

Bangkok Dusit Medical Services Public Company Limited
and its subsidiaries
Review report and consolidated interim financial statements
For the three-month and six-month periods ended
30 June 2017

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Bangkok Dusit Medical Services Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries as at 30 June 2017, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2017 and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2017, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Bangkok Dusit Medical Services Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Accounting Standard No. 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Accounting Standard No. 34 Interim Financial Reporting.

Emphasis of matter

I draw attention to Note 10 to the interim financial statements, the Company and its subsidiary had the medical care programs with a small amount of charges to members who paid membership fees in advance for a lifelong membership. The programs were discontinued due to legal reasons by the Company and its subsidiary on 20 January 2017 and 2 February 2017, respectively. The Company and its subsidiary have recorded the liabilities in the financial statements as at 31 December 2016, 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 amounting to approximately Baht 964 million (approximately Baht 820 million in the separate financial statements). During the six-month period ended 30 June 2017, 178 of 334 members whose compensation was recorded in the consolidated financial statements and 147 of 282 members in the separate financial statements have accepted the offers and already received the payment from the Company and its subsidiary (as at 30 June 2017, the liabilities from discontinuation of the lifelong membership for medical care program, based on the total amounts payable to the members and the compensation expected to be paid to the former members who have not accepted the offers in the consolidated and separate financial statements amounting to approximately Baht 457 million and Baht 397 million, respectively). However, some members have not accepted the offers and have filed lawsuits with the courts to force the Company and its subsidiary to continue the program, while others have made claims for indemnity from the Company and its subsidiary. Later in June and August 2017, the court issued orders for a temporary injunction to the former members who have filed complaints against the Company. The temporary injunction was for the Company to provide medical services to the former members at a normal rate and without any discount (with exception to 2 former members who may still utilize their former rights under the program), the Company shall not collect for such medical bills unless the court rules or orders otherwise. Furthermore, the court has ordered the former members who are under the temporary injunction to enter a contract with the court to assure that they shall pay for the aforementioned bills to the Company, should the court rule that the Company is entitled to cease such program. Currently, the cases are being litigated and the legal consequences cannot be concluded at this time.

My conclusion is not qualified in respect of the above matter.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 10 August 2017

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2017

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		As at	As at	As at	As at
		<u>30 June 2017</u>	<u>31 December 2016</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		5,502,433	4,216,831	3,879,848	2,762,362
Short-term investments		550,900	548,063	389	387
Trade and other receivables	2	5,945,650	6,032,711	1,089,276	985,999
Short-term loans to related parties	3	-	-	3,043,637	2,143,393
Inventories		1,476,193	1,515,748	94,668	108,904
Other current assets		<u>237,540</u>	<u>281,982</u>	<u>38,938</u>	<u>53,467</u>
Total current assets		<u>13,712,716</u>	<u>12,595,335</u>	<u>8,146,756</u>	<u>6,054,512</u>
Non-current assets					
Restricted financial institution deposits		44,810	45,862	-	-
Investments in associates	4	15,239,138	16,401,010	7,948,498	9,028,589
Investments in subsidiaries	5	-	-	47,282,712	40,431,044
Other long-term investments	6	679,020	835,985	349,075	427,403
Long-term loans to related parties	3	-	-	9,380,274	5,130,375
Investment properties		307,877	306,744	704,747	704,499
Property, premises and equipment	7	67,988,565	56,163,736	9,885,574	9,749,142
Land not used in operation		297,308	297,308	296,981	296,981
Goodwill	5	17,545,160	16,932,250	-	-
Intangible assets		1,170,536	1,188,303	472,164	482,171
Deferred tax assets		-	-	-	28,948
Other non-current assets					
Leasehold rights	3	681,603	697,715	341,853	350,168
Deposits in land and premises	7.1	-	1,080,000	-	1,080,000
Others	3	<u>421,604</u>	<u>395,163</u>	<u>54,034</u>	<u>56,368</u>
Total non-current assets		<u>104,375,621</u>	<u>94,344,076</u>	<u>76,715,912</u>	<u>67,765,688</u>
Total assets		<u>118,088,337</u>	<u>106,939,411</u>	<u>84,862,668</u>	<u>73,820,200</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 30 June 2017

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		As at	As at	As at	As at
		<u>30 June 2017</u>	<u>31 December 2016</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	8	3,613,271	1,578,644	3,500,000	1,500,000
Trade and other payables	3, 9	4,455,293	4,546,003	1,091,676	1,004,282
Liabilities for discontinued lifelong medical care program	10	456,879	963,798	396,634	820,312
Current portion of long-term liabilities					
- Long-term loans from financial institutions	11	4,139,939	4,252,098	4,139,939	4,239,342
- Liabilities under finance lease agreements	12	29,745	43,861	8,590	11,214
Short-term loans from non-related parties		75,600	89,000	-	-
Short-term loans from related parties	3	-	-	7,262,939	8,343,358
Income tax payable		1,256,396	699,777	735,276	75,348
Accrued expenses		4,056,261	4,766,058	875,633	1,114,743
Current provisions for employee benefits		3,795	317,891	3,795	239,691
Deferred income - membership due amortization within one year		211,888	216,445	99,767	105,401
Other current liabilities	3	316,586	403,865	54,100	98,463
Total current liabilities		<u>18,615,653</u>	<u>17,877,440</u>	<u>18,168,349</u>	<u>17,552,154</u>
Non-current liabilities					
Long-term loans from financial institutions	11	3,660,452	3,453,331	3,660,452	3,453,331
Liabilities under finance lease agreements	12	10,087	17,657	363	3,399
Debentures	13	19,582,867	12,588,900	19,582,867	12,588,900
Convertible debentures - liability component	14	10,157,257	9,873,567	10,157,257	9,873,567
Non-current provisions for employee benefits		1,965,338	1,928,148	575,329	632,830
Deferred income - membership		657,915	647,060	140,715	120,706
Deferred tax liabilities		2,253,525	2,111,758	348	-
Other non-current liabilities	3	142,145	136,696	44,921	44,721
Total non-current liabilities		<u>38,429,586</u>	<u>30,757,117</u>	<u>34,162,252</u>	<u>26,717,454</u>
Total liabilities		<u>57,045,239</u>	<u>48,634,557</u>	<u>52,330,601</u>	<u>44,269,608</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 30 June 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
17,582,235,672 ordinary shares of Baht 0.1 each					
(31 December 2016: 16,497,868,714 ordinary shares					
of Baht 0.1 each)					
15.1		<u>1,758,224</u>	<u>1,649,787</u>	<u>1,758,224</u>	<u>1,649,787</u>
Issued and fully paid-up					
15,490,956,540 ordinary shares of Baht 0.1 each					
		1,549,096	1,549,096	1,549,096	1,549,096
Share premium					
Premium on ordinary shares					
		20,481,531	20,481,531	20,418,607	20,418,607
Difference from shareholding restructure					
		305,000	305,000	-	-
Retained earnings					
Appropriated - statutory reserve					
15.2		175,822	170,000	175,822	170,000
Unappropriated					
		31,884,652	29,069,149	8,891,202	5,852,887
Other components of shareholders' equity					
		<u>4,059,659</u>	<u>4,143,786</u>	<u>1,497,340</u>	<u>1,560,002</u>
Equity attributable to owners of the Company					
		58,455,760	55,718,562	32,532,067	29,550,592
Non - controlling interests of the subsidiaries					
		<u>2,587,338</u>	<u>2,586,292</u>	-	-
Total shareholders' equity					
		<u>61,043,098</u>	<u>58,304,854</u>	<u>32,532,067</u>	<u>29,550,592</u>
Total liabilities and shareholders' equity					
		<u>118,088,337</u>	<u>106,939,411</u>	<u>84,862,668</u>	<u>73,820,200</u>
		-	-	-	-

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

Directors

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statements of income

For the three-month period ended 30 June 2017

(Unit: Thousand Baht except earnings per share expressed in Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues					
Revenues from hospital operations	3	16,216,305	14,862,936	3,163,861	3,196,636
Revenue from sales of goods	3	711,235	612,288	-	-
Other income					
Interest income and gain on disposal of short-term investments		19,610	17,807	103,958	80,520
Dividend income	4, 5, 6	15,588	16,900	1,207,742	996,043
Gain on disposal of investment in an associate					
and other long-term investment	4.1, 6	2,880,064	61,663	3,424,969	61,663
Others		216,781	202,456	264,077	249,280
Total other income		3,132,043	298,826	5,000,746	1,387,506
Total revenues		20,059,583	15,774,050	8,164,607	4,584,142
Expenses					
Cost of hospital operations and goods sold	3	11,503,109	10,558,413	2,014,939	2,058,669
Administrative expenses	3	3,559,480	3,216,143	975,759	954,182
Total expenses		15,062,589	13,774,556	2,990,698	3,012,851
Profit before profit sharing from investments in associates, finance cost and income tax expense					
		4,996,994	1,999,494	5,173,909	1,571,291
Profit sharing from investments in associates	4.3	368,125	330,565	-	-
Profit before finance cost and income tax expense					
		5,365,119	2,330,059	5,173,909	1,571,291
Finance cost	3	(408,747)	(179,881)	(427,718)	(198,380)
Profit before income tax expense					
		4,956,372	2,150,178	4,746,191	1,372,911
Income tax expense	17	(1,090,771)	(393,313)	(735,146)	(76,583)
Profit for the periods					
		3,865,601	1,756,865	4,011,045	1,296,328
Profit attributable to:					
Equity holders of the Company		3,790,606	1,669,393	4,011,045	1,296,328
Non-controlling interests of the subsidiaries		74,995	87,472		
		3,865,601	1,756,865		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	18	0.24	0.11	0.26	0.08
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 three-month period ended 30 June 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the periods	<u>3,865,601</u>	<u>1,756,865</u>	<u>4,011,045</u>	<u>1,296,328</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to</i>				
<i>profit or loss in subsequent periods</i>				
Loss and reversal of surplus on change in value				
of available-for-sale investments - net of income tax	(54,921)	(700)	(28,125)	(29,436)
Exchange differences on translation of				
financial statements in foreign currencies	(8,461)	7,399	-	-
Share of other comprehensive income from associates	<u>(22,776)</u>	<u>33,704</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to				
profit or loss in subsequent periods - net of income tax	<u>(86,158)</u>	<u>40,403</u>	<u>(28,125)</u>	<u>(29,436)</u>
Total comprehensive income for the periods	<u>3,779,443</u>	<u>1,797,268</u>	<u>3,982,920</u>	<u>1,266,892</u>
Total comprehensive income attributable to:				
Equity holders of the Company	3,703,513	1,709,887	<u>3,982,920</u>	<u>1,266,892</u>
Non-controlling interests of the subsidiaries	<u>75,930</u>	<u>87,381</u>		
	<u>3,779,443</u>	<u>1,797,268</u>		

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statements of income

For the six-month period ended 30 June 2017

(Unit: Thousand Baht except earnings per share expressed in Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues					
Revenues from hospital operations	3	32,751,700	31,269,131	6,476,788	6,664,232
Revenue from sales of goods	3	1,365,802	1,320,522	-	-
Other income					
Interest income and gain on sale of short-term investments		26,320	27,376	184,190	160,413
Dividend income	4, 5, 6	15,588	16,900	2,908,683	3,571,287
Gain on disposal of investment in an associate and other long-term investment	4.1, 6	2,880,064	61,663	3,424,969	61,663
Others		421,808	385,047	531,207	510,574
Total other income		3,343,780	490,986	7,049,049	4,303,937
Total revenues		37,461,282	33,080,639	13,525,837	10,968,169
Expenses					
Cost of hospital operations and goods sold	3	22,934,337	21,683,312	4,023,945	4,208,391
Administrative expenses	3	6,985,282	6,462,770	1,884,171	1,811,265
Total expenses		29,919,619	28,146,082	5,908,116	6,019,656
Profit before profit sharing from investments in associates, finance cost and income tax expense		7,541,663	4,934,557	7,617,721	4,948,513
Profit sharing from investments in associates	4.3	692,350	667,215	-	-
Profit before finance cost and income tax expense		8,234,013	5,601,772	7,617,721	4,948,513
Finance cost	3	(771,799)	(393,380)	(810,997)	(436,252)
Profit before income tax expense		7,462,214	5,208,392	6,806,724	4,512,261
Income tax expense	17	(1,552,558)	(956,453)	(820,748)	(176,581)
Profit for the periods		5,909,656	4,251,939	5,985,976	4,335,680
Profit attributable to:					
Equity holders of the Company		5,764,236	4,075,665	5,985,976	4,335,680
Non-controlling interests of the subsidiaries		145,420	176,274	-	-
		<u>5,909,656</u>	<u>4,251,939</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	18	0.37	0.26	0.39	0.28
Weighted average number of ordinary shares (shares)		<u>15,490,956,540</u>	<u>15,490,956,540</u>	<u>15,490,956,540</u>	<u>15,490,956,540</u>

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 six-month period ended 30 June 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the periods	<u>5,909,656</u>	<u>4,251,939</u>	<u>5,985,976</u>	<u>4,335,680</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to</i>				
<i>profit or loss in subsequent periods</i>				
Gain (loss) and reversal of surplus on change in value				
of available-for-sale investments - net of income tax	(125,559)	125,400	(62,662)	55,200
Exchange differences on translation of				
financial statements in foreign currencies	(38,690)	(25,691)	-	-
Share of other comprehensive income from associates	<u>83,098</u>	<u>210,506</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to				
profit or loss in subsequent periods - net of income tax	<u>(81,151)</u>	<u>310,215</u>	<u>(62,662)</u>	<u>55,200</u>
Total comprehensive income for the periods	<u><u>5,828,505</u></u>	<u><u>4,562,154</u></u>	<u><u>5,923,314</u></u>	<u><u>4,390,880</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	5,683,221	4,386,986	<u>5,923,314</u>	<u>4,390,880</u>
Non-controlling interests of the subsidiaries	<u>145,284</u>	<u>175,168</u>		
	<u><u>5,828,505</u></u>	<u><u>4,562,154</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 six-month period ended 30 June 2017

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
Note	Other components of shareholders' equity														
	Other comprehensive income										Equity attributable to non-controlling interest				
	Issued and paid-up share capital	Premium on ordinary shares	Difference from shareholding restructure	Appropriated-statutory reserve	Retained earnings Unappropriated	Surplus on changes in value of available-for-sale investments	Land revaluation surplus	Exchange differences on translation of financial statements in foreign currency	Share of other components of shareholders' equity from associates	Convertible debentures - equity component	Surplus investment over book value of subsidiaries	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	1,549,096	20,481,531	305,000	170,000	27,375,018	337,256	5,110,102	37,429	328,121	585,527	(2,603,132)	3,795,303	53,675,948	2,499,079	56,175,027
Cumulative effects of restatement the financial statements related to liabilities for discontinued lifelong medical care program	1.5	-	-	-	-	(725,835)	-	-	-	-	-	-	(725,835)	(937)	(726,772)
Cumulative effects of adjustment of prior years' financial statements related to provisions for other employee benefits	1.5	-	-	-	-	(451,195)	-	-	-	-	-	-	(451,195)	-	(451,195)
Balance as at 31 December 2015	1,549,096	20,481,531	305,000	170,000	26,197,988	337,256	5,110,102	37,429	328,121	585,527	(2,603,132)	3,795,303	52,498,918	2,498,142	54,997,060
Profit for the period	-	-	-	-	4,075,665	-	-	-	-	-	-	-	4,075,665	176,274	4,251,939
Other comprehensive income for the period	-	-	-	-	-	125,400	-	(24,585)	210,506	-	-	311,321	311,321	(1,106)	310,215
Total comprehensive income for the period	-	-	-	-	4,075,665	125,400	-	(24,585)	210,506	-	-	311,321	4,386,986	175,168	4,562,154
Dividend paid	16	-	-	-	(4,027,170)	-	-	-	-	-	-	-	(4,027,170)	-	(4,027,170)
Share of Interest paid for convertible bonds treated as equity securities from an associate	-	-	-	-	-	-	-	-	(3,860)	-	-	(3,860)	(3,860)	-	(3,860)
Change in non-controlling interests of subsidiaries from purchase investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	(76,133)	(76,133)	(76,133)	(86,717)	(162,850)
Decrease in non-controlling interests of subsidiaries from dividend of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(147,225)	(147,225)
Balance as at 30 June 2016 - As restated	1,549,096	20,481,531	305,000	170,000	26,246,483	462,656	5,110,102	12,844	534,767	585,527	(2,679,265)	4,026,631	52,778,741	2,439,368	55,218,109

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 six-month period ended 30 June 2017

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
	Note	Other components of shareholders' equity													
		Other comprehensive income													Equity attributable to non-controlling interest of the subsidiaries
		Retained earnings					Surplus on changes in value of available-for-sale investments	Land revaluation surplus	Exchange differences on translation of financial statements in foreign currency	Share of other components of shareholders' equity from associates	Convertible debentures - equity component	Surplus of investment over book value of subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	
		Issued and paid-up share capital	Premium on ordinary shares	Difference from shareholding restructure	Appropriated-statutory reserve	Unappropriated									Total shareholders' equity
Balance as at 31 December 2016		1,549,096	20,481,531	305,000	170,000	29,069,149	370,577	5,136,306	30,734	700,932	585,527	(2,680,290)	4,143,786	55,718,562	58,304,854
Profit for the period		-	-	-	-	5,764,236	-	-	-	-	-	-	-	5,764,236	5,909,656
Other comprehensive income for the period		-	-	-	-	(1,072)	(125,559)	-	(38,554)	84,170	-	(79,943)	(81,015)	(136)	(81,151)
Total comprehensive income for the period		-	-	-	-	5,763,164	(125,559)	-	(38,554)	84,170	-	(79,943)	(81,015)	145,284	5,828,505
Statutory reserve	15.2	-	-	-	5,822	(5,822)	-	-	-	-	-	-	-	-	-
Dividend paid	16	-	-	-	-	(2,941,839)	-	-	-	-	-	-	-	(2,941,839)	(2,941,839)
Share of interest paid for convertible bonds treated as equity securities from an associate		-	-	-	-	-	-	-	-	(3,580)	-	-	(3,580)	(3,580)	(3,580)
Change in non-controlling interests of subsidiaries															
from purchase investments in subsidiaries		-	-	-	-	-	-	-	-	-	-	(604)	(604)	(604)	(5,736)
Decrease in non-controlling interests of subsidiaries															
from dividend of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(138,502)	(138,502)
Balance as at 30 June 2017		1,549,096	20,481,531	305,000	175,822	31,884,652	245,018	5,136,306	(7,820)	781,522	585,527	(2,680,894)	4,059,659	58,455,760	61,043,098

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

(Unaudited but reviewed)

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

Separate financial statements									
Note	Other components of shareholders' equity								
	Other comprehensive income								
	Surplus								
	on changes								
	Retained earnings				in value of		Convertible debentures - equity component	Total other components of shareholders' equity	Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Appropriated- statutory reserve	Unappropriated	available-for- sale investments	Land revaluation surplus			
Balance as at 31 December 2015 - As previously reported	1,549,096	20,418,607	170,000	5,524,811	360,388	673,862	585,527	1,619,777	29,282,291
Cumulative effects of restatement the financial statements related to liabilities for discontinued lifelong medical care program	1.5	-	-	-	(643,612)	-	-	-	(643,612)
Cumulative effects of adjustment of prior years' financial statements related to provisions for other employee benefits	1.5	-	-	-	(388,635)	-	-	-	(388,635)
Balance as at 31 December 2015 - As restated	1,549,096	20,418,607	170,000	4,492,564	360,388	673,862	585,527	1,619,777	28,250,044
Profit for the period	-	-	-	4,335,680	-	-	-	-	4,335,680
Other comprehensive income for the period	-	-	-	-	55,200	-	-	55,200	55,200
Total comprehensive income for the period	-	-	-	4,335,680	55,200	-	-	55,200	4,390,880
Dividend paid	16	-	-	(4,027,170)	-	-	-	-	(4,027,170)
Balance as at 30 June 2016 - As restated	1,549,096	20,418,607	170,000	4,801,074	415,588	673,862	585,527	1,674,977	28,613,754
Balance as at 31 December 2016	1,549,096	20,418,607	170,000	5,852,887	300,613	673,862	585,527	1,560,002	29,550,592
Profit for the period	-	-	-	5,985,976	-	-	-	-	5,985,976
Other comprehensive income for the period	-	-	-	-	(62,662)	-	-	(62,662)	(62,662)
Total comprehensive income for the period	-	-	-	5,985,976	(62,662)	-	-	(62,662)	5,923,314
Statutory reserve	15.2	-	-	5,822	(5,822)	-	-	-	-
Dividend paid	16	-	-	(2,941,839)	-	-	-	-	(2,941,839)
Balance as at 30 June 2017	1,549,096	20,418,607	175,822	8,891,202	237,951	673,862	585,527	1,497,340	32,532,067

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 six-month period ended 30 June 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit before income tax expense	7,462,214	5,208,392	6,806,724	4,512,261
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	2,536,558	2,306,701	475,116	446,996
Written-off assets	22,426	6,555	1,185	5,141
Bad debts and doubtful debts (reversal)	58,766	56,665	(5,250)	20,172
Reversal of allowance on impairment of assets	-	(5,154)	-	(2,700)
Loss on deteriorated inventories	5,350	475	1,247	296
Amortisation of deferred income - membership	(194,610)	(138,448)	(66,217)	(70,732)
Profit sharing from investments in associates	(692,350)	(667,215)	-	-
Amortisation of expense for debentures and convertible debentures	16,879	15,619	16,879	15,619
Gain on disposal of investment in an associate and other long-term investment	(2,880,064)	(61,663)	(3,424,969)	(61,663)
Gain on disposal of property, premises and equipment	(3,682)	(12,416)	(1,176)	(4,872)
Gain on liquidation of an associate	-	(519)	-	-
Unrealised loss on foreign exchange	22,370	5,092	22,370	5,092
Provisions (reversal) for employee benefit expense	47,881	93,298	(29,431)	17,499
Annual leave expense	23,174	33,643	33	8,498
Interest income	(26,320)	(27,376)	(184,190)	(160,413)
Dividend income	(15,588)	(16,900)	(2,908,683)	(3,571,287)
Interest expense	771,799	393,380	810,997	436,252
Profit from operating activities before changes in operating assets and liabilities	7,154,803	7,190,129	1,514,635	1,596,159

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 six-month period ended 30 June 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Trade and other receivables	57,062	211,681	(95,642)	195,613
Inventories	41,877	(12,453)	12,989	1,880
Other current assets	44,510	(14,961)	14,529	(32,790)
Other non-current assets	(1,363)	16,312	1,080,120	(3,506)
Increase (decrease) in operating liabilities				
Trade and other payables	(739,133)	(234,202)	(410,551)	(35,343)
Accrued expenses	(746,687)	(850,785)	(239,142)	(252,150)
Deferred income - membership	200,907	74,338	80,591	60,728
Other current liabilities	(89,698)	(46,239)	(44,362)	(39,281)
Provisions for employee benefits	(358,568)	(13,335)	(263,967)	(3,880)
Other non-current liabilities	5,420	59,761	200	61,725
Net cash from operating activities	5,569,130	6,380,246	1,649,400	1,549,155
Cash received from interest income	26,556	27,554	181,808	163,311
Cash paid for interest expense	(421,575)	(317,954)	(464,141)	(366,438)
Cash received from tax refund	1,392	8,306	-	-
Cash paid for income tax expense	(986,967)	(991,733)	(114,829)	(177,292)
Net cash flow provided by operating activities	<u>4,188,536</u>	<u>5,106,419</u>	<u>1,252,238</u>	<u>1,168,736</u>

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 six-month period ended 30 June 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Decrease (increase) in short-term investments	(2,837)	(136,564)	(2)	445
Decrease in restricted financial institution deposits	1,052	43,080	-	-
Cash received from dividend income	327,411	299,329	2,908,683	3,571,287
Cash received from repayment of the capital of an associate	-	17,694	-	-
Cash paid for purchase of investments in subsidiaries and associates	(1,343,541)	(7,828)	(6,851,668)	(559,981)
Cash received from disposal of investment in an associate and other long-term investment	4,505,060	143,952	4,505,060	143,952
Cash paid for investment property	(1,008)	(1,551)	(125)	(1,551)
Cash received from disposal of property, premises and equipment	16,128	37,315	2,682	7,926
Cash paid for purchase of property, premises and equipment	(12,318,186)	(3,753,619)	(559,025)	(1,179,398)
Cash paid for leasehold rights	(8,026)	(13,178)	-	-
Cash paid for purchase of intangible assets	(113,289)	(166,252)	(39,926)	(108,153)
Increase in short-term loans to related parties	-	-	(900,244)	(315,266)
Cash paid for long-term loans to related parties	-	-	(4,686,388)	(220,000)
Cash received from long-term loans to related parties	-	-	379,304	680,504
Net cash flow provided by (used in) investing activities	(8,937,236)	(3,537,622)	(5,241,649)	2,019,765

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 six-month period ended 30 June 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from financing activities				
Cash paid for investments in subsidiaries				
from non - controlling interests	(5,936)	(162,605)	-	-
Cash received from bank overdraft and short-term loans				
from financial institutions	11,336,106	3,436	11,300,000	-
Repayment of bank overdraft and short-term loans				
from financial institutions	(9,300,000)	(25,209)	(9,300,000)	-
Cash received from long-term loans from				
financial institutions	1,000,000	-	1,000,000	-
Repayment of long-term loans from				
financial institutions	(869,825)	(829,630)	(857,468)	(814,368)
Repayments of liabilities under				
finance lease agreements	(24,753)	(28,919)	(5,828)	(5,357)
Decrease in short-term loans from non-related parties	(13,400)	(8,700)	-	-
Decrease in short-term loans from related parties	-	-	(1,080,419)	(1,873,464)
Cash received from issued of debentures	6,992,451	2,999,015	6,992,451	2,999,015
Cash paid for redemption of debentures	-	(1,000,000)	-	(1,000,000)
Dividend paid	(2,941,839)	(4,027,170)	(2,941,839)	(4,027,170)
Dividend paid by subsidiaries to				
non-controlling interests	(138,502)	(147,225)	-	-
Net cash flow provided by (used in) financing activities	<u>6,034,302</u>	<u>(3,227,007)</u>	<u>5,106,897</u>	<u>(4,721,344)</u>
Net increase (decrease) in cash and cash equivalents	1,285,602	(1,658,210)	1,117,486	(1,532,843)
Cash and cash equivalents at beginning of periods	<u>4,216,831</u>	<u>5,528,543</u>	<u>2,762,362</u>	<u>3,617,144</u>
Cash and cash equivalents at end of periods	<u><u>5,502,433</u></u>	<u><u>3,870,333</u></u>	<u><u>3,879,848</u></u>	<u><u>2,084,301</u></u>
	-	-	-	-
Supplemental cash flows information:				
Non-cash items:				
Assets acquired under finance lease agreements	2,255	4,983	-	3,328
Increase (decrease) in accounts payable				
- property, premises and equipment	52,950	(498,621)	(18,354)	(341,743)
Increase (decrease) in payable to construction - retention	(19,296)	(94,584)	14,260	15,445

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and six-month period ended 30 June 2017

1. General information

1.1 Corporate 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.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard 34 (revised 2016) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements and disclosure of condensed notes to interim financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2016. There have been changes in the structure of the subsidiaries during the period as discussed in Note 5 to the financial statements.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. 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.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

1.5 Restatement the financial statements related to liabilities for discontinued lifelong medical care program in order to be complied with Thai Financial Reporting Standard No. 4 and adjustment of prior years' financial statements relating to provisions for other employee benefits (These events were incurred in 2016)

Restatement the financial statements related to liabilities for discontinued lifelong medical care program in order to be complied with Thai Financial Reporting Standard No. 4

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 10 to the financial statements.

The Company and its subsidiaries 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 became 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 by considering that they were past events that caused the present commitment and they were subsequent events that should be adjusted as complied with Thai Accounting Standard No. 10 Events after reporting period. The cumulative effect of the aforementioned adjustment has been separately presented in the statements of changes in shareholders' equity.

Adjustment of prior years' financial statements relating to provisions for other employee benefits

During the year 2016, the management considered the provisions for other 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 consolidated and separate financial statements in the past. The cumulative effect of the change has been separately presented in the statements of changes in shareholders' equity.

The Company and its subsidiaries did not adjust these two effects to statement of income and comprehensive income for the three-month and six-month periods ended 30 June 2016 and statement of cash flows for the six-month period ended 30 June 2016 as presented herein for comparative information because there have been no significant impact on these financial statements of the Company and its subsidiaries.

1.6 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016.

2. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade receivables - related parties	8,644	25,016	19,475	23,875
Trade receivables - non-related parties-net	5,622,288	5,728,644	925,713	820,638
Other receivables - related parties	763	445	107,397	96,299
Other receivables - non-related parties	313,955	278,606	36,691	45,187
Total trade and other receivables - net	<u>5,945,650</u>	<u>6,032,711</u>	<u>1,089,276</u>	<u>985,999</u>

As at 30 June 2017 and 31 December 2016, the aging analysis of the outstanding trade accounts receivable is as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Related parties</u>				
Less than 3 months	6,141	18,792	18,446	22,051
3 - 6 months	1,596	5,350	975	1,796
6 - 12 months	784	865	36	28
over 12 months	123	9	18	-
Total trade accounts receivable - related parties	<u>8,644</u>	<u>25,016</u>	<u>19,475</u>	<u>23,875</u>
<u>Non-related parties</u>				
Less than 3 months	5,013,489	5,055,039	839,419	765,548
3 - 6 months	371,966	431,061	60,947	29,588
6 - 12 months	267,899	291,439	28,355	51,247
over 12 months	408,782	332,595	145,758	128,271
Total trade accounts receivable - non-related parties	<u>6,062,136</u>	<u>6,110,134</u>	<u>1,074,479</u>	<u>974,654</u>
Less: Allowance for doubtful accounts	<u>(439,848)</u>	<u>(381,490)</u>	<u>(148,766)</u>	<u>(154,016)</u>
Total trade accounts receivable - non-related parties - net	<u>5,622,288</u>	<u>5,728,644</u>	<u>925,713</u>	<u>820,638</u>
Total trade accounts receivable -net	<u>5,630,932</u>	<u>5,753,660</u>	<u>945,188</u>	<u>844,513</u>

3. 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 and other services	Certain percentage of net revenue or 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 subsidiaries 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 three-month periods ended 30 June				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Associates</u>				
Revenues from hospital operations and lab services	1.1	2.4	1.5	2.6
Dividend income (Note 4)	-	-	307.7	281.1
Other income	3.2	2.9	0.1	-
Costs of goods and services	2.1	5.5	0.1	0.1
Dividend paid	1.7	2.4	1.7	2.4
<u>Subsidiaries</u>				
Revenues from hospital operations and lab services	-	-	25.9	24.8
Consulting and management fee income	-	-	197.3	179.0
Interest income	-	-	91.0	69.4
Dividend income (Note 5)	-	-	889.5	703.4
Other income	-	-	21.9	15.8
Costs of goods and services	-	-	190.6	181.9
Consulting and management fee expenses	-	-	59.9	56.6
Other expenses	-	-	10.7	8.2
Interest expense	-	-	20.8	21.0
<u>Individuals or related companies</u>				
Revenues from hospital operations and lab services	0.5	0.3	0.3	0.3
Dividend income (Note 6)	9.0	8.1	9.0	8.1
Other income	2.4	2.7	2.3	2.6
Costs of goods and services	43.1	8.0	35.1	2.9
Consulting and management fee expenses	0.8	0.8	-	-
Other expenses	33.3	23.2	25.8	15.3
Dividend paid	230.6	262.2	230.6	262.2
Purchases of investments	-	42.8	-	-

(Unit: Million Baht)

For the six-month periods ended 30 June

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Associates</u>				
Revenues from hospital operations and lab services	9.5	11.7	3.3	5.4
Dividend income (Note 4)	-	-	307.7	281.1
Other income	3.2	2.9	0.1	-
Costs of goods and services	6.1	8.0	0.2	0.3
Other expenses	0.1	0.1	-	-
Dividend paid	1.7	2.4	1.7	2.4
<u>Subsidiaries</u>				
Revenues from hospital operations and lab services	-	-	53.6	52.4
Consulting and management fee income	-	-	395.8	372.1
Interest income	-	-	166.8	141.1
Dividend income (Note 5)	-	-	2,590.4	3,278.6
Other income	-	-	39.3	41.6
Costs of goods and services	-	-	374.0	366.8
Consulting and management fee expenses	-	-	121.0	115.0
Other expenses	-	-	17.2	13.1
Interest expense	-	-	43.1	49.2
<u>Individuals or related companies</u>				
Revenues from hospital operations and lab services	2.6	1.5	2.2	0.8
Dividend income (Note 6)	9.0	8.1	9.0	8.1
Other income	5.0	4.7	4.7	4.4
Costs of goods and services	61.6	16.8	46.8	4.9
Consulting and management fee expenses	1.6	1.6	-	-
Other expenses	68.6	31.4	54.2	17.9
Dividend paid	230.6	262.2	230.6	262.2
Purchases of investments	-	42.8	-	-

The outstanding balances of the above transactions as at 30 June 2017 and 31 December 2016 have been separately shown in the statement of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Trade receivables - related parties (Note 2)</u>				
Associates	8,275	19,964	2,248	2,966
Subsidiaries	-	-	17,042	17,691
Related companies	369	5,052	185	3,218
Total trade receivables - related parties	8,644	25,016	19,475	23,875
<u>Other receivables - related parties (Note2)</u>				
Consulting and management fee receivable				
Subsidiaries	-	-	75,296	72,500
Total	-	-	75,296	72,500
<u>Others</u>				
An associate	-	53	-	-
Subsidiaries	-	-	31,365	23,569
Related companies	763	392	736	230
Total	763	445	32,101	23,799
Total other receivables - related parties	763	445	107,397	96,299
<u>Leasehold rights - a related party</u>				
(included in other non-current assets)				
A related party	37,569	40,615	-	-
Total leasehold rights - a related party	37,569	40,615	-	-
<u>Deposits and long-term prepaid expense - related parties</u>				
(included in other non-current assets)				
Subsidiaries	-	-	661	1,103
Related companies	95	12,926	-	12,840
Total deposits and long-term prepaid expense	95	12,926	661	13,943

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
<u>Trade payables - related parties (Note 9)</u>				
Associates	2,037	4,499	112	202
Subsidiaries	-	-	118,556	115,667
Related companies	15,403	26,878	12,068	22,614
Total trade payables - related parties	17,440	31,377	130,736	138,483
<u>Other payables - related parties (Note 9)</u>				
An associate	4	-	-	-
Subsidiaries	-	-	134,303	78,783
Related companies	8,529	13,319	4,758	8,973
Total other payables - related parties	8,533	13,319	139,061	87,756
<u>Deposits - related parties</u>				
(included in other non-current liabilities)				
Subsidiaries	-	-	9,510	8,626
Related companies	715	775	715	775
Total deposits - related parties	715	775	10,225	9,401

Movement of loans to and loans from related parties during the period were summarised as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	31 December			30 June
	2016	Increase	Decrease	2017
<u>Short-term loans to related parties</u>				
Subsidiaries	2,143,393	1,140,117	(239,873)	3,043,637
Total short-term loans to related parties	2,143,393	1,140,117	(239,873)	3,043,637
<u>Long-term loans to related parties</u>				
Subsidiaries	5,130,375	4,686,388	(436,489)	9,380,274
Total long-term loans to related parties	5,130,375	4,686,388	(436,489)	9,380,274
<u>Short-term loans from related parties</u>				
Subsidiaries	8,343,358	659,379	(1,739,798)	7,262,939
Total short-term loans from related parties	8,343,358	659,379	(1,739,798)	7,262,939

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

A subsidiary 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 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 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 has entered into the service and information technology management agreements with another a subsidiary. The subsidiary 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 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 has entered into a three-year agreement to rent land from the Company for use in hospital operations whereby the subsidiary 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 has entered into an agreement to rent land from another subsidiary for construction of a building, with the subsidiary 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 for its hospital operations, expiring on 30 April 2020, 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 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 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

The Company has guaranteed overdraft facility amounting to USD 2.0 million (31 December 2016: USD 2.0 million) for the overseas subsidiaries.

Directors and management's benefits

During the periods, the Company and its subsidiaries had benefits for their directors and management as below.

	(Unit: Million Baht)			
	For the three-month period ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	97.4	91.0	97.4	91.0
Post-employment benefits	0.2	0.2	0.2	0.2
Total	97.6	91.2	97.6	91.2

	(Unit: Million Baht)			
	For the six-month period ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	126.5	117.8	126.5	117.8
Post-employment benefits	0.5	0.5	0.5	0.5
Total	127.0	118.3	127.0	118.3

4. Investments in associates

(Unit: Thousand Baht)								
Company's name	Natures of business	Paid-up Capital	% Shareholding		Consolidated financial		Separate financial	
					statements		statements	
					Equity Method		Cost Method	
					30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Associates 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	5,041,503	4,766,264	1,459,801	1,459,801
Udon Pattana (1994) Co., Ltd. (held by the Company at 15.26% and indirectly held by a subsidiary at 9.85%)	Hospital	Baht 300 million	25.11	25.11	187,895	192,431	69,952	69,952
Bumrungrad Hospital Public Co., Ltd.	Hospital	Baht 730 million	20.50	23.95	9,564,580	11,024,522	6,417,245	7,497,336
Total investments in associates held by the Company							7,948,498	9,028,589
Total investments in associates held by the Company and subsidiaries								
					14,795,047	15,984,286		
<u>Associates held by the subsidiaries</u>								
Al Ghaith Bangkok Dusit Management Services LLC.	In process of liquidation	UAE DIRHAM 0.15 million	30.00	30.00	-	-		
General Hospital Products Public Co., Ltd.	Manufacturer and distributor of medical supplies	Baht 120 million	45.76	45.49	444,091	416,724		
Total investments in associates held by subsidiaries					444,091	416,724		
Total investments in associates in the consolidated financial statements					15,239,138	16,401,010		

4.1 Partial Disposition of Investment in an associate

On 28 April 2017, the extraordinary meeting of the Company's Board of Directors No. 2/2017 had approved the Company to dispose the equity investment in Bumrungrad Hospital Public Company Limited totaling 25,189,494 shares, or 3.45% of issued and paid-up shares of Bumrungrad Hospital Public Company Limited, to an institutional investor who is not related to the Company, at the price of Baht 179 per share, totaling amount of approximately Baht 4,508.92 million. Bumrungrad Hospital Public Company Limited will remain the Company's associate after this transaction on 28 April 2017. After the transaction, the percentage of ownership was deducted from 23.95% to 20.50% of issued and paid-up shares of Bumrungrad Hospital Public Company Limited. The Company recognised gain from selling these investments under equity method in the consolidated financial statements amounting to Baht 2,195 million (net of income tax expenses) and under cost method in the separate financial statements amounting to Baht 2,740 million (net of income tax expenses) in the second quarter of 2017.

4.2 Investments in an associate which subsidiaries previously held

General Hospital Products Public Co., Ltd.

In the second quarter of 2017, Royal Bangkok Healthcare Co., Ltd., a subsidiary in which the Company has a 100% shareholding, purchased additional shares in General Hospital Products Public Co., Ltd. totaling of Baht 3.1 million. The total investments in General Hospital Products Public Company Limited, including of the shareholding by another subsidiary, totally representing 45.76% of the paid up capital of such company which is indirectly held by the Group.

4.3 Details of profit sharing and dividend received from the associates are set out below.

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates received during the six-month periods ended		Dividend received during the six-month periods ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
<u>Associates held by the Company</u>				
Cool & Joy Co., Ltd.	-	-	-	-
Ramkhamhaeng Hospital Public Co., Ltd.	230,925	197,333	36,707	27,531
Udon Patana (1994) Co., Ltd.	(4,536)	(9,837)	-	-
Bumrungrad Hospital Public Co., Ltd.	437,573	439,668	271,018	253,532
<u>Associates held by the subsidiaries</u>				
Al Ghaith Bangkok Dusit Management Services LLC.	-	-	-	-
General Hospital Products Public Co., Ltd.	28,388	40,051	-	-
Total	692,350	667,215	307,725	281,063

Profit sharing from investments in two associates which are listed company on the Stock Exchange of Thailand for the six-month period ended 30 June 2017 of Baht 668.5 million (30 June 2016: two associates of Baht 637.0 million) representing 97 percent (30 June 2016: 95 percent) of total share of income. Profit sharing from an associate was calculated based on interim financial statements which were reviewed by the auditor of the associate and profit sharing of another associate was calculated based on interim financial statements which were prepared by management.

5. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments - cost method		Dividend received during the six-month periods ended	
			30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	95.76	95.76	1,639,071	1,639,071	574,582	478,818
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	98.82	98.81	574,697	574,612	49,405	123,512
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	99.69	99.69	610,246	610,246	-	149,537
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	91.48	91.48	602,657	602,657	107,238	268,095
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	-	626,401
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	100.00	100.00	415,020	415,020	60,000	60,000
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	100.00	100.00	150,000	150,000	120,000	75,000
Bangkok Trat Hospital Co., Ltd.	Hospital	Baht 250 million	99.76	99.76	245,889	245,889	39,902	29,927
Wattanavej Co., Ltd.	Hospital	Baht 180 million	99.69	99.69	450,643	450,643	17,945	143,560
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	91.42	91.42	935,005	935,005	41,139	41,125
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	38,000	28,500
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	-	-

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments -		Dividend received during	
					cost method		the six-month periods ended	
			30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
B.D.M.S. International Medical Services Co., Ltd.	Not yet operate	Riel 9,200 million	100.00	100.00	94,208	94,208	-	-
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.	Information and Technology 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	9,260,928	9,260,719	983,054	873,787
Paolo Medic Co., Ltd.	Hospital	Baht 1,000 million	100.00	100.00	3,622,872	3,222,872	-	-
Paolo Samutprakarn Co., Ltd.	Hospital	Baht 42 million	93.65	93.64	1,737,668	1,737,638	137,661	137,658
Siam Medical Co., Ltd.	Hospital	Baht 100 million	85.71	85.71	939,775	939,775	85,714	68,571
Thai Medical Center Public Co., Ltd.	Hospital	Baht 201 million	99.76	99.76	887,131	887,131	100,024	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	799,930	-	-
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	7,462

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments -		Dividend received during	
					cost method		the six-month periods ended	
			30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
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	34.43	442,252	442,252	-	-
Bangkok Hospital Surat Co., Ltd.	Hospital	Baht 300 million	100.00	100.00	300,000	300,000	-	-
BDMS Inter Pte. Ltd.	Investment	USD 100,000	100.00	100.00	3,381	3,381	-	-
N Health Asia Pte. Ltd.	Investment	USD 3.5 million	100.00	100.00	116,654	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	109,650	-
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	87.25	350,858	350,858	-	-

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments -		Dividend received during	
					cost method		the six-month periods ended	
			30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
Bangkok Hospital Chiangrai Co., Ltd.	Not yet operate	Baht 600 million	100.00	100.00	600,000	600,000	-	-
Bangkok Hospital Muangraj Co., Ltd.	Hospital	Baht 1,300 million	100.00	100.00	1,300,000	1,300,000	52,000	-
BDMS Property Management Co., Ltd.	Non-hospital assets managements	Baht 10 million	100.00	100.00	10,000	10,000	-	-
BDMS Wellness Clinic Co., Ltd.	Holistic Clinical Wellness (Preventative and Regenerative Medicine)	Baht 6,400 million	100.00	-	6,400,000	-	-	-
Total investments in subsidiaries					47,436,774	40,585,106	2,590,398	3,278,599
Less: Allowance for impairment of investments					(154,062)	(154,062)		
Total investments in subsidiaries - net					<u>47,282,712</u>	<u>40,431,044</u>		

5.1 Investments in subsidiaries which the Company and its subsidiaries previously held

N Health Asia Pte. Ltd.

On 12 June 2017, the Board of Directors of N Health Asia Pte. Ltd approved to increase the share capital from USD 2.0 million to USD 3.5 million. In the second quarter of 2017, the Company acquired all of the new ordinary shares.

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, was an indirect investment of the Company through N Health Asia Pte. Ltd., a subsidiary. The Company indirectly holds 60 percent interest in this subsidiary.

On 10 March 2017, the 2017 Annual General Meeting of the shareholders of N Health Myanmar Co., Ltd. approved to increase the share capital from Kyat 500 million to Kyat 3,770 million. In the second quarter of 2017, N Health Asia Ptd. Ltd. acquired all of the new ordinary shares in order to maintain its shareholding portion.

5.2 Investments in new subsidiaries

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, 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 that subsidiary. In January 2017, BDMS Wellness Clinic Co., Ltd. completely registered its' establishment. The Company already paid for the shares capital of Baht 3,250 million and Baht 3,150 million in the first quarter of 2017 and second quarter of 2017 respectively. As a result, the subsidiary had an issued and paid up share capital of Baht 6,400 million.

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

On 26 October 2016, a meeting of the Board of Directors of the Company approved the increase of registered capital of Paolo Medic Co., Ltd, 99.99% subsidiary, from Baht 600 million to Baht 1,000 million through the increase in capital of 40 million additional ordinary shares with a par value of Baht 10 each and approved Paolo Medic Co., Ltd. to acquire and receive the transfer of the entire business of Mayo Polyclinic Co., Ltd, operating private hospitals under the name of "Mayo Hospital".

(Unaudited but reviewed)

In January 2017, the Company already paid for the additional shares of Paolo Medic Co., Ltd. totaling Baht 400 million and Mayo Polyclinic Co., Ltd had transferred the entire business to Paolo Medic Co., Ltd and Paolo Medic Co., Ltd made a full payment to Mayo Polyclinic Co., Ltd. by cash at Baht 1,390 million and received the transfer of all assets and liabilities.

The fair values of assets and liabilities as at acquisition dates are as follows:

	(Unit: Thousand Baht)
Cash and cash equivalents	49,852
Trade and other receivables	29,002
Inventories	7,674
Other current assets	69
Property, premises and equipment	893,881
Intangible assets	904
Other non-current assets	147
Trade and other payables	(26,768)
Accrued expenses	(13,400)
Other current liabilities	(2,418)
Provision for long-term employee benefits	(33,782)
Deferred tax liabilities	(127,725)
Other non-current liabilities	(31)
Fair value of net assets	777,405
Add: Goodwill	612,910
Consideration paid	1,390,315
Less: Cash and cash equivalents of the business acquired	(49,852)
Net cash paid for acquisition of the business	1,340,463

(Unaudited but reviewed)

Goodwill

Movement in goodwill during the six-month period ended 30 June 2017 was summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2017	16,932,250
Increase from acquisition	612,910
Balance as at 30 June 2017	17,545,160

(Unaudited but reviewed)

6. Other long-term investments

(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 six-month periods ended	
				30 June 2017	31 December 2016	30 June 2017	30 June 2016
<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	41,648	-	1,770	1,770	5	5
Aikchol Hospital Public Co., Ltd.	Hospital	150	0.20	350	350	189	165
Bangkok Chain Hospital Public Co., Ltd.	Hospital			-	-	-	2,625
				2,120	2,120	194	2,795
Surplus on changes in value of available-for-sale investments				7,441	8,775	-	-
Investments in listed securities				9,561	10,895	194	2,795
<u>Investments in related companies</u>							
Bangkok Airways Public Co., Ltd.	Airline	2,100	0.85	39,466	39,466	8,953	8,057
Surplus on changes in value of available-for-sale investments				289,997	366,991	-	-
Investments in related companies				329,463	406,457	8,953	8,057

(Unaudited but reviewed)

(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 six-month periods ended	
				30 June	31 December	30 June	30 June
				2017	2016	2017	2016
<u>Investments in non-related companies</u>							
Thai Longstay Management Co., Ltd.	Travel business	100	0.53	531	531	-	-
Superior Biotech Holding Co., Ltd.	Investment	113	3.55	5,000	5,000	800	160
X-Ray Computer Urupong Co., Ltd.	X-ray lab	100	4.09	4,520	4,520	613	613
Investments in non-related companies				10,051	10,051	1,413	773
Total other long-term investments in the separate financial statements				349,075	427,403	10,560	11,625

(Unaudited but reviewed)

(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 six-month periods ended	
				30 June 2017	31 December 2016	30 June 2017	30 June 2016
<u>Investment held by the subsidiaries</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				1,425	1,356	-	-
Investments in investment unit				11,425	11,356	-	-
<u>Investment in listed securities</u>							
Mahachai Hospital Public Company Limited	Hospital	160	4.28	143,724	143,724	3,011	2,875
Kiatnakin Bank Public Company Limited	Bank			-	-	-	400
				143,724	143,724	3,011	3,275
Surplus on changes in value of available-for-sale investments				7,528	86,234	-	-
Investments in listed securities				151,252	229,958	3,011	3,275

(Unaudited but reviewed)

(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 six-month periods ended	
				30 June	31 December	30 June	30 June
				2017	2016	2017	2016
<u>Investments in unrelated companies</u>							
Thai Herbal Products Co., Ltd.	Sales of herbal products	80	0.60	290	290	17	-
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	-	-
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	15	-	-
Investments in unrelated companies				133,872	133,872	2,017	2,000
<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	-	-	-	-
				42,889	42,889	-	-
Less : Allowance for impairment of investments				(9,493)	(9,493)	-	-
Investments in ordinary shares (ceased operations) - net				33,396	33,396	-	-
Total other long-term investments - net in the consolidated financial statements				679,020	835,985	15,588	16,900

Prasitthirat Company Limited

A subsidiary has 33.33 percentage of shareholding in Prasitthirat Company Limited but has not classified it as investment in associated because the subsidiary 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 has investments in companies that have ceased their operations but has not classified them as investments in subsidiaries because the subsidiary has no power to control such companies.

Bangkok Chain Hospital Public Co., Ltd.

In the second quarter of 2016, the Company sold investment totaling 11.4 million shares in Bangkok Chain Hospital Public Co., Ltd. at the amount of Baht 144.0 million. The Company had recognised gain from selling these investments amounting to Baht 61.7 million in its' statements of income for the three-month and six-month periods ended 30 June 2016. In July 2016, the Company sold the remaining investment totaling 26.1 million shares in such company at the amount of Baht 331.3 million. The Company recognised gain from selling these investments amounting to Baht 143.8 million in the third quarter of 2016.

7. Property, premises and equipment

Movement of the property, premises and equipment during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2016	56,163,736	9,749,142
Receive the transfer of assets from acquisition of business		
- net book value as of acquisition date	893,881	-
Purchase - at cost	13,459,876	560,231
Disposals and write-off	(26,573)	(1,506)
Transfer in/(Transfer out)	2,130	(108)
Depreciation	(2,406,689)	(422,185)
Translation adjustment	(97,796)	-
Net book value as at 30 June 2017	67,988,565	9,885,574

7.1 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 premises 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, which was paid on 27 May 2017.

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

Movements in bank overdrafts and short-term loans from financial institutions during six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2016	1,578,644	1,500,000
Addition	11,336,106	11,300,000
Less: Repayment	(9,300,000)	(9,300,000)
Translation adjustment	(1,479)	-
Balance as at 30 June 2017	<u>3,613,271</u>	<u>3,500,000</u>

Bank overdrafts and short-term loans from financial institutions bearing interest at the rate as stipulated in the agreements and there is no collateral.

(Unaudited but reviewed)

9. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade payables - related parties	17,440	31,377	130,736	138,483
Trade payables - non-related parties	2,881,414	3,091,909	356,235	408,940
Other payables - related parties	8,533	13,319	139,061	87,756
Other payables - non-related parties	1,205,282	1,047,478	365,169	282,888
Accounts payable - construction and retention	342,624	361,920	100,475	86,215
Total trade and other payables	4,455,293	4,546,003	1,091,676	1,004,282

10. Liabilities for discontinued lifelong medical care program and contingent liabilities from litigation

At the 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 business. 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. 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 by considering that they were past events that caused the present commitment and they were subsequent events that should be adjusted as complied with Thai Accounting Standard No. 10 Events after reporting period. As at 31 December 2016, the liabilities for discontinued lifelong medical care program in consolidated and separate financial statements were Baht 964 million and Baht 820 million, respectively.

As at 30 June 2017, some members (178 of 334 members in the consolidated financial statements and 147 of 282 members in the separate financial statements) have accepted the offers while some of them have not accepted the offers yet. As at 30 June 2017, the liabilities from discontinuation of the lifelong membership for medical care program, based on the total amounts payable to the former members and the compensation expected to be paid to the former members who have not accepted the offers in the consolidated and separate financial statements amounting to approximately Baht 457 million and Baht 397 million, respectively.

(Unaudited but reviewed)

As a result of discontinued the lifelong membership programs, subsequently, in the first quarter of 2017, some former members of the Company's program sued the Company through the courts to force the Company to continue the program and some former members made claims for indemnity. In the second quarter of 2017, some former members of the subsidiary's program sued the subsidiary through the courts to force the subsidiary to continue the program and some former members made claims for indemnity. The cases are currently under consideration by the courts and the Company and the subsidiary are not able to determine their outcomes at this time.

In June and August 2017, the court issued orders for a temporary injunction to the former members who have filed complaints against the Company. The essence of the temporary injunction is for the Company to provide medical services to the former members at a normal rate and without any discount (with notable exception to 2 former members who may still utilize their former rights under the program) but the Company shall keep record of the debt owed to the Company for medical services rendered and shall not collect for such medical bills unless the court rules or orders otherwise. Furthermore, the court has ordered for the former members who are under the temporary injunction to enter a contract with the court to assure that they shall pay for the aforementioned bills to the Company, should the court rule that the Company is entitled to cease such program.

11. Long-term loans from financial institutions

Movements of long-term loans from financial institutions during the six-month period ended 30 June 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2016	7,705,429	7,692,673
Increase	1,000,000	1,000,000
Less: Repayment	(869,824)	(857,468)
Unrealised gain on exchange rate	(34,814)	(34,814)
Translation adjustment	(400)	-
Balance as at 30 June 2017	7,800,391	7,800,391
Less: Current portion of long-term loans from financial institutions	(4,139,939)	(4,139,939)
Long-term loans from financial institutions	3,660,452	3,660,452

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 30 June 2017 was Baht 229.2 million (31 December 2016: Baht 401.1 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 30 June 2017, this loan has outstanding balance of Baht 919.0 million (31 December 2016: Baht 1,119.0 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 30 June 2017, this loan has outstanding balance of Baht 246.4 million (31 December 2016: Baht 304.4 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 30 June 2017, this loan has outstanding balance of Baht 674.0 million (31 December 2016: Baht 808.8 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 30 June 2017, this loan has outstanding balance of Baht 2,500.0 million (31 December 2016: Baht 2,500.0 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 30 June 2017, this loan has outstanding balance of USD 18.7 million or equivalent to Baht 637.4 million (31 December 2016: USD 19.3 million or equivalent to Baht 696.0 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 30 June 2017, this loan has outstanding balance of Baht 458.3 million (31 December 2016: Baht 583.3 million).

(Unaudited but reviewed)

- 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 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 semi-annually basis according to a condition as stipulated in the agreement. As at 30 June 2017, this loan has outstanding balance of Baht 1,136.0 million (31 December 2016: Baht 1,280.0 million).
- l) In April 2017, the Company entered into a 7-year loan agreement with a financial institution granting credit facilities of Baht 1,000 million carrying interest at the fixed rate per annum as stipulated in the agreement. The interest is repayable on a quarterly basis and principal is repayable at the end of loan period. As at 30 June 2017, this loan has outstanding balance of Baht 1,000.0 million.

The subsidiaries

- a) In 2007 and 2008, Angkor Pisith Co., Ltd., a subsidiary 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. The loan was fully repaid in April 2017.
- b) In 2007, Bangkok Helicopter Services Co., Ltd., a subsidiary 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 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.
- c) In 2015, Thonburi Medical Centre Public Company Limited, a subsidiary 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.

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

(Unaudited but reviewed)

12. Liabilities under finance lease agreements

As at 30 June 2017 and 31 December 2016, liabilities under finance lease agreements are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Liabilities under finance lease agreements	40,598	63,055	8,966	14,795
Less: Deferred interest expense	(766)	(1,537)	(13)	(182)
Total	39,832	61,518	8,953	14,613
Less: Current portion of liabilities under finance lease agreements	(29,745)	(43,861)	(8,590)	(11,214)
Liabilities under finance lease agreements	<u>10,087</u>	<u>17,657</u>	<u>363</u>	<u>3,399</u>

As at 30 June 2017 and 31 December 2016, the Company and its subsidiaries have future minimum lease payments which required under the finance lease agreements as follows:

	(Unit: Thousand Baht)		
	As at 30 June 2017		
	Consolidated financial statements		
	Less than 1 year	1-5 years	Total
Future minimum finance lease payments	30,346	10,252	40,598
Deferred interest expense	(601)	(165)	(766)
Present value of future minimum finance lease payments	<u>29,745</u>	<u>10,087</u>	<u>39,832</u>

	(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 expense	(1,046)	(491)	(1,537)
Present value of future minimum finance lease payments	<u>43,861</u>	<u>17,657</u>	<u>61,518</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

As at 30 June 2017

	Separate financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	8,596	370	8,966
Deferred interest expenses	(6)	(7)	(13)
Present value of future minimum finance lease payments	8,590	363	8,953

(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

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.

13. Debentures

Movements of debentures net from debenture expenses and amortisation of expenses during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements
Balance as at 1 January 2017	12,588,900
Debentures issuance	6,992,451
Amortisation of debenture expenses	1,516
Balance as at 30 June 2017	19,582,867
Less: Current portion of debentures	-
Debentures	19,582,867

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.

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, totalling 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, totalling 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 and 24 June 2016, the Company entered into an interest rate swap contract for the above debentures totalling Baht 4,000 million with a financial institution as described in Note 23.1.

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, totalling 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 23.1.

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.

(Unaudited but reviewed)

On 8 February 2017, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 7,000,000 units, at the price of Baht 1,000 per unit, totalling Baht 7,000 million. These debentures are divided into three tranches: Series 1 the 3-year debentures for the number of 3,000,000 units at the coupon rate of 2.41% per annum, Series 2 the 5-year debentures for the number of 2,500,000 units at the coupon rate of 2.97% per annum, and Series 3 the 7-year debentures for the number of 1,500,000 units at the coupon rate of 3.46% 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.

14. 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

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.

15. Share capital and statutory reserve

15.1 Share capital

On 12 April 2017, the 2017 Annual General Meeting of the Company’s shareholders has approved the following resolutions;

1. Approved the reduction of the Company’s registered capital in the amount of Baht 46,472,869.60 from the current registered capital of Baht 1,649,786,871.40 to the new registered capital of Baht 1,603,314,001.80 by cancelling its 464,728,696 unissued ordinary shares at par value of Baht 0.10 per share.
2. Approved the increase of the Company’s registered capital under the General Mandate in the amount of Baht 154,909,565.40 from the current registered capital of Baht 1,603,314,001.80 to the new registered capital of Baht 1,758,223,567.20, by issuing 1,549,095,654 new ordinary shares at par value of Baht 0.10 per share.
3. Approved the allocation of newly issued ordinary shares under the General Mandate in the amount of not exceeding 1,549,095,654 shares at par value of Baht 0.10 per share.

The registration of the reduction and the increase of the Company’s registered capital was completed in April 2017. As a result, the number of the Company’s ordinary shares increased to 17,582,235,672 shares, at par value of Baht 0.10 per share, and the Company has registered capital of Baht 1,758,223,567.20.

15.2 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. In the second quarter of 2017, the Company has set aside statutory reserve of Baht 5.82 million.

16. Dividend paid

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
Total dividend during the six-month period ended 30 June 2016		4,027	0.26

The Company paid such dividend in May 2016.

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 12 April 2017	2,942	0.19
Total dividend during the six-month period ended 30 June 2017		2,942	0.19

The Company paid such dividend in April 2017.

On 12 April 2017, the 2017 Annual General Meeting of the Company's shareholders has approved a dividend payment for ordinary shares of Baht 0.29 per share, or a total of Baht 4,492 million. In September 2016, the interim dividend was paid at Baht 0.10 per share, or totaling of Baht 1,549 million. Moreover, the additional dividend payment was paid in the second quarter of 2017 at Baht 0.19 per share.

(Unaudited but reviewed)

17. Income tax

Interim corporate income tax was calculated on profit before income tax expense for the period, using the estimated effective tax rate for the year.

Income tax expense for the three-month and six-month periods ended 30 June 2017 and 2016 were made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	1,153,338	415,330	754,847	83,361
Deferred tax:				
Relating to origination and reversal of temporary differences	(62,567)	(22,017)	(19,701)	(6,778)
Income tax expense reported in the statements of income	<u>1,090,771</u>	<u>393,313</u>	<u>735,146</u>	<u>76,583</u>

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	1,506,651	984,801	775,786	192,867
Deferred tax:				
Relating to origination and reversal of temporary differences	45,907	(28,348)	44,962	(16,286)
Income tax expense reported in the statements of income	<u>1,552,558</u>	<u>956,453</u>	<u>820,748</u>	<u>176,581</u>

18. Earnings per share

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

Diluted earnings per share

No disclosure of diluted earnings per share is required for the three-month and six-month periods ended 30 June 2017 after the issue of convertible debentures (as mentioned in Note 14) since the calculated earnings per share assuming the conversion of all convertible debentures to ordinary shares is antidilutive.

19. 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.

(Unaudited but reviewed)

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 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 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 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 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 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 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 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.

(Unaudited but reviewed)

Phyathai 1 Hospital Co., Ltd.

The subsidiary 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 2019. The subsidiary will pay rental fee as stipulated in the memorandum.

Sriracha Nakorn General Hospital Public Co., Ltd.

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

20. Commitments and contingent liabilities

As at 30 June 2017 and 31 December 2016, commitments and contingent liabilities are as follows:

(Unit: Million Baht)						
As at 30 June 2017						
	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 19)	258	411	821	19	42	96
- the office equipment rental and other services	420	284	-	272	28	-
- the medical equipment provision and maintenance contracts	225	157	-	119	4	-
- the building construction and decoration contracts	2,194	16	-	1,105	-	-
Total	3,097	868	821	1,515	74	96

(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 19)	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

Contingent liabilities

As at 30 June 2017, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 296 million (31 December 2016: Baht 336 million) and the Company's was Baht 36 million (31 December 2016: Baht 35 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.

21. 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.

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 three-month and six-month periods ended 30 June 2017 and 2016, the Company and its subsidiaries has no major customer with revenue of 10 percent or more of its revenues.

22. Financial instruments measured at fair value

The Company and its subsidiaries use the market approach to measure their financial assets and financial liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels 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

As of 30 June 2017, the Company and its subsidiaries had the following financial assets that were measured at fair value using different level of input as follow.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	Level 1	Level 1
Financial assets measured at fair value		
Mutual funds	507,097	376
Investment in available-for-sale	501,701	339,024

During the current period, there were no transfers within the fair value hierarchy.

23. Interest rate swap contract and forward exchange contract that are not measured at fair value

23.1 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 as described in Note 13. 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. As a result, 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 plus the fixed rate per annum on the debentures balance as described in Note 13.

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	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Fair value of interest rate swap contract - asset	52.1	13.2	52.1	13.2

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.

(Unaudited but reviewed)

23.2 Forward exchange contract

As at 30 June 2017 and 31 December 2016, 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)
30 June 2017	US Dollar	-	-
31 December 2016	US Dollar	358,595	35.12 - 35.93

As at 30 June 2017, a subsidiary 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)
30 June 2017	Euro	17,257	38.88
31 December 2016	Euro	-	-

Net fair value

Selling forward exchange contract

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Fair value of selling forward exchange contract (liabilities)	-	(147.0)	-	-

Buying forward exchange contract

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Fair value of buying forward exchange contract - assets (liabilities)	2	-	-	-

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.

24. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 10 August 2017.