

Bangkok Dusit Medical Services Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of Bangkok Dusit Medical Services Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Bangkok Dusit Medical Services Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries and of Bangkok Dusit Medical Services Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matters

I draw attention to the following notes to the consolidated financial statements. My opinion is not modified in respect of these matters.

a) Adoption of the new financial reporting standards

I draw attention to Note 3 to the financial statements regarding the change in accounting policy due to the impact of the adoption of Thai Financial Reporting Standard No. 4 Insurance Contracts to the medical care programs of the Company and its subsidiary that charge a small amount to members who pay membership fees in advance for a lifelong membership. The related contracts are deemed to be insurance contracts as defined in Thai Financial Reporting Standard No. 4. Even though the programs were discontinued for legal reasons by the Company and its subsidiary on 20 January 2017 and 2 February 2017, respectively, as described in Note 42 to the financial statements, but since Thai Financial Reporting Standard No. 4 became effective for fiscal years beginning on or after 1 January 2016, the Company and its subsidiary have restated the consolidated and separate financial statements, to reflect the adjustments related to provision for this lifelong medical care program.

The adjustments to the financial statements have been made based on the total amounts payable to the members and the compensation expected to be paid to the members in 2017 due to the discontinuation of the program. To date, some members (approximately 142 of 334 members in the consolidated financial statements and 137 of 282 members in the separate financial statements) have accepted the offer, while some have not as described in Note 42 to the financial statements. Thus, there remains uncertainty. These circumstances are retrospective effects of changes made in accordance with the adoption of new financial reporting standard becoming effective from 2016.

b) Restatement of prior year's financial statements relating to provision for other post-employment benefits

I draw attention to Note 4 to the financial statements regarding the cumulative effects of adjustments of prior years' financial statements. During the year 2016, the management considered the employee benefits related to post-employment benefits - medical care expenses and found that the Company and a subsidiary under recorded these expenses in previous years. As a result, the Company restated the consolidated and separate financial statements presented as comparative information for correctness.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenues from hospital operations are considered significant in the financial statements as the amounts are material, representing 94% of the consolidated total revenues. In addition, there are various components in revenues from hospital operations which include revenue from sales of medicines and medical supplies, revenue from medical services, revenue from patient rooms, including discounts for counterparties, whereas the agreements contain various conditions for each party. The revenues from hospital operations are recognised as income when services have been rendered or medicine delivered.

I examined the revenue recognition of the Group by assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiries of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select revenues from hospital operations transactions occurring during the year to examine the supporting documents.

I requested a balance confirmation from accounts receivable and tested revenue cut-off. I also performed analytical procedures of disaggregated data and significant financial ratios with the past information and industry to detect possible irregularities in revenues from hospital operations transactions throughout the period, particularly for accounting entries made through journal vouchers.

Goodwill

I have focused my audit on the consideration of the impairment of goodwill, as discussed in Note 20 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company and its subsidiaries and of the industry, tested the calculation of the realisable values of the assets using the selected financial model. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

Adoption of new financial reporting standards - Thai Financial Reporting Standard No. 4 Insurance Contracts

As described in the Emphasis of Matters paragraph and in Note 3 to the financial statements, the Company has to adopt Thai Financial Reporting Standard No. 4 Insurance Contracts, which became effective in the year 2016, because the Company and its subsidiary entered into contracts providing lifelong membership for medical care program to members and these contracts are deemed to be insurance contracts as defined in Thai Financial Reporting Standard No. 4. The Company has restated the consolidated and separate financial statements, presented as comparative information, to reflect the adjustments resulting from such change. I therefore considered this a key audit matter.

I considered the conditions in the lifelong medical care contracts made with the members and considered Thai Financial Reporting Standard No. 4 and enquired with the management about the service conditions to the members. For the amounts of the adjustments to the financial statements, I tested the calculation of the amounts to be payable to the members including compensation, read the Company's Board of Directors' meeting minutes. I also reviewed the opinions of the legal counselors of the Company and its subsidiary. I examined the adjustments of prior years' financial statements and tested the amount paid to the members and reviewed the significant disclosures relating to the adoption of Thai Financial Reporting Standard No. 4 and the restatement of financial statements made in notes to the financial statements.

Restatement of prior year's financial statements relating to provision for other post-employment benefits

As described in the Emphasis of Matters paragraph and in Note 4 to the financial statements, during the year 2016, the management considered the employee benefits related to post-employment benefits - medical care expenses and found that the Company and a subsidiary under recorded these expenses in previous years. As a result, the Company restated the consolidated and separate financial statements presented as comparative information for correctness. I thus considered this a key audit matter.

I examined the employment contracts and the summary of the number of employees who are entitled to the post-employment - medical care welfare and also evaluated the relevant significant assumptions regarding medical care information, related cost of medical care, demographic information relating to average age, mortality rates, including the methods to evaluate the liabilities in the actuarial report of the actuary who was hired by the Company and its subsidiary. I tested the calculation and examined the adjustment of prior years' financial statements. I also read minutes of the Board of Directors' meetings relating to the change in the conditions of post-employment - medical care welfare, examined signed documentation of the employees' acceptance of such conditions, examined the compensation payments made to employees and reviewed the significant disclosures relating to provision for long-term employee benefits and the restatements of financial statements in notes to the financial statements.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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.

The engagement partner on the audit resulting in this independent auditor's report is
Miss Kamontip Lertwitworatep.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 28 February 2017

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
<u>Note</u>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>1 January 2015</u>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>1 January 2015</u>	<u>1 January 2015</u>
		(restated)			(restated)		
Assets							
Current assets							
Cash and cash equivalents	7	4,216,830,857	5,528,543,111	3,608,367,714	2,762,362,494	3,617,144,329	1,862,514,806
Short-term investments	8	548,063,152	28,280,659	1,877,618,065	387,027	1,353,034	1,583,291,938
Trade and other receivables	10, 11, 12	6,032,711,285	6,484,342,871	5,822,137,258	985,999,187	1,470,057,934	1,051,772,413
Short-term loans to related parties	12	-	-	-	2,143,392,592	1,326,938,930	1,755,709,338
Dividend receivable - a related party		-	-	9,100,000	-	-	-
Inventories	13	1,515,747,918	1,285,769,345	1,110,813,412	108,903,873	99,357,785	98,629,263
Other current assets		<u>281,982,063</u>	<u>255,432,045</u>	<u>270,021,135</u>	<u>53,467,200</u>	<u>30,944,662</u>	<u>22,939,305</u>
Total current assets		<u>12,595,335,275</u>	<u>13,582,368,031</u>	<u>12,698,057,584</u>	<u>6,054,512,373</u>	<u>6,545,796,674</u>	<u>6,374,857,063</u>
Non-current assets							
Restricted financial institution deposits	9	45,862,059	60,707,653	29,525,658	-	14,000,000	14,000,000
Investments in associated companies	14	16,401,010,414	15,093,034,805	14,182,876,470	9,028,589,568	9,028,589,568	9,028,589,568
Investments in subsidiary companies	15	-	-	-	40,431,044,012	39,070,482,959	36,557,176,437
Other long-term investments	16	835,985,142	1,085,157,043	1,006,683,252	427,402,912	771,950,462	664,246,284
Long-term loans to related parties	12	-	-	-	5,130,374,694	5,786,370,550	5,341,174,983
Investment properties	17	306,743,951	284,767,664	265,450,433	704,498,529	530,237,832	519,109,433
Property, premises and equipment	18	56,163,736,353	52,949,905,969	46,935,257,816	9,749,142,320	8,070,214,543	7,386,789,781
Land not used in operation	19	297,307,543	297,307,543	297,307,543	296,981,200	296,981,200	296,981,200
Goodwill	20	16,932,250,590	16,932,250,590	15,999,933,687	-	-	-
Intangible assets	21	1,188,302,453	1,036,728,473	861,366,691	482,171,342	385,142,951	310,489,847
Deferred tax assets	33	-	-	-	28,948,184	59,643,525	60,704,290
Other non-current assets							
Leasehold rights	12, 22	697,715,441	670,176,910	700,374,772	350,167,562	362,422,115	379,561,562
Deposits in land and premises	18.1	1,080,000,000	-	-	1,080,000,000	-	-
Others	12	<u>395,162,199</u>	<u>342,590,020</u>	<u>392,824,164</u>	<u>56,367,578</u>	<u>26,500,933</u>	<u>46,320,418</u>
Total non-current assets		<u>94,344,076,145</u>	<u>88,752,626,670</u>	<u>80,671,600,486</u>	<u>67,765,687,901</u>	<u>64,402,536,638</u>	<u>60,605,143,803</u>
Total assets		<u>106,939,411,420</u>	<u>102,334,994,701</u>	<u>93,369,658,070</u>	<u>73,820,200,274</u>	<u>70,948,333,312</u>	<u>66,980,000,866</u>

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>			<u>Separate financial statements</u>		
		<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
		<u>31 December 2016</u>	<u>31 December 2015</u>	<u>1 January 2015</u>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>1 January 2015</u>
			(restated)			(restated)	
Liabilities and shareholders' equity							
Current liabilities							
Bank overdrafts and short-term loans from							
financial institutions	23	1,578,643,930	75,859,716	21,850,446	1,500,000,000	-	-
Trade and other payables	12, 24	4,546,002,741	4,934,750,901	4,388,736,560	1,004,281,868	1,288,882,537	927,757,614
Provision for lifelong medical care program	3	963,797,750	963,797,750	963,797,750	820,311,726	820,311,726	820,311,726
Current portion of long-term loans from							
financial institutions	25	4,252,097,511	1,708,223,631	1,592,367,640	4,239,341,800	1,672,206,000	1,537,680,800
Current portion of liabilities under							
finance lease agreements	26	43,860,890	57,205,890	59,337,586	11,213,542	10,230,295	10,717,752
Current portion of debentures	27	-	999,835,639	2,499,842,503	-	999,835,639	2,499,842,503
Short-term loans		89,000,000	97,700,000	88,700,000	-	-	-
Short-term loans from related parties	12	-	-	-	8,343,358,008	8,303,333,657	4,703,038,618
Income tax payable		699,777,573	726,682,651	631,985,257	75,348,313	138,543,809	82,257,572
Accrued expenses		4,766,057,653	4,855,181,484	2,796,219,548	1,114,743,163	1,151,084,489	592,525,182
Current portion of provision for long-term employee benefits	29	317,891,300	157,814,200	-	239,691,300	157,814,200	-
Current portion of deferred income - membership		216,445,069	362,350,535	307,562,934	105,400,778	105,203,869	104,650,389
Other current liabilities		403,865,319	355,450,605	507,179,090	98,463,467	80,186,736	139,230,005
Total current liabilities		17,877,439,736	15,294,853,002	13,857,579,314	17,552,153,965	14,727,632,957	11,418,012,161
Non-current liabilities							
Long-term loans from financial institutions							
- net of current portion	25	3,453,331,333	7,737,989,124	9,371,612,676	3,453,331,333	7,697,531,600	9,306,925,600
Liabilities under finance lease agreements							
- net of current portion	26	17,656,934	46,944,936	101,402,802	3,398,968	6,528,177	15,404,412
Debentures - net of current portion	27	12,588,899,605	9,591,140,848	8,592,143,587	12,588,899,605	9,591,140,848	8,592,143,587
Convertible debentures - liability component	28	9,873,567,164	9,683,480,857	9,345,724,643	9,873,567,164	9,683,480,857	9,345,724,643
Long-term portion of provision for long-term employee bene	29	1,928,147,614	2,095,752,204	2,077,754,465	632,829,915	836,758,342	888,947,173
Long-term portion of deferred income - membership		647,059,860	577,635,522	599,681,695	120,706,391	117,720,319	132,257,117
Deferred tax liabilities	33	2,111,758,339	2,180,130,269	1,506,801,926	-	-	-
Other non-current liabilities	12	136,696,436	130,007,199	199,998,971	44,720,573	37,496,263	54,733,977
Total non-current liabilities		30,757,117,285	32,043,080,959	31,795,120,765	26,717,453,949	27,970,656,406	28,336,136,509
Total liabilities		48,634,557,021	47,337,933,961	45,652,700,079	44,269,607,914	42,698,289,363	39,754,148,670

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	<u>Note</u>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>1 January 2015</u>
			(restated)		(restated)	
Liabilities and shareholders' equity (continued)						
Shareholders' equity						
Share capital						
Registered						
16,497,868,714 ordinary shares of Baht 0.1 each		<u>1,649,786,871</u>	<u>1,649,786,871</u>	<u>1,649,786,871</u>	<u>1,649,786,871</u>	<u>1,649,786,871</u>
Issued and fully paid-up						
15,490,956,540 ordinary shares of Baht 0.1 each		1,549,095,654	1,549,095,654	1,549,095,654	1,549,095,654	1,549,095,654
Share premium						
Premium on ordinary shares		20,481,530,880	20,481,530,880	20,418,606,952	20,418,606,952	20,418,606,952
Difference from shareholding restructure		305,000,325	305,000,325	-	-	-
Retained earnings						
Appropriated - statutory reserve	31	170,000,477	170,000,477	170,000,477	170,000,477	170,000,477
Unappropriated		29,069,149,164	26,197,987,900	5,852,887,332	4,492,563,994	3,554,535,583
Other components of shareholders' equity		<u>4,143,785,415</u>	<u>3,795,303,504</u>	<u>1,560,001,945</u>	<u>1,619,776,872</u>	<u>1,533,613,530</u>
Equity attributable to owners of the Company		55,718,561,915	52,498,918,740	29,550,592,360	28,250,043,949	27,225,852,196
Non - controlling interests of the subsidiaries		<u>2,586,292,484</u>	<u>2,498,142,000</u>	-	-	-
Total shareholders' equity		<u>58,304,854,399</u>	<u>54,997,060,740</u>	<u>29,550,592,360</u>	<u>28,250,043,949</u>	<u>27,225,852,196</u>
Total liabilities and shareholders' equity		<u>106,939,411,420</u>	<u>102,334,994,701</u>	<u>73,820,200,274</u>	<u>70,948,333,312</u>	<u>66,980,000,866</u>

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

Directors

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
			(restated)		(restated)
Revenues					
Revenues from hospital operations	12	65,236,523,139	60,239,803,830	13,330,145,501	13,084,412,086
Other income	12				
Revenue from sales of goods and foods		2,748,575,294	2,594,595,226	53,331,929	46,874,033
Interest income and gain on sale of short-term investments		52,215,191	47,298,108	316,866,070	330,422,226
Dividend income	14, 15, 16	21,375,943	17,911,051	5,418,965,241	3,372,145,263
Gain on fair value adjustment of investments		-	208,747,913	-	-
Gain on sale of other long-term investments	16	208,663,809	-	205,463,809	-
Others		858,860,305	798,436,516	1,171,502,517	858,135,456
Total other income		3,889,690,542	3,666,988,814	7,166,129,566	4,607,576,978
Total revenues		69,126,213,681	63,906,792,644	20,496,275,067	17,691,989,064
Expenses					
Cost of hospital operations and goods sold	12	45,276,809,525	41,151,348,392	8,404,606,693	7,929,511,665
Administrative expenses	12	13,644,189,407	12,648,561,376	3,834,010,994	3,634,773,761
Total expenses		58,920,998,932	53,799,909,768	12,238,617,687	11,564,285,426
Profit before share of income from investments in associated companies, finance expenses and income tax expenses					
		10,205,214,749	10,106,882,876	8,257,657,380	6,127,703,638
Share of income from investments in associated companies	14	1,369,958,152	1,258,968,268	-	-
Profit before finance expenses and income tax expenses					
		11,575,172,901	11,365,851,144	8,257,657,380	6,127,703,638
Finance expenses	12	(881,008,035)	(1,135,865,592)	(963,475,555)	(1,219,901,237)
Profit before income tax expenses		10,694,164,866	10,229,985,552	7,294,181,825	4,907,802,401
Income tax expenses	33	(1,922,300,568)	(1,895,304,981)	(358,744,037)	(343,345,229)
Profit for the year		8,771,864,298	8,334,680,571	6,935,437,788	4,564,457,172
Profit attributable to:					
Equity holders of the Company		8,386,477,660	8,020,716,358	6,935,437,788	4,564,457,172
Non-controlling interests of the subsidiaries		385,386,638	313,964,213		
		8,771,864,298	8,334,680,571		
Basic earnings per share					
Profit attributable to equity holders of the Company	34	0.54	0.52	0.45	0.29
Weighted average number of ordinary shares (shares)		15,490,956,540	15,490,956,540	15,490,956,540	15,490,956,540

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
			(restated)		(restated)
Profit for the year		<u>8,771,864,298</u>	<u>8,334,680,571</u>	<u>6,935,437,788</u>	<u>4,564,457,172</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain (reversal of surplus) on change in value of available-for-sale investments - net of income tax	16	33,315,720	78,176,021	(59,774,927)	86,163,342
Exchange differences on translation of financial statements in foreign currencies		(6,844,480)	91,035,792	-	-
Share of other comprehensive income from associated companies	14	<u>440,392,219</u>	<u>(53,713,502)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>466,863,459</u>	<u>115,498,311</u>	<u>(59,774,927)</u>	<u>86,163,342</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax		-	(27,906,658)	-	(63,908,037)
Gain on revaluation of land - net of income tax	18	<u>39,232,196</u>	<u>2,541,276,981</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>39,232,196</u>	<u>2,513,370,323</u>	<u>-</u>	<u>(63,908,037)</u>
Other comprehensive income for the year		<u>506,095,655</u>	<u>2,628,868,634</u>	<u>(59,774,927)</u>	<u>22,255,305</u>
Total comprehensive income for the year		<u><u>9,277,959,953</u></u>	<u><u>10,963,549,205</u></u>	<u><u>6,875,662,861</u></u>	<u><u>4,586,712,477</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		8,879,699,385	10,571,140,511	<u>6,875,662,861</u>	<u>4,586,712,477</u>
Non-controlling interests of the subsidiaries		<u>398,260,568</u>	<u>392,408,694</u>		
		<u><u>9,277,959,953</u></u>	<u><u>10,963,549,205</u></u>		

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements																
Equity attributable to owners of the Company																
Other components of shareholders' equity																
Other comprehensive income																
Surplus on changes in value of available-for-sale investments																
Exchange differences on translation of financial statements in foreign currency																
Share of other components of shareholders' equity from associated companies																
Convertible debentures - equity component																
Surplus investment over book value of subsidiary companies																
Total other components of shareholders' equity																
Total equity attributable to owners of the Company																
Equity attributable to non-controlling interest of the subsidiaries																
Total shareholders' equity																
Note	Issued and paid-up share capital	Premium on ordinary shares	Difference from shareholding restructure	Appropriated-statutory reserve	Unappropriated Retained earnings	investments	Revaluation surplus on land	foreign currency	companies	component	companies	equity	the Company	subsidiaries	equity	
Balance as at 31 December 2014																
- As previously reported	1,549,095,654	20,481,530,880	305,000,325	170,000,477	23,059,104,916	259,081,633	2,639,478,771	(50,382,463)	383,050,477	585,527,449	(2,601,332,692)	1,215,423,175	46,780,155,427	2,217,943,470	48,998,098,897	
Cumulative effects of changes in accounting policies	3	-	-	-	(703,343,210)	-	-	-	-	-	-	-	(703,343,210)	(868,157)	(704,211,367)	
Cumulative effects of adjustment of prior years' financial statements	4	-	-	-	(576,929,539)	-	-	-	-	-	-	-	(576,929,539)	-	(576,929,539)	
Balance as at 31 December 2014																
- As restated	1,549,095,654	20,481,530,880	305,000,325	170,000,477	21,778,832,167	259,081,633	2,639,478,771	(50,382,463)	383,050,477	585,527,449	(2,601,332,692)	1,215,423,175	45,499,882,678	2,217,075,313	47,716,957,991	
Profit for the year - restated	-	-	-	-	8,020,716,358	-	-	-	-	-	-	-	8,020,716,358	313,964,213	8,334,680,571	
Other comprehensive income for the year	-	-	-	-	(39,039,901)	78,174,126	2,470,623,555	87,811,675	(47,145,302)	-	-	2,589,464,054	2,550,424,153	78,444,481	2,628,868,634	
Total comprehensive income for the year	-	-	-	-	7,981,676,457	78,174,126	2,470,623,555	87,811,675	(47,145,302)	-	-	2,589,464,054	10,571,140,511	392,408,694	10,963,549,205	
Dividend paid	30	-	-	-	(3,562,520,724)	-	-	-	-	-	-	-	(3,562,520,724)	-	(3,562,520,724)	
Share of Interest paid for convertible debentures treated as equity securities from an associated company	-	-	-	-	-	-	-	-	(7,783,870)	-	-	(7,783,870)	(7,783,870)	-	(7,783,870)	
Change in non-controlling interests of subsidiaries from purchase investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,799,855)	(1,799,855)	(1,799,855)	30,767,687	28,967,832	
Decrease in non-controlling interests of subsidiaries from dividend of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(142,109,694)	(142,109,694)	
Balance as at 31 December 2015 - As restated	1,549,095,654	20,481,530,880	305,000,325	170,000,477	26,197,987,900	337,255,759	5,110,102,326	37,429,212	328,121,305	585,527,449	(2,603,132,547)	3,795,303,504	52,498,918,740	2,498,142,000	54,997,060,740	

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements																
Equity attributable to owners of the Company																
Other components of shareholders' equity																
Other comprehensive income																
Surplus on changes in value of available-for-sale investments																
Exchange differences on translation of financial statements in foreign currency																
Share of other components of equity from associated companies																
Convertible debentures - equity component																
Surplus of investment over book value of subsidiary companies																
Total other components of shareholders' equity																
Total equity attributable to owners of the Company																
Equity attributable to non-controlling interest of the subsidiaries																
Total shareholders' equity																
Note	Issued and paid-up share capital	Premium on ordinary shares	Difference from shareholding restructure	Retained earnings	Appropriated-statutory reserve	Unappropriated	Surplus on changes in value of available-for-sale investments	Revaluation surplus on land	Exchange differences on translation of financial statements in foreign currency	Share of other components of equity from associated companies	Convertible debentures - equity component	Surplus of investment over book value of subsidiary companies	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interest of the subsidiaries	Total shareholders' equity
Balance as at 31 December 2015																
- As previously reported																
	1,549,095,654	20,481,530,880	305,000,325	170,000,477	27,375,018,014		337,255,759	5,110,102,326	37,429,212	328,121,305	585,527,449	(2,603,132,547)	3,795,303,504	53,675,948,854	2,499,078,610	56,175,027,464
Cumulative effects of changes in accounting policies	3	-	-	-	-	(725,835,257)	-	-	-	-	-	-	-	(725,835,257)	(936,610)	(726,771,867)
Cumulative effects of adjustment of prior years' financial statements	4	-	-	-	-	(451,194,857)	-	-	-	-	-	-	-	(451,194,857)	-	(451,194,857)
Balance as at 31 December 2015																
- As restated																
	1,549,095,654	20,481,530,880	305,000,325	170,000,477	26,197,987,900		337,255,759	5,110,102,326	37,429,212	328,121,305	585,527,449	(2,603,132,547)	3,795,303,504	52,498,918,740	2,498,142,000	54,997,060,740
Profit for the year	-	-	-	-	8,386,477,660		-	-	-	-	-	-	-	8,386,477,660	385,386,638	8,771,864,298
Other comprehensive income for the year	-	-	-	-	59,798,054		33,321,181	26,203,184	(6,694,859)	380,594,165	-	-	433,423,671	493,221,725	12,873,930	506,095,655
Total comprehensive income for the year	-	-	-	-	8,446,275,714		33,321,181	26,203,184	(6,694,859)	380,594,165	-	-	433,423,671	8,879,699,385	398,260,568	9,277,959,953
Dividend paid	30	-	-	-	(5,575,114,450)		-	-	-	-	-	-	-	(5,575,114,450)	-	(5,575,114,450)
Share of Interest paid for convertible debentures treated as equity securities from an associated company	-	-	-	-	-		-	-	-	(7,783,870)	-	-	(7,783,870)	(7,783,870)	-	(7,783,870)
Change in non-controlling interests of subsidiaries from purchase investments in subsidiaries	-	-	-	-	-		-	-	-	-	-	(77,157,890)	(77,157,890)	(77,157,890)	(92,656,048)	(169,813,938)
Decrease in non-controlling interests of subsidiaries from dividend of subsidiaries	-	-	-	-	-		-	-	-	-	-	-	-	-	(217,454,036)	(217,454,036)
Balance as at 31 December 2016	1,549,095,654	20,481,530,880	305,000,325	170,000,477	29,069,149,164		370,576,940	5,136,305,510	30,734,353	700,931,600	585,527,449	(2,680,290,437)	4,143,785,415	55,718,561,915	2,586,292,484	58,304,854,399

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

Separate financial statements									
Note	Other components of shareholders' equity								
	Other comprehensive income								
	Retained earnings				Surplus on changes				
					in value of				
					Issued and paid-up share capital	Premium on ordinary shares	Appropriated-statutory reserve	Unappropriated	available-for-sale investments
Balance as at 31 December 2014									
- As previously reported	1,549,095,654	20,418,606,952	170,000,477	4,698,257,167	274,224,699	673,861,382	585,527,449	1,533,613,530	28,369,573,780
Cumulative effects of changes in accounting policies	3	-	-	-	(629,352,045)	-	-	-	(629,352,045)
Cumulative effects of adjustment of prior years' financial statements	4	-	-	-	(514,369,539)	-	-	-	(514,369,539)
Balance as at 31 December 2014									
- As restated	1,549,095,654	20,418,606,952	170,000,477	3,554,535,583	274,224,699	673,861,382	585,527,449	1,533,613,530	27,225,852,196
Profit for the year	-	-	-	4,564,457,172	-	-	-	-	4,564,457,172
Other comprehensive income for the year	-	-	-	(63,908,037)	86,163,342	-	-	86,163,342	22,255,305
Total comprehensive income for the year	-	-	-	4,500,549,135	86,163,342	-	-	86,163,342	4,586,712,477
Dividend paid	30	-	-	(3,562,520,724)	-	-	-	-	(3,562,520,724)
Balance as at 31 December 2015									
	1,549,095,654	20,418,606,952	170,000,477	4,492,563,994	360,388,041	673,861,382	585,527,449	1,619,776,872	28,250,043,949
Balance as at 31 December 2015									
- As previously reported	1,549,095,654	20,418,606,952	170,000,477	5,524,811,391	360,388,041	673,861,382	585,527,449	1,619,776,872	29,282,291,346
Cumulative effects of changes in accounting policies	3	-	-	-	(643,612,540)	-	-	-	(643,612,540)
Cumulative effects of adjustment of prior years' financial statements	4	-	-	-	(388,634,857)	-	-	-	(388,634,857)
Balance as at 31 December 2015									
- As restated	1,549,095,654	20,418,606,952	170,000,477	4,492,563,994	360,388,041	673,861,382	585,527,449	1,619,776,872	28,250,043,949
Profit for the year	-	-	-	6,935,437,788	-	-	-	-	6,935,437,788
Other comprehensive income for the year	-	-	-	-	(59,774,927)	-	-	(59,774,927)	(59,774,927)
Total comprehensive income for the year	-	-	-	6,935,437,788	(59,774,927)	-	-	(59,774,927)	6,875,662,861
Dividend paid	30	-	-	(5,575,114,450)	-	-	-	-	(5,575,114,450)
Balance as at 31 December 2016									
	1,549,095,654	20,418,606,952	170,000,477	5,852,887,332	300,613,114	673,861,382	585,527,449	1,560,001,945	29,550,592,360

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015 (restated)	2016	2015 (restated)
Cash flows from operating activities				
Profit before income tax expenses	10,694,164,866	10,229,985,552	7,294,181,825	4,907,802,401
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation and amortisation expenses	4,803,222,771	4,386,699,641	937,633,690	820,488,759
Write-off of assets	17,125,689	25,475,985	5,115,464	1,985,758
Bad debts and doubtful debts	109,215,203	117,004,688	44,127,797	21,727,872
Loss on impairment of investments	-	17,493,668	-	-
Loss (reversal) on impairment of assets	(5,439,998)	2,700,000	(2,700,000)	2,700,000
Reserve of loss on deteriorated inventories	2,872,967	1,804,776	227,596	384,886
Amortisation of deferred income - membership	(319,383,476)	(436,469,750)	(128,346,841)	(127,204,137)
Share of income from investments in associated companies	(1,369,958,152)	(1,258,968,268)	-	-
Gain on disposal of investments in subsidiary and associated companies	-	(57,328,697)	-	-
Gain on sale of other long-term investments	(208,663,809)	-	(205,463,809)	-
Loss on liquidation of an associated company and other long-term investments	388,735	-	-	-
Gain on fair value adjustment of investments	-	(208,747,913)	-	-
Amortisation of expense for debentures and convertible debentures	31,814,821	30,731,171	31,814,821	30,731,171
Gain on disposal of property, premises and equipment and land not used in operation	(14,334,607)	(12,936,066)	(5,518,045)	(3,077,597)
Gain on fair value adjustment of investment properties	(65,323,848)	(9,000,000)	(128,771,713)	(9,000,000)
Unrealised gain on foreign exchange	(612,906)	(12,289,509)	(612,906)	(13,282,367)
Long-term employee benefit expenses	196,969,047	187,751,407	48,745,546	43,149,279
Annual leave expenses	12,741,483	14,111,750	3,118,226	2,633,255
Interest income	(52,215,191)	(47,298,108)	(316,866,070)	(330,422,226)
Dividend income	(21,375,943)	(17,911,051)	(5,418,965,241)	(3,372,145,263)
Interest expense	881,008,035	1,135,865,592	963,475,555	1,219,901,237
Profit from operating activities before changes in operating assets and liabilities	14,692,215,687	14,088,674,868	3,121,195,895	3,196,373,028

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
		(restated)		(restated)
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Trade and other receivables	341,939,990	(851,648,651)	438,681,128	(444,564,863)
Inventories	(232,851,541)	(177,458,434)	(9,773,684)	(1,113,408)
Other current assets	(26,550,018)	12,069,598	(22,522,538)	(8,005,357)
Other non-current assets	18,154,803	8,856,891	(34,073,166)	25,339,704
Increase (decrease) in operating liabilities				
Trade and other payables	388,307,235	164,250,632	40,480,522	39,369,528
Accrued expenses	(105,997,850)	2,080,806,887	(39,454,980)	558,209,220
Deferred income - membership	242,902,348	469,211,177	131,529,823	113,220,818
Other current liabilities	48,414,714	(155,600,687)	18,276,731	(59,043,269)
Provision for long-term employee benefits	(204,496,536)	(44,209,416)	(170,796,873)	(17,408,956)
Other non-current liabilities	6,689,236	(69,991,769)	7,224,305	(17,237,712)
Net cash from operating activities	15,168,728,068	15,524,961,096	3,480,767,163	3,385,138,733
Cash received from interest income	52,691,584	48,659,354	318,115,892	334,973,696
Cash paid for interest expenses	(720,066,293)	(831,711,376)	(806,525,261)	(917,306,213)
Cash received from tax refund	22,088,724	8,454,141	-	-
Cash paid for income tax expenses	(2,076,803,618)	(1,884,710,186)	(374,390,254)	(299,619,963)
Net cash from operating activities	12,446,638,465	12,865,653,029	2,617,967,540	2,503,186,253

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015 (restated)	2016	2015 (restated)
Cash flows from investing activities				
Decrease (increase) in short-term investments	(519,782,493)	1,849,337,406	966,006	1,581,938,905
Decrease (increase) in restricted financial institution deposits	14,845,594	(32,181,995)	14,000,000	-
Dividend received	506,620,243	816,884,560	5,418,965,241	3,372,145,263
Cash received from disposal of investments in subsidiary and associated company	-	112,847,900	-	-
Cash received from repayment of the capital of an associated company and other long-term investments	31,339,237	-	-	-
Cash received from disposal of other long-term investment	484,942,700	25,000,000	475,292,700	-
Cash paid for purchase of investments in subsidiaries, associates and other company	(7,843,320)	(1,684,535,404)	(1,360,561,054)	(2,513,306,522)
Cash paid for investment property	(2,305,687)	(2,128,399)	(2,305,687)	(2,128,399)
Cash received from disposal of property, premises and equipment	58,228,169	71,927,319	9,789,805	12,009,217
Cash paid for purchase of property, premises and equipment	(8,506,442,347)	(5,976,203,862)	(2,881,608,544)	(1,110,600,462)
Cash paid for deposits in land and premises	(1,080,000,000)	-	(1,080,000,000)	-
Cash paid for leasehold rights	(82,134,134)	(3,000,000)	(4,169,918)	-
Decrease (increase) in short-term loans to related parties	-	-	(816,453,662)	428,770,408
Increase in long-term loans to related parties	-	-	(457,458,490)	(1,180,710,000)
Cash received from long-term loans to related parties	-	-	1,108,609,785	811,608,800
Cash paid for purchase of intangible assets	(389,696,325)	(360,811,236)	(175,139,083)	(135,541,661)
Net cash from (used in) investing activities	(9,492,228,363)	(5,182,863,711)	249,927,099	1,264,185,549

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
		(restated)		(restated)
Cash flows from financing activities				
Increase (decrease) in short-term loans	(8,700,000)	9,000,000	-	-
Increase in short-term loans from related parties	-	-	40,024,351	3,600,295,038
Cash received from bank overdraft and short-term loans				
from financial institutions	9,308,786,258	8,955,244,748	9,300,000,000	8,900,000,000
Repayment of bank overdraft and short-term loans				
from financial institutions	(7,805,817,242)	(8,903,020,895)	(7,800,000,000)	(8,900,000,000)
Cash received from long-term loans from				
financial institutions	-	1,000,000	-	-
Repayment of long-term loans from				
financial institutions	(1,734,683,265)	(1,585,964,446)	(1,671,607,000)	(1,537,680,800)
Repayments of liabilities under				
finance lease agreements	(60,512,667)	(77,385,378)	(12,297,501)	(10,251,142)
Cash received from issue of debentures	2,996,318,126	1,997,415,349	2,996,318,126	1,997,415,349
Cash paid for redemption of debentures	(1,000,000,000)	(2,500,000,000)	(1,000,000,000)	(2,500,000,000)
Increase in non - controlling interests of subsidiary				
from additional paid-up shares of subsidiary	-	52,191,440	-	-
Cash paid for investment in subsidiary companies				
from non - controlling interests	(168,945,080)	(6,464,321)	-	-
Dividend paid	(5,575,114,450)	(3,562,520,724)	(5,575,114,450)	(3,562,520,724)
Dividend paid by subsidiaries to non-controlling interests	(217,454,036)	(142,109,694)	-	-
Net cash used in financing activities	(4,266,122,356)	(5,762,613,921)	(3,722,676,474)	(2,012,742,279)
Net increase (decrease) in cash and cash equivalents	(1,311,712,254)	1,920,175,397	(854,781,835)	1,754,629,523
Cash and cash equivalents at beginning of year	5,528,543,111	3,608,367,714	3,617,144,329	1,862,514,806
Cash and cash equivalents at end of year	4,216,830,857	5,528,543,111	2,762,362,494	3,617,144,329
Supplemental cash flows information:				
Non-cash items:				
Assets acquired under finance lease agreements	14,861,948	20,320,394	9,721,216	111,495
Increase (decrease) in accounts payable				
- property, premises and equipment	(609,976,373)	487,586,062	(332,668,621)	326,379,198
Increase (decrease) in payable to construction - retention	(155,579,840)	(47,098,504)	10,943,939	2,157,221

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2016

1. General information

Bangkok Dusit Medical Services Public Company Limited ("the Company") is a public company under Thai laws and domiciled in Thailand. The Company is principally engaged in the hospital business. The Company operates under 6 hospital groups, namely, Bangkok Hospital Group, Samitivej Hospital Group, BNH Hospital, Phyathai Hospital Group, Paolo Hospital Group and Royal Hospital Group. In addition, the Company's network also covers businesses that support medical care such as medical laboratories, pharmaceutical production and saline production and drug and pharmaceutical stores. The registered office of the Company is at 2, Soi Soonvijai 7, New Petchburi Road, Bang Kapi, Huaykwang, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Bangkok Dusit Medical Services Public Company Limited ("the Company") and the following subsidiaries ("the subsidiaries") as follows:

Company's name	Nature of business	Percentage of shareholding (percent)	
		<u>2016</u>	<u>2015</u>
<u>Held by the Company</u>			
Samitivej Public Co., Ltd.	Hospital	95.76	95.76
Bangkok Hospital Hatyai Co., Ltd.	Hospital	98.81	98.81
Bangkok Phuket Hospital Co., Ltd.	Hospital	99.69	99.69
BNH Medical Center Co., Ltd.	Hospital	91.48	91.48
Bangkok Phrapradaeng Hospital Co., Ltd.	Hospital	84.00	84.00
Bangkok Pattaya Hospital Co., Ltd.	Hospital	97.27	97.27
Bangkok Rayong Hospital Co., Ltd.	Hospital	100.00	100.00

Company's name	Nature of business	Percentage of shareholding (percent)	
		<u>2016</u>	<u>2015</u>
<u>Held by the Company (continued)</u>			
Bangkok Samui Hospital Co., Ltd.	Hospital	100.00	100.00
Bangkok Trat Hospital Co., Ltd.	Hospital	99.76	99.76
Wattanavej Co., Ltd.	Hospital	99.69	99.69
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	91.42	91.36
Angkor Pisith Co., Ltd.	Hospital	80.00	80.00
Phnom Penh Medical Services Co., Ltd.	Hospital	100.00	100.00
Paolo Medic Co., Ltd.	Hospital	100.00	100.00
Paolo Samutprakarn Co., Ltd.	Hospital	93.64	93.64
Siam Medical Co., Ltd.	Hospital	85.71	85.71
Thai Medical Center Public Co., Ltd.	Hospital	99.76	99.76
Bangkok Hospital Chiangmai Co., Ltd.	Hospital	100.00	100.00
Bangkok Hospital Udon Co., Ltd.	Hospital	100.00	100.00
Bangkok Khon Kaen Hospital Co., Ltd.	Hospital	100.00	100.00
Thonburi Medical Center Public Co., Ltd.	Hospital	34.43	29.01
(held by the Company at 34.43% and indirectly held by subsidiary at 29.02%)			
Samitivej Chonburi Co., Ltd.	Hospital	100.00	100.00
Bangkok Hospital Phitsanulok Co., Ltd.	Hospital	100.00	100.00
Bangkok Hospital Sanamchan Co., Ltd.	Hospital	100.00	100.00
Bangkok Phuket International Hospital Co., Ltd.	Hospital	100.00	100.00
Bangkok Hospital Muangraj Co., Ltd.	Hospital	100.00	100.00
Royal Rattanak Medical Services Co., Ltd.	Ceased operation	70.00	70.00
Bangkok Hospital Kao Yai Co., Ltd.	Not yet operate	100.00	100.00
Bangkok Hospital Surat Co., Ltd.	Not yet operate	100.00	100.00
Bangkok Hospital Chiangrai Co., Ltd.	Not yet operate	100.00	100.00
National Healthcare Systems Co., Ltd.	Central lab	74.02	74.02
(held by the Company at 74.02% and indirectly held by subsidiaries at 24.66%)			
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central lab	95.00	95.00
B.D.M.S. International Medical Services Co., Ltd.	Not yet operate	100.00	100.00
BDMS Accounting Co., Ltd.	Accounting service	100.00	100.00
Bangkok Health Insurance Public Co., Ltd.	Health insurance	99.97	99.97
Royal Bangkok Healthcare Co., Ltd.	Investment	100.00	100.00

Company's name	Nature of business	Percentage of shareholding (percent)	
		2016	2015
<u>Held by the Company (continued)</u>			
Greenline Synergy Co., Ltd.	Technology and information service	100.00	100.00
BDMS Training Co., Ltd.	Training business	100.00	100.00
Prasit Patana Public Co., Ltd.	Investment	98.56	98.56
Bangkok Premier Life Insurance Broker Co., Ltd.	Life insurance broker	100.00	100.00
The Medicpharma Co., Ltd.	Production and distribution of medicines	87.05	87.05
BDMS Inter Pte. Ltd.	Investment	100.00	100.00
N Health Asia Pte. Ltd.	Investment	100.00	100.00
Bangkok Save Drug Co., Ltd.	Investment	100.00	100.00
S.R. Property Investment Co., Ltd.	Real estate	49.00	49.00
Siem Reap Land Investment Co., Ltd.	Real estate	49.00	49.00
Phnom Penh First Property Co., Ltd.	Real estate	49.00	49.00
Bangkok Helicopter Services Co., Ltd. (held by the company at 87.25% and indirectly held by subsidiary at 12.75%)	Air transportation services	87.25	49.00
BDMS Property Management Co., Ltd.	Assets managements	100.00	-
<u>Held by subsidiaries</u>			
Samitivej Sriracha Co., Ltd.	Hospital	69.75	69.75
Thonburi Medical Center Public Co., Ltd.	Hospital	29.02	29.02
Phyathai 1 Hospital Co., Ltd.	Hospital	100.00	100.00
Phyathai 2 Hospital Co., Ltd.	Hospital	99.18	99.18
Phyathai 3 Hospital Co., Ltd.	Hospital	98.23	98.23
Sriracha Nakorn General Hospital Public Co., Ltd.	Hospital	74.80	74.49
Tepakorn Hospital Co., Ltd.	Hospital	44.53	44.53
National Healthcare Systems Co., Ltd.	Central lab	25.97	25.97
Irving Sheridan SE Co., Ltd.	Assets management for healthcare business	96.03	96.03

Company's name	Nature of business	Percentage of shareholding (percent)	
		<u>2016</u>	<u>2015</u>
<u>Held by subsidiaries (continued)</u>			
First Health Food Co., Ltd.	Restaurant and distributing health food products and facility management and investments	100.00	100.00
SV Holding Co., Ltd.	Investment	100.00	100.00
A.N.B. Laboratories Co., Ltd.	Manufacturer and distributor of medicine and pharmaceutical products	100.00	100.00
N Health (Cambodia) Co., Ltd.	Central Lab	100.00	100.00
Save Drug Center Co., Ltd.	Retailer of medicine and pharmaceutical products	100.00	100.00
N Health Pathology Co., Ltd.	Central Lab	95.00	95.00
Samitivej International Co., Ltd.	Clinic	80.00	80.00
N Health Myanmar Co., Ltd.	Central Lab	60.00	60.00

All subsidiaries incorporated in Thailand except B.D.M.S. International Medical Services Co., Ltd., Angkor Pisith Co., Ltd., Phnom Penh Medical Services Co., Ltd., Royal Rattanak Medical Services Co., Ltd., N Health (Cambodia) Co., Ltd., S.R. Property Investment Co., Ltd., Siem Reap Land Investment Co., Ltd. and Phnom Penh First Property Co., Ltd. which were registered in Cambodia and BDMS Inter Pte. Ltd. and N Health Asia Pte. Ltd. registered in Singapore and Samitivej International Co., Ltd. and N Health Myanmar Co., Ltd. registered in Republic of the Union of Myanmar.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within shareholders’ equity in the consolidated statement of financial position.
 - h) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from minority shareholders) when the fair value of the net assets acquired is lower than the cost of the investment the difference has been presented in other components of shareholders’ equity in the statement of financial position under the caption of “Surplus on investments in subsidiary companies arising as a result of acquisition of additional shares at a price higher than net book value at the acquisition date”. When the fair value of the net assets acquired is higher than the cost of the investment the difference has been presented in other components of shareholders’ equity in the statement of financial position under the caption of “Lower of investment in subsidiary companies arising as a result of acquisition of additional shares at a price lower than net book value at the acquisition date”.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current year

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements except for the following new financial reporting standard and accounting treatment guidance.

Thai Financial Reporting Standard 4 (revised 2015) regarding Insurance Contracts

The Company and its subsidiary have established the medical care programs providing lifelong medical services with small amount of charges to their members who prepaid the membership fees for life. The Company and its subsidiary discontinued these aforementioned programs on 20 January 2017 and 2 February 2017, respectively, due to the legal reasons as described in note 42 to the financial statements.

However, the Company and its subsidiary have retroactively adjusted the consolidated and separate financial statements in the past related to debts arising out of contracts providing aforementioned lifelong medical care programs in order to be complied with Thai Financial Reporting Standard No. 4 issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016, as these contracts issued under the aforementioned programs are deemed to be insurance contracts. The adjustments to the financial statements have been made based on the total amounts payable to the members and the compensation expected to be paid to the members in 2017 due to the discontinuation of the program as described in note 42 to the financial statements. The cumulative effect of the aforementioned adjustment has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and income statements and the statements of comprehensive income are summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	
	As at 31 December 2015	As at 1 January 2015
Statements of financial position:		
Increase in non-current assets	-	-
Total increase in assets	-	-
Increase in provision from lifelong medical care program	964	964
Decrease in long-term portion of deferred income - membership	(44)	(67)
Decrease in deferred tax liabilities	(193)	(193)
Decrease in retained earnings - unappropriated	(726)	(703)
Decrease in non-controlling interests of the subsidiaries	(1)	(1)
Total increase in liabilities and shareholders' equity	-	-

(Unit: Million Baht)

	Separate financial statements	
	As at 31 December 2015	As at 1 January 2015
Statements of financial position:		
Increase in non-current assets	-	-
Total increase in assets	-	-
Increase in provision from lifelong medical care program	820	820
Decrease in long-term portion of deferred income - membership	(13)	(27)
Decrease in deferred tax liabilities *	(164)	(164)
Decrease in retained earnings - unappropriated	(643)	(629)
Total increase in liabilities and shareholders' equity	-	-

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	For the year ended 31 December 2015	For the year ended 31 December 2015
Statements of comprehensive income		
Profit or loss:		
Decrease in revenues from hospital operations	(23)	(14)
Decrease in profit	(23)	(14)
Comprehensive income attributable to:		
Decrease in equity holders of the Company	(23)	(14)
Decrease in profit attributable to non-controlling interests of the subsidiaries	-	-
Earnings per share (Baht):		
Decrease in basic earnings per share	(0.001)	(0.001)

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

4. Cumulative effects of adjustment of prior years' financial statements relating to provision for other post-employment benefits

During the year 2016, the management considered the provision for the other long-term employee benefits for medical care after post-employment and found that the Company and a subsidiary under recorded these expenses in prior years. As a result, the Company and a subsidiary restated the financial statements presented herein and presented the consolidated and separate financial statements as at 1 January 2015, as comparative information, as if the Company and a subsidiary initially recorded such expenses correctly. The cumulative effect of the change has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and income statements and the statements of comprehensive income are summarised below.

		(Unit: Million Baht)	
		Consolidated financial statements	
		As at 31 December 2015	As at 1 January 2015
Statements of financial position:			
Increase in non-current assets		-	-
Total increase in assets		-	-
Increase in current portion of provision for long-term employee benefits		158	-
Increase in long-term portion of provision for long-term employee benefits		566	721
Decrease in deferred tax liabilities		(113)	(144)
Decrease in other non-current liabilities		(160)	-
Decrease in retained earnings - unappropriated		(451)	(577)
Decrease in non-controlling interests of the subsidiaries		-	-
Total increase in liabilities and shareholders' equity		-	-

		(Unit: Million Baht)	
		Separate financial statements	
		As at 31 December 2015	As at 1 January 2015
Statements of financial position:			
Increase in non-current assets		-	-
Total increase in assets		-	-
Increase in current portion of provision for long-term employee benefits		158	-
Increase in long-term portion of provision for long-term employee benefits		488	643
Decrease in deferred tax liabilities *		(97)	(129)
Decrease in other non-current liabilities		(160)	-
Decrease in retained earnings - unappropriated		(389)	(514)
Total increase in liabilities and shareholders' equity		-	-

	Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
	For the year ended 31 December 2015	For the year ended 31 December 2015
Statements of comprehensive income		
Profit or loss:		
Decrease in cost of hospital operations and administrative expenses	157	157
Increase income tax expenses	(31)	(31)
Increase in profit	126	126
Comprehensive income attributable to:		
Increase in equity holders of the Company	126	126
Increase in profit attributable to non-controlling interests of the subsidiaries	-	-
Earnings per share (Baht):		
Increase in basic earnings per share	0.008	0.008

* As described in the note 3 and 4 to the financial statements, the statement of financial position in separate financial statement presented the deferred tax as deferred tax assets as at 31 December 2015 and 1 January 2015 amounting to Baht 60 million and Baht 61 million, because the decrease in deferred tax liabilities from the result of the adjustments were greater than the deferred tax liabilities that were previously recorded.

5. Significant accounting policies

5.1 Revenue recognition

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.

Revenue from sales of goods and foods

Sales of goods and foods are recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods and food supplied after deducting discounts.

Service income

Service income is recognised when services have been rendered.

Membership income

Membership income is cash receipt from sales of membership cards which initially recorded as deferred income and gradually amortised to income within membership period.

Rental and related service income

Rental and service income are recognised proportionately over the term of the lease and service agreements.

Interest income

Interest income is recognised on an accrual basis based on the effective rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at financial institutions and highly liquid investment with an original maturity of 3 months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

5.4 Inventories

Inventories are valued at lower of cost (weighted average basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

5.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value of the last working day of the year.

5.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.7 Property, premises and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company and its subsidiaries' assets, the increase is credited directly to other comprehensive income under the heading of "Revaluation surplus on land". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on land" in respect of the same asset.

Depreciation of premises and equipment is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Land improvements	5 - 30 years
Building, structures and building improvements	5 - 50 years
Medical tools and equipment and machines	3 - 10 years
Helicopter	20 years
Helicopter spare parts and equipment	5 years
Structure equipment, furniture and office equipment	3 - 15 years
Vehicles	5 - 8 years

Depreciation attributed to the original cost portion is included in determining income.

No depreciation is provided on land and fixed assets under construction and installation.

An item of property, premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.9 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible asset with finite useful lives is as follow:

Computer software	5 - 10 years
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Intangible assets with indefinite useful lives are not amortised such as commercial rights, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

5.10 Goodwill / Business combination

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.11 Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.12 Long-term rental agreements

Leases of property, premises or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The property, premises or equipment acquired under finance leases is depreciated over the useful life of the assets.

5.13 Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are recognised as expenses in profit or loss on a straight line basis over the period of the lease.

5.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, premises and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

5.15 Leasehold rights

Leasehold rights are amortised on the straight-line basis over the lease period.

5.16 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company and its subsidiaries' functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.17 Convertible debentures

Convertible debentures are classified into liability and equity components and these are presented separately in the statements of financial position. In separately presenting such components, the Company determines the liability component by discounting the stream of future payments of principal and interest at the prevailing market rate. The carrying amount of the equity component was then determined by deducting the liability component from the total carrying value of the convertible debenture.

The liability component is presented at amortised cost until the conversion or maturity of the debentures. The value of the equity component determined upon the issue of the debentures does not change in subsequent periods.

Expenses for issuance debentures separately recorded between liability and equity component and based on the proportion. The expenses related to liability component deducted from convertible debenture - liability component and amortising over the life of the debentures and expenses related to equity component deducted from equity component and did not amortise.

5.18 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and medical care after post-employment. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Provisions for vacation

The Company and its subsidiaries have set up provisions for vacation which is calculated in accordance with the Company's policy and formula, taking into consideration the employee's salary, the number of years of service and the unused vacation day.

5.19 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.20 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.21 Financial instruments

Financial assets carried on the statement of financial position included cash and cash equivalents, short-term investments, trade and other receivables, short-term loans and long-term loans to related parties, restricted financial institution deposits, and investments. Financial liabilities carried on the statement of financial position included bank overdrafts and short-term loans from financial institutions, trade and other payables, short-term loans from related parties, long-term loans, liabilities under finance leases, debentures and convertible debentures.

The Company and its subsidiaries have no policy to hold any derivative financial instruments for speculative or trading purpose.

5.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5.23 Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risks and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining allowances for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, debt collection experience, the aging profile of outstanding debts and the prevailing economic conditions.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Property, premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of the Company's and its subsidiaries' premises and equipment and to review estimate useful lives and residual values when there are any changes.

The Company and its subsidiaries measure land at revalued amounts. Fair value from revaluation is determined by independent valuer using market approach. Such valuation is based on certain assumptions and estimates.

In addition, the management is required to review property, premises and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognise changes in the fair value in profit or loss. The valuation involves certain assumptions and estimates.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company and its subsidiaries have contingent liabilities arising from litigation. The Company's management has used judgment to assess the outcome of the litigation. In cases of loss, the Company and its subsidiaries will record provision for contingent liabilities in their books of account. In cases where it has assessed that no damage will arise from the litigation, the Company and its subsidiaries will not record provision for contingent liabilities at the end of the reporting period.

7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash and deposits at financial institutions	4,210,453	5,028,512	2,762,362	3,617,144
Fixed deposits	6,378	500,031	-	-
Total cash and cash equivalents	<u>4,216,831</u>	<u>5,528,543</u>	<u>2,762,362</u>	<u>3,617,144</u>

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.13 and 1.05 percent per annum (2015: between 0.10 and 1.10 percent per annum).

8. Short-term investments

Short-term investments consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Fixed deposits	42,818	27,455	14	538
Mutual funds	505,245	826	373	815
Total short-term investments	<u>548,063</u>	<u>28,281</u>	<u>387</u>	<u>1,353</u>

As at 31 December 2016, bank deposits in fixed deposits carried interests between 0.50 and 1.55 percent per annum (2015: between 0.75 and 1.80 percent per annum).

9. Restricted financial institutions deposits

These represent bank deposits that subsidiary companies have placed with banks to secure letters of guarantees issued by the banks on behalf of its subsidiary companies. These also represent bank deposits have placed with government agencies, state enterprises and private entities to guarantee contractual performance.

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade receivables - related parties	25,016	12,072	23,875	23,662
Trade receivables - unrelated parties-net	5,728,644	6,182,436	820,638	1,335,013
Other receivables - related parties	445	218	96,299	92,413
Other receivables - unrelated parties	278,606	289,617	45,187	18,970
Total trade and other receivables - net	<u>6,032,711</u>	<u>6,484,343</u>	<u>985,999</u>	<u>1,470,058</u>

11. Trade accounts receivable

As at 31 December 2016 and 2015, the aging analysis of the outstanding trade accounts receivable is as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Related parties</u>				
Less than 3 months	18,792	11,730	22,051	22,356
3 - 6 months	5,350	316	1,796	1,254
6 - 12 months	865	9	28	52
over 12 months	9	17	-	-
Total trade accounts receivable - related parties	<u>25,016</u>	<u>12,072</u>	<u>23,875</u>	<u>23,662</u>
<u>Unrelated parties</u>				
Less than 3 months	5,055,039	5,219,929	765,548	1,090,299
3 - 6 months	431,061	601,096	29,588	164,679
6 - 12 months	291,439	335,000	51,247	104,749
over 12 months	332,595	487,687	128,271	225,426
Total trade accounts receivable - unrelated parties	<u>6,110,134</u>	<u>6,643,712</u>	<u>974,654</u>	<u>1,585,153</u>
Less: Allowance for doubtful accounts	<u>(381,490)</u>	<u>(461,276)</u>	<u>(154,016)</u>	<u>(250,140)</u>
Total trade accounts receivable - unrelated parties - net	<u>5,728,644</u>	<u>6,182,436</u>	<u>820,638</u>	<u>1,335,013</u>
Total trade accounts receivable - net	<u><u>5,753,660</u></u>	<u><u>6,194,508</u></u>	<u><u>844,513</u></u>	<u><u>1,358,675</u></u>

12. Related party transactions

The Company and its subsidiaries had significant business transactions with individuals or related parties, which have been concluded on commercial terms and bases agreed upon between the Company and those related parties. Below is a summary of those transactions.

<u>Transaction</u>	<u>Pricing and lending policy</u>
Revenues from hospital operations and lab services	Based on the price charged to normal customers
Revenues and expenses from consulting and management	Rates as stipulated in agreements
Revenues and costs of sales and purchases of goods and services	Based on the price charged to normal customers
Rental income and rental expenses	Rates as stipulated in agreements
Interest charge of inter-company loans	Interest rates close to that charged by commercial banks Loans between subsidiary companies in Cambodia, interest rate charged as stipulated in the agreements
Purchases and sales of assets	Prices are dependent on the condition of assets
Purchases of investments	Prices that calculated from adjusted book value.

The significant intercompany transactions are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Associated companies</u>				
Revenue from hospital operations and lab services	22.3	31.1	11.2	12.1
Dividend income (Note 14)	-	-	483.9	431.0
Other income	12.0	21.2	-	-
Service cost	18.6	4.9	0.7	1.0
Other expenses	0.5	-	-	-
Dividend payment	3.3	2.1	3.3	2.1
<u>Subsidiary companies</u>				
Revenue from hospital operations and lab services	-	-	106.4	91.7
Consulting and management fee income	-	-	777.2	628.6
Interest income	-	-	279.9	295.0
Dividend income (Note 15)	-	-	4,919.0	2,927.6
Other income	-	-	78.3	69.6
Service cost	-	-	748.6	819.0
Consulting and management fee expenses	-	-	230.1	238.1
Other expenses	-	-	46.7	82.8
Interest expenses	-	-	94.3	99.4
<u>Individuals or related companies</u>				
Revenue from hospital operations and lab services	6.3	5.5	4.7	2.6
Dividend income (Note 16)	12.5	8.1	12.5	8.1
Other income	10.2	8.7	8.1	8.1
Service cost	57.2	15.0	32.1	3.0
Other expenses	105.9	44.0	75.4	26.3
Dividend payment	383.5	279.1	383.5	279.1
Purchases of investments	42.8	-	-	-

The outstanding balances of the above transactions as at 31 December 2016 and 2015 have been separately shown in the statement of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties (Note 10)</u>				
Associated companies	19,964	10,723	2,966	2,225
Subsidiary companies	-	-	17,691	20,824
Related companies	5,052	1,349	3,218	613
Total trade receivables - related parties	<u>25,016</u>	<u>12,072</u>	<u>23,875</u>	<u>23,662</u>
<u>Other receivables - related parties (Note10)</u>				
Consulting and management fee receivable				
Subsidiary companies	-	-	72,500	57,097
Total	<u>-</u>	<u>-</u>	<u>72,500</u>	<u>57,097</u>
<u>Others</u>				
Associated companies	53	36	-	36
Subsidiary companies	-	-	23,569	35,116
Related companies	392	182	230	164
Total	<u>445</u>	<u>218</u>	<u>23,799</u>	<u>35,316</u>
Total other receivables - related parties	<u>445</u>	<u>218</u>	<u>96,299</u>	<u>92,413</u>
<u>Leasehold rights - a related party</u>				
(included in other non-current assets)				
A related party	40,615	46,708	-	-
Total leasehold rights - a related party	<u>40,615</u>	<u>46,708</u>	<u>-</u>	<u>-</u>
<u>Deposits and long-term prepaid expense - related parties</u>				
(included in other non-current assets)				
Subsidiary company	-	-	1,103	2,298
Related companies	12,926	-	12,840	-
Total deposits and long-term prepaid expense - related party	<u>12,926</u>	<u>-</u>	<u>13,943</u>	<u>2,298</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade payables - related parties (Note 24)</u>				
Associated companies	4,499	3,070	202	429
Subsidiary companies	-	-	115,667	129,496
Related companies	26,878	2,550	22,614	336
Total trade payables - related parties	<u>31,377</u>	<u>5,620</u>	<u>138,483</u>	<u>130,261</u>
<u>Other payables - related parties (Note 24)</u>				
Associated companies	-	8	-	-
Subsidiary companies	-	-	78,783	82,528
Related companies	13,319	4,435	8,973	1,708
Total other payables - related parties	<u>13,319</u>	<u>4,443</u>	<u>87,756</u>	<u>84,236</u>
<u>Deposits - related parties</u>				
(included in other non-current liabilities)				
Subsidiary companies	-	-	8,626	2,866
Related companies	775	765	775	765
Total deposits - related parties	<u>775</u>	<u>765</u>	<u>9,401</u>	<u>3,631</u>

Movement of loans to and loans from related parties during the year are summarised as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	31 December			31 December
	<u>2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>2016</u>
<u>Short-term loans to related parties</u>				
Subsidiary companies	1,326,939	1,295,404	(478,950)	2,143,393
Total short-term loans to related parties	<u>1,326,939</u>	<u>1,295,404</u>	<u>(478,950)</u>	<u>2,143,393</u>
<u>Long-term loans to related parties</u>				
Subsidiary companies	5,786,371	457,458	(1,113,454)	5,130,375
Total long-term loans to related parties	<u>5,786,371</u>	<u>457,458</u>	<u>(1,113,454)</u>	<u>5,130,375</u>
<u>Short-term loans from related parties</u>				
Subsidiary companies	8,303,334	1,687,253	(1,647,229)	8,343,358
Total short-term loans from related parties	<u>8,303,334</u>	<u>1,687,253</u>	<u>(1,647,229)</u>	<u>8,343,358</u>

Short-term and long-term loans to related parties and short-term loans from related parties

The Company has entered into agreements to provide short-term loans and long-term loans with terms of 3 - 8 years with its subsidiaries and also obtained short-term loans from its subsidiaries. The loans to related parties bear interest at MLR minus fixed rate per annum and LIBOR plus fixed rate per annum stipulated in the agreement. The loans from related parties bear interest at Fixed Deposit Rate. The interest is payable on a monthly basis while principal is repayable on the basis stipulated in the agreements.

Service and management agreement

The Company

The Company has entered into management service agreements with subsidiary companies. The Company is to receive a monthly management income at a certain percentage of net revenue as stipulated in the agreements.

The Subsidiaries

A subsidiary company has entered into a hospital management agreement with three subsidiary companies. The subsidiary company is to receive monthly management income at a certain percentage of net revenue as stipulated in the agreement.

A subsidiary company has entered into service and management agreements with the Company and subsidiaries which have to pay monthly service and management fees to the subsidiary at the rates stipulated in the agreements.

A subsidiary company has entered into accounting service agreements with the Company and subsidiaries which have to pay monthly service fees to the subsidiary at the rates stipulated in the agreements.

A subsidiary company has entered into information technology management agreements with the Company and subsidiaries which have to pay monthly service fees to the subsidiary at the rate stipulated in the agreements.

A subsidiary company has entered into the service and information technology management agreements with another subsidiary company. The subsidiary company has to pay a monthly fee at the rate stipulated in the agreements.

A related company has entered into a maintenance and management service agreement with a subsidiary company which has to pay monthly service fee to the related company at the rate stipulated in the agreement.

Long term rental agreement

The Company

In May 2004, a subsidiary company has entered into a three-year agreement to rent land from the Company for use in hospital operations whereby the subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement. Subsequently, the subsidiary extended the agreement to 30 April 2019.

The Subsidiaries

A subsidiary company has entered into an agreement to rent land from another subsidiary company for construction of a building with the subsidiary company to pay a monthly rental fee at the rate stipulated in the agreement. The subsidiary then entered into an agreement to rent the building from the subsidiary company for its hospital operations, expiring on 30 April 2017, with the subsidiary has to pay a monthly rental fee at the rate stipulated in the agreement.

Air ambulance service agreement

On 1 September 2007, a subsidiary company entered into an air ambulance service agreement with the Company. The agreement is for a period of 3 years from the date the service commenced and is renewable. The agreement stipulates the monthly minimum service fee that the subsidiary company is to earn from the Company. The Company has extended the agreement for 3 years ended on 30 September 2018.

Guarantee obligations with related parties

As at 31 December 2016, The Company has guaranteed long-term loan with a financial institution amount of USD 0.4 million (2015: USD 1.1 million) and overdraft facility amounting to USD 0.2 million (2015: USD 1.0 million) for overseas subsidiary companies.

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had benefits for their directors and management as below.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	205.9	169.3	205.9	169.3
Post-employment benefits	1.6	2.2	1.6	2.2
Total	<u>207.5</u>	<u>171.5</u>	<u>207.5</u>	<u>171.5</u>

13. Inventories

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Medicines and medical supplies	1,365,077	1,051,936	108,712	99,743
Reagent	112,399	161,617	-	-
Supplies and others	44,627	75,698	804	-
Total	<u>1,522,103</u>	<u>1,289,251</u>	<u>109,516</u>	<u>99,743</u>
Less: Provision for deteriorated inventories	<u>(6,355)</u>	<u>(3,482)</u>	<u>(612)</u>	<u>(385)</u>
Inventories - net	<u>1,515,748</u>	<u>1,285,769</u>	<u>108,904</u>	<u>99,358</u>

14. Investments in associated companies

(Unit: Thousand Baht)

					(Unit: Thousand Baht)			
Company's name	Natures of business	Paid-up Capital	% Shareholding		Consolidated financial statements		Separate financial statements	
					Equity Method		Cost Method	
					2016	2015	2016	2015
<u>Associated companies held by the Company</u>								
Cool & Joy Co., Ltd.	Ceased operation	Baht 5 million	30.00	30.00	1,069	1,069	1,500	1,500
Ramkhamhaeng Hospital Public Co., Ltd.	Hospital	Baht 120 million	38.24	38.24	4,766,264	3,930,146	1,459,801	1,459,801
Udon Pattana (1994) Co., Ltd. (held by the Company at 15.26% and indirectly held by subsidiary at 9.85%)	Hospital	Baht 300 million	25.11	25.11	192,431	202,268	69,952	69,952
Bumrungrad Hospital Public Co., Ltd.	Hospital	Baht 730 million	23.95	23.95	11,024,522	10,608,288	7,497,336	7,497,336
Total investments in associated companies held by the Company							9,028,589	9,028,589
Total investments in associated companies held by the Company and subsidiaries								
					15,984,286	14,741,771		
<u>Associated companies held by the subsidiary companies</u>								
Al Ghaith Bangkok Dusit Management Services LLC.	In process of liquidation	UAE DIRHAM 0.15 million	30.00	30.00	-	-		
G. Wasupol Co., Ltd.	Completeness of Liquidation	Baht 54 million	-	25.83	-	17,175		
General Hospital Products Public Co., Ltd.	Manufacturer and distributor of medical supplies	Baht 120 million	45.49	44.67	416,724	334,089		
Total investments in associated companies held by subsidiary companies					416,724	351,264		
Total investments in associated companies in the consolidated financial statements					16,401,010	15,093,035		

14.1 Additional investments in an associated company

General Hospital Products Public Co., Ltd.

In the first quarter of 2016, Royal Bangkok Healthcare Co., Ltd., a subsidiary company in which the Company has a 100% shareholding, purchased additional shares in General Hospital Products Public Co., Ltd. totaling of Baht 7.8 million. The total investments in General Hospital Products Public Company Limited, including of the shareholding by another subsidiary, totally representing 45.49% of the paid up capital of such company which is indirectly held by the Group.

14.2 Liquidation of associated company

G. Wasupol Co., Ltd.

On 15 June 2016, the Extraordinary General Meeting of shareholders of G. Wasupol Co., Ltd. passed the resolution to approve its liquidation and repayment of the share capital and share premium to shareholders. Bangkok Hospital Sanamchan Co., Ltd., a subsidiary company in which the Company has a 100% shareholding, and Tepakorn Hospital Co., Ltd., in which Bangkok Hospital Sanamchan Co., Ltd., has a 45% shareholding, already received cash refund of the share capital and share premium in June 2016 totaling of Baht 17.69 million.

14.3 Details of share of income, comprehensive income and dividend received from the associated companies

Company's name	Consolidated financial statements				(Unit: Thousand Baht)	
					Separate financial	
					statements	
	Share of profit from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2016	2015	2016	2015	2016	2015
<u>Associated companies held by the Company</u>						
Cool & Joy Co., Ltd.	-	-	-	-	-	-
Ramkhamhaeng Hospital Public Co., Ltd.	435,141	389,383	465,214	(58,109)	64,238	55,061
Udon Patana (1994) Co., Ltd.	(9,837)	4,088	-	-	-	-
Bumrungrad Hospital Public Co., Ltd.	868,482	822,895	(24,822)	4,395	419,641	375,928
<u>Associated companies held by the subsidiary companies</u>						
Sodexo Support Services (Thailand) Co., Ltd.	-	7,411	-	-	-	-
Al Ghaith Bangkok Dusit Management Services LLC.	-	-	-	-	-	-
G. Wasupol Co., Ltd.	-	9,461	-	-	-	-
General Hospital Products Public Co., Ltd.	76,172	25,730	-	-	-	-
Total	<u>1,369,958</u>	<u>1,258,968</u>	<u>440,392</u>	<u>(53,714)</u>	<u>483,879</u>	<u>430,989</u>

Fair value of investments in listed associated companies

Fair values as at 31 December 2016 and 2015 of investments in associated companies that are listed on the Stock Exchange of Thailand which were based on the closing price as quoted on the Stock Exchange of Thailand are as follows:

Company's name	(Unit: Thousand Baht)	
	Fair values as at 31 December	
	<u>2016</u>	<u>2015</u>
Ramkhamhaeng Hospital Public Co., Ltd.	16,059,484	9,176,848
Bumrungrad Hospital Public Co., Ltd.	<u>31,647,886</u>	<u>36,893,392</u>
Total	<u>47,707,370</u>	<u>46,070,240</u>

14.4 Below is a summary of financial information of associated companies

(Unit: Million Baht)

Company's name	As at 31 December						For the years ended 31 December			
	Paid-up capital		Total assets		Total liabilities		Total revenues		Net income (loss)	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Associated companies held by the Company</u>										
Cool & Joy Co., Ltd.	Baht 5 million	Baht 5 million	2.9	2.9	-	-	-	-	-	-
Ramkhamhaeng Hospital Public Co., Ltd.	Baht 120 million	Baht 120 million	14,531.5	11,306.5	4,427.9	3,619.8	4,116.2	3,640.2	1,126.5	1,009.3
Udon Patana (1994) Co., Ltd.	Baht 300 million	Baht 300 million	1,050.4	1,106.5	297.9	314.8	427.1	511.2	(39.2)	16.3
Bumrungrad Hospital Public Co., Ltd.	Baht 730 million	Baht 730 million	21,329.9	21,297.5	6,541.9	8,197.0	18,125.8	17,929.4	3,604.0	3,427.5
<u>Associated companies held by the subsidiary companies</u>										
Sodexo Support Services (Thailand) Co., Ltd.	-	-	-	-	-	-	-	378.3	-	28.5
Al Ghaith Bangkok Dusit Management Services LLC.	UAE DIRHAM 0.15 million	UAE DIRHAM 0.15 million	-	-	-	-	-	-	-	-
G. Wasupol Co., Ltd.	Baht 54 million	Baht 54 million	-	72.8	-	6.9	-	1,396.0	-	1,209.1
General Hospital Products Public Co., Ltd.	Baht 120 million	Baht 120 million	1,551.2	1,534.8	750.4	884.9	1,031.7	871.0	154.0	55.5

Share of income from investment in two associated companies which are listed company on the Stock Exchange of Thailand for the year ended 31 December 2016 of Baht 1,303.6 million (2015: two associated companies Baht 1,212.3 million) representing 95 percent (2015: 96 percent) of total share of income from all associated companies were calculated based on audited financial statements of those companies.

15. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments -		Dividend received	
					cost method		during the year	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	95.76	95.76	1,639,071	1,639,071	957,636	1,244,927
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	98.81	98.81	574,612	574,612	247,024	123,500
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	99.69	99.69	610,246	610,246	149,537	249,215
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	91.48	91.48	602,657	602,657	536,190	80,429
Bangkok Phrapradaeng Hospital Co., Ltd.	Hospital	Baht 105 million	84.00	84.00	101,868	101,868	-	-
Bangkok Pattaya Hospital Co., Ltd.	Hospital	Baht 280 million	97.27	97.27	708,993	708,993	1,252,801	190,640
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	100.00	100.00	415,020	415,020	60,000	120,000
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	100.00	100.00	150,000	150,000	75,000	75,000
Bangkok Trat Hospital Co., Ltd.	Hospital	Baht 250 million	99.76	99.76	245,889	245,889	29,927	17,457
Wattanavej Co., Ltd.	Hospital	Baht 180 million	99.69	99.69	450,643	450,643	287,121	125,615
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	91.42	91.36	935,005	934,348	41,125	54,814
National Healthcare Systems Co., Ltd. (held by the Company at 74.02% and indirectly held by subsidiaries at 24.66%.	Central Lab	Baht 75 million	74.02	74.02	56,768	56,768	66,622	66,622
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	Baht 10 million	95.00	95.00	9,502	9,502	28,500	23,750
Angkor Pisith Co., Ltd.	Hospital	USD 10 million	80.00	80.00	287,840	287,840	-	-
Phnom Penh Medical Services Co., Ltd.	Hospital	USD 25 million	100.00	100.00	813,220	813,220	-	-
Royal Rattanak Medical Services Co., Ltd.	Ceased operation	Riel 26,000 million	70.00	70.00	154,063	154,063	-	-
B.D.M.S. International Medical Services Co., Ltd.	Not yet operate	Riel 9,200 million	100.00	100.00	94,208	94,208	-	-

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments -		Dividend received	
					cost method		during the year	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
BDMS Accounting Co., Ltd.	Accounting service	Baht 30 million	100.00	100.00	30,000	30,000	-	-
Bangkok Health Insurance Public Co., Ltd.	Health insurance	Baht 200 million	99.97	99.97	142,027	142,027	-	-
Royal Bangkok Healthcare Co., Ltd.	Investment	Baht 1,086 million	100.00	100.00	1,086,000	1,086,000	-	-
Greenline Synergy Co., Ltd.	Technology and information service	Baht 200 million	100.00	100.00	200,000	200,000	-	-
Bangkok Hospital Kao Yai Co., Ltd.	Not yet operate	Baht 70 million	100.00	100.00	70,000	70,000	-	-
BDMS Training Co., Ltd.	Training business	Baht 1 million	100.00	100.00	1,000	1,000	-	-
Prasit Patana Public Co., Ltd.	Investment	Baht 1,108 million	98.56	98.56	9,260,719	9,260,264	873,787	349,435
Paolo Medic Co., Ltd.	Hospital	Baht 600 million	100.00	100.00	3,222,872	3,222,872	-	-
Paolo Samutprakarn Co., Ltd.	Hospital	Baht 42 million	93.64	93.64	1,737,638	1,737,638	137,658	137,611
Siam Medical Co., Ltd.	Hospital	Baht 100 million	85.71	85.71	939,775	939,775	68,571	68,571
Thai Medical Center Public Co., Ltd.	Hospital	Baht 201 million	99.76	99.76	887,131	887,131	100,024	-
Bangkok Premier Life Insurance Broker Co., Ltd.	Life insurance broker	Baht 20 million	100.00	100.00	20,000	20,000	-	-
Bangkok Hospital Chiangmai Co., Ltd.	Hospital	Baht 1,000 million	100.00	100.00	1,000,000	1,000,000	-	-
Bangkok Hospital Udon Co., Ltd.	Hospital	Baht 800 million	100.00	100.00	799,930	499,930	-	-
Bangkok Khon Kaen Hospital Co., Ltd.	Hospital	Baht 800 million	100.00	100.00	800,000	800,000	-	-
The Medicpharma Co., Ltd.	Production and distribution of medicines	Baht 42.86 million	87.05	87.05	551,318	551,318	7,462	-

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments -		Dividend received	
					cost method		during the year	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Thonburi Medical Center Public Co., Ltd. (held by the Company at 34.43% and indirectly held by subsidiary at 29.02%)	Hospital	Baht 193.8 million	34.43	29.01	442,252	327,802	-	-
Bangkok Hospital Surat Co., Ltd.	Not yet operate	Baht 300 million	100.00	100.00	300,000	165,000	-	-
BDMS Inter Pte. Ltd.	Investment	USD 100,000	100.00	100.00	3,381	3,381	-	-
N Health Asia Pte. Ltd.	Investment	USD 2 million	100.00	100.00	65,310	65,310	-	-
Samitivej Chonburi Co., Ltd.	Hospital	Baht 600 million	100.00	100.00	600,000	600,000	-	-
Bangkok Hospital Phitsanulok Co., Ltd.	Hospital	Baht 600 million	100.00	100.00	600,000	600,000	-	-
Bangkok Hospital Sanamchan Co., Ltd.	Hospital	Baht 3,655 million	100.00	100.00	3,655,000	3,655,000	-	-
Bangkok Phuket International Hospital Co., Ltd.	Hospital	Baht 3,610 million	100.00	100.00	3,610,000	3,610,000	-	-
Bangkok Save Drug Co., Ltd.	Investment	Baht 450 million	100.00	100.00	450,000	450,000	-	-
S.R. Property Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	101	101	-	-
Siem Reap Land Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	101	101	-	-
Phnom Penh First Property Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	88	88	-	-
Bangkok Helicopter Services Co., Ltd. (held by the company at 87.25% and indirectly held by subsidiary at 12.75%)	Air transportation services	Baht 400 million	87.25	49.00	350,858	50,859	-	-

(Unit: Thousand Baht)								
Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments -		Dividend received	
					cost method		during the year	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bangkok Hospital Chiangrai Co., Ltd.	Not yet operate	Baht 600 million	100.00	100.00	600,000	100,000	-	-
Bangkok Hospital Muangraj Co., Ltd.	Hospital	Baht 1,300 million	100.00	100.00	1,300,000	1,300,000	-	-
BDMS Property Management Co., Ltd.	Non-hospital assets managements	Baht 10 million	100.00	-	10,000	-	-	-
Total investments in subsidiary companies					40,585,106	39,224,545	<u>4,918,985</u>	<u>2,927,586</u>
Less: Allowance for impairment of investments					<u>(154,062)</u>	<u>(154,062)</u>		
Total investments in subsidiary companies - net					<u>40,431,044</u>	<u>39,070,483</u>		

15.1 Investments in subsidiary companies which the Company and its subsidiary companies previously held

Bangkok Ratchasima Hospital Co., Ltd.

In 2016, the Company purchased additional investment totaling Baht 0.7 million in Bangkok Ratchasima Hospital Co., Ltd. As a result, the Company's shareholding in that company increased to 91.42 percent.

Thonburi Medical Center Public Co., Ltd.

In the first quarter of 2016, the Company purchased additional investment totaling Baht 114.5 million in Thonburi Medical Center Public Co., Ltd. As a result, the Company and its subsidiary company's total shareholding in that company increased to 63.45 percent.

Bangkok Hospital Surat Co., Ltd.

In March 2016, the Company paid for the call-up additional share capital of Baht 135 million of Bangkok Hospital Surat Co., Ltd. As a result, the subsidiary had an issued and paid up share capital of Baht 300 million (30 million ordinary shares at Baht 10 each).

BDMS Property Management Co., Ltd.

Referring to Board of Directors of the Company's Meeting No. 2/2016 held on 29 February 2016, had resolution to establish a new subsidiary company, namely BDMS Property Management Co., Ltd. The objective is to manage the asset of the Group which is not directly relevant to hospital operation. The new company had registered capital of Baht 10 million and is wholly owned by the Company. The subsidiary had registered its establishment in April 2016.

Prasit Patana Public Co., Ltd.

In 2016, the Company purchased additional investment totaling Baht 0.5 million in Prasit Patana Public Co., Ltd. As a result, the Company's shareholding in that company is 98.56 percent.

Bangkok Udon Hospital Co., Ltd.

On 1 April 2016, the 2016 Annual General Meeting of shareholders of Bangkok Udon Hospital Co., Ltd. passed the resolution to approve the increase of its registered capital from Baht 500 million to Baht 800 million through the increase in capital of 30 million additional ordinary shares with a par value of Baht 10 each. The Company already paid for the additional shares totaling Baht 300 million in May 2016.

Bangkok Helicopter Services Co., Ltd.

In May 2016, Royal Bangkok Healthcare Co., Ltd., a subsidiary company, purchased shares of Bangkok Helicopter Services Co., Ltd. from South East Air Co., Ltd. which is a related party and from a related person of 5.1 million shares at Baht 8.4 per share at the amount of Baht 42.8 million. As a result, the Company and its subsidiaries hold 10 million shares or 100% shareholding of Bangkok Helicopter Services Co., Ltd.

On 10 November 2016, the extraordinary General Meeting No.2/2016 of shareholders of Bangkok Helicopter Services Co., Ltd. passed the resolution to approve the increase of its registered capital from Baht 100 million to Baht 400 million through the increase in capital of 30 million additional ordinary shares with a par value of Baht 10 each. The Company already paid for the additional shares totaling Baht 300 million in November 2016.

Bangkok Hospital Chiangrai Co., Ltd

On 19 September 2016, the extraordinary General Meeting No.1/2016 of the shareholders of Bangkok Hospital Chiangrai Co., Ltd. passed the resolution to approve the increase of its registered capital from Baht 100 million to Baht 600 million through the increase in capital of 50 million additional ordinary shares with a par value of Baht 10 each. The Company already paid for the additional shares totaling Baht 500 million in November 2016.

Bangkok Save Drug Co., Ltd. and Save Drug Center Co., Ltd.

On 10 September 2015, the extraordinary General Meeting No.1/2015 of the shareholders of Save Drug Center Co., Ltd. passed a resolution approving an increase in the registered capital, from Baht 230 million to Baht 440 million, through the issue of 21 million additional ordinary shares with a par value of Baht 10 each. Bangkok Save Drug Co., Ltd. paid up additional share capital of Baht 147 million in September 2015.

On 29 August 2016, a meeting of the Board of Directors of Save Drug Center Co., Ltd. approved the call up of the rest share capital of Baht 63 million. Bangkok Save Drug Co., Ltd. already paid for the additional shares in 31 August 2016.

N Health Asia Pte. Ltd. and N Health Myanmar Co., Ltd.

Investment in N Health Myanmar Co., Ltd., which established in Republic of the Union of Myanmar with a registered share capital of Kyat 500 million. It was indirectly invested in subsidiary company through N Health Asia Pte. Ltd., a subsidiary. The Company indirectly holds 60 percent interest in this subsidiary.

In the third quarter of 2016, N Health Asia Pte. Ltd., already paid for the shares of N Health Myanmar Co., Ltd. The subsidiary has registered its fully and paid-up shares.

Samitivej Public Co., Ltd. and Subsidiaries.

On 4 September 2013, a meeting of the Board of Directors of SV Holding Co., Ltd. its subsidiary of Samitivej Public Co., Ltd. approved the establishment of a new subsidiary company, namely Samitivej International Co., Ltd., located in Republic of the Union of Myanmar with a registered share capital of USD 1,250,000, which is 80 percent held by SV Holding Co., Ltd., The subsidiary has registered its establishment in the third quarter of 2014.

As at 31 December 2016, the subsidiary has paid-up capital of USD 890,139.

15.2 Investments in new subsidiary company

BDMS Wellness Clinic Co., Ltd.

On 28 September 2016, a meeting of the Board of Directors of the Company approved the establishment of a new subsidiary company, namely BDMS Wellness Clinic Co., Ltd., with a registered share capital of Baht 6,400 million to acquire and receive the transfer of the land and buildings to operate BDMS Wellness Clinic Project, the Company holds 100% shareholding. In January 2017, BDMS Wellness Clinic Co., Ltd. completely registered its' establishment. The company already paid for the shares in February 2017.

Paolo Medic Co., Ltd. and acquisition of the entire business of Mayo Polyclinic Co., Ltd.

On 26 October 2016, the Board of Directors of the Company approved Paolo Medic Co., Ltd, 99.99% subsidiary company, to acquire and receive the transfer of the entire business of Mayo Polyclinic Co., Ltd, operating private hospitals under the name of "Mayo Hospital".

In January 2017, Mayo Polyclinic Co., Ltd had transferred the entire business to Paolo Medic Co., Ltd and Paolo Medic Co., Ltd had paid Baht 1,390 million cash and received the transfer of Baht 100 million debts.

15.3 Summarised financial information that based on amounts before inter-company elimination of subsidiaries that have material non-controlling interest.

Regarding the preparation of consolidated financial statements of the Company and its subsidiaries, there are 5 subsidiary companies having material non-controlling interest since the Company has 49 to 60 percentage of ownership over these subsidiary companies.

The summary of financial information before elimination transactions of the subsidiary company having material non-controlling interest, based on the Company's percentage of ownership in the subsidiary companies, is on the followings:

(Unit: Million Baht)

Company's name	As at 31 December						For the year ended 31 December			
	Paid-up capital		Total assets		Total liabilities		Total revenues		Net income	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Thonburi Medical Center Public Co., Ltd.	193.8	193.8	630.2	656.5	179.7	181.4	626.5	450.4	(24.5)	(43.6)
S.R. Property Investment Co., Ltd.	0.2	0.2	78.8	79.4	70.8	72.0	0.8	0.8	0.6	0.8
Siem Reap Land Investment Co., Ltd.	0.2	0.2	71.8	72.3	64.9	65.9	0.7	0.7	0.6	0.7
Phnom Penh First Property Co., Ltd.	0.2	0.2	164.9	166.1	150.2	152.6	1.6	1.6	1.3	1.6
Bangkok Helicopter Services Co., Ltd. (2016: held by the Company 100% and 2015: 49%)	400.0	100.0	428.8	158.9	65.0	81.0	54.9	65.4	(14.2)	13.9

16. Other long-term investments

(Unit: Thousand Baht)

Consolidated and separate
financial statements

Dividend income during
the years

Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2016	2015	2016	2015
<u>Investments held by the Company</u>							
<u>Available-for-sale investments</u>							
<u>Investments in listed securities</u>							
Thai Military Bank Public Co., Ltd.	Bank	41,562	-	1,770	1,770	5	5
Aikchol Hospital Public Co., Ltd.	Hospital	150	0.20	350	350	165	195
Bangkok Chain Hospital Public Co., Ltd.	Hospital	2,494	1.50	-	269,829	2,625	4,500
				2,120	271,949	2,795	4,700
Surplus on changes in value of available-for-sale investments				8,775	78,121	-	-
Investments in listed securities				10,895	350,070	2,795	4,700
<u>Investments in related companies</u>							
Bangkok Airways Public Co., Ltd.	Airline	2,100	0.85	39,466	39,466	12,533	8,057
				39,466	39,466	12,533	8,057
Surplus on changes in value of available-for-sale investments				366,991	372,363	-	-
Investments in related companies				406,457	411,829	12,533	8,057

(Unit: Thousand Baht)							
Consolidated and separate financial statements							
Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2016	2015	2016	2015
Investments in unrelated companies							
Thai Longstay Management Co., Ltd.	Travel business	100	0.53	531	531	-	-
Superior Biotech Holding Co., Ltd.	Investment	53	7.58	5,000	5,000	160	200
X-Ray Computer Urupong Co., Ltd.	X-ray lab	100	4.09	4,520	4,520	613	613
Investments in unrelated companies				10,051	10,051	773	813
Total other long-term investments in the separate financial statements				427,403	771,950	16,101	13,570

						(Unit: Thousand Baht)	
						Consolidated and separate	
						financial statements	
Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during	
				2016	2015	2016	2015
<u>Investment held by the subsidiary companies</u>							
<u>Available-for-sale investments</u>							
Investments in investment unit				10,000	10,000	-	-
Surplus on changes in value of available-for-sale investments				1,356	1,225	-	-
Investments in investment unit				11,356	11,225	-	-
<u>Investment in listed securities</u>							
Mahachai Hospital Public Company Limited	Hospital	160	4.28	143,724	143,724	2,875	2,053
Kiatnakin Bank Public Company Limited	Bank	8,468	0.02	-	6,450	400	200
				143,724	150,174	3,275	2,253
Surplus (loss) on changes in value of available-for-sale investments				86,234	(29,997)	-	-
Investments in listed securities				229,958	120,177	3,275	2,253
Investment in Government Saving Bank bonds				-	-	-	-

In the second quarter of 2015, the subsidiary redeemed the matured investment in Government Saving Bank bonds amounting to Baht 25 million.

						(Unit: Thousand Baht)	
						Consolidated and separate financial statements	
Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2016	2015	2016	2015
<u>Investments in unrelated companies</u>							
Thai Herbal Products Co., Ltd.	Sales of herbal products	80	0.60	290	290	-	48
Prasitthirat Co., Ltd.	Educational institution known as “Rangsit university”	150	33.33	107,192	107,192	2,000	2,000
Asia Laboratories Center Limited	Central lab	5	8.00	400	400	-	40
Kendall Gammatron Limited	Trading of medical supplies	120	5.10	8,000	8,000	-	-
Black Brain Health, LLC.	Manufacturer and distributor of complementary medicine	USD 1.38 million	8.31	17,975	17,975	-	-
Pracharat Raksamakkee Khonkaen (Enterprise for social) Co., Ltd.	Development of economic foundations	4	0.38	15	-	-	-
Investments in unrelated companies				133,872	133,857	2,000	2,088
<u>Investments in ordinary shares (ceased operations)</u>							
Phyathai 4 Hospital (Petchaburi Road) Co., Ltd.	Adjudged bankrupt	328	89.79	-	-	-	-
Klass - V Co., Ltd.	Adjudged bankrupt	250	89.66	-	-	-	-
Phuket Paradise Co., Ltd.	Adjudged bankrupt	409	72.26	-	-	-	-
Phyathai Herbs Co., Ltd.	In process of liquidation	196	63.64	42,889	42,889	-	-
Phuket Hospital Public Co., Ltd.	Hospital	358	19.08	-	-	-	-
Phuket International Hospital Co., Ltd.	Liquidation	195	6.15	-	29,552	-	-
				42,889	72,441	-	-
Less: Allowance for impairment of investment				(9,493)	(24,493)	-	-
Investments in ordinary shares (ceased operations) - net				33,396	47,948	-	-
Total other long-term investments - net in the consolidated financial statements				835,985	1,085,157	21,376	17,911

The Company and its subsidiaries recorded the changes in the gain in value of available-for-sale investment in the consolidated financial statements of Baht 33 million (net of deferred tax liabilities of Baht 8 million) and decrease in the separate financial statements of Baht 60 million (net of deferred tax liabilities of Baht 15 million) and presented in the statements of comprehensive income under “Gain (reversal of surplus) on change in value of available-for-sale investments”.

Prasitthirat Company Limited

A subsidiary company has 33.33 percentage of shareholding in Prasitthirat Company Limited but has not classified it as investment in associated company because the subsidiary company has no power to participate in the financial and operating policy decisions of that company and other shareholders are major shareholders of that company.

Investments in ordinary shares (ceased operations)

A subsidiary company has investments in companies that have ceased their operations but has not classified them as investments in subsidiary companies because the subsidiary company has no power to control such companies.

Bangkok Chain Hospital Public Co., Ltd.

In the second and third quarter of 2016, the Company sold investment totaling 37.5 million shares in Bangkok Chain Hospital Public Co., Ltd. at the amount of Baht 445.3 million. The Company had recognised gain from selling these investments amounting to Baht 205.5 million in its income statement for the year.

Phuket International Hospital Co., Ltd.

On 5 August 2016, the Extraordinary General Meeting of shareholders of Phuket International Hospital Co., Ltd. passed the resolution to approve its liquidation and repayment of the share capital and share premium to shareholders, Phyathai 1 Hospital Co., Ltd. which has a 6.15% shareholding, already received cash refund of the share capital and share premium in July 2016 totaling of Baht 13.65 million.

17. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land	Building	Total	Land	Building	Total
31 December 2014	35,445	230,005	265,450	289,104	230,005	519,109
Purchase	-	2,129	2,129	-	2,129	2,129
Transfer from property, premises and equipment	-	8,189	8,189	-	-	-
Gain on revalue of assets	-	9,000	9,000	-	9,000	9,000
31 December 2015	35,445	249,323	284,768	289,104	241,134	530,238
Reclassification	5,524	(60,834)	(55,310)	-	(60,834)	(60,834)
Purchase	1,805	500	2,305	1,805	500	2,305
Transfer from (Transfer out) property, premises and equipment	-	9,657	9,657	46,187	57,831	104,018
Gain on revalue of assets	-	65,324	65,324	14,455	114,317	128,772
31 December 2016	<u>42,774</u>	<u>263,970</u>	<u>306,744</u>	<u>351,551</u>	<u>352,948</u>	<u>704,499</u>

The investment properties of the Company and its subsidiaries consist of land and building for rent. The fair value of land has been determined based on valuations performed by an accredited independent valuer, using the Market approach. The fair value of building for rent has been determined based on income approach.

Key assumptions used in the valuation of building for rent are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Vacancy rate (%)	100	100	Increase in fair value
Discount rate (%)	11-13	11-13	Decrease in fair value

18. Property, premises and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Assets which are stated at cost or reappraised value	Assets which are stated at cost					
	Land and land improvement	Building and improvement	Medical tools, machine, helicopter and equipment	Structure equipment, furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	Total
Cost/reappraised value							
31 December 2014	14,599,132	33,853,200	18,086,628	10,345,008	823,822	2,377,743	80,085,533
Increase from acquisitions	164,581	504,957	87,410	57,947	6,513	26,462	847,870
Increase from revaluation	3,183,399	-	-	-	-	-	3,183,399
Purchases	865,606	639,927	1,828,991	908,046	98,183	2,096,258	6,437,011
Transfer in / (Transfer out)	20,416	1,121,829	183,234	505,105	1,811	(1,835,526)	(3,131)
Decrease from sales of investment in subsidiary	-	-	-	(71,234)	(6,612)	-	(77,846)
Disposals/Written-off	(1,767)	(51,038)	(1,096,204)	(1,112,237)	(68,640)	(1,538)	(2,331,424)
Translation adjustment	27,505	78,114	17,183	52,015	588	60	175,465
31 December 2015	18,858,872	36,146,989	19,107,242	10,684,650	855,665	2,663,459	88,316,877
Increase from revaluation	49,040	-	-	-	-	-	49,040
Purchases	1,151,574	974,289	1,878,432	1,049,149	93,791	2,608,516	7,755,751
Transfer in / (Transfer out)	15,111	1,772,711	306,377	401,041	7,929	(2,463,489)	39,680
Disposals/Written-off	-	(46,254)	(631,046)	(238,511)	(51,614)	(3,020)	(970,445)
Translation adjustment	(2,270)	(5,639)	(346)	(4,409)	(31)	(550)	(13,245)
31 December 2016	20,072,327	38,842,096	20,660,659	11,891,920	905,740	2,804,916	95,177,658
Accumulated depreciation							
31 December 2014	41,160	15,169,422	11,135,318	6,073,110	600,768	-	33,019,778
Increase from acquisitions	8,865	228,455	69,918	45,628	5,589	-	358,455
Depreciation for the year	7,262	1,578,092	1,637,745	883,150	74,784	-	4,181,033
Transfer in / (Transfer out)	-	(58,202)	47,259	(3,632)	-	-	(14,575)
Decrease from sales of investment in subsidiary	-	-	-	(47,055)	(6,655)	-	(53,710)
Disposals/Written-off	(167)	(50,063)	(1,059,305)	(1,102,937)	(66,796)	-	(2,279,268)
Translation adjustment	-	7,148	5,320	9,144	449	-	22,061
31 December 2015	57,120	16,874,852	11,836,255	5,857,408	608,139	-	35,233,774
Depreciation for the year	10,082	1,692,170	1,817,292	975,763	77,362	-	4,572,669
Transfer in / (Transfer out)	8,868	(111,031)	47,551	54,092	1	-	(519)
Disposals/Written-off	-	(41,162)	(597,466)	(230,530)	(50,315)	-	(919,473)
Translation adjustment	-	(201)	55	(116)	(24)	-	(286)
31 December 2016	76,070	18,414,628	13,103,687	6,656,617	635,163	-	38,886,165

(Unit: Thousand Baht)

Consolidated financial statements (continued)

	Assets which are stated at cost or reappraised value	Assets which are stated at cost						
		Land and land improvement	Building and improvement	Medical tools, machine, helicopter and equipment	Structure equipment, furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	Total
<u>Allowance for impairment</u>								
<u>of fixed assets</u>								
31 December 2014	4,869	109,973	12,811	1,373	1,471	-	130,497	
Impairment loss	-	2,700	-	-	-	-	2,700	
31 December 2015	4,869	112,673	12,811	1,373	1,471	-	133,197	
Impairment loss	-	(2,700)	(2,740)	-	-	-	(5,440)	
31 December 2016	4,869	109,973	10,071	1,373	1,471	-	127,757	
<u>Net book value</u>								
31 December 2015	18,796,883	19,159,464	7,258,176	4,825,869	246,055	2,663,459	52,949,906	
31 December 2016	19,991,388	20,317,495	7,546,901	5,233,930	269,106	2,804,916	56,163,736	
Depreciation charged included in income statement for the year								
2015 (Baht 3,348 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							4,181,033	
2016 (Baht 3,632 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							4,572,669	

(Unit: Thousand Baht)

Separate financial statements							
Assets which are stated at cost or reappraised value	Assets which are stated at cost						
	Land and land improvement	Building and improvement	Medical tools, machine and equipment	Structure equipment, furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	Total
Cost/reappraised value							
31 December 2014	1,885,633	5,647,629	4,141,217	2,245,072	205,276	123,080	14,247,907
Purchases	694,492	106,867	173,600	163,326	24,999	275,964	1,439,248
Transfer in / (Transfer out)	476	68,415	7,656	32,274	564	(108,597)	788
Disposals/Written-off	-	(19,906)	(650,102)	(964,462)	(13,655)	-	(1,648,125)
31 December 2015	2,580,601	5,803,005	3,672,371	1,476,210	217,184	290,447	14,039,818
Purchases	903,478	98,613	312,102	196,730	9,533	1,049,149	2,569,605
Transfer in / (Transfer out)	(46,186)	137,685	80,056	33,869	220	(250,082)	(44,438)
Disposals/Written-off	-	(2,984)	(134,974)	(13,057)	(17,958)	-	(168,973)
31 December 2016	3,437,893	6,036,319	3,929,555	1,693,752	208,979	1,089,514	16,396,012
Accumulated depreciation							
31 December 2014	286	2,546,296	2,762,129	1,414,578	137,828	-	6,861,117
Depreciation for the year	300	265,253	307,013	153,971	20,708	-	747,245
Transfer in / (Transfer out)	-	2,132	(10,925)	370	-	-	(8,423)
Disposals/Written-off	-	(15,414)	(641,620)	(962,771)	(13,231)	-	(1,633,036)
31 December 2015	586	2,798,267	2,416,597	606,148	145,305	-	5,966,903
Depreciation for the year	310	294,767	347,127	181,208	20,101	-	843,513
Transfer in / (Transfer out)	-	(1,262)	(415)	68	-	-	(1,609)
Disposals/Written-off	-	(1,817)	(130,733)	(11,430)	(17,957)	-	(161,937)
31 December 2016	896	3,089,955	2,632,576	775,994	147,449	-	6,646,870
Allowance for impairment of fixed assets							
31 December 2015	-	2,700	-	-	-	-	2,700
Impairment loss	-	(2,700)	-	-	-	-	(2,700)
31 December 2016	-	-	-	-	-	-	-
Net book value							
31 December 2015	2,580,015	3,002,038	1,255,774	870,062	71,879	290,447	8,070,215
31 December 2016	3,436,997	2,946,364	1,296,979	917,758	61,530	1,089,514	9,749,142
Depreciation charged included in income statement for the year							
2015 (Baht 630 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							747,245
2016 (Baht 689 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							843,513

In 2016, a subsidiary company has recorded appraisal result which engaged an independent appraiser to appraise all of its land using the market approach. The fair values of the revalued land in consolidated financial statements amount of Baht 285.6 million which increased from the book values of Baht 39.2 million (net of deferred tax liabilities of Baht 9.8 million). The subsidiary recorded the increase amount as “Revaluation surplus on land” in the other components of shareholders' equity.

In 2015, eight subsidiary companies have recorded appraisal result which engaged an independent appraiser to appraise all of their land using the market approach. The fair values of the revalued land in consolidated financial statements amount of Baht 6,742.6 million which increased from the book values of Baht 2,541.3 million (net of deferred tax liabilities of Baht 642.1 million). The subsidiaries recorded the increase amount as “Revaluation surplus on land” in the other components of shareholders' equity.

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

If the Company and its subsidiaries recorded land at cost, net book value as at 31 December 2016 and 2015 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value (at cost):		
As of 31 December 2016	11,991,242	2,948,561
As of 31 December 2015	10,861,087	2,045,083

As at 31 December 2016, the Company and its subsidiaries have medical tools, equipment and vehicles under finance lease agreements with net book values amounting to Baht 74.2 million and Baht 14.9 million in the separate financial statements (2015: Baht 99.9 million and Baht 16.7 million in the separate financial statements).

As at 31 December 2016, the Company and its subsidiaries have certain building improvement, medical tools, equipment and vehicles which have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 14,440.8 million and Baht 3,007.7 million in the separate financial statement (2015: Baht 14,857.1 million and Baht 3,518.9 million in the separate financial statements).

18.1 Deposits in land and premises

On 28 September 2016, a meeting of the Board of Directors of the Company approved the Company and/or its subsidiaries entering into an agreement to buy land and premises at Park Nai Lert totaling to Baht 10,800 million. The Company paid a security deposit amounting to Baht 1,080 million on 28 September 2016. On 20 February 2017, BDMS Wellness Clinic Co., Ltd., a wholly-owned subsidiary of the Company, accepted the transfer of ownership in the land and buildings from the sellers. For payment of the remaining purchase price in the aggregate amount of Baht 9,720 million, the sellers agreed for the Company to pay on the date of the ownership transfer acceptance in the amount of Baht 2,000 million, and the amount of Baht 7,720 million, the Company will pay the sellers on 27 May 2017.

19. Land not used in operations

Land not used in operations as at 31 December 2016 and 2015 consisted of:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Land at historical cost	120,225	120,225	119,898	119,898
Revaluation surplus	177,802	177,802	177,802	177,802
Allowance for impairment	(719)	(719)	(719)	(719)
Total	<u>297,308</u>	<u>297,308</u>	<u>296,981</u>	<u>296,981</u>

The cumulative capitalised interest on loans recorded as a portion of cost of land not used in operations amounted to approximately Baht 29 million (2015: Baht 29 million).

20. Goodwill

Movement in goodwill during the years ended 31 December 2016 and 2015 was summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	
	2016	2015
Balance as at beginning of year	16,932	16,000
Increase from acquisition	-	932
Balance as at end of year	16,932	16,932

The Company and subsidiary companies determined the recoverable amounts of the cash generating units (CGUs) based on value in use, using cash flow projections covering a 10-year period as hospital business requires approximately at least 5-year period for business expansion to benefit from synergy. This cash flow projections were prepared with reference to financial budgets approved by the management.

Key assumptions used in the value-in-use calculations are as follows:

	(Unit: Percent per annum)
Growth rate	5.0 - 15.6
Pre-tax discount rate	8.03

The management determined the growth rate based on historical operating results, the expected market growth rate, the rate of gross domestic product growth and the discount rate which is a pre-tax rate that reflects the specific risk of the particular business unit.

After consideration, management believed that goodwill is not impaired.

21. Intangible assets

Intangible assets, as at 31 December 2016 and 2015, which are computer software and commercial rights, are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
As at 31 December 2014	1,783,646	490,060
Increase from acquisitions	34	-
Purchases	360,811	135,542
Transfer in/(Transfer out)	(10,252)	(4,719)
Decrease from sales of investment in subsidiary	(6,630)	-
Disposals/written-off	(30,809)	(10,137)
Translation adjustment	63	-
As at 31 December 2015	2,096,863	610,746
Purchases	389,696	175,139
Transfer in/(Transfer out)	(16,272)	(248)
Disposals/written-off	(1,006)	(127)
Translation adjustment	(34,949)	-
As at 31 December 2016	2,434,332	785,510
Accumulated amortisation		
As at 31 December 2014	922,279	179,570
Increase from acquisitions	34	-
Amortisation for the year	167,505	56,105
Transfer in	6,128	-
Decrease from sales of investment in subsidiary	(5,684)	-
Disposals/written-off	(30,187)	(10,072)
Translation adjustment	60	-
As at 31 December 2015	1,060,135	225,603
Amortisation for the year	194,608	77,697
Transfer in/(Transfer out)	(7,904)	90
Disposals/written-off	(816)	(51)
Translation adjustment	7	-
As at 31 December 2016	1,246,030	303,339
Net book value		
As at 31 December 2015	1,036,728	385,143
As at 31 December 2016	1,188,302	482,171

22. Leasehold rights

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost	997,865	926,662	449,051	444,881
Less: Accumulated amortisation	(300,150)	(256,485)	(98,883)	(82,459)
Book value - net	<u>697,715</u>	<u>670,177</u>	<u>350,168</u>	<u>362,422</u>
Amortisation for the year	<u>36,774</u>	<u>38,162</u>	<u>16,424</u>	<u>17,140</u>

A reconciliation of the net book value of leasehold rights for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	670,177	700,375	362,422	379,562
Purchases	82,134	3,000	4,170	-
Less: amortisation	(36,774)	(38,162)	(16,424)	(17,140)
Translation adjustment	(17,822)	4,964	-	-
Net book value at end of year	<u>697,715</u>	<u>670,177</u>	<u>350,168</u>	<u>362,422</u>

23. Bank overdrafts and short-term loans from financial institutions

As at 31 December 2016, the short-term loans from financial institutions have outstanding balance of Baht 1,500 million. The loans carry interest at fixed rate per annum as stipulated in the agreement. The principal and interest is repayable on maturity according to a condition as stipulated in the agreement.

As at 31 December 2016, the Company and its subsidiaries have bank overdraft facilities with banks of Baht 1,030 million and USD 2 million (2015: Baht 1,010 million and USD 1 million) and in separate financial statements of Baht 860 million (2015: Baht 860 million). The facilities carry interest rate at MOR for Baht currency facilities and LIBOR plus fixed rate for US currency facilities.

24. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables - related parties	31,377	5,620	138,483	130,261
Trade payables - unrelated parties	3,091,909	2,971,644	408,940	383,176
Other payables - related parties	13,319	4,443	87,756	84,236
Other payables - unrelated parties	1,047,478	1,435,544	282,888	615,939
Accounts payable - construction and retention	361,920	517,500	86,215	75,271
Total trade and other payables	<u>4,546,003</u>	<u>4,934,751</u>	<u>1,004,282</u>	<u>1,288,883</u>

25. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 31 December 2015	9,446,213	9,369,738
Less: Repayment during the year	(1,734,683)	(1,671,607)
Unrealised gain on foreign exchange	(5,458)	(5,458)
Translation adjustment	(643)	-
Balance as at 31 December 2016	7,705,429	7,692,673
Less: Current portion of long-term loans from financial institutions	(4,252,098)	(4,239,342)
Long-term loans from financial institutions - net of current portion	<u>3,453,331</u>	<u>3,453,331</u>

The Company

- a) In 2008, the Company entered into a 10-year loan agreement with a bank granting the credit facilities of Baht 3,438 million. The loan carries interest at the Fixed Deposit Rate plus fixed rate per annum as stipulated in the agreement with interest and principal payable on a monthly basis. This loan agreement includes a condition that the Company and its subsidiaries may not mortgage any assets and also certain covenants which the Company and its subsidiaries must comply. The outstanding balance of this loan as at 31 December 2016 was Baht 401.1 million (2015: Baht 744.9 million).
- b) In November 2011, the Company entered into a 7 years and 6 months loan agreement with a financial institution granting credit facilities of Baht 3,000 million carrying interest at the rate of six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest is repayable on a monthly basis and the principal is repayable on a quarterly basis according to a condition as stipulated in the agreement. As at 31 December 2016, this loan has outstanding balance of Baht 1,119 million (2015: Baht 1,519 million).
- c) In January 2012, the Company entered into a 8 years and 6 months loan agreement with a financial institution granting credit facilities of Baht 586 million carrying interest at the rate of six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. As at 31 December 2016, this loan has outstanding balance of Baht 304.4 million (2015: Baht 401 million).
- d) In June 2012, the Company entered into a 7 years and 6 months loan agreement with a financial institution granting credit facilities of Baht 1,766 million carrying interest at the rate of six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest is repayable on a monthly basis and principal is repayable on a quarterly basis according to a condition as stipulated in the agreement. As at 31 December 2016, this loan has outstanding balance of Baht 808.8 million (2015: Baht 1,078.4 million).
- e) In July 2012, the Company entered into a 5-year loan agreement with a financial institution amounting to Baht 2,500 million carrying interest at the fixed rate per annum as stipulated in the agreement. The interest is repayable on a semi-annually basis and principal is repayable at the end of loan period. As at 31 December 2016, this loan has outstanding balance of Baht 2,500 million (2015: Baht 2,500 million).

- f) In February 2014, the Company entered into a 7-year loan agreement with a financial institution granting credit facilities of USD 20 million carrying interest at the rate of LIBOR plus fixed rates for the first year and at the fixed rates per annum as stipulated in the agreement. The interest is repayable on a quarterly basis and the principal is repayable on a semi-annually basis according to a condition as stipulated in the agreement. As at 31 December 2016, this loan has outstanding balance of USD 19.3 million or equivalent to Baht 696 Million (2015: USD 20.0 million or equivalent to Baht 725.1 million).
- g) In April 2014, the Company entered into a 5-year loan agreement with a financial institution granting credit facilities of Baht 1,000 million carrying interest at the rate of three-month BIBOR plus fixed rates per annum as stipulated in the agreement. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. As at 31 December 2016, this loan has outstanding balance of Baht 583.3 million (2015: Baht 833.3 million).
- h) In May 2013, the Company entered into a 7-year loan agreement with a financial institution granting credit facilities of Baht 2,000 million. In the second quarter of 2014, the Company drawn down the loan totaling Baht 2,000 million. The loan carries interest at the rate of six-month fixed deposit rate plus fixed rates per annum as stipulated in the agreement. The interest is repayable on a monthly basis and principal is repayable on a semi-annually basis according to a condition as stipulated in the agreement. As at 31 December 2016, this loan has outstanding balance of Baht 1,280 million (2015: Baht 1,568.0 million).

The subsidiaries

- a) In 2007 and 2008, Angkor Pisith Co., Ltd., a subsidiary company, entered into a 7 years and 10 months loan agreement with a foreign financial institution granting credit facilities of USD 4 million. The loan bears interest at the rate of LIBOR plus a fixed rate per annum. The interest is repayable on a monthly basis and the principal is repayable on a quarterly basis according to a condition as stipulated in the agreement. This loan is guaranteed by the Company. As at 31 December 2016, this loan has outstanding balance of USD 0.4 million or equivalent to Baht 12.8 million (2015: USD 1.1 million or equivalent to Baht 38.0 million).
- b) In 2007, Bangkok Helicopter Services Co., Ltd., a subsidiary company entered into a 10-year long-term loan agreement with a financial institution granting credit facilities of Baht 200 million and revised the credit limit to Baht 190 million in 2010 carrying interest of MLR minus fixed rates as stipulated in the agreement. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. During the year 2016, a subsidiary company has cancelled to transfer the claim in service expense on claims transfer agreement to the financial institution. The loan was fully repaid in November 2016 (31 December 2015: Baht 37.5 million).

- c) In 2008, Bangkok Ratchasima Hospital Co., Ltd., a subsidiary company, entered into a 7 - year loan agreement with a financial institution. The credit facilities were Baht 20 million. The loan bears interest at fixed rate per annum. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. The loan was fully repaid in August 2015.
- d) In 2015, Thonburi Medical Centre Public Company Limited, a subsidiary company entered into a 8-year loan agreement with a bank granting the credit facilities of Baht 300 million. The loan carries interest at the rate of MLR minus fixed rates per annum as stipulated in the agreement with interest and principal payable on a monthly basis. The loan was fully repaid in May 2016 (31 December 2015: Baht 1.0 million).

The Company's and its subsidiaries' loan agreements contain certain covenants which the Company and its subsidiaries must comply such as financial ratios.

26. Liabilities under finance lease agreements

As at 31 December 2016 and 2015, liabilities under finance lease agreements are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	63,055	108,364	14,795	17,284
Less: Deferred interest expenses	(1,537)	(4,213)	(182)	(526)
Total	61,518	104,151	14,613	16,758
Less: Current portion of liabilities under finance lease agreements	(43,861)	(57,206)	(11,214)	(10,230)
Liabilities under finance lease agreements - net of current portion	<u>17,657</u>	<u>46,945</u>	<u>3,399</u>	<u>6,528</u>

As at 31 December 2016 and 2015, the Company and its subsidiaries have future minimum lease payments which required under the finance lease agreements as follows:

	(Unit: Thousand Baht)		
	As at 31 December 2016		
	Consolidated financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	44,907	18,148	63,055
Deferred interest expenses	(1,046)	(491)	(1,537)
Present value of future minimum finance lease payments	43,861	17,657	61,518

	(Unit: Thousand Baht)		
	As at 31 December 2015		
	Consolidated financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	60,138	48,226	108,364
Deferred interest expenses	(2,932)	(1,281)	(4,213)
Present value of future minimum finance lease payments	57,206	46,945	104,151

	(Unit: Thousand Baht)		
	As at 31 December 2016		
	Separate financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	11,231	3,564	14,795
Deferred interest expenses	(17)	(165)	(182)
Present value of future minimum finance lease payments	11,214	3,399	14,613

	(Unit: Thousand Baht)		
	As at 31 December 2015		
	Separate financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	10,628	6,656	17,284
Deferred interest expenses	(398)	(128)	(526)
Present value of future minimum finance lease payments	10,230	6,528	16,758

The Company and its subsidiaries have finance lease agreements with various leasing companies to rent medical tools, equipment, and vehicles for use in their operations. Installments are due on a monthly basis over 32 - 60 months and at the end of the agreements.

27. Debentures

Movements of debentures net from debenture expenses and amortisation of expenses during the years ended 31 December 2016 and 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated /Separate financial statements	
	<u>2016</u>	<u>2015</u>
Balance as at beginning of year	10,590,977	11,091,987
Debentures issued during the year	3,000,000	2,000,000
Redemption of debentures during the year	(1,000,000)	(2,500,000)
Debenture expenses	(3,682)	(2,585)
Amortisation of debenture expenses	1,605	1,575
Balance as at end of year	12,588,900	10,590,977
Less: Current portion of debentures	-	(999,836)
Debentures - net of current portion	<u>12,588,900</u>	<u>9,591,141</u>

On 4 June 2009, the Company had issued unsecured, name registered and unsubordinated debentures for the total number of 3,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 3,000 million. These debentures are divided into two tranches: the 5-year debentures for the amount of Baht 2,000 million at the coupon rate of 4.80% per annum and the 7-year debentures for the amount of Baht 1,000 million at the coupon rate of 5.35% per annum with interest payable every six-month. In 2014, the Company repurchased and redeemed the 5-year debentures totally Baht 2,000 million. In June 2016, the Company redeemed the 7-year debentures totally Baht 1,000 million.

On 3 March 2011, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 2,500,000 units, at the price of Baht 1,000 per unit, totaling Baht 2,500 million. These debentures are 4-year debentures at the coupon rate of 3.99% per annum with interest payable every six-month. The Company had redeemed such debentures in the first quarter of 2015.

In August 2012, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 600,000 units, at the price of Baht 1,000 per unit, totaling Baht 600 million. These debentures are 10-year debentures at the coupon rate of 4.5% per annum with interest payable every six-month.

On 14 March 2013, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 4,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 4,000 million. This debenture is 10-year debentures at the coupon rate of 4.63% per annum with interest payable every six-month. On 4 April 2014 and 15 October 2014, the Company entered into an interest rate swap contract for the above debentures totaling Baht 4,000 million with a financial institution. The interest rate swap contract was terminated on 30 June 2016 as described in Note 40.1.

On 10 May 2013, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 3,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 3,000 million. These debentures are divided into two tranches: the 7-year debentures for the number of 2,000,000 units at the coupon rate of 4.19% per annum and the 10-year debentures for the number of 1,000,000 units at the coupon rate of 4.39% per annum with interest payable every six-month.

On 25 June 2015, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 2,000,000 units, at the price of Baht 1,000 per unit, totalling Baht 2,000 million. This debenture is 10-year debentures at the coupon rate of 3.95% per annum with interest payable every six-month. The Company entered into an interest rate swap contract for the above debentures totalling Baht 2,000 million with a financial institution as described in Note 40.1.

On 24 June 2016, the Company had issued unsecured, name registered and unsubordinated debentures without a debenture holders' representative debenture for the total number of 3,000,000 units, at the price of Baht 1,000 per unit, totalling Baht 3,000 million. This debenture is 10-year debentures at the coupon rate of 2.99% per annum with interest payable every six-month.

Debenture agreement contains certain covenants which the Company must comply with such as financial ratios, payment of dividend, assets dispositions, etc.

Fair values of the above debentures, which were the latest price as at 31 December 2016, were between Baht 950.55 per unit and Baht 1,078.49 per unit.

28. Convertible debentures

On 5 August 2014, the Extraordinary General Meeting of Shareholders' No. 1/2014 of the Company has approved for the issue and offer of the convertible debentures in the amount not exceeding Baht 10,000 million or an equivalent in other currencies and the Meeting has approved to increase its registered capital to support the conversion of the convertible debentures.

On 18 September 2014, the Company has issued the convertible debentures to the foreign investors (except the investors in the United States of America). Key terms and conditions of the convertible debentures are as the following:

Type of Debentures	Unsecured and unsubordinated convertible debentures
Maturity	5 years, commencing from the issue date
Issue Size	Baht 10,000 million
Currency	THB-Denominated, USD-Settled
Maturity Date	18 September 2019
Put Option	At 18 September 2017 equal to 106.152% of the principal amount
Call Option	At any time after 18 March 2017, if the closing price of the Company's shares is at least 130% of the applicable Early Redemption Amount, divided by the effective Conversion Ratio
Coupon	Zero
Redemption Price	110.462% of principal amount
Conversion Price	Baht 21.045 per one newly issued ordinary share
Outstanding Balance	
as at 31 December 2016	Baht 10,000 million

Convertible debentures agreement contains obligations and certain limitations which the Company must comply with, as specified in the offering circular of the bonds. On 19 September 2014, the convertible debentures were listed on the Singapore Exchange Securities Trading Limited.

Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", requires the issuer of convertible debentures to present the debentures' liability and equity components separately in the statement of financial position. Therefore, upon issuing the convertible debentures, the Company separated these components, determining the liability component by discounting the stream of future payments of principal and interest at the prevailing market rate. The carrying amount of the equity component was then determined by deducting the liability component from the total carrying value of the convertible debenture.

The liability component is presented at amortised cost until the conversion or maturity of the debentures. The value of the equity component determined upon the issue of the debentures does not change in subsequent periods.

Fair value of the above convertible debenture, which was the latest price as at 31 December 2016, was 112.739 percent per unit.

29. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and medical care after post-employment, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Retirement benefits		Medical care after post-employment		Total	
	2016	2015	2016	2015	2016	2015
				(Restated)		(Restated)
Defined benefit obligation at beginning of year - as previously reported	1,529,573	1,356,593	-	-	1,529,573	1,356,593
Cumulative effect of adjustments of prior years' financial statements	-	-	723,993	721,162	723,993	721,162
Defined benefit obligation at beginning of year - as restated	1,529,573	1,356,593	723,993	721,162	2,253,566	2,077,755
Increase from acquisitions	-	10,296	-	-	-	10,296
Current service cost	140,688	124,049	4,714	4,376	145,402	128,425
Interest cost	42,535	51,027	9,032	8,299	51,567	59,326
Actuarial (gain) loss arising from						
Demographic assumption change	-	(45,005)	-	-	-	(45,005)
Financial assumption change	-	25,388	-	-	-	25,388
Experience adjustments	-	54,500	-	-	-	54,500
Benefits paid during the year	(40,548)	(34,365)	(163,948)	(9,844)	(204,496)	(44,209)
Decrease from sales of investment in subsidiary	-	(12,910)	-	-	-	(12,910)
Defined benefit obligation at end of year	1,672,248	1,529,573	573,791	723,993	2,246,039	2,253,566
Less: Current portion of provision for long-term employee benefits	-	-	(317,891)	(157,814)	(317,891)	(157,814)
Long-term provision of provision for long-term employee benefits	<u>1,672,248</u>	<u>1,529,573</u>	<u>255,900</u>	<u>566,179</u>	<u>1,928,148</u>	<u>2,095,752</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Retirement benefits		Medical care after post-employment		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				(Restated)		(Restated)
Defined benefit obligation at beginning of year - as previously reported	348,779	245,985	-	-	348,779	245,985
Cumulative effect of adjustments of prior years' financial statements	-	-	645,794	642,962	645,794	642,962
Defined benefit obligation at beginning of year - as restated	348,779	245,985	645,794	642,962	994,573	888,947
Current service cost	27,281	21,770	4,714	4,377	31,995	26,147
Interest cost	7,719	8,704	9,032	8,299	16,751	17,003
Actuarial (gain) loss arising from						
Demographic assumption change	-	3,646	-	-	-	3,646
Financial assumption change	-	502	-	-	-	502
Experience adjustments	-	75,737	-	-	-	75,737
Benefits paid during the year	(6,850)	(7,565)	(163,948)	(9,844)	(170,798)	(17,409)
Defined benefit obligation at end of year	376,929	348,779	495,592	645,794	872,521	994,573
Less: Current portion of provision for long-term employee benefits	-	-	(239,691)	(157,814)	(239,691)	(157,814)
Long-term provision of provision for long-term employee benefits	376,929	348,779	255,901	487,980	632,830	836,759

Long-term employee benefit expenses included in the profit or loss were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(Restated)		(Restated)
Current service cost	145,402	128,425	31,995	26,147
Interest cost	51,567	59,326	16,751	17,003
Total expense recognised in profit or loss	196,969	187,751	48,746	43,150
Line items under which such expenses are included in profit or loss				
Cost of hospital operations, sales and services	104,711	108,676	24,490	21,883
Administrative expenses	92,258	79,075	24,256	21,267

The Company and its subsidiaries expect to pay Baht 379.5 million of long-term employee benefits and other post-employment benefits during the next year (Separate financial statements: Baht 244.2 million) (2015: Baht 345.8 million, separate financial statements: Baht 257.3 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 18 - 42 years (Separate financial statements: 18 - 42 years) (2015: 19 - 43 years, separate financial statements: 19 - 43 years).

Significant actuarial assumptions were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(% per annum)		(% per annum)	
Discount rate	3.1 - 3.2, 3.8	3.1 - 3.2, 3.8	3.1, 3.8	3.1, 3.8
Future salary increase rate (depending on age of employee)	5.0	5.0	5.0	5.0
Turnover rate	0.0 - 20.0	0.0 - 20.0	0.0 - 14.0	0.0 - 14.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(179.5)	219.9	(48.9)	64.1
Salary increase rate	212.1	(181.6)	34.5	(29.7)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(158.7)	191.2	(34.6)	41.2

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
	(Restated)	(Restated)	(Restated)	(Restated)
Discount rate	(177.5)	194.4	(48.9)	59.7
Salary increase rate	169.9	(165.9)	27.2	(27.3)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
	(Restated)	(Restated)	(Restated)	(Restated)
Turnover rate	(143.7)	148.1	(31.7)	33.0

30. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 17 April 2015	3,563	0.23
Total 2015 dividend		3,563	0.23

The Company paid such final dividends in May 2015.

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 21 April 2016	4,027	0.26
Interim dividends for 2016	Board of Directors' meeting on 31 August 2016	1,548	0.10
Total 2016 dividend		<u>5,575</u>	<u>0.36</u>

The Company paid such final dividends and interim dividends in May 2016 and in September 2016, respectively.

31. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

32. Expenses by nature

Significant expenses by nature for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u> (Restated)	<u>2016</u>	<u>2015</u> (Restated)
Employee expenses	16,225.8	14,728.1	3,251.5	2,989.7
Doctor fee	14,675.0	13,218.9	2,809.8	2,760.3
Cost of drugs and supplies	9,200.4	8,416.5	1,839.5	1,783.2
Depreciation and amortisation expenses	4,803.8	4,386.7	937.6	820.5
Advertising and public relation expenses	745.7	729.9	294.1	324.4
Rental expenses	847.2	754.8	121.2	120.4

33. Income tax

Income tax of the Company and its subsidiaries are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	2,007,632	1,927,749	306,892	340,825
Adjustments in respect of current income tax of previous year	4,669	11,968	6,213	7,024
Deferred tax:				
Relating to origination and reversal of temporary differences	(90,000)	(44,412)	45,639	(4,504)
Income tax reported in the income statements	<u>1,922,301</u>	<u>1,895,305</u>	<u>358,744</u>	<u>343,345</u>

The amounts of income tax relating to each component of other comprehensive income (loss) are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(Restated)		(Restated)
Deferred tax relating to actuarial loss	-	6,977	-	15,977
Deferred tax relating to gain (loss) on change in value of available-for-sale investments	(8,328)	(19,544)	14,943	(21,541)
Deferred tax relating to gain on revaluation of land	(9,808)	(642,122)	-	-
Income tax revenue (expenses) charged directly to other comprehensive income	<u>(18,136)</u>	<u>(654,689)</u>	<u>14,943</u>	<u>(5,564)</u>

Reconciliation between income tax and the product of accounting profit multiplied by the applicable tax rate is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	<u>2016</u>	<u>2015</u> (Restated)	<u>2016</u>	<u>2015</u> (Restated)
Accounting profit before tax	<u>10,694,165</u>	<u>10,229,986</u>	<u>7,294,182</u>	<u>4,907,802</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	2,138,833	2,045,997	1,458,836	981,560
Adjustments in respect of current income tax of previous year	4,669	11,968	6,213	7,024
Effects of:				
Promotional privileges	(81,211)	(77,567)	(51,164)	(40,311)
Dividend income not subject to tax	(2,138)	(1,791)	(1,083,251)	(674,416)
Tax loss not utilized	138,603	103,038	-	-
Gain on fair value adjustment of investment	-	(41,750)	-	-
Share of income from investments in associated companies	(273,991)	(251,794)	-	-
Non-deductible expenses and others	92,523	119,142	41,039	70,977
Additional expense deductions allowed	(94,987)	(11,938)	(12,929)	(1,489)
Total	<u>(221,201)</u>	<u>(162,660)</u>	<u>(1,106,305)</u>	<u>(645,239)</u>
Income tax reported in the income statements	<u>1,922,301</u>	<u>1,895,305</u>	<u>358,744</u>	<u>343,345</u>
Effective income tax rates	<u>17.98%</u>	<u>18.53%</u>	<u>4.92%</u>	<u>7.00%</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December 2016	As at 31 December 2015 (Restated)	As at 31 December 2016	As at 31 December 2015 (Restated)
Deferred tax assets				
Allowance for doubtful accounts	76,298	92,255	30,803	50,028
Allowance for diminution in value of inventories	1,271	696	122	77
Allowance for asset impairment	4,260	17,702	30,812	30,812
Allowance for impairment for premises and equipment	974	2,515	85	540
Accrued expense and other provision	435,204	260,273	250,513	209,455
Provision for long-term employee benefits	384,871	418,714	125,807	166,915
Others	3,658	1,820	-	-
Total	906,536	793,975	438,142	457,827
Deferred tax liabilities				
Accumulated depreciation - plant and equipment	241,847	202,586	58,991	53,163
Amortisation of expense for debentures, convertible debentures and loan	19,705	25,332	19,705	25,332
Gain on fair value adjustment of investment properties	19,381	7,214	83,021	57,267
Gain on re-measuring available-for-sale investments	92,671	90,502	75,153	90,097
Revaluation surplus on land and building	2,644,690	2,648,471	172,324	172,324
Total	3,018,294	2,974,105	409,194	398,183
Deferred tax assets (liabilities) - net	(2,111,758)	(2,180,130)	28,948	59,644

As at 31 December 2016, the subsidiary companies have unused tax losses totaling Baht 1,924.5 million (2015: Baht 1,260.3 million), on which deferred tax assets have not been recognised as there are uncertain political and economic future which affect the utilisation of unused tax losses.

Details of expiry date of unused tax loss of subsidiaries are summarised as below:

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
31 December 2016	-	28.8
31 December 2017	74.8	74.8
31 December 2018	197.7	197.7
31 December 2019	443.8	443.8
31 December 2020	515.2	515.2
31 December 2021	693.0	-
	<u>1,924.5</u>	<u>1,260.3</u>

34. Earnings per share

Basic earnings per share is determined by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Restated)		(Restated)	
Profit for the year (Baht)	8,386,477,660	8,020,716,358	6,935,437,788	4,564,457,172
Number of ordinary shares (shares)	15,490,956,540	15,490,956,540	15,490,956,540	15,490,956,540
Earnings per share (Baht/share)	0.54	0.52	0.45	0.29

Diluted earnings per share

No disclosure of diluted earnings per share is required for year of 2016 after the issue of convertible debentures (as described in Note 28) since the calculated earnings per share assuming the conversion of all convertible debentures to ordinary shares is antidilutive.

35. Long-term lease agreements

The Company

The Company has entered into a land rental agreement for hospital building for a period of 20 years from 26 February 2004 to 25 February 2024. The rental fee for the first 17 months is Baht 200,000 per month and will be increased by the rate as agreed in the agreement. The rental for the last 3 years will be Baht 560,000 per month.

The Company has entered into a land rental agreement for car parking lot for a period of 6 years from 1 September 2012 to 31 August 2018. The rental fee for the first 3 years is Baht 205,000 per month and the last 3 years is Baht 235,000 per month.

The Company has entered into a land rental agreement for construction of an OPD building for a period of 30 years from 28 September 2004 to 27 September 2034. The first payment date is 10 October 2005 at the rental fee of Baht 50,000 per month and this fee is to be increased every 3 years. The rate will be increased by 10% of the latest rental of every 3 years.

The Company has entered into a land rental agreement for a period of 30 years from 1 January 2006 to 31 December 2035 and the rental is paid on a monthly basis. The first payment date is 5 January 2006 and rental to be paid at Baht 30,000 per month and from 1 January 2027 onward at Baht 100,000 per month.

The Company has entered into an agreement to construct a hospital building on land owned by a government authority. The condition of the agreement states that upon completion of the building construction, the Company has to transfer the ownership over such building to that authority. After the authority accepts such transfer, in 2006 the Company entered into another land and hospital building rental agreement with that government authority. The agreement will cover a period of 30 years after the signing date of the agreement and the Company is obliged to pay rental on a yearly basis. The rental fee for the first 5 years is Baht 492,676 per year and this fee is to be increased every 5 years. The rental for the last 5 years will thus be Baht 990,943 per year.

The Company has entered into a land rental agreement for a period of 30 years from 18 March 2011 to 17 March 2041 and the rental is paid on a monthly basis with no rental for the first 3 months. The first payment date is 18 July 2011 and rental to be paid at Baht 100,000 per month and this fee is to be increased every 3 years. The rate will be increased by 10% of the latest rental of every 3 years.

The Company has entered into rental agreements with a company to operate medical clinic in a building since 28 September 2013. The contract period has been extended for a period of 4 years from 28 September 2016 to 27 September 2020. The Company has to pay fee at the fixed rate and the rate stipulated in the agreement, of monthly gross operating revenue before deducted any expenses or the minimum fee stipulated in agreement whichever is higher.

The Company has entered into a land and building agreement to operate hospital business and related services for a period of 30 years from 5 April 2013 to 4 April 2043. The Company has to pay rental fee on a yearly basis at fixed rate of Baht 16,449,525 per year and leasehold right of Baht 300 million on the first date of agreement. The leasehold right was fully paid.

Samitivej Public Company Limited

The subsidiary company has entered into a rental agreement for a parking building dated 10 September 2003, for 30 years, effective from 8 December 2004. The total rental fee is Baht 155 million. The subsidiary company is committed to pay Baht 39 million as prepaid rental as per the schedule. The remaining rental fee will be paid on a monthly basis. In addition, the subsidiary company has entered into a service agreement with the same company for providing of services in the parking building for 30 years totalling Baht 103 million.

The subsidiary company has entered into a rental agreement with a company to operate medical clinic in a building for a period of 5 years from 28 May 2010. The contract period has been extended to 27 January 2019. The subsidiary company has to pay fee at the rate stipulated in the agreement, of monthly gross operating revenue before deducted any expenses or the minimum fee stipulated in agreement whichever is higher.

BNH Medical Center Co., Ltd.

The subsidiary company entered into an agreement with an association which is a shareholder, to lease land for the construction of a hospital for a period of 30 years, commencing 1 September 1993, with options to renew.

Paolo Medic Co., Ltd.

The subsidiary company entered into a land and premises rental agreement which will be expired in January 2037, and the rental fee is paid on a monthly basis at the amount as stipulated in the agreement.

Phyathai 1 Hospital Co., Ltd.

The subsidiary company entered into a land rental agreement with a state enterprise for a period of 3 years and made an additional memorandum of renewal the land rental agreement for another 3 years expiring in the year 2016. The renewal of the land rental agreement will be continued. The subsidiary company will pay rental fee as stipulated in the memorandum.

Sriracha Nakorn General Hospital Public Co., Ltd.

The subsidiary company entered into a land rental agreement with the Treasury Department and the rental fee is paid on monthly basis as stipulated in the agreement.

36. Commitments and contingent liabilities

As at 31 December 2016 and 2015, commitments and contingent liabilities are as follows:

(Unit: Million Baht)						
As at 31 December 2016						
	Consolidated			Separate		
	financial statements			financial statements		
	Within 1 year	1 -5 years	Over 5 years	Within 1 year	1 -5 years	Over 5 years
Contractual commitments						
- the land and building rental contracts (including long-term agreements in Note 35)	234	373	848	24	44	101
- the office equipment rental and other services	322	91	-	194	1	-
- the medical equipment provision and maintenance contracts	248	122	-	112	-	-
- the building construction and decoration contracts	1,498	-	-	777	-	-
Total	2,302	586	848	1,107	45	101

(Unit: Million Baht)						
As at 31 December 2015						
	Consolidated			Separate		
	financial statements			financial statements		
	Within 1 year	1 -5 years	Over 5 years	Within 1 year	1 -5 years	Over 5 years
Contractual commitments						
- the land and building rental contracts (including long-term agreements in Note 35)	220	322	781	22	44	111
- the office equipment rental and other services	317	69	-	173	8	-
- the medical equipment provision and maintenance contracts	200	187	-	118	-	-
- the building construction and decoration contracts	1,333	-	-	119	-	-
- the sale and purchase contract for land	124	-	-	-	-	-
Total	2,194	578	781	432	52	111

Contingent liabilities

As at 31 December 2016, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 336 million (2015: Baht 606 million) and the Company's was Baht 35 million (2015: Baht 335 million) issued by the bank on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business, such as facility usage and contractual performance.

A subsidiary company has guaranteed credit facility with a financial institution amounting to Baht 3.9 million for a former associated company. During the year, a subsidiary already cancelled this guarantee for credit facility.

37. Segment information

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.

The Company and its subsidiaries have two reportable segments that are hospital operations and other businesses that support hospital business including central lab, manufacturer and distributor of medicine and pharmaceutical products, assets management for healthcare business, restaurant and distribution of health food products and facility management, accounting services, technology and information service, training business, health insurance and life insurance broker. These two segments have similar economic characteristics. They both have common customer group, similar service provision methods and similar management.

In addition, the operations of the Company and its subsidiaries are carried on in the geographical areas of Thailand and overseas.

As hospital operation is the main business segment and the segment information that has been considered based on a quantitative basis is over 90 percent of the total population both operational and geographical areas. For this reason, the management considers to aggregate operating segments into one operating segment of hospital operation. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical areas.

For the years 2016 and 2015, the Company and its subsidiaries has no major customer with revenue of 10 percent or more of its revenues.

38. Promotional privileges

The Company has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 2302(2)/2553, dated 26 November 2010, for hospital business Type 7.7. Significant privileges are as follows:

- Exemption of import duty on machinery as approved by the board.
- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 8 years commencing from the date that revenues are first derived from the promoted operation (commencing from 2010 and will be expired in 2018).

In case of losses being incurred during the corporate income tax exemption period, the Company is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period (from 2018 to 2023), whether from any one year or from several years.

- Exemption from income tax on dividend paid from the profit of the promoted operations throughout the tax exemption period.

A.N.B. Laboratories Co., Ltd.

A.N.B. Laboratories Co., Ltd. has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 1913(2)/2554, dated 4 August 2011, for production of large-volume of sterile solution (saline solution), promotional certificate No. 1163(2)/2558, dated 6 February 2015, for production of injectable contraceptives and promotional certificate No. 1309(2)/2558, dated 13 March 2015, for production of small-volume of sterile solution, type 6.5 for production of pharmaceuticals and/or pharmaceutical active ingredients. Significant privileges are as follows:

- Exemption of import duty on machinery as approved by the board.
- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 5 years commencing from the date that revenues are first derived from the promoted operation (commencing from 2011 and will be expired in 2016 and commencing from 2015 and will be expired in 2020, respectively).

In case of losses being incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period (from 2016 to 2021 and from 2020 to 2025, respectively), whether from any one year or from several years.

- Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period.

The Medicpharma Co., Ltd.

The Medicpharma Co., Ltd. has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 1218(2)/2553, dated 3 March 2010, for production of medicines for human use, type 6.5 for production of pharmaceuticals and/or pharmaceutical active ingredients from 25 January 2010 and promotional certificate No. 1778(2)/2558, dated 22 June 2015, for production of modern medicines for human and animal use, type 6.5 for production of pharmaceuticals and/or pharmaceuticals active ingredients. Significant privileges are as follows:

- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 8 years commencing from the date that revenues are first derived from the promoted operation (commencing from 2010 and will be expired in 2015 and commencing from 2016 and will be expired in 2024, respectively).
- Revenues that must be included in calculation of net profit is revenue from sales of by products such as scrap or waste from production process.
- In case of losses being incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period (from 2015 to 2020 and from 2021 to 2029, respectively), whether from any one year or from several years.
- Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period.

Bangkok Helicopter Services Co., Ltd.

Bangkok Helicopter Services Co., Ltd. has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 59-1580-1-00-1-0, dated 28 November 2016, for air transport, type 7.3.4 for air transport from 22 November 2016. Significant privileges are as follows:

- Exemption of import duty on machinery as approved by the board.
- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 8 years commencing from the date that revenues are first derived from the promoted operation.
- In case of losses being incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period (from 2021 to 2026), whether from any one year or from several years.
- Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period, in accordance with the section 31.

National Healthcare Systems Co., Ltd.

National Healthcare Systems Co., Ltd. has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 2071(4)/2557, dated 3 September 2014, for scientific laboratories, type 7.21 for service of scientific laboratories from 15 July 2014. Significant privileges are as follows:

- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 8 years commencing from the date that revenues are first derived from the promoted operation (commencing from 2015 and will be expired in 2023).
- In case of losses being incurred during the corporate income tax exemption period, the Company is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period (from 2023 to 2028), whether from any one year or from several years.

- Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period.

N Health Pathology Co., Ltd.

N Health Pathology Co., Ltd. has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 58-2021-1-00-2-0, dated 11 August 2015, for scientific laboratories, type 7.14 for service of scientific laboratories from 29 June 2015. Significant privileges are as follows:

- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 8 years commencing from the date that revenues are first derived from the promoted operation.
- In case of losses being incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period, whether from any one year or from several years.
- Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period.

As at 31 December 2016 the subsidiary has no revenue from service of scientific laboratories that entitled to the promotional privileges.

The Company and its subsidiaries must comply with the conditions stipulated in the investment promotional privileges.

Revenues of the Company and its subsidiaries for the years 2016 and 2015 can be separated between the promoted and non-promoted operation as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operation		Non-promoted operation		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u> (restated)	<u>2016</u>	<u>2015</u> (restated)
Revenue from hospital						
operations	783,744	651,532	64,452,779	59,588,272	65,236,523	60,239,804
Other income	672,448	957,757	3,217,243	2,709,232	3,889,691	3,666,989
Total revenues	<u>1,456,192</u>	<u>1,609,289</u>	<u>67,670,022</u>	<u>62,297,504</u>	<u>69,126,214</u>	<u>63,906,793</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operation		Non-promoted operation		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				(restated)		(restated)
Revenue from hospital						
operations	741,957	639,185	12,588,188	12,445,227	13,330,145	13,084,412
Other income	-	-	7,166,130	4,607,577	7,166,130	4,607,577
Total revenues	741,957	639,185	19,754,318	17,052,804	20,496,275	17,691,989

39. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Mutual funds	505.2	-	-	505.2
Available-for-sale investments				
Equity instruments	659	-	-	659
Investment property	-	43	264	307
Land	-	19,787	-	19,787
Land not used in operations	-	297	-	297
Financial assets measured at fair value				
Investments in associated companies	47,707	-	-	47,707
Derivative				
Selling forward exchange contracts	-	0.1	-	0.1
Liabilities for which fair value are disclosed				
Derivatives				
Interest rate swap	-	13	-	13
Debentures	-	12,094	-	12,094
Convertible debentures	11,274	-	-	11,274

(Unit: Million Baht)

As at 31 December 2015				
Consolidated Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Mutual funds	0.8	-	-	0.8
Available-for-sale investments				
Equity instruments	893	-	-	893
Investment property	-	36	249	285
Land	-	18,658	-	18,658
Land not used in operations	-	297	-	297
Financial assets measured at fair value				
Investments in associated companies	46,070	-	-	46,070
Derivative				
Selling forward exchange contracts	-	0.2	-	0.2
Liabilities for which fair value are disclosed				
Derivatives				
Buying forward exchange contracts	-	0.2	-	0.2
Interest rate swap	-	36	-	36
Debentures	-	11,344	-	11,344
Convertible debentures	10,877	-	-	10,877

(Unit: Million Baht)

As at 31 December 2016				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Mutual funds	0.4	-	-	0.4
Available-for-sale investments				
Equity instruments	417	-	-	417
Investment property	-	351	353	704
Land	-	3,429	-	3,429
Land not used in operations	-	297	-	297
Financial assets measured at fair value				
Investments in associated companies	47,707	-	-	47,707
Liabilities for which fair value are disclosed				
Derivatives				
Interest rate swap	-	13	-	13
Debentures	-	12,094	-	12,094
Convertible debentures	11,274	-	-	11,274

(Unit: Million Baht)

As at 31 December 2015

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Mutual funds	0.8	-	-	0.8
Available-for-sale investments				
Equity instruments	762	-	-	762
Investment property	-	289	241	530
Land	-	2,571	-	2,571
Land not used in operations	-	297	-	297
Financial assets measured at fair value				
Investments in associated companies	46,070	-	-	46,070
Liabilities for which fair value are disclosed				
Derivatives				
Buying forward exchange contracts	-	0.2	-	0.2
Interest rate swap	-	36	-	36
Debentures	-	11,344	-	11,344
Convertible debentures	10,877	-	-	10,877

40. Financial instruments

40.1 Financial risk management

The Company and its subsidiaries' financial instruments, which are defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise the financial assets and liabilities mentioned in Note 5.21 to financial statements. The Company and its subsidiaries have the financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade, loans and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures, therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loans, long-term loans, and debentures. However, most of financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate and the Company enters into interest rate swap contract to manage this risk as appropriate.

Interest rate swap contract

Interest rate swap contract is entered into to manage exposure to fluctuations in interest rate.

On 4 April 2014, the Company entered into a nine-year interest rate swap contract with a financial institution by converting the interest rate of fixed rate per annum to fixed rate for the first 4 years and floating rate based on Fixed Deposit Rate plus fixed rate per annum for the last 5 years on the debentures balance as described in Note 27. Then, on 15 October 2014, the Company agreed with the financial institution to change interest rate whereby they agreed to reduce the interest rate in the first year and to change the interest rate from floating rate in the fifth and the sixth year to a fixed rate, with the interest rate of other years maintained as same as specified in the contract. On 24 June 2016, the Company agreed with the financial institution to restructure interest rate. The interest rate swap contract was terminated on 30 June 2016.

On 17 June 2015, the Company entered into a ten-year interest rate swap contract with a financial institution by converting the interest rate of fixed rate per annum to floating rate based on 3-month BIBOR minus the fixed rate per annum on the debentures balance as described in Note 27.

Net fair value

The net fair value of interest rate swap contract at the statements of financial position date was:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Fair value of interest rate swap contract - asset	13.2	35.9	13.2	35.9

Fair value of interest rate swap contract has been calculated using rate quoted by the financial institution as if the contract was terminated at the statements of financial position date.

Significant financial assets and liabilities classified by type of interest rate are as follows:

	(Unit: Million Baht)					
	As at 31 December 2016					
	Consolidated financial statements					
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
- Cash and cash equivalent	6	-	-	4,182	29	4,217
- Short-term investments	548	-	-	-	-	548
- Trade and other accounts receivable	-	-	-	-	6,033	6,033
- Restricted financial institution deposit	44	-	-	2	-	46
- Investments	-	-	-	-	17,237	17,237
	598	-	-	4,184	23,299	28,081
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	1,579	-	1,579
- Trade and other payables	-	-	-	-	4,546	4,546
- Short-term loans	89	-	-	-	-	89
- Long-term loans	-	2,500	-	5,205	-	7,705
- Liabilities under finance lease agreements	44	18	-	-	-	62
- Debentures	-	2,599	9,990	-	-	12,589
- Convertible debentures	-	9,874	-	-	-	9,874
	133	14,991	9,990	6,784	4,546	36,444

(Unit: Million Baht)

As at 31 December 2015

Consolidated financial statements

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
- Cash and cash equivalent	500	-	-	5,001	28	5,529
- Short-term investments	28	-	-	-	-	28
- Trade and other accounts receivable	-	-	-	-	6,484	6,484
- Restricted financial institution deposit	53	-	-	8	-	61
- Investments	-	-	-	-	16,178	16,178
	581	-	-	5,009	22,690	28,280
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	76	-	76
- Trade and other payables	-	-	-	-	4,935	4,935
- Short-term loans	98	-	-	-	-	98
- Long-term loans	-	2,500	-	6,946	-	9,446
- Liabilities under finance lease agreements	57	47	-	-	-	104
- Debentures	1,000	1,999	7,592	-	-	10,591
- Convertible debentures	-	9,683	-	-	-	9,683
	1,155	14,229	7,592	7,022	4,935	34,933

(Unit: Million Baht)

As at 31 December 2016

Separate financial statements

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
- Cash and cash equivalent	-	-	-	2,756	7	2,763
- Trade and other receivables	-	-	-	-	986	986
- Short-term loans to related parties	-	-	-	2,143	-	2,143
- Long-term loans to related parties	-	-	-	5,130	-	5,130
- Investments	-	-	-	-	49,887	49,887
	-	-	-	10,029	50,880	60,909
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	1,500	-	1,500
- Trade and other payables	-	-	-	-	1,004	1,004
- Short-term loans from related parties	-	-	-	8,343	-	8,343
- Long-term loans	-	2,500	-	5,193	-	7,693
- Liabilities under finance lease agreements	11	3	-	-	-	14
- Debentures	-	2,599	9,990	-	-	12,589
- Convertible debentures	-	9,874	-	-	-	9,874
	11	14,976	9,990	15,036	1,004	41,017

(Unit: Million Baht)

As at 31 December 2015						
Separate financial statements						
Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total
Financial Assets						
- Cash and cash equivalent	-	-	-	3,612	5	3,617
- Short-term investments	1	-	-	-	-	1
- Trade and other receivables	-	-	-	-	1,470	1,470
- Short-term loans to related parties	-	-	-	1,327	-	1,327
- Restricted financial institution deposit	14	-	-	-	-	14
- Long-term loans to related parties	-	-	-	5,786	-	5,786
- Investments	-	-	-	-	48,871	48,871
	15	-	-	10,725	50,346	61,086
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	1,500	-	1,500
- Trade and other payables	-	-	-	-	1,289	1,289
- Short-term loans from related parties	-	-	-	8,303	-	8,303
- Long-term loans	-	2,500	-	6,870	-	9,370
- Liabilities under finance lease agreements	10	7	-	-	-	17
- Debentures	1,000	1,999	7,592	-	-	10,591
- Convertible debentures	-	9,683	-	-	-	9,683
	1,010	14,189	7,592	16,673	1,289	40,753

Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk mainly in respect of purchase of medical tools and equipment and sales of goods transactions which are denominated in foreign currencies. A subsidiary company seeks to manage this risk by entering into forward exchange contracts. Generally, the forward contracts mature within one year.

Forward exchange contract

As at 31 December 2016 and 2015, a subsidiary company has the outstanding balance of selling forward exchange contracts as follows:

Balance as at	Foreign currency	Amount sold	Contractual exchange rate for amount sold
			(Baht per foreign currency unit)
31 December 2016	US Dollar	358,595	35.12 - 35.93
31 December 2015	US Dollar	756,315	35.76 - 36.22

As at 31 December 2016 and 2015, the Company has the outstanding balance of buying forward exchange contracts as follows:

Balance as at	Foreign currency	Amount bought	Contractual exchange rate for amount bought (Baht per foreign currency unit)
31 December 2016	US Dollar	-	-
31 December 2015	US Dollar	237,961	33.96 - 35.81

Net fair value

Net fair value of forward exchange contracts at the statements of financial position date as follows:

Selling forward exchange contract

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Fair value of selling forward exchange contract (liabilities)	(147.0)	(205.5)	-	-

Buying forward exchange contract

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Fair value of buying forward exchange contract - assets	-	230.3	-	230.3

Fair value of forward exchange contract has been calculated using rate quoted by the financial institution as if the contracts were terminated at the statements of financial position date.

40.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments bear floating interest rates or fixed interest rates which are close to market rate, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

41. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support its business and maximise shareholders value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.83:1.0 (2015: 0.86:1.0) and the Company's was 1.50:1.0 (2015: 1.51:1.0).

42. Subsequent events after reporting date

At meetings held on 19 January 2017 and 1 February 2017, the Board of Directors of the Company and its subsidiary, passed resolutions to discontinue the lifelong membership programs to be effective on 20 January 2017 and 2 February 2017, respectively, due to legal reasons. These discontinued programs are the membership programs providing lifelong medical services with small amount of charges to their members who prepaid the membership fees for life.

The reason for discontinuance is that these kinds of membership programs are defined as an insurance business under the law where the Company and its subsidiary are required to obtain permission of the relevant authorities. Hence, it is illegal if the Company and its subsidiary would continue providing medical services under these membership programs as they do not have permission from the relevant authorities to operate insurance businesses. Therefore, the contracts are prohibited by law and thus void. The Company and its subsidiary therefore discontinued the program and offered members a refund of membership fees together with compensation. They also offered members benefit in the form of 50% discount on medical care for life. To date, some members (approximately 142 of 334 members in the consolidated financial statements and 137 of 282 members in the separate financial statements) have accepted the offers while some of them have not accepted the offers yet. Thus, some uncertainty remains.

43. Approval of financial statements

These financial statements have been authorised for issue by the Company's Board of Directors on 28 February 2017.