreement and at the prevailing market rate. Consistently, the Company disclosed the related transaction information in the notes to the financial statements.

Regulations and Procedures for an Approval of the Related Party Transactions

According to the regulations and procedure for related party transactions, related party transactions within the regular business activities, such as the purchase of raw materials within BCH Group, are carried out by the Central Purchasing Unit such that the service and administrative fees shall be charged to its subsidiaries with respect to the best practice for the Company's benefits. However, the price and trade terms shall be set based on the actual cost of material purchased with a reasonable profit margin added on. In the Audit Committee's meeting, the Company shall report to the committees on the necessity and rational of those related party transactions.

For other related party transactions, such as inter-company loans, the Company sets the interest rate and condition at the prevailing market price and practice. The Company, in this regard, shall seek an opinion from the Audit Committee if the transactions are practicable. In case the committees have no expertise in the particular area, the Company shall seek an additional opinion from the independent financial advisor prior to the approval of the Company's directors and shareholders.

With respect to the related party transaction, the Company shall conform to the Securities and Exchange Commission's regulations and comply with regulations, notices, and announcements from the Stock Exchange of Thailand. In addition, the Company shall comply with the regulations on the disclosure of information on the related party transactions involving acquisition or disposal of the Company's asset such that the directors or the stakeholders shall have no right to vote on such issues.

Policy or Trend to Make Related Party Transactions in the Future

The Company foresees that there shall be an ongoing related party transaction on a regular business operation among its subsidiaries for example the purchase of goods and services, and purchase of properties from individuals that may invoke conflict of interest.

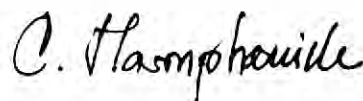
For financial services, the Company has no policy to make any additional transaction unless if necessary, for instance, its subsidiaries encounter with the liquidity problems. However, the directors of the Company shall act in accordance with the regulations and procedures for future related party transactions as specified above. In addition, the Company shall disclose the related party transactions in the audited note to the financial statements with an awareness to comply with the Thai Financial Reporting Standards.

Board of Director' Responsibilities for the Company's Financial Statements

The Board of Directors is responsible for the financial statements of the Company whose accounting method meets the Thai Financial Reporting Standards. The Board has chosen the most appropriate accounting policy to which they consistently conform. With regard to the information disclosure, the Boards have revealed sufficient information attached with the remarks of the Company's financial statements.

In addition, the Board of Directors has appointed the Audit Committee consisting of independent directors to supervise and evaluate the internal control system and financial statements to ensure accuracy, completeness and timeliness and also to prevent fraud and misconduct. The opinion of the Audit Committee has already reported to the Board and is attached in the Company's annual report.

The Board of Directors is unanimous in its opinion that the Company's internal control system was satisfactory and the Company's financial statements have demonstrated accurate financial status and significant operational performance.



(Mr.Chalerm Harnphanich, M.D.)
Chairman of the Board of Directors

Management Discussion and Analysis

The Company and its subsidiaries, which the Company holds more than 50 percent of the voting right, (collectively called the “Company”) operate private hospitals in Bangkok vicinity and upcountry i.e. Ayudhaya, Saraburi, Chachoengsao, and Chiang Rai Province with a total of 11 hospitals and 2 polyclinics under “Kasemrad Hospital” “World Medical Center Hospital” and “Karunvej Hospital”.

Operating Performance

In 2015, the Company reported its net profit in the amount of Baht 527.3 million (2014: Baht 521.9 million), increased by Baht 5.4 million or 1.0 percent from 2014. Profit before finance costs, share of profit of investment in associate, and income expenses in the amount of Baht 1,007.6 million (2014: Baht 990.1 million), increased by Baht 17.5 million or 1.8 percent. Mainly due to the following reasons:

- In 2015, the Company had total revenue of Baht 5,851.9 million which increased by Baht 470.4 million or 8.7 percent from 2014. The revenue growth was driven by the increase in cash patients of Baht 288.4 million or 8.4 percent, increased in the revenue under social security scheme of Baht 173.6 million or 9.7 percent, and increased in revenue from the universal coverage of Baht 3.3 million or 5.5 percent, and increased in the other income of Baht 5.1 million or 6.4 percent.

Revenues Structure (by Types of the Patients)

Unit: Baht

| Revenue Structure | 2015 | | 2014 | | 2013 | |
|--------------------------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|
| Cash-Base Revenue (Walk-in) | 3,740,626,850 | 65% | 3,452,266,966 | 65% | 3,135,800,645 | 67% |
| Social Security Scheme Revenue | 1,962,761,001 | 34% | 1,789,200,258 | 34% | 1,524,006,894 | 32% |
| Universal Coverage Revenue | 62,909,301 | 1% | 59,615,323 | 1% | 41,758,832 | 1% |
| Total Revenues | 5,766,297,152 | 100% | 5,301,082,547 | 100% | 4,701,566,371 | 100% |

- In 2015, the Company reported total expenses of Baht 5,007.6 million, increased by Baht 456.0 million or 10.0 percent increased from 2014 which were broken down into cost of hospital operation increased by Baht 318.4 million or 8.7 percent and selling and administrative expenses increased by Baht 134.4 million or 18.6 percent. Mainly, the increase in operating cost was from the opening of two new hospitals, Kasemrad Chachoengsao and Karunvej Rattanatibeth. In addition, the finance costs increased by Baht 3.2 million or 2.0 percent from 2014 which was in line with the business expansions.

- In 2015, income tax was Baht 174.2 million, increased from 2014 by Baht 14.9 million or 9.3 percent which was proportionately in line with the increase of profit before income tax.

Financial Status

Assets

As at 31 December 2015, the Company reported total assets of Baht 10,597.9 million, increased by Baht 606.3 million or 6.1 percent from 2014 as a result mainly from cash and cash equivalents increased by Baht 209.3 million or 44.9 percent. Property, plant and equipment increased by Baht 304.5 million or 4.4 percent because of an increase in goodwill of Baht 127.6 million or 63.3 percent due to the acquisition of Sotravej Hospital's assets.

Asset quality

Aging analyses for trade accounts receivable were as follows:

Unit: Thousand Baht

| | 2015 | 2014 |
|--------------------------------------|----------------|----------------|
| Within credit terms | 226,779 | 139,454 |
| Overdue: | | |
| Less than 3 months | 93,030 | 96,738 |
| 3-6 months | 44,506 | 35,109 |
| 6-12 months | 53,299 | 13,406 |
| Over 12 months | 29,476 | 23,050 |
| Total | 447,090 | 307,757 |
| Less allowance for doubtful accounts | (55,617) | (35,282) |
| Net | 391,473 | 272,475 |

The normal credit term granted by the Group is 30 days.

Aging analyses for accrued income were as follows:

Unit: Thousand Baht

| | 2015 | 2014 |
|--------------------------------------|----------------|----------------|
| Overdue: | | |
| Less than 3 months | 339,872 | 315,415 |
| 3-6 months | 135,411 | 193,242 |
| 6-12 months | 63,426 | 167,415 |
| Over 12 months | 252,258 | 210,459 |
| Total | 790,967 | 886,531 |
| Less allowance for doubtful accounts | (105,434) | (59,970) |
| Net | 685,533 | 826,561 |

In 2015 and 2014, the Company had allowance for doubtful account of Baht 79.62 million and Baht 33.87 million respectively. The allowance for doubtful accounts was determined by the ability to pay debt and aging balance of each debtor. Normally, the Company allows credit term about 30 days. In 2015, the Company had an averaged collection period of 69 days. In the past, the Company had no debt collection problem because most of its debtors were insurance companies, social security office, and private companies.

The Company had accrued income overdue more than 12 months, mainly from receivable of Social Security Fund - In Patient. For the year 2012, the Social Security Office changed its payment method based on adjusted relative weight for the service provider hospital. Previously, the Social Security Office was informed of the reimbursements made by both the registered hospital and the service provider hospital. Therefore, the Social Security Office needs time for the examination of reimbursement information to avoid double payment. The Company management is following up on this matter with the management of the Social Security Office. However, the Group received certain reimbursements during the year 2015.

Liquidity

The Company's cash flows for the year 2015, 2014 and 2013:

Unit : Baht

| Cash Flow Activities | 2015 | 2014 | 2013 |
|---|---------------|---------------|-----------------|
| Cash flows from operating activities | 1,346,780,680 | 823,233,274 | 1,393,939,334 |
| Cash flows used in investing activities | (880,475,155) | (694,822,666) | (2,258,123,574) |
| Cash flows used in financing activities | (257,035,371) | (647,023,902) | 1,254,813,418 |
| Net increase (decrease) in cash | 209,270,154 | (518,613,294) | 390,629,178 |

As at December 31, 2015, the Company reported cash and cash equivalents of Baht 675.3 million, Baht 209.3 million increased from 31 December 2014 due to the following activities:

Cash flows from operating activities of Baht 1,346.8 million were from an increase in net profit in the amount of Baht 672.8 million and depreciation and amortization in the amount of Baht 460.9 million. And, there were changes in current assets and current liabilities i.e. increased in accounts receivable of Baht 57.6 million, increase in accounts payable of Baht 17.4 million, other payables decreased by Baht 28.4 million, and increase in accrued expenses of Baht 30.9 million.

Cash flows used in investing activities totaling Baht 880.5 million which was mainly from Karunvej building expansion in Chiang Rai in the amount of Baht 60.1 million, acquisition of land in Chachoengsao province in the amount of Baht 75.9 million, purchase of medical equipment in the amount of Baht 209.1 million, business acquisition in the amount of Baht 316.0 million, and purchase additional shares of Navanakorn Medicare Co., Ltd. in the amount of Baht 15.0 million.

Cash flows used in financing activities totaling Baht 257.0 million which was mainly from dividend payment of Baht 299.2 million, dividend payment to non-controlling interests of Baht 140.4 million, finance costs of Baht 164.7 million, repaid financial lease of Baht 84.3 million and repaid long term loan of Baht 13.0 million.

Capatal Structure

The shareholders' equity as at 31 December 2015 and 2014 were Baht 4,358.6 million and 4,137.1 million respectively. The increase in shareholders' equity was mainly due to an increase in net profit together with the lesser dividend payment for the year. In 2015, Return on Equity (ROE) was 12.10 percent which slightly decreased from 2014 at 12.61 percent.

Debt to equity ratio as at 31 December 2015 and 2014 were 1.15 times and 1.14 times respectively. The interest coverage ratio in 2015 was 5.19 times which was better than 2014 at 5.18 times.



**Financial Statements
and Audit Report of
Certified Public Accountant**

**For the year ended
31 December 2015**

Bangkok Chain Hospital Public Company Limited



KPMG Phoomchai Audit Ltd.
50th-51st Floors, Empire Tower
1 South Sathorn Rd., Yannawa
Sathorn, Bangkok 10120, Thailand

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Independent Auditor's Report

To the Shareholders of Bangkok Chain Hospital Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Bangkok Chain Hospital Public Company Limited and its subsidiaries (the "Group") and of Bangkok Chain Hospital Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2015, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of matter

Without qualifying my opinion, I draw attention to note 4 to the financial statements. On 29 April 2015, the Group, through Sothon Vejchakit Co.,Ltd., the subsidiary, purchased the assets to operate business of Sotaravej Hospital and determined the fair value of identifiable assets and recognised the difference between the fair value of identifiable assets and the consideration transferred as “goodwill” of Baht 128 million. Independent appraisal reports determining the fair values and purchase price allocation were finalised. The fair values of the business acquired were adjusted accordingly in the consolidated financial statements as at 31 December 2015.

(Vannaporn Jongperadechanon)
Certified Public Accountant
Registration No. 4098

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2016

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of financial position

| Assets | Note | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|--------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 31 December | | 31 December | |
| | | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in Baht)</i> | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 675,291,227 | 466,021,073 | 418,464,891 | 338,381,451 |
| Current investments | 8 | 131,084,526 | 143,176,027 | 621,173 | 599,553 |
| Trade accounts receivable | 6, 9 | 1,077,006,511 | 1,099,036,157 | 612,498,927 | 634,368,376 |
| Short-term loan to related parties | 6 | - | - | 198,500,000 | 40,000,000 |
| Inventories | 10 | 189,156,431 | 177,683,323 | 103,275,579 | 106,459,882 |
| Other receivables | 6 | 47,698,883 | 34,442,675 | 19,817,830 | 8,916,893 |
| Other current assets | 6 | 16,587,077 | 12,978,553 | 16,239,451 | 16,062,756 |
| Total current assets | | 2,136,824,655 | 1,933,337,808 | 1,369,417,851 | 1,144,788,911 |
| Non-current assets | | | | | |
| Restricted deposits | 11 | 19,079,469 | 38,689,564 | - | - |
| Investments in associate | 12 | 6,759,613 | 2,500,000 | - | - |
| Investments in subsidiaries | 13 | - | - | 1,813,460,836 | 1,532,418,704 |
| Long-term loan to related party | 6 | 6,000,000 | - | - | - |
| Other long-term investment | 15 | 37,469,647 | 48,136,287 | - | - |
| Investment property | 16 | 671,210,197 | 673,561,080 | 671,210,197 | 673,561,080 |
| Property, plant and equipment | 17, 21 | 7,188,178,097 | 6,883,702,877 | 5,165,844,373 | 5,240,223,273 |
| Intangible assets | 18 | 121,219,388 | 87,068,918 | 74,605,126 | 35,885,095 |
| Goodwill | 4, 19 | 329,376,024 | 201,734,547 | - | - |
| Deferred tax assets | 20 | 36,193,192 | 32,093,063 | 17,952,454 | 15,418,096 |
| Other non-current assets | | 45,564,581 | 90,787,254 | 30,847,822 | 77,769,419 |
| Total non-current assets | | 8,461,050,208 | 8,058,273,590 | 7,773,920,808 | 7,575,275,667 |
| Total assets | | 10,597,874,863 | 9,991,611,398 | 9,143,338,659 | 8,720,064,578 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of financial position

| Liabilities and equity | Note | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|-------|--------------------------------------|---------------|----------------------------------|---------------|
| | | 31 December | | 31 December | |
| | | 2015 | 2014 | 2015 | 2014 |
| | | (in Baht) | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term | | | | | |
| loans from financial institutions | 21 | 1,138,211,031 | 693,676,010 | 1,048,151,746 | 645,149,639 |
| Trade accounts payable | 6, 22 | 355,401,837 | 337,980,823 | 183,225,710 | 218,915,522 |
| Payables for hospital equipment | | | | | |
| and medical instruments | | 53,530,306 | 60,527,850 | 35,830,675 | 43,281,342 |
| Other payables | | 41,504,462 | 69,890,657 | 30,992,369 | 58,366,868 |
| Current portion of long-term loans | | | | | |
| from financial institutions | 21 | 13,709,184 | 12,588,672 | - | - |
| Current portion of debentures | 21 | 800,000,000 | - | 800,000,000 | - |
| Current portion of finance lease | | | | | |
| liabilities | 21 | 75,917,803 | 82,126,970 | 74,923,438 | 80,252,292 |
| Income tax payable | | 66,330,014 | 64,662,673 | - | 2,872,894 |
| Accrued expenses | 6 | 394,558,166 | 365,083,586 | 235,383,349 | 219,428,135 |
| Deferred income | 23 | 58,342,495 | 53,912,251 | 50,553,249 | 48,915,373 |
| Other current liabilities | | 44,573,520 | 62,612,133 | 33,144,767 | 40,234,110 |
| Total current liabilities | | 3,042,078,818 | 1,803,061,625 | 2,492,205,303 | 1,357,416,175 |
| Non-current liabilities | | | | | |
| Long-term loans from financial | | | | | |
| institutions | 21 | 10,129,482 | 24,255,137 | - | - |
| Debentures | 21 | 2,500,000,000 | 3,300,000,000 | 2,500,000,000 | 3,300,000,000 |
| Finance lease liabilities | 21 | 15,783,011 | 93,838,350 | 15,776,408 | 92,844,012 |
| Employee benefit obligations | 24 | 95,304,636 | 83,340,180 | 47,765,451 | 48,342,746 |
| Other non-current liabilities | | 13,035,660 | 20,115,408 | 7,225,855 | 15,081,488 |
| Total non-current liabilities | | 2,634,252,789 | 3,521,549,075 | 2,570,767,714 | 3,456,268,246 |
| Total liabilities | | 5,676,331,607 | 5,324,610,700 | 5,062,973,017 | 4,813,684,421 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of financial position

| Liabilities and equity | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 31 December | | 31 December | |
| | | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in Baht)</i> | | | |
| Equity | | | | | |
| Share capital | 25 | | | | |
| Authorised share capital | | 2,493,748,115 | 2,493,748,115 | 2,493,748,115 | 2,493,748,115 |
| Issued and paid-up share capital | | 2,493,747,984 | 2,493,747,984 | 2,493,747,984 | 2,493,747,984 |
| Additional paid-in capital | 26 | | | | |
| Premium on ordinary shares | | 644,640,000 | 644,640,000 | 644,640,000 | 644,640,000 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 26 | 249,374,812 | 249,374,812 | 249,374,812 | 249,374,812 |
| Unappropriated | | 985,310,776 | 757,570,589 | 692,602,846 | 518,617,361 |
| Other components of equity | | (14,509,319) | (8,273,207) | - | - |
| Equity attributable to equity holders of the Company | | 4,358,564,253 | 4,137,060,178 | 4,080,365,642 | 3,906,380,157 |
| Non-controlling interests | 14 | 562,979,003 | 529,940,520 | - | - |
| Total equity | | 4,921,543,256 | 4,667,000,698 | 4,080,365,642 | 3,906,380,157 |
| Total liabilities and equity | | 10,597,874,863 | 9,991,611,398 | 9,143,338,659 | 8,720,064,578 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of comprehensive income

| | | Consolidated financial statements | | Separate financial statements | |
|---|----------|--------------------------------------|----------------------|-----------------------------------|----------------------|
| | | For the year ended 31 December | | For the year ended 31 December | |
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in Baht) | | | |
| Revenues | 6 | | | | |
| Revenue from hospital operations | | 5,766,297,152 | 5,301,082,547 | 2,826,403,738 | 2,708,801,865 |
| Dividend income | 13 | - | - | 386,951,311 | 351,277,759 |
| Rental income | | 43,696,169 | 35,014,752 | 27,562,179 | 22,023,074 |
| Interest income | | 9,383,386 | 13,877,789 | 4,675,399 | 2,980,932 |
| Other income | | 32,474,990 | 31,519,942 | 60,673,756 | 55,357,649 |
| Total revenues | | 5,851,851,697 | 5,381,495,030 | 3,306,266,383 | 3,140,441,279 |
| Expenses | 6 | | | | |
| Cost of hospital operations | 29 | 3,988,935,768 | 3,670,498,941 | 2,143,016,604 | 2,056,867,571 |
| Selling expenses | 29 | 64,425,151 | 73,613,979 | 36,656,375 | 46,951,442 |
| Administrative expenses | 29 | 790,864,960 | 647,287,178 | 479,418,833 | 415,619,867 |
| Finance costs | 30 | 163,344,137 | 160,139,370 | 160,070,181 | 156,371,912 |
| Total expenses | | 5,007,570,016 | 4,551,539,468 | 2,819,161,993 | 2,675,810,792 |
| Share of profit of investment in associate | 12 | 2,759,613 | - | - | - |
| Profit before tax | | 847,041,294 | 829,955,562 | 487,104,390 | 464,630,487 |
| Income tax expense | 31 | (174,238,856) | (159,355,316) | (19,072,511) | (20,162,226) |
| Profit for the year | | 672,802,438 | 670,600,246 | 468,031,879 | 444,468,261 |
| Other comprehensive income | | | | | |
| <i>Items that will never be reclassified to profit or loss</i> | | | | | |
| Employee benefit obligation actuarial gains | 24 | 1,637,895 | - | 6,503,920 | - |
| Income tax on other comprehensive income | 31 | (327,579) | - | (1,300,784) | - |
| | | 1,310,316 | - | 5,203,136 | - |
| <i>Items that are or may be reclassified to profit or loss</i> | | | | | |
| Net change in fair value of available-for-sale investments | 15 | (10,702,875) | (14,219,041) | - | - |
| Income tax on other comprehensive income | 31 | 2,130,864 | 2,843,808 | - | - |
| | | (8,572,011) | (11,375,233) | - | - |
| Other comprehensive income for the year, net of income tax | | (7,261,695) | (11,375,233) | 5,203,136 | - |
| Total comprehensive income for the year | | 665,540,743 | 659,225,013 | 473,235,015 | 444,468,261 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of comprehensive income

| | | Consolidated financial statements | | Separate financial statements | |
|--|------|--------------------------------------|--------------------|-----------------------------------|--------------------|
| | | For the year ended 31 December | | For the year ended 31 December | |
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in Baht)</i> | | | |
| Profit attributable to: | | | | | |
| Owners of the Company | | 527,331,362 | 521,866,434 | 468,031,879 | 444,468,261 |
| Non-controlling interests | 14 | 145,471,076 | 148,733,812 | - | - |
| Profit for the year | | 672,802,438 | 670,600,246 | 468,031,879 | 444,468,261 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 523,049,924 | 513,593,227 | 473,235,015 | 444,468,261 |
| Non-controlling interests | 14 | 142,490,819 | 145,631,786 | - | - |
| Total comprehensive income for the year | | 665,540,743 | 659,225,013 | 473,235,015 | 444,468,261 |
| Basic earnings per share | 32 | 0.21 | 0.21 | 0.19 | 0.18 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of changes in equity

| Consolidated financial statements | | | | | | | | | |
|--|------|----------------------------------|---------------|---------------|----------------|--|--|---------------|---------------------------|
| | Note | Retained earnings | | | | Other components of equity | | Total equity | |
| | | Issued and paid-up share capital | Share premium | Legal reserve | Unappropriated | Fair value changes in available-for-sale investments | Total equity attributable to owners of the Company | | Non-controlling interests |
| | | | | | | | | | |
| (in Baht) | | | | | | | | | |
| Year ended 31 December 2014 | | | | | | | | | |
| Balance at 1 January 2014 | | 2,493,747,984 | 644,640,000 | 229,200,000 | 598,178,258 | - | 3,965,766,242 | 579,770,329 | |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Distributions to owners of the Company | | | | | | | | | |
| Dividends | 33 | - | - | - | (324,186,828) | - | (324,186,828) | (124,242,505) | |
| Total Distributions to owners of the Company | | - | - | - | (324,186,828) | - | (324,186,828) | (124,242,505) | |
| Changes in ownership interests in subsidiaries | | | | | | | | | |
| Acquisition of non-controlling interests without a change in control | 5 | - | - | - | (18,112,463) | - | (18,112,463) | (71,219,090) | |
| Total changes in ownership interests in subsidiaries | | - | - | - | (18,112,463) | - | (18,112,463) | (71,219,090) | |
| Total transactions with owners, recorded directly in equity | | - | - | - | (342,299,291) | - | (342,299,291) | (195,461,595) | |
| Comprehensive income for the year | | | | | | | | | |
| Profit | | - | - | - | 521,866,434 | - | 521,866,434 | 148,733,812 | |
| Other comprehensive income | | - | - | - | - | (8,273,207) | (8,273,207) | (3,102,026) | |
| Total comprehensive income for the year | | - | - | - | 521,866,434 | (8,273,207) | 513,593,227 | 145,631,786 | |
| Transfer to legal reserve | 26 | - | - | 20,174,812 | (20,174,812) | - | - | - | |
| Balance at 31 December 2014 | | 2,493,747,984 | 644,640,000 | 249,374,812 | 757,570,589 | (8,273,207) | 4,137,060,178 | 529,940,520 | |
| | | | | | | | | 4,667,000,698 | |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of changes in equity

| Consolidated financial statements | | | | | | | | |
|--|----|-------------------|----------------|--|---------------|--|---------------------------|---------------|
| | | Retained earnings | | Other components of equity | | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
| | | Legal Reserve | Unappropriated | Fair value changes in available-for-sale investments | | | | |
| (in Baht) | | | | | | | | |
| Year ended 31 December 2015 | | | | | | | | |
| Balance at 1 January 2015 | | | | | | | | |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Distributions to owners of the Company | | | | | | | | |
| Dividends | 33 | - | - | - | (299,249,530) | - | (140,398,689) | (439,648,219) |
| Total Distributions to owners of the Company | | - | - | - | (299,249,530) | - | (140,398,689) | (439,648,219) |
| Changes in ownership interests in subsidiaries | | | | | | | | |
| Non-controlling interests from acquisition of business | 4 | - | - | - | - | - | 43,692,166 | 43,692,166 |
| Acquisition of non-controlling interests without a change in control | 5 | - | - | - | (2,296,319) | - | (12,745,813) | (15,042,132) |
| Total changes in ownership interests in subsidiaries | | - | - | - | (2,296,319) | - | 30,946,353 | 28,650,034 |
| Total transactions with owners, recorded directly in equity | | | | | | | | |
| | | - | - | - | (301,545,849) | - | (109,452,336) | (410,998,185) |
| Comprehensive income for the year | | | | | | | | |
| Profit | | - | - | - | 527,331,362 | - | 145,471,076 | 672,802,438 |
| Other comprehensive income | | - | - | - | 1,954,674 | (6,236,112) | (2,980,257) | (7,261,695) |
| Total comprehensive income for the year | | - | - | - | 529,286,036 | (6,236,112) | 142,490,819 | 665,540,743 |
| Balance at 31 December 2015 | | 2,493,747,984 | 644,640,000 | 249,374,812 | 985,310,776 | (14,509,319) | 562,979,003 | 4,921,543,256 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of changes in equity

| | Note | Issued and paid-up share capital | Share premium | Retained earnings | | | Total equity |
|---|------|----------------------------------|--------------------|----------------------------|--------------------|--|----------------------|
| | | | | Legal reserve (in Baht) | Unappropriated | | |
| Year ended 31 December 2014 | | | | | | | |
| Balance at 1 January 2014 | | 2,493,747,984 | 644,640,000 | 229,200,000 | 418,510,740 | | 3,786,098,724 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| <i>Distributions to owners of the Company</i> | | | | | | | |
| Dividends | 33 | - | - | - | (324,186,828) | | (324,186,828) |
| Total distributions to owners of the company | | - | - | - | (648,373,656) | | (324,186,828) |
| Total transactions with owners, recorded directly in equity | | - | - | - | (324,186,828) | | (324,186,828) |
| Comprehensive income for the year | | | | | | | |
| Profit | | - | - | - | 444,468,261 | | 444,468,261 |
| Total comprehensive income for the year | | - | - | - | 444,468,261 | | 444,468,261 |
| Transfer to legal reserve | 26 | - | - | 20,174,812 | (20,174,812) | | - |
| Balance at 31 December 2014 | | 2,493,747,984 | 644,640,000 | 249,374,812 | 194,430,533 | | 3,906,380,157 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries **Statements of changes in equity**

Separate financial statements

| | | Issued and paid-up share capital | Share premium | Legal reserve (in Baht) | Unappropriated | Total equity |
|---|-------------|--|--------------------|-------------------------------|--------------------|----------------------|
| | <i>Note</i> | | | | | |
| Year ended 31 December 2015 | | | | | | |
| Balance at 1 January 2015 | | 2,493,747,984 | 644,640,000 | 249,374,812 | 518,617,361 | 3,906,380,157 |
| Transactions with owners, recorded directly in equity | | | | | | |
| <i>Distributions to owners of the Company</i> | | | | | | |
| Dividends | 33 | - | - | - | (299,249,530) | (299,249,530) |
| Total distributions to owners of the company | | - | - | - | (299,249,530) | (299,249,530) |
| Total transactions with owners, recorded directly in equity | | - | - | - | (299,249,530) | (299,249,530) |
| Comprehensive income for the year | | | | | | |
| Profit | | - | - | - | 468,031,879 | 468,031,879 |
| Other comprehensive income | | - | - | - | 5,203,136 | 5,203,136 |
| Total comprehensive income for the year | | - | - | - | 473,235,015 | 473,235,015 |
| Balance at 31 December 2015 | | 2,493,747,984 | 644,640,000 | 249,374,812 | 692,602,846 | 4,080,365,642 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of cash flows

| | | Consolidated | | Separate | |
|--|------|----------------------|----------------------|----------------------|--------------------|
| | | financial statements | | financial statements | |
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in Baht) | | | |
| Cash flows from operating activities | | | | | |
| Profit for the year | | 672,802,438 | 670,600,246 | 468,031,879 | 444,468,261 |
| Adjustments for | | | | | |
| Depreciation and amortisation | | 460,854,750 | 432,764,208 | 296,709,747 | 282,271,274 |
| Bad and doubtful debts expense | 9 | 79,624,949 | 33,870,158 | 53,812,534 | 33,010,303 |
| Loss from trading securities | | 420,300 | - | - | - |
| Finance costs | 30 | 163,344,137 | 160,139,370 | 160,070,181 | 156,371,912 |
| Loss on disposal of assets | | 2,019,793 | 2,836,536 | 204,669 | 3,870,191 |
| Dividend income | 13 | - | - | (386,951,311) | (351,277,759) |
| Share of profit of investment in associate | 12 | (2,759,613) | - | - | - |
| Employee benefit expenses | 24 | 21,777,905 | 10,141,438 | 8,340,338 | 6,548,717 |
| Income tax expense | 31 | 174,238,856 | 159,355,316 | 19,072,511 | 20,162,226 |
| | | 1,572,323,515 | 1,469,707,272 | 619,290,548 | 595,425,125 |
| Changes in operating assets and liabilities | | | | | |
| Trade accounts receivable | | (57,595,303) | (374,158,746) | (31,943,084) | (199,028,478) |
| Inventories | | (11,473,108) | (13,938,450) | 3,184,304 | (1,720,947) |
| Other receivables | | (13,256,207) | 4,900,035 | (10,900,938) | 3,827,829 |
| Other current assets | | (3,608,524) | (8,818,411) | 2,816,084 | (12,040,109) |
| Other non-current assets | | 45,222,673 | (19,591,816) | 46,921,597 | (16,940,092) |
| Trade accounts payable | | 17,421,015 | (61,156,917) | (35,689,811) | (57,685,217) |
| Other payables | | (28,386,195) | 8,689,175 | (27,374,499) | (7,089,344) |
| Accrued expenses | | 30,782,969 | 21,381,436 | 15,956,289 | 12,132,383 |
| Deferred income | | 4,430,243 | (1,581,280) | 1,637,876 | 3,362,901 |
| Other current liabilities | | (18,038,613) | 27,582,578 | (7,089,345) | 39,651,814 |
| Other non-current liabilities | | (7,079,749) | (51,522,848) | (7,855,633) | (45,152,928) |
| Cash provided by operating activities | | 1,530,742,716 | 1,001,492,028 | 568,953,388 | 314,742,937 |
| Employee benefit expenses paid | 24 | (8,175,554) | (7,715,443) | (2,413,712) | (1,189,999) |
| Income taxes paid | | (175,786,482) | (170,543,311) | (28,773,325) | (27,365,284) |
| Net cash provided by operating activities | | 1,346,780,680 | 823,233,274 | 537,766,351 | 286,187,654 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statements of cash flows

| | | Consolidated | | Separate | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | financial statements | | financial statements | |
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in Baht) | | | |
| Cash flows from investing activities | | | | | |
| (Increase) decrease in restricted deposits | | 19,610,094 | (768,550) | - | - |
| Dividends received | | 1,000,000 | - | 386,951,311 | 351,277,759 |
| Decrease (increase) of current investments | | 11,671,201 | 178,895,085 | (21,620) | - |
| Purchase of long-term investments | 15 | (36,236) | (60,032,760) | - | - |
| Purchase of investments in associates | 12 | (2,500,000) | (2,500,000) | - | - |
| Purchases of property, plant and equipment | | (560,626,886) | (684,094,831) | (251,120,448) | (378,398,936) |
| Purchases of intangible assets | | (39,103,942) | (41,728,050) | (35,428,610) | (26,026,164) |
| Sales of equipment | | 26,552,746 | 4,737,993 | 20,193,727 | 3,256,643 |
| Short-term loan to related parties | | - | - | (188,500,000) | (79,811,256) |
| Proceeds from short-term loan to related parties | | - | - | 30,000,000 | 39,811,256 |
| Long-term loan to related party | | (6,000,000) | - | - | - |
| Purchase of investment in subsidiaries | 13 | - | - | (281,042,132) | (89,331,553) |
| Purchase of non-controlling interests | 5 | (15,042,132) | (89,331,553) | - | - |
| Net cash outflow on acquisitions of business | 4 | (316,000,000) | - | - | - |
| Net cash used in investing activities | | (880,475,155) | (694,822,666) | (318,967,772) | (179,222,251) |
| Cash flows from financing activities | | | | | |
| Finance costs paid | | (164,652,525) | (163,408,348) | (160,071,257) | (156,541,119) |
| Dividends paid to owners of the Company | 33 | (299,249,530) | (324,186,828) | (299,249,530) | (324,186,828) |
| Dividends paid to non-controlling interests | | (140,398,689) | (124,242,505) | - | - |
| Increase in bank overdrafts and short-term loans from financial institutions | | 444,535,021 | 73,631,062 | 403,002,106 | 80,149,739 |
| Finance lease payments | | (84,264,506) | (82,502,348) | (82,396,458) | (79,696,384) |
| Repayment of long - term loan | | (13,005,142) | (26,314,935) | - | - |
| Net cash used in financing activities | | (257,035,371) | (647,023,902) | (138,715,139) | (480,274,592) |
| Net increase (decrease) in cash and cash equivalents | | | | | |
| | | 209,270,154 | (518,613,294) | 80,083,440 | (373,309,189) |
| Cash and cash equivalents at beginning of year | | 466,021,073 | 984,634,367 | 338,381,451 | 711,690,640 |
| Cash and cash equivalents at end of year | 7 | 675,291,227 | 466,021,073 | 418,464,891 | 338,381,451 |
| Supplement disclosures of cash flows information | | | | | |
| Non-cash transaction | | | | | |
| Outstanding debts arising from investments in medical equipment and instrument | | 53,530,306 | 60,527,850 | 35,830,675 | 43,281,342 |

The accompanying notes are an integral part of these financial statements

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

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Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2016.

1 General information

Bangkok Chain Hospital Public Company Limited the “Company”, is incorporated in Thailand and has its registered office at 44 Moo 4 Chaengwattana Road, Pakkred Nonthaburi.

The Company was listed on the Stock Exchange of Thailand on 10 November 2004.

The Company’s major shareholders during the year 2015 and 2014 was Harnphanich Group (49.99% shareholding).

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are private hospitals, nursing business to provide medical treatment to patients with a total of 11 chained hospitals in Bangkok vicinity, Chiang Rai, Saraburi, Nonthaburi, Pathumthani, Ayudhaya and Chachoengsao Province. Details of the Company’s subsidiaries are as follows:

| Name of the entity | Type of business | Country of incorporation | Ownership interest (%) | |
|--|-------------------|--------------------------|------------------------|-------|
| | | | 2015 | 2014 |
| <i>Direct subsidiaries</i> | | | | |
| Rattanatibeth General Hospital Co., Ltd. | Hospital | Thailand | 72.73 | 72.73 |
| Saraburi Wetchakit Co., Ltd. | Hospital | Thailand | 59.92 | 59.92 |
| Sriburin Medical Co., Ltd. | Hospital | Thailand | 93.67 | 93.67 |
| Navanakorn Medicare Co., Ltd. (Note 5) | Hospital | Thailand | 73.20 | 69.85 |
| SothonVejchakit Co.,Ltd. (Notes 4, 13) | Hospital | Thailand | 76.00 | - |
| <i>Indirect subsidiaries</i> | | | | |
| Ayutthaya Medicare Co., Ltd. (100% holding by Navanakorn Medicare Co.,Ltd.) | Property for rent | Thailand | 73.20 | 69.85 |

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); and guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 37.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

| <i>Items</i> | <i>Measurement bases</i> |
|--|---|
| Trading equity investments | Fair value |
| Available-for-sale unit trusts | Fair value |
| Contingent consideration assumed in a business combination | Fair value |
| Employee benefit obligations | Present value of the employee benefit obligations |

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

| | |
|------------------------|--|
| Notes 3 (r), 20 and 31 | Current and deferred taxation |
| Note 4 | Fair value of identifiable assets acquired in business combination |
| Note 9 | Trade accounts receivable - allowance for doubtful accounts |
| Note 24 | Measurement of employee benefit obligations |
| Note 34 | Valuation of financial instruments |

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entity in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 16 Investment properties
- Note 34 Financial instruments

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associate.

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Interests in equity-accounted investee

The Group's interests in equity-accounted investee comprises interests in associate.

Associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associate is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from Intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(f) Investments

Investments in associate and subsidiaries

Investments in associate and subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in associate in the consolidated financial statements are accounted for using the equity method.

Investments in other equity securities

Marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(g) Investment property

Investment property is property which is held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

| | |
|---------------------|----------|
| Investment property | 30 years |
|---------------------|----------|

No depreciation is provided on investment property land.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

(h) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

| | |
|---|---------------|
| Land improvement | 30 years |
| Buildings and buildings improvements | 6 - 30 years |
| Buildings equipment | 10 - 30 years |
| Hospital equipment and medical instrument | 5 - 10 years |
| Office equipment | 5 - 10 years |
| Computer and system work | 3 - 5 years |
| Vehicles | 5 - 10 years |

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Goodwill and intangible assets

Goodwill

Goodwill that arises upon the acquisition is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

| | |
|-------------------|------------------|
| Software licenses | 3 - 5 years |
| Customer contract | 2 years 8 months |

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(m) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Revenue

Revenue excludes value added tax and is arrived at after deduction of trade discounts.

Revenue from hospital operations

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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Income from services provided to patients under the service contract with Social Security Office and National Health Security Office are recognised on the basis, procedures and conditions for reimbursement as stipulated by the aforesaid offices.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction of a qualifying asset are recognised in profit or loss using the effective interest method.

(q) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year.

4 Acquisitions of business

On 29 April 2015, the Group, through Sothon Vejchakit Co., Ltd., the subsidiary, purchased the assets to operate business of Sotaravej Hospital (“Sotaravej”) located in Chachoengsao Province, and started operation on 1 May 2015, namely “Kasemrad”. The Group has determined the fair value of identifiable assets and recognised the difference between the fair value of identifiable assets and the consideration transferred as “goodwill” in the amount of Baht 128 million. Independent appraisal reports determining the fair values and purchase price allocation were finalised. The fair values of the business acquired were adjusted accordingly in the consolidated financial statements as at 31 December 2015.

In the eight months period ended 31 December 2015, Sothon Vejchakit Co., Ltd. contributed revenue of Baht 153.51 million and profit of Baht 5.59 million to the Group’s results. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue would have been Baht 219.21 million and consolidated profit for year ended 31 December 2015 would have been Baht 12.37 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired at the acquisition date:

| | <i>Note</i> | <i>Fair value (in thousand Baht)</i> |
|--|-------------|--|
| Land and land improvement | 17 | 18,900 |
| Building | 17 | 165,800 |
| Hospital building improvement | 17 | 11,309 |
| Hospital equipment and medical instruments | 17 | 23,532 |
| Office equipment | 17 | 3,727 |
| Computer | 17 | 590 |
| Vehicle | 17 | 4,520 |
| Intangible assets | 18 | 4,591 |
| Deferred tax liabilities | 20 | (918) |
| Net identifiable assets acquired | | 232,051 |
| Non-controlling interest | | (43,692) |
| Net identifiable assets acquired - the Company | | 188,359 |
| Goodwill from acquisitions of business | | 127,641 |
| Total consideration transferred - the Company | | 316,000 |
| Total consideration transferred - non-controlling interest | | 84,000 |
| Total consideration transferred | | 400,000 |

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

| | <i>Fair value (in thousand Baht)</i> |
|--|--|
| Total consideration transferred | 400,000 |
| Total consideration transferred - non-controlling interest | (84,000) |
| Total consideration transferred - the Company | 316,000 |
| Fair value of identifiable assets by independent appraisal | (232,051) |
| Non-controlling interest | 43,692 |
| Goodwill | 127,641 |

The following fair values have been determined on a provisional basis:

The fair value of property, plant and equipment and intangible assets (customer contract) have been determined by an independent valuation.

The Group is continuing its review of these matters during the measurement period. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional fair values, or any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Acquisition-related costs

The Company incurred acquisition-related costs of Baht 0.65 million related to due diligence costs. The due diligence costs have been included in administrative expenses in the Company's consolidated statement of comprehensive income for the year ended 31 December 2015.

5 Acquisitions of non-controlling interests

In 2014, the Company acquired an additional 19.85% interest in Navanakorn Medicare Co., Ltd. for Baht 89.33 million in cash, increasing its ownership from 50.002% to 69.85%. The proportionate carrying amount of Navanakorn Medicare Co., Ltd.'s net assets acquired in the Group's financial statements on the date of the acquisition was Baht 71.22 million. The Group recognised a decrease in non-controlling interests of Baht 71.22 million and a decrease in retained earnings of Baht 18.11 million.

In 2015, the Company acquired an additional 3.35% interest in Navanakorn Medicare Co., Ltd. for Baht 15.04 million in cash, increasing its ownership from 69.85% to 73.20%. The proportionate carrying amount of Navanakorn Medicare Co., Ltd.'s net assets acquired in the Group's financial statements on the date of the acquisition was Baht 12.75 million. The Group recognised a decrease in non-controlling interests of Baht 12.75 million and a decrease in retained earnings of Baht 2.30 million.

The following summarises the effect of changes in the Group's ownership interest in Navanakorn Medicare Co., Ltd.:

| | 2015 | 2014 |
|--|--------------------------|------------|
| | <i>(in million Baht)</i> | |
| Group's ownership interest at 1 January | 271 | 179 |
| Effect of increase in Group's ownership interest | 13 | 71 |
| Share of comprehensive income | (6) | 21 |
| Group's ownership interest at 31 December | <u>278</u> | <u>271</u> |

6 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associate are described in note 12 and 13. Relationships with key management and other related parties were as follows:

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|--|--|---|
| Dr. Chalerm Harnphanich | Thailand | Major shareholder, 32.63% shareholding |
| Dr. Somporn Harnphanich | Thailand | Shareholder, 7.37% shareholding |
| Dr. Pornluck Harnphanich | Thailand | Shareholder, 3.33% shareholding |
| Rattanatibeth General Hospital Co., Ltd. | Thailand | Subsidiary |
| Saraburi Wetchakit Co., Ltd. | Thailand | Subsidiary |
| Sriburin Medical Co., Ltd. | Thailand | Subsidiary |
| Navanakorn Medicare Co., Ltd. | Thailand | Subsidiary |
| Sothon Vejchakit Co., Ltd. | Thailand | Subsidiary |
| Ayutthaya Medicare Co., Ltd. | Thailand | Indirect subsidiary, 100% shareholding by Navanakorn Medicare Co., Ltd. |
| Chiang Rai Imaging Center Co.,Ltd. | Thailand | Associate, 31.22% shareholding |
| Bright TV Co., Ltd. | Thailand | Common directors |
| Key management personnel | Thailand | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the any company. |

The pricing policies for particular types of transactions are explained further below:

| Transactions | Pricing policy |
|---|--|
| Revenues from hospital operations | Contractually agreed price |
| Other income | Contractually agreed price |
| Interest income | Interest rate 2.70% - 6.00% per annum. (2014: 3.60% per annum.) |
| Dividends income | Based on declaration price |
| Rental income | Contractually agreed price |
| Purchases inventory/service | Based on market price / contractually agreed price |
| Purchase of property, plant and equipment | Based on market price / contractually agreed price |
| Doctor fee | Based on market price |
| Management benefit expenses | At the meeting of the shareholders' approval / |
| contractually agreed price | |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Significant transactions for the years ended 31 December 2015 and 2014, with related parties were as follows:

| <i>Year ended 31 December</i> | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--|-------|--|---------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Subsidiaries</i> | | | | |
| Revenues from hospital operations | - | - | 54,500 | 78,847 |
| Dividend income | - | - | 386,951 | 351,278 |
| Interest income | - | - | 3,536 | 1,519 |
| Other income | - | - | 47,850 | 42,962 |
| Purchases inventory and service | - | - | 11,006 | 6,989 |
| Purchase asset | - | - | 7,440 | - |
| <i>Associate</i> | | | | |
| Revenue from hospital operations | 2,484 | - | - | - |
| Dividend income | 1,000 | - | - | - |
| Purchases and service | 3,375 | - | - | - |
| Interest income | 212 | - | - | - |
| Rental income | 900 | - | - | - |
| <i>Other related party</i> | | | | |
| Rental income | 4,380 | 3,650 | 4,380 | 3,650 |

| <i>Year ended 31 December</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------|--|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Key management personnel</i> | | | | |
| Key management personnel compensation | | | | |
| Short-term employee benefit | 161,113 | 87,930 | 102,805 | 61,265 |
| Post-employment benefits | 5,474 | 2,098 | 3,776 | 1,678 |
| Total key management personnel compensation | 166,587 | 90,028 | 106,581 | 62,943 |
| Doctor fees | 13,219 | 42,936 | 5,882 | 28,556 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Balances as at 31 December with related parties were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------|----------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Trade accounts receivable</i> | | | | |
| Subsidiaries | - | - | 14,683 | 11,670 |
| Associate | 44 | - | - | - |
| Total | 44 | - | 14,683 | 11,670 |
| <i>Other receivable</i> | | | | |
| Associate | 150 | - | - | - |
| <i>Services and ordering goods receivable - subsidiaries</i> | | | | |
| (From part of other current assets in the statements of financial position) | - | - | 9,864 | 19,603 |
| <i>Trade accounts payable</i> | | | | |
| Subsidiaries | - | - | 1,117 | 1,862 |
| Associate | 465 | - | - | - |
| Total | 465 | - | 1,117 | 1,862 |
| <i>Accrued doctor fee - shareholders, directors, executive directors</i> | | | | |
| (Form part of accrued expenses in the statements of financial position) | 1,041 | 2,284 | 473 | 2,284 |
| <i>Short-term loans to related parties</i> | | | | |
| Subsidiaries | - | - | 198,500 | 40,000 |
| <i>Long-term loan to related party</i> | | | | |
| Associate | 6,000 | - | - | - |
| <i>Interest receivable - loan to related parties</i> | | | | |
| Subsidiaries | - | - | 1,431 | 122 |
| Associate | 31 | - | - | - |
| Total | 31 | - | 1,431 | 122 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Movements during years ended 31 December 2015 and 2014 of loan to a related party were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------|----------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Short-term loans to subsidiaries</i> | | | | |
| At 1 January | - | - | 40,000 | - |
| Increase | - | - | 188,500 | 79,811 |
| Decrease | - | - | (30,000) | (39,811) |
| At 31 December | <u>-</u> | <u>-</u> | <u>198,500</u> | <u>40,000</u> |
| <i>Long-term loan to associate</i> | | | | |
| At 1 January | - | - | - | - |
| Increase | 6,000 | - | - | - |
| At 31 December | <u>6,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Short-term loan to subsidiary comprised promissory notes repayable at call which bear fixed interest at 2.70% - 3.60% per annum (2014 : 3.60% per annum).

Long-term loan agreement to associate which bear fixed interest at 6.00% per annum.

Significant agreements with related parties

Ordering goods

The Company has entered into an agreement with Rattanatibeth General Hospital Co. Ltd., Saraburi Wetchakit Co. Ltd., Sriburin Medical Co. Ltd. and Navanakorn Medicare Co. Ltd. for a period of 2 years, starting from 1 January 2014 and ending on 31 December 2015. The Company has entered into an agreement with Sothorn Vejchakit Co.,Ltd, starting from 1 May 2015 and ending on 31 December 2015. The agreements will be reviewed to renew every 2 years, under which the Company will make arrangements for the purchase of medicine, medical supplies, general medical supplies, equipments, medical instruments and fixed assets. The service charges will be computed based on the value of the said assets, excluding value added tax, at the rates stated in the agreements. The new agreement starts from 1 January 2016 and ends on 31 December 2017 with the same service charge rates.

Hospital management

The Company has entered into a management service agreement with Rattanathibeth General Hospital Co. Ltd., Saraburi Wetchakit Co. Ltd., Sriburin Medical Co. Ltd., and Navanakorn Medicare Co. Ltd. for a period of 2 years starting from 1 January 2014 and ending on 31 December 2015. The Company has entered into an agreement with Sothorn Vejchakit Co.,Ltd, starting from 1 May 2015 and ending on 31 December 2015. The agreements will be reviewed to renew every 2 years, under which the Company will provide advisory services and management assistance for running of the hospital, including accounting, tax, personnel management and facilities management. The Company will charge for these services based on the gross revenue prior to deduction of expenses, at the rate stipulated in the agreement. The new agreement starts from 1 January 2016 and ends on 31 December 2017 with the same service charge rates.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

7 Cash and cash equivalents

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Cash on hand | 6,617 | 4,784 | 2,215 | 2,038 |
| Cash at banks | 636,639 | 456,943 | 416,250 | 336,343 |
| Highly liquid short-term investments | 32,035 | 4,294 | - | - |
| Total | 675,291 | 466,021 | 418,465 | 338,381 |

Cash and cash equivalents of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

8 Current investments

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Short-term deposits at financial institutions | 129,915 | 141,586 | 621 | 600 |
| Trading equity instruments | 1,170 | 1,590 | - | - |
| Total | 131,085 | 143,176 | 621 | 600 |

Current investments of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

Movement during the years ended 31 December of trading equity instruments;

| | Consolidated financial statements | |
|-----------------------------------|--------------------------------------|--------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| <i>Trading equity instruments</i> | | |
| At 1 January | 1,590 | 1,156 |
| Valuation adjustment | (420) | 434 |
| At 31 December | 1,170 | 1,590 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

9 Trade accounts receivable

| | | Consolidated Financial statements | | Separate financial statements | |
|---|------|--------------------------------------|------------------|----------------------------------|----------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in thousand Baht)</i> | | | |
| Related parties | 6 | 44 | - | 14,683 | 11,670 |
| Other parties | | 447,046 | 307,757 | 259,002 | 165,427 |
| | | 447,090 | 307,757 | 273,685 | 177,097 |
| Less allowance for doubtful accounts | | (55,617) | (35,282) | (37,180) | (17,040) |
| Trade accounts receivable, net | | 391,473 | 272,475 | 236,505 | 160,057 |
| Accrued income | | 790,967 | 886,531 | 444,658 | 510,155 |
| Less allowance for doubtful accounts | | (105,434) | (59,970) | (68,665) | (35,844) |
| Accrued income, net | | 685,533 | 826,561 | 375,993 | 474,311 |
| Total | | 1,077,006 | 1,099,036 | 612,498 | 634,368 |
| Bad and doubtful debts expenses for the year | | 79,624 | 33,870 | 53,813 | 33,010 |

Aging analyses for trade accounts receivable were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Within credit terms | 226,779 | 139,454 | 139,765 | 89,337 |
| Overdue: | | | | |
| Less than 3 months | 93,030 | 96,738 | 36,391 | 45,991 |
| 3-6 months | 44,506 | 35,109 | 33,132 | 23,487 |
| 6-12 months | 53,299 | 13,406 | 48,073 | 8,694 |
| Over 12 months | 29,476 | 23,050 | 16,324 | 9,588 |
| Total | 447,090 | 307,757 | 273,685 | 177,097 |
| Less allowance for doubtful accounts | (55,617) | (35,282) | (37,180) | (17,040) |
| Net | 391,473 | 272,475 | 236,505 | 160,057 |

The normal credit term granted by the Group is 30 days.

Trade accounts receivable of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Aging analyses for accrued income were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Overdue: | | | | |
| Less than 3 months | 339,872 | 315,415 | 187,695 | 189,255 |
| 3-6 months | 135,411 | 193,242 | 66,695 | 104,390 |
| 6-12 months | 63,426 | 167,415 | 35,800 | 106,132 |
| Over 12 months | 252,258 | 210,459 | 154,468 | 110,378 |
| Total | 790,967 | 886,531 | 444,658 | 510,155 |
| Less allowance for doubtful accounts | (105,434) | (59,970) | (68,665) | (35,844) |
| Net | 685,533 | 826,561 | 375,993 | 474,311 |

Accrued income is derived from the Social Security Office and the National Health Security Office which have basis, procedures and conditions for reimbursement as stipulated by the aforesaid offices.

Accrued income of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

The Group had accrued income overdue more than 12 months, mainly from receivable of Social Security Fund - In Patient. For the year 2012, the Social Security Office changed its payment method based on adjusted relative weight for the service provider hospital. Previously, the Social Security Office was informed of the reimbursements made by both the registered hospital and the service provider hospital. Therefore, the Social Security Office need time for the examination of reimbursement information to avoid double payment. The Group's management is following up on this matter with the management of the Social Security Office. However, the Group received certain reimbursements during the year 2015.

10 Inventories

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Medicine and medical supplies | 161,574 | 154,865 | 91,287 | 92,304 |
| Supplies and equipment | 28,305 | 23,541 | 12,712 | 14,879 |
| Total | 189,879 | 178,406 | 103,999 | 107,183 |
| Less allowance for decline in value | (723) | (723) | (723) | (723) |
| Total | 189,156 | 177,683 | 103,276 | 106,460 |
| Inventories recognised as an expense in cost of hospital operations | 1,092,237 | 1,081,067 | 572,125 | 586,696 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

11 Restricted deposits

The subsidiaries' fixed deposits at banks as at 31 December 2015 amounting to Baht 19.08 million were pledged as collateral for nursing care arrangement and utilities use (2014: Baht 38.69 million).

12 Investment in associate

| | Consolidated financial statements | |
|--|--------------------------------------|--------------|
| | 2015 | 2014 |
| | (in thousand Baht) | |
| At 1 January | 2,500 | - |
| Additional investment | 2,500 | 2,500 |
| Share of profit of investment in associate | 2,760 | - |
| Dividend income | (1,000) | - |
| At 31 December | <u>6,760</u> | <u>2,500</u> |

In January 2015, Sriburin Medical Company Limited, a subsidiary, has additional purchased investment in Chiangrai Imaging Company Limited by 250,000 shares of 10 Baht per share, totaling Baht 2.50 million, remains 31.22% of ownership.

In October 2015, at the annual general meeting of the Chiangrai Imaging Company Limited Co., Ltd., the shareholders approved the appropriation of dividend of Baht 4 per share to shareholders, amounting to Baht 1 million to the Group.

In June 2014, Sriburin Medical Company Limited, a subsidiary, has invested in 250,000 shares of Chiangrai Imaging Company Limited by Baht 10 per share, totaling Baht 2.50 million, representing 31.22% of ownership.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Investment in associate as at 31 December 2015 and 2014, and dividend income from this investment were as follows:

Consolidated financial statements

| Type of business | Ownership Interest | Paid-up capital | | Cost method | | Equity method | | Dividend income | |
|-------------------------------------|--------------------|-------------------|------|--------------|--------------|--------------------|--------------|-----------------|----------|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (%) | (in million Baht) | | | | (in thousand Baht) | | | |
| <i>Associate</i> | | | | | | | | | |
| Chiang Rai Imaging Center Co., Ltd. | 31.22 | 15.00 | 5.00 | 5,000 | 2,500 | 6,760 | 2,500 | 1,000 | - |
| Total | | | | 5,000 | 2,500 | 6,760 | 2,500 | 1,000 | - |

The Group's associate is not publicly listed and consequently does not have published price quotation.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

13 Investment in subsidiaries

| | Separate financial statements | |
|------------------------|----------------------------------|------------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| As at 1 January | 1,532,419 | 1,443,087 |
| Additional investments | 281,042 | 89,332 |
| As at 31 December | <u>1,813,461</u> | <u>1,532,419</u> |

On 23 April 2015, the Company established a new subsidiary, Sothon Vejchakit Company Limited, with registered the share capital of Baht 350 million which is 76% held by the Company. Later, on 29 April 2015, the subsidiary purchased the assets to operate business of Sotaravej Hospital as described in note 4.

During the year 2015 and 2014, the Company acquired an additional 3.35% and 19.85%, respectively, interest in Navanakorn Medicare Company Limited for Baht 15.04 million and Baht 89.33 million respectively, as described in note 5.

Note to the financial statements

Separate financial statements

The principal activities of all subsidiaries are private hospitals, nursing business to provide medical treatment to patients. All subsidiaries were incorporated in Thailand.

None of the Group's subsidiaries are publicly listed and consequently do not have published price quotations.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

14 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

| | 31 December 2015 | | | | | |
|--|--|------------------------------------|----------------------------------|--|----------------------------------|-----------------------------------|
| | Rattanaibeth General Hospital Co., Ltd. | Saraburi Wetchakit Co., Ltd. | Sriburin Medical Co., Ltd. | Navanakorn Medicare Co., Ltd. <i>(in thousand Baht)</i> | Ayudhya Medicare Co., Ltd. | Sothorn Vejjachit Co., Ltd. |
| Non-controlling interest percentage | 27.27% | 40.08% | 6.33% | 26.80% | 26.80% | 24.00% |
| Current assets | 480,253 | 179,781 | 120,511 | 134,919 | 6,095 | 82,256 |
| Non-current assets | 532,585 | 324,913 | 618,001 | 202,445 | 82,904 | 498,649 |
| Current liabilities | (223,463) | (71,790) | (168,586) | (77,076) | (20,284) | (225,082) |
| Non-current liabilities | (16,747) | (9,188) | (20,414) | (10,781) | (6,117) | (238) |
| Net assets | 772,628 | 423,716 | 549,512 | 249,507 | 62,598 | 355,585 |
| Carrying amount of non-controlling interest | 210,696 | 169,825 | 34,784 | 66,763 | 16,834 | 85,340 |
| | | | | | | (21,263) |
| | | | | | | 562,979 |
| Revenue | 1,355,841 | 497,614 | 676,308 | 375,652 | 9,700 | 153,507 |
| Profit | 350,801 | 107,197 | 124,766 | (11,602) | 2,901 | 5,585 |
| Other comprehensive income | (11,566) | 903 | (1,440) | (362) | - | - |
| Total comprehensive income (loss) | 339,235 | 108,100 | 123,326 | (11,964) | 2,901 | 5,585 |
| Profit (loss) allocated to non-controlling interest | | 42,964 | 7,893 | (3,223) | 833 | 1,341 |
| | | | | | | - |
| | | | | | | 145,471 |
| Other comprehensive income (loss) allocated to non-controlling interest | (3,154) | 362 | (91) | (97) | - | - |
| | | | | | | (2,980) |
| Cash flows from operating activities | 115,487 | 66,445 | 10,370 | 9,875 | 3,649 | 1,666 |
| Cash flows from investing activities | (6,882) | (11,505) | (6,780) | 1,148 | - | (123,777) |
| Cash flows from financing activities | (89,991) | (46,449) | (1,975) | (10,166) | (3,659) | 126,840 |
| Net increase (decrease) in cash and cash equivalents | 18,614 | 8,491 | 1,615 | 857 | (10) | 4,729 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

| | 31 December 2014 | | | | | |
|--|--|------------------------------------|----------------------------------|--|----------------------------------|-----------------------------|
| | Rattanaibeth General Hospital Co., Ltd. | Saraburi Wetchakit Co., Ltd. | Sriburin Medical Co., Ltd. | Navanakorn Medicare Co., Ltd. <i>(in thousand Baht)</i> | Ayudhya Medicare Co., Ltd. | Intra-group eliminations |
| Non-controlling interest percentage | 27.27% | 40.08% | 6.33% | 30.15% | 30.15% | |
| Current assets | 434,431 | 167,411 | 90,269 | 167,635 | 10,827 | |
| Non-current assets | 537,065 | 342,727 | 557,733 | 222,400 | 86,512 | |
| Current liabilities | (197,111) | (71,155) | (121,144) | (114,886) | (23,855) | |
| Non-current liabilities | (10,992) | (11,017) | (15,673) | (13,330) | (13,787) | |
| Net assets | 763,393 | 427,966 | 511,185 | 261,819 | 59,697 | |
| Carrying amount of non-controlling interest | 208,177 | 171,529 | 32,896 | 78,928 | 17,996 | 20,414 |
| | | | | | | 529,940 |
| Revenue | 1,233,908 | 484,274 | 635,704 | 378,554 | 16,308 | |
| Profit | 311,830 | 117,867 | 117,857 | 26,972 | 2,884 | |
| Other comprehensive income | (11,375) | - | - | - | - | |
| Total comprehensive income | 300,455 | 117,867 | 117,857 | 26,972 | 2,884 | |
| Profit allocated to non-controlling interest | 85,036 | 47,241 | 7,456 | 8,131 | 870 | 148,734 |
| Other comprehensive income (loss) allocated to non-controlling interest | (3,102) | - | - | - | - | (3,102) |
| Cash flows from operating activities | 76,035 | 41,548 | 8,700 | (14,257) | 5,342 | |
| Cash flows from investing activities | (1,152) | 4,797 | (7,865) | (6,400) | (1,893) | |
| Cash flows from financing activities | (73,685) | (43,610) | (3,741) | (11,868) | (668) | |
| Net increase (decrease) in cash and cash equivalents | 1,198 | 2,735 | (2,906) | (32,525) | 2,781 | |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

15 Other long-term investment

| | 2015 | | | 2014 | | |
|--------------------------------|---------------|-----------------|----------------------------------|---------------|-----------------|---------------|
| | Cost | Unrealised loss | Fair value (in thousand Baht) | Cost | Unrealised loss | Fair value |
| Available-for-sale unit trusts | 62,343 | (24,873) | 37,470 | 62,355 | (14,219) | 48,136 |
| Total | 62,343 | (24,873) | 37,470 | 62,355 | (14,219) | 48,136 |

**Consolidated
financial statements**
2015 2014
(in thousand Baht)

Other long-term investment

Available-for-sale unit trusts

| | | |
|--------------------------|---------------|---------------|
| As at 1 January | 48,136 | 2,323 |
| Increased | 57 | 60,032 |
| Decreased | (20) | - |
| Valuation adjustment | (10,703) | (14,219) |
| As at 31 December | 37,470 | 48,136 |

16 Investment property

| | <i>Note</i> | Consolidated financial statements | | Separate financial statements | |
|---|-------------|--------------------------------------|----------------|----------------------------------|----------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | (in thousand Baht) | | | |
| Cost | | | | | |
| At 1 January | | 675,520 | - | 675,520 | - |
| Reclassification from property, plant and equipment | 17 | - | 675,520 | - | 675,520 |
| At 31 December | | 675,520 | 675,520 | 675,520 | 675,520 |
| Accumulated depreciation | | | | | |
| At 1 January | | 1,959 | - | 1,959 | - |
| Reclassification from property, plant and equipment | 17 | - | 1,959 | - | 1,959 |
| Depreciation charge for the year | | 2,351 | - | 2,351 | - |
| At 31 December | | 4,310 | 1,959 | 4,310 | 1,959 |
| Net book value | | | | | |
| At 1 January | | 673,561 | - | 673,561 | - |
| At 31 December | | 671,210 | 673,561 | 671,210 | 673,561 |

Investment property comprises land and building that are leased to related party and third party. The lease is for a period of 3 years with an extension period of another 3 years. No contingent rents are charged.

Investment property was revalued by a independent professional valuers, at open market values on an existing use basis. The appraised value was Baht 465.73 million. The valuation technique used in measuring the fair value of investment property is described in note 34. In 2014, The Company has transferred this property from property, plant and equipment (see note 17) to investment property, since the Company is in process on expanding the Chaengwattana project, therefore, the Company is not in utilising this property. The Company as such, decided that the building would be leased to related party and third party.

Note to the financial statements

Consolidated financial statements

Bangkok Chain Hospital Public Company Limited

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Consolidated financial statements

| | Note | Land and land improvement | Buildings and buildings improvements | Building equipment | Hospital equipment and medical instruments | Office equipment <i>(in thousand Baht)</i> | Computer and system work | Vehicles | Assets under construction | Total |
|--|------|---------------------------|--------------------------------------|--------------------|--|---|--------------------------|----------|---------------------------|-------|
| Depreciation | | | | | | | | | | |
| At 1 January 2014 | | | | | | | | | | |
| Depreciation charge for the year | | | | | | | | | | |
| Transfers to investment property | | | | | | | | | | |
| Disposals | | | | | | | | | | |
| At 31 December 2014 and 1 January 2015 | | | | | | | | | | |
| Depreciation charge for the year | | | | | | | | | | |
| Transfers | | | | | | | | | | |
| Disposals | | | | | | | | | | |
| At 31 December 2015 | | | | | | | | | | |
| Net book value | | | | | | | | | | |
| At 1 January 2014 | | | | | | | | | | |
| Owned assets | | | | | | | | | | |
| Assets under finance leases | | | | | | | | | | |
| At 31 December 2014 and 1 January 2015 | | | | | | | | | | |
| Owned assets | | | | | | | | | | |
| Assets under finance leases | | | | | | | | | | |
| At 31 December 2015 | | | | | | | | | | |
| Owned assets | | | | | | | | | | |
| Assets under finance leases | | | | | | | | | | |

Note to the financial statements

Bangkok Chain Hospital Public Company Limited

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Separate financial statements

| | Note | Land and land improvement | Buildings and buildings improvements | Building equipment | Hospital equipment and medical instruments | Office equipment | Computer and system work | Vehicles | Assets under construction | Total |
|--|------|---------------------------|--------------------------------------|--------------------|--|------------------|--------------------------|----------|---------------------------|-----------|
| <i>(in thousand Baht)</i> | | | | | | | | | | |
| Depreciation | | | | | | | | | | |
| At 1 January 2014 | | 1,164 | 706,025 | 242,597 | 586,380 | 137,796 | 78,023 | 21,776 | - | 1,773,761 |
| Depreciation charge for the year | | 195 | 112,941 | 21,435 | 103,244 | 13,171 | 15,215 | 5,582 | - | 271,783 |
| Transfers to investment property | 16 | - | (1,959) | - | - | - | - | - | - | (1,959) |
| Transfers | | - | - | (4,169) | (4,165) | 3,492 | (14,449) | (1,498) | - | (20,789) |
| At 31 December 2014 and 1 January 2015 | | 1,359 | 817,007 | 259,863 | 685,459 | 154,459 | 78,789 | 25,860 | - | 2,022,796 |
| Depreciation charge for the year | | 194 | 122,867 | 27,902 | 101,256 | 13,610 | 14,804 | 2,898 | - | 283,531 |
| Transfers | | - | - | 3 | (3) | - | - | - | - | - |
| Disposals | | - | - | (40) | (62,356) | (557) | - | (2,674) | - | (65,627) |
| At 31 December 2015 | | 1,553 | 939,874 | 287,728 | 724,356 | 167,512 | 93,593 | 26,084 | - | 2,240,700 |
| Net book value | | | | | | | | | | |
| At 1 January 2014 | | 1,627,357 | 2,322,918 | 232,127 | 402,632 | 49,032 | 22,712 | 6,256 | 911,280 | 5,574,314 |
| Owned assets | | - | - | - | 276,021 | - | 15,232 | 8,165 | - | 299,418 |
| Assets under finance leases | | 1,627,357 | 2,322,918 | 232,127 | 678,653 | 49,032 | 37,944 | 14,421 | 911,280 | 5,873,732 |
| At 31 December 2014 and 1 January 2015 | | 1,919,785 | 2,157,160 | 222,392 | 406,530 | 43,506 | 17,965 | 7,121 | 209,613 | 4,984,072 |
| Owned assets | | - | - | - | 241,206 | - | 8,715 | 6,230 | - | 256,151 |
| Assets under finance leases | | 1,919,785 | 2,157,160 | 222,392 | 647,736 | 43,506 | 26,680 | 13,351 | 209,613 | 5,240,223 |
| At 31 December 2015 | | 1,486,688 | 2,572,737 | 322,575 | 641,494 | 50,384 | 18,523 | 15,760 | 42,404 | 5,150,565 |
| Owned assets | | - | - | - | 15,279 | - | - | - | - | 15,279 |
| Assets under finance leases | | 1,486,688 | 2,572,737 | 322,575 | 656,773 | 50,384 | 18,523 | 15,760 | 42,404 | 5,165,844 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2015 amounted to Baht 637 million (2014: Baht 569 million).

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2015 amounted to Baht 1,263 million (2014: Baht 1,175 million).

As from 1997, servitude has been made to Land & House Public Company Limited for a passage way with a width of not less than 7 meters for all motor vehicles, drainage water, electricity and telephone systems, on a plot of land, under the title deed No. 2175, Tambol Bangsue, Amphor Bangsue, Bangkok running along the whole length of the south side of the land, without any compensation and time frame.

Security

At 31 December 2015 the Group's properties with a net book value of Baht 172.48 million (2014: Baht 179.92 million) were mortgaged to secure bank overdrafts and bank loans.

18 Intangible assets

| | Note | Consolidated financial statements | | |
|---|------|-----------------------------------|-------------------|----------------|
| | | Software licenses | Customer Contract | Total |
| | | (in thousand Baht) | | |
| Cost | | | | |
| At 1 January 2014 | | 139,651 | - | 139,651 |
| Additions | | 41,728 | - | 41,728 |
| At 31 December 2014 and 1 January 2015 | | 181,379 | - | 181,379 |
| Additions | | 39,104 | - | 39,104 |
| Acquisitions through business combination | 4 | - | 4,591 | 4,591 |
| Transfers from property, plant and equipment | 17 | 14,117 | - | 14,117 |
| Disposals | | (1,455) | - | (1,455) |
| At 31 December 2015 | | 233,145 | 4,591 | 237,736 |
| Accumulated amortisation | | | | |
| At 1 January 2014 | | 73,336 | - | 73,336 |
| Amortisation charge for the year | | 20,974 | - | 20,974 |
| At 31 December 2014 and 1 January 2015 | | 94,310 | - | 94,310 |
| Amortisation charge for the year | | 22,456 | 1,206 | 23,662 |
| Disposals | | (1,455) | - | (1,455) |
| At 31 December 2015 | | 115,311 | 1,206 | 116,517 |
| Net book value | | | | |
| At 1 January 2014 | | 66,315 | - | 66,315 |
| At 31 December 2014 and 1 January 2015 | | 87,069 | - | 87,069 |
| At 31 December 2015 | | 117,834 | 3,385 | 121,219 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

| | | Separate financial statements Software licences (in thousand Baht) |
|---|-------------|---|
| <i>Cost</i> | <i>Note</i> | |
| At 1 January 2014 | | 64,997 |
| Additions | | 26,026 |
| At 31 December 2014 and 1 January 2015 | | 91,023 |
| Additions | | 35,428 |
| Transfers from property, plant and equipment | 17 | 14,117 |
| At 31 December 2015 | | 140,568 |
| <i>Accumulated amortisation</i> | | |
| At 1 January 2014 | | 44,649 |
| Amortisation charge for the year | | 10,489 |
| At 31 December 2014 and 1 January 2015 | | 55,138 |
| Amortisation charge for the year | | 10,825 |
| At 31 December 2015 | | 65,963 |
| <i>Net book value</i> | | |
| At 1 January 2014 | | 20,348 |
| At 31 December 2014 and 1 January 2015 | | 35,885 |
| At 31 December 2015 | | 74,605 |

19 Goodwill

| | | Consolidated financial statements (in thousand Baht) | |
|---------------------------------------|-------------|--|----------------|
| | <i>Note</i> | 2015 | 2014 |
| <i>Cost</i> | | | |
| At 1 January | | 201,735 | 201,735 |
| Acquired through business combination | 4 | 127,641 | - |
| At 31 December | | 329,376 | 201,735 |
| <i>Net book value</i> | | | |
| At 1 January | | 201,735 | 201,735 |
| At 31 December | | 329,376 | 201,735 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

20 Deferred tax

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------|--------------------------------------|---------------|----------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Deferred tax assets | 77,702 | 65,729 | 42,451 | 32,917 |
| Deferred tax liabilities | (41,509) | (33,636) | (24,499) | (17,499) |
| Deferred tax assets - net | <u>36,193</u> | <u>32,093</u> | <u>17,952</u> | <u>15,418</u> |

Movements in total deferred tax assets and liabilities during the year were as follows:

| | Consolidated financial statements (Charged) / Credited to: | | | |
|--|---|---------------------------|----------------------------------|--|
| | <i>(note 31)</i> | | | |
| | At 1 January 2015 | Profit or loss | Other comprehensive income | Acquired in business combination |
| | | <i>(in thousand Baht)</i> | | |
| | | | | At 31 December 2015 |
| Deferred tax assets | | | | |
| Accounts receivable <i>(doubtful accounts)</i> | 19,050 | 13,160 | - | - |
| Employee benefit liabilities | 16,668 | 2,721 | (328) | - |
| Loss carry forward | 5,896 | (5,896) | - | - |
| Impairment of assets | 1,498 | - | - | - |
| Accrued of Social Security | | | | |
| Office referring | 19,773 | 185 | - | - |
| Unrealised loss from available for sale securities | 2,844 | - | 2,131 | - |
| Total | 65,729 | 10,170 | 1,803 | - |
| Deferred tax liabilities | | | | |
| Equipment <i>(finance lease)</i> | (20,146) | (6,955) | - | - |
| Fair value adjustment assets acquired through business combination | (13,490) | - | - | (918) |
| Total | (33,636) | (6,955) | - | (918) |
| Net | 32,093 | 3,215 | 1,803 | (918) |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

| | Consolidated financial statements | | | |
|--|-----------------------------------|--------------------|----------------------------------|--|
| | (Charged) / Credited to: | | | |
| | (note 31) | | | |
| | At 1 January 2014 | Profit or loss | Other comprehensive income | Acquired in business combination |
| | | (in thousand Baht) | | |
| | | | | At 31 December 2014 |
| Deferred tax assets | | | | |
| Accounts receivable (doubtful accounts) | 17,389 | 1,661 | - | 19,050 |
| Employee benefit liabilities | 16,183 | 485 | - | 16,668 |
| Loss carry forward | 5,861 | 35 | - | 5,896 |
| Provident fund liabilities | 1,785 | (1,785) | - | - |
| Impairment | 2,487 | (989) | - | 1,498 |
| Accrued of Social Security Office referring | - | 19,773 | - | 19,773 |
| Unrealised loss from available for sale securities | - | - | 2,844 | 2,844 |
| Total | 43,705 | 19,180 | 2,844 | 65,729 |
| Deferred tax liabilities | | | | |
| Equipment (finance lease) | (7,803) | (12,343) | - | (20,146) |
| Fair value adjustment assets acquired through business combination | (13,490) | - | - | (13,490) |
| Total | (21,293) | (12,343) | - | (33,636) |
| Net | 22,412 | 6,837 | 2,844 | 32,093 |

| | Separate financial statements | | |
|--|------------------------------------|--------------------|----------------------------------|
| | (Charged) / credited to: (note 31) | | |
| | (in thousand Baht) | | |
| | At 1 January 2015 | Profit or loss | Other comprehensive income |
| | | (in thousand Baht) | |
| | | | At 31 December 2015 |
| Deferred tax assets | | | |
| Accounts receivable (doubtful accounts) | 10,577 | 10,592 | 21,169 |
| Employee benefit liabilities | 9,668 | 1,185 | 9,552 |
| Accrued of Social Security Office referring | 12,672 | (942) | 11,730 |
| Total | 32,917 | 10,835 | 42,451 |
| Deferred tax liabilities | | | |
| Equipment (finance lease) | (17,499) | (7,000) | (24,499) |
| Total | (17,499) | (7,000) | (24,499) |
| Net | 15,418 | 3,835 | 17,952 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

| | Separate financial statements (Charged) /credited to: Profit or loss (note 31) (in thousand Baht) | | |
|--|--|-----------------|---------------------------|
| | At 1 January 2014 | | At 31 December 2014 |
| Deferred tax assets | | | |
| Accounts receivable (<i>doubtful accounts</i>) | 5,124 | 5,453 | 10,577 |
| Employee benefit liabilities | 8,597 | 1,071 | 9,668 |
| Accrued of Social Security Office referring | - | 12,672 | 12,672 |
| Total | 13,721 | 19,196 | 32,917 |
| Deferred tax liabilities | | | |
| Equipment (<i>finance lease</i>) | (5,506) | (11,993) | (17,499) |
| Total | (5,506) | (11,993) | (17,499) |
| Net | 8,215 | 7,203 | 15,418 |

21 Interest-bearing liabilities

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Current | | | | |
| Bank overdrafts | | | | |
| - secured | 10,059 | 14,676 | - | 1,150 |
| Short-term loans from financial institutions | | | | |
| - unsecured | 1,128,152 | 679,000 | 1,048,152 | 644,000 |
| | 1,138,211 | 693,676 | 1,048,152 | 645,150 |
| Current portion of long-term loans from financial institutions | | | | |
| - secured | 13,709 | 12,589 | - | - |
| Current portion of debentures | | | | |
| - unsecured | 800,000 | - | 800,000 | - |
| Current portion of finance lease liabilities | | | | |
| - secured | 75,918 | 82,127 | 74,923 | 80,252 |
| | 2,027,838 | 788,392 | 1,923,075 | 725,402 |
| Non-current | | | | |
| Long-term loans from financial institutions | | | | |
| - secured | 10,129 | 24,255 | - | - |
| Debentures | | | | |
| - unsecured | 2,500,000 | 3,300,000 | 2,500,000 | 3,300,000 |
| Finance lease liabilities | | | | |
| - secured | 15,783 | 93,838 | 15,776 | 92,844 |
| | 2,525,912 | 3,418,093 | 2,515,776 | 3,392,844 |
| Total | 4,553,750 | 4,206,485 | 4,438,851 | 4,118,246 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Within one year | 1,951,920 | 706,265 | 1,848,152 | 645,150 |
| After one year but within five years | 2,510,129 | 3,324,255 | 2,500,000 | 3,300,000 |
| Total | <u>4,462,049</u> | <u>4,030,520</u> | <u>4,348,152</u> | <u>3,945,150</u> |

Bank overdraft and short-term loans from financial institutions

Bank overdraft stated interest rate of credit for business and the short-term loans from financial institutions consisted of promissory notes and bills of exchange with interest rate of 1.65% and 1.80% per annum. (2014: interest rate of 2.40% and 2.42% per annum)

Long-term loans

Long-term loan from a financial institution of subsidiaries comprised 4 credit lines totaling Baht 65.72 million as follows:

- Loan credit line of Baht 30,000,000, interest of 3%, subsidiary made the first principal repayment in September 2012 and shall complete the loan repayment within 5 years from the date of the first loan withdrawal according to the agreement.
- Loan credit line of Baht 30,000,000, interest of 3%, subsidiary made the first principal repayment in September 2012 and shall complete the loan repayment within 5 years from the date of the first loan withdrawal according to the agreement.
- Loan credit line of Baht 5,000,000, interest of 1st year at MLR-1, 2nd year at MLR-0.75, 3rd year at MLR-0.5, for the remaining of the agreement at the rate of MLR. The subsidiary made the first repayment in September 2012 and shall complete the loan repayment within 7 years from the date of the first loan withdrawal according to the agreement.
- Loan credit line of Baht 718,000, interest of MLR, subsidiary made the first repayment in November 2012 and shall complete the loan repayment within 5 years from the date of the first loan withdrawal according to the agreement.

Long-term loan from a financial institution was secured by pledge of the subsidiary's land and building.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

| <i>Debentures</i> | <i>Interest rate (% per annum)</i> | <i>Issue Date</i> | <i>Maturity date</i> | <i>Consolidated/Separate financial statements</i> | |
|---|--|----------------------|----------------------|---|------------------|
| | | | | <i>2015</i> | <i>2014</i> |
| | | | | <i>(in thousand Baht)</i> | |
| No. 1/2556 1 st Set | 3.69 | 31 January 2013 | 31 January 2016 | 800,000 | 800,000 |
| No. 1/2556 2 nd Set | 4.18 | 31 January 2013 | 31 January 2018 | 1,000,000 | 1,000,000 |
| No. 2/2556 | 4.31 | 19 September 2013 | 19 March 2017 | 1,500,000 | 1,500,000 |
| Total | | | | 3,300,000 | 3,300,000 |
| <i>Less</i> debenture due within one year | | | | (800,000) | - |
| Debentures due after one year | | | | 2,500,000 | 3,300,000 |

The debentures are in the name of specific holders, unsubordinated, without collateral and with semi annually interest payment throughout the term of the debentures.

The debentures contain certain significant covenants with which the Company must comply throughout the term of the debentures such as the maintenance of interest bearing liabilities to equity ratio not exceeding 2:1 as of the end of each quarter and a dividend payment restriction.

Finance lease liabilities

Finance lease liabilities are payable as at 31 December as follows:

| | <i>Consolidated financial statements</i> | | | | | |
|---|--|-----------------|---|--|-----------------|--|
| | <i>2015</i> | | | <i>2014</i> | | |
| | <i>Future minimum lease payments</i> | <i>Interest</i> | <i>Present value of minimum lease payments (in thousand Baht)</i> | <i>Future minimum lease payments</i> | <i>Interest</i> | <i>Present value of minimum lease payments</i> |
| Within one year | 78,354 | 2,436 | 75,918 | 87,762 | 5,635 | 82,127 |
| After one year but within five years | 15,953 | 170 | 15,783 | 96,498 | 2,660 | 93,838 |
| Total | 94,307 | 2,606 | 91,701 | 184,260 | 8,295 | 175,965 |

| | <i>Separate financial statements</i> | | | | | |
|---|--|-----------------|---|--|-----------------|--|
| | <i>2015</i> | | | <i>2014</i> | | |
| | <i>Future minimum lease payments</i> | <i>Interest</i> | <i>Present value of minimum lease payments (in thousand Baht)</i> | <i>Future minimum lease payments</i> | <i>Interest</i> | <i>Present value of minimum lease payments</i> |
| Within one year | 77,334 | 2,411 | 74,923 | 85,737 | 5,485 | 80,252 |
| After one year but within five years | 15,942 | 166 | 15,776 | 95,479 | 2,635 | 92,844 |
| Total | 93,276 | 2,577 | 90,699 | 181,216 | 8,120 | 173,096 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

As at 31 December 2015 and 2014, the Group and the Company had outstanding finance lease contracts to acquire medical equipment for hospital operations and office equipment. The Group and the Company agreed to pay the monthly installments under the terms and rates as stipulated in the agreements covering the period of 3-10 years.

Interest-bearing liabilities of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

22 Trade accounts payable

| | | Consolidated financial statements | | Separate financial statements | |
|-----------------|------|--------------------------------------|----------------|----------------------------------|----------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in thousand Baht)</i> | | | |
| Related parties | 6 | 465 | - | 1,117 | 1,862 |
| Other parties | | 354,937 | 337,981 | 182,108 | 217,054 |
| Total | | 355,402 | 337,981 | 183,225 | 218,916 |

23 Deferred income

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------|----------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Deferred income from Social Security Office and National Health Security | 50,391 | 47,130 | 42,808 | 42,628 |
| Others | 7,951 | 6,782 | 7,745 | 6,287 |
| Total | 58,342 | 53,912 | 50,553 | 48,915 |

24 Employee benefit obligations

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligation was determined as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------|----------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Present value of unfunded obligations | 95,305 | 83,340 | 47,765 | 48,343 |
| Statement of financial position obligations | 95,305 | 83,340 | 47,765 | 48,343 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Movement in the present value of the defined benefit obligations:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------------|----------------------------------|----------------------|
| <i>Year ended 31 December</i> | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Defined benefit obligations at 1 January | 83,340 | 80,914 | 48,343 | 42,984 |
| Include in profit or loss: | | | | |
| Current service cost | 19,567 | 7,879 | 7,044 | 5,211 |
| Interest on obligation | 2,211 | 2,262 | 1,296 | 1,338 |
| | <u>21,778</u> | <u>10,141</u> | <u>8,340</u> | <u>6,549</u> |
| Included in other comprehensive income: | | | | |
| Actuarial gain | (1,638) | - | (6,504) | - |
| Other: | | | | |
| Benefit paid | <u>(8,175)</u> | <u>(7,715)</u> | <u>(2,414)</u> | <u>(1,190)</u> |
| Defined benefit obligations at 31 December | <u>95,305</u> | <u>83,340</u> | <u>47,765</u> | <u>48,343</u> |

The expense is recognised in the following line items in the statement of comprehensive income:

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|--------------------------------------|----------------------|----------------------------------|---------------------|
| <i>Year ended 31 December</i> | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Cost of hospital operations | 17,422 | 8,113 | 6,672 | 5,239 |
| Selling and administrative expenses | 4,356 | 2,028 | 1,668 | 1,310 |
| Total | <u>21,778</u> | <u>10,141</u> | <u>8,340</u> | <u>6,549</u> |

Actuarial losses (gain) recognised in other comprehensive income:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------------|----------------------------------|---------------------|
| <i>Year ended 31 December</i> | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Included in retained earnings : | | | | |
| At 1 January | 13,554 | 13,554 | 7,110 | 7,110 |
| Recognised during the year | (1,638) | - | (6,504) | - |
| At 31 December | <u>11,916</u> | <u>13,554</u> | <u>606</u> | <u>7,110</u> |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------|--------------------------------------|------|----------------------------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| | | | (%) | |
| Discount rate at 31 December | 2.8 | 3.7 | 2.8 | 3.7 |
| Future salary increases | 4.5 | 4.5 | 4.5 | 4.5 |

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------|----------------------------------|----------|
| | (in thousand Baht) | | | |
| Defined benefit obligation 31 December 2015 | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5% movement) | (1,544) | 3,250 | (785) | 1,356 |
| Future salary growth (0.5% movement) | 3,659 | (1,957) | 1,560 | (990) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

25 Share capital

| | | 2015 | | 2014 | |
|---------------------------|-------------------------------------|-----------|---|-----------|-----------|
| | Par value per share (in Baht) | Number | Baht (thousand shares / thousand Baht) | Number | Baht |
| Authorised | | | | | |
| At 1 January | | | | | |
| - ordinary shares | 1 | 2,493,748 | 2,493,748 | 2,493,748 | 2,493,748 |
| At 31 December | | | | | |
| - ordinary shares | 1 | 2,493,748 | 2,493,748 | 2,493,748 | 2,493,748 |
| Issued and paid-up | | | | | |
| At 1 January | | | | | |
| - ordinary shares | 1 | 2,493,748 | 2,493,748 | 2,493,748 | 2,493,748 |
| At 31 December | | | | | |
| - Ordinary shares | 1 | 2,493,748 | 2,493,748 | 2,493,748 | 2,493,748 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

26 Additional paid-in capital and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

The Company’s legal reserve as at 31 December 2015 was equal to 10% of the registered authorised capital.

27 Segment information

The Group operates private hospital business. The management considers the operations as one business segment. When consideration the business location of the Group, there is only one geographical segment as the business operates only in the Kingdom of Thailand.

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 chief operating decision maker has been identified as the executive committee.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

28 Employee benefit expenses

| | | Consolidated financial statements | | Separate financial statements | |
|--|------|--------------------------------------|------------------|----------------------------------|----------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in thousand Baht)</i> | | | |
| Management | | | | | |
| Salaries and other benefits | 6 | <u>166,587</u> | <u>90,028</u> | <u>106,581</u> | <u>62,943</u> |
| Other employees | | | | | |
| Wages, salaries and other benefit | | 766,931 | 811,427 | 378,879 | 415,401 |
| Contributions to defined contribution plans | | 4,674 | 3,413 | 2,476 | 1,618 |
| Others | | 379,336 | 240,127 | 203,662 | 128,984 |
| | | <u>1,150,941</u> | <u>1,054,967</u> | <u>585,017</u> | <u>546,003</u> |
| Total | | <u>1,317,528</u> | <u>1,144,995</u> | <u>691,598</u> | <u>608,946</u> |

The defined contribution plan comprises provident fund established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% of their basic salaries and by the Group at 2% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by licensed Fund Manager.

29 Expenses by nature

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|------------------|----------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Included in cost of hospital operations: | | | | |
| Medical and supply costs | 1,092,237 | 1,081,067 | 572,125 | 586,696 |
| Personnel expenses | 1,054,022 | 915,996 | 553,279 | 487,157 |
| Doctor fee | 1,130,489 | 1,098,238 | 615,963 | 628,365 |
| Depreciation and amortisation | 368,684 | 346,210 | 237,368 | 225,818 |
| Utility expense | 143,570 | 137,610 | 85,103 | 82,010 |
| Others | 199,934 | 91,378 | 79,179 | 46,822 |
| Total | <u>3,988,936</u> | <u>3,670,499</u> | <u>2,143,017</u> | <u>2,056,868</u> |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| <i>Included in selling expenses:</i> | | | | |
| Promotion expense | 30,701 | 42,439 | 15,839 | 25,925 |
| Personnel expense | 23,803 | 14,710 | 15,194 | 9,461 |
| Others | 9,921 | 16,465 | 5,623 | 11,566 |
| Total | 64,425 | 73,614 | 36,656 | 46,952 |
| <i>Included in administrative expenses:</i> | | | | |
| Personnel expense | 239,703 | 214,289 | 123,126 | 112,329 |
| Depreciation and amortisation | 92,171 | 86,553 | 59,342 | 56,454 |
| Bad and doubtful debts expenses | 79,624 | 33,870 | 53,812 | 33,010 |
| Repairs and maintenance | 76,398 | 66,810 | 41,593 | 33,945 |
| Rental expense | 42,830 | 39,709 | 21,562 | 18,878 |
| Utility expense | 35,893 | 34,402 | 21,276 | 20,503 |
| Security guard expense | 32,724 | 34,062 | 24,082 | 24,801 |
| Cleaning service expense | 25,352 | 25,187 | 15,320 | 15,940 |
| Property tax | 15,390 | 12,711 | 13,247 | 10,753 |
| Others | 150,780 | 99,694 | 106,058 | 89,007 |
| Total | 790,865 | 647,287 | 479,418 | 415,620 |

30 Finance costs

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Interest expense | | | | |
| Debentures | 135,970 | 135,970 | 135,970 | 135,970 |
| Finance lease liabilities | 5,577 | 10,502 | 5,431 | 9,229 |
| Financial institutions | 21,797 | 13,667 | 18,669 | 11,173 |
| Total | 163,344 | 160,139 | 160,070 | 156,372 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

31 Income tax expense

Income tax recognised in profit or loss

| | Note | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|------|--------------------------------------|----------------|----------------------------------|----------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in thousand Baht)</i> | | | |
| Current tax expense | | | | | |
| Current year | | <u>177,453</u> | <u>166,192</u> | <u>22,908</u> | <u>27,365</u> |
| Deferred tax | 20 | | | | |
| Movements in temporary differences | | <u>(3,215)</u> | <u>(6,837)</u> | <u>(3,835)</u> | <u>(7,203)</u> |
| Total income tax expense | | <u>174,238</u> | <u>159,355</u> | <u>19,073</u> | <u>20,162</u> |

Income tax recognised in other comprehensive income

| Consolidated financial statements | | | | | | |
|---|----------------|-------------------------------------|---------------------------|-----------------|-------------------------------------|-----------------|
| | Before tax | 2015 Tax (expense) benefit | Net of tax | Before Tax | 2014 Tax (expense) benefit | Net of tax |
| | | | <i>(in thousand Baht)</i> | | | |
| Unrealised loss from available-for-sale investments | (10,703) | 2,131 | (8,572) | (14,219) | 2,844 | (11,375) |
| Actuarial gains | 1,638 | (328) | 1,310 | - | - | - |
| Total | <u>(9,065)</u> | <u>1,803</u> | <u>(7,262)</u> | <u>(14,219)</u> | <u>2,844</u> | <u>(11,375)</u> |

| Separated financial statements | | | | | | |
|--------------------------------|---------------|-------------------------------------|---------------------------|---------------|-------------------------------------|---------------|
| | Before tax | 2015 Tax (expense) benefit | Net of tax | Before Tax | 2014 Tax (expense) benefit | Net of tax |
| | | | <i>(in thousand Baht)</i> | | | |
| Actuarial gains | 6,504 | (1,301) | 5,203 | - | - | - |
| Total | <u>6,504</u> | <u>(1,301)</u> | <u>5,203</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Reconciliation of effective tax rate

| | Consolidated financial statements | | | |
|---|-----------------------------------|--------------------------|-------------|--------------------------|
| | 2015 | | 2014 | |
| | Rate (%) | (in thousand Baht) | Rate (%) | (in thousand Baht) |
| Profit before income tax expense | | 847,041 | | 829,956 |
| Income tax using the Thai corporation tax rate | 20 | 169,408 | 20 | 165,991 |
| Expenses not deductible for tax purposes and others | | 1,099 | | 2,672 |
| Recognition of previously unrecognised deferred tax | | 3,731 | | (9,308) |
| Total | 21 | 174,238 | 19 | 159,355 |

| | Separate financial statements | | | |
|---|-------------------------------|--------------------------|-------------|--------------------------|
| | 2015 | | 2014 | |
| | Rate (%) | (in thousand Baht) | Rate (%) | (in thousand Baht) |
| Profit before income tax expense | | 487,104 | | 464,630 |
| Income tax using the Thai corporation tax rate | 20 | 97,421 | 20 | 92,926 |
| Income not subject to tax | | (77,390) | | (70,256) |
| Expenses not deductible for tax purposes | | (202) | | 1,560 |
| Recognition of previously unrecognised deferred tax | | (756) | | (4,068) |
| Total | 4 | 19,073 | 4 | 20,162 |

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Group has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

32 Earnings per share

The calculation of basic earnings per share for the year ended 31 December 2015 was based on the profit for the periods attributable to equity holders of the Company and the number of ordinary shares outstanding during the period.

| | Consolidated financial statements | | Separate financial statements | |
|---|---|-----------|----------------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht / thousand shares)</i> | | | |
| Profit attributable to equity holders of the Company | 527,331 | 521,866 | 468,032 | 444,468 |
| Ordinary shares (Basic) | 2,493,748 | 2,493,748 | 2,493,748 | 2,493,748 |
| Basic earnings per share <i>(in Baht)</i> | 0.21 | 0.21 | 0.19 | 0.18 |

33 Dividends

At the Board of Directors Meeting of the Company held on 14 August 2015, it was resolved to approve the appropriation of cash dividends of Baht 0.05 per share amounting to Baht 124.69 million, from the six-month period ended 30 June 2015 operations. The dividend was paid to shareholders in September 2015.

At the Annual General Meeting of Shareholders of the Company held on 28 April 2015, the shareholders approved the appropriation of cash dividends of Baht 0.12 per share amounting to Baht 299.25 million, from 2014 operations. The interim dividends were paid in September 2014 at Baht 0.05 per share, amounting to Baht 124.69 million. The additional cash dividend payment is Baht 0.07 per share, amounting to Baht 174.56 million. The dividend was paid to shareholders in May 2015.

At the Board of Directors' meeting of the Company held on 14 August 2014, the directors approved the appropriation of interim dividends for the operating results for the six-month period ended 30 June 2014 at the rate of Baht 0.05 per share, amounting to Baht 124.69 million. The interim dividends were paid to shareholders in September 2014.

At the Annual General Meeting of Shareholders held on 29 April 2014, the shareholders approved the appropriation of cash dividends of Baht 0.16 per share amounting to Baht 399 million, from retained earnings and profit of the year 2013. The interim dividends were paid in September 2013 for Baht 0.08 per share, of Baht 199.5 million. The additional cash dividend payment is Baht 0.08 per share, amounting to Baht 199.5 million. The dividends were paid to shareholders in May 2014.

34 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result for operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly float. The Group is primarily exposed to interest rate risk from its borrowings and debentures.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

| | Effective interest rate (% per annum) | Consolidated financial statements | | | |
|--|--|-----------------------------------|--|---------------|--------------|
| | | Within 1 year | After 1 year but within 5 years (in million Baht) | After 5 years | Total |
| 2015 | | | | | |
| Current | | | | | |
| Bank overdraft | 7.37 | 10 | - | - | 10 |
| Short-term loan - financial institutions | 1.65 - 1.80 | 1,128 | - | - | 1,128 |
| Non-current | | | | | |
| Debentures | 3.69 - 3.41 | 800 | 2,500 | - | 3,300 |
| Long-term loan - financial institutions | 3.00 and 6.53 | 14 | 10 | - | 24 |
| Finance lease liabilities | 3.60 - 5.00 | 76 | 16 | - | 92 |
| Total | | 2,028 | 2,526 | - | 4,554 |
| 2014 | | | | | |
| Current | | | | | |
| Bank overdraft | 7.43 | 15 | - | - | 15 |
| Short-term loan | 2.40 and 2.42 | 679 | - | - | 679 |
| Non-current | | | | | |
| Debentures | 3.69 - 4.31 | - | 3,300 | - | 3,300 |
| Long-term loan - financial institutions | 3.00 and 6.25 | 13 | 24 | - | 37 |
| Finance lease liabilities | 3.60 - 5.00 | 82 | 94 | - | 176 |
| Total | | 789 | 3,418 | - | 4,207 |
| | Effective interest rate (% per annum) | Separate financial statements | | | |
| | | Within 1 year | After 1 year but within 5 years (in million Baht) | After 5 years | Total |
| 2015 | | | | | |
| Current | | | | | |
| Short-term loan - financial institutions | 1.65 - 1.71 | 1,048 | - | - | 1,048 |
| Non-current | | | | | |
| Debentures | 3.69 - 4.31 | 800 | 2,500 | - | 3,300 |
| Finance lease liabilities | 3.60 - 5.00 | 75 | 16 | - | 91 |
| Total | | 1,923 | 2,516 | - | 4,439 |
| 2014 | | | | | |
| Current | | | | | |
| Bank overdraft | 7.43 | 1 | - | - | 1 |
| Short-term loan - financial institution | 2.40 and 2.42 | 644 | - | - | 644 |
| Non-current | | | | | |
| Debentures | 3.69 - 4.31 | - | 3,300 | - | 3,300 |
| Finance lease liabilities | 3.60 - 5.00 | 80 | 93 | - | 173 |
| Total | | 725 | 3,393 | - | 4,118 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Most of the financial assets and liabilities of the Company are at floating interest rates, which are based on market rates such as MLR or fixed deposit rate, etc.

Foreign currency risk

Management believe that the foreign currency risk for the operation is minimal because revenues and expenses are principally denominated in Thai Baht.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and these are also defined rules and regulations for credit approval and debt collection period. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Fair values of financial assets and liabilities

Fair values of financial assets and liabilities, together with the carrying values shown in the consolidated and separate statement of financial position at 31 December were as follows:

Financial assets and liabilities measured at fair value

| | Carrying amount | Consolidated financial statements | | | |
|----------------------------------|--------------------|-----------------------------------|---------|---------|--------|
| | | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| (in thousand Baht) | | | | | |
| 31 December 2015 | | | | | |
| <i>Current assets</i> | | | | | |
| Trading equity instruments | 1,170 | 1,170 | – | - | 1,170 |
| <i>Non-current assets</i> | | | | | |
| Available-for-sale — unit trusts | 37,470 | 37,470 | - | - | 37,470 |
| 31 December 2014 | | | | | |
| <i>Current assets</i> | | | | | |
| Trading equity instruments | 1,590 | 1,590 | – | - | 1,590 |
| <i>Non-current assets</i> | | | | | |
| Available-for-sale — unit trusts | 48,136 | 48,136 | - | - | 48,136 |

Financial assets and liabilities not measured at fair value (but with fair value disclosed)

| | | Consolidated financial statements / Separate financial statements | | | |
|---------------------------|--------------------|--|-----------|---------|-----------|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| | | (in thousand Baht) | | | |
| 31 December 2015 | | | | | |
| <i>Non-current assets</i> | | | | | |
| Investment property | 671,210 | - | - | 465,732 | 465,732 |
| <i>Liabilities</i> | | | | | |
| Debentures | 3,300,000 | - | 3,392,004 | - | 3,392,004 |
| 31 December 2014 | | | | | |
| <i>Non-current assets</i> | | | | | |
| Investment property | 675,520 | - | - | 450,050 | 450,050 |
| <i>Liabilities</i> | | | | | |
| Debentures | 3,300,000 | - | 3,403,339 | - | 3,404,339 |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group determines Level 1 fair values for trading equity instruments and available-for-sale unit trusts based on bid price at the last business day of reporting date.

For disclosure purposes, the Group determines Level 2 fair values for traded debentures have been determined based on quoted selling prices from the Thai Bond Market Association at the close of the business on the reporting date.

For disclosure purposes, the Group determines Level 3 fair values for fair value of of investment property is carried based on valuations by independent valuers. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted.

The fair value of accounts receivable and accounts payable - trade and others is taken to approximate the carrying value.

The fair value of loans to related parties is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

35 Commitments with non-related parties and contingent liabilities

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------------|----------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Capital commitments</i> | | | | |
| <i>Contracted but not provided for:</i> | | | | |
| Building and constructions | 68,195 | 43,721 | 28,195 | 33,958 |
| Hospital equipment and medical instruments | - | 9,851 | - | 3,931 |
| Computer and system work | 25,009 | 15,912 | 16,509 | 11,363 |
| Equipment | - | 1,440 | - | - |
| Total | 93,204 | 70,924 | 44,704 | 49,252 |
| <i>Letters of guarantees</i> | | | | |
| Letters of guarantees for nursing care | 100,602 | 65,497 | 41,585 | 34,575 |
| Letters of guarantees for electricity use | 24,785 | 23,140 | 15,496 | 15,236 |
| Letters of guarantees for purchase of assets | 474 | 60 | 60 | 60 |
| Total | 125,861 | 88,697 | 57,141 | 49,871 |
| <i>Non - cancellable operating lease and service contracts commitments</i> | | | | |
| Within one year | 10,287 | 10,287 | 8,878 | 8,411 |
| After one year but within five years | 13,697 | 4,958 | 9,346 | - |
| After five years | 2,247 | 3,881 | - | - |
| Total | 26,231 | 19,126 | 18,224 | 8,411 |

The Company

The Company entered into a building lease contract with a company for office space of Sukaphibal 3 branch, with contract period of 16 years, starting from the date on which the leased assets are in proper condition as specified in the contract dated 9 September 1999 which will expire on 31 December 2015. The company has extended the contract for 2 years, starting from 1 January 2016 to 31 December 2017. The rental fees are charged at various rates in each year.

Subsidiaries

Rattanatibeth General Hospital Co., Ltd.

The subsidiary entered into a 30 year sub-lease agreement for a plot of land with a local company for operation of a hospital which will expire on 31 October 2024. The rental and services fees are at various rates in each year.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

Litigations

The Company has been prosecuted by patients claiming for compensation regarding the provision of medical treatment in the total amount of Baht 21 million as at 31 December 2015. Up to the date of this report, the cases have not been settled. The Company has not set up an estimated provision in the financial statements as based on managements' past experience and opinion of the Company's legal advisor, it is considered that any eventual liability would not be material.

36 Events after the reporting period

Issuing and selling of bonds

On 27 January 2016, the Company has issued specified holder's name, uninsured, unsubordinated and no representatives bonds. The proceeds of the issue are intended for the original bond's reimbursement which is going to mature on 31 January 2016 and repayment of the short-term loan.

| | Interest rate (% per annum) | Repayment | Issue Date | Maturity date | Amount (in thousand Baht) |
|------------|--------------------------------|---------------|--------------------|-------------------|------------------------------|
| No. 1/2559 | 2.87 | Semi-annually | 27 January 2016 | 27 January 021 | 1,500,000 |

The issuance of bond is subjected to the condition that the Company must retain the ratio of liability that affects the interest: Equity not exceeding 2:1 at the end of each quarter until the bond matures.

The appropriation of dividends

At the Board of Directors' meeting of the Company held on 23 February 2016, the directors approved the appropriation of cash dividends for Baht 0.12 per share amounting to Baht 299.25 million, from 2015 operations. The interim dividends were paid in September 2015 for Baht 0.05 per share, of Baht 124.69 million. The additional cash dividend payment is Baht 0.07 per share, amounting to Baht 174.56 million. The dividend will be paid to shareholders in May 2016 subject to approval by the Annual General Meeting of Shareholders of the Company.

37 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Group does not plan to adopt these TFRS early.

| TFRS | Topic |
|------------------------|---|
| TAS 1 (revised 2015) | Presentation of Financial Statements |
| TAS 2 (revised 2015) | Inventories |
| TAS 7 (revised 2015) | Statement of Cash Flows |
| TAS 8 (revised 2015) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2015) | Events After the Reporting Period |
| TAS 12 (revised 2015) | Income Taxes |
| TAS 16 (revised 2015) | Property, Plant and Equipment |
| TAS 17 (revised 2015) | Leases |
| TAS 18 (revised 2015) | Revenue |
| TAS 19 (revised 2015) | Employee Benefits |
| TAS 21 (revised 2015) | The Effects of Changes in Foreign Exchange Rates |
| TAS 23 (revised 2015) | Borrowing Costs |
| TAS 24 (revised 2015) | Related Party Disclosures |
| TAS 26 (revised 2015) | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (revised 2015) | Separate Financial Statements |
| TAS 28 (revised 2015) | Investments in Associate and Joint Ventures |
| TAS 33 (revised 2015) | Earnings Per Share |
| TAS 34 (revised 2015) | Interim Financial Reporting |
| TAS 36 (revised 2015) | Impairment of Assets |
| TAS 37 (revised 2015) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2015) | Intangible Assets |
| TFRS 2 (revised 2015) | Share-based Payment |
| TFRS 3 (revised 2015) | Business Combinations |
| TFRS 5 (revised 2015) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 8 (revised 2015) | Operating Segments |
| TFRS 10 (revised 2015) | Consolidated Financial Statements |
| TFRS 11 (revised 2015) | Joint Arrangements |
| TFRS 12 (revised 2015) | Disclosure of Interests in Other Entities |
| TFRS 13 (revised 2015) | Fair Value Measurement |
| TSIC 15 (revised 2015) | Operating Leases - Incentives |
| TSIC 25 (revised 2015) | Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders |
| TSIC 27 (revised 2015) | Evaluating the Substance of Transactions in the Legal Form of a Lease |
| TSIC 29 (revised 2015) | Disclosure - Service Concession Arrangements |

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

| TFRS | Topic |
|-------------------------|--|
| TSIC 31 (revised 2015) | Revenue - Barter Transactions Involving Advertising Services |
| TFRIC 1 (revised 2015) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 (revised 2015) | Determining Whether an Arrangement Contains a Lease |
| TFRIC 5 (revised 2015) | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 10 (revised 2015) | Interim Financial Reporting and Impairment |
| TFRIC 12 (revised 2015) | Service Concession Arrangements |
| TFRIC 13 (revised 2015) | Customer Loyalty Programmes |
| TFRIC 14 (revised 2015) | TAS 19 (revised 2015) Employee Benefits - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC 21 | Levies |

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Group's and Company's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

38 Reclassification of accounts

Certain accounts in the 2014 financial statements have been reclassified to conform to the presentation in the 2015 financial statements.

| | 2014 | | | | | |
|---|--------------------------------------|----------|--|----------------------------------|----------|-------------------|
| | Consolidated financial statements | | | Separate financial statements | | |
| | Before reclass. | Reclass. | After reclass. <i>(in thousand Baht)</i> | Before reclass. | Reclass. | After reclass. |
| <i>Statement of financial position</i> | | | | | | |
| Cash and cash equivalents | 469,416 | (3,395) | 466,021 | 339,868 | (1,487) | 338,381 |
| Trade accounts receivable | 1,095,641 | 3,395 | 1,099,036 | 632,881 | 1,487 | 634,368 |
| Other payables | - | 69,891 | 69,891 | - | 58,367 | 58,367 |
| Other current liabilities | 132,503 | (69,891) | 62,612 | 98,601 | (58,367) | 40,234 |
| | | <u>-</u> | | | <u>-</u> | |
| <i>Statement of comprehensive income</i> | | | | | | |
| Rental income | - | 35,014 | 35,014 | - | 22,023 | 22,023 |
| Interest income | - | 13,878 | 13,878 | - | 2,981 | 2,981 |
| Other income | 80,412 | (48,892) | 31,520 | 80,362 | (25,004) | 55,358 |
| | | <u>-</u> | | | <u>-</u> | |

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.





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