



บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)



ANNUAL REPORT 2017

รายงานประจำปี



โรงพยาบาลเกษมราษฎร์
KASEMRAD HOSPITAL



KASEMRAD
INTERNATIONAL HOSPITAL



โรงพยาบาลเวิลด์เมดิคอล
World Medical Hospital



โรงพยาบาลการุญเวช
KARUNVEJ HOSPITAL

วิสัยทัศน์

เป็นหนึ่งในผู้นำในธุรกิจการบริการด้านสุขภาพทั้งในประเทศ และภูมิภาคเอเชียตะวันออกเฉียงใต้

พันธกิจ

- เราจะมอบความไว้วางใจในด้านการบริการสุขภาพ เพื่อให้โรงพยาบาลของเราเป็นหนึ่งในใจผู้ป่วย
- เราจะร่วมมือกับพันธมิตรธุรกิจในการเพิ่มประสิทธิภาพด้านต่างๆ เพื่อสร้างสรรค์ความสำเร็จร่วมกัน
- เราจะพัฒนาบุคลากรให้มีศักยภาพในการทำงาน มีความรับผิดชอบ ต่อหน้าที่และผู้ป่วย
- เราจะบริหารงานอย่างมืออาชีพตามหลักธรรมาภิบาลและสร้างความสัมพันธ์ที่ดีต่อสังคมและชุมชน

VISION

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

MISSION

- We will offer a trusted medical service to make our hospitals a number one 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.



Table of Contents

2	Message from the Chairman of the Board of Directors
3	Report of the Audit Committee
4	Corporate Social Responsibility Activities
6	Company's Information
7	Shareholding Structure of the Company
8	General Information of the Company and its subsidiaries
9	Financial Highlights
10	Board of Directors
16	Products and Services
17	Service Capacity
19	Nature of Business
22	Risk Factors
23	Shareholders
24	Management Structure and details of the Board of Director and Executive
32	Good Corporate Governance
40	Internal Control of Information
41	Related Party Transaction
42	Board of Directors' Responsibilities for the Company's Financial Statements
43	Management Discussion and Analysis
46	Future Trend
47	Financial Statement and Independent auditor's Report

Message from the Chairman of the Board of Directors

C. Harnpanich

Assoc.Prof.Chalerm Harnpanich, M.D., Ph.D.
Chairman of the Board of Directors



In 2017, Bangkok Chain Hospital Public Company Limited (“BCH”) has operated the business under its strategic plan and market segmentation by introducing a new hospital brand under the name of “Kasemrad International Hospital (KIH)” in order to capture the gap between mid-end and high-end patients. BCH started off with the first KIH branch “Kasemrad International Hospital Rattanaibeth” and follow by the second branch in Vientiane Capital, Lao PDR as Kasemrad International Hospital Vientiane which will open in 2020. Moreover, BCH developed a crucial marketing strategy by launching a campaign called “Best Job in Thailand” and hosting a running charity event “Kasemrad Super Run” in order to raise brand awareness of our chain hospitals. As a result, good responses were thoroughly materialized by a lot of people. In addition, BCH had been developing its hospitals’ standard as well as improving its internal control system in order to ensure its efficiency and sustainability of the company.

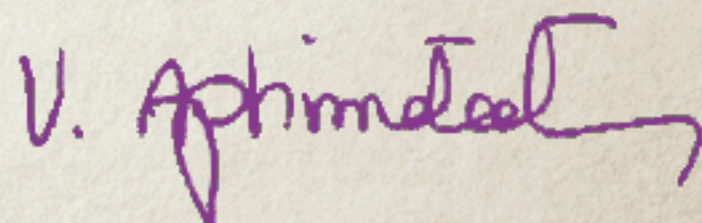
Under the uncertain economic conditions due to the external factors and internal factors in Thailand which affected confidence of the consumers and investors. In 2017, the Company reports total revenue increased by 11 percent over the previous year, to Baht 7,361 million. And, net profit increased 22 percent, to Baht 917 million as a result of (i) an increase in budget allocation to the hospitals in the scheme by the Social Security Office (“SSO”) since July 1, 2017 (ii) an increase in number of SSO insurers that registered with our chain hospital and (iii) higher volume of general walk-in patients that led to an improved performance of our chain hospitals.

Apart from our operational improvement, BCH insisted to ensure company’s good governance. In 2017, BCH had been certified by Thailand’s Private Sector Collective Action Coalition Against Corruption. And, BCH also obtained “Good” rating in CGR report from Corporate Governance Report of Thai Listed Companies which reflected the commitment of the company to operate its business in line with good corporate governance. In addition, BCH determined to promote social responsibility activities by supporting various charities such as the “Blood Donation for the dedication to her Majesty Queen Sirikit for her 85th Birthday Anniversary” activity, voluntary medical unit in community areas, and charity running event. The donation was contributed to Pediatric Cardiac Surgery Foundation under Rajavithi Hospital for young kids and to contribute on building the 100 Years of Meditation Practice Building for Somdet Phra Nyanasamvara in Nakornpathom province.

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.



Report of the Audit Committee



Mr. Virach Aphimeteetamrong, Ph.D.
Chairman 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, organization management. The Audit Committee's members are as follows:

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

In fiscal year 2017, the Audit Committee held five 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 present 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 approved the internal audit plan for the year 2017, and also reviewed the quarterly audit report every quarter.
8. 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

26 February 2018

CORPORATE SOCIAL RESPONSIBILITIES 2017



Bangkok Chain Hospital Group led by the management team (Assoc.Prof.Dr.Chalerm Harnpanich and Harnpanich family) hosting “Kasemrad Super Run” Fit Heart with BCH. The donation was contributed to Pediatric Cardiac Surgery Foundation under Rajavithi Hospital for young kids and to contribute on building the 100 Years of Meditation Practice Building for SomdetPhraNyanasamvara in Nakornpathom province. In the same year, the Company has donated AED machine and gave out the scholarship to students at Mahidol University.



โรงพยาบาลเวิลด์เมดิคอล
World MediCal Hospital



The winner of best job in Thailand campaign, Nicharee Peneakchannasak as “Happiness Observer” at World Medical Hospital for 6 months with 1 million baht salary. The duty were to share the happiness among the patients, participated in social activities such as “Gao Kon la Gao” donation for the public hospitals around Thailand.

BEST JOB IN THAILAND 2017

World Medical Hospital, Launched the campaign called “Best Job In Thailand” and job position called “happiness observer”. We believed that in order to enhance the most effective treatment for the patient to get a full recover weren’t just about the physical aspect of care in the hospital. If we were able to understand what was going on with the patients’ mental health, we could enhance the recovery speeds. The winner of this campaign Ms. Nicharee Peneakchannasak was a student who lost her both legs in a train accident in Singapore.



(Left) World Medical Hospital hosted a conference on cancer 4.0 led by physicians, nurses and staffs was sharing the knowledge about how to handle and treatment for cancer. Also WMC hosted the conference about the new born to young mothers.

(Right) The management along with physicians, nurses and staffs set up voluntary medical unit for the local communities. The activity included health check-up and eye examination.



KASEMRAD
INTERNATIONAL HOSPITAL
โรงพยาบาลเกษมราษฎร์ อินเตอร์เนชั่นแนล
RATTANATIBETH



(Left) Kasemrad International Hospital led by Management donated 1.5 Million Baht for the construction project called “Nawamintraborpit 84 Anniversary, Siriraj Hospital”. (Right) Management, physicians and nurses visited Weluwan Temple in Kanchanaburi Province for Kathin Ceremoney and set up the mobile medical unit. The activities included health check-up, giving out free medical supplies to the locals.



โรงพยาบาลเกษมราษฎร์
KASEMRAD HOSPITAL



Kasemrad Hospital Group led by the management, physicians, nurses and staffs have visited different communities and set up the mobile medical unit for the local communities. The activities included health check-up, eye examination and gave out free glasses to people. In addition, the KH group also hosted a conference to educate the locals and together with Thai Red Cross set up the blood donation activity for people in the area.



โรงพยาบาลการุญเวช
KARUNVEJ HOSPITAL

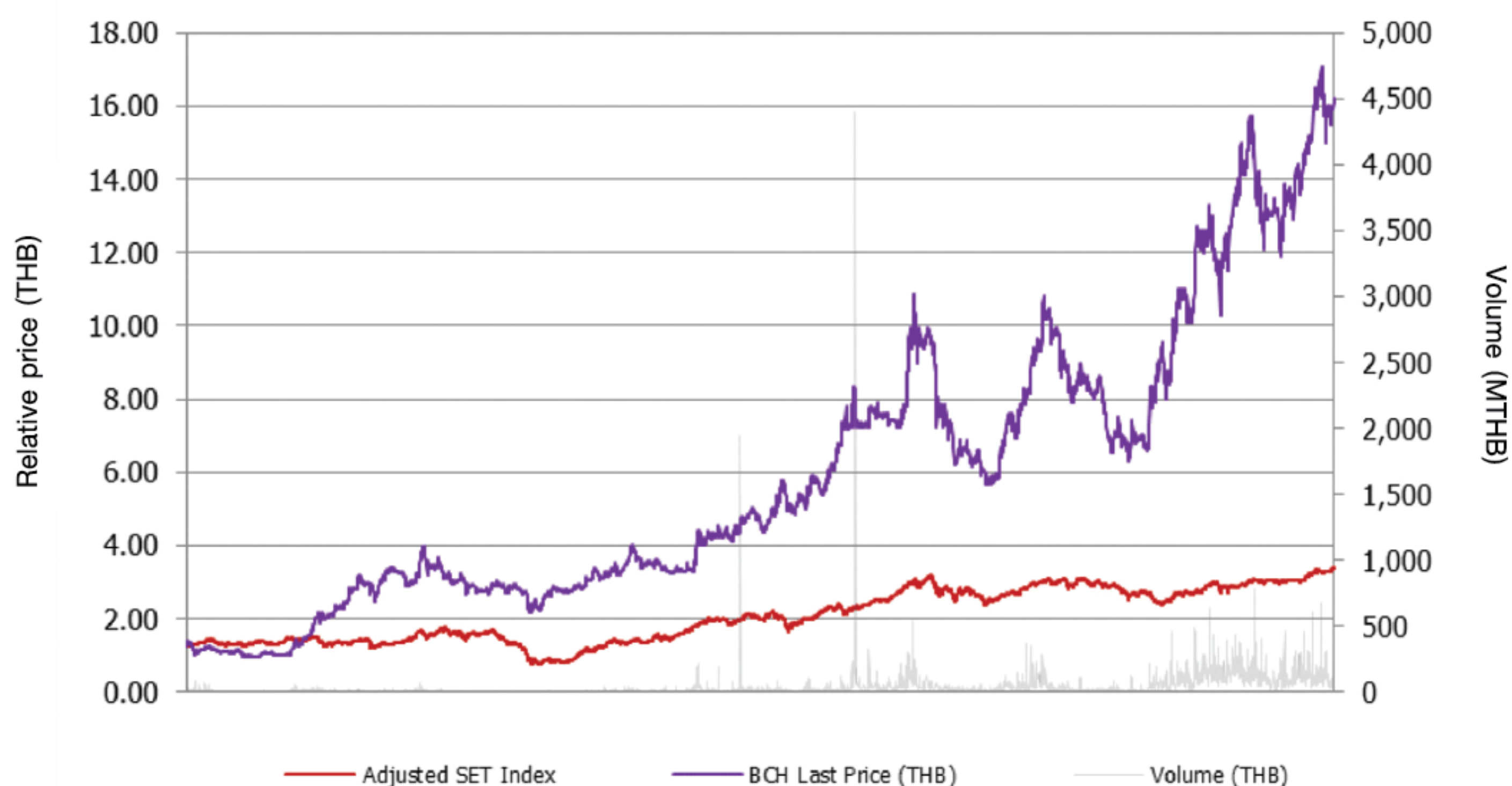


Karunvej Hospital Group led by the management, physicians, nurses and staffs set up the mobile medical unit to provide the first aid care around the local communities and giving advice for the health issue and knowledge.

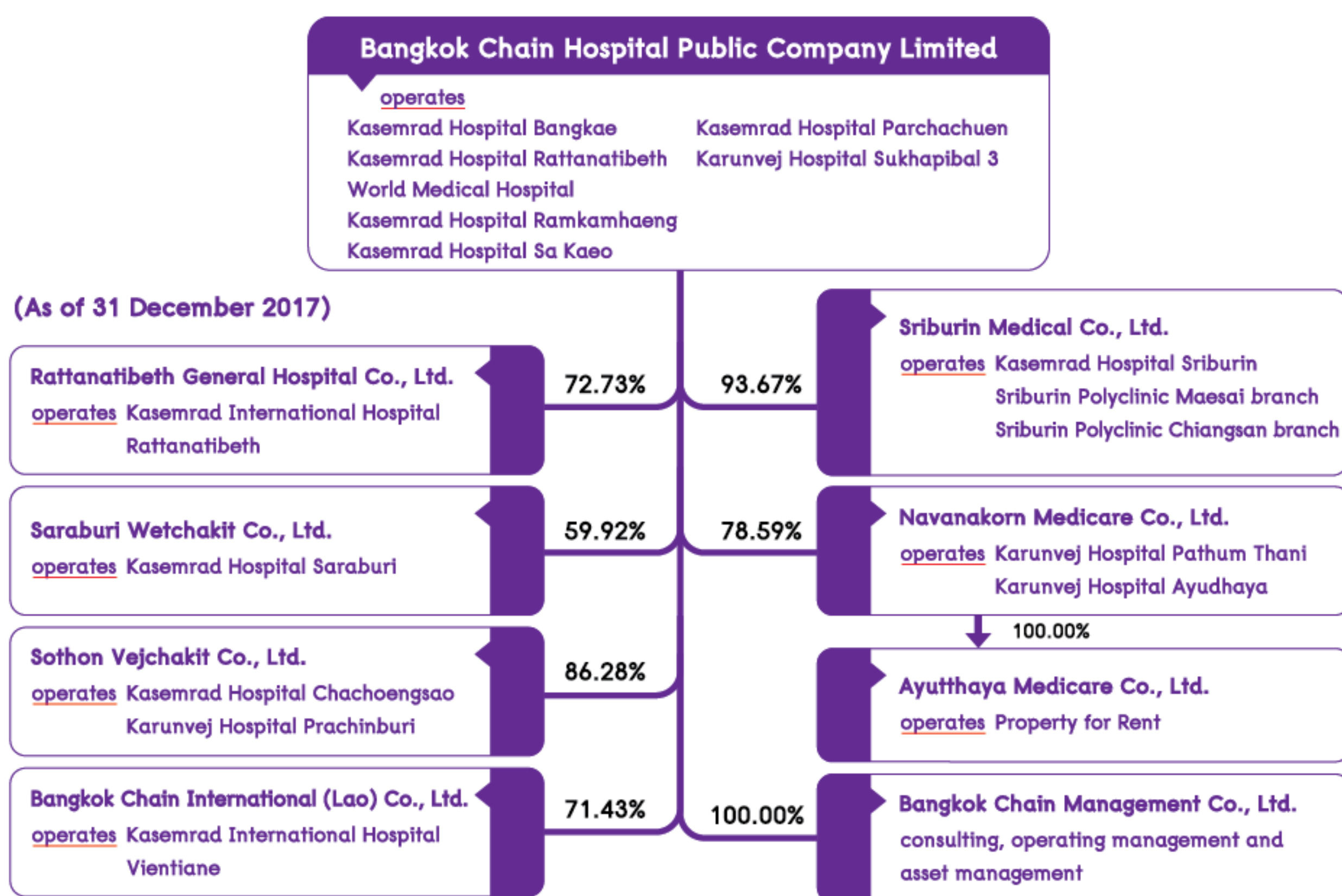
Company's Information

Name	Bangkok Chain Hospital Public Company Limited	Date of Listed in SET	10 November 2004
Head Office address	44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120	Website	www.bangkokchainhospital.com
Nature of Business	Private Hospital	Registered and Paid-up Capital	THB 2,494 million (Par value at 1 Baht per share)
Date of Establishment	24 November 1993	Shareholder	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 November 2004 - December 2017



Shareholding Structure of the Company



General Information of the Company and its Subsidiaries

Company	Year of Establishment	Registered Capital	Nature of Business	Opening/ Acquiring Date
Bangkok Chain Hospital PCL.	24 November 1993	Baht 2,494 million	Kasemrad Hospital Bangkoe Kasemrad Hospital Prachachuen Karunvej Hospital Sukhapibal 3 World Medical Hospital Kasemrad Hospital Rattanaibeth (Former "Karunvej Rattanaibeth") Kasemrad Hospital Sa Kaeo Kasemrad Hospital Ramkamhang	8 August 1984 15 July 1997 26 September 2000 22 March 2013 12 June 2015 To be opened 2020 To be opened 2018
Rattanaibeth General Hospital Co., Ltd.	8 June 1990	Baht 300 million	Kasemrad International Hospital Rattanaibeth (Former "Kasemrad Hospital Rattanaibeth")	15 February 1993
Sriburin Medical Co., Ltd.	29 March 1991	Baht 170 million	Kasemrad Hospital Sriburin - Kasemrad Hospital Sriburin Clinic Mae-sai branch - Kasemrad Hospital Sriburin Clinic Chiangsan branch	10 January 1993 1 August 2004 8 August 2014
Saraburi Wetchakit Co., Ltd.	16 April 1993	Baht 321 million	Kasemrad Hospital Saraburi	1 January 1996
Navanakorn Medicare Co., Ltd.	7 February 1989	Baht 375 million	Karunvej Hospital Pathum Thani Karunvej Hospital Ayudhaya	18 December 2013 18 December 2013
Ayutthaya Medicare Co., Ltd.	27 November 1995	Baht 45 million	Property for rent (Land rent to Karunvej Ayudhaya Hospital)	18 December 2013
Sothorn Vejchakit Co., Ltd.	23 April 2015	Baht 700 million	Kasemrad Hospital Chachoengsao Kasemrad Hospital Prachinburi	1 May 2015 To be opened in 2020
Bangkok Chain Management Co., Ltd.	15 September 2016	Baht 5 million	Consulting, Operating Management and Asset Management	15 September 2016
Bangkok Chain International (Lao) Co., Ltd.	12 April 2017	KIP 120,000 million	Kasemrad International Hospital Vientiane	To be opened in 2020

General Information of the Chained Hospitals

General Information of the Chained Hospitals

Kasemrad Hospital Bangkae	586,588 Petchakasem Road, Bangkae-Nua, Bangkae, Bangkok 10160 Tel. (66) 2455-0110, (66) 2804-8959 Fax (66) 2454-1914
Kasemrad Hospital Sriburin	111/5 Moo 13 Sun-Sai, Muang Chiang rai, 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 Chiangsan branch	339 Moo 6 Vieng, Chiangsan, Chiang Rai 57150 Tel. (66) 5365-0131 Fax (66) 5365-0133
Kasemrad International Hospital Rattanaibeth	60 Moo 6 Sao-Thong-Hin, Bang-Yai, Nonthaburi 10140 Tel. (66) 2594-0020 Fax (66) 2594-0067
Kasemrad Hospital Saraburi	2/22 Mitraparb Road, Pak-Preaw, Muang Saraburi, Saraburi 18000 Tel. (66) 3631-5555 Fax (66) 3631-5501
Kasemrad Hospital Prachachuen	950 Prachachuen Road, Wongsawang, Bangsue, Bangkok 10800 Tel. (66) 2910-1600 Fax (66) 2910-1649
Kasemrad Hospital Chachoengsao	29 Moo 3 Suwinthawong Road, Nha-Mueng, Mueng Chachoengsao, Chachoengsao 24000 Tel. (66) 3881-2702 Fax (66) 3881-2720
Kasemrad Hospital Rattanaibeth	58 Moo 15 Bangrakpattana, Bangbuathong, Nonthaburi 11000 Tel. (66) 2921-3400 Fax (66) 2921-3400 Ext.1119
World Medical Hospital	44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120 Tel. (66) 2836-9999, Fax (66) 2836-9911
Karunvej Hospital Sukhapibal 3	88, 90, 92 Ramkamhaeng Road, Sapansoong, Bangkok 10260 Tel. (66) 2729-3000 Fax (66) 2729-5050
Karunvej Hospital Pathum Thani	98 Moo 13 Phahonyothin Road, Khlong-Nueng, Klong Luang, Pathum Thani 12120 Tel. (66) 2529-4533 Fax (66) 2529-3624
Karunvej Hospital Ayudhaya	61/9 Moo 4 Klong-Jik, Bangpa-in, Pranakorn Sriayudhaya 13160 Tel. (66) 3531-5100 Fax (66) 3531-5155

Reference Information

Head Office	Bangkok Chain Hospital Public Company Limited 44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120 Tel. (66) 2836-9907, Fax (66) 2106-4858
Share Registrar	Thailand Securities Depository Company Limited 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	CIMB Thai Bank Public Company Limited Capital Financial Markets and Payments Operations Department Registrar and Payments Operations Unit 15 th Floor, 44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330 Tel. (66) 2626-7506, Fax. (66) 2626-7511
External Auditor	KPMG Phoomchai Audit Limited 48 th Floor, Empire Tower, No.1, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel. (66) 2677-2000, Fax (66) 2677-2220-3
External Legal Advisor	The Legalist Law Office Company Limited 38 Soi Ramkamhaeng 60/2, Huamark, Bangkapi, Bangkok 10240 Tel. (66) 2735-2976-80, Fax (66) 2735-2981

Financial Highlights

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

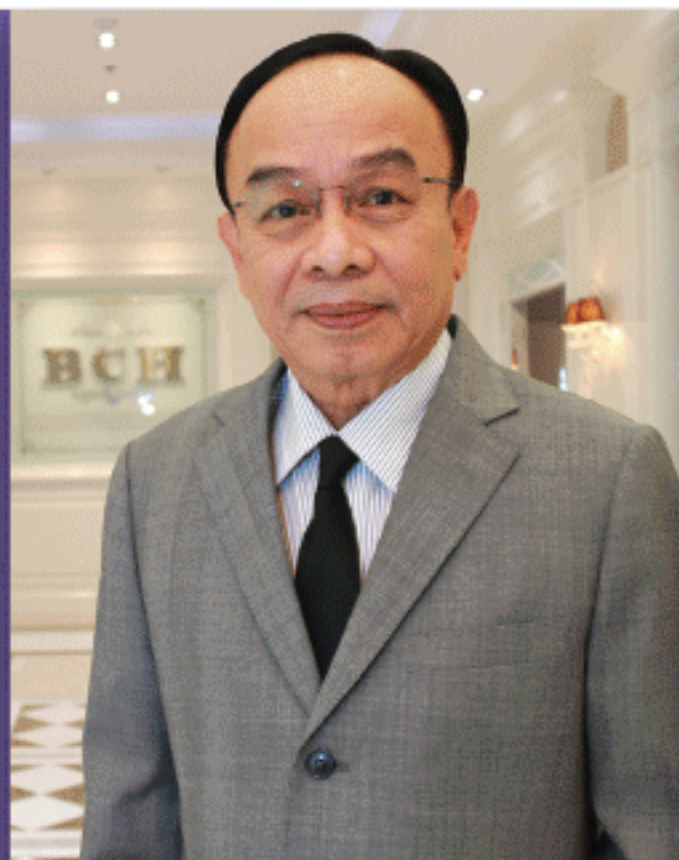
	2017	2016	2015
Operating Performance (Million Baht)			
Total Revenues	7,361.15	6,609.68	5,851.85
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	2,062.72	1,816.65	1,468.48
Profit for the year	1,118.59	932.77	672.80
Profit attributable to owners of the Company	917.06	753.09	527.33
Financial Position (Million Baht)			
Total Assets	12,674.10	10,569.36	10,597.87
Total Liabilities	6,762.34	5,232.85	5,676.33
Non-Controlling Interests	717.11	575.72	562.98
Equity Attributable to Equity Holders of the Company	5,194.65	4,760.78	4,358.56
Financial Ratios			
Gross Profit Margin (%)	32.78	31.32	30.82
Net Profit Margin (%) **	12.46	11.39	11.50
Debt to Equity Ratio (Times)	1.14	0.98	1.15
Return on Equity (%) *	18.92	17.48	13.67
Return on Assets (%) *	8.83	8.83	6.35
Stock Information			
Issued Share Capital (million shares) ***	2,493.75	2,493.75	2,493.75
Earnings per Share (Baht) ***	0.37	0.30	0.21
Book Value per Share (Baht) ***	2.37	2.14	1.97
Cash Dividend Paid per Share (Baht) ***	0.20	0.17	0.12
Stock Price at the End of Year (Baht)	16.20	14.80	9.05

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.

Member of the Board of Directors



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



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



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



Mr. Kantaporn Harnphanich
Director and
Executive Director



Mr. Phinij Harnphanich
Director



**Mr. Virach
Aphimeteetamrong, Ph.D.**
Independent Director and
Chairman of the Audit Committee



Mr. Siripong Sombutsiri
Independent Director
and Audit Committee



**Professor
Piphob Veraphong**
Independent Director
and Audit Committee



Mr. Thawat Suntrajarn, M.D.
Independent Director



Mrs. Saifon Chaimongkol
Director



**Assoc.Prof.
Chalerm Harnphanich,
M.D., Ph.D.**

Chairman of the Board of Directors
and Chief Executive Officer

Age (year) 63

Education

- Honorary Certificate, Associate Professor in Public Administration Programme, Bodhisatva University, USA
- Ph.D. (Buddhist Studies), Doctoral Programme in Buddhist Studies, Mahachulalongkorn Rajavidyalaya University
- Master Degree in Business Administration, Ramkamhaeng University
- M.D. Chiang Mai University
- B.Sc., Medical Science, Chiang Mai University
- Board Certification Specialist in Obstetrics and Gynecology, Siriraj Hospital, Mahidol University

Training

- 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

- 1993-present Director and Chief Executive Officer / Bangkok Chain Hospital Co., Ltd.
- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2016-present Committee / Chiangmai Medical School Alumni Association
- 2015-present Advisory / The Private Hospital Association
- 2015-present Director / Sothon Vejchakit Co., Ltd.
- 2014-present Acting 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 Director / 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
- 2006-present Director of Master of Public Health Program / School of Health Science Sukhothai Thammathirat Open University
- 1996-present Director / S.C.K. Land Co., Ltd.
- 1996-present Director / Saraburi Wetchakit Co., Ltd.
- 1996-present Director / Sriburin Medical Co., Ltd.
- 1992-present Director / Rattanaibeth General Hospital Co., Ltd.
- 1988-present Director / Pisuthikij Co., Ltd.

Current Position in other Listed Companies : No

Directors' Meeting Participation in 2017

- Board of Directors : 6 from 6
- Executive Committee : 5 from 5

Shareholdings (%) - 32.63 (No change in 2017)

Relationship - Asst.Prof. Somporn Harnphanich's husband



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

Director and Senior
Executive Officer

Age (year) 65

Education

- Master Degree in Business Administration, Ramkamhaeng 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

Training

- 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

- 1993-present Director and Senior Executive Vice President / Bangkok Chain Hospital PCL.
- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 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.
- 1992-present Director and Managing Director / Rattanaibeth General Hospital Co., Ltd.

Current Position in other Listed Companies : No

Directors' Meeting Participation in 2017

- Board of Directors : 6 from 6
- Executive Committee : 5 from 5

Shareholdings (%) - 7.37 (No change in 2017)

Relationship - Assoc.Prof.Dr. Chalerm Harnphanich, M.D.'s wife

Board of Directors

Bangkok Chain Hospital Public Company Limited



Ms. Pornluck Harnphanich, M.D.

Director and Executive Director

Age (year) 32

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)

Training

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

Work Experiences

- 2017-present Chief Operating Officer / Bangkok Chain Hospital PCL.
- 2012-present Director / Bangkok Chain Hospital PCL.
- 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 / Rattanatibeth General Hospital Co., Ltd.
- 2011-2014 Director / Rattanatibeth General Hospital Co., Ltd.
- 2011-present Director / Tipnatee s.p.p. Co., Ltd.

Current Position in other Listed Companies : No

Directors' Meeting Participation in 2017

- Board of Directors : 5 from 6
- Executive Committee : 5 from 5

Shareholdings (%) - 3.33 (No change in 2017)

Relationship - Assoc.Prof.Dr. Chalerm Harnphanich, M.D.'s daughter



Mr. Kantaporn Harnphanich

Director and Executive Director

Age (year) 30

Education

- Master Degree of Healthcare and Wellness Management
College of Management, Mahidol University
- Master of Business Administration, Assumption University
- Bachelor of Business Administration, Assumption University

Training

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

Work Experiences

- 2017-present Chief Marketing Officer / Bangkok Chain Hospital PCL.
- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 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 /
Rattanatibeth General Hospital Co., Ltd.
- 2012-present Director / Sriburin Medical Co., Ltd.
- 2011-present Director / Tipnatee s.p.p. Co., Ltd.

Current Position in other Listed Companies : No

Directors' Meeting Participation in 2017

- Board of Directors : 5 from 6
- Executive Committee : 5 from 5

Shareholdings (%) - 3.33 (No change in 2017)

Relationship - Assoc.Prof.Dr. Chalerm Harnphanich, M.D.'s son

**Mr. Phinij Harnphanich**

Director

Age (year) 62

Education

- Master degree of Political Science (Government), Thammasart University
- Bachelor degree of Political Science (Public Administration), Thammasart University

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2017-present Director / Bangkok Chain Hospital PCL.
- 2016-present Retired Government Official / Ministry of Interior
- 2014-2016 The Governor / Samutprakan Province
- 2013-2014 Director General / Department of Lands
- 2012-2013 The Governor / Lamphun Province

Current Position in other Listed Companies : No**Directors' Meeting Participation in 2017**

- Board of Directors : 3 from 6

Shareholdings (%) - No**Relationship** - Assoc.Prof.Dr. Chalerm Harnphanich, M.D.'s brother**Mr. Virach Aphimeteetamrong, Ph.D.**

Independent Director and Chairman of the Audit Committee

Age (year) 74

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

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2004-present Independent Director and Chairman of the Audit Committee / Bangkok Chain Hospital PCL.
- 1988-present Chairman of the Board of Directors / Office Dr. Virach & Associates Co., Ltd.

Current Position in other Listed Companies

- 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 / Asia Plus Group Holdings PCL.
- 1995-present Independent Director and Audit Committee / Metro Systems Corporation PCL.
- 1992-present Independent Director / Supalai PCL.

Directors' Meeting Participation in 2017

- Board of Directors : 6 from 6
- Executive Committee : 5 from 5

Shareholdings (%) - No**Relationship** - No

Board of Directors

Bangkok Chain Hospital Public Company Limited



Mr. Siripong Sombutsiri

Independent Director and Audit Committee

Age (year) 63

Education

- Master Degree of Business Administration in Finance, Sul Ross University
- Bachelor of Commerce and Accounting, Chulalongkorn University

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

2004-present Independent Director and Audit Committee / Bangkok Chain Hospital PCL.

2011-present Director / Infinite Electric (Thailand) Co., Ltd.

Current Position in other Listed Companies

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.

2007-present Executive Director / AP (Thailand) PCL and subsidiaries.

Directors' Meeting Participation in 2017

- Board of Directors : 6 from 6
- Executive Committee : 5 from 5

Shareholdings (%) - No

Relationship - No



Professor Piphob Veraphong

Independent Director and Audit Committee

Age (year) 56

Education

- Master Degree of LL.M., Harvard University
- Master Degree of LL.M., Taxation, Boston University
- Bachelor of Law (Honors), Chulalongkorn University
- Barrister-at-law
- Certificate of International Taxation, Harvard University

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

2004-present Independent Director and Audit Committee / Bangkok Chain Hospital PCL.

2002-present Partner / Law Alliance Co., Ltd.

Current Position in other Listed Companies

2015-present Independent Director and Audit Committee / Land and Houses PCL.

Directors' Meeting Participation in 2017

- Board of Directors : 5 from 6
- Executive Committee : 5 from 5

Shareholdings (%) - No

Relationship - No

**Mr. Thawat Suntrajarn, M.D.**

Independent Director

Age (year) 70

Education

- M.PH Mahidol University
- M.D. Chiang Mai University
- B.Sc, Medical Science, Chiang Mai University

Training

- Director Accreditation Program,
Thai Institute of Directors Association (IOD)

Work Experiences

- 2010-present Independent Director / Bangkok Chain Hospital PCL.
- 2016-present Vice Minister for Public Health / The Prime Minister's Office
- 2016-present Senior Advisory / Sub-committee of Ministry of Public Health
- 2016-present Senior Advisory / Sub-committee of Department of
Health and Service Support, Ministry of Public Health
- 2010-present Senior Advisory / University of Phayao Council
- 2009-present President / Thailand Health Association
- 2008-present Advisory / Global Fund Principle Recipient
Management office, Ministry of Public Health
- 2008-present Advisory / Permanent Secretary Ministry of Public Health

Current Position in other Listed Companies : No**Directors' Meeting Participation in 2017**

- Board of Directors : 6 from 6

Shareholdings (%) - No**Relationship** - No**Mrs. Saifon Chaimongkol**

Director

Age (year) 46

Education

- Master degree of Nursing, Mahidol University
- Bachelor degree of Nursing, Mahidol University

Training

- Director Accreditation Program,
Thai Institute of Directors Association (IOD)

Work Experiences

- 2010-present Director / Bangkok Chain Hospital PCL.
- 2011-present Central Purchasing Director / Bangkok Chain Hospital PCL.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2015-present Director / Navanakorn Medical Co., Ltd.
- 2015-present Director / Ayutthaya Medicare Co., Ltd.

Current Position in other Listed Companies : No**Directors' Meeting Participation in 2017**

- Board of Directors : 6 from 6

Shareholdings (%) - No**Relationship** - No

Products and Services

Products and services of the Company are as follows:

1. World Medical Hospital Group (WMC)

- Target customers : high-end / international patients
- Level of Excellence: tertiary care which required high specialized medical services. WMC provides its services to referral patients from hospital in the group and other alliance hospitals nationwide.

2. Kasemrad International Hospital Group (KIH)

- Target customers : middle to high income patients
- Level of Excellence : secondary and up to some level of tertiary care

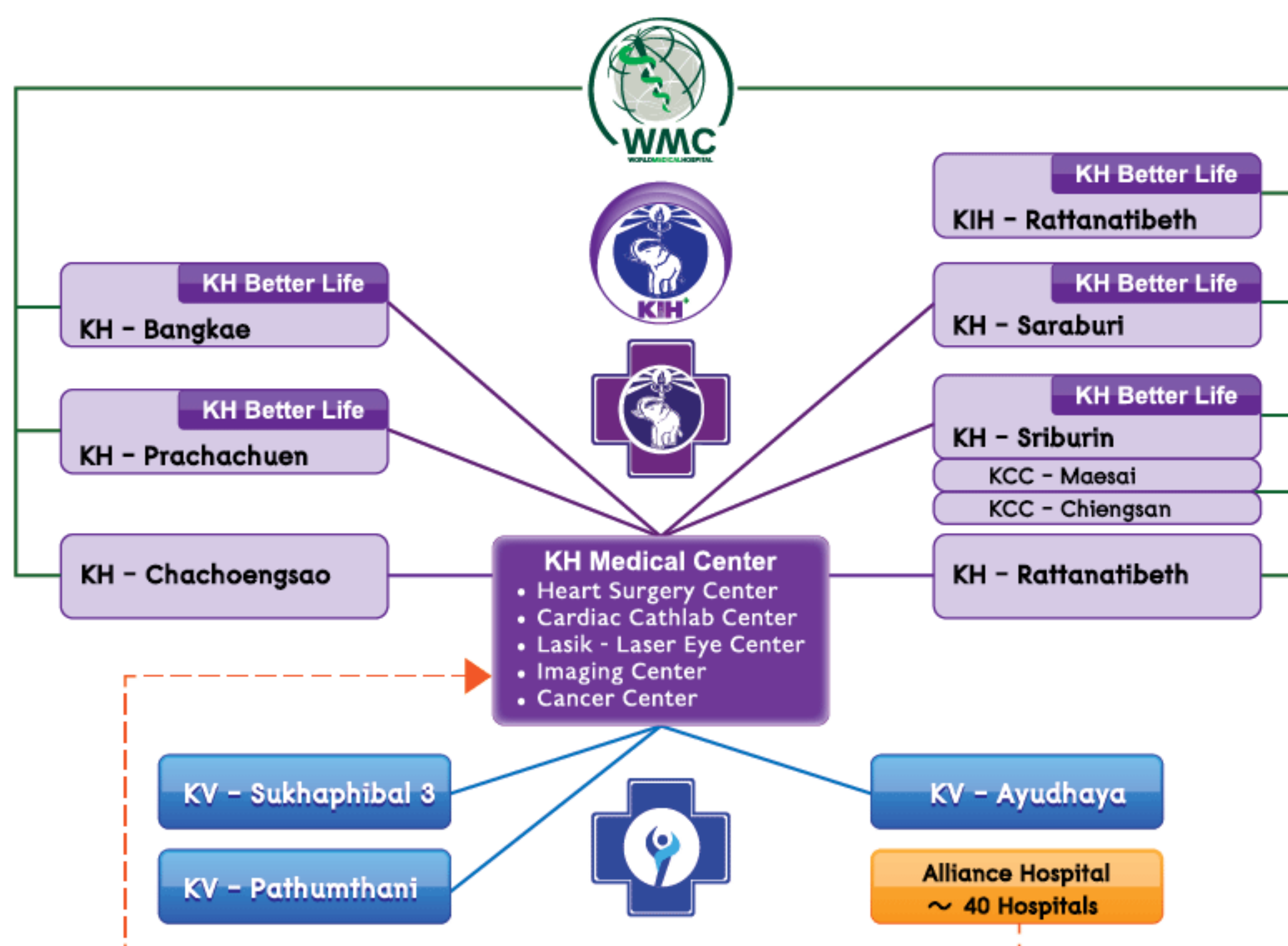
3. Kasemrad Hospital Group (KH)

- Target customers : middle-income 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)** : Provide primary care (Out-patients) in Mae-Sai District and Chiangsan District, Chiangrai province.
- **Kasemrad Better Life (KH Better Life)** : healthy lifestyle and alternative medicine are as follows:
 - Aesthetics (Skin Care and Non-Invasive)
 - Dental & Aesthetic Dentistry
 - Cosmetic Surgery
 - Wellness Center (Health Check-up)
 - Thai Traditional Medicine
 - Chinese Traditional Medicine

4. 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 hospital in the group



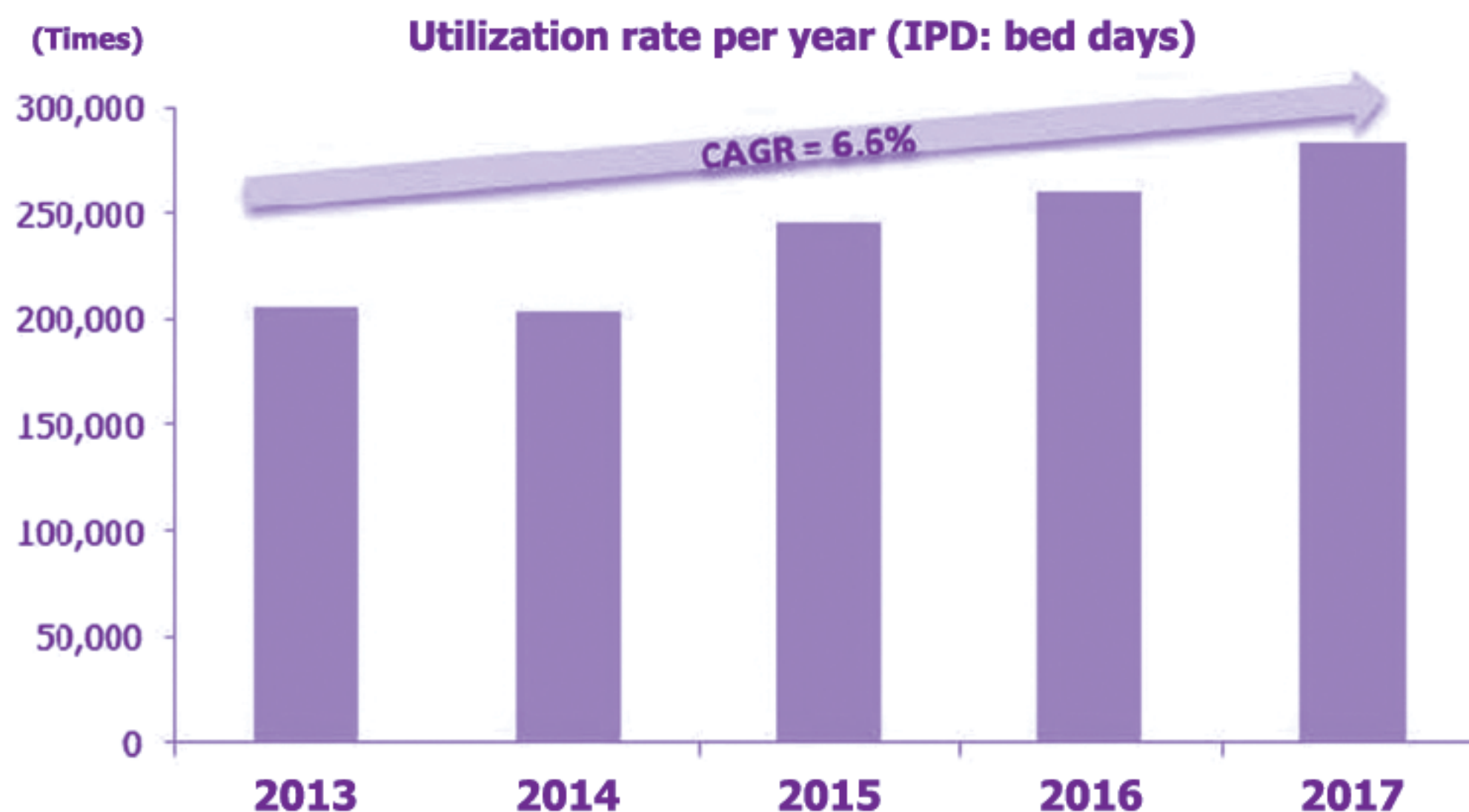
Service Capacity

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:

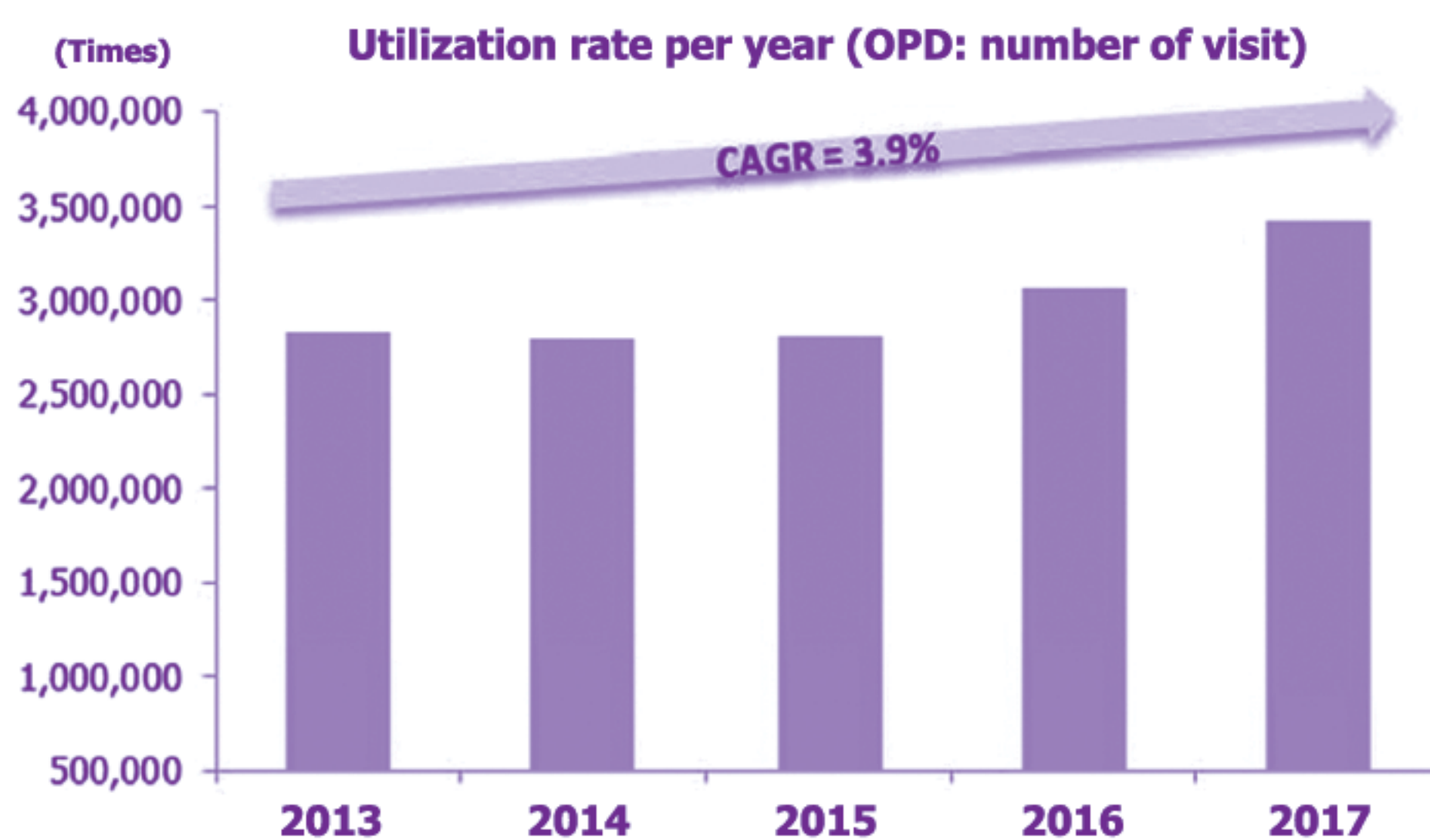
Hospitals	Hospital Accreditation Level (HA)	Out-Patients	In-Patients
		Number of Examination Room	Number of Licensed Beds
Kasemrad Hospital Bangkai	3	60	311
Kasemrad Hospital Sriburi	3	40	120
- Kasemrad Sriburi Clinic Mae-sai branch		14	-
- Kasemrad Sriburi Clinic Chiangsan branch		13	-
Kasemrad International Hospital Rattanaibeth	3	41	400
Kasemrad Hospital Saraburi	3	16	200
Kasemrad Hospital Prachachuen	3	55	373
Kasemrad Hospital Chachoengsao	2	32	100
Kasemrad Hospital Rattanaibeth	2	18	119
World Medical Hospital	JCI, DNV GL	84	150
Karunvej Hospital Sukhaphib 3	2	13	100
Karunvej Hospital Pathum Thani	3	22	200
Karunvej Hospital Ayudhaya	2	6	105
Total		414	2,178

In-patients Service



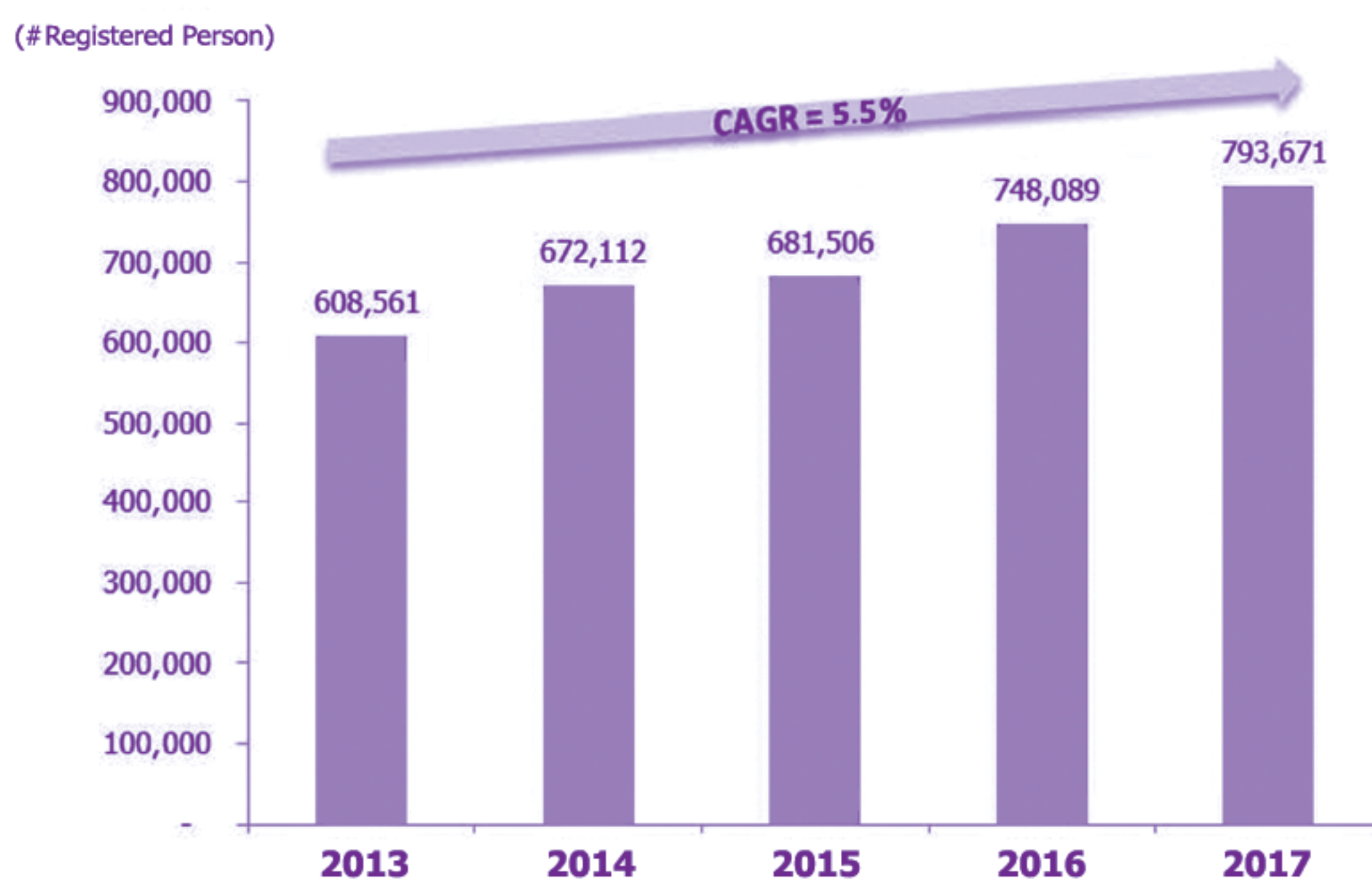
In the past five years, the utilization rate of IPD cash patients and social security patients grew on average of 6.6 percent per annum. In 2017, our chain hospitals have been upgrading our hospital standards to support the expansions of local communities due Thailand’s infrastructure development in the past few years. Also there has been an increased in the number of specialized clinic center to support complication treatment of the patients that helped surging the number of patients for last year.

Out-patients Service



In the past five years, the utilization rate of OPD cash patients and social security patients grew on average about 3.9 percent per annum due to the support from social security office for their patients under the scheme to receive a health checkup service and also expansion of the mobile medical services in different provinces in Thailand.

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 the average of 5.5 percent per annum. The increase in number of registered persons under the social security scheme affected by extra quota allowance during the year from social security office and resulted of the facilities improvement of the existing hospital.

Nature of Business

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

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

Our hospitals group with centers of Excellency offered 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 offer 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 are responsible for the 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 policies 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 an acting 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 own expenses. They are health conscious with a focus on quality of life. Accordingly, the hospitals provide value added health package such as health check-up package and promote the other alternative medicines under KH Better Life.
- 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 fees owe 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 the 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 Civil Servant Medical Benefit Scheme:** Under this scheme the government is providing the compensation to the government officials and their families which covered in both OPD and IPD services. The government officials were able to receive the treatment or service at the public hospitals in the past but now the government has expanding the benefit to private hospitals in order for the government officials to access to the treatment and services faster, more convenient and reduce the service intensity in the public hospitals. The Comptroller General's Department (CGD) is responsible for the service and treatment cost and the hospitals group also participating in this scheme to support these treatment and service expansion. Moreover, the location of each hospital is the factor that supports the Company to increase the government official customer base.
- 2.2 **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 three Karunvej Hospitals are participating in this scheme. In addition, Kasemrad Hospital Prachachuen and Kasemrad Hospital Bangkai are providing heart diagnosis and one-stop service treatment both Cardiac Cath Lab and opened heart surgery. Kasemrad Hospital Prachachuen and World Medical Hospital have eye surgery center with laser technology (Lasik). Also, Kasemrad International Hospital Rattanaibeth, Kasemrad Hospital Sriburin and World Medical Hospital have Imaging Center (MRI) to serve the referral patients from allied hospitals under Social Security Scheme.
- 2.3 **Group of Universal Coverage Scheme:** Heart center of Kasemrad Hospital 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 field.
- 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; and
- 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.

2. Industrial Trend and Competition

Despite the economic crisis, 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 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 which will affect the operation of small hospitals and private hospitals that newly opened.
- 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 2017, the Company has revenue from managed care as follows: revenue from Social Security Scheme was approximately 37 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. 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 2017, 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.

Shareholders

Ten major shareholders as at 31 August 2017*

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	SOCIAL SECURITY OFFICE	143,472,000	5.75
4	THAI NVDR CO., LTD.	112,700,769	4.52
5	THE BANK OF NEW YORK MELLON	90,000,000	3.61
6	Mr.Kantaporn Harnphanich	83,000,000	3.33
7	Ms.Pornluck Harnphanich	83,000,000	3.33
8	Ms.Pornsuda Harnphanich	83,000,000	3.33
9	Mr.Paiboon Seriwiwattana	26,653,700	1.07
10	N.C.B.TRUST LIMITED-NORGES BANK 11	22,959,700	0.92
	Total	1,642,286,169	65.86

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)	Assoc.Prof.Chalerm Harnphanich, Ph.D.	Chairman of the Board
(2)	Asst.Prof.Somporn Harnphanich, M.D.	Director
(3)	Ms.Pornluck Harnphanich, M.D.	Director
(4)	Mr.Kantaporn Harnphanich	Director
(5)	Mr.Phinij Harnphanich	Director
(6)	Mr.Virach Aphimeteetamrong, Ph.D.	Independent Director and Chairman of the Audit Committee
(7)	Mr.Siripong Sombutsiri	Independent Director and Audit Committee
(8)	Professor.Piphob Veraphong	Independent Director and Audit Committee
(9)	Mr.Thawat Suntrajarn, M.D.	Independent 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 percent 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 on behalf of the Company are consisted of Assoc.Prof.Dr. Chalerm Harnphanich or Asst.Prof.Somporn Harnphanich or Ms.Pornluck Harnphanich or Mr.Kantaporn Harnphanich or Mrs.Saifon Chaimongkol, two of these five 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 conjure 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.Piphob | Veraphong | Audit Committee |

The Scope of Duties and Responsibilities of the Audit Committee

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

1. Review the accuracy, 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. Participate in reviewing CFO qualification and Direct of Accounting Department of the Company.
4. 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.

5. Discuss and consider the relationship and coordination of the scope and audit plan of internal and external auditors.

6. Review and consider together with the internal auditor in respect of the results of internal audit, issues and recommendation.
7. 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.
8. 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.
9. Review and consider together with the external auditor in respect of the results of the financial reporting, issues and recommendation.
10. Review the Company and ensure it has been followed the anti-corruption policy.
11. 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.
12. 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.
13. Perform any other activities as assigned by the Board of Directors, with the approval of the Audit Committee.
14. 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.
15. 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 nine directors as follows:

(1) Assoc.Prof.Chalerm	Harnphanich, Ph.D.	Chairman of the Executive Board / CEO
(2) Asst.Prof.Somporn	Harnphanich, M.D.	Executive Director / Senior Executive Vice President
(3) Ms.Pornluck	Harnphanich, M.D.	Executive Director
(4) Mr.Kantaporn	Harnphanich	Executive Director
(5) Ms.Pornsuda	Harnphanich	Executive Director
(6) Mr.Surapant	Taweewiyakarn, M.D.	Executive Director
(7) Mr.Dhiti	Pattanakumjorn, M.D.	Executive Director
(8) Mr.Voravee	Kiatiniyomsak	Executive Director
(9) 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

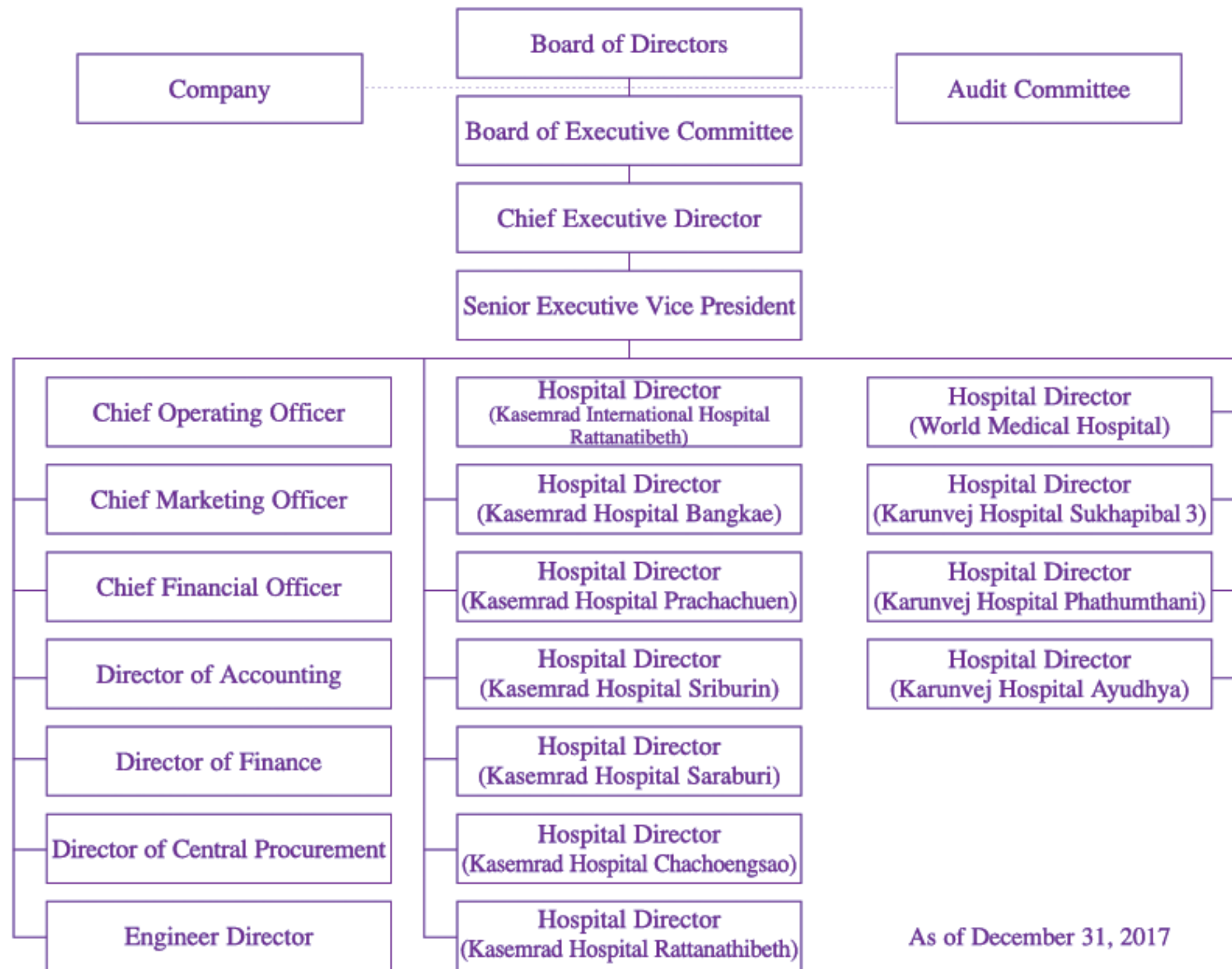
The authority of the Executive Committee shall not include any approval of the issue that may invoke a conflict, or any issue that the Executive Committee or the person pertaining to the Executive Committee has been involved in with any means to have taken parts for the benefits, or invoke any other 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 2017)

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

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 2017 Annual General Meeting of Shareholders held on 25 April 2017 approved the remuneration of year 2017 for directors as follows:

Position	Remuneration (Baht/month)	Pension (Baht/year)	Others
Chairman of the Audit Committee	55,000.00	552,700.00	-
Audit Committee	50,000.00	501,100.00	-
Director	45,000.00	449,300.00	-

Directors' remunerations for the year ended on 31 December 2016 are as follows:

Unit : Baht

No.	Name	Position	Remuneration	Pension	Total
1	Assoc.Prof.Chalerm Harnphanich, M.D., Ph.D.	Chairman of the Board of Directors / Chief Executive Director	540,000	449,300	989,300
2	Asst.Prof.Somporn Harnphanich, M.D.	Director / Senior Executive Vice President	540,000	449,300	989,300
3	Ms.Pornluck Harnphanich, M.D.	Director / Executive Director	540,000	449,300	989,300
4	Mr.Kantaporn Harnphanich	Director / Executive Director	540,000	449,300	989,300
5	Mr.Phinij Harnphanich	Director	450,000	-	450,000
6	Mrs.Saifon Chaimongkol	Director	540,000	449,300	989,300
7	Mr.Paiboon Nakosiri	Director	90,000	449,300	539,300
8	Mr.Thawat Suntrajarn, M.D.	Independent Director	540,000	449,300	989,300
9	Mr.Virach Aphimeteetamrong, Ph.D.	Independent Director and Chairman of Audit Committee	660,000	552,700	1,212,700
10	Mr.Siripong Sombutsiri	Independent Director and Audit Committee	600,000	501,100	1,101,100
11	Professor.Piphob Veraphong	Independent Director and Audit Committee	600,000	501,100	1,101,100
Total			5,640,000	4,700,000	10,340,000

The Company and its subsidiaries have management and executives' remuneration of 19 persons for the year ended on 31 December 2017 (i.e. salary and bonus) totaling Baht 185.22 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. Assoc.Prof.Chalerm Harnphanich, M.D., Ph.D.	6 from 6	5 from 5	-
2. Asst.Prof.Somporn Harnphanich, M.D.	6 from 6	5 from 5	-
3. Ms.Pornluck Harnphanich, M.D.	5 from 6	5 from 5	-
4. Mr.Kantaporn Harnphanich	5 from 6	5 from 5	-
5. Mr.Phinij Harnphanich	3 from 6	-	-
6. Mrs. Saifon Chaimongkol	6 from 6	-	-
7. Mr.Paiboon Nakosiri	2 from 6	-	-
8. Mr.Thawat Suntrajarn, M.D.	6 from 6	-	-
9. Mr.Virach Aphimeteetamrong, Ph.D.	6 from 6	-	5 from 5
10. Mr.Siripong Sombutsiri	6 from 6	-	5 from 5
11. Professor.Piphob Veraphong	5 from 6	-	5 from 5
12. Ms.Pornsuda Harnphanich	-	5 from 5	-
13. Mr.Surapant Taweewikayakarn, M.D.	-	1 from 5	-
14. Mr.Dhiti Pattanakamjorn, M.D.	-	5 from 5	-
15. Mr.Voravee Kiattiniyomsak	-	5 from 5	-
16. Mr.Pumipat Chatnoraset	-	5 from 5	-

Auditor's Remuneration

Unit : Baht

No.	Company Name	Audit	Audit Fee (Baht)
1	Bangkok Chain Hospital PCL.	KPMG Phoomchai Audit Limited	2,310,000
2	Other eight subsidiaries	KPMG Phoomchai Audit Limited and KPMG Overseas	2,454,000
Total			4,764,000

Good Corporate Governance

The Company understands and realizes the importance of good corporate governance. It means that the Company's management and administrations are efficient, transparent, and auditable which leads to the trust and confidence to the shareholders, investors, other stakeholders. In addition, good corporate governance shall add a firm's value and contribute to the sustainable growth of the Company. The Company has complied with the corporate governance guidelines 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 2017, the the Annual General Shareholders Meeting of the Company was held on 25 April 2017 at the Meeting Room on 22nd floor of World Medical Hospital, No. 44 Moo 4 Chaengwattana Road, Pakkred, Nonthaburi. The Company disclosed the documents of the Annual General Shareholders Meeting on 24 March 2017, not less than 30 days prior to 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 24 March 2017 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 14 December 2017, the Company has informed the shareholders, through SET's website and the Company's website www.bangkokchainhospital.com section Investor Relations to propose any issues as agendas in the Annual General Meeting for the year 2018 by receiving the information until 9 February 2018.
- 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 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 14 December 2017 - 9 February 2018 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 complies 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, JCI (Joint Commission International) and DNV GL (Det Norske Veritas and Germanischer Lloyd) 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 2017, the company has implemented the anti-corruption practice approved by the company's Board of Director since August 15th 2017. The company proceeds related to policies and measurements of the anti-corruption practice and publicized to general public as well as within the company internally. For instance; disseminating anti-corruption policies through the company's website www.bangkokchainhospital.com on the good corporate governance section, and arrange the training and orientation for employees on anti-corruption policies. Furthermore, supplier and contractor of the company will be informed about the anti-corruption practice in order to create transparency of the company operation.

The company has been continually following the policies since its first implemented, on November 10th 2017 after the board meeting of Thailand's Private Sector Collective Action Coalition Against Corruption, BCH was certified and became a member of Thailand's Private Sector Collective Action Coalition Against Corruption. For further information, please visit company 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 which regarding to the compliance of its respect for intellectual property rights.

11. Government

The Company operates its business in accordance to the social development as well as complies with laws, regulations and rules issued by the Government.

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 misconduct by sending to:

- E-mail: report@bangkokchainhospital.com
- Address: Complaint, Bangkok Chain Hospital Public Company Limited, 44 Moo.4 World Medical Hospital 22nd Floor 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 2017, the Company set up 4 of Analyst's meeting and 30 of Company visit by gave out relevance information of the Company and 3 Roadshows for both in Thailand and overseas. Financial Performance, Financial Statement and The Stock Exchange of Thailand's News at www.set.or.th and the Company's website at 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: +662-836-9940 Fax: +662-106-4858 E-mail: ir@bangkokchainhospital.com or the Company's website at 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 2017 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 2017, 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 2017, 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 2017, The Board has a policy to continuously encourage and support the directors' development such as Project Investment and Risk Management for corporate sustainability and Code of Qualifications of CFO program.

8. Board of Directors and Executive Committee Performance Assessment

The company set up the Assessment to evaluate Board of Directors and Executive Committee performance every year which conducted in three different forms;

1. Group Self-Assessment for Board of Directors and Executive Committee

Self-Assessment form was adapted from Stock Exchange of Thailand on Corporate Governance guidelines and responsibilities of the board in order to comply with the company management structure. The results represent an important part of improving the director responsibilities and also increase the efficiency of the company management. The director and committee will evaluate the level of opinion or level of performance under four subjects:

1. Structure and Qualification of the Board of Directors.
2. Board Meetings.
3. Roles, Duties and Responsibilities of the Board of Directors.
4. Other issues; the relationship between the board and management.

The company secretary is responsible for delivering out the assessment form to all the directors to evaluate at the end of every year. Also they are in charge of gathering the results and conduct the summary report for the board to discuss further every year.

2. Individual Self-Assessment for Board of Directors and Executive Committee

An individual self-assessment evaluation form is acting as a tool helping board of director to review and improve the roles and duties of them efficiently. The subjects used for the evaluation are according to the responsibilities, corporate governance charter and ethic of the company board of directors which company has followed the standard of Thai Securities and Exchange Commission and Stock Exchange of Thailand office.

1. Structure and Qualification of the Board of Directors.
2. Board Meetings.
3. Roles, Duties and Responsibilities of the Board of Directors.

The company secretary is responsible for delivering out the assessment form to all the directors to evaluate at the end of every year. Also they are in charge of gathering the results and conduct the summary report for the board to discuss further every year.

3. CEO Performance Assessment

This performance evaluation form is classified into two sections in accordance of SET evaluation guidelines which are the followings:

Section 1 Performance Measurement consisted of 10 subjects as followings:

- | | |
|--|--|
| 1. Leadership | 6. External Relations |
| 2. Strategic Planning | 7. Management and Personnel Relationship |
| 3. Strategic Implementation | 8. Succession (Progression) |
| 4. Financial Planning and Implementation | 9. Product and Service Knowledge |
| 5. Relationship among Board of Directors | 10. Characteristic |

Section 2 In CEO developments are consisted of strength of CEO and issues that CEO should be developing, the additional opinions will be given by company board of directors.

CEO will be involving on the target setting and get notified every year. At the end of every year, the company secretary is responsible for delivering out the assessment form to all the directors to evaluate. Also they are in charge of gathering the results and conduct the summary report for the board to discuss further every year.

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 26 February 2018, 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 eight subsidiaries, Rattanatibeth General Hospital Co., Ltd., Saraburi Wetchakit Co., Ltd., Sriburin Medical Co., Ltd, Navanakorn Medicare Co., Ltd., Ayudhya Medicare Co., Ltd., Sothorn Vejchakit Co., Bangkok Chain Management Co., Ltd., and Bangkok Chain International (Lao) 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 2017, 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., and Bangkok Chain International (Lao) 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 statement.

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.



(Assoc.Prof.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 eleven hospital branches and two polyclinics opened under four brands; “Kasemrad Hospital”, Kasemrad International Hospital”, “World Medical Hospital” and “Karunvej Hospital”.

Operating Performance

In 2017, the Company reported net profit in the amount of Baht 917.1 million (2016: Baht 753.1 million) which increased in the amount of Baht 164.0 million or 21.8 percent. Earnings before interest, tax and share of profit of investment in associate in the amount of Baht 1,524.8 million (2016: Baht 1,302.2 million), increased in the amount of Baht 222.6 million or 17.1 percent as a result of the following reasons:

In 2017, the Company reported revenue totaling Baht 7,361.1 million which increased by Baht 751.5 million or 11.4 percent from 2016 due to the increase in revenue from cash patients in the amount of Baht 335.9 million or 8.1 percent, the increase in revenue from social security scheme (SC) in the amount of Baht 412.2 million or 17.9 percent, the decrease in revenue from universal coverage (UC) in the amount of Baht 4.9 million or 7.3 percent and the increase in other income in the amount of Baht 8.3 million or 8.4 percent.

Revenues Structure (by Types of the Patients)

Unit : Baht

Revenue Structure	2017		2016		2015	
Cash-Base Revenue (Walk-in)	4,476,062,556	62%	4,140,189,254	64%	3,740,626,850	65%
Social Security Scheme Revenue	2,716,784,933	37%	2,304,611,183	35%	1,962,761,001	34%
Universal Coverage Revenue	61,676,738	1%	66,535,088	1%	62,909,301	1%
Total Revenues	7,254,524,227	100%	6,511,335,525	100%	5,766,297,152	100%

In 2017, the Company reported total expenses in the amount of Baht 5,972.5 million which increased from the year 2016 in the amount of Baht 502.8 million or 9.2 percent due to cost of hospital operations which increased in the amount of Baht 404.5 million or 9.0 percent, distribution costs and administrative expenses increased in the amount of Baht 124.4 million or 14.9 percent but decreased in finance costs in the amount of Baht 26.1 million or 16.1 percent which in line with the decrease in the amount of interest bearing debt during the year.

In addition, overall expenses mainly increased from the higher amount of bad debt and doubtful debts expense, lab and medical operation expenses due to mobile medical checkup and checkup program promoted by Social Security office and referral expenses which increased in line with the revenue from hospital operations.

In 2017, Income tax was Baht 271.0 million which increased from the year 2016 in the amount of Baht 62.5 million which was consistent with the increase in profit before income tax.

Financial Status

Assets

In 2017, the Company reported total assets of Baht 12,674.1 million which increased by Baht 2,104.7 million or 19.9 percent from 2016 as a result of increased in the short term investment Baht 1,412.5 million due to the issuance of a new debenture to replace the existing debenture that falls to due in January 2018.

Assets quality

Aging analysis for trade accounts receivable were as follows:

Unit: thousand Baht

	2017	2016
Within credit terms	229,570	217,549
Overdue:		
Less than 3 months	193,409	70,347
3-6 months	20,691	15,048
6-12 months	6,225	11,473
Over 12 months	24,909	36,912
Total	474,804	351,329
<i>Less</i> allowance for doubtful accounts	(29,900)	(41,148)
Net	444,904	310,181

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

Aging analysis for accrued income were as follows:

Unit: thousand Baht

	2017	2016
Overdue:		
Less than 3 months	400,930	296,631
3-6 months	136,625	195,201
6-12 months	10,258	44,823
Over 12 months	123,829	231,534
Total	671,642	768,189
<i>Less</i> allowance for doubtful accounts	(62,953)	(81,863)
Net	608,689	686,326

In 2017, the Company had booked the allowance for doubtful debt and accrued income in the amount of Baht 43.9 million followed the Company accounting policy by considering from the ability of debts repayment on each group of debtors. On average, the Company usually allows credit term about 30 days for insurance customers. In 2017, the Company had an averaged collection period of about 78 days from insurance companies, social security office, and private companies which are the majority of company's debtors.

The Company had accrued income overdue more than 12 months, mainly from the reimbursement of services provided to in-patient with high cost care by calculating in accordance with the Diagnosis Related Groups: DRGs. and has Adjusted Relative weight: AdjRW more than or equal to 2 from the Social Security Office for the year 2012 and 2013 as follows:

Year 2012

Social Security Office had policy of payment in case of the registration hospital transfers patients to service provider hospital (Supra contractor). Previously, the Social Security Office notified that the reimbursements were made by both the registration hospital and the service provider hospital. Therefore, the Social Security Office has to spend time for the examination of reimbursement information to avoid double payments. During year 2017, the Social Security Office had announced the guidance of payment method for receivable of Social Security Fund - In Patient for 2012 to the registration hospital for submit the transfer reimbursement rights letter to Social Security Office for transfer such rights to the Group. During year 2017, the Group had submitted such letter to the Social Security Office which is during the process to follow up the collectability of the remaining which certain subsidiaries had partial receipt.

Year 2013

According to the notification letter of payment of accrued income for 2013 announced by the Social Security Office, the information of reimbursements made by the registration hospital exceeded than the annual relevant budget. Therefore, the Social Security Office has to spend time for the examination of the accuracy of reimbursement information of the registration hospital. Accrued income for 2013, the Group had partial receipt from Social Security Office. The Management were during the process to follow up the remaining balance.

Liquidity

The Company's cash flows for the year 2017, 2016 and 2015:

Unit: Baht

Cash Flow Activities	2017	2016	2015
Cash flows from operating activities	1,813,710,370	1,700,909,386	1,338,395,830
Cash flows used in investing activities	(2,483,131,687)	(729,451,074)	(857,048,173)
Cash flows from (used in) financing activities	642,387,094	(1,134,184,267)	(272,077,503)
Net increase (decrease) in cash	(27,034,223)	(162,725,955)	209,270,154

As at December 31, 2017, the Company reported cash and cash equivalents of Baht 485.5 million, Baht 27.0 million decreased from 31 December 2016 due to the following activities:

Cash flows from operating activities of Baht 1,813.7 million were generated by net profit in the amount of Baht 1,118.6 million, depreciation and amortization in the amount of Baht 538.0 million, decreased in accrued income baht 35.9 million and changes in net working capital. i.e. increased in accounts receivable of Baht 101.0 million, increase in accounts payable of Baht 45.6 million, and increased in bad debt and doubtful debts expense baht 43.9 million.

Cash flows used in investing activities in total of Baht 2,483.1 million were mainly from the Company's short term as a result of financial management in the amount of Baht 1,410.7 million, investment in land use right Baht 341.7 million, purchase of medical equipment for Kasemrad International Hospital Rattanatibeth, Kasemrad Hospital Sriburin and other branches in total of Baht 189.0 million and construction cost for Kasemrad Hospital Ramkamhang including the renovation of other hospital branches Bath 467.3 million.

Cash flows from (used in) financing activities in total of Baht 642.4 million were mainly from the increase of long term borrowing of Baht 1,846.4 million, dividend payment of Baht 448.9 million, dividend payment to non-controlling interests of Baht 162.0 million, interest expenses 149.44 million, repayment of financial lease of Baht 15.8 million and repayment of short term debt, long term debt and debentures net amount of Baht 430 million.

Capital Structure

The shareholders' equity as at 31 December 2017 and 2016 were Baht 5,194.7 million and 4,760.8 million respectively. The increase in shareholders' equity was mainly due to an increase in net profit. As at 31 December 2017, the Company reported return on Equity (ROE) at 17.7 percent (2016 : 15.8 percent), debt to equity ratio at 1.1 times (2016 : 0.98 times), interest coverage ratio at 11.2 times in 2016 (2015 : 8.0 times).

Future Trend

Business Trend

The Company sets goals in accordance with the strategic plan to increase revenue's growth at the rate 10-15 percent as well as to increase net profit margin to be at the level 12-15 percent per annum from 2018-2022. To achieve the target, the Company has strategic plan as follows:

1. The enhancement of internal process and hospitals' facilities.
2. The upgrade 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 existing hospital in order to capture more market segmentations.

The details of strategic plans are as follows:

1. 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 the enhancement of the hospitals' standard.

2. The upgrade of hospitals to be the patients' referral centers

- To be in line with the hospital's standard enhancement, the company shall manage to add medical specialties centers into the hospitals that located in the strategic locations e.g. Heart Center and Imaging Center. The medical specialties shall be opened at Kasemrad Hospital Rattatibeth, Kasemrad Hospital Sriburin, Kasemrad Hospital Chacheongsao and Kasemrad Hospital Ramkamhang in order to upgrade them to be the referral centers for patients from different region in Thailand.


3. 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 2019).;
 3. Kasemrad Hospital Sakaeo (in 2020).;
 4. Kasemrad Hospital Prachinburi (in 2020).; and
 5. Kasemrad International Hospital Vientiane (in 2020).

4. Re-branding of the existing hospitals

- World Medical Hospital implemented the marketing strategy 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 returned to Kasemrad Hospital to target middle income cash patients and patients under social security scheme.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries



**Financial statements for the year ended
31 December 2017
and
Independent Auditor's Report**



KPMG Phoomchai Audit Ltd.
Empire Tower, 50th-51st Floors
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

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 2017, 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 2017 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 the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is 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.

Valuation of trade accounts receivable	
Refer to Notes 3 and 8	
The key audit matter	How the matter was addressed in the audit
<p>The Group has overdue trade accounts receivable and accrued income from medical services to patients under the government welfare schemes as revenue under service agreement with the Social Security Office, etc. Trade accounts receivable are material and accrued income under the service agreement with the Social Security Office is based on the information, criteria and conditions for calculation defined by the Social Security Office, such as, the number of insured persons registered with the hospital, and statistical information of the services provided by the hospital, etc. In addition, the repayment is dependent on the policy and budget of the government welfare schemes.</p> <p>The Group is exposed to the risk of recoverable amount of trade accounts receivable and accrued income due to the complexity of the reimbursement rules and process which is time consuming. The determination of recoverable amount of trade accounts receivable and accrued income require management's professional judgement and analysis of future payment expectation of these government sector. 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"> • Understanding the procedure of estimating net realisable value of trade accounts receivable, revenue recognition and estimating accrued income from medical services to patients under the government welfare schemes Office by making enquiry of responsible executives and selecting representative samples to test the operation of the designed controls. • Selecting samples to test trade account receivable and accrued income aging report with supporting documents • Perform a reasonableness check of management's expectation for recoverability of trade accounts receivable and accrued income by comparing with the historical data, actual amount received during the year, and relevant documents. • Evaluate the status of the repayments that the Group has discussed and followed up with customer and the government entity. • Perform subsequent cash receipt after the reporting period with relevant documents. • Assessing the adequacy of Group's disclosures in accordance with Thai Financial Reporting Standards.

Impairment assessment of goodwill	
Refer to Notes 3 and 16	
The key audit matter	How the matter was addressed in the audit
<p>The Group has goodwill, which is material to the financial statements whereby the Group perform test impairment of goodwill annually. Impairment loss will occurred when the carrying amount of goodwill exceed its recoverable amount The Group determine the recoverable amount by using the estimation of future cash flows (“DCF”) method.</p> <p>Due to the estimation are important to use judgment. 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"> • Enquiry with management to understanding the operation plan and the estimation process for calculation recoverable amount. • Evaluate the appropriateness of the Group’s future cash flows projections method and assumptions by considering financial performance, operation plan with supporting document and the information from external sources and test calculation. • Perform sensitivity analysis around the significant key assumption. • Assessing the adequacy of Group’s disclosures in accordance with Thai Financial Reporting Standards.



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.

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2018

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
(in Baht)					
Current assets					
Cash and cash equivalents	6	485,531,049	512,565,272	242,013,944	307,416,546
Current investments	7	1,580,271,765	167,789,811	1,282,101,355	628,251
Trade accounts receivable	5, 8	1,053,593,339	996,506,706	523,792,118	523,906,270
Other receivables	5	37,235,370	48,024,769	31,462,052	34,025,126
Short-term loans to related parties	5	-	-	160,670,228	389,700,000
Inventories	9	204,382,912	195,043,830	106,265,024	102,296,048
Other current assets		2,798,444	16,693,663	941,367	8,642,874
Total current assets		3,363,812,879	1,936,624,051	2,347,246,088	1,366,615,115
Non-current assets					
Restricted deposits	10	758,574	753,842	-	-
Investment in associate	11	6,922,499	7,028,743	-	-
Investments in subsidiaries	12	-	-	2,450,043,739	1,832,848,134
Other long-term investments	7	42,548,089	38,347,750	-	-
Long-term loan to related party	5	-	3,000,000	4,600,000	4,600,000
Investment properties	14	973,282,062	668,859,531	973,282,062	668,859,531
Property, plant and equipment	15	7,744,470,786	7,370,531,942	4,779,931,777	5,067,030,577
Goodwill	16	329,376,024	329,376,024	-	-
Intangible assets	17	142,466,253	141,886,413	83,729,645	91,322,346
Deferred tax assets	18	27,773,189	27,396,420	4,279,819	8,331,279
Other non-current assets		42,689,535	45,552,294	23,272,422	23,839,963
Total non-current assets		9,310,287,011	8,632,732,959	8,319,139,464	7,696,831,830
Total assets		12,674,099,890	10,569,357,010	10,666,385,552	9,063,446,945

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
(in Baht)					
Current liabilities					
Short-term borrowings from financial institutions	19	150,000,000	80,000,000	-	-
Trade accounts payable	5, 20	458,210,821	412,659,420	256,249,864	217,580,834
Payables for hospital equipment and medical instruments		97,393,101	43,759,588	59,728,503	20,686,943
Other payables		11,779,949	14,691,157	8,167,718	9,258,376
Short-term borrowing from related party	5, 19	-	-	-	80,000,000
Current portion of debentures	19	1,000,000,000	1,500,000,000	1,000,000,000	1,500,000,000
Current portion of finance lease liabilities	19	-	15,791,984	-	15,791,984
Current income tax payable		125,795,580	68,698,311	31,220,685	3,699,783
Accrued expenses	5	374,980,671	386,734,892	204,203,449	214,075,434
Deferred income		18,850,038	54,722,101	7,659,571	46,363,235
Other current liabilities		39,095,567	44,421,154	21,979,976	32,974,657
Total current liabilities		2,276,105,727	2,621,478,607	1,589,209,766	2,140,431,246
Non-current liabilities					
Long-term borrowings from financial institutions	19	1,846,827,219	-	1,846,827,219	-
Debentures	19	2,497,647,221	2,498,372,854	2,497,647,221	2,498,372,854
Non-current provision for employee benefit	21	117,329,264	99,672,975	54,077,892	50,850,971
Other non-current liabilities		24,430,038	13,329,634	8,402,949	4,869,557
Total non-current liabilities		4,486,233,742	2,611,375,463	4,406,955,281	2,554,093,382
Total liabilities		6,762,339,469	5,232,854,070	5,996,165,047	4,694,524,628

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
(in Baht)					
Shareholders' equity					
Share capital	22				
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
Share premium on ordinary shares	23	644,640,000	644,640,000	644,640,000	644,640,000
Retained earnings					
Appropriated					
Legal reserve	23	249,374,812	249,374,812	249,374,812	249,374,812
Unappropriated		1,837,408,070	1,387,011,629	1,282,457,709	981,159,521
Other components of equity		(30,518,029)	(13,994,728)	-	-
Equity attributable to the Company		5,194,652,837	4,760,779,697	4,670,220,505	4,368,922,317
Non-controlling interests	13	717,107,584	575,723,243	-	-
Total equity		5,911,760,421	5,336,502,940	4,670,220,505	4,368,922,317
Total liabilities and equity		12,674,099,890	10,569,357,010	10,666,385,552	9,063,446,945

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2017	2016	2017	2016
(in Baht)					
Revenue	5				
Revenue from hospital operations		7,254,524,227	6,511,335,525	3,533,198,567	3,139,801,791
Rental income		48,447,626	50,370,182	33,402,121	33,571,643
Interest income		7,730,594	11,365,885	6,763,013	12,805,549
Dividend income	12	-	-	459,549,863	418,387,112
Other income		50,445,734	36,604,428	82,982,907	74,768,886
Total revenue		7,361,148,181	6,609,676,020	4,115,896,471	3,679,334,981
Expenses	5				
Cost of hospital operations	26	4,876,743,752	4,472,258,848	2,559,642,946	2,355,209,341
Distribution costs	26	119,929,251	87,371,857	72,413,461	44,954,015
Administrative expenses	26	839,715,146	747,875,726	514,113,836	435,971,361
Finance costs	27	136,084,515	162,199,022	134,454,012	159,510,526
Total expenses		5,972,472,664	5,469,705,453	3,280,624,255	2,995,645,243
Share of profit of investment in associate	11	893,756	1,269,130	-	-
Profit before income tax expense		1,389,569,273	1,141,239,697	835,272,216	683,689,738
Tax expense	28	(270,981,932)	(208,467,508)	(77,513,500)	(46,018,292)
Profit for the year		1,118,587,341	932,772,189	757,758,716	637,671,446
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statement		(24,460,589)	-	-	-
Gain on remeasurement investments held as available for sale	7	4,200,339	878,103	-	-
Income tax relating to items that will be reclassified	28	(840,068)	(175,621)	-	-
Total items that will be reclassified subsequently to profit or loss		(21,100,318)	702,482	-	-
<i>Items that will not be reclassified to profit or loss</i>					
Losses on remeasurements of defined benefit plans	21	(21,568,725)	-	(9,486,014)	-
Income tax relating to items that will be reclassified	28	4,313,746	-	1,897,203	-
Total items that will not be reclassified to profit or loss		(17,254,979)	-	(7,588,811)	-
Other comprehensive income for the year, net of tax		(38,355,297)	702,482	(7,588,811)	-
Total comprehensive income for the year		1,080,232,044	933,474,671	750,169,905	637,671,446

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2017	2016	2017	2016
		(in Baht)			
Profit attributable to:					
Owners of the Company		917,057,469	753,093,450	757,758,716	637,671,446
Non-controlling interests	13	201,529,872	179,678,739	-	-
Profit for the year		1,118,587,341	932,772,189	757,758,716	637,671,446
Total comprehensive income attributable to:					
Owners of the Company		885,133,534	753,608,041	750,169,905	637,671,446
Non-controlling interests		195,098,510	179,866,630	-	-
Total comprehensive income for the year		1,080,232,044	933,474,671	750,169,905	637,671,446
Basic earnings per share	29	0.37	0.30	0.30	0.26

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of changes in equity

[illegible]

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

Consolidated financial statements									
	Note	Retained earnings			Other components of equity				
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Translation financial statement (in Baht)	Gains (loss) on remeasurement investments held as available for sale	Total other components of shareholders' equity	Total equity
Year ended 31 December 2017									
Balance at 1 January 2017		2,493,747,984	644,640,000	249,374,812	1,387,011,629	-	(13,994,728)	(13,994,728)	5,336,502,940
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends to owners of the Company									
and non-controlling interests	30	-	-	-	(448,871,717)	-	-	-	(610,821,854)
<i>Total distributions to owners of the Company</i>		-	-	-	(448,871,717)	-	-	-	(610,821,854)
<i>Changes in ownership interests in subsidiaries</i>									
- Acquisition of new subsidiary	4	-	-	-	-	-	-	-	32,181,465
- Issue ordinary shares of subsidiaries	4	-	-	-	2,358,808	-	-	-	92,100,000
- Acquisition of non-controlling interest	4	-	-	-	(4,747,485)	-	-	-	(18,434,174)
<i>Total changes in ownership interests in subsidiaries</i>		-	-	-	(2,388,677)	-	-	-	105,847,291
Total transactions with owners, recorded directly in equity		-	-	-	(451,260,394)	-	-	-	(504,974,563)
Comprehensive income for the year									
Profit for the year		-	-	-	917,057,469	-	-	-	1,118,587,341
Other comprehensive income		-	-	-	(15,400,634)	(18,981,659)	2,458,358	(16,523,301)	(38,355,297)
Total comprehensive income for the year		-	-	-	901,656,835	(18,981,659)	2,458,358	(16,523,301)	1,080,232,044
Balance at 31 December 2017		2,493,747,984	644,640,000	249,374,812	1,837,408,070	(18,981,659)	(11,536,370)	(30,518,029)	5,911,760,421

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements				
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in Baht)	Unappropriated	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
Transaction with owners, recorded directly in equity						
<i>Distribution to owners of the Company</i>						
Dividends to owners of the Company	30	-	-	-	(349,114,771)	(349,114,771)
<i>Total distribution to owners of the Company</i>		-	-	-	(349,114,771)	(349,114,771)
Total transaction with owners, recorded directly in equity		-	-	-	(349,114,771)	(349,114,771)
Comprehensive income for the year						
Profit for the year		-	-	-	637,671,446	637,671,446
Other comprehensive income		-	-	-	-	-
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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of changes in equity

Separate financial statements						
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in Baht)	Unappropriated	Total equity
	<i>Note</i>					
Year ended 31 December 2017						
Balance at 1 January 2017		2,493,747,984	644,640,000	249,374,812	981,159,521	4,368,922,317
Transaction with owners, recorded directly in equity						
<i>Distribution to owners of the Company</i>						
Dividends to owners of the Company	30	-	-	-	(448,871,717)	(448,871,717)
<i>Total distribution to owners of the Company</i>		-	-	-	(448,871,717)	(448,871,717)
Total transaction with owners, recorded directly in equity		-	-	-	(448,871,717)	(448,871,717)
Comprehensive income for the year						
Profit for the year		-	-	-	757,758,716	757,758,716
Other comprehensive income		-	-	-	(7,588,811)	(7,588,811)
Total comprehensive income for the year		-	-	-	750,169,905	750,169,905
Balance at 31 December 2017		2,493,747,984	644,640,000	249,374,812	1,282,457,709	4,670,220,505

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2017	2016	2017	2016
		(in Baht)			
Cash flows from operating activities					
Profit for the year		1,118,587,341	932,772,189	757,758,716	637,671,446
Adjustments to reconcile profit to cash receipts (payments)					
Tax expense	28	270,981,932	208,467,508	77,513,500	46,018,292
Finance costs	27	136,084,515	162,199,022	134,454,012	159,510,526
Depreciation and amortisation		537,963,850	514,484,741	318,741,171	314,388,964
Gains on fair value adjustment		(1,782,122)	(339,250)	(1,466,840)	-
Share of profit of associate	11	(893,756)	(1,269,130)	-	-
(Reversal of) bad and doubtful debts expense	8	43,887,606	(21,048,206)	17,399,951	(31,152,827)
Losses on inventories devaluation		1,131,175	2,435,336	192,913	2,072,118
(Gain) loss on disposal of equipment		3,566,261	999,275	408,185	(42,104)
Dividend income	12	-	-	(459,549,863)	(418,387,112)
Interest income		(7,730,594)	(11,365,885)	(6,763,013)	(12,805,549)
		2,101,796,208	1,787,335,600	838,688,732	697,273,754
Changes in operating assets and liabilities					
Trade accounts receivable		(100,974,239)	101,548,011	(17,285,799)	119,745,484
Other receivables		7,484,700	525,725	538,468	(3,359,238)
Inventories		(10,470,257)	(8,322,735)	(4,161,889)	(1,092,587)
Other current assets		13,895,219	(106,586)	7,701,507	(2,268,086)
Other non-current assets		2,862,759	12,287	567,541	7,007,859
Trade accounts payable		45,551,401	57,257,583	38,669,030	34,355,124
Other payables		(2,911,208)	(26,813,305)	(1,090,658)	(21,733,993)
Accrued expenses		1,273,223	(13,938,688)	4,149,359	(27,569,120)
Deferred income		(35,872,063)	(3,620,394)	(38,703,664)	(4,190,014)
Other current liabilities		(5,325,587)	(152,366)	(10,994,681)	(170,110)
Non-current provisions for employee benefits		(3,912,436)	4,368,339	(6,259,093)	3,085,520
Other non-current liabilities		11,100,404	293,974	3,533,392	(2,356,298)
Net cash generated from operating		2,024,498,124	1,898,387,445	815,352,245	798,728,295
Taxes paid		(210,787,754)	(197,478,059)	(44,043,935)	(32,697,334)
Net cash from operating activities		1,813,710,370	1,700,909,386	771,308,310	766,030,961

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2017	2016	2017	2016
		(in Baht)			
Cash flows from investing activities					
Proceeds from establishment of new subsidiary		32,181,465	-	-	-
(Increase) decrease in restricted deposits		(4,732)	18,325,627	-	-
Net purchase of investments in subsidiaries	12	-	-	(617,195,605)	(19,387,298)
Proceeds from sale of current investments		254,471,295	78,684,436	-	-
Purchases of current investments		(1,665,171,127)	(115,050,471)	(1,280,006,264)	(7,078)
Proceeds from sales of equipment		722,379	7,997,234	452,510	13,295,666
Purchases of property, plant and equipment		(1,089,702,543)	(693,417,066)	(279,961,193)	(236,576,465)
Cash flows from investing activities					
Purchases of intangible assets		(30,663,717)	(40,505,107)	(10,330,143)	(21,762,551)
Proceeds from short-term loans to related parties		-	-	358,700,000	10,000,000
Paid for short-term loans to related parties		-	-	(129,670,228)	(201,200,000)
Proceeds from long-term loan to related party		3,000,000	3,000,000	-	-
Paid for long-term loans to related party		-	-	-	(4,600,000)
Dividends received		1,000,000	1,000,000	459,549,863	418,387,112
Interest received		11,035,293	10,514,273	8,787,619	11,822,154
Net cash used in investing activities		(2,483,131,687)	(729,451,074)	(1,489,673,441)	(30,028,460)

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of cash flows

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
<i>(in Baht)</i>					
<i>Cash flows from financing activities</i>					
Proceeds from issue of ordinary shares of subsidiary		20,500,000	-	-	-
Payment of change in ownership interest in subsidiaries without a change in control	4	(18,434,174)	(14,387,328)	-	-
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions		70,000,000	(1,058,211,031)	-	(1,048,151,746)
Proceeds from loan from related party		-	-	-	80,000,000
Repayment of short-term loan from related party		-	-	(80,000,000)	-
Proceeds from issue of debenture		1,000,000,000	1,500,000,000	1,000,000,000	1,500,000,000
Repayment of debenture maturity		(1,500,000,000)	(800,000,000)	(1,500,000,000)	(800,000,000)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(15,791,984)	(75,908,830)	(15,791,984)	(74,907,862)
Proceeds from long-term loans		1,846,375,000	-	1,846,375,000	-
Repayment of long-term loans		-	(23,838,665)	-	-
Dividends paid to owners of the company	30	(448,871,717)	(349,114,771)	(448,871,717)	(349,114,771)
Dividends paid to non-controlling interests		(161,950,137)	(155,012,888)	-	-
Finance costs paid		(149,439,894)	(157,710,754)	(148,748,770)	(154,876,467)
Net cash from (used in) financing activities		642,387,094	(1,134,184,267)	652,962,529	(847,050,846)
Net decrease in cash and cash equivalents		(27,034,223)	(162,725,955)	(65,402,602)	(111,048,345)
Cash and cash equivalents at 1 January		512,565,272	675,291,227	307,416,546	418,464,891
Cash and cash equivalents at 31 December	6	485,531,049	512,565,272	242,013,944	307,416,546
<i>Non-cash transactions :</i>					
Payables for hospital equipment and medical instruments		97,393,101	43,759,588	59,728,503	20,686,943
Settlement of land use right by issuing ordinary shares of subsidiary	4 (a)	71,600,000	-	-	-

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 2017

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Establishment of subsidiary and acquisition of non-controlling interests
5	Related parties
6	Cash and cash equivalents
7	Other investments
8	Trade accounts receivable
9	Inventories
10	Restricted deposits
11	Investment in associate
12	Investments in subsidiaries
13	Non-controlling interests
14	Investment properties
15	Property, plant and equipment
16	Goodwill
17	Intangible assets
18	Deferred tax
19	Interest-bearing liabilities
20	Trade accounts payable
21	Non-current provision for employee benefit
22	Share capital
23	Share premium and reserve
24	Segment information
25	Employee benefit expenses
26	Expenses by nature
27	Finance costs
28	Income tax expense
29	Earnings per share
30	Dividends
31	Financial instruments
32	Commitments with non-related parties and litigations
33	Event after the reporting period

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 February 2018.

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 financial year were Harnphanich family (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 14 chained hospitals in Bangkok vicinity, Chiang Rai, Saraburi, Nonthaburi, Pathumthani, Ayudhaya, Chachoengsao, Prachinburi, Sa Kaeo Province and Lao People’s Democratic Republic (has 3 chained hospitals not started commercial operation) and consultation services, management services and the assets management services relevant to 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 (%)	
			31 December 2017	2016
Direct subsidiaries				
Rattanatibeth General Hospital Co., Ltd.	Hospital	Thailand	72.73	72.73
Saraburi Wetchakit Co., Ltd.	Hospital	Thailand	59.92	59.92
Sriburin Medical Co., Ltd.	Hospital	Thailand	93.67	93.67
Navanakorn Medicare Co., Ltd. (Note 4)	Hospital	Thailand	78.59	76.39
SothonVejchakit Co.,Ltd. (Note 4)	Hospital	Thailand	86.28	76.00
Bangkok Chain Management Co., Ltd.	Consultation services, management services and the assets management services relevant to the hospital	Thailand	100.00	100.00
Bangkok Chain International (Lao) Co., Ltd. (Note 4)	Hospital	Lao People’s Democratic Republic	71.43	-
Indirect subsidiary				
Ayudhya Medicare Co., Ltd. (100% holding by Navanakorn Medicare Co., Ltd.)	Property for rent	Thailand	78.59	76.39

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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 2017. 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 2018 and have not been adopted in the preparation of these financial statements.

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate 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.

(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 securities	Fair value
Available-for-sale equity securities	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (m)

(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.

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

Notes 3 (o) and 8 Income from services provided to patients under the service contract with Social Security Office and National Health Security Office

Note 8 Trade accounts receivable - allowance for doubtful accounts

Note 16 Impairment test of goodwill: key assumptions underlying recoverable amounts

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Note 21 Measurement of defined employee benefit obligations: key actuarial assumptions

Note 32 Recognition and measurement of provisions and contingencies key assumptions about the likelihood and magnitude of an outflow of resources.

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 these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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 (unobservable inputs).

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 entirety 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 14 Investment properties
- Note 31 Financial instruments

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

3 Significant accounting policies

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

(a) *Basis of consolidation*

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

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as described in subsidiaries section, 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.

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

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 initially recognised 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 operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until the sale of the investment, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

(c) *Cash and cash equivalents*

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

(d) *Trade and other accounts receivable*

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

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

(e) *Inventories*

Inventories are measured 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.

The fair value of investment in other equity securities is determined as the quoted bid price at reporting date.

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

Investments in mutual funds

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Marketable mutual funds, 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.

The fair value of marketable mutual funds is determined as net assets value at the reporting date.

Disposal of investments

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

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

(g) Investment properties

Investment properties are property which are 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 properties are measured 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.

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

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

No depreciation is provided on freehold land.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

(h) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are measured 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, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Land use rights were land in Lao People's Democratic Republic which the Group has ownership and consume of benefit in such land throughout the term of the land assignment agreement. Land use rights measured at cost less accumulated amortisation. Amortisation is recognised in profit or loss on a straight-line basis over the contract period.

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.

Any 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 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.

Reclassification to investment property

When the use of a property change from owner-occupied to investment property, the property is reclassified as investment property at its book value.

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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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 use right	90	years (Contract period)
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 and have finite useful lives are measured at cost less accumulated amortisation and accumulated 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.

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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

(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.

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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

(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 separately for each plan 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.

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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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, such as, the number of insured persons registered with the hospital, and statistical information of the services provided by the hospital, etc. In addition, the repayment is depended on the policy and budget of the government welfare schemes. The management is required to make an estimation of such accrued income in accordance with the basis, procedures and conditions 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.

(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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

(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 to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

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 weighted average number of ordinary shares outstanding during the year.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

4 Establishment of subsidiary and acquisition of non-controlling interests

(a) Establishment of subsidiary - Bangkok Chain International (Lao) Co., Ltd.

At the Board of Director Meeting of the Company held on 24 January 2017, it was resolved to establish an entity named Bangkok Chain International (Lao) Co., Ltd., a subsidiary incorporated in Lao People's Democratic Republic with the initial registered share capital in the amount of LAK 102,100 million (51.05 million ordinary shares at par value of LAK 2,000). The subsidiary has made 70% paid-up share capital in the amount of LAK 71,470 million and the Company paid for LAK 63,840 million and the remaining amount will be paid within 1 year from the registered date. Thus, the initial shareholding proportion of the company stood at 89.32%. The subsidiary is incorporated for hospital operation. The Enterprise Registration Certificate of the subsidiary was issued on 12 April 2017.

On 3 May 2017, the Subsidiary has entered into the agreements with other two parties to joint invest in such subsidiary whereby all parties have to comply with terms and conditions as stipulated under the agreements. The transactions related to this joint investment activity include:

- Entering into Finance Agreement in the amount not exceeding to USD 8 million between the subsidiary and a joint investment company, which was incorporated in the Lao People's Democratic Republic ("joint investment company") for the purchase of land prepared for the operation of Kasemrad International Hospital (Vientiane).
- Entering into Land Assignment Agreement in order to transfer land use right from joint investment company to the subsidiary in exchange of new shares subscription.
- The subsidiary shall issue the additional ordinary shares in the amount of LAK 17,900 million (ordinary shares of 8.95 million shares with par value of LAK 2,000).

In June 2017, the Finance Agreement, with the financing amount of USD 7.72 million, was entered between the subsidiary and the joint investment company to financially support the purchase of project land in the amount of USD 7.72 million. In addition, the Land Assignment Agreement was made in order to transfer land use right as in-kind capital to the subsidiary. The land use right has the minimum period of 90 years from the signing date of the Land Assignment Agreement and extendable to at least another 90 years.

In September 2017, the subsidiary has issued new ordinary shares in the amount of LAK 17,900 million (ordinary shares of 8.95 million shares with par value of LAK 2,000) in exchange of contribution of land use right. The Enterprise Registration Certificate of the subsidiary was reissued on 4 September 2017, reflecting the change of shareholding proportion of the company from 89.32% to 71.43%.

On 31 December 2017, land use right was presented under property, plant and equipment in the amount of Baht 342 million in the consolidated statement of financial position. Costs of land use right are comprised of financing amount from the subsidiary and the new ordinary shares (*Note 15*).

To guarantee the compliance of terms and conditions specified in the aforesaid agreements, a shareholder of the joint investment company has entered into the Personal Guarantee Agreement. In addition, all ordinary shares of the shareholders of the joint investment company shall be pledged with the subsidiary to guarantee against future losses that may occur.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

(b) Acquisition of non-controlling interest - Sothon Vejchakit Co., Ltd.

At the extraordinary meeting of the shareholders no. 1/2017 of Sothon Vejchakit Co., Ltd. held on 23 May 2017, the shareholders approved the increase authorised share capital from Baht 350 million to Baht 700 million by issuing new 35 million ordinary shares with par value Baht 10 per share amounting to Baht 350 million. The increase in share capital was registered with the Ministry of Commerce on 1 June 2017. The Company has exercised its rights to purchase the ordinary shares of Baht 266 million, and the Company has purchased additional ordinary shares from non-subscribed of Baht 63.50 million, increasing its ownership from 76% to 85.07%. The carrying amount of Sothon Vejchakit Co., Ltd.'s net assets in the Group's financial statements after increase capital was Baht 736.32 million. The Group recognised an increase in non-controlling interests of Baht 18.14 million and an increase in retained earnings of Baht 2.36 million.

On 30 June 2017, the Company acquired an additional 1.21% interest in Sothon Vejchakit Co., Ltd. for Baht 8.55 million in cash, increasing its ownership from 85.07% to 86.28%. The carrying amount of Sothon Vejchakit Co., Ltd.'s net assets in the Group's financial statements on the date of the acquisition was Baht 743.49 million. The Group recognised a decrease in non-controlling interests of Baht 8.90 million and an increase in retained earnings of Baht 0.35 million.

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

	2017 (in thousand Baht)
Group's ownership interest at 1 January	303,319
Effect of increase in capital	266,000
Effect of dividend paid	(13,034)
Effect of increase in Group's ownership interest	74,762
Share of comprehensive income	34,910
Group's ownership interest at 31 December	<u>665,957</u>

(c) Acquisition of non-controlling interest - Navanakorn Medicare Co., Ltd.

During the year 2017, the Group acquired an additional 2.2% interest in Navanakorn Medicare Co., Ltd. for Baht 9.88 million in cash, increasing its ownership from 76.39% to 78.59%. The 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 414.33 million. The Group recognised a decrease in non-controlling interests of Baht 9.08 million and a decrease in retained earnings of Baht 0.80 million.

During the year 2016, the Group 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 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 389.82 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.

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

	2017 (in thousand Baht)	2016
Group's ownership interest at 1 January	302,250	277,821
Effect of increase in Group's ownership interest	9,082	12,110
Share of comprehensive income	23,449	12,319
Group's ownership interest at 31 December	<u>334,781</u>	<u>302,250</u>

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

5 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 notes 11 and 12. 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) and the Company’s director
Dr. Somporn Harnphanich	Thailand	The Company’s director
Dr. Pornluck Harnphanich	Thailand	The Company’s director
Mr. Kantaporn Harnphanich	Thailand	The Company’s director
Bright TV Co., Ltd.	Thailand	Common directors
Thipnatee S.P.P. Co., Ltd.	Thailand	Common directors
Global Inspired Laboratory Co., Ltd.	Thailand	Common directors
Balleto Foods Co., Ltd.	Thailand	Common directors
Coffee And Latte House Co., Ltd.	Thailand	Common directors
Forestto Co., Ltd.	Thailand	Common directors
AA O.K. Co., Ltd.	Thailand	Common key management
P Medical Co., Ltd.	Thailand	Common key management
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 company.

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

Transactions	Pricing policy
Revenues from hospital operations	Agreed price
Management service fee	Contractually agreed price
Procurement service fee	Contractually agreed price
Other income	Market price
Dividends income	Based on declaration price
Interest income	Interest rate 3.00 - 6.00 % per annum (2016: 2.80% - 6.00% per annum)
Rental income	Contractually agreed price
Purchases inventories / services	Agreed price
Sale assets	Contractually agreed price
Interest expense	Interest rate 1.62% per annum (2016: 1.62% per annum)
Doctor fee	Contractually agreed price
Management benefit expenses	At the meeting of the shareholders’ approval / contractually agreed price

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
Revenues from hospital operations	-	-	109,645	65,009
Dividend income	-	-	459,550	418,387
Interest income	-	-	5,544	10,201
Rental income	-	-	1,239	-
Management service fee	-	-	57,834	52,120
Procurement service fee	-	-	10,136	9,324
Other income	-	-	1,349	430
Purchases inventories / services	-	-	19,183	13,136
Sale assets	-	-	-	11,801
Other expenses	-	-	4,295	-
Interest expense	-	-	220	-
<i>Associate</i>				
Revenue from hospital operations	167	1,287	-	-
Dividend income	1,000	1,000	-	-
Interest income	34	281	-	-
Rental income	900	900	-	-
Purchases inventories / services	6,058	5,184	-	-
<i>Other related parties</i>				
Rental income	6,372	4,380	5,618	4,380
Other income	48	-	48	-
Other expense	3,644	-	3,622	-
<i>Key management personnel</i>				
Doctor fee	13,868	6,995	5,255	1,959
Key management personnel compensation				
Short-term employee benefit	181,035	174,572	119,705	110,270
Post-employment benefits	4,181	4,822	2,851	3,347
Total key management personnel compensation	<u>199,084</u>	<u>186,389</u>	<u>127,811</u>	<u>115,576</u>

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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

			Consolidated financial statements		Separate financial statements	
			2017	2016	2017	2016
			(in thousand Baht)			
Trade accounts receivable						
Subsidiaries			-	-	23,624	15,300
Associate			-	120	-	-
Total			-	120	23,624	15,300
Other receivables						
Subsidiaries			-	-	15,781	12,397
Associate			150	150	-	-
Other related parties			1,684	1,460	1,684	1,460
Total			1,834	1,610	17,465	13,857
			Consolidated financial statements		Separate financial statements	
Interest rate			2017	2016	2017	2016
(% per annum)			(in thousand Baht)			
Short-term loans to related parties						
Subsidiaries	3.00	2.80 - 5.00	-	-	160,670	389,700
Long-term loan to related party						
Subsidiary	3.00	3.00	-	-	4,600	4,600
Associate	-	6.00	-	3,000	-	-
Total			-	3,000	4,600	4,600
			Consolidated financial statements		Separate financial statements	
			2017	2016	2017	2016
			(in thousand Baht)			
Interest receivable - loan to related parties						
Subsidiaries			-	-	547	2,319
Associate			-	15	-	-
Total			-	15	547	2,319
Trade accounts payable						
Subsidiaries			-	-	8,512	3,135
Associate			1,780	1,514	-	-
Other related parties			127	-	105	-
Total			1,907	1,514	8,617	3,135
Accrued expenses						
Other related parties			1,240	649	468	222

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
Interest rate	2017	2016	2017	2016
(% per annum)	(in thousand Baht)			
Short-term loan from related party				
Subsidiary	-	1.62	-	80,000

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Short-term loans to related parties				
Subsidiaries				
At 1 January	-	-	389,700	198,500
Increase	-	-	129,670	201,200
Decrease	-	-	(358,700)	(10,000)
At 31 December	-	-	160,670	389,700
Long-term loan to related party				
Subsidiary				
At 1 January	-	-	4,600	-
Increase	-	-	-	4,600
At 31 December	-	-	4,600	4,600
Associate				
At 1 January	3,000	6,000	-	-
Decrease	(3,000)	(3,000)	-	-
At 31 December	-	3,000	-	-

Movements during years ended 31 December of loan from related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Short-term loans from related parties				
Subsidiaries				
At 1 January	-	-	80,000	-
Increase	-	-	-	80,000
Decrease	-	-	(80,000)	-
At 31 December	-	-	-	80,000

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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 Sothon Vejchakit 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. The renew agreement starts from 1 January 2018 and ends on 31 December 2019 with the same service charge rates.

Hospital management

The Company has entered into a management service agreement with Rattanathibeth General Hospital Co. Ltd., Saraburi Wetchakit Co. Ltd., Sriburin Medical Co. Ltd., Navanakorn Medicare Co. Ltd. and Sothon Vejchakit 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. The renew agreement starts from 1 January 2018 and ends on 31 December 2019 with the same service charge rates.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Cash on hand	8,689	9,324	3,748	1,934
Cash at banks	474,312	501,330	238,266	305,483
Highly liquid short-term investments	2,530	1,911	-	-
Total	485,531	512,565	242,014	307,417

7 Other investments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Current investments				
Short-term deposits at financial institutions	11,401	51,230	634	628
Trading securities	1,345	1,240	-	-
Trading mutual funds	1,567,526	115,320	1,281,467	-
	1,580,272	167,790	1,282,101	628
Other long-term investments				
Available-for-sale securities	2,507	2,118	-	-
Available-for-sale mutual fund	40,041	38,230	-	-
	42,548	38,348	-	-
Total	1,622,820	206,138	1,282,101	628

Movement during the years ended 31 December of marketable equity and mutual fund were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Trading securities				
At 1 January	1,240	1,170	-	-
Valuation adjustment	105	70	-	-
At 31 December	1,345	1,240	-	-
Trading mutual funds				
At 1 January	115,320	-	-	-
Increased	1,665,000	235,051	1,280,000	120,000
Decreased	(214,471)	(120,000)	-	(120,000)
Valuation adjustment	1,677	269	1,467	-
At 31 December	1,567,526	115,320	1,281,467	-

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Available-for-sale securities</i>				
At 1 January	2,118	1,952	-	-
Valuation adjustment	389	166	-	-
At 31 December	2,507	2,118	-	-
<i>Available-for-sale mutual fund</i>				
At 1 January	36,230	35,518	-	-
Valuation adjustment	3,811	712	-	-
At 31 December	40,041	36,230	-	-

8 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	5	-	120	23,624	15,300
Other parties		474,804	351,209	215,336	160,660
		474,804	351,329	238,960	175,960
Less allowance for doubtful accounts		(29,900)	(41,148)	(12,370)	(22,526)
Trade accounts receivable, net		444,904	310,181	226,590	153,434
Accrued income		671,642	768,189	331,846	420,466
Less allowance for doubtful accounts		(62,953)	(81,863)	(34,644)	(49,994)
Accrued income, net		608,689	686,326	297,202	370,472
Total		1,053,593	996,507	523,792	523,906
Bad and doubtful debts expenses (reversal of) for the year		43,888	(21,048)	17,400	(31,153)

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Within credit terms	229,570	217,549	134,721	118,188
Overdue:				
Less than 3 months	193,409	70,347	79,214	26,105
3-6 months	20,691	15,048	11,296	5,165
6-12 months	6,225	11,473	2,152	4,673
Over 12 months	24,909	36,912	11,577	21,829
Total	474,804	351,329	238,960	175,960
Less allowance for doubtful accounts	(29,900)	(41,148)	(12,370)	(22,526)
Net	444,904	310,181	226,590	153,434

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

Aging analyses for accrued income from the date of transactions were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Less than 3 months	400,930	296,631	207,675	192,805
3-6 months	136,625	195,201	54,404	66,627
6-12 months	10,258	44,823	3,238	20,755
Over 12 months	123,829	231,534	66,529	140,279
Total	671,642	768,189	331,846	420,466
Less allowance for doubtful accounts	(54,618)	(81,863)	(26,309)	(49,994)
Net	608,689	686,326	297,202	370,472

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.

The Group had accrued income overdue more than 12 months, mainly from the reimbursement of services provided to in - patient with high cost by calculating in accordance with the Diagnosis Related Groups: DRGs. and has Adjusted Relative weight: AdjRW more than or equal to 2 from the Social Security Office for the year 2012 and 2013 as follows:

Year 2012

Social Security Office had policy of payment in case of the registration hospital transfers patients to service provider hospital (Supra contractor). Previously, the Social Security Office notified that the reimbursements were made by both the registration hospital and the service provider hospital. Therefore, the Social Security Office has to spend time for the examination of reimbursement information to avoid double payments. During year 2017, the Social Security Office had announced the guidance of payment method for receivable of Social Security Fund - In Patient for 2012 to the registration hospital for submit the transfer reimbursement rights letter to Social Security Office for transfer such rights to the Group. During year 2017, the Group had submitted such letter to the Social Security Office which is during the process to follow up the collectability of the remaining which certain subsidiaries had partial receipt.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Year 2013

According to the notification letter of payment of accrued income for 2013 announced by the Social Security Office, the information of reimbursements made by the registration hospital exceeded than the annual relevant budget. Therefore, the Social Security Office has to spend time for the examination of the accuracy of reimbursement information of the registration hospital. Accrued income for 2013, the Group had partial receipt from Social Security Office. The Management were during the process to follow up the remaining balance.

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Medicine and medical supplies	173,465	165,871	91,525	86,595
Supplies and equipment	34,484	31,608	17,005	17,773
Total	207,949	197,479	108,530	104,368
Less allowance for decline in value	(3,566)	(2,435)	(2,265)	(2,072)
Total	204,383	195,044	106,265	102,296
Inventories recognised as an expense in cost of hospital operations	1,347,215	1,246,524	720,561	650,081

10 Restricted deposits

Fixed deposits of the Group and the Company at banks as at 31 December 2017 amounting to Baht 0.76 million were pledged as collateral for nursing care agreement and utilities use (2016: Baht 0.75 million).

11 Investment in associate

	Consolidated financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	7,029	6,760
Share of profit of investment in associate	894	1,269
Dividend income	(1,000)	(1,000)
At 31 December	6,923	7,029

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Investment in associate as at 31 December 2017 and 2016, 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		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
(in thousand Baht)											
Associate											
Chiang Rai Imaging Center Co., Ltd.	31.22	31.22	15,000	15,000	5,000	5,000	6,923	7,029	1,000	1,000	
Medical operating room activities											

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Immaterial associate

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

	Immaterial Associates	
	2017	2016
	<i>(in million Baht)</i>	
Carrying amount of interests in immaterial associate	6,923	7,029
Group's share of:		
- Profit from continuing operations	894	1,269
- Other comprehensive income	-	-
- Total comprehensive income	<u>894</u>	<u>1,269</u>

12 Investments in subsidiaries

		Separate financial statements	
	Note	2017	2016
		<i>(in thousand Baht)</i>	
As at 1 January		1,832,848	1,813,461
Acquisitions			
- Bangkok Chain International (Lao) Co., Ltd.	4	269,262	-
- Sothon Vejchakit Co., Ltd.	4	338,051	-
- Navanakorn Medicare Co., Ltd.	4	9,883	14,387
- Bangkok Chain Management Co., Ltd.		-	5,000
As at 31 December		<u>2,450,044</u>	<u>1,832,848</u>

Bangkok Chain Management Co., Ltd.

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income for the years then ended were as follows:

	Ownership Interest		Separate financial statements					
			Paid-up capital		Cost method		Impairment	
	2017	2016	2017	2016	2017	2016	2017	2016
	(%)		(in thousand Baht)					
Subsidiaries								
Rattanaibeth General Hospital Co., Ltd.	72.73	72.73	300,000	300,000	448,258	448,258	-	-
Saraburi Wetchakit Co., Ltd.	59.92	59.92	321,000	321,000	225,653	225,653	-	-
Sriburin Medical Co., Ltd.	93.67	93.67	170,000	170,000	544,164	544,164	-	-
Navanakorn Medicare Co., Ltd.	78.59	76.39	375,000	375,000	343,773	343,773	-	-
Sothorn Vejchakit Co., Ltd.	86.28	76.00	700,000	350,000	266,000	266,000	-	-
Bangkok Chain Management Co.,Ltd	100.00	100.00	5,000	5,000	5,000	5,000	-	-
Bangkok Chain International (Lao) Co., Ltd.	71.43	-	-	-	-	-	-	-
Total			2,450,044	2,450,044	1,832,848	1,832,848	459,550	418,387

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

13 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 2017					Bangkok Chain International (Lao) Co., Ltd.		Total
	Rattanaibeth Hospital Co., Ltd.	Saraburi Weichakit Co., Ltd.	Sriburin Medical Co., Ltd.	Navanakorn Medicare Co., Ltd.	Ayudhya Medicare Co., Ltd.	Sothorn Veichakit Co., Ltd.	Intra-group eliminations	
				<i>(in thousand Baht)</i>				
Non-controlling interest percentage	27.27%	40.08%	6.33%	21.41%	21.41%	13.71%		28.57%
Current assets	577,800	226,086	148,795	155,841	2,008	94,365		31,040
Non-current assets	583,171	318,760	892,055	292,730	74,418	796,321		317,279
Current liabilities	(271,313)	(80,267)	(351,361)	(79,131)	(8,945)	(113,958)		(1,018)
Non-current liabilities	(21,446)	(10,984)	(30,989)	(10,936)	-	(4,924)		-
Net assets	868,212	453,595	658,500	358,504	67,481	771,804	347,301	
Carrying amount of non-controlling interest	236,761	181,801	41,660	76,756	14,448	105,847	99,212	717,108
Revenue	1,673,465	596,196	841,148	442,602	8,421	365,590	1,787	
Profit (loss) for the year	457,211	134,516	152,891	28,348	2,984	43,333	(1,281)	
Other comprehensive income	432	(1,424)	(4,090)	(998)	-	(226)	(24,461)	
Total comprehensive income	457,643	133,092	148,801	27,350	2,984	43,107	(25,742)	
Profit (loss) allocated to non-controlling interest	124,681	53,914	9,673	6,412	684	6,814	(648)	201,530
Other comprehensive income allocated to non-controlling interest	118	(571)	(259)	(209)	-	(31)	(5,479)	(6,431)
Cash flows from (used in) operating activities	134,488	67,380	13,789	15,700	(162)	11,914	495	
Cash flows from (used in) investing activities	(35,031)	(24,416)	(14,198)	(9,876)	214	(18,481)	(77,740)	
Cash flows from (used in) financing activities	(106,353)	(45,030)	1,750	(2,495)	-	6,784	86,112	
Net increase (decrease) in cash and cash equivalents	(6,896)	(2,066)	1,341	3,329	52	217	8,867	

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

	31 December 2016					
	Rattana tibeth General Hospital Co., Ltd.	Saraburi Wetchakit Co., Ltd.	Sriburin Medical Co., Ltd.	Navanakorn Medicare Co., Ltd.	Ayudhya Medicare Co., Ltd.	Sothorn Ve jchakit Co., Ltd.
						Intra-group eliminations
						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	268,734	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	328,537	64,496	395,848
Carrying amount of non-controlling interest	217,353	173,487	38,699	77,568	15,282	95,004
						(41,670)
						575,723
Revenue	1,484,328	555,867	783,887	378,035	9,467	302,638
Profit for the year	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
Other comprehensive income allocated to non-controlling interest	156	-	-	32	-	-
						188
						179,679
Cash flows from operating activities	129,672	72,024	11,927	3,986	6,183	8,696
Cash flows from (used in) investing activities	(34,044)	(25,419)	(9,621)	(4,043)	(472)	(47,984)
Cash flows from (used in) 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

Consolidated / Separate financial statements

	Land	2017 Building and building improvements	Total (in thousand Baht)	Land	2016 Building and building improvements	Total
Cost						
At 1 January	605,000	70,520	675,520	605,000	70,520	675,520
Transfers from Property, plant and equipment (Note 15)	306,773	-	306,773	-	-	-
At 31 December	911,773	70,520	982,293	605,000	70,520	675,520
Accumulated depreciation						
At 1 January	-	6,661	6,661	-	4,310	4,310
Depreciation charge for the year	-	2,350	2,350	-	2,351	2,351
At 31 December	-	9,011	9,011	-	6,661	6,661
Net book value						
At 1 January	605,500	63,859	668,859	605,000	66,210	671,210
At 31 December	911,773	61,509	973,282	605,000	63,859	668,859

The fair value of investment properties as at 31 December 2017 of Baht 1,062 million (2016: Baht 679 million) was determined by independent professional valuers, at market comparison approach for land and cost approach for building and building improvements. The fair value measurement for investment property has been categorised as a Level 3 fair value.

At the Board of Directors Meeting of the Company held on 15 May 2017, the Board of Directors has approved the Group transferring a parcel of land with a net book value of Baht 307 million from property, plant and equipment to investment properties due to, at the present, the Group has not a specific project on the land.

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. The carrying value of land and building were Baht 667 million.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

15 Property, plant and equipment

Consolidated financial statements											
		Land and land improvement	Land use right	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)					
<i>Cost</i>											
At 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 and 1 January 2017		2,092,132	-	5,250,565	1,153,709	2,311,842	442,433	206,802	98,162	91,661	11,647,306
Additions		1,138	341,685	96,345	68,909	188,967	27,169	16,850	6,561	467,312	1,214,936
Transfers		-	-	85,975	4,727	-	5,381	-	-	(96,083)	-
Transfers to investment property	14	(306,773)	-	-	-	-	-	-	-	-	(306,773)
Transfers to intangible assets	17	-	-	-	-	-	-	-	-	(3,852)	(3,852)
Disposals		-	-	(1,282)	(6,935)	(22,495)	(3,236)	(6,057)	(3,171)	-	(43,176)
Reclassification		-	-	(2,480)	24,101	(953)	(20,668)	-	-	-	-
Exchange differences on translating foreign operations		-	(24,406)	-	-	-	-	-	-	(63)	(24,469)
At 31 December 2017		1,786,497	317,279	5,429,123	1,244,511	2,477,361	451,079	217,595	101,552	458,975	12,483,972
<i>Accumulated depreciation and impairment losses</i>											
At 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 and 1 January 2017		14,423	-	1,782,126	652,501	1,269,247	330,493	168,929	59,055	-	4,276,774
Depreciation charge for the year		1,800	2,051	202,682	61,517	173,052	29,968	18,402	12,244	-	501,716
Disposals		-	-	(596)	(5,072)	(21,538)	(2,810)	(6,019)	(2,891)	-	(38,926)
Reclassification		-	-	(10)	14,020	(360)	(13,650)	-	-	-	-
Exchange differences on translating foreign operations		-	(63)	-	-	-	-	-	-	-	(63)
At 31 December 2017		16,223	1,988	1,984,202	722,966	1,420,401	344,001	181,312	68,408	-	4,739,501

Notes to the financial statements

	Consolidated financial statements								
	Land and land improvement	Land use right	Buildings and buildings improvements	Building equipment	Hospital	Office equipment	Computer and system work	Assets under construction	Total
					equipment and medical instruments				
<i>(in thousand Baht)</i>									
<i>Net book value</i>									
At 1 January 2016									
Owned assets	1,936,028	-	3,530,493	475,211	801,483	103,703	31,647	54,238	6,969,199
Assets under finance leases	-	-	-	1,674	212,329	-	-	-	218,979
	<u>1,936,028</u>	<u>-</u>	<u>3,530,493</u>	<u>476,885</u>	<u>1,013,812</u>	<u>103,703</u>	<u>31,647</u>	<u>54,238</u>	<u>7,188,178</u>
At 31 December 2016 and 1 January 2017									
Owned assets	2,077,709	-	3,468,439	501,208	893,490	111,940	37,873	91,661	7,220,102
Assets under finance leases	-	-	-	-	149,105	-	-	-	150,430
	<u>2,077,709</u>	<u>-</u>	<u>3,468,439</u>	<u>501,208</u>	<u>1,042,595</u>	<u>111,940</u>	<u>37,873</u>	<u>91,661</u>	<u>7,370,532</u>
At 31 December 2017									
Owned assets	1,770,274	315,291	3,444,921	521,545	1,056,960	107,078	36,283	458,975	7,744,471
Assets under finance leases	-	-	-	-	-	-	-	-	-
	<u>1,770,274</u>	<u>315,291</u>	<u>3,444,921</u>	<u>521,545</u>	<u>1,056,960</u>	<u>107,078</u>	<u>36,283</u>	<u>458,975</u>	<u>7,744,471</u>

Notes to the financial statements

Bangkok Chain Hospital Public Company Limited

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Separate 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
<i>Net book value</i>									
At 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 and 1 January 2017									
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>
At 31 December 2017									
Owned assets	1,233,535	2,347,276	300,761	582,762	36,837	14,764	9,232	254,765	4,779,932
Assets under finance leases	-	-	-	-	-	-	-	-	-
	<u>1,233,535</u>	<u>2,347,276</u>	<u>300,761</u>	<u>582,762</u>	<u>36,837</u>	<u>14,764</u>	<u>9,232</u>	<u>254,765</u>	<u>4,779,932</u>

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2017 amounted to Baht 1,619 million (2016: Baht 1,465 million).

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2017 amounted to Baht 888 million (2016: Baht 754 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, Khwaeng Bangsue, Khet Bangsue, Bangkok running along the whole length of the south side of the land, without any compensation and time frame.

Property, plant and equipment under construction

During the year ended 31 December 2017 the Group commenced construction of the new hospital and renovated certain hospitals; costs incurred up to the reporting date totalled Baht 232 million (2016: 29 million).

16 Goodwill

	Consolidated financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Cost		
At 1 January	329,376	329,376
At 31 December	329,376	329,376
Net book value		
At 1 January	329,376	329,376
At 31 December	329,376	329,376

Impairment testing for goodwill

For the purposes of impairment testing of goodwill of the Group's as follows:

	Consolidated financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Rattanatibeth 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
Total	329,376	329,376

The recoverable amount of these goodwill were based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the Group's.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

	Consolidated financial statements	
	2017	2016
		(%)
Discount rate	10.1	8.9
Terminal value growth rate	0	0 - 1
Budgeted revenue growth rate (average of next five years)	1-5	1-5

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.

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 and revenue growth was projected taking into account the average growth levels experienced over the past years by management and the estimated patients and price average per head for the next five years.

17 Intangible assets

	Consolidated financial statements		
	Software licenses	Customer contract	Total
	(in thousand Baht)		
Cost			
At 1 January 2016	233,145	4,591	237,736
Additions	40,505	-	40,505
Transfers from property, plant and equipment	15,470	-	15,470
Disposals	(4,332)	-	(4,332)
At 31 December 2016 and 1 January 2017	284,788	4,591	289,379
Additions	30,664	-	30,664
Transfers from property, plant and equipment	3,852	-	3,852
Disposals	(396)	-	(396)
At 31 December 2017	318,908	4,591	323,499
Accumulated amortisation			
At 1 January 2016	115,311	1,206	116,517
Amortisation charge for the year	33,335	1,870	35,205
Disposals	(4,229)	-	(4,229)
At 31 December 2016 and 1 January 2017	144,417	3,076	147,493
Amortisation charge for the year	32,384	1,514	33,898
Disposals	(358)	-	(358)
At 31 December 2017	176,443	4,590	181,033
Net book value			
At 1 January 2016	117,834	3,385	121,219
At 31 December 2016 and 1 January 2017	140,371	1,515	141,886
At 31 December 2017	142,465	1	142,466

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

	<i>Note</i>	Separate financial statements Software licences (in thousand Baht)
Cost		
At 1 January 2016		140,568
Additions		21,763
Transfers from property, plant and equipment	15	15,470
At 31 December 2016 and 1 January 2017		177,801
Additions		10,330
Transfers from property, plant and equipment	15	3,852
Disposals		(192)
At 31 December 2017		191,791
Accumulated amortisation		
At 1 January 2016		65,963
Amortisation charge for the year		20,516
At 31 December 2016 and 1 January 2017		86,479
Amortisation charge for the year		21,754
Disposals		(172)
At 31 December 2017		108,061
Net book value		
At 1 January 2016		74,605
At 31 December 2016 and 1 January 2017		91,322
At 31 December 2017		83,730

18 Deferred tax

Deferred tax assets as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	73,024	75,935	(45,251)	(48,539)
Set off of tax	(45,251)	(48,539)	45,251	48,539
Deferred tax assets - net	27,773	27,396	-	-
	Separate financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	35,255	41,311	(30,975)	(32,980)
Set off of tax	(30,975)	(32,980)	30,975	32,980
Deferred tax assets – net	4,280	8,331	-	-

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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

	Consolidated financial statements (Charged) / Credited to: (Note 28)		
	At 1 January 2017	Profit or loss	Other comprehensive income
		(in thousand Baht)	
Deferred tax assets			
Allowance for doubtful debt	24,602	(7,698)	-
Provision for allowance for decline in value of inventory	487	226	-
Non-current provision for employee benefit	19,935	(783)	4,314
Impairment of assets	1,498	-	-
Payable for Social Security Office referring	24,256	1,568	-
Accrued rental expense	358	302	-
Loss on remeasuring available for sale securities	4,799	-	(840)
Total	75,935	(6,385)	3,474
Deferred tax liabilities			
Gain on remeasuring trading securities	(72)	(301)	-
Difference from the depreciation of equipment under the financial leases	(35,040)	3,378	-
Deferred finance cost	(325)	(780)	-
Fair value adjustment assets acquired through business combination	(13,102)	991	-
Total	(48,539)	3,288	-
Net	27,396	(3,097)	3,474

	Consolidated financial statements (Charged) / Credited to: (Note 28)		
	At 1 January 2016	Profit or loss	Other comprehensive income
		(in thousand Baht)	
Deferred tax assets			
Allowance for doubtful debt	32,210	(7,608)	-
Provision for allowance for decline in value of inventory	-	487	-
Non-current provision for employee benefit	19,061	874	-
Impairment of assets	1,498	-	-
Payable for Social Security Office referring	19,958	4,298	-
Accrued rental expense	-	358	-
Loss on remeasuring available for sale securities	4,975	-	(176)
Total	77,702	(1,591)	(176)

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

	Consolidated financial statements (Charged) / Credited to: (Note 28)			
	At 1 January 2016	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2016
Deferred tax liabilities				
Gain on remeasuring trading securities	-	(72)	-	(72)
Difference from the depreciation of equipment under the financial leases	(27,101)	(7,939)	-	(35,040)
Deferred finance cost	-	(325)	-	(325)
Fair value adjustment assets acquired through business combination	(14,408)	1,306	-	(13,102)
Total	(41,509)	(7,030)	-	(48,539)
Net	36,193	(8,621)	(176)	27,396
	Separate financial statements (Charged) / Credited to: (Note 28)			
	At 1 January 2017	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2017
Deferred tax assets				
Allowance for doubtful debt	14,504	(6,768)	-	7,736
Provision for allowance for decline in value of inventory	414	39	-	453
Non-current provision for employee benefit	10,170	(1,251)	1,897	10,816
Payable for Social Security Office referring	16,223	27	-	16,250
Total	41,311	(7,953)	1,897	35,255
Deferred tax liabilities				
Gain on remeasuring trading securities	-	(293)	-	(293)
Difference from the depreciation of equipment under the financial leases	(32,655)	3,078	-	(29,577)
Deferred finance cost	(325)	(780)	-	(1,105)
Total	(32,980)	2,005	-	(30,975)
Net	8,331	(5,948)	1,897	4,280

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

	At 1 January 2016	Separate financial statements (Charged) / Credited to: (Note 28)		At 31 December 2016
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Allowance for doubtful debt	21,169	(6,665)	-	14,504
Provision for allowance for decline in value of inventory	-	414	-	414
Non-current provision for employee benefit	9,552	618	-	10,170
Payable for Social Security Office referring	11,730	4,493	-	16,223
Total	42,451	(1,140)	-	41,311
Deferred tax liabilities				
Difference from the depreciation of equipment under the financial leases	(24,499)	(8,156)	-	(32,655)
Deferred finance cost	-	(325)	-	(325)
Total	(24,499)	(8,481)	-	(32,980)
Net	17,952	(9,621)	-	8,331

The tax losses expire in 2021 - 2022 of Baht 1.66 million. Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

19 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Current				
Short-term loans from financial institutions				
- unsecured	150,000	80,000	-	-
Short-term loans from related parties				
- unsecured	-	-	-	80,000
Current portion of debenture				
- unsecured	1,000,000	1,500,000	1,000,000	1,500,000
Current portion of finance lease liabilities	-	15,792	-	15,792
	1,150,000	1,595,792	1,000,000	1,595,792
Non-current				
Long-term loans from financial institutions				
- unsecured	1,846,827	-	1,846,827	-
Debentures				
- unsecured	2,497,647	2,498,373	2,497,647	2,498,373
	4,344,474	2,498,373	4,344,474	2,498,373
Total	5,494,474	4,094,165	5,344,474	4,094,165

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Within one year	1,150,000	1,580,000	1,000,000	1,580,000
After one year but within five years	4,344,474	2,498,373	4,344,474	2,498,373
Total	5,494,474	4,078,373	5,344,474	4,078,373

Short-term loans from financial institutions

In 2017, short-term loans from financial institutions consisted of promissory notes with interest rate of 1.68% - 1.86% per annum. (2016: interest rate of 1.65% per annum)

Long-term loans from financial institutions

	Interest rate	Maturity date	Consolidated / Separate financial statements	
	(% per annum)		2017	2016
	<i>(in thousand Baht)</i>			
Unsecured loan	BIBOR 3 months plus fixed interest	May 2022	1,000,000	-
Unsecured loan	BIBOR 3 months plus fixed interest	July 2022	850,000	-
Total long-term loans from financial institutions			1,850,000	-
Less deferred financial costs			(3,173)	-
Long-term loans from financial institutions - net			1,846,827	-

The long-term loans contain certain significant covenants with which the Company must comply throughout the term of the long-term loans such as the maintenance of interest bearing liabilities to equity ratio not exceeding 2:1 and maintenance of major shareholding.

As at 31 December 2017, the Company had unutilised long-term loan totalling Baht 150 million. (2016: nil)

Debentures

	Interest rate	Issue Date	Maturity date	Consolidated/Separate financial statements	
	(% per annum)			2017	2016
	<i>(in thousand Baht)</i>				
No. 1/2556 2 nd Set	4.18	31 January 2013	31 January 2018	1,000,000	1,000,000
No. 2/2556	4.31	19 September 2013	19 March 2017	-	1,500,000
No. 1/2559	2.87	27 January 2016	27 January 2021	1,500,000	1,500,000
No. 1/2560	2.54	22 December 2017	22 December 2022	1,000,000	-
Total debentures - carrying amount				3,500,000	4,000,000
Less debenture issuance expense				(2,353)	(1,627)
Debentures - net				3,497,647	3,998,373
Less current portion of debentures				(1,000,000)	(1,500,000)
Debentures due more than one year				2,497,647	2,498,373

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Movements of debentures before deduction of debenture issuance expense for the year ended 31 December 2017 and 2016 are summarised as follows:

	Consolidated / Separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	4,000,000	3,300,000
Issuance of debentures during the year	1,000,000	1,500,000
Redemption of debentures during the year	(1,500,000)	(800,000)
At 31 December	3,500,000	4,000,000

On 22 December 2017, the Company has issued specified holder's name, uninsured, unsubordinated and no representatives bonds amounting to Baht 1,000 million. The proceeds of the issue are intended for the original bond's reimbursement which is going to mature on 31 January 2018.

On 27 January 2016, the Company has issued specified holder's name, uninsured, unsubordinated and no representatives bonds amounting to Baht 1,500 million. The proceeds of the issue are intended for the original bond's reimbursement which is going to mature on 31 January 2016.

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 as at 31 December were payable as follows:

	Consolidated / Seperate financial statements					
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	-	-	-	15,942	150	15,792
After one year but within five years	-	-	-	-	-	-
Total	-	-	-	15,942	150	15,792

As at 31 December 2016, 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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

20 Trade accounts payable

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	5	1,907	1,514	8,617	3,135
Other parties		456,304	411,145	247,633	214,446
Total		458,211	412,659	256,250	217,581

21 Non-current provision for employee benefit

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Statement of financial position				
Non-current provision for:				
Post-employment benefits				
Defined benefit plan	<u>117,329</u>	<u>99,673</u>	<u>54,078</u>	<u>50,851</u>
Year ended 31 December				
Statement of comprehensive income				
Recognised in profit or loss:				
Post-employment benefits				
Defined benefit plan	<u>14,660</u>	<u>15,142</u>	<u>7,348</u>	<u>7,975</u>
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	21,569	-	9,486	-
Cumulative actuarial losses recognised	33,485	11,916	10,092	606

The Group 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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
At 1 January	99,673	95,305	50,851	47,765
Include in profit or loss:				
Current service cost	11,728	12,483	5,874	6,468
Interest on obligation	2,932	2,659	1,474	1,507
	<u>14,660</u>	<u>15,142</u>	<u>7,348</u>	<u>7,975</u>
Included in other comprehensive income:				
Actuarial loss	21,569	-	9,486	-
Other:				
Benefit paid	<u>(18,573)</u>	<u>(10,774)</u>	<u>(13,607)</u>	<u>(4,889)</u>
Defined benefit obligations at 31 December	<u>117,329</u>	<u>99,673</u>	<u>54,078</u>	<u>50,851</u>

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Demographic assumptions	1,337	-	932	-
Financial assumptions	2,543	-	1,105	-
Experience adjustment	17,689	-	7,449	-
Total	<u>21,569</u>	<u>-</u>	<u>9,486</u>	<u>-</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(%)</i>			
Discount rate	2.3	2.8	2.3	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.

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 9 years (2016 : 10 years).

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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	
	<i>(in thousand Baht)</i>			
At 31 December 2017	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2,543)	2,664	(1,105)	1,158
Future salary growth (0.5% movement)	2,594	(2,503)	1,127	(1,087)
At 31 December 2016				
Discount rate (0.5% movement)	(682)	5,331	(348)	2,628
Future salary growth (0.5% movement)	6,224	(193)	3,101	(115)

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.

22 Share capital

	Par value per share <i>(in Baht)</i>	2017		2016	
		Number	Amount	Number	Amount
		<i>(thousand shares / in thousand Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	1	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>
At 31 December					
- ordinary shares	1	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>
Issued and paid-up					
At 1 January					
- ordinary shares	1	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>
At 31 December					
- Ordinary shares	1	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>	<u>2,493,748</u>

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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 2017 was equal to 10% of the registered authorised capital.

24 Segment information

The Group operates private hospital business. The management considers the operations as one business segment. For consideration the business location of the Group, formerly, there is only the Kingdom of Thailand geographical segment. During 2017, the Group has expanded business to the Lao People’s Democratic Republic. Therefore, the Group has 2 segments which comprise of the Kingdom of Thailand and in the Lao People’s Democratic Republic. Nevertheless, business operations in the Lao People’s Democratic Republic does not meet the quantitative thresholds for determining reportable segments in 2017.

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.

25 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
			(in thousand Baht)		
Wages, salaries and other benefit		1,058,183	977,934	561,109	500,113
Defined benefit plans	21	14,660	15,142	7,348	7,975
Defined contribution plans		12,668	6,185	8,720	3,802
Others		465,292	424,326	244,880	227,236
Total		1,550,803	1,423,587	822,057	739,126

Defined contribution plans

The defined contribution plans comprise 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 a licensed Fund Manager.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

26 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
<i>Included in cost of hospital operations:</i>				
Medical and supply costs	1,347,215	1,246,524	720,561	650,081
Personnel expenses	1,244,413	1,138,869	661,417	591,301
Doctor fee	1,383,542	1,275,852	730,052	673,864
Depreciation and amortisation	430,371	411,589	254,993	251,511
Utility expenses	141,116	175,657	79,973	100,183
Others	330,087	223,768	112,647	88,269
Total	4,876,744	4,472,259	2,559,643	2,355,209
<i>Included in distribution costs:</i>				
Promotion expenses	55,240	40,445	33,359	19,359
Personnel expenses	56,689	29,914	36,489	14,326
Others	8,000	17,013	2,565	11,269
Total	119,929	87,372	72,413	44,954
<i>Included in administrative expenses:</i>				
Personnel expenses	249,701	254,804	124,151	133,499
Depreciation and amortisation	107,593	102,897	63,748	62,878
Bad and doubtful debts expenses (reversal of)	43,888	(21,048)	17,400	(31,153)
Repairs and maintenance	105,206	91,191	59,552	49,278
Rental expense	45,635	39,992	22,454	25,404
Utility expenses	35,279	35,131	19,993	20,037
Cleaning service expense	37,372	35,109	24,421	24,362
Security guard expense	27,355	26,771	15,113	14,818
Property tax	17,487	15,577	14,034	12,610
Others	170,199	167,452	153,248	124,238
Total	839,715	747,876	514,114	435,971

27 Finance costs

	Consolidated financial statements		Separate financial statements	
Note	2017	2016	2017	2016
	(in thousand Baht)			
Interest expense				
Debentures	100,170	149,730	100,170	149,730
Financial institutions	35,764	10,018	33,913	7,354
Finance lease liabilities	151	2,451	151	2,427
Related parties	5 -	-	220	-
Total	136,085	162,199	134,454	159,511

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

28 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		267,885	199,847	71,565	36,397
Deferred tax	18				
Movements in temporary differences		3,097	8,621	5,948	9,621
Total income tax expense		270,982	208,468	77,513	46,018

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2017			2016		
	Before tax	Tax (expense) benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of Tax
	<i>(in thousand Baht)</i>					
Gain on remeasurement investments held as available for sale	4,200	(840)	3,360	878	(176)	702
Losses on remeasurements of defined benefit plans	(21,569)	4,314	(17,255)	-	-	-
Total	(17,369)	3,474	(13,895)	878	(176)	702

	Separated financial statements					
	2017			2016		
	Before tax	Tax (expense) benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Losses on remeasurements of defined benefit plans	(9,486)	1,897	(7,589)	-	-	-
Total	(9,486)	1,897	(7,589)	-	-	-

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Consolidated financial statements

Reconciliation of effective tax rate

	2017		2016	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		1,389,569		1,141,240
Income tax using the Thai corporation tax rate	20	277,914	20	228,248
Income not subject to tax		(3,608)		(3,626)
Expenses not deductible for tax purposes		19,342		1,437
Expenses with tax deductible benefits		(22,980)		(17,610)
Current year losses for which no deferred tax asset is recognised		314		19
Total	20	270,982	18	208,468

Separate financial statements

	2017		2016	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		835,272		683,690
Income tax using the Thai corporation tax rate	20	167,054	20	136,738
Income not subject to tax		(91,910)		(83,677)
Expenses not deductible for tax purposes		11,504		562
Expenses with tax deductible benefits		(9,134)		(7,605)
Total	9	77,514	7	46,018

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.

29 Earnings per share

The calculation of basic earnings per share for the year ended 31 December 2017 and 2016 was based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht / thousand shares)			
Profit attributable to equity holders of the Company (basic)	917,057	753,093	757,759	637,671
Number of ordinary shares outstanding	2,493,748	2,493,748	2,493,748	2,493,748
Basic earnings per share (in Baht)	0.37	0.30	0.30	0.26

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

30 Dividends

At the Board of Director Meeting of the Company held on 15 August 2017, the board approved the appropriation of cash interim dividends of Baht 0.08 per share amounting to Baht 199.50 million. The dividend was paid to shareholders in September 2017.

At the Annual General Meeting of Shareholders of the Company held on 25 April 2017, the shareholders approved the appropriation of cash dividends from 2016 operations of Baht 0.17 per share amounting to Baht 423.93 million. The interim dividends were paid in September 2016 at Baht 0.07 per share, amounting to Baht 174.56 million. Therefore, the additional cash dividend payment is Baht 0.10 per share, amounting to Baht 249.37 million. The dividend was paid to shareholders in May 2017.

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.

31 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 from financial institutions are float from market interest rates. The Group is primarily exposed to interest rate risk from its borrowings. However, management believe that the Group is primarily exposed to low interest rate risk from loans to and debentures because interest of loans to and debentures are fixed rate.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable 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
2016					
Non-current					
Loan receivable - Related party	6.00	-	3	-	3
Total		-	3	-	3
	Effective interest rate (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017					
Current					
Loans receivable - Related parties	3.00	161	-	-	161
Non-current					
Loan receivable - Related party	3.00	-	4	-	4
Total		161	4	-	165
2016					
Current					
Loan receivable - Related parties	2.80 - 5.00	390	-	-	390
Non-current					
Loan receivable - Related party	3.00	-	4	-	4
Total		390	4	-	394

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017					
Current					
Short-term loans - financial institutions	1.68 - 1.86	150	-	-	150
Current portion of debenture	4.18	1,000	-	-	1,000
Non-current					
Long-term loans - financial institutions	2.63 - 2.77	-	1,847	-	1,847
Debentures	2.54 - 2.87	-	2,498	-	2,498
Total		1,150	4,345	-	5,495
2016					
Current					
Short-term loan - financial institution	1.65	80	-	-	80
Current portion of debenture	4.31	1,500	-	-	1,500
Finance lease liabilities	3.60 - 4.75	16	-	-	16
Non-current					
Debentures	2.87 - 4.18	-	2,498	-	2,498
Total		1,596	2,498	-	4,094
	Effective interest rate (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017					
Current					
Current portion of debenture	4.18	1,000	-	-	1,000
Non-current					
Long-term loans - financial institutions	2.63 - 2.77	-	1,847	-	1,847
Debentures	2.54 - 2.87	-	2,498	-	2,498
Total		1,000	4,345	-	5,345

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

	Effective interest rate (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in million Baht)	After 5 years	
2016					
Current					
Short-term loan from Related party	1.62	80	-	-	80
Current portion of debenture	4.31	1,500	-	-	1,500
Finance lease liabilities	3.60 - 4.75	16	-	-	16
Non-current					
Debentures	2.87 - 4.18	-	2,498	-	2,498
Total		1,596	2,498	-	4,094

Foreign currency risk

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

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 statement of financial position. 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.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Financial assets and liabilities measured at fair value

	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
31 December 2017					
Trading securities	1,345	1,345	-	-	1,345
Trading mutual funds	1,567,526	-	1,567,526	-	1,567,526
Available-for-sale securities	2,507	2,507	-	-	2,507
Available-for-sale mutual fund	40,041	-	40,041	-	40,041
31 December 2016					
Trading securities	1,240	1,240	-	-	1,240
Trading mutual funds	115,320	-	115,320	-	115,320
Available-for-sale securities	2,118	2,118	-	-	2,118
Available-for-sale mutual fund	36,230	-	36,230	-	36,230

	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
31 December 2017					
Trading mutual funds	1,281,467	-	1,281,467	-	1,281,467

Financial assets and liabilities not measured at fair value

	Carrying amount	Consolidated financial statements / Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
31 December 2017					
Liability					
Debentures	3,500,000	-	3,535,447	-	3,535,447
31 December 2016					
Liability					
Debentures	4,000,000	-	4,046,503	-	4,046,503

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Fair value measurement

The Group determines Level 1 fair values for trading securities and available-for-sale for securities based on bid price at reporting date.

The Group determines Level 2 fair values for trading mutual fund and available-for-sale mutual fund based on net assets value of investments at 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.

The fair value of long-term loans is taken to approximate the carrying value because of contractual interest rate is taken to approximate the discount rate which measured at fair value by discounted projected cash flows method.

The fair value of financial assets and liabilities excluded from the above stated is taken to approximate the carrying value because of containing short period of maturity.

32 Commitments with non-related parties and litigations

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for:</i>				
Building and constructions	475,322	184,200	409,938	33,473
Hospital equipment and medical instruments	288	1,100	-	-
Computer, system work and other	16,051	17,150	15,750	17,150
Total	491,661	202,450	425,688	50,623
<i>Future minimum lease payments under non-cancellable operating leases and service agreements</i>				
Within one year	26,645	17,663	12,608	11,710
After one year but within five years	48,058	23,368	21,218	4,926
After five years	101,075	105,030	-	-
Total	175,788	146,061	33,826	16,636
<i>Other commitments</i>				
Letters of guarantees for nursing care	133,601	109,633	56,430	46,890
Letters of guarantees for electricity use	25,668	25,187	15,946	15,646
Letters of guarantees for purchase of assets	1,887	774	360	360
Total	161,156	135,594	72,736	62,896

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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.

Litigations

The Group has been claimed by patients for the provision of medical treatment in the total amount of Baht 65 million as at 31 December 2017. Up to the date of this report, the legal claims are still in the consideration processes of the court and the ultimate outcome is not finalised. According to the management's assessment, there is no expected losses. The Group has not recorded any provision in the financial statements.

33 Event after the reporting period

The appropriation of dividends

At the Board of Directors' meeting of the Company held on 26 February 2018, the directors approved the appropriation of cash dividends for Baht 0.20 per share amounting to Baht 498.75 million, from 2017 operations. The interim dividends were paid in September 2017 for Baht 0.08 per share, of Baht 199.50 million. The additional cash dividend payment is Baht 0.12 per share, amounting to Baht 299.25 million. The dividend will be paid to shareholders in May 2018 subject to approval by the Annual General Meeting of Shareholders of the Company.





บริษัท บางกอก เซน ฮอสปิทอล จำกัด (มหาชน)

44 หมู่ 4 ถนนแจ้งวัฒนะ ตำบลปากเกร็ด อำเภอปากเกร็ด จังหวัด นนทบุรี 11120 โทร. (66 2) 836 9907 โทรสาร (66 2) 106 4858

Bangkok Chain Hospital Public Company Limited

44 Moo 4 Chaengwattana Road, Pakkred, Nonthaburi. 11120 Tel. (66 2) 836 9907 Fax. (66 2) 106 4858

