

Section 3

Financial position and performance

13. FINANCIAL POSITION AND PERFORMANCE

Summary of Financial Information

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES COMPARED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

Unit: Thousand Baht

	2015	%	2014	%	2013	%
ASSETS						
Current assets						
Cash and cash equivalents	5,054,160	23.73	4,675,713	24.42	3,139,481	18.20
Short-term investments	2,305,800	10.83	1,922,000	10.04	2,717,730	15.75
Trade and other receivables	2,318,422	10.89	1,525,212	7.97	1,306,952	7.58
Inventories	309,074	1.45	291,881	1.52	304,538	1.77
Prepaid expenses	75,047	0.35	66,488	0.35	49,940	0.29
Other current assets	25,775	0.12	18,099	0.09	33,194	0.19
Total current assets	10,088,278	47.37	8,499,393	44.40	7,551,836	43.77
Non-current assets						
Investments in associates	234,067	1.10	233,169	1.22	234,586	1.36
Other long-term investments	1,700	0.01	1,700	0.01	1,700	0.01
Property, plant and equipment	10,472,112	49.17	9,948,450	51.96	9,095,693	52.72
Intangible assets	163,386	0.77	146,343	0.76	189,298	1.10
Other non-current assets	22,385	0.11	24,943	0.13	27,459	0.16
Goodwill	122,585	0.58	111,968	0.58		
Deferred tax assets	193,005	0.91	178,730	0.93	150,957	0.88
Total non-current assets	11,209,240	52.63	10,645,303	55.60	9,699,693	56.23
TOTAL ASSETS	21,297,518	100.00	19,144,696	100.00	17,251,529	100.00

**BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
COMPARED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER**

Unit: Thousand Baht

	2015	%	2014	%	2013	%
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Trade and other payables	830,045	3.90	860,237	4.49	858,882	4.98
Accrued physicians' fees	713,255	3.35	537,654	2.81	488,246	2.83
Current portion of long-term debenture	1,497,145	7.03				
Accrued expenses	577,255	2.71	487,606	2.55	420,799	2.44
Income tax payable	372,555	1.75	369,829	1.93	329,139	1.91
Other current liabilities	66,201	0.31	66,687	0.35	64,324	0.37
Total current liabilities	4,056,456	19.05	2,322,013	12.13	2,161,390	12.53
Non-current liabilities						
Long-term loans from a related party	182,869	0.86	180,408	0.94	177,653	1.03
Long-term debentures	3,481,009	16.34	4,971,982	25.97	4,966,090	28.79
Provision for long-term employee benefits	476,694	2.24	410,329	2.14	349,431	2.03
Total non-current liabilities	4,140,572	19.44	5,562,719	29.06	5,493,174	31.84
Total liabilities	8,197,028	38.49	7,884,732	41.18	7,654,564	44.37

**BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
COMPARED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER**

	2015		2014		2013	
		%		%		%
Unit: Thousand Baht						
Shareholders' equity						
Share capital						
Registered						
921,276,022 ordinary shares of Baht 1 each (2014: 921,251,022 ordinary shares of Baht 1 each, 2013: 921,211,022 ordinary shares of Baht 1 each)	921,276		921,251		921,211	
1,426,663 preference shares of Baht 1 each (2014: 1,451,663 preference shares of Baht 1 each, 2013: 1,491,663 preference shares of Baht 1 each)	1,427		1,452		1,492	
Issued and paid-up						
728,625,559 ordinary shares of Baht 1 each (2014: 728,600,559 ordinary shares of Baht 1 each, 2013: 728,560,559 ordinary shares of Baht 1 each)	728,625	3.42	728,600	3.81	728,560	4.22
1,426,663 preference shares of Baht 1 each (2014: 1,451,663 preference shares of Baht 1 each, 2013: 1,491,663 preference shares of Baht 1 each)	1,427	0.01	1,452	0.01	1,492	0.01
Premium on ordinary shares	285,568	1.34	285,568	1.49	285,568	1.66
Convertible bonds treated as equity securities	550,000	2.58	550,000	2.87	550,000	3.19
Retained earnings						
Appropriated - statutory reserve	92,275	0.43	92,275	0.48	92,275	0.53
Unappropriated	10,799,082	50.71	8,992,129	46.97	7,695,107	44.61
Other components of shareholders' equity	278,708	1.31	233,204	1.22	243,963	1.41
Equity attributable to owners of the Company	12,735,685	59.80	10,883,228	56.85	9,596,965	55.63
Non-controlling interests of the subsidiary	364,805	1.71	376,735	1.97	-	-
Total shareholders' equity	13,100,490	61.51	11,259,963	58.82	9,596,965	55.63
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	21,297,518	100.00	19,144,696	100.00	17,251,529	100.00

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER

Unit: Thousand Baht

	2015	%	2014	%	2013	%
Revenues						
Revenues from hospital operations	17,600,266	98.16	15,571,472	97.87	14,250,586	97.27
Rental income	60,140	0.34	58,220	0.37	95,400	0.65
Interest income	137,949	0.77	137,785	0.87	154,135	1.05
Exchange gains	45,961	0.26	46,284	0.29	54,417	0.37
Other income	85,124	0.47	96,777	0.61	96,848	0.66
Total revenues	17,929,440	100.00	15,910,538	100.00	14,651,386	100.00
Expenses						
Cost of hospital operations	10,396,069	57.98	9,495,602	59.68	8,836,088	60.31
Administrative expenses	3,108,544	17.34	2,805,908	17.64	2,527,116	17.25
Total expenses	13,504,613	75.32	12,301,510	77.32	11,363,204	77.56
Profit before share of profit (loss) from investments in joint venture and associates, finance cost and income tax expenses	4,424,827	24.68	3,609,028	22.68	3,288,182	22.44
Share of profit (loss) from investments in joint venture and associates	12,515	0.07	(2,745)	(0.01)	5,882	0.04
Profit before finance cost and income tax expenses	4,437,342	24.75	3,606,283	22.67	3,294,064	22.48
Finance cost	(186,504)	(1.04)	(186,033)	(1.17)	(147,874)	(1.01)
Profit before income tax expenses	4,250,838	23.71	3,420,250	21.50	3,146,190	21.47
Income tax expenses	(823,318)	(4.59)	(685,420)	(4.31)	(625,408)	(4.27)
Profit for the year	3,427,520	19.12	2,734,830	17.19	2,520,782	17.21
Profit attributable to:						
Equity holders of the Company	3,435,834	19.16	2,730,296	17.16	2,520,782	17.21
Non-controlling interests of the subsidiary	(8,314)	(0.05)	4,534	0.03	-	-
	3,427,520	19.12	2,734,830	17.19	2,520,782	17.21

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BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER

(Unit: Thousand Baht)

	Consolidated financial statements											
	Equity attributable to owners of the Company											
	Issued and paid-up share capital		Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings		Other components of shareholders' equity		Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Ordinary shares	Preference shares			Appropriated	Unappropriated	on translation of financial statements in foreign currencies	Other paid-in capital of an associate				
Balance as at 1 January 2014	728,561	1,492	285,568	550,000	92,275	7,695,107	(8,210)	252,173	243,963	9,596,965	-	9,596,965
Profit for the year	-	-	-	-	-	2,730,296	-	-	-	2,730,296	4,534	2,734,830
Other comprehensive income for the year	-	-	-	-	-	(13,882)	(10,759)	-	(10,759)	(24,641)	(2,843)	(27,484)
Total comprehensive income for the year	-	-	-	-	-	2,716,414	(10,759)	-	(10,759)	2,705,655	1,691	2,707,346
Preference shares converted to ordinary shares	40	(40)	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(1,386,891)	-	-	-	(1,386,891)	-	(1,386,891)
Increase in non-controlling interests of the subsidiaries due to purchase of investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Cash receipt of capital increasing from non-controlling interest of the subsidiary	-	-	-	-	-	-	-	-	-	-	267,391	267,391
Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	-	-	-	-	-	107,653	107,653
	-	-	-	-	-	(32,500)	-	-	-	(32,500)	-	(32,500)
Balance as at 31 December 2014	728,601	1,452	285,568	550,000	92,275	8,992,129	(18,969)	252,173	233,203	10,883,228	376,735	11,259,963
Balance as at 1 January 2015	728,601	1,452	285,568	550,000	92,275	8,992,129	(18,969)	252,173	233,203	10,883,228	376,735	11,259,963
Profit for the year	-	-	-	-	-	3,435,834	-	-	-	3,435,834	(8,314)	3,427,520
Other comprehensive income for the year	-	-	-	-	-	(27,156)	45,504	-	45,504	18,348	(3,616)	14,732
Total comprehensive income for the year	-	-	-	-	-	3,408,678	45,504	-	45,504	3,454,181	(11,930)	3,442,252
Preference shares converted to ordinary shares	25	(25)	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(1,569,225)	-	-	-	(1,569,225)	-	(1,569,225)
Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(32,500)	-	-	-	(32,500)	-	(32,500)
Balance as at 31 December 2015	728,626	1,427	285,568	550,000	92,275	10,799,082	26,535	252,173	278,707	12,735,685	364,805	13,100,490

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER

	Unit: Thousand Baht		
	2015	2014	2013
Cash flows from operating activities			
Profit before tax	4,250,838	3,420,250	3,146,190
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: -			
Depreciation and amortisation	1,044,744	1,044,768	882,266
Allowance for loss on impairment of assets	-	-	(354)
Bad debts and allowance for doubtful accounts	74,967	38,980	23,940
Reduction of inventory to net realizable value	993	-	-
Loss on sales and write-off of equipment	10,961	(209)	2,643
Provision for long-term employee benefits	76,054	67,231	44,400
Share of profit from investments in associates	(12,515)	2,745	(5,882)
Interest income	(137,948)	(137,785)	(154,135)
Amortisation of debenture issuing costs to interest expense	6,173	5,892	5,624
Interest expense	180,331	180,141	142,250
Profit from operating activities before changes in operating assets and liabilities	5,494,598	4,622,013	4,086,942
Operating assets (increase) decrease			
Trade and other receivables	(868,177)	(253,035)	4,107
Prepaid expenses	(8,559)	(16,548)	2,419
Inventories	(18,186)	27,926	(70,787)
Other current assets	(7,677)	15,159	(18,746)
Other non-current assets	2,558	2,515	6,170
Operating liabilities increase (decrease)			
Trade and other payables	(2,662)	62,716	38,205
Accrued physicians' fee	175,601	49,096	(14,493)
Accrued expenses	92,111	66,012	(3,577)
Other current liabilities	(486)	817	(3,990)
Provision for long-term employee benefits	(43,296)	(20,215)	(58,783)
Cash flows from operating activities	4,815,825	4,556,456	3,967,467
Cash paid for income tax expense	(828,416)	(666,153)	(693,209)
Net cash flows from operating activities	3,987,409	3,890,303	3,274,258

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

Unit: Thousand Baht

	2015	2014	2013
Cash flows from investing activities			
Increase (decrease) in short-term investments	(383,800)	795,730	(2,717,730)
Dividend received	-	-	5,400
Acquisition of investments in subsidiaries	-	(308,668)	-
Repayment debt of acquired subsidiary as at acquisition date	-	(85,705)	-
Cash receipt of capital increasing from non-controlling interest of the subsidiary	-	7,933	-
Cash increased from acquisitions of subsidiaries	-	2,591	-
Cash receipt from share capital reduction and liquidation of an associate	598	2,250	-
Acquisition of property, plant and equipment and payment of construction and medical equipment payables	(1,498,237)	(1,240,108)	(2,125,089)
Acquisition of computer software	(42,620)	(16,429)	(13,762)
Proceeds from sales of equipment	1,233	3,948	4,436
Decrease in cash and cash equivalents of a subsidiary at the disposal date	-	-	-
Interest income	137,949	137,785	154,135
Net cash flows from (used in) investing activities	(1,784,877)	(700,673)	(4,692,610)
Cash flows from financing activities			
Cash receipt from long-term loan from a related party	-	-	176,400
Interest paid for long-term loan from a related party	-	-	(1,664)
Interest paid for long-term debentures	(232,100)	(232,100)	(232,100)
Dividend paid	(1,568,081)	(1,385,234)	(1,386,072)
Interest paid for convertible bonds treated as equity securities	(32,500)	(32,500)	(32,500)
Net cash flows from (used in) financing activities	(1,832,681)	(1,649,834)	(1,475,935)
Decrease (increase) in translation adjustment	8,596	(3,564)	(376)
Decrease in non-controlling interests of a subsidiary	-	-	-
Net increase in cash and cash equivalents	378,447	1,536,232	(2,894,663)
Cash and cash equivalents at beginning of year	4,675,713	3,319,481	6,034,144
Cash and cash equivalents at end of year	5,054,160	4,675,713	3,139,481

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FINANCIAL RATIO SUMMARY

<i>Consolidated</i>	2015	2014	2013
<u>Liquidity Ratios</u>			
Liquidity ratio (times)	2.49	3.66	3.49
Quick ratio (times)	1.82	2.67	2.05
Cash ratio (times)	1.25	1.74	1.52
Accounts Receivables Turnover (times)	8.71	10.37	10.20
Average Collection Period (days)	41.35	34.71	35.30
Inventory Turnover (times)	32.02	29.30	30.52
Sales Period (days)	11.24	12.29	11.80
Accounts Payable Turnover (times)	12.76	12.09	12.19
Payment Period (days)	28.21	29.79	29.54
Cash Cycle (days)	24.38	17.21	17.55
<u>Profitability Ratios</u>			
Gross Margin (%)	45.3	43.9	42.4
EBITDA Margin (%)	30.0	28.6	27.7
Operation Margin (%)	24.1	22.0	21.6
Cash to operating profit (%)	93.0	112.1	104.5
EBT Margin (%)	23.7	21.5	21.5
Net Margin (%)	19.1	17.2	17.2
Return on equity (%)	28.2	26.2	27.8
<u>Efficiency Ratio</u>			
Return on assets (%)	17.0	15.0	15.2
Return on fixed assets (%)	43.9	39.6	40.6
Asset turnover (times)	0.89	0.87	0.88
<u>Financial Policy Ratio</u>			
Total Liabilities to Equity (times)	0.63	0.70	0.80
Debt to Equity (times)	0.40	0.46	0.54
Net Debt to Equity (times)	0.01	0.04	0.21
Interest Coverage Ratio (times)	22.10	18.75	16.42
Debt service coverage ratio (CASH BASIS) (times)	15.08	14.76	14.38

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FINANCIAL RATIO SUMMARY

<i>Consolidated</i>	2015	2014	2013
<u>Baht per share</u>			
Par Value	1.00	1.00	1.00
Book Value Per Share	17.98	15.45	13.17
Book Value Per Share - Fully Diluted	15.10	12.98	11.06
Earnings Per Share	4.72	3.75	3.46
Earnings Per Share - Fully Diluted	3.96	3.15	2.91
Dividend per share	2.35	1.95	1.90
<u>Growth ratios</u>			
Sales from hospital operations (%)	13.0	9.3	10.8
Cost of goods sold (%)	10.1	6.4	6.3
Administrative expenses (%)	12.7	11.0	7.8
EBITDA (%)	18.1	12.4	20.8
Operating profit (%)	23.5	10.8	-8.0
Net profit (%)	25.8	8.3	-1.4
Total assets (%)	11.2	11.0	7.9

14. Management Discussion and Analysis

Total revenues for 2015 increased to Baht 17,929 million, producing a 12.7% improvement over 2014 revenues of Baht 15,911 million. Net profit surged 25.8% to Baht 3,436 million in 2015 from Baht 2,730 million in 2014, with Net profit margin at 19.1% in 2015 compared to 17.2% in 2014.

On 28 March 2014, Health Horizons Enterprises Pte. Ltd. ("HHE"), an overseas subsidiary 80% owned by the Company, acquired 100% of the common shares of Bumrungrad Mongolia LLC ("BML"), which holds 51% of the common shares of Seoul Seniors Tower LLC ("SST"), for approximately USD 12 million in cash. Additionally, HHE provided a loan of USD 3.3 million to SST, which owns and operates Ulaanbaatar Songdo Hospital ("UBSD") in Mongolia. HHE's consolidated assets, liabilities, and operating results, which include SST and BML as of the acquisition date, are included in the Company's consolidated financial statements. The details of this transaction are presented in the Significant Event section of this document.

Details of the management discussion and analysis are as follows.

1. Income Statement

Revenues from hospital operations were Baht 17,600 million for 2015, a 13.0% improvement year-over-year from Baht 15,571 million in 2014. Inpatient volumes advanced 11.3% in terms of patient days and 2.1% in terms of admissions in 2015 compared with 2014. This resulted mostly from a longer average length of stay for mostly non-Thai patients, along with strong non-Thai admission growth of 7.5%. Outpatient volumes grew 0.8% in 2015 compared with 2014, mostly due to a 6.5% increase in non-Thai volumes, offset by a 5.0% decrease in Thai volumes. Revenue intensity rose 6.1% per admission for inpatient services and increased 3.3% for outpatient services. The combined results of the above resulted in inpatient service revenues advancing 13.9% while outpatient service revenues grew 10.3%. The revenue contribution from inpatient services in 2015 was 49.6% and from outpatient services was 50.4%, compared with 48.8% and 51.2%, respectively, for 2014. In terms of revenues by market segment, non-Thai patients accounted for 65.2% of the total in 2015, with the remaining 34.8% from Thai patients, compared to 61.5% and 38.5% for non-Thai and Thai patients, respectively, in 2014. The change from the prior year was mostly due to the strong growth in non-Thai business in 2015.

Rental income was Baht 60 million in 2015 compared to Baht 58 million in 2014. Interest income was the same for both 2015 and 2014 at Baht 138 million, while Exchange gains were also the same for both 2015 and 2014 at Baht 46 million. Other income decreased to Baht 85 million in 2015 from Baht 97 million in 2014, primarily due to the planned conversion of the food court in the clinic building to a doctors' dining area as part of the campus expansion project. Total revenues in 2015 were Baht 17,929 million, compared to Baht 15,911 million in 2014, a 12.7% improvement year-over-year.

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 10,396 million for 2015, or 9.5% more year-over-year from Baht 9,496 million in 2014. This represents a favorable change when compared to the 13.0% growth in Revenues from hospital operations. The percentage of cost to Revenues from hospital operations improved from 61.0% in 2014 to 59.1% in 2015. Administrative expenses (including Depreciation and amortization) were Baht 3,109 million in 2015, increasing 10.8% from Baht 2,806 million in 2014. This change included Baht 131 million increase in staff costs, largely associated with volume growth and annual merit increases; Baht 52 million increased staff bonus from the prior year; Baht 41 million more in software support and maintenance expenses related to the IBM Watson project; Baht 36 million more in bad debt expense, mostly from the prior year reversal of a large bad debt account and additional provision for certain self-pay accounts; and Baht 28 million additional marketing related expenses, mostly from increased TV advertising and census development. EBITDA grew 18.1% year-over-year from Baht 4,516 million in 2014 to Baht 5,332 million in 2015, with the EBITDA margin advancing to 30.0% in 2015 compared with 28.6% in 2014. Excluding the additional staff bonus, EBITDA increased 20.9% and 2015 EBITDA margin improved to 30.7%.

Depreciation and amortization was the same for both 2015 and 2014 at Baht 1,045 million. The Company reported Baht 13 million Share of profit from investments in associates in 2015, mostly related to the voluntary liquidation of CDE Trading Ltd., compared to Baht 3 million Share of loss from investments in 2014. The 2014 Share of loss was mostly due to realized exchange rate losses of Bumrungrad International Limited (BIL) connected with the closure of its subsidiaries [Bumrungrad International Holdings (Hong Kong) Limited and Bumrungrad International Holdings Pte. Ltd.] in June 2014 as part of the BIL wind-down process. Finance cost was Baht 187 million in 2015 compared to Baht 186 million in 2014.

Corporate income tax of Baht 823 million in 2015 was higher than Baht 685 million in 2014, mostly due to Baht 163 million increased taxes due to higher taxable profit in 2015 compared with 2014, and Baht 6 million reduction of tax benefit related to donations to St. Louis College to support the nurse training program, offset by an increase in tax benefit of Baht 15 million associated with outside training and a Baht 6 million tax benefit related to loss on impairment of investment in Asia Global Health Ltd. in 2015.

Basic EPS for 2015 was Baht 4.72, producing an 25.8% increase year-over-year from Baht 3.75 in 2014, while 2015 Diluted EPS also increased at the same rate to Baht 3.96 from Baht 3.15 in 2014.

Income statements Unit: Million Baht	2015	2014	Change
Revenues from Hospital Operations	17,600	15,571	13.0%
Total Revenues	17,929	15,911	12.7%
EBITDA	5,332	4,516	18.1%
Net Profit	3,436	2,730	25.8%
<i>EBITDA Margin</i>	<i>30.0%</i>	<i>28.6%</i>	
<i>Net Profit Margin</i>	<i>19.1%</i>	<i>17.2%</i>	
EPS Unit: Baht	2015	2014	Change
EPS – Basic	4.72	3.75	25.8%
EPS – Fully Diluted	3.96	3.15	25.8%

2. Statement of Financial Position

As at 31 December 2015, the Company reported Total current assets of Baht 10,088 million, an increase from Baht 8,500 million as at 31 December 2014. The variance is mostly due to an increase of Baht 378 million in Cash and cash equivalents and Baht 384 million in Short-term investments, primarily from increased cash from operating activities, and Baht 793 million more in Trade and other receivables. Trade receivables were Baht 2,309 million as at 31 December 2015 versus Baht 1,516 million as at 31 December 2014. The collection period was 41.3 days as at 31 December 2015 compared to 34.7 days as at 31 December 2014, due to timing differences associated with collections on certain Middle East accounts.

Total non-current assets increased to Baht 11,209 million as at 31 December 2015 from Baht 10,645 million as at 31 December 2014, mostly due to an increase in Property, plant and equipment associated with Baht 755 million purchase of 3 pieces of land near the main campus. Total assets grew to Baht 21,298 million as at 31 December 2015 from Baht 19,145 million as at 31 December 2014.

Total current liabilities were Baht 4,056 million as at 31 December 2015, an increase from Baht 2,322 million as at 31 December 2014. The variance was mostly due to Baht 1,497 million Current portion of long-term debentures due December 2016; Baht 176 million additional Accrued physicians' fees relative to higher doctor fee revenue; and Baht 90 million more in various Accrued expenses, mostly for accrued bonus, offset by Baht 30 million reduction in Trade and other payables.

Non-current liabilities were Baht 4,141 million as at 31 December 2015, a decrease from Baht 5,563 million as at 31 December 2014. The change was primarily from Baht 1,497 million Current portion of long-term debentures reclassified as Current liabilities, offset with Baht 66 million increase in Provision for long-term employee benefits. Net debt to equity was 0.0x as at 31 December 2015 and 31 December 2014. The Company's Interest coverage ratio improved to 22.1x in 2015 from 18.8x in 2014, due to higher EBITDA in 2015 compared to 2014. Interest expense has been reduced by Baht 54 million in 2015 and Baht 55 million in 2014 for capitalized interest associated with the campus expansion project.

Total shareholders' equity grew to Baht 13,100 million as at 31 December 2015 from Baht 11,260 million as at 31 December 2014. This increase resulted from the Company's 2015 Net profit of Baht 3,436 million; offset with a dividend payment of Baht 1,569 million, other changes in Retained earnings of Baht 14 million; and change in Non-controlling interests of the subsidiaries of Baht 12 million representing Non-controlling interests of the subsidiary in Mongolia. Average return on assets (ROA) increased from 15.0% in 2014 to 22.7% in 2015. Average return on equity (ROE) increased from 26.2% in 2014 to 37.6% in 2015.

Unit: Million Baht	31-Dec-15	31-Dec-14	Change
Total Assets	21,297	19,145	11.2%
Total Liabilities	8,197	7,885	4.0%
Total Shareholders' Equity	13,100	11,260	16.3%
	2015	2014	
Interest Coverage Ratio (x)	22.1*	18.8*	
Average Collection Period (days)	41.3	34.7	
Average Inventory Period (days)	11.2	12.3	
Average Payables Period (days)	28.2	29.8	
Net Debt to Equity (x)	0.0	0.0	
Average Return on Assets (%)	17.0%	15.0%	
Average Return on Equity (%)	28.2%	26.2%	

* After adding back the 2015 and 2014 capitalized interest expense related to the campus expansion.

3. Liquidity

The Company's Net cash flows from operating activities in 2015 were Baht 3,987 million, compared to Baht 3,890 million in 2014. This increase was due to Baht 873 million additional cash from operations offset with a decrease in working capital, mostly related to Baht 615 million increase in Trade and other receivables. Net cash flows used in investment activities were Baht 1,785 million in 2015, compared to Baht 701 million in 2014. This variance was mainly due to Baht 1,180 million change between Short-term investments and Cash and cash equivalents and Baht 287 million additional capital spending in 2015 offset with Baht 309 million for the Company's portion of the acquisition of the subsidiary in Mongolia, and Baht 86 million for the Company's portion of a loan repayment made by the Mongolia subsidiary in 2014. The Company reported Net cash flows used in financing activities of Baht 1,833 million in 2015 versus Baht 1,650 million in 2014. As a result of the above, Cash and cash equivalents increased to Baht 5,054 million as at 31 December 2015, compared to Baht 4,676 million as at 31 December 2014.

The Company's Liquidity ratio as at 31 December 2015 decreased to 2.5x from 3.7x as at 31 December 2014. Similarly, the Quick ratio decreased to 1.8x as at 31 December 2015 from 2.7x as at 31 December 2014. Both decreases were due to Baht 1,500 million Current portion of long-term debentures that have been reclassified as Current liabilities since they will be paid in December 2016.

Unit: Million Baht	2015	2014
Cash Flow from Operating Activities	3,987	3,890
Cash Flow used in Investing Activities	(1,785)	(701)
Cash Flow used in Financing Activities	(1,833)	(1,650)
Net (decrease) increase in cash and cash equivalents	378	1,536
Cash and cash Equivalents at end of year	5,054	4,676
	31-Dec-15	31-Dec-14
Liquidity Ratio (x)	2.5	3.7
Quick Ratio (x)	1.8	2.7

4. Contractual Obligations

(Unit: Million Baht)

	As at 31 December 2015						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Long-term loan from and interest payable to a related party	-	176	-	-	7	183	1.38
Long-term debentures	1,497	996	2,485	-	-	4,978	4.13 - 4.97
	1,497	1,172	2,485	-	7	5,161	

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios which include:

- maintenance of a net debt to equity ratio not exceeding 1.75:1
- maintenance of a net debt to EBITDA ratio not exceeding 3.25:1

5. Significant Event

On 28 March 2014, Health Horizons Enterprises Pte. Ltd. ("HHE"), an overseas subsidiary 80% owned by the Company, acquired 100% of the common shares of Bumrungrad Mongolia LLC ("BML"), which holds 51% of the common shares of Seoul Seniors Tower LLC ("SST"), for approximately USD 12 million in cash. Additionally, HHE provided a loan of USD 3.3 million to SST, which owns and operates Ulaanbaatar Songdo Hospital ("UBSD") in Mongolia.

The seller of shares of SST is entitled to receive additional contingent consideration in the form of earn-out payments, provided certain cumulative net profit targets are achieved through 31 December 2016, at the maximum of MNT 10,965.9 million.

The Group has reviewed and reassessed the likelihood that the Group would incur such additional contingent consideration by taking into account the current economic situation and the current performance and forecast operating results of Ulaanbaatar Songdo Hospital for the years 2014 - 2016. As at 31 December 2015, the Group estimated that there is no likelihood that the Group would incur such additional contingent consideration, and continues to take this position.

HHE's consolidated assets and liabilities, which include SST and BML as of the acquisition date, are included in the Company's consolidated financial statements as from the first quarter of 2014. HHE has recorded the net tangible assets of SST and BML acquired at their fair values as of the acquisition date. The remaining excess of the purchase price over the net value of the tangible assets acquired was allocated as goodwill. The amount of goodwill is approximately USD 3.4 million.

14.1 Audit Fees

For the year 2015, the Company and subsidiaries have paid audit fees in the amount of Baht 3.42 million. The Company's 2015 audit fees have been approved by the shareholders' meeting.