



บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)

ANNUAL REPORT 2018



รายงานประจำปี 2561



โรงพยาบาลเวิลด์เมดิคอล
World Medical Hospital



KASEMRAD
INTERNATIONAL HOSPITAL



โรงพยาบาลเกษมราษฎร์
KASEMRAD HOSPITAL



โรงพยาบาลการุญเวช
KARUNVEJ HOSPITAL

M VISION

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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.

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Message from the Chairman of the Board of Directors



C. Harnphanich

Assoc. Prof. Dr. Chalerm Harnphanich, M.D.

Chairman of the Board of Director



Bangkok Chain Hospital Public Company Limited (the "Company") had been operating its business under the development plan by adding tertiary medical centers with the aim of upgrading the existing hospitals to be the regional patient referral centers. Additionally, in 2018, the Company had also been pursuing the expansion plan by opening a new hospital "Kasemrad Hospital Ramkhamhaeng", as a replacement of the previous hospital "Karunvej Hospital Sukabhibal 3", to be one of the patient referral centers for the eastern part of Thailand. Apart from that the Company has been improving the hospital standard and internal operation to enhance the efficiency and the Company sustainable growth.

Under the uncertain economic conditions due to the external and internal factors of Thailand bundled with the continuous changes of policy and payment terms by the Social Security Office, the Company continued to grow in 2018, achieving a higher revenue and net profit. Total revenue increased by 11.2 percent over the previous year, to Baht 8,182.7 million. And, net profit increased 18.8 percent, to Baht 1,089.5 million. The improved performance was a consequence of the completed market coverage covering from social security patient, lower mid-tier up to high-end and foreign patient, especially this year the revenue from foreign patient grew very strongly.

Apart from the business process improvement and expansion, the Company insisted to promote social responsibility activities under good governance guidelines. In 2018, the Company has joined several charities such as donations for flood victims in Laos as a result of the collapse of a dam under construction in Attapeu province, donations for Pabuk storm victims in Southern of Thailand, and donations for the construction of Siriraj Hospital's 84th Year Nawamindhra Bopit Building. In addition, the Company has formed a project named "Health relief charity for Monks" providing free influenza vaccinations for monks.

On behalf of Bangkok Chain Hospital Public Company Limited, I would like to convey my gratitude to all shareholders, customers, doctor and nurse, 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

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

The Audit Committee's members are as follows:

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

In fiscal year 2018, 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 2018, 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



(Mr. Virach Aphimeteetamrong, Ph.D.)

Chairman of the Audit Committee

28 February 2019

Corporate Social Responsibility 2018



Asst. Prof. Dr. Somporn Hamphanich, Director and Vice CEO of Bangkok Chain Hospital PCL. gave out the donation for the construction of Siriraj Hospital's 84th Year Navamindrara Bopitr Building.



Bangkok Chain Hospital PCL. along with the Ministry of Labor contributed the donation for the victims from Pabuk storm in Southern part of Thailand.



Asst. Prod. Dr. Somporn Hamphanich, Vice CEO of Bangkok Chain Hospital PCL. (BCH) has launched the project "Health Relief Charity for Monks" to provide free influenza vaccinations for monks dedicated to Queen Sirikij in King Rama 9.



World Medical Hospital hosted a "BABY KIDS FAIR 2018" activity for young kids at the age of 2.5-4 years old to join the intelligent training program.



Bagkok Chain Hospital Public Company Limited organized the running charity event for 3 different disabled people charity foundations such as Prostheses Foundation of H.R.H the Princess Mother, Association of Persons with Physical Disability International and Foundation for Children with Disabilities. The Event also partially funded by the office of Health Promotion Foundation under the exercise development plan for health.

Corporate Social Responsibility 2018



Asst. Prof. Dr. Chalerm Harnphanich, CEO of Bangkok Chain Hospital PCL. donated money in the name of Kasemrad International Hospital Vientiane to help flood victims in Attapeu province, Lao PDR.



Kasemrad International Hospital Rattanaibeth donated the appliances and money for HIV patients at Phrabathnampu temple.



Kasemrad Hospital Chacheongsao organized the mobile check up activities under the project "Your Family Your Hospital" and providing the healthcare knowledge for the local people within the community area.



Kasemrad Hospital Saraburi with the Provincial Red Cross team joined up together for the health relief activity by providing the blood pressure check up service and giving out the knowledge about healthcare and recent epidemic.



Kasemrad International Hospital Rattanaibeth providing a free influenza vaccination for monks.



Karunvej Hospital Pathumthani donated the medial supplies including the stretcher cot (patient transfer equipment) for volunteer rescue teams.

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 2,493.75 million (Par value at 1 Baht per share)

Date of Establishment

24 November 1993

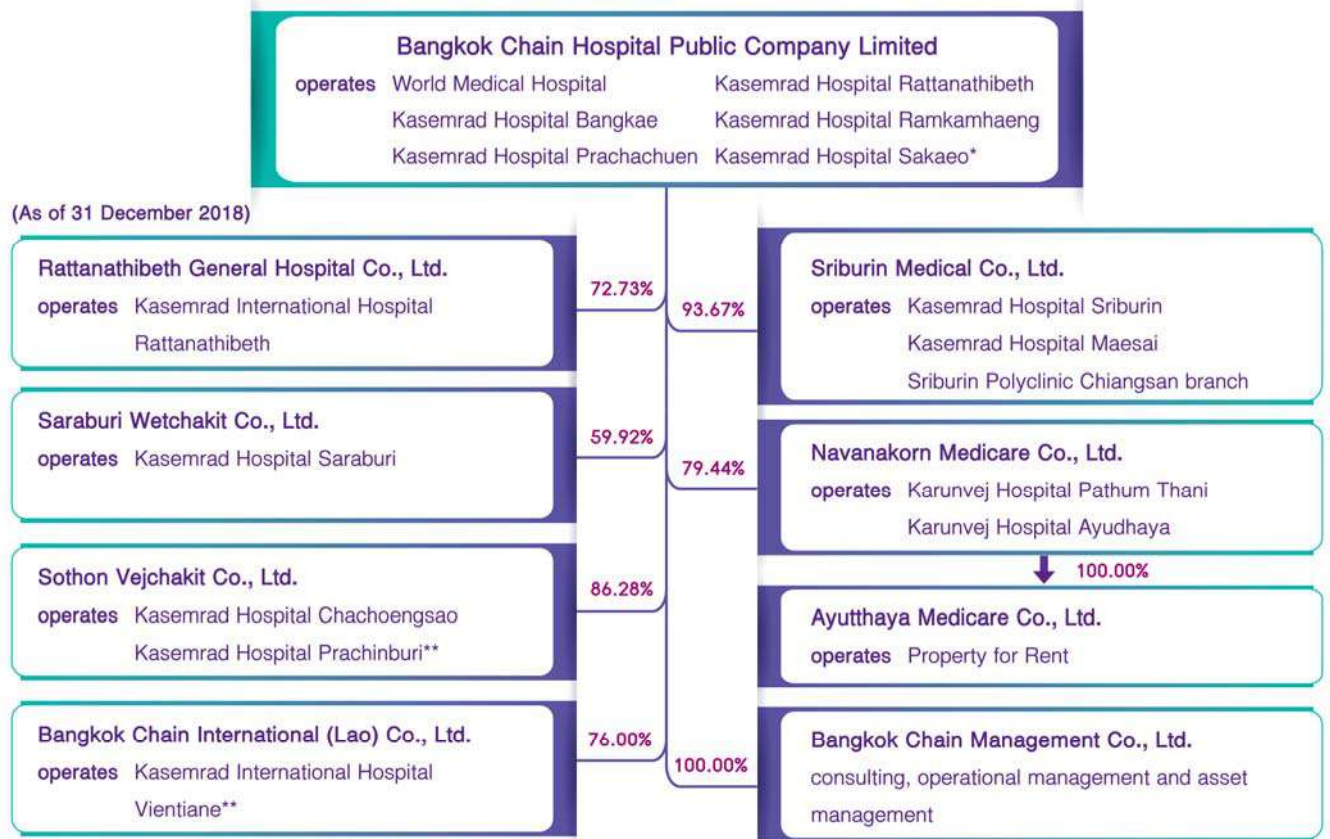
Shareholders

Harnphanich Family holds up to 49.99 percent
Institutional and retailed investors hold up to 50.01 percent

Historical stock price of BCH since IPO vs SET INDEX
From November 2004 - December 2018



Shareholding Structure of the Company



* Expected to be opened in 2020

** Expected to be opened in 2021

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 Bangkai Kasemrad Hospital Prachachuen World Medical Hospital Kasemrad Hospital Rattanaibeth Kasemrad Hospital Ramkamhaeng Kasemrad Hospital Sa Kao	8 August 1984 15 July 1997 22 March 2013 12 June 2015 22 October 2018 To be opened 2020
Rattanaibeth General Hospital Co., Ltd.	8 June 1990	Baht 300 million	Kasemrad International Hospital Rattanaibeth	15 February 1993
Sriburin Medical Co., Ltd.	29 March 1991	Baht 170 million	Kasemrad Hospital Sriburin Kasemrad Hospital Mae-sai 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
Sothon Vejchakit Co., Ltd.	23 April 2015	Baht 700 million	Kasemrad Hospital Chachoengsao Kasemrad Hospital Prachinburi	1 May 2015 To be opened in 2021
Bangkok Chain Management Co., Ltd.	15 September 2016	Baht 5 million	Consulting, Operational 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 2021

General Information of the Chained Hospitals

General Information of the Chained Hospitals

World Medical Hospital	44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120 Tel. (66) 2836-9999, Fax (66) 2836-9911
Kasemrad International Hospital Rattanaibeth	60 Moo 6 Sao-Thong-Hin, Bang-Yai, Nonthaburi 11140 Tel. (66) 2594-0020 Fax (66) 2594-0067
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) 53-910-999 Fax (66) 53-717-938
Kasemrad Hospital Mae Sai	952 Moo 1 Viengpangkam, Mae-sai, Chiang Rai 57130 Tel. (66) 53-642-742 Fax (66) 53-642-744
Kasemrad Sriburin Clinic Chiangsan branch	339 Moo 6 Vieng, Chiangsan, Chiang Rai 57150 Tel. (66) 53-650-131 Fax (66) 53-650-133
Kasemrad Hospital Saraburi	2/22 Mitraparb Road, Pak-Preaw, Muang Saraburi, Saraburi 18000 Tel. (66) 36-315-555 Fax (66) 36-315-501
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) 38-812-702 Fax (66) 38-812-720
Kasemrad Hospital Rattanaibeth	58 Moo 15 Bangrakpattana, Bangbuathong, Nonthaburi 11110 Tel. (66) 2921-3400 Fax (66) 2921-1119
Kasemrad Hospital Ramkhamhaeng	99/9 Ramkhamhaeng Road, Sapansoong, Bangkok 10240 Tel. (66) 2339-0000 Fax (66) 2339-0099
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) 35-315-100-30 Fax (66) 35-355-155

Reference Information

Head Office	Bangkok Chain Hospital Public Company Limited 44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120 Tel. (66) 2836-9990, 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 Ramkhamhaeng 60/2, Huamark, Bangkok, Bangkok 10240 Tel. (66) 2735-2976-80, Fax (66) 2735-2981

Financial Highlights

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

	2018	2017	2016
Operating Performance (Million Baht)			
Total Revenues	8,182.74	7,361.15	6,609.68
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	2,232.49	2,062.72	1,816.65
Profit for the year	1,248.20	1,118.59	932.77
Profit attributable to owners of the Company	1,089.47	917.06	753.09
Financial Position (Million Baht)			
Total Assets	12,627.50	12,674.10	10,569.36
Total Liabilities	6,229.71	6,762.34	5,232.85
Non-Controlling Interests	696.35	717.11	575.72
Equity Attributable to Equity Holders of the Company	5,701.44	5,194.65	4,760.78
Financial Ratios			
Gross Profit Margin (%)	33.18	32.78	31.32
Net Profit Margin (%) **	13.31	12.46	11.39
Debt to Equity Ratio (Times)	0.97	1.14	0.98
Return on Equity (%) *	20.00	18.42	16.52
Return on Assets (%) *	13.11	13.13	12.32
Stock Information			
Issued Share Capital (million shares) ***	2,493.75	2,493.75	2,493.75
Earnings per Share (Baht) ***	0.44	0.37	0.30
Book Value per Share (Baht) ***	2.57	2.37	2.14
Cash Dividend Paid per Share (Baht) ***	0.23	0.20	0.17
Stock Price at the End of Year (Baht)	16.70	16.20	14.80

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.

1 Assoc.Prof.Dr.Chalerm
Harnphanich, M.D.
Chairman of the Board of Directors



1

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



2

3 Ms.Pornluck Harnphanich, M.D.
Director



3

4 Mr.Kantaporn Harnphanich
Director

5 Mr.Phinij Harnphanich
Director

6 Mrs.Saifon Chaimongkol
Director

7 Mr.Virach Aphimeteetamrong, Ph.D.
Independent Director

8 Mr.Siripong Sombutsiri
Independent Director

9 Professor Piphob Veraphong
Independent Director

10 Mr.Thawat Suntrajarn, M.D.
Independent Director

11 Ms.Pornsuda Harnphanich
Chief Financial Officer

12 Mr.Voravee Kiatiniyomsak
Company Secretary



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Assoc.Prof.Dr.Chalerm Harnphanich, M.D.

**Chairman of the Board of Directors
Chief Executive Officer**

Age (year) 64



Education

- Honorary Certificate, Associate Professor in Public Administration Programme, Bodhisatva University, USA
- Ph.D. (Buddhist Studies), Honorary 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 Certificate Specialist in Obstetrics and Gynecology, Siriraj Hospital, Mahidol University
- High Medical Certificate in Obstetrics and Gynecology, Siriraj Hospital, Mahidol University

Training

- 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

- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2016-present President / Chiangmai Medical School Alumni Association
- 2015-present Advisor / The Private Hospital Association
- 2015-present Director / Sothonvejchakit Co., Ltd.
- 2014-present Advisor / 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 Sub-Committee Investment, Board Social Security Office
- 2011-2013 Committee / National Health Security Office (NHSO) - Quality and Healthcare Standard Control
- 2006-present Committee / Public Health Program / School of Health Science SukhothaiThammathirat Open University
- 1996-present Director / S.C.K. Land Co., Ltd.
- 1996-present Director / SaraburiWetchakit 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's Meeting Participation in 2018

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

Shareholdings (%) : 32.63 (No change in 2018)

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

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

**Director
Deputy CEO
President of Central Purchasing Department**

Age (year) 66



Education

- Ph.D. (Buddhist Studies), Honorary Doctoral Programme in Buddhist Studies, Mahachulalongkorn Rajavidyalaya University
- 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

- 2017-present Sub Committee / Development of Stroke Service Board
- 2017-present Sub Committee / Health Promotion Board
- 2017-present Sub Committee / Non-Communicable Disease Service Board
- 2017-present Sub Committee / Maternity Service Development Board
- 2017-present Sub Committee / Social Security Office
- 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 / The Private Hospital Association
- 2015-present Director / Sothonvejchakit 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 / SaraburiWetchakit 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's Meeting Participation in 2018

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

Shareholdings (%) : 7.37 (No change in 2018)

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
Chief Operating Officer**

Age (year) 33



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, Mahidol University
- 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)
- Entrepreneurial Finance, CONC Thammasat Business School, Thammasat University
- Oxford Program on Negotiation in Bangkok Said Business School, University of Oxford

Work Experiences

- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2015-present Director / Sothonvejchakit Co., Ltd.
- 2015-present Director / Coffee and Latte House Co., Ltd.
- 2015-present Director / Global Inspired Laboratory Co., Ltd.
- 2012-present Medical Director / Rattanaibeth General Hospital Co., Ltd.
- 2011-2014 Director / Rattanaibeth General Hospital Co., Ltd.
- 2011-present Director / Tipnatees.p.p. Co., Ltd.

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2018

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

Shareholdings (%) : 3.33 (No change in 2018)

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

Mr.Kantaporn Harnphanich

**Director
Chief Marketing Officer**

Age (year) 31



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)
- Oxford Program on Negotiation in Bangkok Said Business School, University of Oxford

Work Experiences

- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2015-present Director / Sothonvejchakit Co., Ltd.
- 2015-present Director / Coffee and Latte House Co., Ltd.
- 2014-present Director / Park Inn Saraburi Co., Ltd.
- 2014-present Director / Chiangrai Imaging Center Co., Ltd.
- 2013-present Director / Balleto Foods Co., Ltd.
- 2013-present Director of Marketing / Rattanaibeth General Hospital Co., Ltd.
- 2012-present Director / Sriburin Medical Co., Ltd.
- 2011-present Director / Tipnatees.p.p. Co., Ltd.

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2018

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

Shareholdings (%) : 3.33 (No change in 2018)

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

Mr. Phinij Harnphanich

Director

Age (year) 63



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

- 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

Current Position in other Listed Companies

- 2018-present Audit Committee / Chewathai PCL.

Directors's Meeting Participation in 2018

- Board of Directors : 5 from 5

Shareholdings (%) : No

Relationship : Assoc.Prof.Dr.Chalerm Harnphanich, M.D.'s brother

Mrs. Saifon Chaimongkol

Director

Central Purchasing Director

Age (year) 47



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

- 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's Meeting Participation in 2018

- Board of Directors : 5 from 5

Shareholdings (%) : No

Relationship : No

Board of Directors

Bangkok Chain Hospital Public Company Limited

Mr. Virach Aphimeteetamrong, Ph.D.

**Independent Director
Chairman of the Audit Committee**

Age (year) 75



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

- 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's Meeting Participation in 2018

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

Shareholdings (%) : No

Relationship : No

Mr. Siripong Sombutsiri

**Independent Director
Audit Committee**

Age (year) 64



Education

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

Training

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

Work Experiences

- 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's Meeting Participation in 2018

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

Shareholdings (%) : No

Relationship : No

Professor Piphob Veraphong

Independent Director
Audit Committee

Age (year) 57



Education

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

Training

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

Work Experiences

- 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's Meeting Participation in 2018

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

Shareholdings (%) : No

Relationship : No

Mr.Thawat Suntrajarn, M.D.

Independent Director

Age (year) 71



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

- 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's Meeting Participation in 2018

- Board of Directors : 4 from 5

Shareholdings (%) : No

Relationship : No

Board of Directors

Bangkok Chain Hospital Public Company Limited

Ms.Pornsuda Harnphanich

Chief Finance Officer
Vice President of Central
Purchasing Department

Age (year) 29



Education

- Master degree of Healthcare and Wellness Management, College of Management, Mahidol University
- Master degree of Science (Finance), University College Dublin, Singapore
- Bachelor of Business Administration in Finance, Thammasat University

Training

- IR Professional Certificate Program, Federation of Accounting Professions
- Director Accreditation Program, Thai Institute of Directors Association (IOD)
- Budget Preparation and Management Thammasat Consulting Networking and Coaching Center
- Oxford Programme on Negotiation in Bangkok Said Business School, University of Oxford

Work Experiences

- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2016-present Director / Sothonvejchakit Co., Ltd.
- 2015-present Director / Coffee and Latte House Co., Ltd.
- 2014-present Director of Accounting and Finance / Rattanaibeth General Hospital Co., Ltd.
- 2014-present Director / Rattanaibeth General Hospital Co., Ltd.
- 2013-present Director / Navanakorn Medical Co., Ltd.
- 2013-present Director / Ayutthaya Medicare Co., Ltd.
- 2013-present Director / Balleto Foods Co., Ltd.
- 2011-present Director / Tipnatees.p.p. Co., Ltd.

Current Position in other Listed Companies : No

Shareholdings (%) : 3.3 (No change in 2018)

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

Mr.Voravee Kiatinijomsak

Company Secretary
Accounting Director

Age (year) 39



Education

- Master Degree in Business Administration in Finance, Thammasat University
- Bachelor of Business Administration in Accounting, Assumption University
- Certified Public Accountant

Training

- Advanced Course for Company Secretary 1/2016, Thai Company Secretary Club, Thai Listed Companies Association partnership with Stock Exchange of Thailand and The Securities and Exchange Commission, Thailand

Work Experiences

- 2016-present Director / Sriburin Medical Co., Ltd.
- 2016-present Director / Navanakorn Medicare Co., Ltd.
- 2016-present Director / Ayutthaya Medicare Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2016-present Director / Chiangrai Imaging Center Co., Ltd.
- 2006-2015 Audit Manager / EY Office Limited

Current Position in other Listed Companies : No

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 with high specialized medical services. WMC provides services to referral patients from hospitals 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

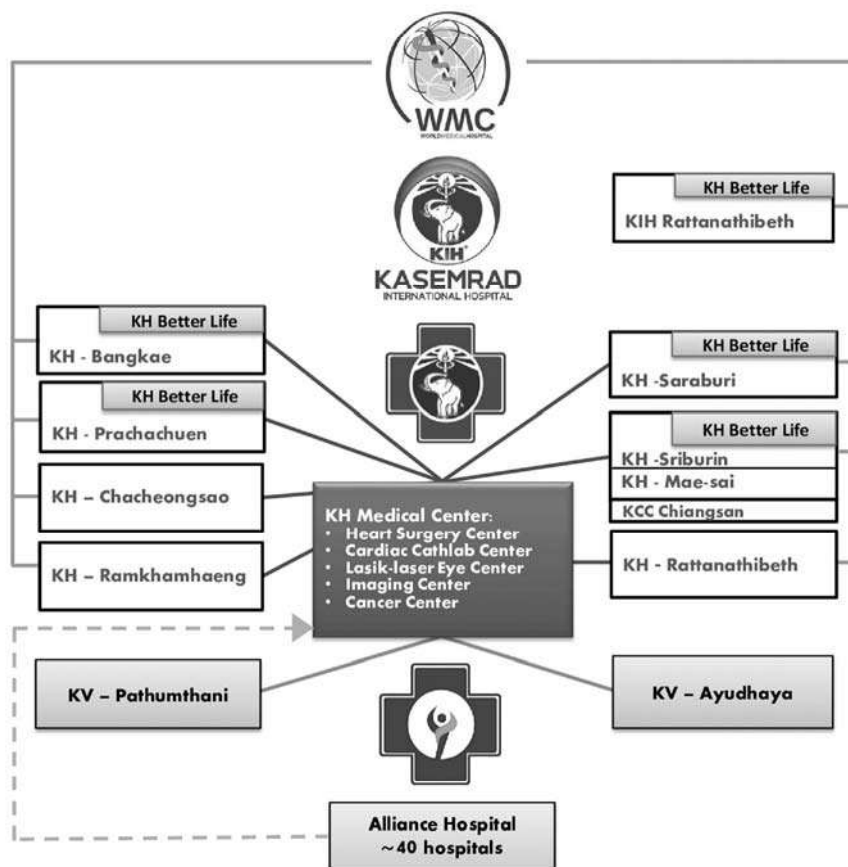
referral patients from Kasemrad Hospital, Karunvej Hospitals and other alliance Hospitals as follows:

- 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 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



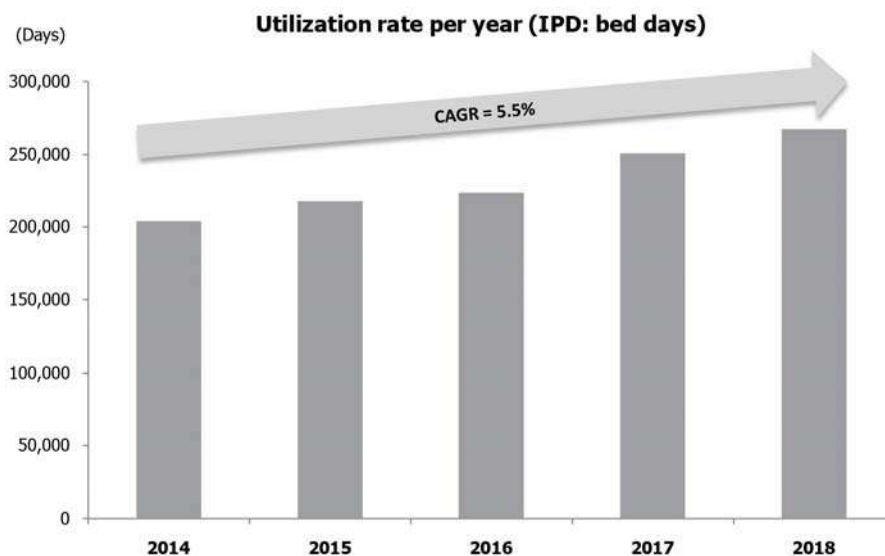
Service Capacity

Number of Examination Rooms and Beds for patients

The twelve chained hospital branches and one polyclinic have available examination rooms and beds to serve both In-patients (“IPD”) and Out-patient (“OPD”) as follows:

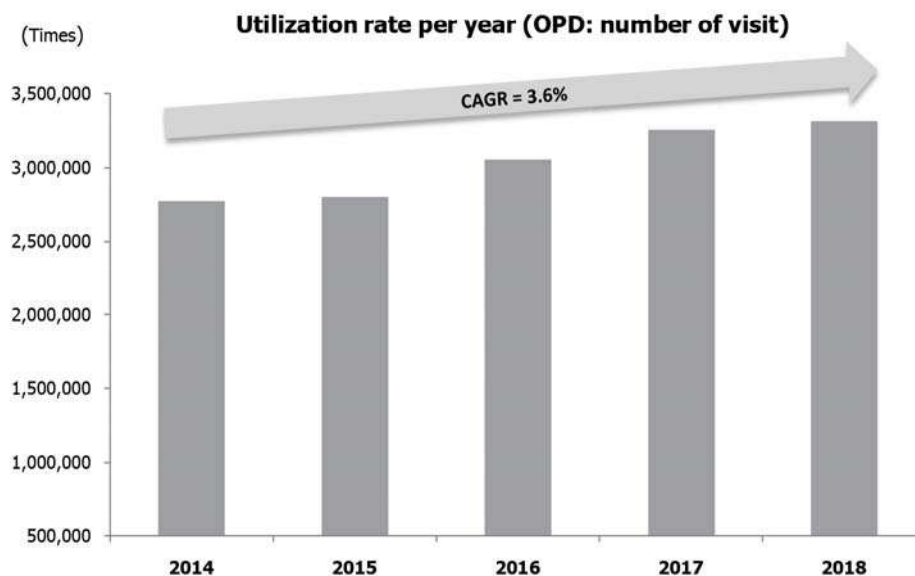
Hospitals	Hospital Accreditation Level	Out-Patients	In-Patients
		Number of Examination Room	Number of Licensed Beds
World Medical Hospital	JCI, DNV GL	84	150
Kasemrad International Hospital Rattanaibeth	HA III	41	400
Kasemrad Hospital Bangkok	HA III	60	311
Kasemrad Hospital Sriburin	HA III	40	120
Kasemrad Hospital Mae-sai		14	30
- Kasemrad Sriburin Clinic Chiangsan branch		13	-
Kasemrad Hospital Saraburi	HA III	16	200
Kasemrad Hospital Prachachuen	HA III	55	371
Kasemrad Hospital Chachoengsao	HA II	32	100
Kasemrad Hospital Rattanaibeth	HA II	18	119
Kasemrad Hospital Ramkhamhaeng	-	39	139
Karunvej Hospital Pathum Thani	HA III	22	200
Karunvej Hospital Ayudhaya	HA II	6	105
รวม		440	2,245

In-patients Service



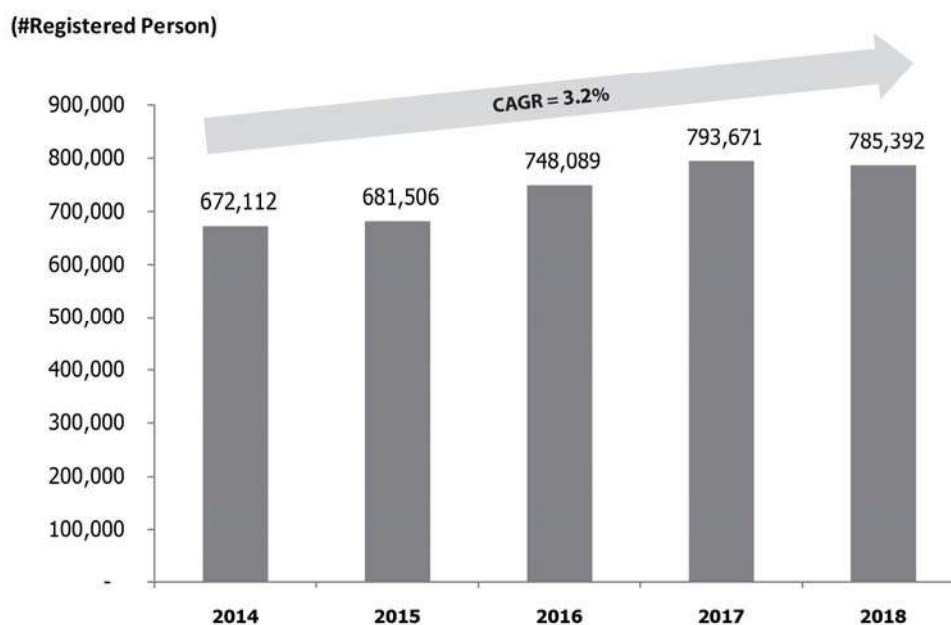
In the past five years, the utilization rate of IPD cash patients and social security patients grew on average of 5.5 percent per annum as a result of launching the new hospital; Kasemrad Hospital Ramkhamhaeng, 139 beds and the upgrad of the Kasemrad Sriburin Clinic Mae-sai branch to 30 beds hospital in order to support the in-patient flow effectively.

Out-patients Service



In the past five years, the utilization rate of OPD general patients and social security patients grew on average about 3.6 percent per annum. The increase in number of the OPD patients in 2018 was affected by the renovation of the hospitals and the additional specialized centers for instance, Gastroenterology and Liver Center, Hemodialysis Center and Cath-Lab Center including the partnership with private insurance and corporate contract.

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 3.2 percent per annum. The decrease in number of registered persons under the social security scheme in 2018 affected by the transition of registered persons from Kasemrad International Hospital Ratttanatibeth to Kasemrad Hospital Ratttanatibeth and the decrease of an extra quota during the same year also impact the hospital within the groups to be able to receive less registered persons.

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 twelve hospital branches and one polyclinic 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. The centers of excellences providing tertiary care services for referral patients are as follows:

- Heart Center and Cardiac Cath Lab: Kasemrad Hospital Prachachuen, Kasemrad Hospital Bangkoe, Kasemrad Hospital Sriburin, World Medical Hospital and Kasemrad International Hospital Rattanaibeth are qualified to provide diagnosis and one-stop service treatment for heart problems both Cardiac Cath Lab and Opened Heart Surgery.
- 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 Rattanaibeth, Kasemrad Hospital Sriburin, Kasemrad Hospital Chachoengsao, World Medical Hospital and Kasemrad Hospital Ramkamhaeng provide diagnosis service with the advanced technology equipment e.g. Computed Tomography Scan (CT Scan) and Magnetic Resonance Imaging (MRI).
- Cancer Center: Kasemrad International Hospital Rattanaibeth, and World Medical Hospital are qualified for cancer diagnosis and chemotherapy.

Our hospitals group with Centers of Excellence 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

The Company offer medical services to both general 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 Social Security schemes, it is compulsory by laws and regulations that Social Security Office is 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 the top management. Moreover, the Company has knowledge sharing policies to exchange administrative experiences among the hospitals. In addition, the top management has several important roles in a national healthcare administrative level and is currently an advisor 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. Self-Pay 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. Governmental 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 eight Kasemrad Hospitals and two 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 Hospital Sriburin and World Medical Hospital have Imaging Center (MRI) to serve the referral patients from allied hospitals under Social Security Scheme.

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 to effectively manage their costs and resource for an increasing competitiveness in domestic market and incoming patients from overseas.

Limitations of Business Operation for Private Hospitals

- Numbers of expertise in medical profession, who are widely recognized, are insufficient to serve the increasing public demands. Each private hospital is competing on the healthcare professional remuneration which makes the costs of human resource to be even higher. Thus, human cost management is considered to be one of the key considerations for private hospital's operation nowadays.
- Business operations for private hospitals require high capital investment especially the investment in medical equipment and working capital for medicines, medical supplies and consumables. Financial planning is therefore crucial for the hospitals to run its operations.
- Consumer behavior at a critical stage is receptive to experiences of an individual physician and their expertise. Newly established hospitals shall take longer time to establish their reputation and quality of service.
- Laws under National Public Health system change rapidly 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 2018, the Company has revenue from Social Security Scheme approximately 33 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 hospitals, 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 2018, the Company will expand catchment area to serve new cash patients.

3. Risk from Shortage of Medical Staffs

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

Major Shareholders

Ten major shareholders as at 27 August 2018*

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	140,465,400	5.62
4	THAI NVDR CO., LTD.	132,806,532	5.33
7	Ms.Pornluck Harnphanich	83,000,000	3.33
8	Ms.Pornsuda Harnphanich	83,000,000	3.33
6	Mr.Kantaporn Harnphanich	83,000,000	3.33
5	THE BANK OF NEW YORK MELLON	66,040,200	2.65
9	Mr.Pracha Dumrongsuttipong	48,810,000	1.96
10	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	43,928,925	1.76
	Total	1,678,251,057	67.31

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.Dr.Chalerm Harnphanich, M.D.	Chairman of the Board of Director
(2)	Asst.Prof.Dr.Somporn Harnphanich, M.D.	Director
(3)	Ms.Pornluck Harnphanich, M.D.	Director
(4)	Mr.Kantaporn Harnphanich	Director
(5)	Mr.Phinij Harnphanich	Director
(6)	Mrs.Saifon Chaimongkol	Director
(7)	Mr.Virach Aphimeteetamrong, Ph.D.	Independent Director
(8)	Mr.Siripong Sombutsiri	Independent Director
(9)	Professor Piphob Veraphong	Independent Director
(10)	Mr.Thawat Suntrajarn, M.D.	Independent 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, M.D. or Asst.Prof.Dr.Somporn Harnphanich, M.D. or Ms.Pornluck Harnphanich, M.D. 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 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.Dr.Chalerm Harnphanich, M.D. | Chairman of the Executive Board |
| (2) | Asst.Prof.Dr.Somporn Harnphanich, M.D. | Executive Director |
| (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.

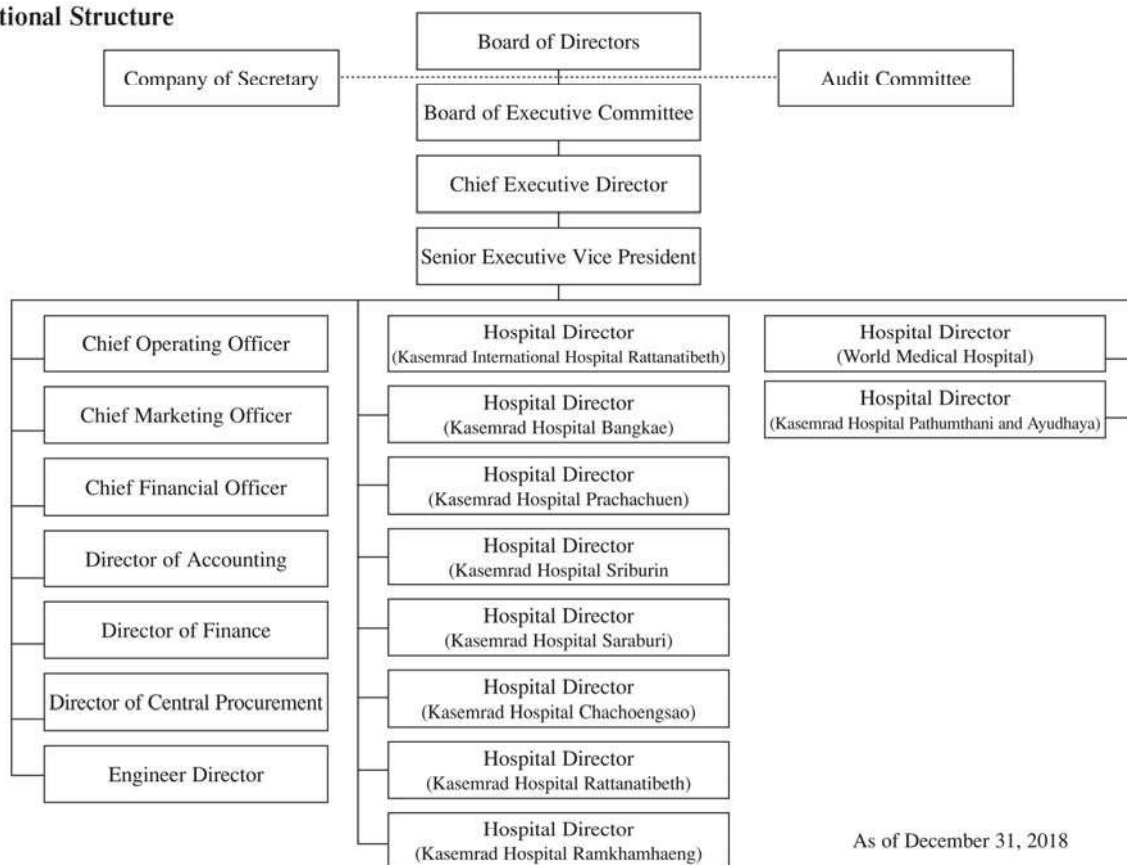
The authority of the Executive Committee shall not include any approval of the issue that may invoke a conflict, or any issue that the Executive Committee or the person pertaining to the Executive Committee has been involved in with any means to have taken parts for the benefits, or invoke any other 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 2018)

Name	Position
Assoc.Prof.Dr.Chalerm Harnphanich, M.D.	Chief Executive Officer
Asst.Prof.Dr.Somporn Harnphanich, M.D.	Deputy CEO
Ms.Pornluck Harnphanich, M.D.	Chief Operating Officer
Mr.Kantaporn Harnphanich	Chief Marketing Officer
Ms.Pornsuda Harnphanich	Chief Financial Officer
Mr.Surapant Taweewiyakarn, 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.Thawatchai Vanichkorn, M.D.	Hospital Director (Kasemrad Hospital Chachoengsao)
Mr.Nuntasak Charungpornsaewatt, M.D.	Hospital Director (Kasemrad Hospital Rattanaibeth)
Prof.Adisorn Patradul, M.D.	Hospital Director (World Medical Hospital)
Mr.Dhiti Pattanakamjorn, M.D.	Hospital Director (Kasemrad Hospital Ramkhamhaeng)
Mr.Yingkiat Paisalachapong, M.D.	Hospital Director (Karunvej Hospital Phatum 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 2018 Annual General Meeting of Shareholders held on 23 April 2018 approved the remuneration of year 2018 for directors as follows:

Position	Remuneration (Baht/month)	Pension (Baht/year)	Others
Chairman of the Audit Committee	55,000.00	550,000.00	-
Audit Committee	50,000.00	500,000.00	-
Director	45,000.00	450,000.00	-

Directors' remunerations for the year ended on 31 December 2018 are as follows:

Unit: Baht

No.	Name	Position	Remuneration	Pension	Total
1	Assoc.Prof.Dr.Chalerm Harnphanich, M.D.	Chairman of the Board of Directors	540,000	450,000	990,000
2	Asst.Prof.Dr.Somporn Harnphanich, M.D.	Director	540,000	450,000	990,000
3	Ms.Pornluck Harnphanich, M.D.	Director	540,000	450,000	990,000
4	Mr.Kantaporn Harnphanich	Director	540,000	450,000	990,000
5	Mr.Phinij Harnphanich	Director	540,000	375,000	915,000
6	Mrs.Saifon Chaimongkol	Director	540,000	450,000	990,000
7	Mr.Paiboon Nakosiri	Director	-	75,000	75,000
8	Mr.Thawat Suntrajarn, M.D.	Independent Director	540,000	450,000	990,000
9	Mr.Virach Aphimeteetamrong, Ph.D.	Independent Director and Chairman of Audit Committee	660,000	550,000	1,210,000
10	Mr.Siripong Sombutsiri	Independent Director and Audit Committee	600,000	500,000	1,100,000
11	Professor Piphob Veraphong	Independent Director and Audit Committee	600,000	500,000	1,100,000
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 2018 (i.e. salary and bonus) totaling Baht 201.2 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 2018

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

Auditor's Remuneration

Unit: Baht

No.	Company Name	Audit	Audit Fee (Baht)
1	Bangkok Chain Hospital PCL.	KPMG Phoomchai Audit Limited	2,575,000
2	Other eight subsidiaries	KPMG Phoomchai Audit Limited and KPMG International	2,806,000
Total			5,381,000

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 2018, the the Annual General Shareholders Meeting of the Company was held on 23 April 2018 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 23 March 2018, 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 26 March 2018 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 18 December 2018, 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 2019 by receiving the information until 9 February 2019.
- 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 18 December 2018 - 9 February 2019 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.

The company has implemented the anti-corruption practice approved by the company's Board of Director. 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.

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.

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 2018, the Company set up 4 of Analyst's meeting and 30 of Company visit by gave out relevance information of the Company and 6 Roadshows in Thailand and 1 Roadshow in 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

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 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 2018 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 2018, 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 2018, 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 2018, 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 28 February 2019, 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 2018, 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 Director's 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.Dr.Chalerm Harnphanich, M.D)

Chairman of the Board of Directors

Management Discussion and Analysis

The Company and its subsidiaries which the Company holds more than 50 percent of the voting right (collectively called the “Company”) operate private hospitals located in Bangkok, Bangkok vicinity, Ayudhaya Province, Saraburi Province, Chachoengsao Province, and Chiangrai Province. Currently, there are twelve hospital branches and one polyclinic opened under four brands; World Medical Hospital, Kasemrad International Hospital, Kasemrad Hospital and Karunvej Hospital.

Operating Performance

The Company reported profit attributable to owners of the Company for the year 2018 in the amount of Baht 1,089.5 million (2017: Baht 917.1 million) which increased by Baht 172.4 million or 18.8 percent. The profit before finance costs, share of profit of investment in associate and income tax were Baht 1,656.5 million (2017: Baht 1,524.8 million) which increased by Baht 131.7 million or 8.6 percent the main reasons were:

In 2018, the Company reported revenue totaling Baht 8,182.7 million which increased from 2017 by Baht 821.6 million or 11.2 percent from 2017 due to the increase in revenue from general patients in the amount of Baht 870.4 million or 19.3 percent, the increase in revenue from social security patients in the amount of Baht 1.6 million or 0.1 percent, the decrease in revenue from universal coverage in the amount of Baht 53.3 million or 100 percent and the increase in other income in the amount of Baht 2.9 million or 2.7 percent.

Revenues Structure by Patient Types

Unit : Baht

Revenue Structure	2018		2017		2016	
General Patient Revenue	5,388,020,484	66%	4,517,627,614	62%	4,140,189,254	63%
Social Security Patient Revenue	2,685,243,246	33%	2,683,647,737	36%	2,304,611,183	35%
Universal Coverage Revenue	-	0%	53,248,876	1%	66,535,088	1%
Other Revenue	109,472,625	1%	106,623,954	1%	98,340,495	1%
Total Revenues	8,182,736,355	100%	7,361,148,181	100%	6,609,676,020	100%

In 2018, the Company reported total expenses in the amount of Baht 6,652.0 million (2017: Baht 5,972.5 million) which increased from 2017 by Baht 679.6 million or 11.4 percent due to the increase in cost of hospital operations in the amount of Baht 517.5 million or 10.6 percent, distribution cost and administrative expenses increased in the amount of Baht 172.3 million or 18.0 percent. The financial costs decreased in the amount of Baht 10.3 million or 7.5 percent which decreased in line with the interest bearing debts of the Company. In addition, the aforementioned cost and expenses were increased in line with the revenue from hospital operations.

Income tax for the year 2018 was Baht 285.0 million which increased from the year 2017 by Baht 14.1 million or 5.2 percent which increased in line with profit before income tax.

Financial Status

Assets

As at 31 December 2018, the Company reported total assets of Baht 12,627.5 million which decreased by Baht 46.6 million or 0.4 percent from 2017 as a result of net decrease in short term investment in the amount of Baht 1,480.7 million as a result of the company's financial cost management by issuing a new debenture in December 2017 to replace the debenture that fall to due in January 2018. The proceed from issuance of the new debentures was managed by a short-term investment in money market in order to reduce the effect of negative carry.

Assets quality

Aging analysis for trade accounts receivable were as follows:

Unit: thousand Baht

	2018	2017
Within credit terms	312,148	229,570
Overdue:		
Less than 3 months	396,183	193,409
3-6 months	100,061	20,691
6-12 months	27,382	6,225
Over 12 months	25,742	24,909
Total	861,516	474,804
<i>Less</i> allowance for doubtful accounts	(37,664)	(29,900)
Net	823,852	444,904

The normal credit term granted by the Group is 30-90 days.

Aging analysis for accrued income were as follows:

Unit: thousand Baht

	2017	2016
Less than 3 months	471,962	400,930
3-6 months	98,079	136,625
6-12 months	90,213	10,258
Over 12 months	71,002	123,829
Total	731,256	671,642
<i>Less</i> allowance for doubtful accounts	(43,802)	(62,953)
Net	687,454	608,689

In 2018, the Company booked the allowance for doubtful debt and accrued income in the amount of Baht 65.1 million followed the Company accounting policy by considering from ability of debts repayment of each group of debtors. On average, the Company usually allows credit term about 30-90 days for insurance customers. In 2018, the Company had an averaged collection period of about 58 days from insurance companies, social security office, and private companies which are the majority of the Company's debtors.

As at 31 December 2018, the Group had accrued income overdue more than 12 months, mainly from the reimbursement of services provided in 2017 to in-patient with high cost care from the Social Security Office. The Company partially received the paid service fee from the Social Security Office in accordance to the remaining budget for the year 2017. For the remaining, the Social Security Office has been investigating for the accuracy of the reimbursement information submitted by every hospital in the scheme. The Company has been following up the collectability of the remainings.

In addition, the Management has considered a partial booking of the allowance for doubtful accounts based on the current situations. However, the Management expects the actual receipt of the remaining balance shall not substantially differ from the estimate.

Liquidity

The Company's cash flows for the year 2018, 2017 and 2016:

Unit: Baht

Cash Flow Activities	2018	2017	2016
Cash flows from operating activities	1,617,914,753	1,813,710,370	1,700,909,386
Cash flows from (used in) investing activities	241,219,915	(2,483,131,687)	(729,451,074)
Cash flows from (used in) financing activities	(1,698,961,553)	642,387,094	(1,134,184,267)
Net increase (decrease) in cash	160,173,115	(27,034,223)	(162,725,955)

As at 31 December 2018, the Company reported cash and cash equivalents of Baht 645.7 million or Baht 160.2 million increased from 31 December 2017 due to the following activities:

Cash flows from operating activities of Baht 1,617.9 million were generated by net profit in the amount of Baht 1,248.2 million, depreciation and amortization in the amount of Baht 576.0 million, changes in assets and net working capital. i.e. increased in accounts receivable of Baht (522.8) million, increase in accounts payable of Baht 44.1 million, and increased in bad debt and doubtful debts expense baht 65.1 million.

Cash flows from investing activities in total of Baht 241.2 million were mainly from net sales in short term investment in the amount of Baht 1,481.2 million. Constructions of Kasemrad Hospital Ramkhamhaeng, Kasemrad International Hospital Vientiane, and Kasemrad Hospital Sa kaeo including purchase of medical equipment and device, and computer software totaling Baht 1,231.9 million.

Cash flows from financing activities in total of Baht (1,699.0) million were mainly from dividend payment of Baht (573.6) million, dividend payment for non-controlling interests of Baht (184.2) million, interest expenses (143.13) million, repayment of short term debt and debentures net amount of Baht 806.0 million.

Capital Structure

The shareholders' equity as at 31 December 2018 and 2017 were Baht 5,701.4 million and 5,194.7 million respectively as a result of increase in retained earnings. As at 31 December 2018, the Company reported return on Equity (ROE) at 20.0 percent (2017: 18.4 percent), debt to equity ratio at 1.1 times (2017: 1.3 times) and interest coverage ratio at 13.2 times (2017: 11.2 times).

Business Trend

The Company has been operating its business under the vision to become one of the leaders in healthcare services in Thailand and ASEAN. In 2018, the Company had been striving to develop service quality and standard in order to build up customers' confidence. In addition, the Company had also been pursuing the expansion plan in order to extend service coverage and create regional patient referral network. According to the action plan, the Company sets to achieve the annual revenue's growth at the rate 12-15 percent with the appropriate improved profitability margin. The Company strives to operate the business following the below strategic plan:

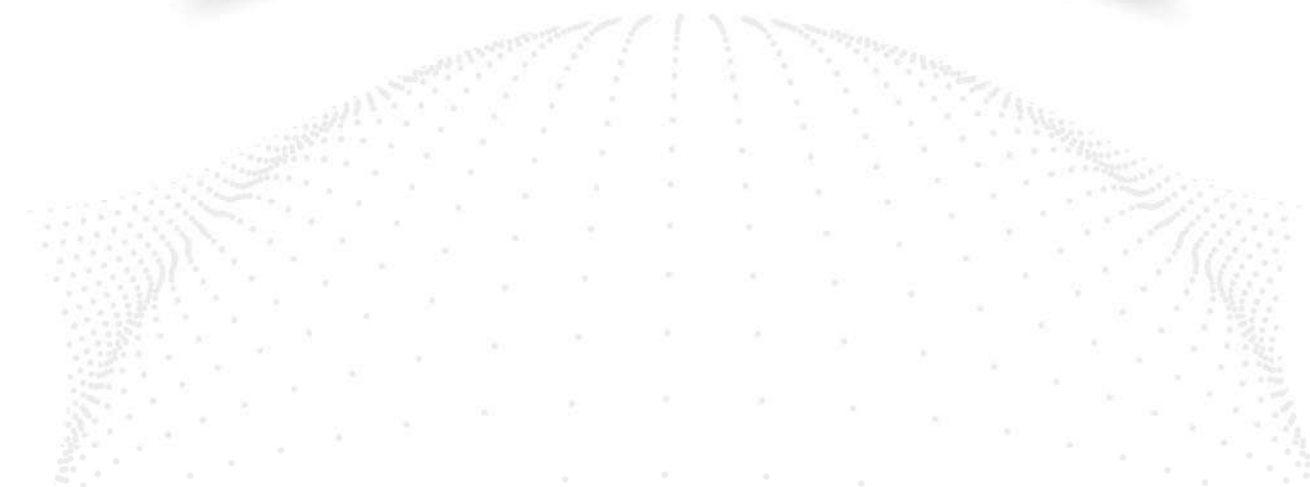
Business Aspiration	To be one of the leaders in healthcare service industry in Thailand and ASEAN.			
3 Years Business Goals	<ul style="list-style-type: none"> • Target revenue growth at 12-15% p.a. with and appropriate improved profitability margin. • to open at least four more hospitals in Thailand and/or overseas. • to achieve one million insured persons under Social Security that registered with BCH. • to upgrade the existing hospitals to be the tertiary referral hospitals. • to achieve the best practice in corporate governance and sustainability. 			
Strategic Actions	<u>External Expansion</u> <ul style="list-style-type: none"> • Internationalization • Geographical expansion (Greenfield / M&A) • Increase patients' referral network • Penetrate through new market segmentation • Patient mixed diversification 		<u>Internal Development</u> <ul style="list-style-type: none"> • Increase variety of products & services • Internal process improvement • Improve service standard • Upgrade hospital accreditation level • Improve CG practice 	
Strategic Capabilities	Industry insight	Well established brand	Medical Workforce	Hospital referral network
Fundamental Capabilities	Product and Process		Human Resource	
	Central Procurement Units		Safety & Quality Management	

In order to comply with the Company's vision, goal and future plan, the Company and its subsidiaries insists to improve strategic and fundamental capability in order to achieve the business goals accordingly.



Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Financial statements for the year ended 31 December 2018
and Independent Auditor's Report





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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 2018, 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 2018 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 such 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	
<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. • Perfrom 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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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.

(Nawarat Nitikeatipong)

Certified Public Accountant

Registration No. 7789

KPMG Phoomchai Audit Ltd.

Bangkok

28 February 2019

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	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	6	645,704,164	485,531,049	277,971,243	242,013,944
Current investments	7	99,525,658	1,580,271,765	648,309	1,282,101,355
Trade accounts receivable	5, 8	1,511,305,811	1,053,593,339	1,039,318,458	523,792,118
Other receivables	5	52,405,053	37,235,370	37,962,859	31,462,052
Short-term loans to related parties	5	-	-	222,670,228	160,670,228
Inventories	9	238,027,552	204,382,912	140,467,658	106,265,024
Other current assets		1,741,381	2,798,444	1,241,649	941,367
Total current assets		2,548,709,619	3,363,812,879	1,720,280,404	2,347,246,088
Non-current assets					
Restricted deposits	10	758,904	758,574	-	-
Investment in associate	11	7,958,780	6,922,499	-	-
Investments in subsidiaries	12	-	-	2,556,519,048	2,450,043,739
Other long-term investments	7	30,328,173	42,548,089	-	-
Long-term loan to related party	5	-	-	4,700,000	4,600,000
Investment properties	14	970,930,746	973,282,062	970,930,746	973,282,062
Property, plant and equipment	15	8,526,318,272	7,744,470,786	5,363,067,004	4,779,931,777
Goodwill	16	329,376,024	329,376,024	-	-
Intangible assets	17	138,589,235	142,466,253	83,321,418	83,729,645
Deferred tax assets	18	41,179,868	27,773,189	12,541,729	4,279,819
Other non-current assets		33,347,272	42,689,535	20,586,355	23,272,422
Total non-current assets		10,078,787,274	9,310,287,011	9,011,666,300	8,319,139,464
Total assets		12,627,496,893	12,674,099,890	10,731,946,704	10,666,385,552

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	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Current liabilities					
Short-term loans from financial institutions	19	344,000,000	150,000,000	184,000,000	-
Trade accounts payable	5, 20	502,292,667	458,210,821	345,032,269	256,249,864
Payables for construction and equipments		195,513,014	97,393,101	117,129,277	59,728,503
Other payables	5	94,247,652	11,779,949	72,173,188	8,167,718
Short-term loan from related party	5, 19	-	-	30,000,000	-
Current portion of debenture	19	-	1,000,000,000	-	1,000,000,000
Current portion of finance lease liabilities	19	2,294,276	-	508,787	-
Current tax payable		122,784,785	125,795,580	74,255,210	31,220,685
Accrued expenses	5	396,710,504	374,980,671	223,951,585	204,203,449
Deferred income		34,996,514	18,850,038	26,482,928	7,659,571
Other current liabilities		47,535,776	39,095,567	38,404,125	21,979,976
Total current liabilities		1,740,375,188	2,276,105,727	1,111,937,369	1,589,209,766
Non-current liabilities					
Long-term loans from financial institutions	19	1,847,550,246	1,846,827,219	1,847,550,246	1,846,827,219
Debentures	19	2,498,366,253	2,497,647,221	2,498,366,253	2,497,647,221
Finance lease liabilities	19	7,639,191	-	1,729,577	-
Provisions for employee benefits	21	123,038,875	117,329,264	58,465,278	54,077,892
Deferred tax liabilities	18	3,695,332	-	-	-
Other non-current liabilities		9,044,549	24,430,038	7,402,877	8,402,949
Total non-current liabilities		4,489,334,446	4,486,233,742	4,413,514,231	4,406,955,281
Total liabilities		6,229,709,634	6,762,339,469	5,525,451,600	5,996,165,047

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2018	2017	2018	2017
		(in Baht)			
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		2,351,609,717	1,837,408,070	1,818,732,308	1,282,457,709
Other components of equity		(37,937,874)	(30,518,029)	-	-
Equity attributable to the Company		5,701,434,639	5,194,652,837	5,206,495,104	4,670,220,505
Non-controlling interests	13	696,352,620	717,107,584	-	-
Total equity		6,397,787,259	5,911,760,421	5,206,495,104	4,670,220,505
Total liabilities and equity		12,627,496,893	12,674,099,890	10,731,946,704	10,666,385,552

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		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Revenue	5				
Revenue from hospital operations		8,073,263,730	7,254,524,227	4,615,451,791	3,533,198,567
Rental income		57,692,823	48,447,626	42,513,181	33,402,121
Interest income		5,792,200	7,730,594	6,960,055	6,763,013
Dividend income	12	-	-	524,965,040	459,549,863
Other income		45,987,602	50,445,734	86,433,662	82,982,907
Total revenue		8,182,736,355	7,361,148,181	5,276,323,729	4,115,896,471
Expenses	5				
Cost of hospital operations	26	5,394,291,947	4,876,743,752	3,191,434,676	2,559,642,946
Distribution costs	26	208,243,137	119,929,251	160,175,619	72,413,461
Administrative expenses	26	923,682,061	839,715,146	548,985,592	514,113,836
Finance costs	27	125,819,627	136,084,515	122,858,544	134,454,012
Total expenses		6,652,036,772	5,972,472,664	4,023,454,431	3,280,624,255
Share of profit of investment in associate	11	2,536,281	893,756	-	-
Profit before income tax expense		1,533,235,864	1,389,569,273	1,252,869,298	835,272,216
Tax expense	28	(285,034,344)	(270,981,932)	(143,036,596)	(77,513,500)
Profit for the year		1,248,201,520	1,118,587,341	1,109,832,702	757,758,716
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		(8,092,542)	(24,460,589)	-	-
Gain (loss) on remeasuring available-for-sale investments	7	(6,960,058)	4,200,339	-	-
Net change in fair value of available-for-sale investments transferred to profit or loss		1,234,954	-	-	-
Income tax relating to items that will be reclassified	28	1,150,368	(840,068)	-	-
Total items that will be reclassified subsequently to profit or loss		(12,667,278)	(21,100,318)	-	-
Items that will not be reclassified to profit or loss					
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		(12,667,278)	(38,355,297)	-	(7,588,811)
Total comprehensive income for the year		1,235,534,242	1,080,232,044	1,109,832,702	750,169,905

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	
	Year ended 31 December		Year ended 31 December	
Note	2018	2017	2018	2017
	<i>(in Baht)</i>			
Profit attributable to:				
Owners of the Company	1,089,465,046	917,057,469	1,109,832,702	757,758,716
Non-controlling interests	13 158,736,474	201,529,872	-	-
Profit for the year	1,248,201,520	1,118,587,341	1,109,832,702	757,758,716
Total comprehensive income attributable to:				
Owners of the Company	1,082,045,201	885,133,534	1,109,832,702	750,169,905
Non-controlling interests	153,489,041	195,098,510	-	-
Total comprehensive income for the year	1,235,534,242	1,080,232,044	1,109,832,702	750,169,905
Basic earnings per share	30 0.44	0.37	0.45	0.30

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

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

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Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of changes in equity

	Separate financial statements				
	Retained earnings				Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in Baht)	Unappropriated	
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	-	-	-	(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 changes in equity

	Note	Separate financial statements			
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings	Total equity
			Legal reserve (in Baht)	Unappropriated	
Year ended 31 December 2018					
Balance at 1 January 2018		2,493,747,984	644,640,000	249,374,812	1,282,457,709
					4,670,220,505
Transaction with owners, recorded directly in equity					
<i>Distribution to owners of the Company</i>					
Dividends to owners of the Company	31	-	-	(573,558,103)	(573,558,103)
<i>Total distribution to owners of the Company</i>		-	-	(573,558,103)	(573,558,103)
Total transaction with owners, recorded directly in equity		-	-	(573,558,103)	(573,558,103)
Comprehensive income for the year					
Profit for the year		-	-	1,109,832,702	1,109,832,702
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	1,109,832,702	1,109,832,702
Balance at 31 December 2018		2,493,747,984	644,640,000	249,374,812	1,818,732,308
					5,206,495,104

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	2018	2017	2018	2017
		(in Baht)			
Cash flows from operating activities					
Profit for the year		1,248,201,520	1,118,587,341	1,109,832,702	757,758,716
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Tax expense	28	285,034,344	270,981,932	143,036,596	77,513,500
Finance costs	27	125,819,627	136,084,515	122,858,544	134,454,012
Depreciation and amortisation		575,966,355	537,963,850	323,912,690	318,741,171
Gains on fair value adjustment		(498,721)	(1,782,122)	-	(1,466,840)
Share of profit of associate	11	(2,536,281)	(893,756)	-	-
Bad and doubtful debts expense	8	65,124,822	43,887,606	27,378,055	17,399,951
Loss on disposal of other long-term investment		1,261,563	-	-	-
Losses on inventories devaluation		3,671,357	1,131,175	998,596	192,913
Loss on disposal of equipment		2,135,623	3,566,261	1,651,857	408,185
Dividend income	12	-	-	(524,965,040)	(459,549,863)
Interest income		(5,792,200)	(7,730,594)	(6,960,055)	(6,763,013)
		2,298,388,009	2,101,796,208	1,197,743,945	838,688,732
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(522,837,294)	(100,974,239)	(542,904,395)	(17,285,799)
Other receivables		(15,137,020)	7,484,700	(6,210,180)	538,468
Inventories		(37,315,997)	(10,470,257)	(35,201,230)	(4,161,889)
Other current assets		1,057,063	13,895,219	(300,282)	7,701,507
Other non-current assets		9,342,262	2,862,759	2,686,067	567,541
Trade accounts payable		44,090,889	45,551,401	88,782,405	38,669,030
Other payables		82,467,703	(2,911,208)	64,005,470	(1,090,658)
Accrued expenses		39,475,585	1,273,223	37,755,166	4,149,359
Deferred income		16,146,476	(35,872,063)	18,823,357	(38,703,664)
Other current liabilities		8,458,555	(5,325,587)	16,424,149	(10,994,681)
Provisions for employee benefit		5,709,611	(3,912,436)	4,387,386	(6,259,093)
Other non-current liabilities		(15,324,971)	11,100,404	(1,000,072)	3,533,392
Net cash generated from operating		1,914,520,871	2,024,498,124	844,991,786	815,352,245
Income tax paid		(296,606,118)	(210,787,754)	(108,263,981)	(44,043,935)
Net cash from operating activities		1,617,914,753	1,813,710,370	736,727,805	771,308,310

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 financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Proceeds from acquisition of new subsidiary		-	32,181,465	-	-
Increase in restricted deposits		(330)	(4,732)	-	-
Purchase of investments in subsidiaries	12	-	-	(106,475,309)	(617,195,605)
Proceeds from sale of current investments		1,816,875,206	254,471,295	1,346,453,423	-
Acquisition of current investments		(335,630,377)	(1,665,171,127)	(65,000,377)	(1,280,006,264)
Proceeds from sale of other investments		5,233,249	-	-	-
Proceeds from sale of equipment		6,540,662	722,379	6,003,568	452,510
Purchases of property, plant and equipment		(1,231,850,047)	(1,089,702,543)	(831,194,451)	(279,961,193)
<i>Cash flows from investing activities (cont)</i>					
Purchases of intangible assets		(27,208,411)	(30,663,717)	(20,030,432)	(10,330,143)
Proceeds from short-term loans to related parties		-	-	-	358,700,000
Paid for short-term loans to related parties		-	-	(62,000,000)	(129,670,228)
Proceeds from long-term loan to related party		-	3,000,000	-	-
Paid for long-term loans to related party		-	-	(100,000)	-
Dividends received		1,500,000	1,000,000	524,965,040	459,549,863
Interest received		5,759,963	11,035,293	6,669,428	8,787,619
Net cash cash from (used in) investing activities		241,219,915	(2,483,131,687)	799,290,890	(1,489,673,441)

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	2018	2017	2018	2017
	(in Baht)			
Cash flows from investing activities (cont)				
Purchases of intangible assets	(27,208,411)	(30,663,717)	(20,030,432)	(10,330,143)
Proceeds from short-term loans to related parties	-	-	-	358,700,000
Paid for short-term loans to related parties	-	-	(62,000,000)	(129,670,228)
Proceeds from long-term loan to related party	-	3,000,000	-	-
Paid for long-term loans to related party	-	-	(100,000)	-
Dividends received	1,500,000	1,000,000	524,965,040	459,549,863
Interest received	5,759,963	11,035,293	6,669,428	8,787,619
Net cash cash from (used in) investing activities	241,219,915	(2,483,131,687)	799,290,890	(1,489,673,441)
Cash flows from financing activities				
Proceeds from issue of ordinary shares of subsidiary	-	20,500,000	-	-
Proceeds from call for payment of ordinary shares of subsidiary	12,049,843	-	-	-
Net purchase of non-controlling interests	4 (3,839,184)	(18,434,174)	-	-
Increase in short-term loans from financial institutions	194,000,000	70,000,000	184,000,000	-
Proceed from short-term loan from related party	-	-	30,000,000	-
Repayment of short-term loan from related party	-	-	-	(80,000,000)
Proceeds from issue of debenture	-	1,000,000,000	-	1,000,000,000
Repayment of debenture maturity	(1,000,000,000)	(1,500,000,000)	(1,000,000,000)	(1,500,000,000)
Payment by a lessee for reduction of the				
outstanding liability relating to a finance lease	(326,533)	(15,791,984)	(41,636)	(15,791,984)
Proceeds from long-term loans - net	-	1,846,375,000	-	1,846,375,000
Dividends paid to owners of the Company	31 (573,558,103)	(448,871,717)	(573,558,103)	(448,871,717)
Dividends paid to non-controlling interests	(184,159,960)	(161,950,137)	-	-
Finance costs paid	(143,127,616)	(149,439,894)	(140,461,657)	(148,748,770)
Net cash from (used in) financing activities	(1,698,961,553)	642,387,094	(1,500,061,396)	652,962,529
Net increase (decrease) in cash and cash equivalents	160,173,115	(27,034,223)	35,957,299	(65,402,602)
Cash and cash equivalents at 1 January	485,531,049	512,565,272	242,013,944	307,416,546
Cash and cash equivalents at 31 December	6 645,704,164	485,531,049	277,971,243	242,013,944
Non-cash transactions :				
Construction and equipments payaples	195,513,014	97,393,101	117,129,277	59,728,503
Land payable	4 (a) -	71,600,000	-	-
Purchase equipments from finance lease agreement	10,260,000	-	2,280,000	-

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 2018

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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 28 February 2019.

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 15 chained hospitals in Bangkok vicinity, Chiang Rai, Saraburi, Nonthaburi, Pathumthani, Ayudhya, 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 2018	2017
<i>Direct subsidiaries</i>				
Rattanatibeth General Hospital Co., Ltd.	Hospital	Thailand	72.73	72.73
Saraburi Wetchakit Co., Ltd.	Hospital	Thailand	59.92	59.92
Sriburin Medical Co., Ltd.	Hospital	Thailand	93.67	93.67
Navanakorn Medicare Co., Ltd. (Note 4)	Hospital	Thailand	79.44	78.59
SothonVejchakit Co.,Ltd.	Hospital	Thailand	86.29	86.29
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	76.00	71.43
<i>Indirect subsidiary</i>				
Ayudhya Medicare Co., Ltd. (100% holding by Navanakorn Medicare Co., Ltd.)	Property for rent	Thailand	79.44	78.59

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); 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 2018. 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 new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 35.

(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 prepared and 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 carrying amounts of assets and liabilities within the year ending 31 December 2019 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
Note 21	Measurement of defined employee benefit obligations: key actuarial assumptions
Note 33	Recognition and measurement of provisions and contingencies key assumptions about the likelihood and magnitude of an outflow of resources.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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 32 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 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. Any gain on bargain purchase is recognised in profit or loss immediately.

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 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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

When a foreign operation is disposed of in its entirety or partially such that 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.

(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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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.

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 at cost on initial recognition 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
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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 - 40	years
Buildings equipment	5 - 30	years
Hospital equipment and medical instrument	5 - 20	years
Office equipment	5 - 20	years
Computer and system work	3 - 20	years
Vehicles	5 - 20	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

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Notes to the financial statements

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

(j) Impairment

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

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

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.

Revenue from hospital operations

Revenues from hospital operations, mainly consisting of medical fees, hospital room sales, and medicine sales, are recognised as income when services have been rendered or medicine delivered.

Income from services provided to patients under the service contract with Social Security Office is 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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Rental income

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

Dividend income

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

Interest income

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

(p) Finance costs

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

(q) Lease payments

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

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

Determining whether an arrangement contains a lease

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

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

(r) Income tax

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 and acquisition of non-controlling interest- 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.

On 12 April 2018, Bangkok Chain International (Lao) Co., Ltd., a subsidiary, called-up for remaining payment of share capital of LAK 30,630 million. The Company paid-up such share capital of LAK 27,360 million, increasing its ownership from 71.43% to 76%. The carrying amount of Bangkok Chain International (Lao) Co., Ltd.'s net assets acquired in the Group's financial statements on the date of the called-up was amounting to Baht 335.31 million. The Group recognised a increase in non-controlling interests of Baht 13.77 million and a decrease in retained earnings of Baht 1.72 million.

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Notes to the financial statements

The following summarises the effect of changes in the Group's ownership interest in Bangkok Chain International (Lao) Co., Ltd.

	2018 (in thousand Baht)
Group's ownership interest at 1 January	248,089
Effect of increase in Group's ownership interest	15,312
Effect of call for payment of remaining share capital	87,326
Share of comprehensive income	(5,943)
Group's ownership interest at 31 December	344,784

(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 86.29%. 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	665,957

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

During the year 2018, the Group acquired an additional 0.85% interest in Navanakorn Medicare Co., Ltd. for Baht 3.84 million in cash, increasing its ownership from 78.59% to 79.44%. 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 356.36 million. The Group recognised a decrease in non-controlling interests of Baht 3.86 million and a increase in retained earnings of Baht 0.02 million.

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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.

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

	2018	2017
	<i>(in thousand Baht)</i>	
Group's ownership interest at 1 January	334,781	302,250
Effect of increase in Group's ownership interest	3,857	9,082
Effect of dividend paid	(22,343)	-
Share of comprehensive income	36,269	23,449
Group's ownership interest at 31 December	352,564	334,781

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
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.
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
M Medical Care Co., Ltd.	Thailand	Common key management

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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

Transactions	Pricing policy
Revenues from hospital operations	Agreed price
Dividends income	Based on declaration price
Interest income	Interest rate 1.80% - 3.00% per annum (2017: 3.00% - 6.00% per annum)
Rental income	Contractually agreed price
Management service fee	Contractually agreed price
Procurement service fee	Contractually agreed price
Sale assets	Agreed price
Other income	Agreed price
Purchases inventories / services	Agreed price
Purchases assets	Agreed price
Interest expense	1.65 % per annum (2017: 1.62 % per annum)
Doctor fee	Contractually agreed price
Management benefit expenses	At the meeting of the shareholders' approval / contractually agreed price
Other expenses	Agreed price

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	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
Revenues from hospital operations	-	-	62,480	109,645
Dividend income	-	-	524,965	459,550
Interest income	-	-	5,937	5,544
Rental income	-	-	637	1,239
Management service fee	-	-	53,881	57,834
Procurement service fee	-	-	9,532	10,136
Sale assets	-	-	5,709	-
Other income	-	-	1,866	1,349
Purchases inventories / services	-	-	47,943	19,183
Purchases assets	-	-	588	-
Other expenses	-	-	8,133	4,295
Interest expense	-	-	-	220
<i>Associate</i>				
Revenue from hospital operations	38	167	-	-
Dividend income	1,500	1,000	-	-
Interest income	-	34	-	-
Rental income	990	900	-	-
Purchases inventories / services	8,060	6,058	-	-
<i>Other related parties</i>				
Rental income	5,860	6,372	5,598	5,618
Other income	2	48	2	48
Other expense	3,884	3,644	3,726	3,622

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<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Key management personnel				
Doctor fee	28,313	13,868	11,047	5,255
Key management personnel compensation				
Short-term employee benefit	195,170	181,035	127,800	119,705
Post-employment benefits	6,012	4,181	3,071	2,851
Total key management personnel compensation	<u>229,495</u>	<u>199,084</u>	<u>141,918</u>	<u>127,811</u>

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Trade accounts receivable				
Subsidiaries	-	-	27,217	23,624
Associate	6	-	-	-
Total	<u>6</u>	<u>-</u>	<u>27,217</u>	<u>23,624</u>
Other receivables				
Subsidiaries	-	-	10,652	15,781
Associate	83	150	-	-
Other related parties	1,642	1,684	1,380	1,684
Total	<u>1,725</u>	<u>1,834</u>	<u>12,032</u>	<u>17,465</u>

	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans to related parties						
Subsidiaries	1.80 - 3.00	3.00	-	-	222,670	160,670
Long-term loan to related party						
Subsidiary	1.80 - 3.00	3.00	-	-	4,700	4,600

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Interest receivable - loan to related parties				
Subsidiaries	-	-	834	547
Trade accounts payable				
Subsidiaries	-	-	12,768	8,512
Associate	2,174	1,780	-	-
Total	<u>2,174</u>	<u>1,780</u>	<u>12,768</u>	<u>8,512</u>

Notes to the financial statements

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Short-term loans to related parties				
Subsidiaries				
At 1 January	-	-	160,670	389,700
Increase	-	-	62,000	129,670
Decrease	-	-	-	(358,700)
At 31 December	-	-	222,670	160,670
Long-term loan to related party				
Subsidiary				
At 1 January	-	-	4,600	4,600
Increase	-	-	100	-
At 31 December	-	-	4,700	4,600
Associate				
At 1 January	-	3,000	-	-
Decrease	-	(3,000)	-	-
At 31 December	-	-	-	-

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Notes to the financial statements

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Short-term loans from related parties</i>				
Subsidiaries				
At 1 January	-	-	-	80,000
Increase	-	-	30,000	-
Decrease	-	-	-	(80,000)
At 31 December	-	-	30,000	-

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 2018 and ending on 31 December 2019. The agreements will be reviewed to renew every 2 years, under which the Company will make arrangements for the purchase of medicine, medical supplies, general medical supplies, equipments, medical instruments and fixed assets. The service charges will be computed based on the value of the said assets, excluding value added tax, at the rates stated in the agreements.

Hospital management

The Company has entered into a management service agreement with Rattanathibeth General Hospital Co. Ltd., Saraburi Wetchakit Co. Ltd., Sriburin Medical Co. Ltd., Navanakorn Medicare Co. Ltd. and Sothon Vejchakit Co., Ltd. for a period of 2 years starting from 1 January 2018 and ending on 31 December 2019. 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.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	11,400	8,689	5,088	3,748
Cash at banks	605,142	474,312	272,883	238,266
Highly liquid short-term investments	29,162	2,530	-	-
Total	645,704	485,531	277,971	242,014

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

7 Other investments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Current investments				
Short-term deposits at financial institutions	1,237	11,401	635	634
Trading securities	-	1,345	-	-
Trading mutual funds	98,289	1,567,526	13	1,281,467
	99,526	1,580,272	648	1,282,101
Other long-term investments				
Available-for-sale securities	-	2,507	-	-
Available-for-sale mutual fund	30,328	40,041	-	-
	30,328	42,548	-	-
Total	130,443	1,622,820	648	1,282,101

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Trading securities				
At 1 January	1,345	1,240	-	-
Decreased	(1,345)	-	-	-
Valuation adjustment	-	105	-	-
At 31 December	-	1,345	-	-
Trading mutual funds				
At 1 January	1,567,526	115,320	1,281,467	-
Increased	335,630	1,665,000	65,000	1,280,000
Decreased	(1,805,366)	(214,471)	(1,346,454)	-
Valuation adjustment	499	1,677	-	1,467
At 31 December	98,289	1,567,526	13	1,281,467
Available-for-sale securities				
At 1 January	2,507	2,118	-	-
Decreased	(2,507)	-	-	-
Valuation adjustment	-	389	-	-
At 31 December	-	2,507	-	-
Available-for-sale mutual fund				
At 1 January	40,041	36,230	-	-
Decreased	(2,753)	-	-	-
Valuation adjustment	(6,960)	3,811	-	-
At 31 December	30,328	40,041	-	-

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

8 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	5	6	-	27,217	23,624
Other parties		861,510	474,804	601,583	215,336
		861,516	474,804	628,800	238,960
Less allowance for doubtful accounts		(37,664)	(29,900)	(17,692)	(12,370)
Trade accounts receivable, net		823,852	444,904	611,108	226,590
Accrued income		731,256	671,642	445,507	331,846
Less allowance for doubtful accounts		(43,802)	(62,953)	(17,297)	(34,644)
Accrued income, net		687,454	608,689	428,210	297,202
Total		1,511,306	1,053,593	1,039,318	523,792
Bad and doubtful debts expenses for the year		65,125	43,888	27,378	17,400

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within credit terms	312,148	229,570	236,172	134,721
Overdue:				
Less than 3 months	396,183	193,409	275,912	79,214
3-6 months	100,061	20,691	85,824	11,296
6-12 months	27,382	6,225	18,677	2,152
Over 12 months	25,742	24,909	12,215	11,577
Total	861,516	474,804	628,800	238,960
Less allowance for doubtful accounts	(37,664)	(29,900)	(17,692)	(12,370)
Net	823,852	444,904	611,108	226,590

The normal credit term granted by the Group is 30 - 90 days.

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Less than 3 months	471,962	400,930	304,284	207,675
3-6 months	98,079	136,625	67,963	54,404
6-12 months	90,213	10,258	48,917	3,238
Over 12 months	71,002	123,829	24,343	66,529
Total	731,256	671,642	445,507	331,846
Less allowance for doubtful accounts	(43,802)	(62,953)	(17,297)	(34,644)
Net	687,454	608,689	428,210	297,202

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

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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.

As at 31 December 2018, the Group had accrued income overdue more than 12 months, mainly from the reimbursement of services provided to in - patient with high cost from the Social Security Office of 2017. The Group has partial receipt from Social Security Office depend on remaining budget for the year 2017. For the remaining balance, the Social Security Office has to spend time for the examination of the accuracy of reimbursement information of the registration hospital. The Group always follow up the collectability of the remaining.

In addition, the Management meditated on partially recording allowance for doubtful account for the remaining balance based on current situations and believes that the expected receipt of accrued income will not significantly differ from the estimate.

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Medicine and medical supplies	207,332	173,465	120,475	91,525
Supplies and equipment	37,933	34,484	23,257	17,005
Total	245,265	207,949	143,732	108,530
<i>Less allowance for decline in value</i>	<i>(7,237)</i>	<i>(3,566)</i>	<i>(3,264)</i>	<i>(2,265)</i>
Total	238,028	204,383	140,468	106,265
Inventories recognised as an expense in cost of hospital operations	1,088,598	953,238	690,228	517,114

10 Restricted deposits

Fixed deposits of the Group and the Company at banks as at 31 December 2018 amounting Baht 0.76 million were pledged as collateral for nursing care agreement and utilities use (2017: Baht 0.76 million).

11 Investment in associate

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	6,923	7,029
Share of profit of investment in associate	2,536	894
Dividend income	(1,500)	(1,000)
At 31 December	7,959	6,923

Notes to the financial statements

Investment in associate as at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(in thousand Baht)									
Chiang Rai Imaging Center Co., Ltd.	31.22	31.22	15,000	15,000	5,000	5,000	7,959	6,923	1,500	1,000
(31.22% holding by Sriburin Medical Co., Ltd.)										

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 summarised financial information for the Group's interest in immaterial associate based on the amounts reported in the Group's consolidated financial statements:

	Immaterial Associate	
	2018	2017
	<i>(in thousand Baht)</i>	
Carrying amount of interests in immaterial associate	7,959	6,923
Group's share of:		
- Profit from continuing operations	2,536	894
- Other comprehensive income	-	-
- Total comprehensive income	<u>2,536</u>	<u>894</u>

12 Investments in subsidiaries

		Separate financial statements	
	Note	2018	2017
		<i>(in thousand Baht)</i>	
As at 1 January		2,450,044	1,832,848
Acquisitions			
- Bangkok Chain International (Lao) Co., Ltd.	4	102,635	269,262
- Navanakorn Medicare Co., Ltd.	4	3,840	9,883
- Sothon Vejchakit Co., Ltd.	4	-	338,051
As at 31 December		<u>2,556,519</u>	<u>2,450,044</u>

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income for the years then ended were as follows:

	Ownership Interest (%)		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Separate financial statements											
	<i>(in thousand Baht)</i>											
Rattanaibeth General Hospital Co., Ltd.	72.73	72.73	300,000	300,000	448,258	448,258	-	-	448,258	448,258	272,736	283,646
Saraburi Wetchakit Co., Ltd.	59.92	59.92	321,000	321,000	225,653	225,653	-	-	225,653	225,653	96,176	67,323
Sriburin Medical Co., Ltd.	93.67	93.67	170,000	170,000	544,164	544,164	-	-	544,164	544,164	103,510	95,547
Navanakorn Medicare Co., Ltd.	79.44	78.59	375,000	375,000	357,496	353,656	-	-	357,496	353,656	22,343	-
Sothorn Vejchakit Co., Ltd.	86.29	86.29	700,000	700,000	604,051	604,051	-	-	604,051	604,051	30,200	13,034
Bangkok Chain Management Co., Ltd	100.00	100.00	5,000 LAK	5,000 LAK	5,000	5,000	-	-	5,000	5,000	-	-
Bangkok Chain International (Lao) Co., Ltd.	76.00	71.43	120,000 million	89,370 million	371,897	269,262	-	-	371,897	269,262	-	-
Total					2,556,519	2,450,044	-	-	2,556,519	2,450,044	524,965	459,550

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 2018							Bangkok Chain	
	Rattanaibeth General Hospital Co., Ltd.	Saraburi Wechakit Co., Ltd.	Sriburi Medical Co., Ltd.	Navanakorn Medicare Co., Ltd.	Ayudhya Medicare Co., Ltd.	Sothorn Vejjhakit Co., Ltd.	International (Lao) Co., Ltd.	Intra-group eliminations	Total
				<i>(in thousand Baht)</i>					
Non-controlling interest percentage	27.27%	40.08%	6.33%	20.56%	20.56%	13.71%	24.00%		
Current assets	313,841	218,748	163,980	164,209	336	157,518	116,491		
Non-current assets	672,077	315,223	966,329	272,498	91,717	797,664	344,183		
Current liabilities	(200,532)	(83,762)	(396,281)	(70,568)	(815)	(175,712)	(6,483)		
Non-current liabilities	(21,612)	(11,139)	(26,965)	(12,341)	(1,242)	(1,993)	(528)		
Net assets	763,774	439,070	707,063	353,798	89,996	777,477	453,663		
Carrying amount of non-controlling interest	208,281	175,979	44,732	72,730	18,501	106,625	108,879	(39,374)	696,353
Revenue	1,167,743	626,418	929,703	496,288	8,477	426,531	3,739		
Profit (loss) for the year	275,032	145,974	159,063	43,119	2,947	40,673	(413)		
Other comprehensive income	(4,470)	-	-	(131)	-	-	(8,129)		
Total comprehensive income	270,562	145,974	159,063	42,988	2,947	40,673	(8,542)		
Profit (loss) allocated to non-controlling interest	75,001	58,506	10,063	9,077	616	5,578	(105)		158,736
Other comprehensive income allocated to non-controlling interest	(1,219)	-	-	(28)	-	-	(4,000)		(5,247)
Cash flows from (used in) operating activities	92,361	67,250	15,297	13,987	(200)	8,597	143		
Cash flows from (used in) investing activities	5,438	(3,921)	(9,869)	(3,613)	205	(5,112)	(7,213)		
Cash flows from (used in) financing activities	(102,262)	(64,332)	(5,042)	(9,796)	-	3,198	27,577		
Net increase (decrease) in cash and cash equivalents	(4,463)	(1,003)	386	578	5	6,683	20,507		

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	31 December 2017						
	Rattanaibeth General Hospital Co., Ltd.	Saraburi Wetchakit Co., Ltd.	Sriburin Medical Co., Ltd.	Navanakorn Medicare Co., Ltd.	Ayudhya Medicare Co., Ltd.	Sothorn Vejjhakit Co., Ltd.	Bangkok Chain International (Lao) Co., Ltd.
							Intra-group eliminations
							Total
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
							(39,377)
							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)
Other comprehensive income allocated to non-controlling interest	118	(571)	(259)	(209)	-	(31)	(5,479)
							201,530
							(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

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Notes to the financial statements

14 Investment properties

	Consolidated / Separate financial statements					
	Land	2018 Building and building improvements	Total (in thousand Baht)	Land	2017 Building and building improvements	Total
Cost						
At 1 January	911,773	70,520	982,293	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	911,773	70,520	982,293
Accumulated depreciation						
At 1 January	-	9,011	9,011	-	6,661	6,661
Depreciation charge for the year	-	2,351	2,351	-	2,350	2,350
At 31 December	-	11,362	11,362	-	9,011	9,011
Net book value						
At 1 January	911,773	61,509	973,282	605,500	63,859	668,859
At 31 December	911,773	59,158	970,931	911,773	61,509	973,282

The fair value of investment properties as at 31 December 2018 of Baht 1,062 million (2017: Baht 1,062 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 as at 31 December 2018 were Baht 664 million (2017: Baht 667 million).

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 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 and 1 January 2018		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
Additions		17,307	-	66,087	61,816	302,735	47,506	20,013	17,022	812,920	1,345,406
Transfers		-	-	623,204	353,578	4,120	25,560	-	-	(1,006,462)	-
Disposals		(828)	-	(77,868)	(51,936)	(27,874)	(7,488)	(2,770)	(1,526)	-	(170,290)
Exchange differences on translating foreign operations		-	(8,623)	-	-	-	-	-	-	(355)	(8,978)
At 31 December 2018		1,802,976	308,656	6,040,546	1,607,969	2,756,342	516,657	234,838	117,048	265,078	13,650,110
<i>Accumulated depreciation and impairment losses</i>											
At 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 and 1 January 2018		16,223	1,988	1,984,202	722,966	1,420,401	344,001	181,312	68,408	-	4,739,501
Depreciation charge for the year		1,780	-	223,600	75,559	182,691	28,441	18,036	12,423	-	542,530
Depreciation transfers to assets under construction		-	3,456	-	-	-	-	-	-	-	3,456
Disposals		(827)	-	(76,522)	(51,370)	(21,625)	(7,279)	(2,740)	(1,249)	-	(161,612)
Exchange differences on translating foreign operations		-	(83)	-	-	-	-	-	-	-	(83)
At 31 December 2018		17,176	5,361	2,131,280	747,155	1,581,467	365,163	196,608	79,582	-	5,123,792

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

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)									
Net book value										
At 1 January 2017										
Owned assets	2,077,709	-	3,468,439	501,208	893,490	111,940	37,873	37,782	91,661	7,220,102
Assets under finance leases	-	-	-	-	149,105	-	-	1,325	-	150,430
	2,077,709	-	3,468,439	501,208	1,042,595	111,940	37,873	39,107	91,661	7,370,532
At 31 December 2017 and 1 January 2018										
Owned assets	1,770,274	315,291	3,444,921	521,545	1,056,960	107,078	36,283	33,144	458,975	7,744,471
Assets under finance leases	-	-	-	-	-	-	-	-	-	-
	1,770,274	315,291	3,444,921	521,545	1,056,960	107,078	36,283	33,144	458,975	7,744,471
At 31 December 2018										
Owned assets	1,785,800	303,295	3,909,266	860,814	1,164,777	151,494	38,230	37,466	265,078	8,516,220
Assets under finance leases	-	-	-	-	10,098	-	-	-	-	10,098
	1,785,800	303,295	3,909,266	860,814	1,174,875	151,494	38,230	37,466	265,078	8,526,318

Notes to the financial statements

Separate financial statements

	Note	Land and land improvement	Buildings and buildings improvements	Building equipment	Hospital equipment and medical instruments	Office equipment	Computer and system work	Vehicles	Assets under construction	Total
<i>(in thousand Baht)</i>										
Cost										
At 1 January 2017		1,542,128	3,524,974	646,990	1,423,825	232,920	116,240	44,128	55,460	7,586,665
Additions		-	11,632	11,401	72,254	5,693	4,877	1,770	211,376	319,003
Transfers		-	7,617	181	-	421	-	-	(8,219)	-
Transfers to investment property	14	(306,773)	-	-	-	-	-	-	-	(306,773)
Transfers to intangible assets	17	-	-	-	-	-	-	-	(3,852)	(3,852)
Disposals		-	(1,282)	(675)	(4,516)	(912)	(126)	-	-	(7,511)
Reclassification		-	-	5,111	(953)	(4,158)	-	-	-	-
At 31 December 2017 and 1 January 2018		1,235,355	3,542,941	663,008	1,490,610	233,964	120,991	45,898	254,765	7,587,532
Additions		-	22,462	17,391	163,409	21,433	10,834	8,265	648,120	891,914
Transfers		-	455,110	237,392	3,000	24,819	-	-	(720,321)	-
Disposals		(828)	(75,913)	(50,087)	(21,348)	(989)	(1,322)	(976)	-	(151,463)
At 31 December 2018		1,234,527	3,944,600	897,704	1,635,671	279,227	130,503	53,187	182,564	8,327,983
Accumulated depreciation and impairment losses										
At 1 January 2017		1,683	1,069,581	326,712	804,627	186,356	99,224	31,451	-	2,519,634
Depreciation charge for the year		137	126,680	31,925	108,009	15,543	7,128	5,215	-	294,637
Disposals		-	(596)	(667)	(4,428)	(855)	(125)	-	-	(6,671)
Reclassification		-	-	4,277	(360)	(3,917)	-	-	-	-
At 31 December 2017 and 1 January 2018		1,820	1,195,665	362,247	907,848	197,127	106,227	36,666	-	2,807,600
Depreciation charge for the year		145	132,462	34,871	109,762	11,988	6,862	5,033	-	301,123
Disposals		(827)	(74,779)	(49,540)	(15,583)	(852)	(1,298)	(928)	-	(143,807)
At 31 December 2018		1,138	1,253,348	347,578	1,002,027	208,263	111,791	40,771	-	2,964,916

Notes to the financial statements

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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 2018 amounted to Baht 1,842 million (2017: Baht 1,619 million).

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 990 million (2017: Baht 888 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 2018 the Group commenced construction of the new hospitals; costs incurred up to the reporting date totalled Baht 142 million (2017: Baht 232 million).

Capitalised borrowing costs relating to the acquisition of the construction of the new hospitals amounted to Baht 1 million (2017: nil), with a capitalisation rate at BIBOR 3 months plus fixed interest (2017: nil).

16 Goodwill

	Consolidated financial statements	
	2018	2017
	<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	
	2018	2017
	<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

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Notes to the financial statements

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.

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

	Consolidated financial statements	
	2018	2017
	(%)	
Discount rate	8.9	10.1
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

	<i>Note</i>	Consolidated financial statements		
		Software licenses	Customer contract	Total
		<i>(in thousand Baht)</i>		
Cost				
At 1 January 2017		284,788	4,591	289,379
Additions		30,664	-	30,664
Transfers from property, plant and equipment	15	3,852	-	3,852
Disposals		(396)	-	(396)
At 31 December 2017 and 1 January 2018		318,908	4,591	323,499
Additions		27,209	-	27,209
Disposals		-	(4,591)	(4,591)
At 31 December 2018		346,117	-	346,117
Accumulated amortisation				
At 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 and 1 January 2018		176,443	4,590	181,033
Amortisation charge for the year		31,085	-	31,085
Disposals		-	(4,590)	(4,590)
At 31 December 2018		207,528	-	207,528
Net book value				
At 1 January 2017		140,371	1,515	141,886
At 31 December 2017 and 1 January 2018		142,465	1	142,466
At 31 December 2018		138,588	-	138,589

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

		Separate financial statements Software licences (in thousand Baht)
<i>Cost</i>	<i>Note</i>	
At 1 January 2017		177,801
Additions		10,330
Transfers from property, plant and equipment	15	3,852
Disposals		(192)
At 31 December 2017 and 1 January 2018		191,791
Additions		20,030
At 31 December 2018		211,821
<i>Accumulated amortisation</i>		
At 1 January 2017		86,479
Amortisation charge for the year		21,754
Disposals		(172)
At 31 December 2017 and 1 January 2018		108,061
Amortisation charge for the year		20,439
At 31 December 2018		128,500
<i>Net book value</i>		
At 1 January 2017		91,322
At 31 December 2017 and 1 January 2018		83,730
At 31 December 2018		83,321

18 Deferred tax

Deferred tax assets as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
	(in thousand Baht)			
Total	75,442	73,024	(37,958)	(45,251)
Set off of tax	(34,262)	(45,251)	34,262	45,251
Deferred tax assets - net	41,180	27,773	3,696	-
	Separate financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
	(in thousand Baht)			
Total	37,155	35,255	(24,613)	(30,975)
Set off of tax	(24,613)	(30,975)	24,613	30,975
Deferred tax assets - net	12,542	4,280	-	-

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 2018	Profit or loss	Other comprehensive income
		(in thousand Baht)	
Deferred tax assets			
Allowance for doubtful debt	16,904	2,356	-
Allowance for decline in value of inventory	713	734	-
Provision for employee benefit	23,466	1,142	-
Impairment of assets	1,498	-	-
Payable for Social Security Office referring	25,824	(3,265)	-
Accrued rental expense	660	301	-
Loss on remeasuring available for sale securities	3,959	-	1,150
Total	73,024	1,268	1,150
Deferred tax liabilities			
Gain on remeasuring trading securities	(373)	373	-
Difference from the depreciation of equipment under the financial leases	(31,662)	5,943	-
Deferred finance cost	(1,105)	288	-
Fair value adjustment assets acquired through business combination	(12,111)	689	-
Total	(45,251)	7,293	-
Net	27,773	8,561	1,150

	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)	-
Allowance for decline in value of inventory	487	226	-
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

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 2017	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2017
Deferred tax liabilities				
Gain on remeasuring trading securities	(72)	(301)	-	(373)
Difference from the depreciation of equipment under the financial leases	(35,040)	3,378	-	(31,662)
Deferred finance cost	(325)	(780)	-	(1,105)
Fair value adjustment assets acquired through business combination	(13,102)	991	-	(12,111)
Total	(48,539)	3,288	-	(45,251)
Net	27,396	(3,097)	3,474	27,773

Separate financial statements

(Charged) / Credited to:
(Note 28)

	At 1 January 2018	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2018
Deferred tax assets				
Allowance for doubtful debt	7,736	(738)	-	6,998
Allowance for decline in value of inventory	453	200	-	653
Provision for employee benefit	10,816	877	-	11,693
Payable for Social Security Office referring	16,250	1,561	-	17,811
Total	35,255	1,900	-	37,155
Deferred tax liabilities				
Gain on remeasuring trading securities	(293)	293	-	-
Difference from the depreciation of equipment under the financial leases	(29,577)	5,781	-	(23,796)
Deferred finance cost	(1,105)	288	-	(817)
Total	(30,975)	6,362	-	(24,613)
Net	4,280	8,262	-	12,542

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

	At 1 January 2017	Separate financial statements (Charged) / Credited to: (Note 28)		At 31 December 2017
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Allowance for doubtful debt	14,504	(6,768)	-	7,736
Allowance for decline in value of inventory	414	39	-	453
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

The tax losses expire in 2021 - 2023 of Baht 2.3 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	
	2018	2017	2018	2017
	(in thousand Baht)			
Current				
Short-term loans - financial institutions				
- unsecured	344,000	150,000	184,000	-
Short-term loan - related party				
- unsecured	-	-	30,000	-
Current portion of debenture				
- unsecured	-	1,000,000	-	1,000,000
Current portion of finance lease liabilities	2,294	-	509	-
	346,294	1,150,000	214,509	1,000,000
Non-current				
Long-term loans - financial institutions				
- unsecured	1,847,550	1,846,827	1,847,550	1,846,827
Debentures				
- unsecured	2,498,366	2,497,647	2,498,366	2,497,647
Finance lease liabilities	7,639	-	1,730	-
	4,353,555	4,344,474	4,347,646	4,344,474
Total	4,699,849	5,494,474	4,562,155	5,344,474

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	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	344,000	1,150,000	214,000	1,000,000
After one year but within five years	4,345,916	4,344,474	4,345,916	4,344,474
Total	4,689,916	5,494,474	4,559,916	5,344,474

Short-term loans from financial institutions

As at 31 December 2018, short-term loans from financial institutions of the Group consisted of promissory notes at call with interest rate of 1.65 % - 2.11 % per annum. (2017: interest rate of 1.68% - 1.86% per annum).

Long-term loans from financial institutions

	Interest rate <i>(% per annum)</i>	Maturity date	Consolidated / Separate financial statements 2018 2017 <i>(in thousand Baht)</i>	
Unsecured loan	BIBOR 3 months plus fixed interest	May 2022	1,000,000	1,000,000
Unsecured loan	BIBOR 3 months plus fixed interest	July 2022	850,000	850,000
Total long-term loans from financial institutions			1,850,000	1,850,000
<i>Less deferred financial costs</i>			<i>(2,450)</i>	<i>(3,173)</i>
Long-term loans from financial institutions - net			1,847,550	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.

Debentures

				Consolidated / Separate financial statements	
	Interest rate	Issue Date	Maturity date	2018	2017
	(% per annum)			(in thousand Baht)	
No. 1/2556 2 nd Set	4.18	31 January 2013	31 January 2018	-	1,000,000
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	1,000,000
Total debentures - carrying amount				2,500,000	3,500,000
<i>Less debenture issuance expense</i>				(1,634)	(2,353)
Debentures - net				2,498,366	3,497,647
<i>Less current portion of debentures</i>				-	(1,000,000)
Debentures due more than one year				2,498,366	2,497,647

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

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

	Consolidated / Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	3,500,000	4,000,000
Issuance of debentures during the year	-	1,000,000
Redemption of debentures during the year	(1,000,000)	(1,500,000)
At 31 December	2,500,000	3,500,000

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

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

As at 31 December 2018, the Group had unutilised credit facilities from financial institutions totalling Baht 4,131 million (2017: Baht 4,465 million).

Finance lease liabilities

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

	Consolidated					
	2018			2017		
	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	2,592	298	2,294	-	-	-
After one year but within five years	7,832	193	7,639	-	-	-
Total	10,424	491	9,933	-	-	-

	Separate financial statements					
	2018			2017		
	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	576	67	509	-	-	-
After one year but within five years	1,776	46	1,730	-	-	-
Total	2,352	113	2,239	-	-	-

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Notes to the financial statements

As at 31 December 2018, the Group had outstanding finance lease contracts to acquire medical equipment for hospital operations. 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 2 years.

Changes in liabilities arising from financing activities

Consolidated financial statements				
	Debtentures	Other loans	Finance lease liabilities	Total
	(in thousand Baht)			
Balance at 1 January 2018	3,497,647	1,996,827	-	5,494,474
Changes from financing cash flows	(1,000,000)	194,000	(327)	(806,327)
Other changes:				
Finance leases	-	-	10,260	10,260
Other non-cash movement	719	723	-	1,442
Balance at 31 December 2018	2,498,366	2,191,550	9,933	4,699,849

Separate financial statements				
	Debtentures	Other loans	Finance lease liabilities	Total
	(in thousand Baht)			
Balance at 1 January 2018	3,497,647	1,846,827	-	5,344,474
Changes from financing cash flows	(1,000,000)	214,000	(41)	(786,041)
Other changes:				
Finance leases	-	-	2,280	2,280
Other non-cash movement	719	723	-	1,442
Balance at 31 December 2018	2,498,366	2,061,550	2,239	4,562,155

20 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)			
Related parties	5	2,174	1,780	12,768	8,512
Other parties		500,119	456,431	332,264	247,738
Total		502,293	458,211	345,032	256,250

21 Provision for employee benefit

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Statement of financial position				
Provision for:				
Post-employment benefits				
Defined benefit plan	123,039	117,329	58,465	54,078

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Notes to the financial statements

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>Year ended 31 December</i>				
Statement of comprehensive income				
Recognised in profit or loss:				
Post-employment benefits				
Defined benefit plan	<u>14,418</u>	<u>14,660</u>	<u>6,343</u>	<u>7,348</u>
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	-	21,569	-	9,486
Cumulative actuarial losses recognised	<u>33,485</u>	<u>33,485</u>	<u>10,092</u>	<u>10,092</u>

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.

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
		<i>(in thousand Baht)</i>		
At 1 January	117,329	99,673	54,078	50,851
Include in profit or loss:				
Current service cost	10,746	11,728	4,286	5,874
Interest on obligation	<u>3,672</u>	<u>2,932</u>	<u>2,057</u>	<u>1,474</u>
	14,418	14,660	6,343	7,348
Included in other comprehensive income:				
Actuarial loss	-	21,569	-	9,486
Other:				
Benefit paid	<u>(8,708)</u>	<u>(18,573)</u>	<u>(1,956)</u>	<u>(13,607)</u>
Defined benefit obligations at 31 December	<u>123,039</u>	<u>117,329</u>	<u>58,465</u>	<u>54,078</u>

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
		<i>(in thousand Baht)</i>		
Demographic assumptions	-	1,337	-	932
Financial assumptions	-	2,543	-	1,105
Experience adjustment	-	17,689	-	7,449
Total	<u>-</u>	<u>21,569</u>	<u>-</u>	<u>9,486</u>

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
				(%)
Discount rate	2.3	2.3	2.3	2.3
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 2018, the weighted-average duration of the defined benefit obligation was 9 years (2017: 9 years).

Sensitivity analysis

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

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
At 31 December 2018	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2,045)	2,696	(369)	1,670
Future salary growth (0.5% movement)	3,233	(2,586)	1,930	(631)
At 31 December 2017				
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)

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.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognized during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 29.2 million and Baht 14.4 million, respectively.

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Notes to the financial statements

22 Share capital

	Par value per share (in Baht)	2018		2017	
		Number	Amount	Number	Amount
(thousand shares / in thousand Baht)					
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	2,493,748	2,493,748	2,493,748	2,493,748
At 31 December					
- ordinary shares	1	2,493,748	2,493,748	2,493,748	2,493,748
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	2,493,748	2,493,748	2,493,748	2,493,748
At 31 December					
- Ordinary shares	1	2,493,748	2,493,748	2,493,748	2,493,748

23 Share premium and reserve

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 2018 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 2018.

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

25 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Salaries and other benefit		1,119,240	1,058,183	624,110	561,109
Defined benefit plans	21	14,418	14,660	6,343	7,348
Defined contribution plans		14,100	12,668	9,712	8,720
Others		509,642	468,878	296,790	247,744
Total		1,657,400	1,554,389	936,955	824,921

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 15% 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.

26 Expenses by nature

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Personnel expenses	25	1,657,400	1,554,389	936,955	824,921
Doctor fee		1,547,417	1,382,942	901,937	729,416
Medical and supply costs	9	1,088,598	953,238	690,228	517,114
Depreciation and amortisation	14,15,17	575,966	537,964	323,913	318,741
Referring cost		377,229	345,635	278,294	174,261
Utility expenses		191,191	176,554	114,537	99,966
Repairs and maintenance		124,486	118,962	74,685	68,420
Promotion expenses		152,297	72,255	131,961	51,598
Rental expense		79,496	62,449	46,972	33,879
Bad and doubtful debts expenses	8	65,125	43,888	27,378	17,400
Cleaning service expense		50,410	37,452	31,378	24,421
Security guard expense		29,681	27,254	16,925	15,113
Property tax		18,316	17,487	14,781	14,034
Others		568,605	505,919	310,652	256,886
Total		6,526,217	5,836,388	3,900,596	3,146,170

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

27 Finance costs

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Interest expense					
Debentures		72,236	100,170	72,236	100,170
Financial institutions		54,573	35,764	51,655	33,913
Finance lease liabilities		49	151	6	151
Related parties	5	-	-	-	220
Total		126,858	136,085	123,897	134,454
Less Interest expense recorded as costs of assets under construction	15	(1,038)	-	(1,038)	-
Net		125,820	136,085	122,859	134,454

28 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		293,595	267,885	151,299	71,566
Deferred tax expense	18				
Movements in temporary differences		(8,561)	3,097	(8,262)	5,948
Total income tax expense		285,034	270,982	143,037	77,514

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2018			2017		
	Before tax	Tax benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of Tax
	<i>(in thousand Baht)</i>					
Gains (losses) on remeasuring available for sale investments	(5,725)	1,150	(4,575)	4,200	(840)	3,360
Losses on remeasurements of defined benefit plans	-	-	-	(21,569)	4,314	(17,255)
Total	(5,725)	1,150	(4,575)	(17,369)	3,474	(13,895)

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Notes to the financial statements

	Separated financial statements					
	Before tax	2018 Tax (expense) benefit	Net of tax (in thousand Baht)	Before Tax	2017 Tax (expense) benefit	Net of tax
Losses on remeasurements of defined benefit plans	-	-	-	(9,486)	1,897	(7,589)
Total	-	-	-	(9,486)	1,897	(7,589)

Reconciliation of effective tax rate

	Consolidated financial statements			
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Profit before income tax expense		1,533,236		1,389,569
Income tax using the Thai corporation tax rate	20	306,647	20	277,914
Income not subject to tax		(7,131)		(3,608)
Expenses not deductible for tax purposes		11,574		19,342
Expenses with tax deductible benefits		(26,182)		(22,980)
Current year losses for which no deferred tax asset is recognised		126		314
Total	19	285,034	20	270,982

	Separate financial statements			
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Profit before income tax expense		1,252,869		835,272
Income tax using the Thai corporation tax rate	20	250,574	20	167,054
Income not subject to tax		(104,993)		(91,910)
Expenses not deductible for tax purposes		6,968		11,504
Expenses with tax deductible benefits		(9,512)		(9,134)
Total	11	143,037	9	77,514

29 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to hospital business. The privileges granted include :

- exemption from payment of import duty on machinery approved by the Board;
- exemption from payment of income tax for certain operations for net profit from investment of promotional activities not exceed 100 percent of total investment of the project excluded the value of land and working capital for eight years from the date on which the income is first derived from such operations;

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2018			2017		
	Promoted busi- nesses	Non- promoted businesses	Total (in million Baht)	Promoted busi- nesses	Non- promoted businesses	Total
Revenue from hospital operation	99	7,974	8,073	-	7,255	7,255

30 Earnings per share

The calculation of basic earnings per share for the year ended 31 December 2018 and 2017 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	
	2018	2017	2018	2017
	(in thousand Baht / thousand shares)			
Profit attributable to equity holders of the Company (basic)	1,089,465	917,057	1,109,833	757,759
Number of ordinary shares outstanding	2,493,748	2,493,748	2,493,748	2,493,748
Basic earnings per share (in Baht)	0.44	0.37	0.45	0.30

31 Dividends

At the Board of Director Meeting of the Company held on 8 August 2018, the board approved the appropriation of cash interim dividends of Baht 0.11 per share amounting to Baht 274.31 million. The dividend was paid to shareholders in September 2018.

At the Annual General Meeting of Shareholders of the Company held on 23 April 2018, the shareholders approved the appropriation of cash dividends from 2017 operations of Baht 0.20 per share amounting to Baht 498.75 million. The interim dividends were paid in September 2017 at Baht 0.08 per share, amounting to Baht 199.50 million. Therefore, the additional cash dividend payment is Baht 0.12 per share, amounting to Baht 299.25 million. The dividend was paid to shareholders in May 2018.

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.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Notes to the financial statements

32 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 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.

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)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2018					
Current					
Loans receivable - related parties	1.8 - 3.00	223	-	-	223
Non-current					
Loan receivable - related party	1.8 - 3.00	-	5	-	5
Total		223	5	-	228
2017					
Current					
Loans receivable - related parties	3.00	161	-	-	161
Non-current					
Loan receivable - related party	3.00	-	5	-	5
Total		161	5	-	166

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
2018					
Current					
Short-term loans - financial institutions	1.65 - 2.11	344	-	-	344
Current portion of finance lease liabilities	3.35	2	-	-	2
Non-current					
Long-term loans - financial institutions	2.66 - 2.79	-	1,848	-	1,848
Debentures	2.54 - 2.87	-	2,498	-	2,498
Finance lease liabilities	3.35	-	8	-	8
Total		346	4,354	-	4,700
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

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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	
2018					
Current					
Short-term loans - financial institutions	1.93	184	-	-	184
Short-term loan - related party	1.65	30	-	-	30
Current portion of finance lease liabilities	3.35	1	-	-	1
Non-current					
Long-term loans - financial institutions	2.66 - 2.79	-	1,848	-	1,848
Debentures	2.54 - 2.87	-	2,498	-	2,498
Finance lease liabilities	3.35	-	2	-	2
Total		215	4,348	-	4,563
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

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.

At 31 December 2018, the Group was exposed to foreign currency risk in respect of cash and cash equivalents in United States Dollars amounting Baht 74.96 million (2017: Baht 30.03 million).

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.

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Notes to the financial statements

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.

Financial assets and liabilities measured at fair value

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2018					
Trading mutual funds	98,289	-	98,289	-	98,289
Available-for-sale mutual fund	30,328	-	30,328	-	30,328
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

	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
31 December 2018					
Trading mutual funds	13	-	13	-	13
31 December 2017					
Trading mutual funds	1,281,467	-	1,281,467	-	1,281,467

Financial assets and liabilities not measured at fair value

		Consolidated financial statements / Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2018					
Liability					
Debentures	2,500,000	-	2,509,402	-	2,509,402
31 December 2017					
Liability					
Debentures	3,500,000	-	3,535,447	-	3,535,447

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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.

33 Commitments with non-related parties and litigations

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for:</i>				
Building and constructions	568,784	475,322	483,200	409,938
Hospital equipment and medical instruments	1,057	288	-	-
Computer, system work and other	9,968	16,051	9,831	15,750
Total	579,809	491,661	493,031	425,688
<i>Future minimum lease payments under non-cancellable operating leases and service agreements</i>				
Within one year	25,117	26,645	11,252	12,608
After one year but within five years	31,402	48,058	7,639	21,218
After five years	102,829	101,075	-	-
Total	159,348	175,778	18,891	33,826
<i>Other commitments</i>				
Letters of guarantees for nursing care	110,04	133,601	48,540	56,430
Letters of guarantees for electricity use	26,068	25,668	16,346	15,946
Letters of guarantees for purchase of assets	51	1,887	360	360
Total	136,624	161,156	65,246	72,736

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

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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. In 2018, the Company extend for tenancy term and return the lease assets in November 2018.

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 77 million as at 31 December 2018 (2017: Baht 65 million). 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.

34 Event after the reporting period

The appropriation of dividends

At the Board of Directors' meeting of the Company held on 28 February 2019, the directors approved the appropriation of cash dividends for Baht 0.23 per share amounting to Baht 573.56 million, from 2018 operations. The interim dividends were paid in September 2018 for Baht 0.11 per share, of Baht 274.31 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 2019 subject to approval by the Annual General Meeting of Shareholders of the Company.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

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35 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020
TFRIC 22	Foreign Currency Transactions and Advance Consideration	2019

* TFRS - Financial instruments standards

(a) *TFRS 15 Revenue from Contracts with Customers*

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer.

The Group has made a preliminary assessment of the potential impact of adopting and initially applying TFRS15 and expects that there will be no material impact on the consolidated and separate financial statements of the Company in the period of initial application.

(b) *TFRS - Financial instruments standards*

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.



บริษัท บางกอก เซน ฮอสปิทอล จำกัด (มหาชน)



บริษัท บางกอก เซน ฮอสปิทอล จำกัด (มหาชน)

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