



บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)

# 2016

## ANNUAL REPORT

รายงานประจำปี 2559



โรงพยาบาลเกษมราษฎร์  
KASEMRAD HOSPITAL



โรงพยาบาลเวิลด์เมดิคอลเซ็นเตอร์  
The World Medical Center



โรงพยาบาลการุญเวช  
KARUNVEJ HOSPITAL

## วิสัยทัศน์

เป็นหนึ่งในผู้นำในธุรกิจการบริการด้านสุขภาพทั้งในประเทศและภูมิภาคเอเชียตะวันออกเฉียงใต้

## พันธกิจ

- เราจะมอบความไว้วางใจในด้านการบริการสุขภาพ เพื่อให้โรงพยาบาลของเราเป็นหนึ่งในใจผู้ป่วย
- เราจะร่วมมือกับพันธมิตรธุรกิจในการเพิ่มประสิทธิภาพด้านต่างๆ เพื่อสร้างสรรค์ความสำเร็จร่วมกัน
- เราจะพัฒนาบุคลากรให้มีศักยภาพในการทำงาน มีความรับผิดชอบต่อนักที่ และผู้ป่วย
- เราจะบริหารงานอย่างมืออาชีพตามหลักธรรมาภิบาลและสร้างความสัมพันธ์ที่ดีต่อสังคมและชุมชน

## Vision

To be one of the leaders in healthcare service industry in Thailand and Southeast Asia.

## Missions

- We will offer a trusted medical service to make our hospitals a number 1 preferred hospital in patients' mind.
- We will collaborate with alliances to improve business efficiency for mutual achievements.
- We will focus on human resource development to ensure their responsibilities and patients' responsiveness.
- We will professionally operate the business in line with ethical principles and promote social responsibility.

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## Message from the Chairman of the Board of Directors

2016 was the year of preparation for expansion phase in which Bangkok Chain Hospital Public Company Limited (“BCH” or “the Company”) has managed to enhance its hospitals’ quality standard as well as improve efficiency in order to be ready for future expansions on its solid platform. During 2016, the Company has announced the establishment of three new hospitals; 1. Kasemrad Hospital Ramkamhaeng 2. Kasemrad Hospital Aranyaprathet 3. Kasemrad Hospital Prachinburi. The new hospitals shall be located in different catchment areas to serve new cash patients and patients under social security scheme. Moreover, the new hospitals shall also create the referral coverage for patients from the eastern region. Besides the hospital expansion, the Company has announced the renovation projects in which Kasemrad Sriburin clinic - Maesai branch shall be turned into Kasemrad Hospital Maesai. And, Kasemrad Hospital Rattanaibeth, Kasemrad Hospital Sriburin and Kasemrad Hospital Chachoengsao shall be upgraded to a regional referral center for patients in Thailand.

Under the uncertain economic conditions due to external factors and internal factors in Thailand which affected confidence of the consumers and investors, the Company’s performance continued to grow achieving a higher revenue and net profit. In 2016, the Company reported total revenue increased 13 percent over the previous year, to Baht 6,610 million. And, net profit increased 43 percent, to Baht 753 million as a result of efficiency improvement led to higher performance of every hospital under group of the Company.

Apart from efficiency improvement, the Company insisted to ensure the Company’s good governance by declaring intention to join Thailand’s Private Sector Collective Action Coalition against Corruption. In addition, the Company determined to promote social responsibility activities by supporting various charities such as participation in the voluntary medical units to present a donation for royal charities to His Majesty King Bhumibol Adulyadej, supported exercise for good health events, launched mobile medical units to remote communities and provided health check-up and treatment for the paupers.

On behalf of Bangkok Chain Hospital Public Company Limited, I would like to convey my gratitude to all shareholders, customers, financial institutes, 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. The Company 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., Ph.D.  
Chairman of the Board of Directors



## Report of the Audit Committee

The Board of Directors of Bangkok Chain Hospital Public Company Limited has appointed the Board of Audit Committee which consists of three independent directors who have qualifications in compliance with the Stock Exchange of Thailand and possess professional diversity in legal, accounting, finance and organization management. The Audit Committee's members are as follows:

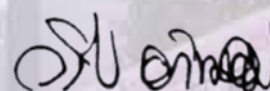
- |  |                                 |
|--|---------------------------------|
| (1) Mr. Virach Aphimeteetamrong, Ph.D. | Chairman of the Audit Committee |
| (2) Mr. Siripong Sombutsiri            | Audit Committee                 |
| (3) Professor. Piphob Veraphong        | Audit Committee        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

In fiscal year 2016, the Audit Committee held four meetings and attended a non-management meeting with auditors once. The Audit Committee completely performed duties as designated by the Board of Directors in accordance with the terms and best practices as specified in the Audit Committee Charter and Good Corporate Governance. The key duties can be summarized as follows:

1. The Audit Committee reviewed the financial statements of the Company and its subsidiaries prior to the proposal to the Board of Directors by considering the significant issues guided by the external auditor, management and internal auditor. The Audit Committee agreed with the external auditor's opinion resolved that the financial statements fairly presented in accordance with the Thai Financial Reporting Standards and adequately disclosed the significant information.
2. The Audit Committee reviewed the internal control system of the Company by considering the assessment results according to the framework of The Committee of Sponsoring Organizations of the Tread way Commission (COSO). The assessment results indicated that the internal control system was adequate and appropriate with the business operations of the Company.
3. The Audit Committee considered approving the appointment of Dharmniti Internal Audit Company Limited, which is a qualified independent internal auditing firm, to be an internal auditor of the Company. The selection criteria were; its sufficient number of personnel, past experience, knowledge, capabilities and its independency to perform duties as an internal auditor in accordance to the assessment program stipulated by the Company's internal control system.
4. The Audit Committee oversaw the Company's operations to ensure its compliance with the related laws and regulations. In addition, the Audit Committee reviewed the Anti-Corruption Policy consequently to the declaration of the intention to join Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).
5. The Audit Committee proposed the selection, nomination and remuneration of the Company's external auditor, KPMG Phoomchai Audit Company Limited, to the Board of Directors for approval in the Shareholders' meeting. The Audit Committee concluded that the external auditor performed their last year duties with professional and independence.
6. The Audit Committee reviewed the connected transactions or transactions which may cause conflict of interest, including the transparency and completeness of the Company's disclosure of such information, to ensure that they were in compliance with the laws and regulations of the Stock Exchange of Thailand.
7. The Audit Committee reviewed the Audit Committee Charter to ensure its appropriateness and compliance with the current business environment of the Company. In addition, the Audit Committee has conducted self-assessment in order to ensure that their duties conformed to the Audit Committee Charter.

The Audit Committee performed its duties as designated by the Board of Directors with prudence for the best benefits to the Company, Shareholders, and Stakeholders.

On behalf of the Audit Committee



(Mr. Virach Aphimeteetamrong, Ph.D.)  
Chairman of the Audit Committee  
27 February 2017



## Corporate Social Responsibilities in 2016 Kasemrad Hospital (KH)



Kasemrad group, led by management team, physicians, nurses participated in the voluntary medical units to present a donation for royal charities to His Majesty the King Bhumibol Adulyadej by providing first aid services and ambulance services at the Royal Plaza.



Kasemrad Hospital Ratthanatibeth participated in Kathin Ceremony at Watpamaneekarn and provided medical check-up services to people nearby.

Kasemrad Chachaeongsao Hospital participated in "Bike for Phnom City" at Kanjanapisek Witthayalai by providing medical check-up service and gave health advices for all bike rider.



Kasemrad Hospital Sriburin donated bottled water to fire victims around the village nearby Shwedagon Pagoda model, Tachilek, The Union of Myanmar.



Kasemrad Hospital Chachoengsao set up a mobile medical unit for a CSR activity "Caring & Sharing nice smile" to the student at Bankoksakae School, Klongkatro, Tatrakeab, Chachoengsao Province. The activities included "Building wash basins and demonstrating how to brush their teeth correctly."



## Corporate Social Responsibilities in 2016 World Medical Center Hospital



World Medical Center Hospital set up a mobile medical unit called “Home healthcare” to serve patients reside around the hospital area offering blood pressure test, blood sugar test, visual acuity test, test of muscle strength and provided general health check up at home as well as made merit by offering food to the monks.



**Left:** World Medical Center Hospital led by management team, physicians, officers and patients donated money for Anandamahidol day's pin created by Faculty of Medicine, Chulalongkorn University. The activity has dedicated to Her Majesty Queen Sirikit for her 84<sup>th</sup> Birthday Anniversary and also supported Anandamahidol Foundation, illness monks and destitute patients at Chulalongkorn Hospital, The Thai Red Cross Society and Thai Red Cross Children Home.

**Right:** Mr.Chalerm Hamphanich, M.D., Ph.D., Chairman of the Board of Directors and Chief Executive Officer with management and officers held a special Ceremony in Remembrance of His Majesty the King Bhumibol Adulyadej on the occasion of 100<sup>th</sup> day of His Majesty's demise by candlelight vigil and sang the Royal Anthem together.

## Corporate Social Responsibilities in 2016 Karunvej Hospital



Karunvej group led by physicians and nurses participated in the voluntary medical units to present a donation for royal charities to His Majesty the King Bhumibol Adulyadej by providing first aid services and ambulance services at the Royal Plaza.



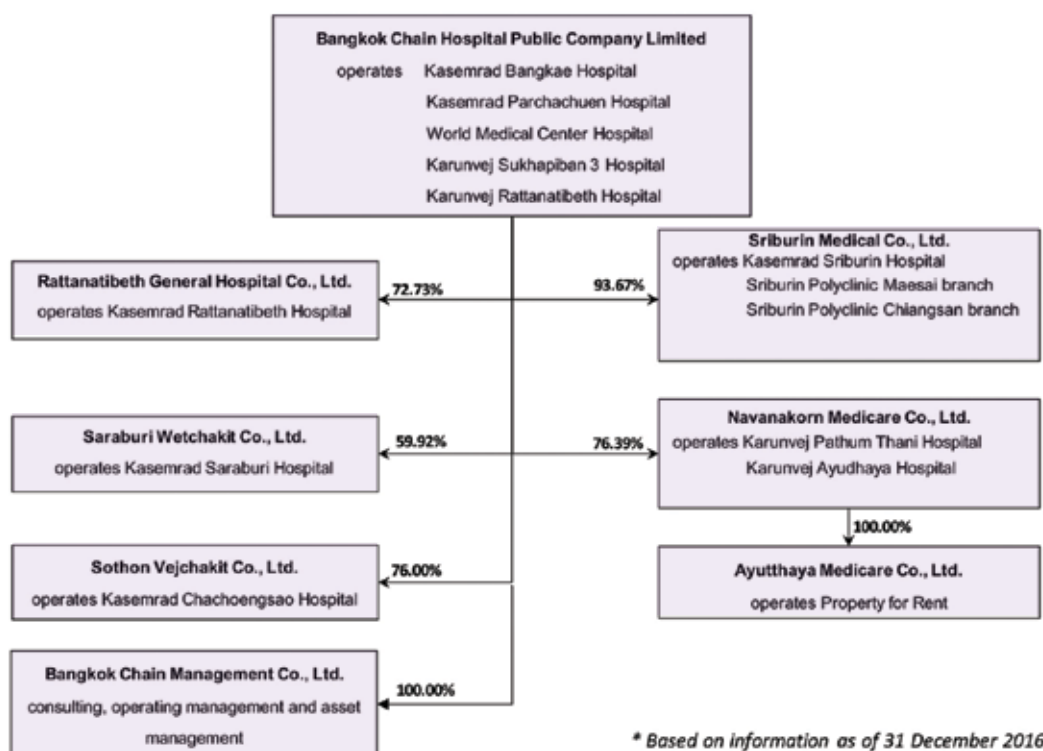
## Company's Information

Name	: Bangkok Chain Hospital Public Company Limited
Head office address	: 44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi
Nature of Business	: Private Hospital
Year of Establishment	: 1993
Year of Listed in SET	: 2004
Website	: <a href="http://www.bangkokchainhospital.com">www.bangkokchainhospital.com</a>
Registered and Paid-up Capital	: THB 2,494 million (Par value at 1 Baht per share)
Shareholders	: Harnphanich Family holds up to 49.99 percent Institutional and retailed investors hold up to 50.01 percent

Historical stock price of BCH since IPO vs SET INDEX  
from Nov, 2004 - Dec, 2016



## Shareholding Structure of the Company



## General Information of the Company and its Subsidiaries

Company	Registered Capital	Nature of Business	Opening / Acquiring Date
Bangkok Chain Hospital PCL.	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 Mae-sai 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	December 18, 2013
		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
Sothorn Vejchakit Co., Ltd.	Baht 350 million	Kasemrad Chachoengsao Hospital	May 1, 2015
Bangkok Chain Management Co., Ltd.	Baht 5 million	Consulting, Operating Management and Asset Management	September 15, 2016

## General Information of the Chained Hospitals

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 Mae-sai branch	952 Moo 1 Viengpangkam, Mae-sai, 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 Rattanatibeth 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 24000 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) 2836-9911
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 Sriyudhaya 13160 Tel. (66) 3531-5100 Fax (66) 3531-5155
Karunvej Rattanatibeth Hospital	58 Moo 15 Bangrakpattana, Bangbuathong, Nonthaburi 11000 Tel. (66) 2921-3400 Fax (66) 2921-3400 Ext.1119

## Reference Information

Head Office	<b>Bangkok Chain Hospital Public Company Limited</b> 44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120 Tel. (66) 2836-9907, Fax (66) 2106-4858
Share Registrar	<b>Thailand Securities Depository Co., Ltd.</b> The Stock Exchange of Thailand Building, 93 Ratchadapisek Road, Dindaeng, Bangkok 10400 Tel. (66) 2009-9000, (66) 2009-9999 Fax (66) 2009-9991
Bond Registrar	<b>CIMB Thai Bank Public Company Limited</b> Capital Financial Markets and Payments Operations Department Registrar and Payments Operations Unit 15 <sup>th</sup> Floor, Langsuan Road, Lumpini, Pathum Wan, Bangkok 10330 Tel. (66) 2626-7506, Fax (66) 2626-7511
External Auditor	<b>KPMG Phoomchai Audit Limited</b> 48 <sup>th</sup> Floor, Empire Tower No.1, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel. (66) 2677-2000, Fax (66) 2677-2220-3
Legal Advisor	<b>The Legalist Law Office Co., Ltd.</b> 38 Soi Ramkamhaeng 60/2, Huamark, Bangkok, Bangkok 10240 Tel. (66) 2735-2976-80, Fax (66) 2735-2981



## Financial Highlights

### Bangkok Chain Hospital Public Company Limited and its Subsidiaries

	2016	2015	2014
<b>Operating Performance (Baht million)</b>			
Total Revenues	6,609.68	5,851.85	5,381.50
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	1,816.65	1,468.48	1,422.86
Profit for the year	932.77	672.80	670.60
Profit attributable to owners of the Company	753.09	527.33	521.87
<b>Financial Position (Baht million)</b>			
Total Assets	10,569.36	10,597.87	9,991.61
Total Liabilities	5,232.85	5,676.33	5,324.61
Non-Controlling Interests	575.72	562.98	529.94
Equity Attributable to Equity Holders of the Company	4,760.78	4,358.56	4,137.06
<b>Financial Ratios</b>			
<b>Financial Ratios</b> Gross Profit Margin (%)	31.32	30.82	30.76
Net Profit Margin (%) **	11.39	11.50	12.46
Debt to Equity Ratio (Times)	0.98	1.15	1.14
Return on Equity (%) *	17.48	13.67	14.37
Return on Assets (%) *	8.83	6.35	6.71
<b>Stock Information</b>			
Issued Share Capital (million shares) ***	2,493.75	2,493.75	2,493.75
Earnings per Share (Baht) ***	0.30	0.21	0.21
Book Value per Share (Baht) ***	2.14	1.97	1.87
Cash Dividend Paid per Share (Baht) ***	0.17	0.12	0.16
Stock Price at the End of Year (Baht)	14.80	9.05	8.10

**Remark:** \* Calculated using Profit for the year

\*\* Calculated using Profit attributable to owners of the Company

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

## Board of Directors

### Member of the Board of Directors

1. **Mr.Chalerm Harnphanich, M.D. Ph.D**  
Chairman of the Board of Directors  
and Chief Executive Officer



1

2. **Asst.Prof.Somporn Hamphanich, M.D.**  
Director and Senior Executive  
Vice President



2

3. **Ms.Pornluck Harnphanich, M.D.**  
Director and Executive Director



3

4. **Mr.Kantaporn Harnphanich**  
Director and Executive Director



4

5. **Mr.Virach Aphimeteetamrong, Ph.D**  
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



9

10. **Mrs.Saifon Chaimongkol**  
Director



10



**Mr. Chalerm Harnphanich, M.D., Ph.D.**  
**Chairman of the Board of Directors and Chief Executive Officer**  
**Age (year) 62**

## Education

- Ph.D. Doctoral Programme in Buddhist Studies, Mahachulalongkorn Rajavidyalaya University
- Master Degree in Business Administration, Ramkhamhaeng University
- M.D. Chiang Mai University
- BSc, Medical Science, Chiang Mai 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

- 2016 - present Director / Bangkok Chain Management Co., Ltd.
- 2015 - present Advisor / The Private Hospital Association
- 2015 - present Director / Sothon Vejchakit Co., Ltd.
- 2014 - present President / The Private Hospital Association of Asean
- 2014 - present Director / Chiangrai Imaging Center Co., Ltd.
- 2014 - present Director / Park Inn Saraburi Co., Ltd.
- 2014 - present Director / Bright TV Co., Ltd.
- 2014 - 2015 Director / Arogya wellness Co., Ltd.
- 2013 - present Director / Ayutthaya Medicare Co., Ltd.
- 2013 - present Director / Navanakorn Medical Co., Ltd.
- 2013 - present Director / C.M.J. Land Co., Ltd.
- 2011 - present Partner / Park Inn Chiangrai Part Co., Ltd.
- 2011 - 2014 President / The Private Hospital Association
- 2011 - 2013 Director / Sub-committee for Investment, Social Security Office
- 2011 - 2013 Director / Committee of National Health Security Office (NHSO) - Quality and Healthcare Standard Control
- 2004 - 2015 Committee / Medical Committee, Ministry of Public Health
- 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 Director and Chief Executive Officer / Bangkok Chain Hospital PCL.
- 1992 - present Director / Rattanaibeth General Hospital Co., Ltd.

## Directors' Meeting Participation in 2016

- Board of Directors : 5 from 5
- Executive Committee : 7 from 7

**Shareholdings (%)** - 32.63 (No change in 2016)

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



**Asst.Prof.Somporn Harnphanich, M.D.**  
**Director and Senior Executive Vice President**  
**Age (year) 64**

## 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
- Director Accreditation Program, Thai Institute of Directors Association (IOD)
- Strategic Human Resource Manager Human Resource Institute, Thammasart University
- Role of the Chairman Program Thai Institute of Directors Association (IOD)

## Work Experiences

- 2016 - present Director / Bangkok Chain Management Co., Ltd.
- 2016 - present Director / Service Plan, Ministry of Public Health
- 2016 - present 3rd Vice President of Association / The Private Hospital Association
- 2015 - present Director / Sothon Vejchakit Co., Ltd.
- 2014 - present Director / Park Inn Saraburi Co., Ltd.
- 2013 - present Director / Ayutthaya Medicare Co., Ltd.
- 2013 - present Director / Navanakorn Medical Co., Ltd.
- 2010 - 2012 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 Director and Managing Director / Rattanaibeth General Hospital Co., Ltd.

## Directors' Meeting Participation in 2016

- Board of Directors : 4 from 5
- Executive Committee : 7 from 7

**Shareholdings (%)** - 7.37 (No change in 2016)

**Relationship** - Mr.Chalerm Harnphanich M.D.,Ph.D.'s wife



# Profile of the Members of the Board of Directors

Bangkok Chain Hospital Public Company Limited



## Ms. Pornluck Harnphanich, M.D.

**Director**

**Age (year) 31**

### 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,  
Faculty of Medicine, Siriraj Hospital
- Certificate in Chelation Therapy (CMAT)
- HA Course for Quality Hospital Management (HA900)
- Director Accreditation Program, Thai Institute of Directors  
Association (IOD)
- Successful Formulation & Execution of Strategy (SFE)  
Program, Thai Institute of Directors (IOD)

### Work Experiences

- 2016 - present Director / Bangkok Chain Management Co., Ltd.
- 2015 - present Director / Sothon Vejchakit Co., Ltd.
- 2015 - present Director / Coffee and Latte House Co., Ltd.
- 2015 - present Director / Global Inspired Laboratory Co., Ltd.
- 2012 - 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 / Tipnatee s.p.p. Co., Ltd.

### Directors' Meeting Participation in 2016

- Board of Directors : 5 from 5
- Executive Committee : 7 from 7

**Shareholdings (%)** - 3.33 (No change in 2016)

**Relationship** - Mr. Chalerm Harnphanich M.D. Ph.D's  
daughter



## Mr. Kantaporn Harnphanich

**Director**

**Age (year) 29**

### 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  
Association (IOD)
- Successful Formulation & Execution of Strategy (SFE) Program,  
Thai Institute of Directors Association (IOD)

### Work Experiences

- 2016 - present Director / Bangkok Chain Management Co., Ltd.
- 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 / Chiangrai Imaging Center 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 / Tipnatee s.p.p. Co., Ltd.

### Directors' Meeting Participation in 2016

- Board of Directors : 5 from 5
- Executive Committee : 7 from 7

**Shareholdings (%)** - 3.33 (No change in 2016)

**Relationship** - Mr. Chalerm Harnphanich M.D. Ph.D's  
son



## Mr. Virach Aphimeteetamrong, Ph.D.

**Independent Director and Chairman of the Audit Committee**

**Age (year) 73**

### Education

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

### Work Experiences

- 2013 - present Independent Director and audit Committee / Thai Agro Energy PCL.
- 2007 - present Chairman of Board of Directors / Intouch Holdings PCL.
- 2004 - present Independent Director and Chairman of the Audit Committee / Bangkok Chain Hospital PCL.
- 2004 - present Independent Director and Chairman of the Audit Committee / Asia Plus Group Holdings PCL.
- 1995 - present Independent Director and Audit Committee / Metro Systems Corporation PCL.
- 1992 - present Independent Director / Supalai PCL.
- 1988 - present Chairman of the Board of Directors / Office Dr. Virach & Associates Co., Ltd.

### Directors' Meeting Participation in 2016

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

**Shareholdings (%)** - No (No change in 2016)

**Relationship** - No



## Mr. Siripong Sombutsiri

**Independent Director and Audit Committee**

**Age (year) 62**

### 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 and Chairman of the Audit Committee / Com 7 PCL.
- 2013 - present Director and Chairman of the Audit Committee / Pan Asia Footwear PCL.
- 2011 - present Director / Infinite Electric (Thailand) Co., Ltd.
- 2007 - present Executive Director / AP (Thailand) PCL.
- 2004 - present Independent Director and Audit Committee / Bangkok Chain Hospital PCL.

### Directors' Meeting Participation in 2016

- Board of Directors : 4 from 5
- Audit Committee : 3 from 4

**Shareholdings (%)** - No (No change in 2016)

**Relationship** - No

## Profile of the Members of the Board of Directors

Bangkok Chain Hospital Public Company Limited



**Professor Piphob Veraphong**  
Independent Director and Audit Committee  
Age (year) 55

### Education

- Master Degree of LL.M., International Taxation, 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 and Audit Committee / Land and Houses PCL.
- 2004 - present Independent Director and Audit Committee / Bangkok Chain Hospital PCL.
- 2002 - present Partner / Law Alliance Co., Ltd.

### Directors' Meeting Participation in 2016

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

**Shareholdings (%)** - No (No change in 2016)

**Relationship** - No



**Mr. Thawat Suntrajarn, M.D.**  
Independent Director  
Age (year) 69

### Education

- M.PH Mahidol University
- M.D. Chiang Mai University
- B.Sc., Medical Science Chiang Mai University
- Director Accreditation Program, Thai Institute of Directors Association (IOD)

### Work Experiences

- 2016 - present Vice Minister for Public Health / The Prime Minister's Office
- 2016 - present Senior Advisor / Sub-committee of Ministry of Public Health
- 2016 - present Senior Advisor / Sub-committee of Department of Health and Service Support, Ministry of Public Health
- 2014 - present Executive Board / National Vaccine Institute (Public Organization)
- 2010 - present Independent Director / Bangkok Chain Hospital PCL.
- 2010 - present Senior Advisory / University of Phayao Council
- 2009 - present President / Thailand Health Association
- 2009 - 2014 Executive Board / Banphaew Hospital
- 2008 - present Advisor / Global Fund Principle Recipient Management office, Ministry of Public Health
- 2008 - present Advisor / Permanent Secretary Ministry of Public Health
- 2008 - 2013 Advisor / Public Health Commission, House of Senators
- 2007 - 2012 Director / Naresuan University, Ministry of Public Health

### Directors' Meeting Participation in 2016

- Board of Directors : 4 from 5

**Shareholdings (%)** - No (No change in 2016)

**Relationship** - No





## Mr. Paiboon Nakosiri

**Director**

**Age (year) 55**

### 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 - 2016 Director / Sothon Vejchakit Co., Ltd.
- 2014 - 2016 Director / Chiangrai Imaging Center Co., Ltd.
- 2013 - 2016 Director / Ayutthaya Medicare Co., Ltd.
- 2013 - 2016 Director / Navanakorn Medical Co., Ltd.
- 2005 - 2017 Director / Bangkok Chain Hospital PCL.
- 2009 - 2016 Director / Saraburi Wetchakit Co., Ltd.
- 2009 - 2016 Director / Sriburin Medical Co., Ltd.

### Directors' Meeting Participation in 2016

- Board of Directors : 5 from 5

**Shareholdings (%)** - No (No change in 2016)

**Relationship** - No



## Mrs. Saifon Chaimongkol

**Director**

**Age (year) 45**

### Education

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

### Work Experiences

- 2016 - present Director / Bangkok Chain Management Co., Ltd.
- 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 H.R. & Quality Control Director / Rattanatibeth General Hospital Co., Ltd.

### Directors' Meeting Participation in 2016

- Board of Directors : 5 from 5

**Shareholdings (%)** - No (No change in 2016)

**Relationship** - No

## Hospital in the Group of Bangkok Chain Hospital Public Company Limited

Kasemrad Hospital  
Bangkai



World Medical Center Hospital  
Chaeng Watthana



Kasemrad Hospital  
Rattanaibeth



Karunvej Hospital  
Rattanaibeth



Kasemrad Hospital  
Saraburi



Karunvej Hospital  
Ayudhya



Kasemrad Hospital  
Prachachuen



Karunvej Hospital  
Pathum Thani



Kasemrad Hospital  
Chachoengsao



Karunvej Hospital  
Sukhapibal 3



Kasemrad Sriburin Hospital  
Chiangrai Province



Kasemrad Sriburin Clinic  
Mae-sai branch



Kasemrad Sriburin Clinic  
Chiengsan branch



# 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
- Level of Excellence : tertiary care

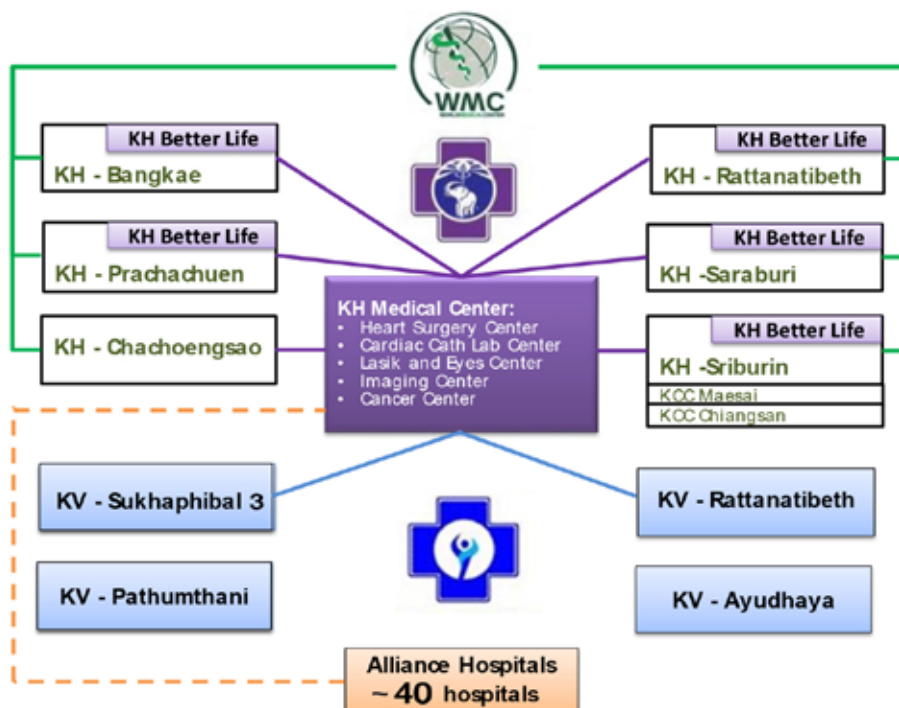
## 2. Kasemrad Hospital Group (KH)

- Target customers : middle-income cash patients and social security patients
- Level of Excellence : primary, secondary and up to some level of tertiary care
- Kasemrad Medical Center [KHMC]: providing comprehensive medical services in the level of tertiary care to serve the referral patients from Kasemrad Hospital, Karunvej Hospitals and other alliance hospitals as follows;
  - Heart Surgery Center
  - Cardiac Cath Lab Center
  - Lasik and Eyes Center
  - Imaging Center
  - Cancer Center
- Kasemrad Community Clinic [KCC]: the clinics provide primary care (Out-patients) in Mae-Sai District Chiangsan District, Chiangrai province.
- KH Better Life : healthy lifestyle and alternative medicine are as follows:
  - Aesthetics (Skin Care and Non-Invasive)
  - Dental & Aesthetic Dentistry
  - Thai Traditional Medicine
  - Cosmetic Surgery
  - Wellness Center (Health Check-up)

## 3. Karunvej Hospital Group (KV)

- Target customer : mainly social security patients
- Level of Excellence : primary and up to secondary care

Illustration of patients referral network among our hospitals in the group



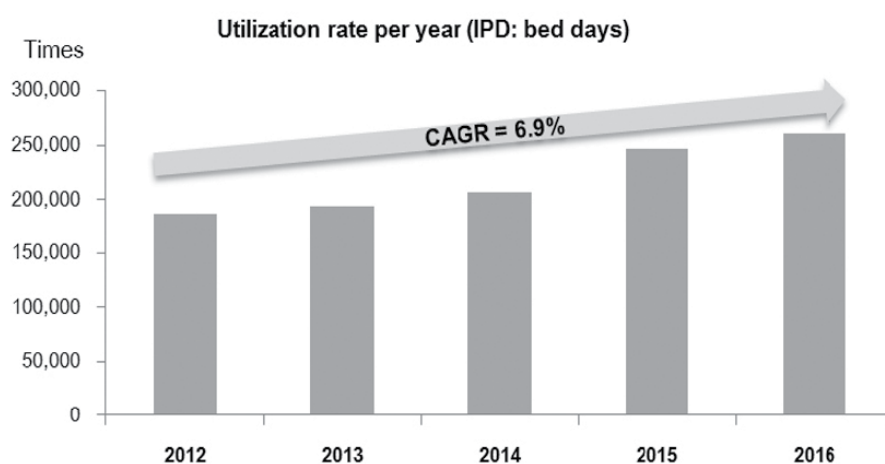
# Service Capacity

## Number of Examination Rooms and Beds for patients

The eleven chained hospital branches and two polyclinics have available examination rooms and beds to serve both In-patients (“IPD”) and Out-patient (“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	54	500	311
Kasemrad Sriburin	36	220	120
- Kasemrad Sriburin Clinic Mae-sai branch	14	-	-
- Kasemrad Sriburin Clinic Chiangsan branch	13	-	-
Kasemrad Rattanatibeth	41	500	400
Kasemrad Saraburi	14	250	200
Kasemrad Prachachuen	55	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	18	119	119
<b>Total</b>	<b>387</b>	<b>3,048</b>	<b>2,178</b>

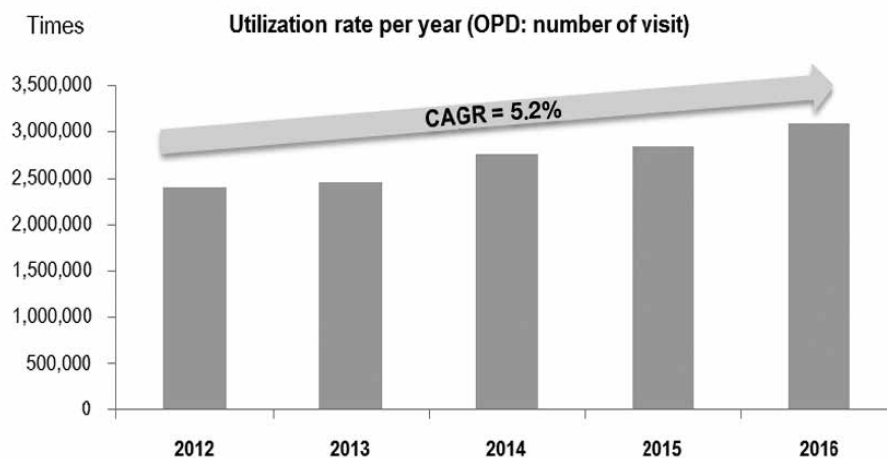
## In-patients Service



In the past five years, the utilization rate of IPD cash patients and social security patients grew on average about 6.9 percent per annum due to the expansions of two new hospitals, Kasemrad Chachoengsao and Karunvej Rattanatibeth in 2015 as well as the improvement of hospitals’ quality standard in 2016 which resulted to an increase in number of IPD patients.

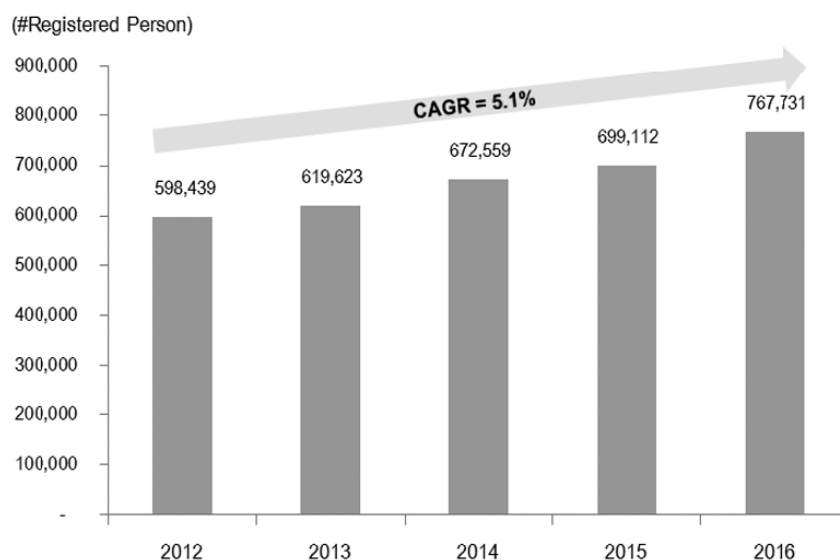


## Out-patients Service



In the past five years, the utilization rate of OPD cash patients and social security patients grew on average about 5.2 percent per annum due to the expansions of two new hospitals, Kasemrad Chachoengsao and Karunvej Rattanatibeth in 2015 as well as the improvement of hospitals' quality standard in 2016 which resulted to an increase in number of OPD patients

## Number of registered persons under social security scheme in the past five years



In the past five years, the number of registered person under the social security scheme increased on average about 5.1 percent per annum. The increase in number of registered persons under the social security scheme were from the incremental quota as a resulted of the expansions of two new hospitals as well as the receipt of extra quota during the year from social security office.

# 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 a group of hospitals consisting of eleven hospital branches and two polyclinics to serve all types of customers located in Bangkok and provincials. The Company has centers of excellences to provide diagnosis services to patients under BCH Group's hospitals and referred patients from over 40 allied hospitals (Main Contractor of Social Security Office and National Health Security Office). The centers of excellences providing tertiary care services for referral patients are as follows:

- **Heart Center and Cardiac Cath Lab:** Kasemrad Prachachuen Hospital, Kasemrad Bangkai Hospital, and World Medical Center Hospital are qualified to provide diagnosis and one-stop service treatment for heart problems both Cardiac and Opened Heart Surgery.
- **Lasik and Eyes Center:** Kasemrad Prachachuen Hospital and World Medical Center Hospital are qualified to provide eyes surgery with laser technology.
- **Imaging Center:** Kasemrad Rattanakibeth Hospital, Kasemrad Sriburin Hospital and World Medical Center Hospital provide diagnosis service with the advanced technology equipment e.g. Computed Tomography Scan (CT) and Magnetic Resonance Imaging (MRI).
- **Cancer Center:** Kasemrad Prachachuen Hospital, Kasemrad Bangkai Hospital, Kasemrad Rattanakibeth Hospital, and World Medical Center Hospital are qualified for cancer diagnosis and chemotherapy.

Our group of hospitals with centers of excellences offer an exclusive rate for referred patients from its group of hospitals and other allied hospitals. Under our centers of excellences, 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

The Company offers medical services to both cash patients and patients under governmental schemes, the revenue from patient mixed provides diversified sources of income and those incomes are certain and payable on regular basis to the Company. Under the governmental schemes, it is compulsory by laws and regulations that Social Security Office and National Universal Coverage Office shall be responsible for medical expenses incurred from patients under the schemes. Having several types of customer also create efficiency and productivity of the Company's resources e.g. such as physicians, nurses, operation 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 medicines, medical supplies, and medical equipment). The large purchasing volumes attributable to the higher negotiation and bargaining power for prices and credit terms. The Company also applies a material lending policy among hospitals on medical equipment, medicines, medical supplies, blood or parts of blood. As a result, it effectively creates an efficient use of materials, improves lead time of delivery and reduces materials obsolesces.

## 4. Management and Administration

BCH Group's hospitals are operated under group policies so that each hospital shares the same directions guided by top management. Moreover, the Company has knowledge sharing program to exchange administrative experiences between the hospitals. In addition, the top management has several important roles in a national healthcare administrative level and is currently 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 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 the group of hospitals were qualified as a Supra Contractor by the Social Security 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 packages such as health check-up package and promote the use of advanced technical 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 are those who have health insured by the private insurance company and 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 compensation fund. Most of the cases are the injuries from accidents at their 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 free of charge. As prescribed in Social Security Act B.E.2535, the Office of Social Security is responsible for the medical expenses by captive payment for ordinary out-patients and by Diagnosis related group method measured the severity of diseases. All six Kasemrad Hospitals and four 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. Kasemrad Prachachuen Hospital and World Medical Center Hospital have eye surgery center with laser technology (Lasik). Also, Kasemrad Rattanatibeth Hospital, Kasemrad Sriburin and World Medical Center Hospital have Imaging Center (MRI) to serve the referral patients from allied hospitals under Social Security Scheme.
- 2.2 Group of Universal Coverage Scheme:** Heart center of Kasemrad Prachachuen is qualified to be a referral center where patients from other hospitals who required treatment up to tertiary care can be referred to our specialized center. The Ministry of Public Health is responsible for medical expenses of the patients under this scheme.

Patients can be classified differently in accordance to their characteristics. Thus, BCH Group's hospitals are providing various services to fully serve each group of patients in order to increase service coverage and management efficiency.

## Industry and Competition

### 1. Competitors

The competitors are those hospitals located in the adjacent or same catchment areas (in approximately 20 kilometers radius) and the hospitals located in the different areas where patients rely on. However, the group of hospitals possess the competitive advantages as follows:

- The Company has well recognized physicians who are experienced and specialized in the particular area.
- The Company has varieties of medical products and services to provide a full-range of conventional health service.
- 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.
- 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.
- The Company offers reasonable medical fee in accordance to the levels of income of target customers. Particularly, the price structure is in line with other private hospitals in the same market.
- 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 and the internal factor which mentally impact people in the past year, the number of patients remained increase. Beside the conventional treatment, 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 target customers. 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 collaboration among group of hospitals in order to effectively manage their costs and resource for an increasing competitiveness in domestic market and incoming patients from overseas.

### 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 healthcare professional remuneration which makes the costs of human resource to be even higher. Thus, human cost management is considered to be one of the key considerations for private hospital's operation nowadays.
- 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 hospitals to run its operations.
- Consumer behavior at a critical stage is receptive to experiences of an individual physician and their expertise. Newly established hospitals shall take longer time to establish their reputation and quality of service.
- 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 2016, the Company has revenue from managed care as follows: revenue from Social Security Scheme was approximately 35 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 monitors the changes and actively participates 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 effect 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 (Centers of Excellences) to provide full range of medical services in order to increase competitiveness and create uniqueness. As a chained hospital, the Company also benefits from cost effective procurement through central procurement department which also leads to an increases in competitiveness. According to our business plan of the year 2016, the Company will expand catchment area to serve new cash patients.

## 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 physician, pharmacist, nurse 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.

# Major Shareholders

## Ten major shareholders as at 31 August 2016

List of the Company's major shareholders and proportion of shareholding from paid-up capital shown in Book of shareholders' registration as follows;

Rank	Name of Shareholders	Number of Shares	Percentage
1	Mr.Chalerm Harnphanich	813,750,000	32.63
2	Mrs.Somporn Harnphanich	183,750,000	7.37
3	THAI NVDR CO., LTD.	151,129,801	6.06
4	SOCIAL SECURITY OFFICE	97,228,400	3.90
5	Ms.Pornsuda Harnphanich	83,000,000	3.33
6	Mr.Kantaporn Harnphanich	83,000,000	3.33
7	Ms.Pornluck Harnphanich	83,000,000	3.33
8	N.C.B.TRUST LIMITED-NORGES BANK 11	68,944,000	2.76
9	THE BANK OF NEW YORK MELLON	68,152,275	2.73
10	NORTRUST NOMINEES LTD-CL AC	45,335,009	1.82
	<b>Total</b>	<b>1,677,289,485</b>	<b>67.26</b>

Remark: \*As of the latest book closing date

# Management Structure and Details of the Board of Directors and Executives

## Board of Directors Structure

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 comprises of ten directors as follows:

(1) Mr.Chalerm	Harnphanich, M.D., Ph.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) Mr.Virach	Aphimeteetamrong, Ph.D.	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.Pai boon	Nakosiri	Director
(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 2 years before being appointed as the Independent Director, unless the Board of Directors 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. Must not be related person or relatives of the executive or major shareholders of the Company.
  5. 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.
  6. 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 M.D., Ph.D. or Asst.Prof.Somporn Harnphanich M.D. or Mr.Paiboon Nakosiri or Ms.Pornluck Harnphanich M.D. 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 laws, the Company's objectives and regulations and resolutions of the shareholders' meeting in good faith and with care for the best interest of the Company. The scopes of its authorities and responsibilities are as follows:

1. 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;
2. 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 concur to authorize the Executive 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 Executive 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;

3. 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. In addition, 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;
4. To decide the structure of administration. To set and appoint the Executive Committee, Chief Executive Officer, or other Committee as appropriate;
5. To follow up on the outcome of the Company's performance.
6. Approving interim dividend payment to shareholders from time to time if it is found that the Company's profit is justifiable to do so, reporting to the next shareholders' meeting;

**Audit Committee**

The Company's Audit Committee has comprised of three directors as follows:

- |                       |                         |                                 |
|-----------------------|-------------------------|---------------------------------|
| (1) Mr.Virach         | Aphimeteetamrong, Ph.D. | Chairman of the Audit Committee |
| (2) Mr.Siripong       | Sombutsiri              | Audit Committee                 |
| (3) Professor.Pipphob | 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, adequacy and reliability of the Company's financial reporting.
2. Review the appropriateness and effectiveness of internal control systems, and internal audit functions of the Company.
3. 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.
4. Discuss and consider the relationship and coordination of the scope and audit plan of internal and external auditors.
5. Review and consider together with the internal auditor in respect of the results of internal audit, issues and recommendation.
6. 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.
7. 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.
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. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - An opinion on the accuracy, completeness and reliability of the Company's financial report,
  - An opinion on the adequacy of the Company's internal control systems,
  - An opinion on the compliance with the Securities and Exchange Acts and Regulations of the SET, or any other laws relevant to the Company's business,
  - An opinion on the suitability of an auditor,
  - An opinion on the transactions that may cause to conflict of interest,
  - The number of the Audit Committee's meetings, and the attendance of such meetings by each committee member,
  - An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, 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. Perform any other activities as assigned by the Board of Directors, with the approval of the Audit Committee.
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. Review and amend the Audit Committee Charter annually to update and to be suitable for organizational environment.



Reference to the above responsibilities, the Audit Committee is accountable to the Company's Board of Directors whereas the Board of Directors remains responsible to third persons for the operation of the Company.

### **Executive Committee**

The Company's Executive Committees comprises of eight directors as follows:

(1) Mr.Chalerm	Harnphanich, M.D., Ph.D.	Chairman of the Executive Board / CEO
(2) Asst.Prof.Somporn	Harnphanich, M.D.	Executive Director / Senior Executive Vice President
(3) Mr.Dhiti	Pattanakumjorn, M.D.	Executive Director
(4) Ms.Pornluck	Harnphanich, M.D.	Executive Director
(5) Mr.Kantaporn	Harnphanich	Executive Director
(6) Ms.Pornsuda	Harnphanich	Executive Director
(7) Mr.Voravee	Kiatiniyomsak	Executive Director
(8) Mr.Pumipat	Chatnoraset	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 management 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 as being presented by the Board of Directors or primarily have been approved by the Board of Directors;
- (5) Authorized to consider and approve for loan, procurement of credit lines, or any credit loans made by the Company within each individual line not exceeding Baht 100 million;
- (6) Having power to approve and withdraw money from all accounts of the Company, and use credits provided by all banks or financial institutions for the Company, including apply for opening accounts and/or apply for credits in various forms with all banks or financial institutions, as well as placing securities of the Company as collateral against such debts, regardless of whether or not it requires registration.
- (7) The Executive Committee act as consultants to the management 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 Executive 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;

- (11) Operate in other issues as being given by the Board of Directors on a periodical basis

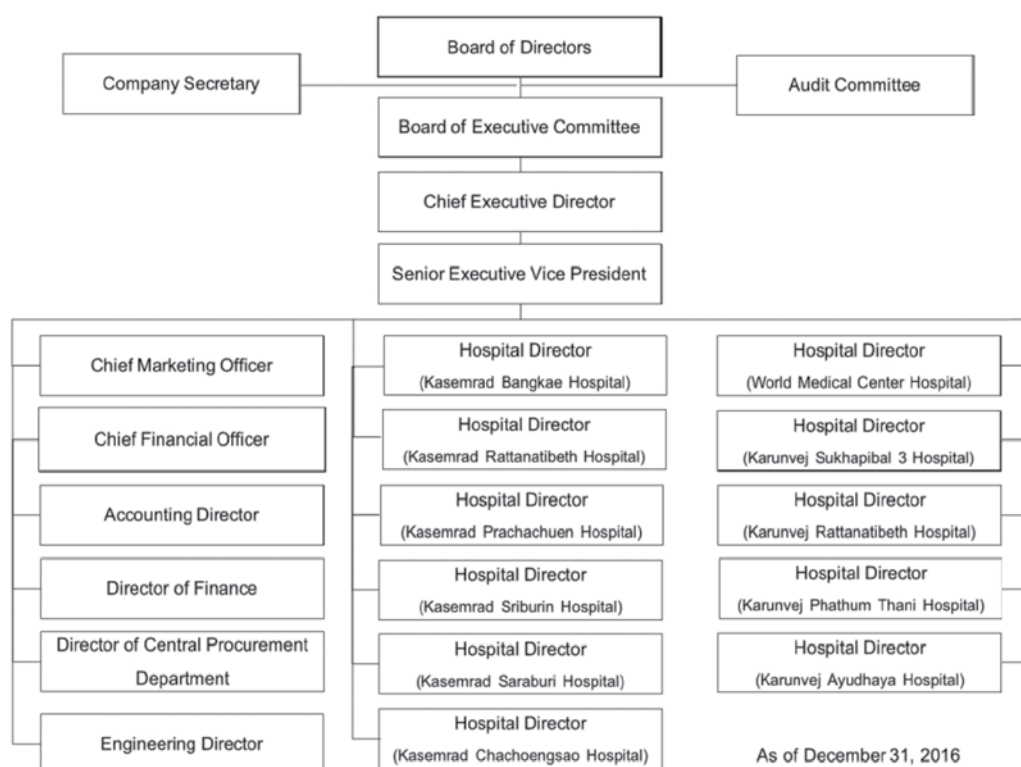
The authority of the Executive Committee shall not include any approval of the issue that may invoke a conflict, or any issue that the Executive Committee or the person pertaining to the Executive Committee has been involved in with any means to have taken parts for the benefits, or invoke any other 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 Board of 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 Board of Directors and/or the Executive 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 Executive 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) 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 Executive Committee and the Company's Board of Directors;
- (8) 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;
- (9) 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;
- (10) 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 2016)

Name	Position
Mr.Chalerm Harnphanich, M.D., Ph.D.	Chief Executive Officer
Asst.Prof.Somporn Harnphanich, M.D.	Senior Executive Vice President
Mr.Kantaporn Harnphanich	Chief Marketing Officer
Ms.Pornsuda Harnphanich	Chief Financial Officer
Assoc.Prof.Piya Netrawichien, M.D.	Hospital Director (Kasemrad Prachachuen Hospital)
Mr.Surapant Taweewiyakarn, M.D.	Hospital Director (Kasemrad Rattanaibeth Hospital)
Mr.Arkanee Sukyu, M.D.	Hospital Director (Kasemrad Bangkai Hospital)
Mr.Suchai Suttikansanee, M.D.	Hospital Director (Kasemrad Saraburi Hospital)
Mr.Jakapan Bhongsatiern, M.D.	Hospital Director (Kasemrad Sriburin Hospital)
Mr.Sirisak Rojanaprasertkij, M.D.	Hospital Director (Kasemrad Chachoengsao Hospital)
Prof.Adisorn Patradul, M.D.	Hospital Director (World Medical Center Hospital)
Mr.Dhiti Pattanakamjorn, M.D.	Hospital Director (Karunvej Sukhapibal 3 Hospital)
Mr.Yingkiat Paisalachapong, M.D.	Hospital Director (Karunvej Phathum Thani Hospital and Karunvej Ayudhaya Hospital)
Mr.Nuntasak Charungpornsawatt, M.D.	Hospital Director (Karunvej Rattanaibeth Hospital)
Mrs.Saifon Chaimongkol	Director of Central Procurement Department
Mr.Wikrom Chunvorachaiikul	Engineering Director
Mr.Voravee Kiattiniyomsak	Accounting Director and Company Secretary
Mr.Pumipat Chatnoraset	Director of Finance

## 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 2016 Annual General Meeting of Shareholders held on 26 April 2016 approved the remuneration of year 2016 for directors as follows:

Position	Remuneration (Baht/month)	Pension (Baht/year)	Others
Chairman of the Audit Committee	55,000.00	512,100.00	-
Audit Committee	50,000.00	460,700.00	-
Director	45,000.00	409,500.00	-

Directors' remunerations for 12 months period ended on 31 December 2016 are as follows:

(Unit: Baht)

No.	Name	Position	Remuneration	Pension	Total.
1	Mr.Chalerm Harnphanich, M.D., Ph.D.	Chairman of the Board of Directors / Chief Executive Director	520,000	409,500	929,500
2	Asst.Prof.Somporn Harnphanich, M.D.	Director / Senior Executive Vice President	520,000	409,500	929,500
3	Mr.Paiboon Nakosiri	Director	520,000	409,500	929,500
4	Mr.Suvit Kositsurangkakul, M.D.	Director / Executive Director	-	136,500	136,500
5	Mr.Kantaporn Harnphanich	Director / Executive Director	520,000	273,000	793,000
6	Ms.Pornluck Harnphanich, M.D.	Director / Executive Director	520,000	409,500	929,500
7	Mrs.Saifon Chaimongkol	Director	520,000	409,500	929,500
8	Mr.Thawat Suntrajarn, M.D.	Independent Director	520,000	409,500	929,500
9	Mr.Virach Aphimeteetamrong, Ph.D.	Independent Director and Chairman of Audit Committee	640,000	512,100	1,152,100
10	Mr.Siripong Sombutsiri	Independent Director and Audit Committee	580,000	460,700	1,040,700
11	Professor.Piphob Veraphong	Independent Director and Audit Committee	580,000	460,700	1,040,700
<b>Total</b>			<b>5,440,000</b>	<b>4,300,000</b>	<b>9,740,000</b>

The Company and its subsidiaries have management and executives' remuneration of 18 persons for 12 months period ended on 31 December 2016 (i.e. salary and bonus) totaling Baht 179.39 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 2016

Name	Board of Directors	Executive Committee	Audit Committee
1. Mr.Chalerm Harnphanich, M.D., Ph.D.	5 from 5	7 from 7	-
2. Asst.Prof.Somporn Harnphanich, M.D.	4 from 5	7 from 7	-
3. Ms.Pornluck Harnphanich, M.D.	5 from 5	7 from 7	-
4. Mr.Kantaporn Harnphanich	5 from 5	7 from 7	-
5. Mr.Virach Aphimeteetamrong, Ph.D.	5 from 5	-	4 from 4
6. Mr.Siripong Sombutsiri	4 from 5	-	3 from 4
7. Professor.Piphob Veraphong	5 from 5	-	4 from 4
8. Mr.Pai boon Nakosiri	5 from 5	-	-
9. Mrs. Saifon Chaimongkol	5 from 5	-	-
10. Mr.Thawat Suntrajarn, M.D.	4 from 5	-	-
11. Mr.Dhiti Pattanakamjorn, M.D.	-	7 from 7	-
12. Ms.Pornsuda Harnphanich	-	7 from 7	-
13. Mr.Voravee Kiatiniyomsak	-	7 from 7	-
14. Mr.Pumipat Chatnoraset	-	7 from 7	-

## Auditor's Remuneration

No.	Company Name	Audit	Audit Fee (Baht)
1	Bangkok Chain Hospital PCL.	KPMG Phoomchai Audit Limited	2,045,000
2	Rattanatibeth General Hospital Co., Ltd.	KPMG Phoomchai Audit Limited	520,000
3	Saraburi Wetchakit Co., Ltd.	KPMG Phoomchai Audit Limited	345,000
4	Sriburin Medical Co., Ltd.	KPMG Phoomchai Audit Limited	385,000
5	Navanakorn Medicare Co., Ltd.	KPMG Phoomchai Audit Limited	345,000
6	Ayutthaya Medicare Co., Ltd.	KPMG Phoomchai Audit Limited	130,000
7	Sothorn Vejchakit Co., Ltd.	KPMG Phoomchai Audit Limited	304,000
8	Bangkok Chain Management Co., Ltd.	KPMG Phoomchai Audit Limited	75,000
<b>Total</b>			<b>4,149,000</b>



# 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 which comprise of five sections as follows:

## Section 1 Shareholders' right

- The Board of Directors of the Company has put its priority on rights and fair treatment toward the shareholders by stating clearly in the policy that the shareholders of the company are eligible to receive the share certificate and right to transfer shares, right to receive timely and sufficient information in a format suitable to the decision making, right of shareholders to attend the meeting and cast a vote in the meeting of shareholders for change in major policies of the Company, right to elect and remove the directors and right to appoint the auditor and right in the profit sharing.
- Prior to the Annual General Shareholders Meeting, shareholders have the rights to receive an invitation notice for the the Annual General Shareholders Meeting, including the information on the date, time, location of the meeting, detailed information of agenda items, rules and procedures to attend the meeting and issues for consideration. In 2016, the the Annual General Shareholders Meeting of the Company was held on 26 April 2016 at the Meeting Room on 22nd floor of World Medical Center Hospital, No. 44 Moo 4 Chaengwattana Road, Pakkred, Nonthaburi. The Company disclosed the documents of the Annual General Shareholders Meeting on 25 March 2016, not less than 30 days prior to the the Annual General Shareholders Meeting date, via the Company's website in both Thai and English. The invitation notice, 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 was sent to all shareholders in advance on 29 March 2016 by the registrar, Thailand Securities Depository Co., Ltd. ("TSD") (not less than 21 days before the meeting). In addition, the Company has a policy to reserve an option to shareholders by nominating one independent directors to be a shareholder's nominee attending the meeting and vote on behalf of them. On 21 December 2016, the Company has informed the shareholders, through SET's website and the Company's website [www.bangkokchainhospital.com](http://www.bangkokchainhospital.com) section Investor Relations to propose any issues as agendas in the Annual General Meeting for the year 2017 by receiving the information until 10 February 2017.
- On the meeting date, the Company used barcode system in registration and ballot counting for timeliness and efficiency. In addition, the Company invited an independent individual from legal consultant company to be a meeting inspector, to observe the meeting and review the vote collecting and counting procedures, to ensure that the meeting was conducted with transparency. Also, the Chairman of the Board and the Chairman of the Committees attended the meeting in order to provide shareholders the equal opportunity to ask, suggest, or discuss on issues relevant to the agendas or the Company's operations before casting vote on each agenda. Significant opinions and/or queries will be recorded in the minutes of the meeting by company secretary.
- After the Annual General Shareholders Meeting , the Company duly submitted the summary of meeting resolutions to the Stock Exchange of Thailand within 14 days of the Annual General Shareholders Meeting date. The minutes of the meeting have been disclosed on the Company's website [www.bangkokchainhospital.com](http://www.bangkokchainhospital.com) section Investor Relations for shareholders and public to access the Company's information in time.

## Section 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 Thai Financial Reporting 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's websites and the Company's website since 21 December 2016 - 10 February 2017 for shareholders' actions.
- Every director and executive must regularly submit to the Board a report of their ownership of the Company's shares.

## Section 3 Awareness in Stakeholders

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

### 1. Shareholders

The Company has a policy and guidelines on equitable and fair treatment of shareholders as follows:

- To perform their fiduciary duties and make decisions carefully for the equal benefit of each shareholder and the shareholders as a whole;
- To present, on a regular basis, its status through the operating result and statement of financial position of the Company including other necessary reports based on accuracy and actuality.
- To report to the shareholders on future trends of the Company both positive trend and negative trend based on the feasible assumptions with the relevant rationale and supporting information;
- Not to seek any benefit for themselves or other persons by using the Company's information which has not been publicly disclosed and not to take any action in a manner which may give rise to conflicts of interest.

### 2. Employees

The Company is aware that its employees are the most valuable asset of the Company and are crucial to achieve the Company's goals. The Company has therefore set up the following policy that supported employees to have a quality of life with respect to fair employment conditions, promotional opportunities, appropriate remuneration and safely workplace as follows:

- Complying with rules and regulations in relation to labour law;
- To keep the working environment safe for employees' lives and property;
- To treat each employee with respect for their honor, dignity and right of privacy;

- Giving remuneration of various types to employees fairly and providing appropriate welfare and other benefits for employees that are comparable to those of other companies in the same or similar business and as prescribed by law, such as provident fund and right to reimbursement of medical expenses with the hospitals in the Group;
- The appointment, transfer, reward and punishment for any employee shall be done based on good faith and the knowledge, capacity and suitability of such employees;
- To provide knowledge and capacity enhancements for employees by offering them continuous improvement programs which include training, seminars and workshops; such as Excellent Management Course by Thammasat Consulting Networking and Coaching Center;
- The Company actively encourage its employees to comply with the energy saving and environmental management program for efficient use of the resources.
- To avoid any unfair action that may affect the employment stability and mental health of employees;
- Provide communication channels for the employees to report abuses or unlawful acts;
- Impartially and equally open to feedback and suggestions by all employees.

### 3. Suppliers

The Company does business with partners, competitors, creditors, counter-parties and others according to the trade terms and conditions or agreements that are contractually fair and ethical by taking into consideration the suitability of price, quality and services provided as follows;

- The Company does not support partners with unethical business practices, illegal actions, corruption or human rights violations;
- Strictly comply with the terms and conditions agreed upon by the business partners. In case, unable to fulfill the terms and condition, issues must be promptly informed and solved.
- Will not ask for, accept, or give any unlawful benefits from or to the business partners.

### 4. Creditors

The Company strictly comply with the credit terms and conditions with respect to the repayment and do not misuse the loans for other purposes other than what have been stipulated in the loan agreements; In addition, the Company will notify the creditors in advance if the Company fail to comply with the loan terms in order to acquire solutions.

### 5. Customers/Patients

The Company committed to have good quality, service and safety standards by the Quality management system. Therefore, The Company has also received HA certification from the Institute from Hospital Quality improvement and Accreditation, Joint Commission International (JCI) and DNV GL (Det Norske Veritas) which are the international health accreditation.

### 6. Competitors

The Company competes with its competitors fairly and in accordance with the rules and regulations. Also, the Company shall not exploit confidential information of the competitors with unfair and unethical method. Procedures relating to competitors are listed as follows;

- Treating competitors according to the rule and manner of good and fair competition;
- Not intentionally destroying reputation of competitors with groundless slander;
- Not seeking confidential information of competitors with fraudulent, dishonest, or inappropriate method or in breach of laws.

## 7. Community, Social and Environment

The Company believes in conducting business according to business ethics and good corporate governance principles as follows;

- Constantly create awareness about social and environmental responsibility among all levels of employees;
- Pay back to the society by supporting social and environmental development activities;
- Carry out activities taking into account impacts on the society and communities by means of conserving the natural resources, protecting the environment, and enabling the good quality of life for the public;
- Strictly comply with the authorities' rules and laws in connection with the environment and stipulations of other related organizations;
- Give priorities to activities for community and social development, as part of the core policies of the Company, including the development of the society, the community and the environment, and the creation and the preservation of natural resources such as launched mobile medical units to remote communities, supported exercise for good health events and provided health check-up and treatment for the paupers.

## 8. Anti-Corruption

The Company conducts business with a commitment to avoid corruption of all forms, and institutes a risk management and audit process to prevent and control corruption and malfeasance. Also, the Company encourages corporate culture where people are firmly committed to integrity and ethics. In 2016, the Company has been included in the list of Signatory Companies of Thailand's Private Sector Collective Action Coalition Against Corruption's Declaration of Intent, which is a collaboration among various business organizations, including Thai Institute of Directors Association, Thai Chamber of Commerce, Tourism Council of Thailand, the Federation of Thai Industries, the Joint Foreign Chambers of Commerce in Thailand, the Thai Bankers Association, Thai Listed Companies Association and the Federation of Thai Capital Market Organizations. For more information, please see Anti-Fraud and Corruption Policy, presented on the Company's website.

## 9. Human Rights

The Company gives importance to respecting international human rights, to conducting business in compliance with laws, while embracing human rights which are the basic rights ensuring that all human beings are born free and equal in dignity and rights without discrimination against gender, religion, culture, race and sexual harassment.

## 10. Intellectual Property Rights

The Company realizes the importance of intellectual property rights and will not encourage any violation of patents, copyrights, trademarks, information, information technology and any other aspects of intellectual assets. Regarding the compliance of its respect for intellectual property rights.

## 11. Government

The Company operates its business for developing of the society by compliance with laws, regulations and rules issued by the Government in operating its general business.

## 12. Reporting of Concerns and Whistle-Blower Service

The Company supports whistle-blower service by encouraging all stakeholders to request information, complain or report any misconducts by sending to:

- E-mail: [cg@bangkokchainhospital.com](mailto:cg@bangkokchainhospital.com)
- Address: Bangkok Chain Hospital Public Company Limited, 44 Moo.4 World Medical Center Hospital 22ndFloor Chaengwattana Road, Pakkred, Nonthaburi 11120

## Section 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 as in Annual Report and Annual Registration Statement (Form 56-1).
- 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 comprises of independent directors to oversee the quality of financial report and internal control system.
- The Company has set up an investor relations function in order to provide the relevant information with completeness, accuracy, actuality, reliability, timely manner and transparency to the external parties such as Shareholders, Institutional Investors, Investors, Analysts and other relevance units with integrity and transparency. In addition, the Company provides a central point of investor contact: Mr.Pumipat Chatnoraset, Director of Finance and Investor Relations to directly interact with all relevant external parties. In 2016, the Company set up 4 of Analyst's meeting and 20 of Company visit by gave relevance information of the Company, Financial Performance, Financial Statement and The Stock Exchange of Thailand's News at [www.set.or.th](http://www.set.or.th) and the Company's website at [www.bangkokchainhospital.com](http://www.bangkokchainhospital.com). If any investors or relevance persons have any questions or additional information please contact to Director of Finance and Investor Relations Tel: +662-836-9906 Fax: +662-106-4858 E-mail:[ir@bangkokchainhospital.com](mailto:ir@bangkokchainhospital.com) or the Company's website at [www.bangkokchainhospital.com](http://www.bangkokchainhospital.com)

## Section 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 of Directors 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 of Directors**

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 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 2016 are mentioned under "Management Structure").

At the Board meeting, any directors or management who may have vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and management make decisions for the utmost benefit of shareholders.

In addition to the Board of Directors' meetings, there was a non-executive directors' meeting held in the year 2016, in order to discuss the operational management issues without the participation of executive management.

#### **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.

In 2016, the Company considered to approve the appointment of Dharmniti Internal Audit Company Limited, which is a qualified independent internal auditing firm, to be the internal auditor of the Company. The selection criteria were; its sufficient number of personnel, experience, knowledge, capabilities and its independency to perform duties as an internal auditor in accordance to the assessment program of the Company's internal control system.

## **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).

In 2016, The Board has a policy to continuously encourage and support the directors' development such as: SDP / SCP straight through program, CSR for Corporate Sustainability, Annual General Shareholders Meeting (AGM) Checklist and Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) program.

# 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 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 27, 2017, 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 seven subsidiaries, Rattanatibeth General Hospital Co., Ltd., Saraburi Wetchakit Co., Ltd., Sriburin Medical Co., Ltd, Navanakorn Medicare Co., Ltd., Ayudhaya Medicare Co., Ltd., Sothorn Vejchakit Co., Ltd and Bangkok Chain Management 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 2016, 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 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., Sothorn Vejchakit Co., Ltd. and Bangkok Chain Management 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 Directors' 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 statement 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 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., Ph.D.)

Chairman of the Board of Directors and Chief Executive Officer

# 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 which the hospital branches are located in Bangkok, Bangkok vicinity, Ayudhaya Province, Saraburi Province, Chachoengsao Province, and Chiangrai Province. There are 11 hospital branches and two polyclinics opened under three brands; “Kasemrad Hospital” “World Medical Center Hospital” and “Karunvej Hospital”.

## Operating Performance

In 2016, the Company reported net profit in the amount of Baht 753.1 million (2015: Baht 527.3 million), increased by Baht 225.8 million or 42.8 percent from 2015. Earning before interest, tax and share of profit of investment in associate in the amount of Baht 1,302.2 million (2015: Baht 1,007.6 million), increased by Baht 294.6 million or 29.2 percent. Mainly due to the following reasons:

In 2016, the Company reported revenue from hospital operation totaling Baht 6,609.7 million which increased by Baht 757.8 million or 13.0 percent from 2015. The revenue growth was driven by the increase in cash patients in the amount of Baht 399.6 million or 10.7 percent, the revenue from social security scheme increased by Baht 341.8 million or 17.4 percent, revenue from the universal coverage increased by Baht 3.6 million or 5.7 percent and other revenue increased by Baht 12.8 million or 14.9 percent.

## Revenues Structure (by Types of the Patients)

Unit : Baht

Revenue Structure	2016		2015		2014	
Cash-Base Revenue (Walk-in)	4,140,189,254	64%	3,740,626,850	65%	3,452,266,966	65%
Social Security Scheme Revenue	2,304,611,183	35%	1,962,761,001	34%	1,789,200,258	34%
Universal Coverage Revenue	66,535,088	1%	62,909,301	1%	59,615,323	1%
<b>Total Revenues</b>	<b>6,511,335,525</b>	<b>100%</b>	<b>5,766,297,152</b>	<b>100%</b>	<b>5,301,082,547</b>	<b>100%</b>

In 2016, the Company reported total expenses in the amount of Baht 5,469.7 million which increased by Baht 462.1 million or 9.2 percent from the previous year of which the cost of hospital operation increased by Baht 483.3 million or 12.1 percent. Mainly, the increase in operating cost were from the staff cost, pharmaceutical, medical supplies and doctor fee. However, administrative expenses decreased by Baht 20.1 million or 2.3 percent as a result of the reverse transactions of provisions for bad and doubtful debts from general debtors and social security debtor.

In 2016, Income tax was Baht 208.5 million, increased from 2015 by Baht 34.2 million or 0.7 percent which was proportionately in line with the increase in earning before tax.

The Company had finance costs in the amount of Baht 162.2 million in 2016 which decreased by Baht 1.1 million or 0.7 percent from 2015 which was in line with the decrease in interest bearing debt during the year.

## Financial Status

### Assets

In 2016, the Company reported total assets of Baht 10,569.4 million which decreased by Baht 28.5 million or 0.3 percent from 2015 as a result of the decrease in cash, cash equivalents and restricted deposits because of the repayment of short term and long term debt.

### Assets quality

Aging analyses for trade accounts receivable were as follows:

Unit: thousand Baht

	2016	2015
Within credit terms	217,549	226,779
Overdue:		
Less than 3 months	70,347	93,030
3-6 months	15,048	44,506
6-12 months	11,473	53,299
Over 12 months	36,912	29,476
<b>Total</b>	<b>351,329</b>	<b>447,090</b>
<b>Less allowance for doubtful accounts</b>	<b>(41,148)</b>	<b>(55,617)</b>
<b>Net</b>	<b>310,181</b>	<b>391,473</b>

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

Aging analyses for accrued income were as follows:

Unit: thousand Baht

	2016	2015
Overdue:		
Less than 3 months	296,631	339,872
3-6 months	195,201	135,411
6-12 months	44,823	63,426
Over 12 months	231,534	252,258
<b>Total</b>	<b>768,189</b>	<b>790,967</b>
<b>Less allowance for doubtful accounts</b>	<b>(81,863)</b>	<b>(105,434)</b>
<b>Net</b>	<b>686,326</b>	<b>685,533</b>

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

In 2016, the Company had reversed transaction of allowance for doubtful account of Baht 21.05 million, on the other hand, the company reported the allowance for doubtful account of Baht 79.62 million in the previous year. The allowance for doubtful account was determined by the ability to pay debt and account receivable aging balance of each debtor. Typically, the Company allows credit term about 30 days for insurance customers. In 2016, the Company had an averaged collection period of about 66 days. In the past, the Company did not encounter with the significant debt collection problem because most of its debtors were insurance companies, social security office, and private companies, which normally pay on the allowed credit term.



The Group had accrued income overdue more than 12 months, mainly from receivable of Social Security Fund (In-Patient Case). 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 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 2016.

## Liquidity

The Company's cash flows for the year 2016, 2015 and 2014 :

Unit: Baht

Cash Flow Activities	2016	2015	2014
Cash flows from operating activities	1,700,909,386	1,338,395,830	823,233,274
Cash flows used in investing activities	(729,451,074)	(857,048,173)	(694,822,666)
Cash flows from (used in) financing activities	(1,134,184,267)	(272,077,503)	(647,023,902)
Net increase (decrease) in cash	(162,725,955)	209,270,154	(518,613,294)

As at December 31, 2016, the Company reported cash and cash equivalents of Baht 512.6 million, Baht 162.7 million decreased from 31 December 2015 due to the following activities:

Cash flows from operating activities of Baht 1,700.9 million were generated by net profit in the amount of Baht 932.8 million, depreciation and amortization in the amount of Baht 514.5 million and changes in net working capital. i.e. decreased in accounts receivable of Baht 101.5 million, increase in accounts payable of Baht 57.3 million, other payables decreased by Baht 26.8 million and decreased in accrued expenses of Baht 13.9 million.

Cash flows used in investing activities totaling Baht 729.4 million were mainly from acquisitions of lands in Prachinburi province and Srakeaw province in total of 135.2 million, purchase of medical equipment in the amount of Baht 181.4 million and investment in construction and renovation for Kasemrad Hospital Chachoengsao and Kasemrad Hospital Sriburin and others in the total of Baht 141.5 million.

Cash flows used in financing activities totaling Baht 1,134.2 million were mainly from dividend payment of Baht 349.1 million, dividend payment to non-controlling interests of Baht 155.0 million, interest expense of Baht 157.7 million, repayment of financial lease of Baht 75.9 million, repayment of short term debt, long term debt and debentures net amount of Baht 382.0 million and purchase shares of Navanakorn Medicare Co., Ltd. in the amount of Baht 14.4 million.

## Capital Structure

The shareholders' equity as at 31 December 2016 and 2015 were Baht 4,760.8 million and 4,358.6 million respectively. The increase in shareholders' equity was mainly due to an increase in net profit. As at 31 December 2016, the Company reported return on Equity (ROE) at 15.8 percent (2015 : 12.1 percent), debt to equity ratio at 0.98 times (2015 : 1.15 times), interest coverage ratio at 11.2 times in 2016 (2015 : 9.0 times).

## Business trend

The Company sets goals in accordance with the strategic plan to increase revenue's growth at the rate 10 – 15% as well as to increase net profit margin to be at the level 12 – 15% per annum from 2017-2022. To achieve the target, the Company has strategic plan as follows:

1. The enhancement of internal process and hospitals' facilities
2. The enhancement of hospitals in the strategic locations to be the patients' referral centers
3. Business expansion both local and international through the construction of the new hospitals and strategic acquisitions
4. Re-branding of the hospitals through marketing strategies and introduction of the new brand to increase market segmentation

The details of strategic plans are as follows:

### **The enhancement of the hospital's standard**

- The Company has been renovating the hospital branches' facilities as well as improving its operational processes for their better efficiency
- The Company shall arrange the training courses for staffs to improve their skills to be in line with an enhancement of the hospital's standard

### **The enhancement of the hospitals to be the patients' referral centers**

- To be in line with the hospital's standard enhancement, the Company shall manage to add medical specialty centers into the hospitals which located in the strategic locations eg. Heart Center and Imaging Center. The medical specialty centers shall be opened at Kasemrad Hospital Rattanaibeth, Kasemrad Hospital Sriburin, Kasemrad Hospital Chachongsaio and Kasemrad Hospital Ramkamhang in order to upgrade them into the referral centers for patients from each region in Thailand.

### **Local and international business expansion**

- The company shall expand five more hospital branches both locally and internationally in order to increase its service coverage for cash patients, patients under social security scheme and patients around the borders. In the next three years, the Company shall open the followings.
  1. Kasemrad Hospital Ramkamhang (in 2018)
  2. Kasemrad Hospital Chiang-Khong (in 2018)
  3. Kasemrad Hospital Aranyapathet (in 2018)
  4. Kasemrad Hospital Prachinburi (in 2019)
  5. Kasemrad International Hospital Vientiane (in 2019).

### **Re-branding of the hospitals through marketing strategies and introduction of the new brand to increase market segmentation**

- In 2017, the Company shall introduce the new hospital brand "Kasemrad International Hospital" in order to increase its market segmentation for the upper mid-tier market. In addition, the new perception of World Medical Center Hospital shall be re-built through the marketing campaigns e.g. the perception about the ability to provide the best medical service with reasonable price to target local hi-end patients and international patients.
- Hospitals' re-branding shall be implemented for the brand "Karunvej". After the hospitals under Karunvej Brand obtained the highest level of Hospital Accreditation, they shall be changed to Kasemrad Hospital to target middle income cash patients and patients under social security scheme.



บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)

Bangkok Chain Hospital PCL

# งบการเงิน

สำหรับปีสิ้นสุดวันที่ 31 ธันวาคม 2559  
และรายงานของผู้สอบบัญชีรับอนุญาต  
บริษัท บางกอก เซน ออสปีทอล จำกัด (มหาชน)  
และบริษัทย่อย

## Financial Statements

For the year ended 31 December 2016  
And Independent Auditor's Report  
Bangkok Chain Hospital Public Company Limited  
and its subsidiaries



## Independent Auditor's Report

### To the Shareholders of Bangkok Chain Hospital Public Company Limited

#### *Opinion*

I have audited the 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 2016, 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.

In my opinion, the accompanying 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 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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



<b>Recoverable of trade receivables</b>	
Refer to Note 3 and 9	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group's accrued income, presented under trade receivables, represents revenue billed to certain government entities such as the Social Security Office.</p> <p>The Group is exposed to the risk of recoverability amount of accrued income due to the complexity of the reimbursement rules and process which is time consuming. The Group has recorded the allowance for doubtful accounts of accrued income using judgment and analysis to determine the future expectations of payments by government entities. I determine that this matter is a key audit matter.</p>	<p>The audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluate the Group's internal controls relating to accrued income transactions.</li> <li>• Evaluate the status of the repayments that the Group has discussed and followed up with the government entity.</li> <li>• Evaluate the analysis to determine the future expectations of payments prepared by the management comparing with the allowance for doubtful accounts of accrued income recorded by the Group.</li> </ul>
<b>Assessment of goodwill for impairment and cash generated units (CGU)</b>	
Refer to Note 3, 16 and 18	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group has goodwill, which is material to the financial statements whereby the management has to use significant judgment to evaluate the impairment of goodwill including the identification of cash generating units, the estimation of future cash flows and the determination of appropriate discount rate.</p> <p>The Group has regularly reviewed the operating results of cash generated units (CGU). In case a CGU has impairment indications such as incurred operating loss, the management has further evaluated whether such CGU is impaired or not. In addition, the management has to use significant judgments to determine impairments such as the estimation of future cash flows and the determination of appropriate discount rate.</p> <p>I determine that this matter is a key audit matter.</p>	<p>The audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluate the identifications of cash generating units (CGU) whether they are consistent with the nature of the business and cash flows generating of the Group.</li> <li>• Evaluate the appropriateness of the key assumptions for the future cash flows projections by comparing those assumptions with information from both internal and external sources and comparing cash flows projections with actual operating results in the past.</li> <li>• Perform calculation tests on discounted cash flows and evaluate the discounted rate by comparing weighted average of cost capital (WACC) of the Group with the industries'.</li> <li>• Determine the adequacy of disclosures of the financial statements related to these transactions.</li> </ul>



### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, 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.

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

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

### *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Sukit Vongthavaravat)  
Certified Public Accountant  
Registration No. 7816

KPMG Phoomchai Audit Ltd.  
Bangkok  
27 February 2017



# 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	
		2016	2015	2016	2015
		(in Baht)			
<b>Current assets</b>					
Cash and cash equivalents	7	512,565,272	675,291,227	307,416,546	418,464,891
Current investments	8	167,789,811	131,084,526	628,251	621,173
Trade accounts receivable	6, 9	996,506,706	1,077,006,511	523,906,270	612,498,927
Short-term loan to related parties	6	-	-	389,700,000	198,500,000
Inventories	10	195,043,830	189,156,431	102,296,048	103,275,579
Other receivables	6	48,024,769	47,698,883	34,025,126	29,682,493
Other current assets		16,693,663	16,587,077	8,642,874	6,374,788
<b>Total current assets</b>		<b>1,936,624,051</b>	<b>2,136,824,655</b>	<b>1,366,615,115</b>	<b>1,369,417,851</b>
<b>Non-current assets</b>					
Restricted deposits	11	753,842	19,079,469	-	-
Investments in associate	12	7,028,743	6,759,613	-	-
Investments in subsidiaries	13	-	-	1,832,848,134	1,813,460,836
Long-term loan to related party	6	3,000,000	6,000,000	4,600,000	-
Other long-term investment	8	38,347,750	37,469,647	-	-
Investment property	15	668,859,531	671,210,197	668,859,531	671,210,197
Property, plant and equipment	16, 20	7,370,531,942	7,188,178,097	5,067,030,577	5,165,844,373
Intangible assets	17	141,886,413	121,219,388	91,322,346	74,605,126
Goodwill	4, 18	329,376,024	329,376,024	-	-
Deferred tax assets	19	27,396,420	36,193,192	8,331,279	17,952,454
Other non-current assets		45,552,294	45,564,581	23,839,963	30,847,822
<b>Total non-current assets</b>		<b>8,632,732,959</b>	<b>8,461,050,208</b>	<b>7,696,831,830</b>	<b>7,773,920,808</b>
<b>Total assets</b>		<b>10,569,357,010</b>	<b>10,597,874,863</b>	<b>9,063,446,945</b>	<b>9,143,338,659</b>

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

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Statements of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2016	2015	2016	2015
(in Baht)					
Current liabilities					
Bank overdrafts and short-term					
loans from financial institutions	20	80,000,000	1,138,211,031	-	1,048,151,746
Trade accounts payable	6, 21	412,659,420	355,401,837	217,580,834	183,225,710
Payables for hospital equipment					
and medical instruments		43,759,588	53,530,306	20,686,943	35,830,675
Other payables		14,691,157	41,504,462	9,258,376	30,992,369
Short-term loan from related party	6, 20	-	-	80,000,000	-
Current portion of long-term loans					
from financial institutions	20	-	13,709,184	-	-
Current portion of debentures	20	1,500,000,000	800,000,000	1,500,000,000	800,000,000
Current portion of finance lease					
liabilities	20	15,791,984	75,917,803	15,791,984	74,923,438
Income tax payable		68,698,311	66,330,014	3,699,783	-
Accrued expenses	6	386,734,892	394,558,166	214,075,434	235,383,349
Deferred income	22	54,722,101	58,342,495	46,363,235	50,553,249
Other current liabilities		44,421,154	44,573,520	32,974,657	33,144,767
Total current liabilities		2,621,478,607	3,042,078,818	2,140,431,246	2,492,205,303
Non-current liabilities					
Long-term loans from financial					
institutions	20	-	10,129,482	-	-
Debentures	20	2,498,372,854	2,500,000,000	2,498,372,854	2,500,000,000
Finance lease liabilities	20	-	15,783,011	-	15,776,408
Employee benefit obligations	23	99,672,975	95,304,636	50,850,971	47,765,451
Other non-current liabilities		13,329,634	13,035,660	4,869,557	7,225,855
Total non-current liabilities		2,611,375,463	2,634,252,789	2,554,093,382	2,570,767,714
Total liabilities		5,232,854,070	5,676,331,607	4,694,524,628	5,062,973,017

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	
		2016	2015	2016	2015
		(in Baht)			
<b>Equity</b>					
Share capital	24				
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	25				
Premium on ordinary shares		644,640,000	644,640,000	644,640,000	644,640,000
Retained earnings					
Appropriated					
Legal reserve	25	249,374,812	249,374,812	249,374,812	249,374,812
Unappropriated		1,387,011,629	985,310,776	981,159,521	692,602,846
Other components of equity		(13,994,728)	(14,509,319)	-	-
<b>Equity attributable to equity holders of the Company</b>		<b>4,760,779,697</b>	<b>4,358,564,253</b>	<b>4,368,922,317</b>	<b>4,080,365,642</b>
Non-controlling interests	14	575,723,243	562,979,003	-	-
<b>Total equity</b>		<b>5,336,502,940</b>	<b>4,921,543,256</b>	<b>4,368,922,317</b>	<b>4,080,365,642</b>
<b>Total liabilities and equity</b>		<b>10,569,357,010</b>	<b>10,597,874,863</b>	<b>9,063,446,945</b>	<b>9,143,338,659</b>

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		For the year ended	
		31 December		31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
<b>Revenues</b>	6				
Revenue from hospital operations		6,511,335,525	5,766,297,152	3,139,801,791	2,826,403,738
Rental income		50,370,182	43,696,169	33,571,643	27,562,179
Interest income		11,365,885	9,383,386	12,805,549	4,675,399
Dividend income	13	-	-	418,387,112	386,951,311
Other income		36,604,428	32,474,990	74,768,886	60,673,756
<b>Total revenues</b>		<b>6,609,676,020</b>	<b>5,851,851,697</b>	<b>3,679,334,981</b>	<b>3,306,266,383</b>
<b>Expenses</b>	6				
Cost of hospital operations	28	4,472,258,848	3,988,935,768	2,355,209,341	2,143,016,604
Selling expenses	28	87,371,857	64,425,151	44,954,015	36,656,375
Administrative expenses	28	747,875,726	790,864,960	435,971,361	479,418,833
Finance costs	29	162,199,022	163,344,137	159,510,526	160,070,181
<b>Total expenses</b>		<b>5,469,705,453</b>	<b>5,007,570,016</b>	<b>2,995,645,243</b>	<b>2,819,161,993</b>
Share of profit of investment in associate	12	1,269,130	2,759,613	-	-
<b>Profit before tax</b>		<b>1,141,239,697</b>	<b>847,041,294</b>	<b>683,689,738</b>	<b>487,104,390</b>
Income tax expense	30	(208,467,508)	(174,238,856)	(46,018,292)	(19,072,511)
<b>Profit for the year</b>		<b>932,772,189</b>	<b>672,802,438</b>	<b>637,671,446</b>	<b>468,031,879</b>
<b>Other comprehensive income</b>					
<i>Items that will never be reclassified subsequently to profit or loss</i>					
Employee benefit obligation actuarial gains	23	-	1,637,895	-	6,503,920
Income tax on other comprehensive income	30	-	(327,579)	-	(1,300,784)
		-	<b>1,310,316</b>	-	<b>5,203,136</b>
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available-for-sale investments	8	878,103	(10,702,875)	-	-
Income tax on other comprehensive income	30	(175,621)	2,130,864	-	-
		<b>702,482</b>	<b>(8,572,011)</b>	-	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>702,482</b>	<b>(7,261,695)</b>	-	<b>5,203,136</b>
<b>Total comprehensive income for the year</b>		<b>933,474,671</b>	<b>665,540,743</b>	<b>637,671,446</b>	<b>473,235,015</b>

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

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Statements of financial position

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2016	2015	2016	2015
		<i>(in Baht)</i>			
<b>Profit attributable to:</b>					
Owners of the Company		753,093,450	527,331,362	637,671,446	468,031,879
Non-controlling interests	14	179,678,739	145,471,076	-	-
<b>Profit for the year</b>		<b>932,772,189</b>	<b>672,802,438</b>	<b>637,671,446</b>	<b>468,031,879</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		753,608,041	523,049,924	637,671,446	473,235,015
Non-controlling interests	14	179,866,630	142,490,819	-	-
<b>Total comprehensive income for the year</b>		<b>933,474,671</b>	<b>665,540,743</b>	<b>637,671,446</b>	<b>473,235,015</b>
<b>Basic earnings per share</b>	31	<b>0.30</b>	<b>0.21</b>	<b>0.26</b>	<b>0.19</b>

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 attributable to owners of the Company	Non-controlling interests	Total equity
	Issued and paid-up share capital	Share premium	Legal Reserve	Unappropriated	Fair value changes in available-for-sale investments			
<i>(in Baht)</i>								
Year ended 31 December 2015								
Balance at 1 January 2015								
	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
Transactions with owners, recorded directly in equity								
Distributions to owners of the Company								
32	-	-	-	(299,249,530)	-	(299,249,530)	(140,398,689)	(439,648,219)
Total Distributions to owners of the Company								
	-	-	-	(299,249,530)	-	(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)	-	(2,296,319)	(12,745,813)	(15,042,132)
Total changes in ownership interests in subsidiaries								
	-	-	-	(2,296,319)	-	(2,296,319)	30,946,553	28,650,034
Total transactions with owners, recorded directly in equity								
	-	-	-	(301,545,849)	-	(301,545,849)	(109,452,336)	(410,998,185)
Comprehensive income for the year								
Profit								
	-	-	-	527,331,362	-	527,331,362	145,471,076	672,802,438
Other comprehensive income								
	-	-	-	1,954,674	(6,236,112)	(4,281,438)	(2,980,257)	(7,261,695)
Total comprehensive income for the year								
	-	-	-	529,286,036	(6,236,112)	523,049,924	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)	4,358,564,253	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

Consolidated financial statements									
		Retained earnings			Other components of equity				
				Legal Reserve	Unappropriated	Fair value changes in available-for-sale investments	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Note					(in Baht)			
Year ended 31 December 2016									
Balance at 1 January 2016		2,493,747,984	644,640,000	249,374,812	985,310,776	(14,509,319)	4,358,564,253	562,979,003	4,921,543,256
Transactions with owners, recorded directly in equity									
Distributions to owners of the Company									
Dividends	32	-	-	-	(349,114,771)	-	(349,114,771)	(155,012,888)	(504,127,659)
Total Distributions to owners of the Company		-	-	-	(349,114,771)	-	(349,114,771)	(155,012,888)	(504,127,659)
Changes in ownership interests in subsidiaries									
Non-controlling interests from acquisition of business	5	-	-	-	(2,277,826)	-	(2,277,826)	(12,109,502)	(14,387,328)
Total changes in ownership interests in subsidiaries		-	-	-	(2,277,826)	-	(2,277,826)	(12,109,502)	(14,387,328)
Total transactions with owners, recorded directly in equity									
		-	-	-	(351,392,597)	-	(351,392,597)	(167,122,390)	(518,514,987)
Comprehensive income for the year									
Profit		-	-	-	753,093,450	-	753,093,450	179,678,739	932,772,189
Other comprehensive income		-	-	-	-	514,591	514,591	187,891	702,482
Total comprehensive income for the year		-	-	-	753,093,450	514,591	753,608,041	179,866,630	933,474,671
Balance at 31 December 2016		2,493,747,984	644,640,000	249,374,812	1,387,011,629	(13,994,728)	4,760,779,697	575,723,243	5,336,502,940

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 <i>(in Baht)</i>	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	32	-	-	-	(299,249,530)	(299,249,530)
<i>Total distributions to owners of the company</i>		-	-	-	(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 changes in equity

	Note	Separate financial statements				
		Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Unappropriated Retained earnings	Total equity
Year ended 31 December 2016						
Balance at 1 January 2016		2,493,747,984	644,640,000	249,374,812	692,602,846	4,080,365,642
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends	32	-	-	-	(349,114,771)	(349,114,771)
<i>Total distributions to owners of the company</i>		-	-	-	(349,114,771)	(349,114,771)
Total transactions with owners, recorded directly in equity		-	-	-	(349,114,771)	(349,114,771)
Comprehensive income for the year						
Profit		-	-	-	637,671,446	637,671,446
Total comprehensive income for the year		-	-	-	637,671,446	637,671,446
Balance at 31 December 2016		2,493,747,984	644,640,000	249,374,812	981,159,521	4,368,922,317

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	
		Year ended 31 December		Year ended 31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
<b>Cash flows from operating activities</b>					
Profit for the year		932,772,189	672,802,438	637,671,446	468,031,879
<b>Adjustments for</b>					
Depreciation and amortisation		514,484,741	460,854,750	314,388,964	296,709,747
Bad and doubtful debts expense (reversal of)	9	(21,048,206)	79,624,949	(31,152,827)	53,812,534
Provision for allowance for decline in value of inventories		2,435,336	-	2,072,118	-
Unrealised (gain) loss from trading securities		(339,250)	420,300	-	-
Finance costs	29	162,199,022	163,344,137	159,510,526	160,070,181
Loss (gain) on disposal of equipment		999,275	2,019,793	(42,104)	204,669
Share of profit of investment in associate	12	(1,269,130)	(2,759,613)	-	-
Interest income		(11,365,885)	(9,383,386)	(12,805,549)	(4,675,399)
Dividend income	13	-	-	(418,387,112)	(386,951,311)
Employee benefit expenses	23	15,142,698	21,777,905	7,974,417	8,340,338
Income tax expense	30	208,467,508	174,238,856	46,018,292	19,072,511
		1,802,478,298	1,562,940,129	705,248,171	614,615,149
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivable		101,548,011	(57,595,303)	119,745,484	(31,943,084)
Inventories		(8,322,735)	(11,473,108)	(1,092,587)	3,184,304
Other receivables		525,725	(12,257,671)	(3,359,238)	(9,448,935)
Other current assets		(106,586)	(3,608,524)	(2,268,086)	2,816,084
Other non-current assets		12,287	45,222,673	7,007,859	46,921,597
Trade accounts payable		57,257,583	17,421,015	34,355,124	(35,689,811)
Other payables		(26,813,305)	(28,386,195)	(21,733,993)	(27,374,499)
Accrued expenses		(13,938,688)	30,782,969	(27,569,120)	15,956,289
Deferred income		(3,620,394)	4,430,243	(4,190,014)	1,637,876
Other current liabilities		(152,366)	(18,038,613)	(170,110)	(7,089,345)
Other non-current liabilities		293,974	(7,079,749)	(2,356,298)	(7,855,633)
<b>Cash from operating activities</b>		<b>1,909,161,804</b>	<b>1,522,357,866</b>	<b>803,617,192</b>	<b>565,729,992</b>
Employee benefit obligations paid	23	(10,774,359)	(8,175,554)	(4,888,897)	(2,413,712)
Income tax paid		(197,478,059)	(175,786,482)	(32,697,334)	(28,773,325)
<b>Net cash from operating activities</b>		<b>1,700,909,386</b>	<b>1,338,395,830</b>	<b>766,030,961</b>	<b>534,542,955</b>

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

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Statements of cash flows

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Decrease in restricted deposits		18,325,627	19,610,094	-	-
Interest received		10,514,273	8,384,850	11,822,154	3,223,396
Dividends received		1,000,000	1,000,000	418,387,112	386,951,311
(Increase) decrease in current investments		(36,366,035)	11,671,201	(7,078)	(21,620)
Increase other long-term investments	8	-	(36,236)	-	-
Purchase of investments in associates	12	-	(2,500,000)	-	-
Purchases of property, plant and equipment		(693,417,066)	(560,626,886)	(236,576,465)	(251,120,448)
Purchases of intangible assets		(40,505,107)	(39,103,942)	(21,762,551)	(35,428,610)
Proceeds from sales of equipment		7,997,234	26,552,746	13,295,666	20,193,727
Increase in loan to related parties		-	(6,000,000)	(205,800,000)	(188,500,000)
Proceeds from loan to related parties		3,000,000	-	10,000,000	30,000,000
Purchase of investment in subsidiaries	13	-	-	(19,387,298)	(281,042,132)
Net cash outflow on acquisitions of business	4	-	(316,000,000)	-	-
<b>Net cash used in investing activities</b>		<b>(729,451,074)</b>	<b>(857,048,173)</b>	<b>(30,028,460)</b>	<b>(315,744,376)</b>
<b><i>Cash flows from financing activities</i></b>					
Finance costs paid		(157,710,754)	(164,652,525)	(154,876,467)	(160,071,257)
Dividends paid to owners of the Company	32	(349,114,771)	(299,249,530)	(349,114,771)	(299,249,530)
Dividends paid to non-controlling interests		(155,012,888)	(140,398,689)	-	-
Increase in bank overdrafts and short-term loans from financial institutions		(1,058,211,031)	444,535,021	(1,048,151,746)	403,002,106
Proceeds from loan from related party		-	-	80,000,000	-
Proceeds from issue of debenture		1,500,000,000	-	1,500,000,000	-
Repayment of debenture maturity		(800,000,000)	-	(800,000,000)	-
Repayment of finance lease liabilities		(75,908,830)	(84,264,506)	(74,907,862)	(82,396,458)
Repayment of long-term loans from financial institutions		(23,838,665)	(13,005,142)	-	-
Purchase of non-controlling interests	5	(14,387,328)	(15,042,132)	-	-
<b>Net cash used in financing activities</b>		<b>(1,134,184,267)</b>	<b>(272,077,503)</b>	<b>(847,050,846)</b>	<b>(138,715,139)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>					
		<b>(162,725,955)</b>	<b>209,270,154</b>	<b>(111,048,345)</b>	<b>80,083,440</b>
Cash and cash equivalents at beginning of year		675,291,227	466,021,073	418,464,891	338,381,451
<b>Cash and cash equivalents at end of year</b>	7	<b>512,565,272</b>	<b>675,291,227</b>	<b>307,416,546</b>	<b>418,464,891</b>
<b><i>Supplement disclosures of cash flows information</i></b>					
<b>Non-cash transaction</b>					
Payables for hospital equipment and medical instruments		43,759,588	53,530,306	20,686,943	35,830,675

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

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2016

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 27 February 2017.

## 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 2016 and 2015 was Hamphanich 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, Ayudhya and Chachoengsao Province and consultation services, management services and the assets management services relevant of the hospital and property for rent. Details of the Company’s subsidiaries are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest direct/indirect (%)	
			31 December 2016	2015
<i>Direct subsidiaries</i>				
Rattanaibeth 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.	Hospital	Thailand	76.39	73.20
SothonVejchakit Co.,Ltd.	Hospital	Thailand	76.00	76.00
Bangkok Chain Management Co., Ltd.	Consultation services, management services and the assets management services relevant to the hospital	Thailand	100.00	-
<i>Indirect subsidiary</i>				
Ayudhya Medicare Co., Ltd.	Property for rent	Thailand	76.39	73.20
<i>(100% holding by Navanakorn Medicare Co.,Ltd.)</i>				

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**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.

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 36.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items.

<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 accounting policies and the 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.

**(i) Judgements**

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:

Notes 3 (r), 19 and 30	Current and deferred taxation
Note 9	Trade accounts receivable - allowance for doubtful accounts

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### (ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 18	Impairment test key assumptions underlying recoverable amounts
Note 23	Measurement of define employee benefit obligations: key actuarial assumptions

### *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 chief financial officer.

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 15 Investment property
- Note 33 Financial instruments

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**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.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

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.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions



# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### *Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are 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.

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.

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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.

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.



# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### (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
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No depreciation is provided on investment property land.

### (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.

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

*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.

*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) 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.

*Other 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

## Notes to the financial statements

### For the year ended 31 December 2016

#### *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 - 10 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.

#### *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.

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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.

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.



# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2016

#### *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.

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**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**(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.

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.



# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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.

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.

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2016

#### 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.

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	16	18,900
Building	16	165,800
Hospital building improvement	16	11,309
Hospital equipment and medical instruments	16	23,532
Office equipment	16	3,727
Computer	19	590
Vehicle	16	4,520
Intangible assets	17	4,591
Deferred tax liabilities	19	(918)
<b>Net identifiable assets acquired</b>		<b>232,051</b>
Non-controlling interest		(43,692)
<b>Net identifiable assets acquired - the Company</b>		<b>188,359</b>
Goodwill from acquisitions of business		127,641
<b>Total consideration transferred - the Company</b>		<b>316,000</b>
Total consideration transferred - non-controlling interest		84,000
<b>Total consideration transferred</b>		<b>400,000</b>

#### *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)
<b>Total consideration transferred - the Company</b>	<b>316,000</b>
Fair value of identifiable assets by independent appraisal	(232,051)
Non-controlling interest	43,692
<b>Goodwill</b>	<b>127,641</b>

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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

### *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 subsidiary

In 2016, the Company acquired an additional 3.19% interest in Navanakorn Medicare Co., Ltd. for Baht 14.39 million in cash, increasing its ownership from 73.20% to 76.39%. 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 12.11 million. The Group recognised a decrease in non-controlling interests of Baht 12.11 million and a decrease in retained earnings of Baht 2.28 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 2.29 million.

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

	2016	2015
	<i>(in thousand Baht)</i>	
Carrying amount of non-controlling interests acquired	12.11	12.75
Consideration paid to non-controlling interests	14.39	15.04
<b>Decrease in equity attributable to owners of the Group</b>	<b>(2.28)</b>	<b>(2.29)</b>

## 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:

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
Mr. Kantaporn Harnphanich	Thailand	Shareholder, 3.33% shareholding
Miss Pornsuda Harnphanich	Thailand	Shareholder, 3.33% shareholding

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<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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:

<b>Transactions</b>	<b>Pricing policy</b>
Revenues from hospital operations	Contractually agreed price
Other income	Contractually agreed price
Dividends income	Based on declaration price
Interest income	Interest rate 2.80% - 6.00% per annum. (2015: 2.70 - 6.00% per annum.)
Rental income	Contractually agreed price
Purchases inventory/service	Based on market price / contractually agreed price
Purchase/sale assets	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**  
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Significant transactions for the years ended 31 December 2016 and 2015, with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b><i>Subsidiaries</i></b>				
Revenues from hospital operations	-	-	65,009	54,500
Dividend income	-	-	418,387	386,951
Interest income	-	-	10,201	3,536
Other income	-	-	61,874	47,850
Purchases inventory and service	-	-	13,136	11,006
Purchase assets	-	-	-	7,440
Sale assets	-	-	11,801	-
<b><i>Associate</i></b>				
Revenue from hospital operations	1,287	2,484	-	-
Dividend income	1,000	1,000	-	-
Interest income	281	212	-	-
Rental income	900	900	-	-
Purchases and service	5,184	3,375	-	-
<b><i>Other related party</i></b>				
Rental income	4,380	4,380	4,380	4,380
<b><i>Key management personnel</i></b>				
Key management personnel compensation				
Short-term employee benefit	174,572	161,113	110,270	102,805
Post-employment benefits	4,822	5,474	3,347	3,776
<b>Total key management personnel compensation</b>	<b>179,394</b>	<b>166,587</b>	<b>113,617</b>	<b>106,581</b>
Doctor fees	6,995	13,219	1,959	5,882

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b><i>Trade accounts receivable</i></b>				
Subsidiaries	-	-	15,300	14,683
Associate	120	44	-	-
<b>Total</b>	<b>120</b>	<b>44</b>	<b>15,300</b>	<b>14,683</b>
<b><i>Other receivable</i></b>				
Subsidiaries	-	-	12,397	9,864
Associate	150	150	-	-
Other related parties	1,460	1,740	1,460	1,740
<b>Total</b>	<b>1,610</b>	<b>1,890</b>	<b>13,857</b>	<b>11,604</b>



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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Trade accounts payable</b>				
Subsidiaries	-	-	3,135	1,117
Associate	1,514	465	-	-
<b>Total</b>	<b>1,514</b>	<b>465</b>	<b>3,135</b>	<b>1,117</b>
<b>Accrued expenses</b>				
Key management and related parties	<b>649</b>	<b>1,041</b>	<b>222</b>	<b>473</b>
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	<b>389,700</b>	<b>198,500</b>
<b>Long-term loan to related party</b>				
Subsidiaries	-	-	4,600	-
Associate	3,000	6,000	-	-
<b>Total</b>	<b>3,000</b>	<b>6,000</b>	<b>4,600</b>	<b>-</b>
<b>Interest receivable - loan to related parties</b>				
Subsidiaries	-	-	2,319	1,431
Associate	15	31	-	-
<b>Total</b>	<b>15</b>	<b>31</b>	<b>2,319</b>	<b>1,431</b>

Movements during years ended 31 December 2016 and 2015 of loan to a related party were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Short-term loans to subsidiaries</b>				
At 1 January	-	-	198,500	40,000
Increase	-	-	201,200	188,500
Decrease	-	-	(10,000)	(30,000)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>389,700</b>	<b>198,500</b>
<b>Long-term loan to subsidiary</b>				
At 1 January	-	-	-	-
Increase	-	-	4,600	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>4,600</b>	<b>-</b>
<b>Long-term loan to associate</b>				
At 1 January	6,000	-	-	-
Increase	-	6,000	-	-
Decrease	(3,000)	-	-	-
<b>At 31 December</b>	<b>3,000</b>	<b>6,000</b>	<b>-</b>	<b>-</b>

Short-term loan to subsidiary comprised promissory notes repayable at call which bear fixed interest at 2.80% - 5.00% per annum (2015 : 2.70 - 3.60% per annum).



# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2016

Long-term loan agreement to subsidiary which bear fixed interest at 3.00% per annum.

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Short-term loans from subsidiary</b>				
Subsidiaries	-	-	80,000	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>-</u>

Short-term loan from subsidiary comprised promissory notes which bear fixed interest at 1.62% 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., Navanakorn Medicare Co. Ltd and SothonVejchakit Co.,Ltd. for a period of 2 years, starting from 1 January 2016 and ending on 31 December 2017. 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.

##### *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., Navanakorn Medicare Co. Ltd. And SothonVejchakit Co.,Ltd. for a period of 2 years starting from 1 January 2016 and ending on 31 December 2017. 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.

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**7 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cash on hand	9,324	6,617	1,934	2,215
Cash at banks	501,330	636,639	305,483	416,250
Highly liquid short-term investments	1,911	32,035	-	-
<b>Total</b>	<b>512,565</b>	<b>675,291</b>	<b>307,417</b>	<b>418,465</b>

Cash and cash equivalents of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**8 Other investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Current investment</b>				
Short-term deposits at financial institutions	51,230	129,915	628	621
Trading securities	116,560	1,170	-	-
	<b>167,790</b>	<b>131,085</b>	<b>628</b>	<b>621</b>
<b>Other long-term investment</b>				
Available-for-sale- unit trusts	38,348	37,470	-	-
<b>Total</b>	<b>206,138</b>	<b>168,555</b>	<b>628</b>	<b>621</b>

Current investments of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Trading securities</b>				
At 1 January	1,170	1,590	-	-
Increased	235,051	-	120,000	-
Decreased	(120,000)	-	(120,000)	-
Valuation adjustment	339	(420)	-	-
<b>At 31 December</b>	<b>116,560</b>	<b>1,170</b>	<b>-</b>	<b>-</b>
<b>Available-for-sale - unit trusts</b>				
At 1 January	37,470	48,136	-	-
Increased	-	57	-	-
Decreased	-	(20)	-	-
Valuation adjustment	878	(10,703)	-	-
<b>At 31 December</b>	<b>38,348</b>	<b>37,470</b>	<b>-</b>	<b>-</b>

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
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**9 Trade accounts receivable**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>Financial statements</b>		<b>financial statements</b>	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	6	120	44	15,300	14,683
Other parties		351,209	447,046	160,660	259,002
		<b>351,329</b>	<b>447,090</b>	<b>175,960</b>	<b>273,685</b>
Less allowance for doubtful accounts		(41,148)	(55,617)	(22,526)	(37,180)
<b>Trade accounts receivable, net</b>		<b>310,181</b>	<b>391,473</b>	<b>153,434</b>	<b>236,505</b>
Accrued income		768,189	790,967	420,466	444,658
Less allowance for doubtful accounts		(81,863)	(105,434)	(49,994)	(68,665)
<b>Accrued income, net</b>		<b>686,326</b>	<b>685,533</b>	<b>370,472</b>	<b>375,993</b>
<b>Total</b>		<b>996,507</b>	<b>1,077,006</b>	<b>523,906</b>	<b>612,498</b>
Bad and doubtful debts expenses (reversal of) for the year		<b>(21,048)</b>	<b>79,624</b>	<b>(31,153)</b>	<b>53,813</b>

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within credit terms	217,549	226,779	118,188	139,765
Overdue:				
Less than 3 months	70,347	93,030	26,105	36,391
3-6 months	15,048	44,506	5,165	33,132
6-12 months	11,473	53,299	4,673	48,073
Over 12 months	36,912	29,476	21,829	16,324
<b>Total</b>	<b>351,329</b>	<b>447,090</b>	<b>175,960</b>	<b>273,685</b>
Less allowance for doubtful accounts	(41,148)	(55,617)	(22,526)	(37,180)
<b>Net</b>	<b>310,181</b>	<b>391,473</b>	<b>153,434</b>	<b>236,505</b>

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

Trade accounts receivable of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
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Aging analyses for accrued income were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Overdue:				
Less than 3 months	296,631	339,872	192,805	187,695
3-6 months	195,201	135,411	66,627	66,695
6-12 months	44,823	63,426	20,755	35,800
Over 12 months	231,534	252,258	140,279	154,468
<b>Total</b>	<b>768,189</b>	<b>790,967</b>	<b>420,466</b>	<b>444,658</b>
Less allowance for doubtful accounts	(81,863)	(105,434)	(49,994)	(68,665)
<b>Net</b>	<b>686,326</b>	<b>685,533</b>	<b>370,472</b>	<b>375,993</b>

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 2016 and 2015 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 needs time for the examination of reimbursement information to avoid double payments. In addition, the reimbursement process of the Social Security Office is complex and time consuming. As a result, the outstanding balance of accrued income is significant. The Group's management is following up on this matter with the management of the Social Security Office.

## 10 Inventories

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Medicine and medical supplies	165,871	161,574	86,595	91,287
Supplies and equipment	31,608	28,305	17,773	12,712
<b>Total</b>	<b>197,479</b>	<b>189,879</b>	<b>104,368</b>	<b>103,999</b>
Less allowance for decline in value	(2,435)	(723)	(2,072)	(723)
<b>Total</b>	<b>195,044</b>	<b>189,156</b>	<b>102,296</b>	<b>103,276</b>
<b>Inventories recognised as an expense in cost of hospital operations</b>	<b>1,246,524</b>	<b>1,092,237</b>	<b>650,081</b>	<b>572,125</b>

## 11 Restricted deposits

The subsidiaries' fixed deposits at banks as at 31 December 2016 amounting to Baht 0.75 million were pledged as collateral for nursing care arrangement and utilities use (2015: Baht 19.08 million).

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**12 Investment in associate**

	<b>Consolidated</b>	
	<b>financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 January	6,760	2,500
Additional investment	-	2,500
Share of profit of investment in associate	1,269	2,760
Dividend income	(1,000)	(1,000)
<b>At 31 December</b>	<b><u>7,029</u></b>	<b><u>6,760</u></b>

In July 2016, at the annual general meeting of the Chiangrai Imaging Center 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 January 2015, Sriburin Medical Company Limited, a subsidiary, has additional purchased investment in Chiangrai Imaging Center Co.,Ltd 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 Center Co., Ltd., the shareholders approved the appropriation of dividend of Baht 4 per share to shareholders, amounting to Baht 1 million to the Group.



# **Bangkok Chain Hospital Public Company Limited and its Subsidiaries** **Notes to the financial statements** **For the year ended 31 December 2016**

Investment in associate as at 31 December 2016 and 2015, 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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(in thousand Baht)									
<i>Associate</i>										
Chiang Rai Imaging Center Co., Ltd.	31.22	31.22	15,000	15,000	5,000	5,000	7,029	6,760	1,000	1,000
<b>Total</b>					<b>5,000</b>	<b>5,000</b>	<b>7,029</b>	<b>6,760</b>	<b>1,000</b>	<b>1,000</b>

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

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*Immaterial associates*

The following is summarized financial information for the Group's interest in immaterial associates based on the amounts reported in the Group's consolidated financial statements:

	Immaterial Associates	
	2016	2015
	<i>(in million Baht)</i>	
Carrying amount of interests in immaterial associates and joint ventures	<b>7,029</b>	<b>6,760</b>
Group's share of:		
- Profit from continuing operations	1,269	2,760
- Other comprehensive income	-	-
- Total comprehensive income	<b>1,269</b>	<b>2,760</b>

**13 Investment in subsidiaries**

	Separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
As at 1 January	1,813,461	1,532,419
Additional investments	19,387	281,042
<b>As at 31 December</b>	<b>1,832,848</b>	<b>1,813,461</b>

During the year ended 31 December 2016 and 2015 there were the following of investments in subsidiaries:

During the year 2016, the Company made an additional investment in 3.19% of the issued and paid up capital of Navanakorn Medicare Co., Ltd., for a consideration of Baht 14.39, bringing the Company's total interest in Navanakorn Medicare Co., Ltd., from 73.20% to 76.39% as details of the acquisition are given in note 5.

On 15 September 2016, the company established a new subsidiary, Bangkok Chain Management Co.,Ltd. with registered the share capital of Bath 5 million which is 100% held by the Company and issue 0.5 million ordinary share at par value of Baht 10 each.

During the year 2015, the Company made an additional investment in 3.35% of the issued and paid up capital of Navanakorn Medicare Co., Ltd., for a consideration of Baht 15.04, bringing the Company's total interest in Navanakorn Medicare Co., Ltd., from 69.85 to 73.20% as details of the acquisition are given in note 5.

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.

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2016

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

	Ownership Interest (%)		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in thousand Baht)</i>											
<b>Subsidiaries</b>												
Rattanaibeth General Hospital Co., Ltd.	72.73	72.73	300,000	300,000	448,258	448,258	-	-	448,258	448,258	261,827	240,008
Saraburi Wetchakit Co., Ltd.	59.92	59.92	321,000	321,000	225,653	225,653	-	-	225,653	225,653	76,940	67,322
Sriburi Medical Co., Ltd.	93.67	93.67	170,000	170,000	544,164	544,164	-	-	544,164	544,164	79,620	79,621
Navanakorn Medicare Co., Ltd.	76.39	73.20	375,000	375,000	343,773	329,386	-	-	343,773	329,386	-	-
Sothorn Vejchakit Co., Ltd.	76.00	76.00	350,000	350,000	266,000	266,000	-	-	266,000	266,000	-	-
Bangkok Chain Management Co.,Ltd	100.00	-	5,000	-	5,000	-	-	-	5,000	-	-	-
<b>Total</b>					<b>1,832,848</b>	<b>1,813,461</b>	<b>-</b>	<b>-</b>	<b>1,832,848</b>	<b>1,813,461</b>	<b>418,387</b>	<b>386,951</b>

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

## Notes to the financial statements For the year ended 31 December 2016

### 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 2016						
	Rattanaibeth General Hospital Co., Ltd.	Saraburi Wetchakit Co., Ltd.	Sriburi Medical Co., Ltd.	Navanakorn Medicare Co., Ltd.	Ayudhya Medicare Co., Ltd.	Sothorn Vejjakit Co., Ltd.	Total
				<i>(in thousand Baht)</i>			
Non-controlling interest percentage	27.27%	40.08%	6.33%	23.61%	23.61%	24.00%	
Current assets	535,888	209,816	108,948	152,750	2,167	81,797	
Non-current assets	539,637	305,642	718,051	201,237	77,930	687,935	
Current liabilities	(260,792)	(73,241)	(195,470)	(84,830)	(15,601)	(371,606)	
Non-current liabilities	(17,692)	(9,364)	(19,831)	(8,117)	-	(2,278)	
Net assets	797,041	432,853	611,698	261,040	64,496	395,848	
Carrying amount of non-controlling interest	217,353	173,487	38,699	61,918	15,282	95,004	575,723
Revenue	1,484,328	555,867	783,887	378,035	9,467	302,638	
Profit	383,843	137,537	145,427	11,400	1,898	29,948	
Other comprehensive income	570	-	-	133	-	-	
Total comprehensive income	384,413	137,537	145,427	11,533	1,898	29,948	
Profit allocated to non-controlling interest	104,674	55,125	9,200	2,987	505	7,188	179,679
Other comprehensive income allocated to non-controlling interest	156	-	-	32	-	-	188
Cash flows from operating activities	129,672	72,024	11,927	3,986	6,183	8,696	
Cash flows from investing activities	(34,044)	(25,419)	(9,621)	(4,043)	(472)	(47,984)	
Cash flows from financing activities	(98,156)	(51,463)	(4,049)	2,319	(5,820)	36,048	
Net increase (decrease) in cash and cash equivalents	(2,528)	(4,858)	(1,743)	2,262	(109)	(3,240)	

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

	31 December 2015					
	Rattanaibeth General Hospital Co., Ltd.	Saraburi Wetchakit Co., Ltd.	Sriburi Medical Co., Ltd.	Navanakorn Medicare Co., Ltd.	Ayudhya Medicare Co., Ltd.	Sothorn Veichakit Co., Ltd.
				(in thousand Baht)		Total
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
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	339,235	108,100	123,326	(11,964)	2,901	5,585
Profit (loss) allocated to non-controlling interest	95,663	42,964	7,893	(3,223)	833	1,341
Other comprehensive income allocated to non-controlling interest	(3,154)	362	(91)	(97)	-	-
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

## Notes to the financial statements

For the year ended 31 December 2016

### 15 Investment property

	Consolidated/ Separate financial statements					
	2016			2015		
	Land	Building and improvements	Total	Land	Building and improvements	Total
	<i>(in thousand Baht)</i>					
<b>Cost</b>						
At 1 January and 31 December	605,000	70,520	675,520	605,000	70,520	675,520
<b>Accumulated depreciation</b>						
At 1 January	-	4,310	4,310	-	1,959	1,959
Depreciation charge for the year	-	2,351	2,351	-	2,351	2,351
<b>At 31 December</b>	<b>-</b>	<b>6,661</b>	<b>6,661</b>	<b>-</b>	<b>4,310</b>	<b>4,310</b>
<b>Net book value</b>						
At 1 January	605,000	66,210	671,210	605,000	68,561	673,561
At 31 December	605,000	63,859	668,859	605,000	66,210	671,210

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 as at 31 December 2016 and 2015 was revalued by a independent professional valuers, at open market values on an existing use basis. The appraised value was Baht 679 million (2015: Baht 465.73 million). The Company has transferred this property from property, plant and equipment 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.

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**16 Property, plant and equipment**

Consolidated financial statements										
		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
	Note					(in thousand Baht)				
<b>Cost</b>										
At 1 January 2015		2,275,150	4,329,718	895,798	2,048,379	386,207	183,180	81,483	223,344	10,423,259
Additions		80,459	40,904	54,696	192,600	23,251	13,470	9,569	138,457	553,406
Acquisitions through business combination	4	18,900	165,800	11,309	23,532	3,727	590	4,520	-	228,378
Transfers		(425,703)	578,635	99,795	23,509	16,532	469	-	(293,237)	-
Transfers to intangible assets	17	-	-	-	-	-	-	-	(14,117)	(14,117)
Disposals		-	(700)	(2,251)	(114,733)	(1,263)	(12)	(6,859)	(209)	(126,027)
At 31 December 2015 and 1 January 2016		1,948,806	5,114,357	1,059,347	2,173,287	428,454	197,697	88,713	54,238	11,064,899
Additions		142,876	83,335	62,111	181,416	34,335	26,319	11,707	141,547	683,646
Transfers		450	52,951	35,360	550	1,567	-	-	(90,878)	-
Transfers to intangible assets	17	-	-	-	-	-	(2,224)	-	(13,246)	(15,470)
Disposals		-	(78)	(3,109)	(43,411)	(21,923)	(14,990)	(2,258)	-	(85,769)
At 31 December 2016		2,092,132	5,250,565	1,153,709	2,311,842	442,433	206,802	98,162	91,661	11,647,306
<b>Depreciation</b>										
At 1 January 2015		11,349	1,406,619	537,342	1,096,910	300,869	143,642	42,825	-	3,539,556
Depreciation charge for the year		1,429	177,765	47,587	151,628	24,501	22,420	9,302	-	434,632
Transfers		-	-	(248)	24	224	-	-	-	-
Disposals		-	(520)	(2,219)	(89,087)	(843)	(12)	(4,786)	-	(97,467)
At 31 December 2015 and 1 January 2016		12,778	1,583,864	582,462	1,159,475	324,751	166,050	47,341	-	3,876,721
Depreciation charge for the year		1,645	198,282	72,108	146,210	27,061	17,823	13,800	-	476,929
Disposals		-	(20)	(2,069)	(36,438)	(21,319)	(14,944)	(2,086)	-	(76,876)
At 31 December 2016		14,423	1,782,126	652,501	1,269,247	330,493	168,929	59,055	-	4,276,774

## For the year ended 31 December 2016

Consolidated 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
						(in thousand Baht)				
Net book value										
At 1 January 2015										
Owned assets		2,263,801	2,923,099	355,665	698,345	85,338	30,823	31,034	223,344	6,611,449
Assets under finance leases		-	-	2,791	253,124	-	8,715	7,624	-	272,254
		<u>2,263,801</u>	<u>2,923,099</u>	<u>358,456</u>	<u>951,469</u>	<u>85,338</u>	<u>39,538</u>	<u>38,658</u>	<u>223,344</u>	<u>6,883,703</u>
At 31 December 2015 and 1 January 2016										
Owned assets		1,936,028	3,530,493	475,211	801,483	103,703	31,647	36,396	54,238	6,969,199
Assets under finance leases		-	-	1,674	212,329	-	-	4,976	-	218,979
		<u>1,936,028</u>	<u>3,530,493</u>	<u>476,885</u>	<u>1,013,812</u>	<u>103,703</u>	<u>31,647</u>	<u>41,372</u>	<u>54,238</u>	<u>7,188,178</u>
At 31 December 2016										
Owned assets		2,077,709	3,468,439	501,208	893,490	111,940	37,873	37,782	91,661	7,220,102
Assets under finance leases		-	-	-	149,105	-	-	1,325	-	150,430
		<u>2,077,709</u>	<u>3,468,439</u>	<u>501,208</u>	<u>1,042,595</u>	<u>111,940</u>	<u>37,873</u>	<u>39,107</u>	<u>91,661</u>	<u>7,370,532</u>

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

Separate financial statements											
	</										

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements For the year ended 31 December 2016

Net book value										
At 1 January 2015										
Owned assets	1,919,785	2,157,160	222,392	406,530	43,506	17,965	7,121	209,613	4,984,072	
Assets under finance leases	-	-	-	241,206	-	8,715	6,230	-	256,151	
	<u>1,919,785</u>	<u>2,157,160</u>	<u>222,392</u>	<u>647,736</u>	<u>43,506</u>	<u>26,680</u>	<u>13,351</u>	<u>209,613</u>	<u>5,240,223</u>	
At 31 December 2015 and 1 January 2016										
Owned assets	1,486,688	2,572,737	322,575	455,581	50,384	18,523	11,991	42,404	4,960,883	
Assets under finance leases	-	-	-	201,192	-	-	3,769	-	204,961	
	<u>1,486,688</u>	<u>2,572,737</u>	<u>322,575</u>	<u>656,773</u>	<u>50,384</u>	<u>18,523</u>	<u>15,760</u>	<u>42,404</u>	<u>5,165,844</u>	
At 31 December 2016										
Owned assets	1,540,445	2,455,393	320,278	470,093	46,564	17,016	11,352	55,460	4,916,601	
Assets under finance leases	-	-	-	149,105	-	-	1,325	-	150,430	
	<u>1,540,445</u>	<u>2,455,393</u>	<u>320,278</u>	<u>619,198</u>	<u>46,564</u>	<u>17,016</u>	<u>12,677</u>	<u>55,460</u>	<u>5,067,031</u>	



**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounted to Baht 1,465 million (2015: Baht 1,263 million).

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounted to Baht 754 million (2015: Baht 637 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 has land with building and structure with a net book value of Baht 172.48 million were mortgaged to secure bank overdraft and bank loans.

During 2016, the Group's redeem land and buildings and structure above.

**17 Intangible assets**

Consolidated financial statements				
	Note	Software licenses	Customer Contract	Total
		(in thousand Baht)		
<b>Cost</b>				
At 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	16	14,117	-	14,117
Disposals		(1,455)	-	(1,455)
<b>At 31 December 2015 and 1 January 2016</b>		<b>233,145</b>	<b>4,591</b>	<b>237,736</b>
Additions		40,505	-	40,505
Transfers from property, plant and equipment	16	15,470	-	15,470
Disposals		(4,332)	-	(4,332)
<b>At 31 December 2016</b>		<b>284,788</b>	<b>4,591</b>	<b>289,379</b>
<b>Accumulated amortisation</b>				
At 1 January 2015		94,310	-	94,310
Amortisation charge for the year		22,456	1,206	23,662
Disposals		(1,455)	-	(1,455)
<b>At 31 December 2015 and 1 January 2016</b>		<b>115,311</b>	<b>1,206</b>	<b>116,517</b>
Amortisation charge for the year		33,335	1,870	35,205
Disposals		(4,229)	-	(4,229)
<b>At 31 December 2016</b>		<b>144,417</b>	<b>3,076</b>	<b>147,493</b>
<b>Net book value</b>				
At 1 January 2015		87,069	-	87,069
At 31 December 2015 and 1 January 2016		117,834	3,385	121,219
At 31 December 2016		140,371	1,515	141,886

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

	<i>Note</i>	<b>Separate financial statements</b> Software licences (in thousand Baht)
<b>Cost</b>		
At 1 January 2015		91,023
Additions		35,428
Transfers from property, plant and equipment	16	14,117
<b>At 31 December 2015 and 1 January 2016</b>		<b>140,568</b>
Additions		21,763
Transfers from property, plant and equipment	16	15,470
<b>At 31 December 2016</b>		<b>177,801</b>
<b>Accumulated amortisation</b>		
At 1 January 2015		55,138
Amortisation charge for the year		10,825
<b>At 31 December 2015 and 1 January 2016</b>		<b>65,963</b>
Amortisation charge for the year		20,516
<b>At 31 December 2016</b>		<b>86,479</b>
<b>Net book value</b>		
At 1 January 2015		35,885
At 31 December 2015 and 1 January 2016		74,605
At 31 December 2016		91,322

## 18 Goodwill

	<i>Note</i>	<b>Consolidated financial statements</b> 2016      2015 (in thousand Baht)	
<b>Cost</b>			
At 1 January		329,376	201,735
Acquired through business combination	4	-	127,641
<b>At 31 December</b>		<b>329,376</b>	<b>329,376</b>
<b>Net book value</b>			
At 1 January		329,376	201,735
At 31 December		329,376	329,376

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

*Impairment testing for Cash generating units (CGUs) containing goodwill*

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows.

	<b>Consolidated financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Cash generating units		
- Rattanakibeth General Hospital Co., Ltd.	100,550	100,550
- Saraburi Wetchakit Co., Ltd.	46,944	46,944
- Sriburin Medical Co., Ltd.	8,617	8,617
- Navanakorn Medicare Co., Ltd.	45,624	45,624
- Sothon Vejchakit Co., Ltd.	127,641	127,641
<b>Total</b>	<b>329,376</b>	<b>329,376</b>

***Cash generating units***

The recoverable amount of this CGUs were based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs.

The key assumptions used in the estimation of value in use were as follows.

	<b>Consolidated financial statements</b>	
	2016	2015
	<i>(%)</i>	
Discount rate	8.9	6.1
Terminal value growth rate	0 - 1	0
Budgeted EBITDA growth rate (average of next five years)	24 - 33	24 - 33

The discount rate was a pre-tax measure based on the rate of weighted average of cost of capital (WACC), adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGUs.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal gross domestic product (GDP) rates for the countries in which the CGUs operates and the long-term compound annual EBITDA growth rate estimated by management.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past years and the estimated patients and price average per head for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years.

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 19 Deferred tax

Deferred tax assets as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	75,935	77,702	(48,539)	(41,509)
Set off of tax	(48,539)	(41,509)	48,539	41,509
<b>Deferred tax assets - net</b>	<b>27,396</b>	<b>36,193</b>	<b>-</b>	<b>-</b>

	Separate financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	41,311	42,451	(32,980)	(24,499)
Set off of tax	(32,980)	(24,499)	32,980	24,499
<b>Deferred tax assets - net</b>	<b>8,331</b>	<b>17,952</b>	<b>-</b>	<b>-</b>

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

	Consolidated financial statements		
	(Charged) / Credited to:		
	<i>(note 30)</i>		
	At 1 January 2016	Profit or loss	Other comprehensive income
		<i>(in thousand Baht)</i>	
			At 31 December 2016
<b>Deferred tax assets</b>			
Allowance for doubtful debt	32,210	(7,608)	-
Provision for allowance for decline in value of inventory	-	487	-
Employee benefit liabilities	19,061	874	-
Impairment of assets	1,498	-	-
Accrued of Social Security office referring	19,958	4,298	-
Accrued rental expense	-	358	-
Unrealised loss from available for sale securities	4,975	-	(176)
<b>Total</b>	<b>77,702</b>	<b>(1,591)</b>	<b>(176)</b>
<b>Deferred tax liabilities</b>			
Unrealised gain from trading securities	-	(72)	-
Financial leases	(27,101)	(7,939)	-
Debenture issuance expense	-	(325)	-
Fair value adjustment assets acquired through business combination	(14,408)	1,306	-
<b>Total</b>	<b>(41,509)</b>	<b>(7,030)</b>	<b>-</b>
<b>Net</b>	<b>36,193</b>	<b>(8,621)</b>	<b>(176)</b>

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

	At 1 January 2015	Consolidated financial statements (Charged) / Credited to: (note 30)			At 31 December 2015
		Profit or loss	Other comprehensive income (in thousand Baht)	Acquired in business combination	
<b>Deferred tax assets</b>					
Allowance for doubtful debt	19,050	13,160	-	-	32,210
Employee benefit liabilities	16,668	2,721	(328)	-	19,061
Loss carry forward	5,896	(5,896)	-	-	-
Impairment of assets	1,498	-	-	-	1,498
Accrued of Social Security Office referring	19,773	185	-	-	19,958
Unrealised loss from available for sale securities	2,844	-	2,131	-	4,975
<b>Total</b>	<b>65,729</b>	<b>10,170</b>	<b>1,803</b>	<b>-</b>	<b>77,702</b>
<b>Deferred tax liabilities</b>					
Financial leases	(20,146)	(6,955)	-	-	(27,101)
Fair value adjustment assets acquired through business combination	(13,490)	-	-	(918)	(14,408)
<b>Total</b>	<b>(33,636)</b>	<b>(6,955)</b>	<b>-</b>	<b>(918)</b>	<b>(41,509)</b>
<b>Net</b>	<b>32,093</b>	<b>3,215</b>	<b>1,803</b>	<b>(918)</b>	<b>36,193</b>

	At 1 January 2016	Separate financial statements (Charged) / credited to: (note 30)		At 31 December 2016
		Profit or loss (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Allowance for doubtful debt	21,169	(6,665)	-	14,504
Provision for allowance for decline in value of inventory	-	414	-	414
Employee benefit liabilities	9,552	618	-	10,170
Accrued of Social Security Office referring	11,730	4,493	-	16,223
<b>Total</b>	<b>42,451</b>	<b>(1,140)</b>	<b>-</b>	<b>41,311</b>
<b>Deferred tax liabilities</b>				
Financial leases	(24,499)	(8,156)	-	(32,655)
Debenture issuance expense	-	(325)	-	(325)
<b>Total</b>	<b>(24,499)</b>	<b>(8,481)</b>	<b>-</b>	<b>(32,980)</b>
<b>Net</b>	<b>17,952</b>	<b>(9,621)</b>	<b>-</b>	<b>8,331</b>



# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

	At 1 January 2015	Separate financial statements (Charged) / credited to: (note 30)		At 31 December 2015
		Profit or loss (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Allowance for doubtful debt	10,577	10,592	-	21,169
Employee benefit liabilities	9,668	1,185	(1,301)	9,552
Accrued of Social Security Office referring	12,672	(942)	-	11,730
<b>Total</b>	<b>32,917</b>	<b>10,835</b>	<b>(1,301)</b>	<b>42,451</b>
<b>Deferred tax liabilities</b>				
Financial leases	(17,499)	(7,000)	-	(24,499)
<b>Total</b>	<b>(17,499)</b>	<b>(7,000)</b>	<b>-</b>	<b>(24,499)</b>
<b>Net</b>	<b>15,418</b>	<b>3,835</b>	<b>(1,301)</b>	<b>17,952</b>

## 20 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
<b>Current</b>				
Bank overdrafts				
- secured	-	10,059	-	-
Short-term loans from financial institutions				
- unsecured	80,000	1,128,152	-	1,048,152
Short-term loans from related party	-	-	80,000	-
	<b>80,000</b>	<b>1,138,211</b>	<b>80,000</b>	<b>1,048,152</b>
Current portion of long-term loans from financial institutions				
- secured	-	13,709	-	-
Current portion of debentures				
- unsecured	1,500,000	800,000	1,500,000	800,000
Current portion of finance lease liabilities	15,792	75,918	15,792	74,923
	<b>1,595,792</b>	<b>2,027,838</b>	<b>1,595,792</b>	<b>1,923,075</b>
<b>Non-current</b>				
Long-term loans from financial institutions				
- secured	-	10,129	-	-
Debentures				
- unsecured	2,498,373	2,500,000	2,498,373	2,500,000
Finance lease liabilities	-	15,783	-	15,776
	<b>2,498,373</b>	<b>2,525,912</b>	<b>2,498,373</b>	<b>2,515,776</b>
<b>Total</b>	<b>4,094,165</b>	<b>4,553,750</b>	<b>4,094,165</b>	<b>4,438,851</b>

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2016**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within one year	1,580,000	1,951,920	1,580,000	1,848,152
After one year but within five years	2,498,373	2,510,129	2,498,373	2,500,000
<b>Total</b>	<b>4,078,373</b>	<b>4,462,049</b>	<b>4,078,373</b>	<b>4,348,152</b>

*Short-term loans from financial institutions*

In 2016, short-term loans from financial institutions consisted of promissory notes with interest rate of 1.65% per annum. (2015: interest rate of 1.65% and 1.80% per annum)

*Debentures*

	Interest rate (% per annum)	Issue Date	Maturity date	<b>Consolidated/Separate financial statements</b>	
				2016	2015
				<i>(in thousand Baht)</i>	
No. 1/2556 1 <sup>st</sup> Set	3.69	31 January 2013	31 January 2016	-	800,000
No. 1/2556 2 <sup>nd</sup> 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
No. 1/2559	2.87	27 January 2016	27 January 2021	1,500,000	-
<b>Total debentures - carrying amount</b>				<b>4,000,000</b>	<b>3,300,000</b>
<i>Less debenture issuance expense</i>				<i>(1,627)</i>	<i>-</i>
<b>Debentures - net</b>				<b>3,998,373</b>	<b>3,300,000</b>
<i>Less current portion of debentures</i>				<i>(1,500,000)</i>	<i>(800,000)</i>
<b>Debentures due more than one year</b>				<b>2,498,373</b>	<b>2,500,000</b>

Movements of debentures for the year ended 31 December 2016 and 2015 are summarised below;

	<b>Consolidated/Separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 January	3,300,000	3,300,000
Issuance of debentures during the year	1,500,000	-
Redemption of debentures during the year	(800,000)	-
<b>At 31 December</b>	<b>4,000,000</b>	<b>3,300,000</b>

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. 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.

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
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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:

	<b>Consolidated financial statements</b>					
	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	15,942	150	15,792	78,354	2,436	75,918
After one year but within five years	-	-	-	15,953	170	15,783
<b>Total</b>	<b>15,942</b>	<b>150</b>	<b>15,792</b>	<b>94,307</b>	<b>2,606</b>	<b>91,701</b>

	<b>Separate financial statements</b>					
	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	15,942	150	15,792	77,334	2,411	74,923
After one year but within five years	-	-	-	15,942	166	15,776
<b>Total</b>	<b>15,942</b>	<b>150</b>	<b>15,792</b>	<b>93,276</b>	<b>2,577</b>	<b>90,699</b>

As at 31 December 2016 and 2015, 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 2016 and 2015 were denominated entirely in Thai Baht.

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**21 Trade accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	6	1,514	465	3,135	1,117
Other parties		411,145	354,937	214,446	182,109
<b>Total</b>		<b>412,659</b>	<b>355,402</b>	<b>217,581</b>	<b>183,226</b>

**22 Deferred income**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Deferred income from Social Security Office and National Health Security		40,244	50,391	39,119	42,808
Others		14,478	7,951	7,244	7,745
<b>Total</b>		<b>54,722</b>	<b>58,342</b>	<b>46,363</b>	<b>50,553</b>

**23 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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	99,673	95,305	50,851	47,765
<b>Statement of financial position obligations</b>	<b>99,673</b>	<b>95,305</b>	<b>50,851</b>	<b>47,765</b>

Movement in the present value of the defined benefit obligations:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>Year ended 31 December</i>	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	95,305	83,340	47,765	48,343
<b>Include in profit or loss:</b>				
Current service cost	12,483	19,567	6,468	7,044
Interest on obligation	2,659	2,211	1,507	1,296
	15,142	21,778	7,975	8,340
<b>Included in other comprehensive income:</b>				
Actuarial gain	-	(1,638)	-	(6,504)

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

	Consolidated financial statements		Separate financial statements	
<i>Year ended 31 December</i>	2016	2015	2016	2015
<b>Other:</b>				
Benefit paid	(10,774)	(8,175)	(4,889)	(2,414)
<b>Defined benefit obligations at 31 December</b>	<b>99,673</b>	<b>95,305</b>	<b>50,851</b>	<b>47,765</b>

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>	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cost of hospital operations	12,114	17,422	6,380	6,672
Selling and administrative expenses	3,028	4,356	1,595	1,668
<b>Total</b>	<b>15,142</b>	<b>21,778</b>	<b>7,975</b>	<b>8,340</b>

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(%)</i>			
Discount rate at 31 December	2.8	2.8	2.8	2.8
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 2016	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	682	5,331	348	2,628
Future salary growth (0.5% movement)	6,224	(193)	3,101	(115)
Defined benefit obligation 31 December 2015				
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.



**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**24 Share capital**

	Par value per share (in Baht)	2016		2015	
		Number	Baht (thousand shares / thousand Baht)	Number	Baht
<i>Authorised</i>					
<b>At 1 January</b>					
- ordinary shares	1	2,493,748	2,493,748	2,493,748	2,493,748
<b>At 31 December</b>					
- ordinary shares	1	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>
<i>Issued and paid-up</i>					
<b>At 1 January</b>					
- ordinary shares	1	2,493,748	2,493,748	2,493,748	2,493,748
<b>At 31 December</b>					
- Ordinary shares	1	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>

**25 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 2016 was equal to 10% of the registered authorised capital.

**26 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

## Notes to the financial statements

For the year ended 31 December 2016

### 27 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
<b>Management</b>					
Salaries and other benefits	6	<u>176,330</u>	<u>166,587</u>	<u>113,617</u>	<u>106,581</u>
<b>Other employees</b>					
Wages, salaries and other benefit		816,746	766,931	394,471	378,879
Contributions to defined contribution plans		6,185	4,674	3,802	2,476
Others		<u>424,326</u>	<u>379,336</u>	<u>227,236</u>	<u>203,662</u>
		<u>1,247,257</u>	<u>1,150,941</u>	<u>625,509</u>	<u>585,017</u>
<b>Total</b>		<u>1,423,587</u>	<u>1,317,528</u>	<u>739,126</u>	<u>691,598</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% to 15% of their basic salaries and by the Group at 2% to 10% 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.

### 28 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
<b>Included in cost of hospital operations:</b>				
Medical and supply costs	1,246,524	1,092,237	650,081	572,125
Personnel expenses	1,138,869	1,054,022	591,301	553,279
Doctor fee	1,275,852	1,130,489	673,864	615,963
Depreciation and amortisation	411,589	368,684	251,511	237,368
Utility expense	175,657	143,570	100,183	85,103
Others	<u>223,768</u>	<u>199,934</u>	<u>88,269</u>	<u>79,179</u>
<b>Total</b>	<u>4,472,259</u>	<u>3,988,936</u>	<u>2,355,209</u>	<u>2,143,017</u>

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
<b>Included in selling expenses:</b>				
Promotion expense	40,445	30,701	19,359	15,839
Personnel expense	29,914	23,803	14,326	15,194
Others	<u>17,013</u>	<u>9,921</u>	<u>11,269</u>	<u>5,623</u>
<b>Total</b>	<u>87,372</u>	<u>64,425</u>	<u>44,954</u>	<u>36,656</u>

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2016**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b><i>Included in administrative expenses:</i></b>				
Personnel expense	254,804	239,703	133,499	123,126
Depreciation and amortisation	102,897	92,171	62,878	59,342
Bad and doubtful debts expenses (reversal of)	(21,048)	79,624	(31,153)	53,812
Repairs and maintenance	91,191	76,398	49,278	41,593
Rental expense	39,992	42,830	25,404	21,562
Utility expense	35,131	35,893	20,037	21,276
Security guard expense	35,109	32,724	24,362	24,082
Cleaning service expense	26,771	25,352	14,818	15,320
Property tax	15,577	15,390	12,610	13,247
Others	167,452	150,780	124,238	106,058
<b>Total</b>	<b>747,876</b>	<b>790,865</b>	<b>435,971</b>	<b>479,418</b>

**29 Finance costs**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Interest expense				
Debentures	149,730	135,970	149,730	135,970
Finance lease liabilities	2,451	5,358	2,427	5,212
Financial institutions	10,018	22,016	7,354	18,888
<b>Total</b>	<b>162,199</b>	<b>163,344</b>	<b>159,511</b>	<b>160,070</b>

**30 Income tax expense**

***Income tax recognised in profit or loss***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	<b>199,847</b>	<b>177,453</b>	<b>36,397</b>	<b>22,908</b>
<b>Deferred tax</b>				
Movements in temporary differences	8,621	(3,215)	9,621	(3,835)
<b>Total income tax expense</b>	<b>208,468</b>	<b>174,238</b>	<b>46,018</b>	<b>19,073</b>

Note 19

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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*Income tax recognised in other comprehensive income*

	<b>Consolidated financial statements</b>					
	Before tax	2016 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before Tax	2015 Tax (expense) benefit	Net of tax
Unrealised loss from available-for-sale investments	878	(176)	702	(10,703)	2,131	(8,572)
Actuarial gains	-	-	-	1,638	(328)	1,310
<b>Total</b>	<b>878</b>	<b>(176)</b>	<b>702</b>	<b>(9,065)</b>	<b>1,803</b>	<b>(7,262)</b>

	<b>Separated financial statements</b>					
	Before tax	2016 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before Tax	2015 Tax (expense) benefit	Net of tax
Actuarial gains	-	-	-	6,504	(1,301)	5,203
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,504</b>	<b>(1,301)</b>	<b>5,203</b>

*Reconciliation of effective tax rate*

	<b>Consolidated financial statements</b>			
	Rate (%)	2016 <i>(in thousand Baht)</i>	Rate (%)	2015 <i>(in thousand Baht)</i>
Profit before income tax expense		<b>1,141,240</b>		<b>847,041</b>
Income tax using the Thai corporation tax rate	20	228,248	20	169,408
Income not subject to tax		(3,626)		-
Expenses not deductible for tax purposes and others		1,437		1,099
Double deductible expense		(17,610)		-
Recognition of previously unrecognised deferred tax		-		3,731
Current year losses for which no deferred tax asset is recognised		19		-
<b>Total</b>	<b>18</b>	<b>208,468</b>	<b>21</b>	<b>174,238</b>

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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	<b>Separate financial statements</b>			
	2016	2015		
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		<b>683,690</b>		<b>487,104</b>
Income tax using the Thai corporation tax rate	20	136,738	20	97,421
Income not subject to tax		(83,677)		(77,390)
Expenses not deductible for tax purposes		562		(202)
Double deductible expense		(7,605)		-
Recognition of previously unrecognised deferred tax		-		(756)
<b>Total</b>	<b>7</b>	<b>46,018</b>	<b>4</b>	<b>19,073</b>

*Income tax reduction*

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

**31 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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to equity holders of the Company</b>	<b>753,093</b>	<b>527,331</b>	<b>637,671</b>	<b>468,032</b>
<b>Ordinary shares (Basic)</b>	<b>2,493,748</b>	<b>2,493,748</b>	<b>2,493,748</b>	<b>2,493,748</b>
<b>Basic earnings per share (in Baht)</b>	<b>0.30</b>	<b>0.21</b>	<b>0.26</b>	<b>0.19</b>

**32 Dividends**

At the Board of Director Meeting of the Company held on 15 August 2016, the board approved the appropriation of cash interim dividends of Baht 0.07 per share amounting to Baht 174.56 million, from six-month period ended 30 June 2016 operations. The dividend was paid to shareholders in September 2016.

At the Annual General Meeting of Shareholders of the Company held on 26 April 2016, the shareholders approved the appropriation of cash dividends of Baht 0.12 per share amounting to Baht 299.25 million, from 2015 operations. The interim dividends were paid in September 2015 at Baht 0.05 per share, amounting to Baht 124.69 million. Therefore, 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 2016.



# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

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.

### 33 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.

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
<b>2016</b>					
<b>Current</b>					
Short-term loan - financial institutions	1.65	80	-	-	80
<b>Non-current</b>					
Debentures	2.87 - 4.31	1,500	2,498	-	3,998
Finance lease liabilities	3.60 - 4.75	16	-	-	16
<b>Total</b>		<b>1,596</b>	<b>2,498</b>	<b>-</b>	<b>4,094</b>

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

<b>Consolidated financial statements</b>					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>2015</b>					
<b>Current</b>					
Bank overdraft	7.37	10	-	-	10
Short-term loan - financial institutions	1.65 - 1.80	1,128	-	-	1,128
<b>Non-current</b>					
Debentures	3.69 - 4.31	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
<b>Total</b>		<b>2,028</b>	<b>2,526</b>	<b>-</b>	<b>4,554</b>
<b>Separate financial statements</b>					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>2016</b>					
<b>Current</b>					
Short-term loan from Related party	1.62	80	-	-	80
<b>Non-current</b>					
Debentures	2.87 - 4.31	1,500	2,498	-	3,998
Finance lease liabilities	3.60 - 4.75	16	-	-	16
<b>Total</b>		<b>1,596</b>	<b>2,498</b>	<b>-</b>	<b>4,094</b>
<b>2015</b>					
<b>Current</b>					
Short-term loan - financial institutions	1.65 - 1.71	1,048	-	-	1,048
<b>Non-current</b>					
Debentures					
Finance lease liabilities	3.69 - 4.31	800	2,500	-	3,300
<b>Total</b>	3.60 - 5.00	75	16	-	91
		<b>1,923</b>	<b>2,516</b>	<b>-</b>	<b>4,439</b>

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.

# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### *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.

### *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*

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2016					
Current assets					
Trading equity instruments	116,560	1,240	115,320	-	116,560
Non-current assets					
Available-for-sale – unit trusts	38,348	38,348	-	-	38,348
31 December 2015					
Current assets					
Trading equity instruments	1,170	1,170	-	-	1,170
Non-current assets					
Available-for-sale – unit trusts	37,470	37,470	-	-	37,470

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

*Financial assets and liabilities not measured at fair value*

		Consolidated financial statements / Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
<b>31 December 2016</b>					
<i>Non-current assets</i>					
Investment property	668,860	-	-	679,000	679,000
<i>Liabilities</i>					
Debentures	4,000,000	-	4,046,503	-	4,046,503
<b>31 December 2015</b>					
<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

*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 investment property is carried based on valuations by independent valuers. Fair value is measured by market approach for land and replacement cost approach for building.

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

## Notes to the financial statements

For the year ended 31 December 2016

### 34 Commitments with non-related parties and contingent liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for:</i>				
Building and constructions	184,200	68,195	33,473	28,195
Hospital equipment and medical instruments	1,100	-	-	-
Computer and system work	17,150	25,009	17,150	16,509
<b>Total</b>	<b>202,450</b>	<b>93,204</b>	<b>50,623</b>	<b>44,704</b>
<b>Letters of guarantees</b>				
Letters of guarantees for nursing care	109,633	100,602	46,890	41,585
Letters of guarantees for electricity use	25,187	24,785	15,646	15,496
Letters of guarantees for purchase of assets	774	474	360	60
<b>Total</b>	<b>135,594</b>	<b>125,861</b>	<b>62,896</b>	<b>57,141</b>
<b>Non - cancellable operating lease and service contracts commitments</b>				
Within one year	17,663	16,613	11,710	11,046
After one year but within five years	23,368	37,048	4,926	16,636
After five years	105,030	109,013	-	-
<b>Total</b>	<b>146,061</b>	<b>162,674</b>	<b>16,636</b>	<b>27,682</b>

#### 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 years sub-lease agreement for a plot of land with a company for certain operations of a hospital which will expire on 31 January 2025. The rental and services fees are charged at various rates each year.

*Navanakorn Medicare Co., Ltd..*

The subsidiary entered into a 30 years lease agreement for a plot of parking area with a company for certain operations of a hospital which will expire on 31 December 2043. The rental and services fees are charged at various rates each year.



# Bangkok Chain Hospital Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2016

#### *Litigations*

The Company has been claimed by patients for the provision of medical treatment in the total amount of Baht 70 million as at 31 December 2016. 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 the legal claims are still in the consideration processes of the court and the ultimate outcome is not finalised.

### **35 Events after the reporting period**

#### *The Establishment of new Subsidiary*

At the Board of Director Meeting of the Company held on 24 January 2017, it was resolved to establish the subsidiary in the Lao People's Democratic Republic with the registered share capital of LAK 120,000 million which is 76% held by the Company. The company was incorporated for the purpose to the hospital.

#### *The appropriation of dividends*

At the Board of Directors' meeting of the Company held on 27 February 2017, the directors approved the appropriation of cash dividends for Baht 0.17 per share amounting to Baht 423.93 million, from 2016 operations. The interim dividends were paid in September 2016 for Baht 0.07 per share, of Baht 174.56 million. The additional cash dividend payment is Baht 0.10 per share, amounting to Baht 249.37 million. The dividend will be paid to shareholders in May 2017 subject to approval by the Annual General Meeting of Shareholders of the Company.

### **36 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.

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associate and Joint Ventures
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets

**Bangkok Chain Hospital Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

<b>TFRS</b>	<b>Topic</b>
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

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.

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**BANGKOK CHAIN HOSPITAL PUBLIC COMPANY LIMITED**

**บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)**

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บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)

บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)  
Bangkok Chain Hospital Public Company Limited.

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