

Bangkok Dusit Medical Services Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2014

Report of independent auditor

To the Shareholders of Bangkok Dusit Medical Services Public Company Limited

I have audited the accompanying consolidated financial statements of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Bangkok Dusit Medical Services Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries and of Bangkok Dusit Medical Services Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Wichart Lokatekrawee
Certified Public Accountant (Thailand) No. 4451

EY Office Limited
Bangkok: 26 February 2015

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
Assets					
Current assets					
Cash and cash equivalents	6	3,594,335,664	4,061,345,500	1,862,514,806	1,756,130,780
Short-term investments	6	1,877,618,065	120,375,963	1,583,291,938	12,978
Trade and other receivables	8, 9, 10	5,818,869,050	4,925,058,894	1,051,772,413	884,799,028
Short-term loans to related parties	10	-	-	1,755,709,338	912,718,302
Dividend receivable - a related party	10	9,100,000	5,979,333	-	-
Inventories	11	1,110,813,412	918,672,840	98,629,263	100,923,649
Other current assets		<u>268,528,550</u>	<u>197,598,728</u>	<u>22,939,305</u>	<u>21,580,198</u>
Total current assets		<u>12,679,264,741</u>	<u>10,229,031,258</u>	<u>6,374,857,063</u>	<u>3,676,164,935</u>
Non-current assets					
Long-term deposit at financial institution	6	-	10,418,441	-	-
Restricted financial institution deposits	6, 7	29,525,658	20,683,895	14,000,000	14,000,000
Investments in associated companies	12	14,225,109,812	13,092,169,493	9,079,738,113	9,035,363,113
Investments in subsidiary companies	13	-	-	36,506,027,892	27,529,788,589
Other long-term investments	14	1,006,683,252	500,695,841	664,246,284	282,378,259
Long-term loans to related parties	10	-	-	5,341,174,983	5,733,377,121
Investment properties	15	265,450,433	260,698,513	519,109,433	514,357,513
Property, premises and equipment	16	46,501,842,516	38,874,981,340	7,386,789,781	6,934,566,575
Land not used in operation	17	297,307,543	602,007,543	296,981,200	601,681,200
Goodwill	13	15,999,933,687	10,944,814,666	-	-
Intangible assets	18	861,366,689	654,920,311	310,489,847	291,522,819
Other non-current assets					
Leasehold rights	10, 19	968,606,961	967,951,181	379,561,562	396,459,238
Others	10	<u>392,763,825</u>	<u>240,642,204</u>	<u>46,320,418</u>	<u>22,975,502</u>
Total non-current assets		<u>80,548,590,376</u>	<u>66,169,983,428</u>	<u>60,544,439,513</u>	<u>51,356,469,929</u>
Total assets		<u><u>93,227,855,117</u></u>	<u><u>76,399,014,686</u></u>	<u><u>66,919,296,576</u></u>	<u><u>55,032,634,864</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 financial position (continued)

As at 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	20	21,850,446	18,941,531	-	-
Trade and other payables	10, 21	4,408,232,621	4,020,697,449	927,757,614	986,902,792
Current portion of long-term loans from					
financial institutions	22	1,562,367,640	999,876,448	1,537,680,800	928,639,200
Current portion of liabilities under					
finance lease agreements	23	59,337,586	84,092,301	10,717,752	11,109,263
Current portion of debentures	24	2,499,842,503	2,969,455,061	2,499,842,503	2,969,455,061
Short-term loans		88,700,000	-	-	-
Short-term loans from related parties	10	-	-	4,703,038,618	2,926,436,769
Income tax payable		631,985,257	473,257,464	82,257,572	34,281,001
Accrued expenses		2,793,652,748	2,483,366,669	592,525,182	533,890,576
Current portion of deferred income - membership		307,562,934	265,673,232	104,650,389	93,711,022
Other current liabilities	10, 13	505,208,530	445,956,622	139,230,005	187,282,857
Total current liabilities		12,878,740,265	11,761,316,777	10,597,700,435	8,671,708,541
Non-current liabilities					
Long-term loans from financial insitutions					
- net of current portion	22	9,341,602,676	7,563,647,555	9,306,925,600	7,326,342,400
Liabilities under finance lease agreements					
- net of current portion	23	101,402,802	75,332,355	15,404,412	18,368,151
Debentures - net of current portion	24	8,592,143,587	11,089,780,476	8,592,143,587	11,089,780,476
Convertible debentures - liability component	25	9,345,724,643	-	9,345,724,643	-
Provision for long-term employee benefits	26	1,354,975,802	1,202,043,962	245,985,250	238,374,454
Long-term portion of deferred income - membership		666,508,527	574,534,440	159,154,452	157,796,999
Deferred tax liabilities	31	1,843,793,861	1,393,591,718	231,950,440	146,832,381
Other non-current liabilities	10, 13	148,704,083	95,162,621	54,733,977	76,170,563
Total non-current liabilities		31,394,855,981	21,994,093,127	27,952,022,361	19,053,665,424
Total liabilities		44,273,596,246	33,755,409,904	38,549,722,796	27,725,373,965

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital	27				
Registered					
16,497,868,714 ordinary shares of Baht 0.1 each					
(31 December 2013: 1,700,004,771 ordinary shares					
of Baht 1 each)		1,649,786,871	1,700,004,771	1,649,786,871	1,700,004,771
Issued and fully paid-up					
15,490,956,540 ordinary shares of Baht 0.1 each					
(31 December 2013: 1,549,095,654 ordinary shares					
of Baht 1 each)		1,549,095,654	1,549,095,654	1,549,095,654	1,549,095,654
Share premium					
Premium on ordinary shares		20,481,530,880	20,481,530,880	20,418,606,952	20,418,606,952
Difference from shareholding restructure		305,000,325	305,000,325	-	-
Retained earnings					
Appropriated - statutory reserve	29	170,000,477	170,000,477	170,000,477	170,000,477
Unappropriated		23,059,104,916	18,686,664,352	4,698,257,167	4,449,793,336
Other components of shareholders' equity		1,215,093,947	(511,721,450)	1,533,613,530	719,764,480
Equity attributable to owners of the Company		46,779,826,199	40,680,570,238	28,369,573,780	27,307,260,899
Non - controlling interests of the subsidiaries		2,174,432,672	1,963,034,544	-	-
Total shareholders' equity		48,954,258,871	42,643,604,782	28,369,573,780	27,307,260,899
Total liabilities and shareholders' equity		93,227,855,117	76,399,014,686	66,919,296,576	55,032,634,864

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

Directors

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Revenues					
Revenues from hospital operations	10	54,341,350,192	49,169,881,061	11,753,349,210	10,931,549,695
Other income	10				
Revenue from sales of goods and foods		1,712,248,291	1,445,554,308	47,590,019	51,811,022
Interest income and gain on sale of short-term investments		77,200,806	62,658,608	319,656,946	284,309,372
Dividend income	12, 13, 14	214,523,164	37,340,164	2,380,502,301	3,236,109,954
Gain on fair value adjustment of investments		-	148,065,504	-	-
Others		629,243,443	543,024,286	793,054,096	739,363,376
Total other income		2,633,215,704	2,236,642,870	3,540,803,362	4,311,593,724
Total revenues		56,974,565,896	51,406,523,931	15,294,152,572	15,243,143,419
Expenses					
Cost of hospital operations and goods sold	10	36,472,643,489	32,976,969,438	7,268,947,724	6,934,727,928
Administrative expenses	10	11,257,252,160	10,548,666,175	3,505,354,016	3,393,188,999
Total expenses		47,729,895,649	43,525,635,613	10,774,301,740	10,327,916,927
Profit before share of income from investments in associated companies, finance expenses and income tax expenses					
		9,244,670,247	7,880,888,318	4,519,850,832	4,915,226,492
Share of income from investments in associated companies	12	1,067,570,476	988,095,823	-	-
Profit before finance expenses and income tax expenses					
		10,312,240,723	8,868,984,141	4,519,850,832	4,915,226,492
Finance expenses	10	(972,232,771)	(957,027,814)	(1,034,304,851)	(1,013,938,994)
Profit before income tax expenses					
		9,340,007,952	7,911,956,327	3,485,545,981	3,901,287,498
Income tax expenses	31	(1,670,926,369)	(1,391,978,345)	(216,106,562)	(119,658,205)
Profit for the year					
		7,669,081,583	6,519,977,982	3,269,439,419	3,781,629,293
Profit attributable to:					
Equity holders of the Company		7,393,522,539	6,261,464,863	3,269,439,419	3,781,629,293
Non-controlling interests of the subsidiaries		275,559,044	258,513,119		
		7,669,081,583	6,519,977,982		
Basic earnings per share					
Profit attributable to equity holders of the Company	32	0.48	0.40	0.21	0.24
Weighted average number of ordinary shares (shares)					
		15,490,956,540	15,463,058,020	15,490,956,540	15,463,058,020

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit for the year		<u>7,669,081,583</u>	<u>6,519,977,982</u>	<u>3,269,439,419</u>	<u>3,781,629,293</u>
Other comprehensive income:					
Gain (loss) on change in value					
of available-for-sale investments	14	289,809,996	(34,620,089)	305,494,421	(34,831,065)
Actuarial gain		-	45,731,961	-	-
Exchange differences on translation of					
financial statements in foreign currencies		17,861,679	79,428,968	-	-
Reversal revaluation surplus on land not used in operation		(77,172,820)	(30,498,400)	(77,172,820)	(38,940,298)
Transferred revaluation surplus on land to retained earnings					
due to disposal of land not used in operation		77,172,820	-	77,172,820	13,671,410
Gain on revaluation of land	16	703,497,120	-	-	-
Share of other comprehensive income from					
associated companies		<u>282,804,795</u>	<u>(88,958,202)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>1,293,973,590</u>	<u>(28,915,762)</u>	<u>305,494,421</u>	<u>(60,099,953)</u>
Total comprehensive income for the year		<u><u>8,963,055,173</u></u>	<u><u>6,491,062,220</u></u>	<u><u>3,574,933,840</u></u>	<u><u>3,721,529,340</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		8,660,576,551	6,231,979,951	<u>3,574,933,840</u>	<u>3,721,529,340</u>
Non-controlling interests of the subsidiaries		<u>302,478,622</u>	<u>259,082,269</u>		
		<u><u>8,963,055,173</u></u>	<u><u>6,491,062,220</u></u>		

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
Other components of shareholders' equity															
Other comprehensive income															
Retained earnings					Surplus on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency	Share of other components of equity from associated companies	Convertible debentures - equity component	Surplus investment over book value of subsidiary companies	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interest of the subsidiaries	Total shareholders' equity		
Issued and paid-up share capital	Premium on ordinary shares	Difference from shareholding restructure	Appropriated-statutory reserve	Unappropriated reserve											
Balance as at 31 December 2012	1,545,458,883	20,022,497,644	305,000,325	170,000,477	15,158,377,702	3,898,606	2,070,359,709	(144,466,313)	210,651,898	-	(2,488,452,171)	(348,008,271)	36,853,326,760	1,533,634,767	38,386,961,527
Issue of share capital	3,636,771	459,033,236	-	-	-	-	-	-	-	-	-	-	462,670,007	-	462,670,007
Profit for the year	-	-	-	-	6,261,464,863	-	-	-	-	-	-	-	6,261,464,863	258,513,119	6,519,977,982
Other comprehensive income for the year	-	-	-	-	48,492,976	(34,623,403)	(30,498,400)	76,102,117	(88,958,202)	-	-	(77,977,888)	(29,484,912)	569,150	(28,915,762)
Total comprehensive income for the year	-	-	-	-	6,309,957,839	(34,623,403)	(30,498,400)	76,102,117	(88,958,202)	-	-	(77,977,888)	6,231,979,951	259,082,269	6,491,062,220
Dividend paid (Note 28)	-	-	-	-	(2,781,671,189)	-	-	-	-	-	-	-	(2,781,671,189)	-	(2,781,671,189)
Share of Interest paid for convertible bonds treated as equity securities from an associated company	-	-	-	-	-	-	-	-	(7,761,611)	-	-	(7,761,611)	(7,761,611)	-	(7,761,611)
Change in non-controlling interests of subsidiaries from purchase investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	(77,973,680)	(77,973,680)	(77,973,680)	244,293,809	166,320,129
Decrease in non-controlling interests of subsidiaries from dividend of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(73,976,301)	(73,976,301)
Balance as at 31 December 2013	<u>1,549,095,654</u>	<u>20,481,530,880</u>	<u>305,000,325</u>	<u>170,000,477</u>	<u>18,686,664,352</u>	<u>(30,724,797)</u>	<u>2,039,861,309</u>	<u>(68,364,196)</u>	<u>113,932,085</u>	<u>-</u>	<u>(2,566,425,851)</u>	<u>(511,721,450)</u>	<u>40,680,570,238</u>	<u>1,963,034,544</u>	<u>42,643,604,782</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 (continued)

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
Other components of shareholders' equity															
Other comprehensive income															
Retained earnings					Surplus on changes in value of available-for-sale investments	Revaluation surplus on land	Exchange differences on translation of financial statements in foreign currency	Share of other components of shareholders' equity from associated companies	Convertible debentures - equity component	Surplus of investment over book value of subsidiary companies	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interest of the subsidiaries	Total shareholders' equity	
Issued and paid-up share capital	Premium on ordinary shares	Difference from shareholding restructure	Appropriated-statutory reserve	Unappropriated											
Balance as at 31 December 2013	1,549,095,654	20,481,530,880	305,000,325	170,000,477	18,686,664,352	(30,724,797)	2,039,861,309	(68,364,196)	113,932,085	-	(2,566,425,851)	(511,721,450)	40,680,570,238	1,963,034,544	42,643,604,782
Profit for the year	-	-	-	-	7,393,522,539	-	-	-	-	-	-	-	7,393,522,539	275,559,044	7,669,081,583
Other comprehensive income for the year	-	-	-	-	77,066,433	289,806,430	599,617,462	17,652,505	282,911,182	-	-	1,189,987,579	1,267,054,012	26,919,578	1,293,973,590
Total comprehensive income for the year	-	-	-	-	7,470,588,972	289,806,430	599,617,462	17,652,505	282,911,182	-	-	1,189,987,579	8,660,576,551	302,478,622	8,963,055,173
Issue convertible debentures - equity component (Note 25)	-	-	-	-	-	-	-	-	-	585,527,449	-	585,527,449	585,527,449	-	585,527,449
Dividend paid (Note 28)	-	-	-	-	(3,098,148,408)	-	-	-	-	-	-	-	(3,098,148,408)	-	(3,098,148,408)
Share of Interest paid for convertible bonds treated as equity securities from an associated company	-	-	-	-	-	-	-	-	(7,783,870)	-	-	(7,783,870)	(7,783,870)	-	(7,783,870)
Change in non-controlling interests of subsidiaries from purchase investments in subsidiaries	-	-	-	-	-	-	-	-	(6,008,920)	-	(34,906,841)	(40,915,761)	(40,915,761)	26,567,200	(14,348,561)
Decrease in non-controlling interests of subsidiaries from dividend of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(117,647,694)	(117,647,694)
Balance as at 31 December 2014	1,549,095,654	20,481,530,880	305,000,325	170,000,477	23,059,104,916	259,081,633	2,639,478,771	(50,711,691)	383,050,477	585,527,449	(2,601,332,692)	1,215,093,947	46,779,826,199	2,174,432,672	48,954,258,871

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2014

(Unit: Baht)

Separate financial statements								
	Other components of shareholders' equity							
	Other comprehensive income							
	Surplus on changes							
	in value of							
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		available-for-sale investments	Revaluation surplus on land	Convertible debentures - equity component	Total other components of shareholders' equity
			Appropriated-statutory reserve	Unappropriated				Total shareholders' equity
Balance as at 31 December 2012	1,545,458,883	19,959,573,716	170,000,477	3,436,163,822	3,561,343	789,974,500	-	793,535,843
Issue of share capital	3,636,771	459,033,236	-	-	-	-	-	462,670,007
Profit for the year	-	-	-	3,781,629,293	-	-	-	3,781,629,293
Other comprehensive income for the year	-	-	-	13,671,410	(34,831,065)	(38,940,298)	-	(60,099,953)
Total comprehensive income for the year	-	-	-	3,795,300,703	(34,831,065)	(38,940,298)	-	3,721,529,340
Dividend paid (Note 28)	-	-	-	(2,781,671,189)	-	-	-	(2,781,671,189)
Balance as at 31 December 2013	<u>1,549,095,654</u>	<u>20,418,606,952</u>	<u>170,000,477</u>	<u>4,449,793,336</u>	<u>(31,269,722)</u>	<u>751,034,202</u>	<u>-</u>	<u>719,764,480</u>
Balance as at 31 December 2013	1,549,095,654	20,418,606,952	170,000,477	4,449,793,336	(31,269,722)	751,034,202	-	719,764,480
Profit for the year	-	-	-	3,269,439,419	-	-	-	3,269,439,419
Other comprehensive income for the year	-	-	-	77,172,820	305,494,421	(77,172,820)	-	305,494,421
Total comprehensive income for the year	-	-	-	3,346,612,239	305,494,421	(77,172,820)	-	3,574,933,840
Issue convertible debentures - equity component (Note 25)	-	-	-	-	-	-	585,527,449	585,527,449
Dividend paid (Note 28)	-	-	-	(3,098,148,408)	-	-	-	(3,098,148,408)
Balance as at 31 December 2014	<u>1,549,095,654</u>	<u>20,418,606,952</u>	<u>170,000,477</u>	<u>4,698,257,167</u>	<u>274,224,699</u>	<u>673,861,382</u>	<u>585,527,449</u>	<u>1,533,613,530</u>
								<u>28,369,573,780</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

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities				
Profit before income tax expenses	9,340,007,952	7,911,956,327	3,485,545,981	3,901,287,498
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation and amortisation expenses	3,704,802,644	3,244,247,247	709,023,331	671,522,651
Write-off of assets	47,464,288	46,212,437	4,363,172	282,512
Bad debts and doubtful debts	128,233,231	238,534,018	54,217,765	106,980,684
Loss on impairment of investment	-	393,071	58,967,211	95,095,189
Loss on impairment of assets	94,960,933	18,889,707	14,018,081	-
Reserve (reversal) of loss on deteriorated inventories	55,966	(998,172)	(455,083)	(1,340,629)
Amortisation of deferred income - membership	(437,246,815)	(465,196,530)	(139,795,921)	(180,127,891)
Share of income from investments in associated companies	(1,067,570,476)	(988,095,823)	-	-
Gain on fair value adjustment of investments	-	(148,065,504)	-	-
Amortisation of expense for debentures and convertible debentures	11,051,627	3,759,374	11,051,627	3,759,374
Loss (gain) on disposal of property, premises and equipment and land not used in operation	(108,751,484)	44,185,109	(95,241,103)	(51,821,248)
Gain on fair value adjustment of investment properties	(2,500,000)	(5,650,000)	(2,500,000)	(23,719,000)
Loss from liquidation of a subsidiary company	-	-	-	267,300
Unrealised loss (gain) on foreign exchange	17,753,400	-	28,232,239	(42,797,157)
Long-term employee benefit expenses	162,786,112	170,455,972	29,869,194	29,005,709
Annual leave expenses	14,290,881	25,808,125	6,037,033	7,636,207
Interest income	(77,200,806)	(62,658,608)	(319,656,946)	(284,309,372)
Dividend income	(214,523,164)	(37,340,164)	(2,380,502,301)	(3,236,109,954)
Interest expense	<u>972,232,771</u>	<u>957,027,814</u>	<u>1,034,304,851</u>	<u>1,013,938,994</u>
Profit from operating activities before changes in operating assets and liabilities	12,585,847,060	10,953,464,400	2,497,479,131	2,009,550,867

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Trade and other receivables	(860,078,560)	(630,306,305)	(232,969,272)	(19,068,127)
Inventories	(79,977,627)	(38,755,146)	2,749,469	(8,315,772)
Other current assets	(69,819,006)	(33,786,832)	(1,359,108)	(2,032,228)
Other non-current assets	32,521,773	41,752,388	(23,641,168)	1,081,690
Increase (decrease) in operating liabilities				
Trade and other payables	402,306,352	41,819,197	26,599,706	(19,219,869)
Accrued expenses	252,507,149	160,513,673	69,633,075	7,122,802
Deferred income - membership	571,110,604	430,606,386	152,092,743	153,837,765
Other current liabilities	(11,682,730)	38,455,328	(48,052,853)	77,731,826
Provision for long-term employee benefits	(60,035,476)	(44,743,838)	(22,258,398)	(3,155,506)
Other non-current liabilities	<u>(22,461,112)</u>	<u>33,872,899</u>	<u>(21,436,583)</u>	<u>(6,608,665)</u>
Net cash from operating activities	12,740,238,427	10,952,892,150	2,398,836,742	2,190,924,783
Cash received from interest incomes	84,277,189	55,909,755	331,435,069	273,702,572
Cash paid for interest expenses	(908,310,983)	(904,758,643)	(977,855,954)	(968,787,432)
Cash received from tax refund	11,786,111	11,472,013	-	-
Cash paid for income tax expenses	<u>(1,551,935,419)</u>	<u>(1,588,516,843)</u>	<u>(161,506,078)</u>	<u>(154,679,598)</u>
Net cash from operating activities	<u>10,376,055,325</u>	<u>8,526,998,432</u>	<u>1,590,909,779</u>	<u>1,341,160,325</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 year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities				
Decrease (increase) in short-term investments	(1,757,242,102)	234,094,815	(1,583,278,960)	(2,769)
Decrease (increase) in restricted financial institution deposits	(8,841,763)	26,695,070	-	(14,000,000)
Decrease (increase) in long-term financial institution deposits	10,418,441	(10,418,441)	-	-
Dividend received	609,954,463	479,035,232	2,380,502,301	3,243,907,554
Cash received from disposal of investment in a subsidiary company	-	4,450	-	4,450
Cash receipt from capital repayment due to liquidation of a subsidiary company	-	-	-	732,000
Cash paid for purchase of investments in subsidiaries, associates and other company	(7,449,927,544)	(380,523,177)	(8,604,684,513)	(2,558,428,362)
Cash received from disposal of investment property	-	821,028	-	821,028
Cash paid for investment property	(187,250)	(7,600,278)	(187,250)	(7,600,278)
Cash received from disposal of property, premises and equipment	44,794,515	17,202,857	9,426,827	153,759,119
Cash received from disposal of land and buildings not used in operation	399,157,000	-	399,157,000	52,133,497
Cash paid for purchase of property, premises and equipment	(7,797,938,001)	(7,344,224,009)	(1,165,041,195)	(1,275,006,273)
Cash paid for leasehold rights	(19,453,037)	(426,710,772)	-	(311,870,772)
Increase in short-term loans to related parties	-	-	(842,991,036)	(705,619,516)
Increase in long-term loans to related parties	-	-	(997,090,150)	(1,003,918,500)
Cash received from long-term loans to related parties	-	-	889,898,368	638,318,600
Cash paid for purchase of intangible assets	(186,540,669)	(207,292,837)	(72,158,558)	(137,848,552)
Net cash used in investing activities	<u>(16,155,805,947)</u>	<u>(7,618,916,062)</u>	<u>(9,586,447,166)</u>	<u>(1,924,618,774)</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 year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from financing activities				
Cash received from short-term loans	17,500,000	-	-	-
Increase (decrease) in short-term loans from related parties	(53,762,425)	-	1,776,601,849	129,812,221
Cash received from bank overdraft and short-term loans				
from financial institutions	5,303,020,895	4,600,000,000	5,300,000,000	4,600,000,000
Repayment of bank overdraft and short-term loans				
from financial institutions	(5,546,702,887)	(5,808,766,861)	(5,300,000,000)	(5,800,000,000)
Cash received from long-term loans from				
financial institutions	3,644,510,600	-	3,644,510,600	-
Repayment of long-term loans from				
financial institutions	(1,523,186,031)	(980,091,623)	(1,072,639,200)	(820,198,400)
Repayments of liabilities under				
finance lease agreements	(102,291,765)	(113,668,086)	(13,492,531)	(9,739,646)
Cash received from issue of debentures	-	6,991,621,900	-	6,991,621,900
Cash paid for redemption of debentures	(2,970,000,000)	(2,000,000,000)	(2,970,000,000)	(2,000,000,000)
Cash received from issue of convertible debentures	9,835,089,103	-	9,835,089,103	-
Cash received from issue share capital	-	-	-	462,670,007
Cash paid for investment in subsidiary companies				
from non - controlling interests	(75,640,602)	(269,760,322)	-	-
Dividend paid	(3,098,148,408)	(2,781,671,189)	(3,098,148,408)	(2,781,671,189)
Dividend paid by subsidiaries to non-controlling interests	(117,647,694)	(73,976,301)	-	-
Net cash from (used in) financing activities	<u>5,312,740,786</u>	<u>(436,312,482)</u>	<u>8,101,921,413</u>	<u>772,494,893</u>
Net increase (decrease) in cash and cash equivalents	(467,009,836)	471,769,888	106,384,026	189,036,444
Cash and cash equivalents at beginning of year	<u>4,061,345,500</u>	<u>3,589,575,612</u>	<u>1,756,130,780</u>	<u>1,567,094,336</u>
Cash and cash equivalents at end of year	<u>3,594,335,664</u>	<u>4,061,345,500</u>	<u>1,862,514,806</u>	<u>1,756,130,780</u>
Supplemental cash flows information:				
Non-cash items:				
Assets acquired under finance lease agreements	69,498,570	83,922,862	8,980,891	20,595,814
Increase (decrease) in accounts payable				
- property, premises and equipment	(196,929,144)	25,741,169	(31,132,167)	(21,090,705)
Decrease in accounts payable - investment property	-	(1,516,975)	-	(1,516,975)
Increase (decrease) in payable to construction - retention	14,299,604	159,762,669	(22,043,314)	23,409,404
Dividend receivable	9,100,000	5,979,333	-	-
Acquired investment in subsidiary company by issuing shares	-	462,670,007	-	-
Conversion of long-term loan to subsidiary to investment				
in a subsidiary company	-	-	474,897,000	-

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2014

1. General information

Bangkok Dusit Medical Services Public Company Limited ("the Company") is a public company under Thai laws and domiciled in Thailand. The Company is principally engaged in the hospital business. The registered office of the Company is at 2, Soi Soonvijai 7, New Petchburi Road, Bang Kapi, Huaykwang, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Percentage of shareholding by the Company (percent)	
		<u>2014</u>	<u>2013</u>
<u>Held by the Company</u>			
Samitivej Public Co., Ltd.	Hospital	95.76	95.76
Bangkok Hospital Hatyai Co., Ltd.	Hospital	98.80	98.79
Bangkok Phuket Hospital Co., Ltd.	Hospital	99.69	99.69
BNH Medical Center Co., Ltd.	Hospital	91.48	91.48
Bangkok Phrapradaeng Hospital Co., Ltd.	Hospital	84.00	84.00
Bangkok Pattaya Hospital Co., Ltd.	Hospital	97.27	97.27
Bangkok Rayong Hospital Co., Ltd.	Hospital	100.00	100.00
Bangkok Samui Hospital Co., Ltd.	Hospital	100.00	100.00
Bangkok Trat Hospital Co., Ltd.	Hospital	99.76	99.76
Wattanavej Co., Ltd.	Hospital	99.69	99.69
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	91.36	90.94

Company's name	Nature of business	Percentage of shareholding by the Company (percent)	
		<u>2014</u>	<u>2013</u>
<u>Held by the Company (continued)</u>			
National Healthcare Systems Co., Ltd. (held by the Company at 74.02% and indirectly held by subsidiaries at 24.66%)	Central lab	74.02	74.02
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central lab	95.00	95.00
Angkor Pisith Co., Ltd.	Hospital	80.00	80.00
Phnom Penh Medical Services Co., Ltd.	Hospital	100.00	100.00
Royal Rattanak Medical Services Co., Ltd.	Hospital	70.00	70.00
B.D.M.S. International Medical Services Co., Ltd.	Hospital	100.00	100.00
BDMS Accounting Co., Ltd.	Accounting service	100.00	100.00
Bangkok Health Insurance Public Co., Ltd.	Health insurance	99.97	99.94
Royal Bangkok Healthcare Co., Ltd.	Investment	100.00	100.00
Greenline Synergy Co., Ltd.	Technology and information service	100.00	100.00
Bangkok Hospital Kao Yai Co., Ltd.	Hospital	100.00	100.00
BDMS Training Co., Ltd.	Training business	100.00	100.00
Prasit Patana Public Co., Ltd.	Investment	98.52	98.43
Paolo Medic Co., Ltd.	Hospital	100.00	100.00
Paolo Samutprakarn Co., Ltd.	Hospital	93.61	93.45
Siam Medical Co., Ltd.	Hospital	85.71	85.71
Thai Medical Center Public Co., Ltd.	Hospital	99.76	99.76
Bangkok Premier Life Insurance Broker Co., Ltd.	Life insurance broker	100.00	100.00
Bangkok Hospital Chiangmai Co., Ltd.	Hospital	100.00	100.00
Bangkok Hospital Udon Co., Ltd.	Hospital	100.00	100.00
Bangkok Khon Kaen Hospital Co., Ltd.	Hospital	100.00	100.00
The Medicpharma Co., Ltd.	Production and distribution of medicines	86.89	86.89
Thonburi Medical Center Public Co., Ltd. (held by the Company at 29.01% and indirectly held by subsidiary at 29.02%)	Hospital	29.01	26.33
Bangkok Hospital Surat Co., Ltd.	Hospital	100.00	100.00
BDMS Inter Pte. Ltd.	Investment	100.00	100.00
N Health Asia Pte. Ltd.	Investment	100.00	100.00
Samitivej Chonburi Co., Ltd.	Hospital	100.00	100.00
Bangkok Hospital Phitsanulok Co., Ltd.	Hospital	100.00	100.00
Bangkok Hospital Sanamchan Co., Ltd.	Hospital	100.00	-
Bangkok Phutket International Hospital Co., Ltd.	Hospital	100.00	-
Bangkok Save Drug Co., Ltd.	Investment	100.00	-

Company's name	Nature of business	Percentage of shareholding by subsidiaries (percent)	
		<u>2014</u>	<u>2013</u>
<u>Held by subsidiaries</u>			
National Healthcare Systems Co., Ltd.	Central lab	25.97	25.97
Samitivej Sriracha Co., Ltd.	Hospital	69.75	69.75
Irving Sheridan SE Co., Ltd.	Assets management for healthcare business	96.03	96.03
First Health Food Co., Ltd.	Restaurant and distributing health food products and facility management and investments	100.00	100.00
Sodexo Healthcare Support Services (Thailand) Co., Ltd.	Restaurant and distributing health food products and facility management	74.00	74.00
SV Holding Co., Ltd.	Investment	100.00	100.00
A.N.B. Laboratories Co., Ltd.	Manufacturer and distributor of medicine and pharmaceutical products	100.00	100.00
Thonburi Medical Center Public Co., Ltd.	Hospital	29.02	29.02
Phyathai 1 Hospital Co., Ltd.	Hospital	100.00	100.00
Phyathai 2 Hospital Co., Ltd.	Hospital	99.16	99.16
Phyathai 3 Hospital Co., Ltd.	Hospital	98.23	98.22
Sriracha Nakorn General Hospital Public Co., Ltd.	Hospital	74.22	74.07
N Health Cambodia Co., Ltd.	Central Lab	100.00	-
Tepakorn Hospital Co., Ltd.	Hospital	44.53	-
Save Drug Center Co., Ltd.	Retailer of medicine and pharmaceutical products	100.00	-
N Health Pathology Co., Ltd.	Central Lab	95.00	-
Samitivej International Co., Ltd.	Clinic	80.00	-

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

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within shareholders' equity in the consolidated statement of financial position.
- g) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from minority shareholders) when the fair value of the net assets acquired is lower than the cost of the investment the difference has been presented in other components of shareholders' equity in the statement of financial position under the caption of "Surplus on investments in subsidiary companies arising as a result of acquisition of additional shares at a price higher than net book value at the acquisition date". When the fair value of the net assets acquired is higher than the cost of the investment the difference has been presented in other components of shareholders' equity in the statement of financial position under the caption of "Lower of investment in subsidiary companies arising as a result of acquisition of additional shares at a price lower than net book value at the acquisition date".

2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

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

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. 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 accounting standards. The management of the Company and subsidiaries believe they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognises actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believe that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Hospital operations

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

Revenue from sales of goods and foods

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

Service income

Service income is recognised when services have been rendered.

Membership income

Membership income is cash receipt from sales of membership cards which initially recorded as deferred income and gradually amortised to income within membership period. For cash received in advance from the Life Privilege membership program is amortised to income over a period of 10 years.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable and allowance for doubtful accounts

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

4.4 Inventories

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

4.5 Investments

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

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

4.6 Investment properties

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

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

4.7 Property, premises and equipment/Depreciation

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

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

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

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

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

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

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

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

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

4.8 Borrowing costs

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

4.9 Intangible assets

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

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

The intangible asset with finite useful lives is as follow:

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

4.10 Goodwill / Business combination

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

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

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

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

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

4.11 Related party transactions

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

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

4.12 Long-term rental agreements

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

4.13 Operating leases

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

4.14 Impairment of assets

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

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

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

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

4.15 Leasehold rights

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

4.16 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.17 Convertible debentures

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

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

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

4.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

Provisions for vacation

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

4.19 Provisions

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

4.20 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.21 Financial instruments

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

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

4.22 Interest rate swap contracts

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

5. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Property, premises and equipment/Depreciation

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

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

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

Impairment of equity investments

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

Investment properties

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

Goodwill and intangible assets

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Litigation

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

6. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash and deposits at financial institution	3,571,259	3,673,169	1,862,515	1,556,131
Fixed deposits	346,942	539,655	14,013	214,013
Mutual funds	1,583,279	-	1,583,279	-
	5,501,480	4,212,824	3,459,807	1,770,144
Less: Fixed deposits with maturities of more than 3 months and mutual funds (short-term investments)	(1,877,618)	(120,376)	(1,583,292)	(13)
Fixed deposit with maturities of more than 12 months (long-term deposit)	-	(10,418)	-	-
Restricted financial institution deposits	(29,526)	(20,684)	(14,000)	(14,000)
Total cash and cash equivalents	3,594,336	4,061,346	1,862,515	1,756,131

As at 31 December 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.13 and 3.00 percent per annum (2013: between 0.13 and 3.25 percent per annum).

7. Restricted financial institutions deposits

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

8. Trade and other receivables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade receivables - related parties	8,913	6,527	16,935	15,766
Trade receivables - unrelated parties-net	5,509,084	4,673,669	919,616	766,301
Other receivables - related parties	28,911	25,062	80,454	75,514
Other receivables - unrelated parties	271,961	219,801	34,767	27,218
Total trade and other receivables - net	<u>5,818,869</u>	<u>4,925,059</u>	<u>1,051,772</u>	<u>884,799</u>

9. Trade accounts receivable

As at 31 December 2014 and 2013, the aging analysis of the outstanding trade accounts receivable is as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Related parties</u>				
Less than 3 months	8,381	4,765	16,793	15,213
3 - 6 months	373	1,356	142	506
6 - 12 months	47	382	-	36
over 12 months	112	24	-	11
Total trade accounts receivable - related parties	<u>8,913</u>	<u>6,527</u>	<u>16,935</u>	<u>15,766</u>
<u>Unrelated parties</u>				
Less than 3 months	4,616,581	3,870,470	869,391	692,662
3 - 6 months	601,296	572,966	60,593	58,371
6 - 12 months	309,471	285,228	32,177	50,828
over 12 months	413,212	376,132	199,574	174,409
Total trade accounts receivable - unrelated parties	<u>5,940,560</u>	<u>5,104,796</u>	<u>1,161,735</u>	<u>976,270</u>
Less: Allowance for doubtful accounts	<u>(431,476)</u>	<u>(431,127)</u>	<u>(242,119)</u>	<u>(209,969)</u>
Total trade accounts receivable - unrelated parties - net	<u>5,509,084</u>	<u>4,673,669</u>	<u>919,616</u>	<u>766,301</u>
Total trade accounts receivable -net	<u>5,517,997</u>	<u>4,680,196</u>	<u>936,551</u>	<u>782,067</u>

10. Related party transactions

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

<u>Transaction</u>	<u>Pricing and lending policy</u>
Revenues from hospital operations and lab services	Based on the price charged to normal customers
Revenues and expenses from consulting and management	Rates as stipulated in agreements
Revenues and costs of sales and purchases of goods and services	Based on the price charged to normal customers
Rental income and rental expenses	Rates as stipulated in agreements
Interest charge of inter-company loans	Interest rates close to that charged by commercial banks
Purchases and sales of assets	Prices are dependent on the condition of assets
Purchases of investments	The same prices as purchases from unrelated parties

The significant intercompany transactions are as follows:

	(Unit: Million Baht)			
	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Associated companies</u>				
Revenue from hospital operations and lab services	22.2	15.3	11.1	10.4
Consulting and management fee income	0.4	0.4	-	-
Dividend income (Note 12)	-	-	387.3	430.4
Other income	48.9	32.3	0.1	0.1
Service cost	58.4	104.6	57.3	64.9
Other expenses	0.1	9.0	0.1	-
<u>Subsidiary companies</u>				
Revenue from hospital operations and lab services	-	-	70.0	59.6
Consulting and management fee income	-	-	524.1	476.4
Interest income	-	-	247.7	250.2
Dividend income (Note 13)	-	-	1,987.3	2,773.1
Gain on disposal of asset	-	-	-	49.3
Other income	-	-	64.4	36.5
Service cost	-	-	724.6	686.8
Consulting and management fee expenses	-	-	253.4	234.7
Other expenses	-	-	87.2	45.6
Interest expenses	-	-	78.2	80.2
Purchase of assets	-	-	7.1	-

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Individuals or related companies</u>				
Revenue from hospital operations and lab services	5.2	7.7	2.1	2.5
Dividend income (Note 14)	0.6	28.0	0.6	28.0
Interest income	14.3	5.5	14.3	5.5
Gain on sale of asset	94.5	-	94.5	-
Other income	6.7	21.8	6.5	7.3
Service cost	7.4	3.6	0.8	0.5
Other expenses	55.1	57.6	35.1	33.3
Dividend payment	201.8	193.0	201.8	187.8
Labor law compensation	-	15.2	-	15.2
Purchase of assets	4.6	-	-	-

The outstanding balances of the above transactions as at 31 December 2014 and 2013 have been separately shown in the statement of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - related parties</u>				
Associated companies	7,087	4,886	3,104	2,162
Subsidiary companies	-	-	12,597	12,512
Related companies	1,826	1,641	1,234	1,092
Total trade receivables - related parties	8,913	6,527	16,935	15,766
<u>Dividend receivable - a related party</u>				
An associated company	9,100	5,979	-	-
Total dividend receivable - a related party	9,100	5,979	-	-
<u>Other receivables - related parties</u>				
Consulting and management fee receivable				
Subsidiary companies	-	-	34,672	42,381
Total	-	-	34,672	42,381

		(Unit: Thousand Baht)	
		Consolidated financial statements	Separate financial statements
		<u>2014</u>	<u>2013</u>
		<u>2014</u>	<u>2013</u>
<u>Others</u>			
Associated companies	20,181	10,279	-
Subsidiary companies	-	-	45,000
Related companies	8,730	14,783	782
Total	28,911	25,062	45,782
Total other receivables - related parties	28,911	25,062	80,454
<u>Leasehold rights - related parties</u>			
(included in other non-current assets)			
Associated companies	288,608	290,442	-
A related party	52,800	72,861	-
Total leasehold rights - related parties	341,408	363,303	-
<u>Deposits and long-term prepaid expense - related party</u>			
(included in other non-current assets)			
Subsidiary company	-	-	3,528
Total deposits and long-term prepaid expense - related party	-	-	3,528
<u>Trade payables - related parties</u>			
Associated companies	34,992	38,021	21,023
Subsidiary companies	-	-	117,262
Related companies	1,804	56	104
Total trade payables - related parties	36,796	38,077	138,389
<u>Other payables - related parties</u>			
Associated companies	1,980	8,539	-
Subsidiary companies	-	-	49,902
Related companies	3,779	2,661	1,746
Total other payables - related parties	5,759	11,200	51,648
<u>Deposits - related parties</u>			
(included in other non-current liabilities)			
Associated company	15	15	15
Subsidiary companies	-	-	1,195
Related companies	735	99,218	735
Total deposits - related parties	750	99,233	1,945

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

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2013	Increase Decrease	31 December 2014
<u>Short-term loans to related parties</u>			
Subsidiary companies	912,718	1,002,866 (159,875)	1,755,709
Total short-term loans to related parties	912,718	1,002,866 (159,875)	1,755,709
<u>Long-term loans to related parties</u>			
Subsidiary companies	5,733,377	997,090 (1,389,292)	5,341,175
Total long-term loans to related parties	5,733,377	997,090 (1,389,292)	5,341,175
<u>Short-term loans from related parties</u>			
Subsidiary companies	2,926,437	2,463,025 (686,423)	4,703,039
Total short-term loans from related parties	2,926,437	2,463,025 (686,423)	4,703,039

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

The Company has entered into agreement 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.

In July 2014, the Company converted long-term loans to investment in subsidiary as described in Note 13.1.

Service and management agreement

The Company

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

The Subsidiaries

A subsidiary company has entered into a Hospital Management Agreement with subsidiary companies. The subsidiary company is to receive management income at a certain percentage of total operation result as stipulated in the agreement.

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

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

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

A subsidiary company has entered into food providing and maintenance service agreements with the Company and subsidiaries which have to pay monthly service fee to the subsidiary at the rates stipulated in the agreements.

Long term rental agreement

The Company

In May 2004, a subsidiary company has entered into a three-year agreement to rent land from the Company for use in hospital operations whereby the subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement. Subsequently, the subsidiary extended the agreement to 30 April 2016.

The Subsidiaries

A subsidiary company has entered into an agreement to rent land from another subsidiary company for construction of a building, expiring on 31 December 2015. The subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement. In addition, such another subsidiary company entered into an agreement to rent the building from a subsidiary company for its hospital operations, expiring on 30 April 2017. That subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement.

A subsidiary company has entered into a three-year agreement to rent land from another subsidiary company for construction of a building for use in operation from 1 January 2013 to 31 December 2015. The subsidiary company has to pay quarterly rental fee at the rate stipulated in the agreement.

Air ambulance service agreement

Associated company

On 1 September 2007, an associated company entered into an air ambulance service agreement with the Company. The agreement is for a period of 3 years from the date the service commenced and is renewable. The agreement stipulates the monthly minimum service fee that the associated company is to earn from the Company. The Company has extended the agreement for 25 months ended on 30 September 2015.

Guarantee obligations with related parties

The Company has guaranteed long-term loan with financial institution amount of USD 1.7 million (2013: USD 2.4 million) and overdraft facility amounting to USD 1.0 million (2013: USD 1.0 million) for an overseas subsidiary company.

A subsidiary company has guaranteed credit facility with financial institution amounting to Baht 3.9 million for an associated company.

Sales of land not use in operation

In 2013, the Company has entered into agreement to sell land of Baht 399 million with a related party. The Company received interest on the requested postponement the scheduled purchase of the land. In the third quarter of 2014, the Company sold land and transferred the ownership to such related party.

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had benefits for their directors and management as below.

	(Unit: Million Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	151.6	132.1	151.6	132.1
Post-employment benefits	2.3	2.1	2.3	2.1
Total	<u>153.9</u>	<u>134.2</u>	<u>153.9</u>	<u>134.2</u>

11. Inventories

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Medicines and medical supplies	808,021	778,343	98,629	101,379
Reagent	121,488	81,421	-	-
Supplies and others	182,981	60,530	-	-
Total	1,112,490	920,294	98,629	101,379
Less: Provision for deteriorated inventories	<u>(1,677)</u>	<u>(1,621)</u>	-	<u>(455)</u>
Inventories - net	<u>1,110,813</u>	<u>918,673</u>	<u>98,629</u>	<u>100,924</u>

12. Investments in associated companies

Company's name	Natures of business	Paid-up Capital	% Shareholding		Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
					Equity Method		Cost Method	
					2014	2013	2014	2013
<u>Associated companies held by the Company</u>								
Cool & Joy Co., Ltd.	Production of television and radio program	Baht 5 million	30.0	30.0	1,069	1,069	1,500	1,500
S.R. Property Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	2,964	2,472	101	101
Siem Reap Land Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	2,545	2,132	101	101
Phnom Penh First Property Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	5,295	4,531	88	88
Bangkok Helicopter Services Co., Ltd.	Service	Baht 100 million	49.00	49.00	31,430	31,673	50,859	50,859
Ramkhamhaeng Hospital Public Co., Ltd.	Hospital	Baht 120 million	38.24	38.24	3,653,933	3,039,994	1,459,801	1,459,801
Udon Pattana (1994) Co., Ltd. (held by the Company at 15.26% and indirectly held by subsidiary at 9.85%)	Hospital	Baht 300 million	25.11	25.09	198,180	191,331	69,952	69,952
Bumrungrad Hospital Public Co., Ltd.	Hospital	Baht 730 million	23.95	23.88	10,164,710	9,812,320	7,497,336	7,452,961
Total investments in associated companies held by the Company							9,079,738	9,035,363
Total investments in associated companies held by the Company and subsidiaries					14,060,126	13,085,522		
<u>Associated companies held by the subsidiary companies</u>								
Sodexo Support Services (Thailand) Co., Ltd.	Management services	Baht 5 million	26.00	26.00	7,134	6,647		
Al Ghaith Bangkok Dusit Management Services LLC.	Management services	UAE DIRHAM 0.15 million	30.00	30.00	393	393		
G. Wasupol Co., Ltd.	Hospital	Baht 54 million	25.83	-	157,850	-		
Total investments in associated company held by the subsidiary companies					165,377	7,040		
Less: Allowance for impairment of investment					(393)	(393)		
Total investments in associated companies held by subsidiary companies - net					164,984	6,647		
Total investments in associated companies in the consolidated financial statements					14,225,110	13,092,169		

12.1 Additional investments in associated companies

Bumrungrad Hospital Public Co., Ltd.

In the first quarter of 2014, the Company purchased additional investment totaling Baht 44.4 million in Bumrungrad Hospital Public Co., Ltd. As a result, the Company's shareholding in that company increased to 23.95 percent.

12.2 Details of share of income and dividend received from the associated companies are set out below.

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of income/(loss) from investments in associated companies		Dividend received during the year	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Associated companies held by the Company</u>				
The Medicpharma Co., Ltd.	-	1,820	-	44,100
Cool & Joy Co., Ltd.	-	-	-	-
S.R. Property Investment Co., Ltd.	346	226	-	-
Siem Reap Land Investment Co., Ltd.	315	240	-	-
Phnom Penh First Property Co., Ltd.	727	736	-	-
Bangkok Helicopter Services Co., Ltd.	(244)	(3,304)	-	-
Ramkhamhaeng Hospital Public Co., Ltd.	386,302	348,343	55,061	55,061
Thonburi Medical Centre Public Co., Ltd.	-	(20)	-	-
Udon Patana (1994) Co., Ltd.	6,849	5,901	-	-
Bumrungrad Hospital Public Co., Ltd.	653,916	627,940	332,215	331,265
<u>Associated companies held by the subsidiary companies</u>				
Sodexo Support Services (Thailand) Co., Ltd.	9,588	6,214	-	-
Al Ghaith Bangkok Dusit Management Services LLC.	-	-	-	-
G. Wasupol Co., Ltd.	<u>9,771</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,067,570</u>	<u>988,096</u>	<u>387,276</u>	<u>430,426</u>

Below are fair values of investments in associated companies that are listed companies on the Stock Exchange of Thailand

Company's name	(Unit: Thousand Baht)	
	Fair values as at 31 December	
	<u>2014</u>	<u>2013</u>
Ramkhamhaeng Hospital Public Co., Ltd.	9,176,848	8,626,237
Bumrungrad Hospital Public Co., Ltd.	<u>24,653,878</u>	<u>15,299,230</u>
Total	<u>33,830,726</u>	<u>23,925,467</u>

12.3 Below is a summary of financial information of associated companies

(Unit: Million Baht)

Company's name	As at 31 December						For the years ended 31 December			
	Paid-up capital		Total assets		Total liabilities		Total revenues		Net income (loss)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<u>Associated companies held by the Company</u>										
Cool & Joy Co., Ltd.	Baht 5 million	Baht 5 million	2.9	2.9	-	-	-	-	-	-
S.R. Property Investment Co., Ltd.	Riel 20 million	Riel 20 million	72.5	72.2	66.5	67.2	0.7	0.7	0.7	0.5
Siem Reap Land Investment Co., Ltd.	Riel 20 million	Riel 20 million	66.0	65.8	60.9	61.4	0.7	0.7	0.6	0.5
Phnom Penh First Property Co., Ltd.	Riel 20 million	Riel 20 million	151.7	151.0	140.9	141.8	1.5	1.5	1.5	1.5
Bangkok Helicopter Services Co., Ltd.	Baht 100 million	Baht 100 million	184.2	208.2	120.0	144.7	70.2	68.0	0.6	(2.5)
Ramkhamhaeng Hospital Public Co., Ltd.	Baht 120 million	Baht 120 million	10,857.9	7,778.6	3,914.6	2,569.1	3,680.0	3,289.5	999.0	879.0
Udon Patana (1994) Co., Ltd.	Baht 300 million	Baht 300 million	1,082.1	1,068.3	306.7	320.2	502.0	458.9	27.3	23.5
Bumrungrad Hospital Public Co., Ltd.	Baht 730 million	Baht 730 million	19,144.7	17,251.5	7,884.7	7,654.6	15,910.5	14,651.4	2,734.8	2,520.8
<u>Associated companies held by the subsidiary companies</u>										
Sodexo Support Services (Thailand) Co., Ltd.	Baht 5 million	Baht 5 million	163.3	156.0	135.9	130.4	465.7	439.1	36.9	23.9
Al Ghaith Bangkok Dusit Management Services LLC.	UAE DIRHAM	UAE DIRHAM	-	-	-	-	-	-	-	-
	0.15 million	0.15 million								
G. Wasupol Co., Ltd.	Baht 54 million	-	296.6	-	43.6	-	132.2	-	37.8	-

Share of income from investment in two associated companies which are listed company on the Stock Exchange of Thailand for the year ended 31 December 2014 of Baht 1,040.2 million (2013: three associated companies Baht 976 million) representing 97 percent (2013: 99 percent) of total share of income from all associated companies were calculated based on audited financial statements of those companies.

13. Investments in subsidiary companies

(Unit: Thousand Baht)								
Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments -		Dividend received	
					cost method		during the year	
			<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	95.76	95.76	1,639,071	1,639,071	526,700	215,468
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	98.80	98.79	574,535	574,458	98,800	79,032
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	99.69	99.69	610,174	610,174	49,843	448,580
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	91.48	91.48	602,657	602,657	160,857	160,857
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	708,966	708,966	490,218	789,795
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	100.00	100.00	415,020	415,020	-	350,000
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	100.00	100.00	150,000	150,000	67,500	48,750
Bangkok Trat Hospital Co., Ltd.	Hospital	Baht 250 million	99.76	99.76	245,889	245,889	17,457	17,457
Wattanavej Co., Ltd.	Hospital	Baht 180 million	99.69	99.69	450,643	450,643	107,670	89,725
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	91.36	90.94	934,348	929,973	40,923	-
National Healthcare Systems Co., Ltd. (held by the Company at 74.02% and indirectly held by subsidiary at 24.66%)	Central Lab	Baht 75 million	74.02	74.02	56,768	56,768	-	183,209
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	Baht 10 million	95.00	95.00	9,502	9,502	19,000	12,350
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	338,323	-	-
Royal Rattanak Medical Services Co., Ltd	Hospital	Riel 26,000 million	70.00	70.00	154,063	154,063	-	-
B.D.M.S. International Medical Services Co., Ltd.	Hospital	Riel 9,200 million	100.00	100.00	94,208	94,208	-	-

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	% Shareholding	Separate financial statements				
				Investments -		Dividend received		
				cost method		during the year		
			<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
BDMS Accounting Co., Ltd.	Accounting service	Baht 30 million	100.00	100.00	30,000	38,750	-	-
Bangkok Health Insurance Public Co., Ltd.	Health insurance	Baht 200 million	99.97	99.94	142,027	47,027	-	-
Royal Bangkok Healthcare Co., Ltd.	Investment	Baht 736 million	100.00	100.00	736,000	736,000	-	-
Greenline Synergy Co., Ltd.	Technology and information service	Baht 200 million	100.00	100.00	200,000	200,000	-	-
Bangkok Hospital Kao Yai Co., Ltd.	Hospital	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	98.52	98.43	9,256,115	9,247,281	185,604	185,442
Paolo Medic Co., Ltd.	Hospital	Baht 300 million	100.00	100.00	2,922,872	2,922,872	60,000	180,000
Paolo Samutprakarn Co., Ltd.	Hospital	Baht 42 million	93.61	93.45	1,737,239	1,735,219	94,200	7,842
Siam Medical Co., Ltd.	Hospital	Baht 100 million	85.71	85.71	939,775	939,765	68,571	4,633
Thai Medical Center Public Co., Ltd.	Hospital	Baht 201 million	99.76	99.76	887,131	887,131	-	-
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 500 million	100.00	100.00	499,930	499,930	-	-
Bangkok Khon Kaen Hospital Co., Ltd.	Hospital	Baht 800 million	100.00	100.00	800,000	600,000	-	-
The Medicpharma Co., Ltd.	Production and distribution of medicines	Baht 21.4 million	86.89	86.89	214,900	214,900	-	-

(Unit: Thousand Baht)								
Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments -		Dividend received	
					cost method		during the year	
			<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Thonburi Medical Center Public Co., Ltd. (held by the Company at 29.01% and indirectly held by subsidiary at 29.02%)	Hospital	Baht 193.8 million	29.01	26.33	327,802	273,152	-	-
Bangkok Hospital Surat Co., Ltd.	Hospital	Baht 90 million	100.00	100.00	90,000	90,000	-	-
BDMS Inter Pte. Ltd.	Investment	USD 40,000	100.00	100.00	1,217	1,217	-	-
N Health Asia Pte. Ltd.	Investment	USD 2 million	100.00	100.00	65,310	1,217	-	-
Samitivej Chonburi Co., Ltd.	Hospital	Baht 600 million	100.00	100.00	600,000	150,000	-	-
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	-	3,655,000	-	-	-
Bangkok Phuket International Hospital Co., Ltd.	Hospital	Baht 3,610 million	100.00	-	3,610,000	-	-	-
Bangkok Save Drug Co., Ltd.	Investment	Baht 405 million	100.00	-	405,000	-	-	-
Total investments in subsidiary companies					36,660,090	27,644,884	1,987,343	2,773,140
Less: Allowance for impairment of investments					(154,062)	(115,095)		
Total investments in subsidiary companies - net					36,506,028	27,529,789		

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

Bangkok Health Insurance Public Co., Ltd.

On 27 January 2014, the Extraordinary General Meeting of shareholders No. 1/2014 of Bangkok Health Insurance Public Co., Ltd. passed the resolution to approve the increase of its registered capital from Baht 105 million to Baht 200 million through the increase in capital of 9,500,000 additional ordinary shares with a par value of Baht 10 each. The Company already invested in the additional shares totalling Baht 95 million in October 2014.

BDMS Accounting Co., Ltd.

The Board of Directors of BDMS Accounting Co., Ltd. approved to call up additional share capital of Baht 11.25 million (1,500,000 ordinary shares at Baht 7.50 each) and the Company already paid the call up additional share capital in the first quarter of 2014. As a result, the subsidiary had issued and paid up share capital of Baht 50 million.

On 28 April 2014, the Annual General Meeting of the subsidiary's shareholders approved to decrease its registered capital of Baht 20 million through the decrease in capital of 2,000,000 ordinary shares in order to offset deficits. As a result, the subsidiary has registered capital of Baht 30 million (3,000,000 ordinary shares with a par value of Baht 10 each).

Prasit Patana Public Co., Ltd.

In 2014, the Company purchased additional investment totaling Baht 8.8 million in Prasit Patana Public Co., Ltd. As a result, the Company's shareholding in that company increased to 98.52 percent.

Prasit Patana Public Co., Ltd. and Sriracha Nakorn General Hospital Public Co., Ltd.

In 2014, the subsidiary company purchased additional investment totaling Baht 6.9 million in Sriracha Nakorn General Hospital Public Co., Ltd. As a result, the subsidiary company's shareholding in that company increased to 74.34 percent.

Bangkok Khon Kaen Hospital Co., Ltd.

On 15 May 2014, the Extraordinary General Meeting of Bangkok Khon Kaen Hospital Co., Ltd.'s shareholders No. 1/2014 has approved to increase registered share capital from Baht 600 million to Baht 800 million. In the second quarter of 2014, the Company acquired all of the new shares in order to maintain its shareholding.

Thonburi Medical Center Public Co., Ltd.

In 2014, the Company purchased additional investment totaling Baht 54.7 million in Thonburi Medical Center Public Co., Ltd. As a result, the Company's shareholding in that company increased to 29.01 percent. The Company and its subsidiary company hold 58.03 percent in that company.

N Health Asia Pte. Ltd.

On 5 March 2014, the Board of Directors of N Health Asia Pte. Ltd. approved to increase the share capital from USD 40,000 to USD 2 million. In the first quarter of 2014, the Company acquired all of the new ordinary shares in order to maintain its shareholding.

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

On 28 August 2013, a meeting of the Board of Directors of the Company approved the establishment of a new subsidiary, namely N Health Cambodia Co., Ltd., located in Kingdom of Cambodia with a registered share capital of USD 320,000 which is 100% held by N Health Asia Pte. Ltd., the Company's subsidiary in Singapore. N Health Cambodia Co., Ltd. has registered its establishment in second quarter 2014 and fully paid up share capital in the third quarter of 2014.

Samitivej Chonburi Co., Ltd.

In September 2014, Samitivej Chonburi Co., Ltd. call up additional share capital of Baht 450 million (60,000,000 ordinary shares at Baht 7.50 each). As a result, the subsidiary had issued and paid up share capital of Baht 600 million.

Phnom Penh Medical Services Co., Ltd.

On 19 December 2013 the Board of Directors of Phnom Penh Medical Services Co., Ltd. approved an increase in its share capital from USD 10 million to USD 25 million. In July 2014, the Company and Phnom Penh Medical Services Co., Ltd. agreed to settle the long-term loan to the Company by converting the loan of USD 15 million to the capital of Phnom Penh Medical Services Co., Ltd.

Royal Rattanak Medical Services Co., Ltd.

On 27 October 2014 the Board of Directors of Royal Rattanak Medical Services Co., Ltd. considered to cease the operation of Royal Rattanak Medical Services Co. Ltd. The Company has set up full allowance for impairment of investment in the subsidiary company, with Baht 95 million set aside in the fourth quarter of 2013 and an additional Baht 59 million set aside in the third quarter of 2014.

Bangkok Ratchasima Hospital Co., Ltd.

In 2014, the Company purchased additional investment totaling Baht 4.4 million in Bangkok Ratchasima Hospital Co., Ltd. As a result, the Company's shareholding in that company increased to 91.36 percent.

Paolo Samutprakarn Co., Ltd.

In 2014, the Company purchased additional investment totaling Baht 2.0 million in Paolo Samutprakarn Co., Ltd. As a result, the Company's shareholding in that company increased to 93.61 percent.

13.2 Investments in new subsidiary companies

Bangkok Hospital Sanamchan Co., Ltd. and acquisition of entire business of Sanamchan Hospital Co., Ltd.

On 28 May 2014, the Board of Directors of the Company approved the establishment of a new subsidiary company namely Bangkok Hospital Sanamchan Co., Ltd. with a registered capital of Baht 3,655 million. The Company holds 100 percent in this company. The Board of Directors of the Company also approved Bangkok Hospital Sanamchan Co., Ltd. to acquire and receive the transfer of the entire business of Sanamchan Hospital Co., Ltd.

On 15 August 2014, Bangkok Hospital Sanamchan Company Limited has executed the acquisition of the entire business of Sanamchan Hospital Company Limited and paid cash consideration of Baht 3,655 million for the acquisition and acquired all assets and liabilities of Sanamchan Hospital Co., Ltd. which include all shares held by Sanamchan Hospital Company Limited in Tepakorn Hospital Company Limited and G. Wasupol Company Limited, representing equity interests of 44.5 percent and 25 percent respectively. In addition, the Company appointed directors and management to manage Tepakorn Hospital Company Limited. This made a control of such company therefore Tepakorn Hospital Company Limited become a subsidiary company. Operating results since September 2014 of this subsidiary company included in the consolidated financial statements.

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

	(Unit: Thousand Baht)
Cash and cash equivalents	37,974
Trade and other receivables	102,393
Inventories	18,638
Other current assets	1,111
Investment in associated company	150,255
Available-for-sale investments	143,724
Property, premises and equipment	1,583,823
Intangible assets	5,786
Other non-current assets	1,454
Trade and other payables	(82,402)
Short-term loans from financial institutions	(242,134)
Short-term loans	(71,200)
Short-term loans from related parties	(53,762)
Income tax payable	(59)
Other current liabilities	(42,964)
Provision for long-term employee benefits	(19,184)
Deferred tax liabilities	(161,413)
Fair value of net assets	1,372,040
Non-controlling interests	(69,928)
Fair value of net assets acquired	1,302,112
Add : Goodwill	2,352,888
Consideration paid (Cash paid for investments)	3,655,000
Less : Cash and cash equivalents of subsidiary companies	(37,974)
Net cash paid for acquisition of subsidiary companies	3,617,026

Bangkok Phuket International Hospital Co., Ltd. and acquisition of entire business of Phuket International Hospital Co., Ltd.

On 27 August 2014, the Board of Directors of the Company approved the establishment of a new subsidiary company namely Bangkok Phuket International Hospital Co., Ltd. with a registered capital of Baht 3,610 million. The Company holds 100 percent in this company. The Board of Directors of the Company also approved Bangkok Phuket International Hospital Co., Ltd to acquire and receive the transfer of the entire business of Phuket International Hospital Co., Ltd.

On 1 October 2014 Bangkok Phuket International Hospital Co., Ltd has completed its acquisition of Phuket International Hospital Co., Ltd. and made a full payment to Phuket International Hospital Co., Ltd., comprising cash consideration of Baht 3,559.3 million and an assumption of all liabilities in the amount not exceeding Baht 466 million.

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

	(Unit: Thousand Baht)
Cash and cash equivalents	2,280
Trade receivables	66,649
Inventories	27,419
Leasehold rights	29,813
Property, premises and equipment	1,120,377
Intangible assets	2,730
Other non-current assets	31,245
Trade and other payables	(35,103)
Long-term loans from financial institutions	(201,283)
Liabilities under finance lease agreements	(27,234)
Accrued expenses	(57,179)
Other current liabilities	(27,970)
Provision for long-term employee benefits	(30,997)
Deferred tax liabilities	(42,636)
Other non-current liabilities	(1,002)
Fair value of net assets acquired	857,109
Add : Goodwill	2,702,231
Consideration paid (Cash paid for investment)	3,559,340
Less : Cash and cash equivalents of subsidiary company	(2,280)
Net cash paid for acquisition of subsidiary company	3,557,060

Bangkok Save Drug Co., Ltd. and acquisition of shares in Save Drug Center Co., Ltd.

On 30 July 2014, the Board of Directors of the Company approved the establishment of a new subsidiary company namely Bangkok Save Drug Co., Ltd. with a registered capital of Baht 450 million. The Company holds 100 percent in this company. As of 30 September 2014 the subsidiary has Baht 405 million paid-up share capital.

On 30 October 2014, Bangkok Save Drug Co., Ltd. has executed the acquisition of the total issued shares of Save Drug Center Co., Ltd. from their existing shareholders and made a full payment of Baht 231.5 million in consideration of such shares.

Under the share purchase agreement, Bangkok Save Drug Co., Ltd. and sellers agreed to reserve of Baht 75 million with a financial institution as a guarantee against losses in the event that the sellers fail to comply with the agreement. Interest on this guarantee amount belongs to the sellers and the reserves are to be returned to the sellers within 5 years from the purchase date. The subsidiary company recorded the reserves as a non-current liability in the statement of financial position.

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

	(Unit: Thousand Baht)
Inventories	66,161
VAT receivable	12,430
Fixture and equipment	28,380
Trademark	177,570
Deposits	28,093
Trade and other payables	<u>(81,168)</u>
Fair value of net assets acquired and consideration paid (Cash paid for investments)	<u>231,466</u>

N Health Pathology Co., Ltd.

On 25 November 2014, a meeting of the Board of Directors of the Company approved the establishment of a new subsidiary, N Health Pathology Co., Ltd., with a registered share capital of Baht 30 million which is 95% held by Royal Bangkok Healthcare Co., Ltd., the Company's subsidiary. N Health Pathology Co., Ltd. has registered its establishment in December 2014.

14. Other long-term investments

(Unit: Thousand Baht)

Consolidated and separate
financial statements

Dividend income during
the years

Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2014	2013	2014	2013
<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	41,495	-	1,770	1,770	4	2
Aikchol Hospital Public Co., Ltd.	Hospital	150	0.20	350	350	192	150
Bangkok Chain Hospital Public Co., Ltd.	Hospital	2,494	1.50	269,829	269,829	4,875	3,900
				271,949	271,949	5,071	4,052
Surplus (loss) on changes in value of available-for-sale investments				33,087	(39,088)	-	-
Investments in listed securities				305,036	232,861	5,071	4,052
<u>Investments in related companies</u>							
Bangkok Airways Public Co., Ltd.	Airline	2,100	0.85	39,466	39,466	-	27,962
X-Ray Computer Urupong Co., Ltd.	X-ray lab	100	4.09	4,520	4,520	613	408
				43,986	43,986	613	28,370
Surplus on changes in value of available-for-sale investments				309,693	-	-	-
Investments in related companies				353,679	43,986	613	28,370

(Unit: Thousand Baht)							
						Consolidated and separate financial statements	
Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2014	2013	2014	2013
<u>Investments in unrelated companies</u>							
Thai Longstay Management Co., Ltd.	Travel business	100	0.53	531	531	-	-
Superior Biotech Holding Co., Ltd.	Investment	53	7.58	5,000	5,000	200	120
Investments in unrelated companies				5,531	5,531	200	120
Total other long-term investments in the separate financial statements				664,246	282,378	5,884	32,542

						(Unit: Thousand Baht)	
						Consolidated and separate	
						financial statements	
Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2014	2013	2014	2013
<u>Investment held by the subsidiary companies</u>							
<u>Available-for-sale investments</u>							
Investments in investment unit				10,000	10,000	-	-
Surplus on changes in value of available-for-sale investments				1,060	817	-	-
Investments in investment unit				11,060	10,817	--	-
<u>Investment in listed securities</u>							
Mahachai Hospital Public Company Limited	Hospital	160	4.28	143,724	-	-	-
Loss on changes in value of available-for-sale investments				(19,848)	-	-	-
Investments in listed securities				123,876	-	-	-
Investment in Government Saving Bank bonds				25,000	25,000	-	-

				(Unit: Thousand Baht)			
				Consolidated and separate financial statements			
Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2014	2013	2014	2013
<u>Investments in unrelated companies</u>							
Thai Herbal Products Co., Ltd.	Sales of herbal products	80	0.60	290	290	143	58
Prasitthirat Co., Ltd.	Educational institution known as “Rangsit university”	150	33.33	107,192	107,192	2,500	2,000
Phuket International Hospital Co., Ltd.	In process of liquidation (2013: Hospital)	195	6.15	29,552	29,552	205,968	2,700
Asia Laboratories Center Limited	Central lab	5	8.00	400	400	28	40
Kendall Gammatron Limited	Trading of medical supplies	120	5.10	8,000	8,000	-	-
General Hospital Products Public Co.,Ltd.	Manufacturer and distributor of medical supplies	60	0.44	1,178	1,178	-	-
Investments in unrelated companies				146,612	146,612	208,639	4,798
<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 investment				(7,000)	(7,000)	-	-
Investment in ordinary shares (ceased operations) - net				35,889	35,889	-	-
Total other long-term investments - net in the consolidated financial statements				1,006,683	500,696	214,523	37,340

The Company and the subsidiary companies recorded the changes in the gain on change in value of available-for-sale investment in the consolidated financial statements which increased of Baht 290 million (net of deferred tax liabilities of Baht 72 million) and in the separate financial statements of Baht 305 million (net of deferred tax liabilities of Baht 76 million) and presented in the statements of comprehensive income under “Gain (loss) on change in value of available-for-sale investments”.

Prasitthirat Company Limited

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

Investments in ordinary shares (ceased operations)

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

15. Investment properties

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Land	Building	Total	Land	Building	Total
31 December 2012	35,445	187,350	222,795	271,035	187,350	458,385
Purchase	-	6,084	6,084	-	6,084	6,084
Transfer from property, premises and equipment	-	26,991	26,991	-	26,991	26,991
Gain on revalue of assets	-	5,650	5,650	18,069	5,650	23,719
Disposal of assets	-	(821)	(821)	-	(821)	(821)
31 December 2013	35,445	225,254	260,699	289,104	225,254	514,358
Purchase	-	187	187	-	187	187
Transfer from property, premises and equipment	-	2,064	2,064	-	2,064	2,064
Gain on revalue of assets	-	2,500	2,500	-	2,500	2,500
31 December 2014	35,445	230,005	265,450	289,104	230,005	519,109

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

16. Property, premises and equipment

(Unit: Thousand Baht)

Consolidate financial statements							
	Assets which are stated at cost or reappraised value	Assets which are stated at cost					
		Land and land improvement	Building and building improvement	Medical tools, machine and equipment	Structure equipment, furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation
							Total
Cost/reappraised value							
31 December 2012	10,150,790	26,162,771	13,337,004	6,508,040	692,772	1,658,644	58,510,021
Increase from acquisitions	541,401	794,023	21,965	314,217	12,635	12,835	1,697,076
Purchases	1,144,612	616,016	1,741,583	972,525	95,337	3,095,488	7,665,561
Transfer in /							
(Transfer out)	(23,711)	1,252,657	68,294	275,402	9,660	(1,620,550)	(38,248)
Disposals/Written-off	-	(170,037)	(169,289)	(226,100)	(40,001)	(6,798)	(612,225)
Translation adjustment	-	24,918	5,903	6,532	469	34,736	72,558
31 December 2013	11,813,092	28,680,348	15,005,460	7,850,616	770,872	3,174,355	67,294,743
Increase from acquisitions	1,228,583	1,788,724	554,599	306,374	24,416	180,687	4,083,383
Increase from revaluation	879,371	-	-	-	-	-	879,371
Purchases	353,350	1,444,024	2,164,754	1,893,169	61,810	1,767,700	7,684,807
Transfer in /							
(Transfer out)	34,663	2,021,290	273,313	370,096	2,568	(2,740,256)	(38,326)
Disposals/Written-off	-	(42,459)	(194,898)	(78,711)	(35,897)	(4,750)	(356,715)
Translation adjustment	-	4,296	2,624	2,614	28	7	9,569
31 December 2014	14,309,059	33,896,223	17,805,852	10,344,158	823,797	2,377,743	79,556,832
Accumulated depreciation							
31 December 2012	25,297	11,811,303	8,283,151	4,730,135	503,320	-	25,353,206
Increase from acquisitions	-	210,146	-	249,244	10,141	-	469,531
Depreciation for the year	1,157	1,228,950	1,229,146	556,568	67,784	-	3,083,605
Transfer in / (Transfer out)	-	(84)	2	(289)	-	-	(371)
Disposals/Written-off	-	(116,867)	(165,511)	(206,501)	(39,107)	-	(527,986)
Translation adjustment	-	5,855	5,308	6,455	400	-	18,018
31 December 2013	26,454	13,139,303	9,352,096	5,335,612	542,538	-	28,396,003
Increase from acquisitions	10,937	682,742	424,892	199,840	20,615	-	1,339,026
Depreciation for the year	3,769	1,385,709	1,370,139	677,122	73,362	-	3,510,101
Transfer in / (Transfer out)	-	(903)	71,368	(70,910)	-	-	(445)
Disposals/Written-off	-	(35,393)	(180,448)	(69,761)	(35,796)	-	(321,398)
Translation adjustment	-	579	163	439	24	-	1,205
31 December 2014	41,160	15,172,037	11,038,210	6,072,342	600,743	-	32,924,492

(Unit: Thousand Baht)

Consolidate financial statements (continued)

Consolidated financial statements (continued)							
	Assets which are stated at cost or reappraised value	Assets which are stated at cost					
		Building and improvement	Medical tools, machine and equipment	Structure equipment, furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	Total
<u>Allowance for impairment of fixed assets</u>							
31 December 2012	4,869	-	-	-	-	-	4,869
Impairment loss	-	18,890	-	-	-	-	18,890
31 December 2013	4,869	18,890	-	-	-	-	23,759
Increase from acquisition	-	11,777	-	-	-	-	11,777
Impairment loss	-	79,306	12,811	1,373	1,471	-	94,961
31 December 2014	4,869	109,973	12,811	1,373	1,471	-	130,497
<u>Net book value</u>							
31 December 2013	11,781,769	15,522,155	5,653,364	2,515,004	228,334	3,174,355	38,874,981
31 December 2014	14,263,030	18,614,213	6,754,831	4,270,443	221,583	2,377,743	46,501,843
Depreciation charged included in income statement for the year							
2013 (Baht 2,445 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							3,083,605
2014 (Bah 2,804 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							3,510,101

(Unit: Thousand Baht)

Separate financial statements							
Assets which are stated at cost or reappraised value	Assets which are stated at cost						
	Land and land improvement	Building and building improvement	Medical tools, machine and equipment	Structure equipment, furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	Total
Cost/reappraised value							
31 December 2012	1,863,384	4,674,036	3,389,456	1,649,713	173,041	365,735	12,115,365
Purchases	109,499	236,264	367,818	200,825	25,133	358,356	1,297,895
Transfer in / (Transfer out)	(56,022)	217,661	218	67,070	-	(311,980)	(83,053)
Disposals/Written-off	(101,761)	(6,613)	(6,541)	(9,286)	(8,035)	(8)	(132,244)
31 December 2013	1,815,100	5,121,348	3,750,951	1,908,322	190,139	412,103	13,197,963
Purchases	68,337	270,841	409,454	270,838	25,513	75,865	1,120,848
Transfer in / (Transfer out)	2,196	257,075	10,437	76,482	1,898	(364,848)	(16,760)
Disposals/Written-off	-	(1,635)	(29,625)	(10,570)	(12,274)	(40)	(54,144)
31 December 2014	1,885,633	5,647,629	4,141,217	2,245,072	205,276	123,080	14,247,907
Accumulated depreciation							
31 December 2012	-	2,117,101	2,201,999	1,224,092	124,096	-	5,667,288
Depreciation for the year	21	197,828	320,413	93,426	14,498	-	626,186
Transfer in / (Transfer out)	-	(84)	2	56	-	-	(26)
Disposals/Written-off	-	(6,613)	(6,540)	(8,865)	(8,034)	-	(30,052)
31 December 2013	21	2,308,232	2,515,874	1,308,709	130,560	-	6,263,396
Depreciation for the year	265	239,264	267,877	115,429	19,542	-	642,377
Transfer in / (Transfer out)	-	(883)	-	439	-	-	(444)
Disposals/Written-off	-	(317)	(21,622)	(9,999)	(12,274)	-	(44,212)
31 December 2014	286	2,546,296	2,762,129	1,414,578	137,828	-	6,861,117
Net book value							
31 December 2013	1,815,079	2,813,116	1,235,077	599,613	59,579	412,103	6,934,567
31 December 2014	1,885,347	3,101,333	1,379,088	830,494	67,448	123,080	7,386,790

Depreciation charged included in income statement for the year

2013 (Baht 544 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)	626,186
2014 (Baht 551 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)	642,377

In 2014, four subsidiary companies have recorded appraisal result which engaged an independent appraiser to appraise all of their land using the market approach. The fair values of the revalued land in consolidated financial statements amount of Baht 3,683 million which increased from the book values of Baht 703 Million (net of deferred tax liabilities of Baht 176 million). The subsidiaries recorded the increase amount as “Revaluation surplus on land” in the statements of comprehensive income.

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

If the Company and its subsidiaries recorded land at cost, net book value as at 31 December 2014 and 2013 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value (at cost):		
As of 31 December 2014	9,857,172	1,351,476
As of 31 December 2013	8,484,067	1,286,375

As at 31 December 2014, the Company and its subsidiaries have medical tools, equipment and vehicles under finance lease agreements with net book values amounting to Baht 115.9 million and Baht 26.6 million in the separate financial statements (2013: Baht 176.7 million and Baht 29.3 million in the separate financial statements).

As at 31 December 2014, the Company and its subsidiaries have certain building improvement, medical tools, equipment and vehicles which have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 15,141.7 million and Baht 4,297.3 million in the separate financial statement (2013: Baht 13,592.7 million and Baht 3,579.5 million in the separate financial statements).

17. Land not used in operations

Land not used in operations as at 31 December 2014 and 2013 consisted of:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<u>Land at historical cost</u>				
Balance brought forward	347,752	368,174	347,425	367,847
Transfer from property, premises and equipment	-	18,040	-	18,040
Disposal	(227,527)	-	(227,527)	(38,462)
Transfer to property, premises and equipment	-	(38,462)	-	-
Balance carry forward	120,225	347,752	119,898	347,425
<u>Revaluation surplus</u>				
Balance brought forward	254,975	265,668	254,975	265,668
Transfer from property, premises and equipment	-	37,982	-	37,982
Reversal revaluation surplus	(77,173)	(38,123)	(77,173)	(48,675)
Transfer to property, premises and equipment	-	(10,552)	-	-
Balance carry forward	177,802	254,975	177,802	254,975
<u>Allowance for impairment</u>	(719)	(719)	(719)	(719)
Total	297,308	602,008	296,981	601,681

The cumulative capitalised interest on loans recorded as a portion of cost of land not used in operations amounted to approximately Baht 29 million (2013: Baht 29 million).

18. Intangible assets

Intangible assets, as at 31 December 2014 and 2013, which are computer software and trademark, are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
As at 31 December 2012	1,193,388	283,485
Increase from acquisitions	8,883	-
Purchases	207,293	137,848
Transfer in	5,869	40
Disposals/written-off	(702)	(29)
Translation adjustment	144	-
As at 31 December 2013	1,414,875	421,344
Increase from acquisitions	194,536	-
Purchases	186,541	72,158
Transfer in	12,855	13,593
Disposals/written-off	(23,007)	(17,035)
Translation adjustment	(2,167)	-
As at 31 December 2014	1,783,633	490,060
Accumulated amortisation		
As at 31 December 2012	624,668	99,214
Increase from acquisitions	6,659	-
Amortisation for the year	128,880	30,607
Transfer in	18	-
Disposals/written-off	(352)	-
Translation adjustment	82	-
As at 31 December 2013	759,955	129,821
Increase from acquisitions	8,449	-
Amortisation for the year	158,493	49,749
Transfer in	328	-
Disposals/written-off	(3,558)	-
Translation adjustment	(1,401)	-
As at 31 December 2014	922,266	179,570
Net book value		
As at 31 December 2013	654,920	291,523
As at 31 December 2014	861,367	310,490

19. Leasehold rights

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cost	1,211,920	1,182,283	444,881	444,881
Less: Accumulated amortisation	<u>(243,313)</u>	<u>(214,332)</u>	<u>(65,319)</u>	<u>(48,422)</u>
Book value - net	<u>968,607</u>	<u>967,951</u>	<u>379,562</u>	<u>396,459</u>
Amortisation for the year	<u>36,208</u>	<u>31,762</u>	<u>16,897</u>	<u>14,729</u>

A reconciliation of the net book value of leasehold rights for the years 2014 and 2013 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net book value at beginning of year	967,951	552,715	396,459	99,317
Increase from acquisition	29,813	-	-	-
Purchases	19,453	426,711	-	311,871
Less: amortisation	<u>(36,208)</u>	<u>(31,762)</u>	<u>(16,897)</u>	<u>(14,729)</u>
Translation adjustment	<u>(12,402)</u>	<u>20,287</u>	<u>-</u>	<u>-</u>
Net book value at end of year	<u>968,607</u>	<u>967,951</u>	<u>379,562</u>	<u>396,459</u>

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

As at 31 December 2014, the Company and its subsidiaries have bank overdraft facilities with banks of Baht 1,193 million and USD 1 million (2013: Baht 1,219 million and USD 1 million) and in separate financial statements of Baht 860 million (2013: Baht 850 million). The facilities carry interest rate at MOR for Baht currency facilities and LIBOR plus fixed rate for US currency facilities.

21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables - related parties	36,796	38,077	138,389	122,437
Trade payables - unrelated parties	2,853,990	2,344,505	358,912	339,963
Other payables - related parties	5,759	11,200	51,648	92,023
Other payables - unrelated parties	947,090	1,076,616	305,695	337,323
Accounts payable - construction and retention	564,598	550,299	73,114	95,157
Total trade and other payables	<u>4,408,233</u>	<u>4,020,697</u>	<u>927,758</u>	<u>986,903</u>

22. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2014	8,563,524	8,254,981
Increase from acquisition	201,283	-
Increase	3,644,511	3,644,511
Less: Repayment during the year	(1,523,186)	(1,072,638)
Unrealised loss on foreign exchange	17,753	17,753
Translation adjustment	86	-
Balance as at 31 December 2014	10,903,971	10,844,607
Less: Current portion of long-term loans from financial institutions	<u>(1,562,368)</u>	<u>(1,537,681)</u>
Long-term loans from financial institutions - net of current portion	<u>9,341,603</u>	<u>9,306,926</u>

The Company

- a) In 2008, the Company entered into a 10-year loan agreement with a bank granting the credit facilities of Baht 3,438 million. The loan carries interest at the Fixed Deposit Rate plus fixed rate per annum as stipulated in the agreement with interest and principal payable on a monthly basis. This loan agreement includes a condition that the Company and its subsidiaries may not mortgage any assets and also certain covenants which the Company and its subsidiaries must comply. The outstanding balance of this loan as at 31 December 2014 was Baht 1,088.7 million (2013: Baht 1,432.5 million).
- b) In November 2011, the Company entered into a 7 years and 6 months loan agreement with a financial institution granting credit facilities of Baht 3,000 million carrying interest at the rate of six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest is repayable on a monthly basis and the principal is repayable on a quarterly basis according to a condition as stipulated in the agreement. As at 31 December 2014, this loan has outstanding balance of Baht 1,919.0 million (2013: Baht 2,269.0 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 31 December 2014, this loan has outstanding balance of Baht 470.6 million (2013: Baht 525.7 million).
- d) In June 2012, the Company entered into a 7 years and 6 months loan agreement with a financial institution granting credit facilities of Baht 1,766 million carrying interest at the rate of six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest is repayable on a monthly basis and principal is repayable on a quarterly basis according to a condition as stipulated in the agreement. As at 31 December 2014, this loan has outstanding balance of Baht 1,348.0 million (2013: Baht 1,527.8 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 31 December 2014, this loan has outstanding balance of Baht 2,500.0 million (2013: Baht 2,500 million).

- f) In February 2014, the Company entered into a 7-year loan agreement with a financial institution granting credit facilities of USD 20 million carrying interest at the rate of LIBOR plus fixed rates for the first year and at the fixed rates per annum as stipulated in the agreement. The interest is repayable on a quarterly basis and the principal is repayable on a semi-annually basis according to a condition as stipulated in the agreement. As at 31 December 2014, this loan has outstanding balance of USD 20.0 million or equivalent to Baht 662.3 million.
- g) In April 2014, the Company entered into a 5-year loan agreement with a financial institution granting credit facilities of Baht 1,000 million carrying interest at the rate of three-month BIBOR plus fixed rates per annum as stipulated in the agreement. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. As at 31 December 2014, this loan has outstanding balance of Baht 1,000 million.
- h) In May 2013, the Company entered into a 7-year loan agreement with a financial institution granting credit facilities of Baht 2,000 million. In the second quarter of 2014, the Company drawn down the loan totaling Baht 2,000 million. The loan carries interest at the rate of six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest is repayable on a monthly basis and principal is repayable on a semi-annually basis according to a condition as stipulated in the agreement. As at 31 December 2014, this loan has outstanding balance of Baht 1,856.0 million.

The subsidiaries

- a) In 2007 and 2008, Angkor Pisith Co., Ltd., a subsidiary company, entered into a 7 years and 10 months loan agreement with a foreign financial institution granting credit facilities of USD 4 million. The loan bears interest at the rate of LIBOR plus a fixed rate per annum. The interest is repayable on a monthly basis and the principal is repayable on a quarterly basis according to a condition as stipulated in the agreement. This loan is guaranteed by the Company. As at 31 December 2014, this loan has outstanding balance of USD 1.7 million or equivalent to Baht 57.1 million. (2013: USD 2.4 million or equivalent to Baht 79.1 million).
- b) In 2008, Bangkok Ratchasima Hospital Co., Ltd., a subsidiary company, entered into a 7 - year loan agreement with a financial institution. The credit facilities were Baht 20 million. The loan bears interest at fixed rate per annum. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. As at 31 December 2014, this loan has outstanding balance of Baht 2.3 million (2013: Baht 5.6 million).
- c) In 2009, Sriracha Nakorn General Hospital Public Company Limited, a subsidiary company of a subsidiary company, entered into a 9-year loan agreement with a financial institution to obtain loan of Baht 410 million. This loan consequently amended to bear interest at a six-month Fixed Deposit Rate plus fixed rate per annum, with the specified repayments of principal and interest as stipulated in the agreement. As at 31 December 2013, the subsidiary company has outstanding balance of Baht 223.8 million. During the year, the subsidiary company has fully paid the loan amount.

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

23. Liabilities under finance lease agreements

As at 31 December 2014 and 2013, liabilities under finance lease agreements are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2014	2013	2014	2013
Liabilities under finance lease agreements	169,770	168,623	27,412	31,275
Less: Deferred interest expenses	(9,029)	(9,199)	(1,290)	(1,798)
Total	160,741	159,424	26,122	29,477
Less: Current portion of liabilities under finance lease agreements	(59,338)	(84,092)	(10,718)	(11,109)
Liabilities under finance lease agreements - net of current portion	<u>101,403</u>	<u>75,332</u>	<u>15,404</u>	<u>18,368</u>

As at 31 December 2014 and 2013, the Company and its subsidiaries have future minimum lease payments which required under the finance lease agreements as follows:

	(Unit: Thousand Baht)		
	As at 31 December 2014		
	Consolidated financial statements		
	Less than 1 year	1-5 years	Total
Future minimum finance lease payments	63,849	105,921	169,770
Deferred interest expenses	(4,511)	(4,518)	(9,029)
Present value of future minimum finance lease payments	<u>59,338</u>	<u>101,403</u>	<u>160,741</u>

	(Unit: Thousand Baht)		
	As at 31 December 2013		
	Consolidated financial statements		
	Less than 1 year	1-5 years	Total
Future minimum finance lease payments	89,376	79,247	168,623
Deferred interest expenses	(5,284)	(3,915)	(9,199)
Present value of future minimum finance lease payments	<u>84,092</u>	<u>75,332</u>	<u>159,424</u>

	(Unit: Thousand Baht)		
	As at 31 December 2014		
	Separate financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	11,480	15,932	27,412
Deferred interest expenses	(762)	(528)	(1,290)
Present value of future minimum finance lease payments	<u>10,718</u>	<u>15,404</u>	<u>26,122</u>

	(Unit: Thousand Baht)		
	As at 31 December 2013		
	Separate financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	12,017	19,258	31,275
Deferred interest expenses	(908)	(890)	(1,798)
Present value of future minimum finance lease payments	<u>11,109</u>	<u>18,368</u>	<u>29,477</u>

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.

24. Debentures

Movements of debentures net from debenture expenses and amortisation of expenses during the years ended 31 December 2014 and 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated /Separate	
	financial statements	
	<u>2014</u>	<u>2013</u>
Balance as at beginning of year	14,059,235	9,063,854
Debentures issued during the year	-	7,000,000
Redemption of debentures during the year	(2,970,000)	(2,000,000)
Debenture expenses	-	(8,378)
Amortisation of debenture expenses	<u>2,752</u>	<u>3,759</u>
Balance as at end of year	11,091,987	14,059,235
Less: Current portion of debentures	<u>(2,499,843)</u>	<u>(2,969,455)</u>
Debentures - net of current portion	<u>8,592,144</u>	<u>11,089,780</u>

On 6 March 2008, the Company had issued unsecured, named registered and unsubordinated debentures without a debentureholders' representative for the total number of 5,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 5,000 million. These debentures are divided into two tranches: the 3-year debentures for the amount of Baht 3,000 million at the coupon rate of 4.11% per annum and the 5-year debentures for the amount of Baht 2,000 million at the coupon rate of 4.84% per annum with interest payable every six-month. The Company had redeemed the 3-year debentures for the amount of Baht 3,000 million and the 5-year debentures for the amount of Baht 2,000 million in the first quarter of 2011 and the first quarter 2013, respectively.

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. Up to 31 December 2014, the Company had repurchased such debentures for amount of 30,000 units, totaling Baht 30 million. The Company had redeemed the 5-year debentures for the amount of Baht 1,970 million in the second quarter of 2014.

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

On 29 March 2011, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 1,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 1,000 million. These debentures are 3-year debentures at the coupon rate of 3.78% per annum with interest payable every six-month. The Company had redeemed such debentures in the first quarter of 2014.

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

On 14 March 2013, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 4,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 4,000 million. This debenture is 10-year debentures at the coupon rate of 4.63% per annum with interest payable every six-month. On 4 April 2014 and 15 October 2014, the Company entered into an interest rate swap contract for the above debentures totaling Baht 4,000 million with a financial institution as described in Note 37.2.

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

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

25. 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 as described in Note 27.

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.

26. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees’ retirement, was as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Defined benefit obligation at beginning of year	1,202,044	1,108,656	238,374	212,524
Increase from acquisitions	50,181	25,759	-	-
Current service cost	116,430	127,282	21,557	20,893
Interest cost	46,356	43,174	8,312	8,113
Benefits paid during the year	(60,035)	(44,744)	(22,258)	(3,156)
Actuarial gain	-	(58,083)	-	-
Defined benefit obligation at end of year	<u>1,354,976</u>	<u>1,202,044</u>	<u>245,985</u>	<u>238,374</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current service cost	116,430	127,282	21,557	20,893
Interest cost	46,356	43,174	8,312	8,113
Total expense recognised in profit or loss	<u>162,786</u>	<u>170,456</u>	<u>29,869</u>	<u>29,006</u>
Line items under which such expenses are included in profit or loss				
Cost of hospital operations, sales and services	89,163	91,256	10,905	10,098
Administrative expenses	73,623	79,200	18,964	18,908

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(% per annum)		(% per annum)	
Discount rate	3.7 - 4.1	3.7 - 4.1	4.1	4.1
Future salary increase rate (depending on age of employee)	3.0 - 7.5	3.0 - 7.5	6.0	6.0

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2014 amounted to Baht 76.7 million and the separate financial statements Baht 46.7 million (2013: Baht 76.7 million and the separate financial statements Baht 46.7 million).

Amounts of defined benefit obligation for the current and previous four years are as follows:

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	1,354,976	245,985	-	-
Year 2013	1,202,044	238,374	9,330	-
Year 2012	1,108,656	212,524	68,661	31,203
Year 2011	862,972	148,516	-	-
Year 2010	471,633	132,629	-	-

27. Share capital

On 18 April 2014, the Annual General Meeting of the Company's shareholders has approved the following resolutions;

1. Approved the change in the par value of the Company's ordinary shares from Baht 1 per share to Baht 0.10 per share, resulting in the increase of the number of the Company's ordinary shares from 1,700,004,771 shares to 17,000,047,710 shares. The proportionate shareholdings of existing shareholders will remain unchanged.
2. Approved the reduction of the Company's registered capital in the amount of Baht 150,909,117 from the current registered capital of Baht 1,700,004,771 to the new registered capital of Baht 1,549,095,654 by cancelling its 1,509,091,170 unissued ordinary shares at par value of Baht 0.10 per share.
3. Approved the increase of the Company's registered capital under the General Mandate in the amount of Baht 154,909,564 from the current registered capital of Baht 1,549,095,654 to the new registered capital of Baht 1,704,005,218, by issuing 1,549,095,640 new ordinary shares at par value of Baht 0.10 per share and approved the allocation of the newly issued ordinary shares.

The registration of the change in par value of the Company's ordinary shares and the reduction and the increase of the Company's registered capital was completed in April 2014. As a result, the number of the Company's ordinary shares increased to 17,040,052,180 shares, at par value of Baht 0.10 per share, and the Company has registered capital of Baht 1,704,005,218.

On 5 August 2014, the Extraordinary General Meeting of the Company's shareholders No.1/2014 has approved the following resolutions;

1. Cancellation of the increase in the registered capital of the Company and the allocation of 1,549,095,640 ordinary shares, at a par value of Baht 0.10 per share, under the general mandate as previously approved by the 2014 Annual General Meeting of the Company's shareholders held on 18 April 2014. Reduction of the registered capital of the Company by the amount of Baht 154,909,564 from the existing registered capital of Baht 1,704,005,218 to Baht 1,549,095,654, by cancelling 1,549,095,640 authorised but unissued shares, at a par value of Baht 0.10 per share.

2. Approved the increase in the registered capital of the Company by the amount of Baht 100,691,217.40 from the existing registered capital of Baht 1,549,095,654 to Baht 1,649,786,871.40 by issuing 1,006,912,174 newly issued ordinary shares at a par value of Baht 0.10 per share, divided into (a) newly issued ordinary shares to support the conversion of the convertible debentures in the amount not exceeding 542,183,478 shares and (b) newly issued ordinary shares under the general mandate in the amount not exceeding 464,728,696 shares in which 1) up to 232,364,348 newly issued ordinary shares is to be offered on a public offering basis and 2) up to 232,364,348 newly issued ordinary shares is to be offered on a private placement basis. The allocation of the newly issued ordinary shares pursuant to item 1) or 2) or both shall not, in aggregate, exceed 1.5 percent of the Company's paid-up capital as the date on which the Board of Directors resolved the capital increase, or totaling not exceeding 232,364,348 shares.

The registration of the change in the Company's registered capital was completed in August 2014. As a result, the number of the Company's ordinary shares decreased to 16,497,868,714 shares, at par value of Baht 0.10 per share, and the Company has registered capital of Baht 1,649,786,871.40.

28. Dividend

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend for 2012	Annual General Meeting of the shareholders on 18 April 2013	2,782	1.80
Total 2013 dividend		<u>2,782</u>	<u>1.80</u>

The Company paid such dividend in May 2013.

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend for 2013	Annual General Meeting of the shareholders on 18 April 2014	3,098	2.00
Total 2014 dividend		<u>3,098</u>	<u>2.00</u>

The Company paid such dividend in May 2014.

29. 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.

30. Expenses by nature

Significant expenses by nature for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Employee expenses	12,889.9	11,712.6	2,724.1	2,566.5
Doctor fee	12,136.8	11,109.7	2,625.0	2,502.5
Cost of drugs and supplies	7,827.4	7,168.5	1,707.0	1,621.9
Depreciation and amortisation expenses	3,704.8	3,244.2	709.0	671.5
Advertising and public relation expenses	547.7	866.7	211.3	358.0
Rental expenses	562.0	510.7	110.1	85.1

31. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Current income tax charge	1,680,888	1,384,760	209,184	149,148
Adjustments in respect of current income tax of previous year	(7,795)	2,905	(1,821)	905
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,167)	4,313	8,744	(30,395)
Income tax reported in the income statements	<u>1,670,926</u>	<u>1,391,978</u>	<u>216,107</u>	<u>119,658</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to actuarial gain	-	(12,351)	-	-
Deferred tax relating to loss (gain) on change in value of available-for-sale investments	(72,452)	8,654	(76,374)	8,708
Deferred tax relating to loss (gain) on revaluation of land	(175,874)	7,625	-	9,735
	<u>(248,326)</u>	<u>3,928</u>	<u>(76,374)</u>	<u>18,443</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before tax	<u>9,340,008</u>	<u>7,911,956</u>	<u>3,485,546</u>	<u>3,901,287</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,868,002	1,582,391	697,109	780,257
Adjustments in respect of current income tax of previous year	(7,795)	2,905	(1,821)	905
Effects of:				
Promotional privileges	(84,933)	(55,024)	(37,578)	(26,845)
Dividend income not subject to tax	(21,452)	(7,468)	(475,980)	(647,214)
Tax loss not utilised	88,767	39,549	-	-
Gain on fair value adjustment of investment	-	(29,613)	-	-
Share of income from investment in associated companies	(213,514)	(197,619)	-	-
Non-deductible expenses and others	53,433	66,910	35,818	14,857
Additional expenses deductions allowed	(11,582)	(10,053)	(1,441)	(2,302)
Total	<u>(189,281)</u>	<u>(193,318)</u>	<u>(479,181)</u>	<u>(661,504)</u>
Income tax reported in the income statements	<u>1,670,926</u>	<u>1,391,978</u>	<u>216,107</u>	<u>119,658</u>
Effective income tax rates	<u>17.89%</u>	<u>17.59%</u>	<u>6.20%</u>	<u>3.07%</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Deferred tax assets				
Allowance for doubtful accounts	86,295	86,225	48,424	41,994
Allowance for diminution in value of inventories	335	324	-	91
Allowance for asset impairment	15,425	14,168	30,812	23,019
Accrued expense and other provision	34,093	32,710	12,726	12,025
Provision for long-term employee benefits	270,995	240,409	49,197	47,675
Others	(8,433)	(9,401)	-	-
Total	398,710	364,435	141,159	124,804
Deferred tax liabilities				
Accumulated depreciation - plant and equipment	166,989	130,769	43,837	34,576
Amortisation of expense for debentures, convertible debentures and loan	32,925	2,153	32,925	2,152
Gain on fair value adjustment of investment properties	5,414	4,914	55,467	54,967
Gain (loss) on re-measuring available-for-sale investments	68,768	(7,654)	68,556	(7,818)
Revaluation surplus on land and building	1,968,408	1,627,845	172,324	187,759
Total	2,242,504	1,758,027	373,109	271,636
Deferred tax liabilities - net	1,843,794	1,393,592	231,950	146,832

32. Earnings per share

Basic earnings per share is determined by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares is adjusted in proportion to the change in the number of shares as a result of the change in par value from Baht 1 per share to Baht 0.1 per share as described in Note 27 to the financial statements. The number of ordinary shares is adjusted as if the changes in number of shares and par value had occurred at the beginning of the earliest period reported.

	For the year ended 31 December			
	Consolidated financial		Separate	
	statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit for the year (Baht)	7,393,522,539	6,261,464,863	3,269,439,419	3,781,629,293
Number of ordinary shares after reflecting				
the resulting change in par value (shares)	15,490,956,540	15,463,058,020	15,490,956,540	15,463,058,020
Earnings per share (Baht/share)	0.48	0.40	0.21	0.24

Diluted earnings per share

No disclosure of diluted earnings per share is required for year of 2014 after the issue of convertible debentures (as described in Note 25) since the calculated earnings per share assuming the conversion of all convertible debentures to ordinary shares is antidilutive.

33. 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 had entered into a land rental agreement for a period of 1 year from 1 September 2012 to 31 August 2013. The Company is in the process of renewal the rental agreement for another 1 year.

The Company has entered into a land rental agreement for a period of 30 years from 1 January 2006 to 31 December 2036 and the rental is paid on a monthly basis. The first payment date is 5 January 2006 and rental to be paid at Baht 30,000 per month and from 1 January 2027 onward at Baht 100,000 per month.

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

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

The Company has entered into rental agreements with a company to operate medical clinic in a building for a period of 3 years from 28 September 2013 to 27 September 2016. 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.

The Company has entered into a land and building agreement to operate medical clinic in a building for a period of 3 years from 1 February 2014 to 31 January 2017. The rental fee is Baht 260,000 per month. The Company can renew this agreement every 3 years ended 31 January 2028.

Samitivej Public Company Limited

The subsidiary company has entered into a rental agreement for a parking building dated 10 September 2003, for 30 years, effective from 8 December 2004. The total rental fee is Baht 155.1 million. The subsidiary company is committed to pay Baht 38.8 million as prepaid rental as per the schedule. The remaining rental fee will be paid on a monthly basis. In addition, the subsidiary company has entered into a service agreement with the same company for providing of services in the parking building for 30 years totaling Baht 103.4 million.

The subsidiary company has entered into a rental agreement with a company to operate medical clinic in a building for a period of 5 years from 28 May 2010. The contract period has been extended to 31 August 2016. The subsidiary company has to pay fee at the rate stipulated in the agreement, of monthly gross operating revenue before deducted any expenses or the minimum fee stipulated in agreement whichever is higher.

BNH Medical Center Co., Ltd.

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

Paolo Medic Co., Ltd.

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

Phyathai 1 Hospital Co., Ltd.

The subsidiary company entered into a land rental agreement with a state enterprise for a period of 3 years expiring in the year 2013 and made an additional memorandum of renewal the land rental agreement for another 3 years expiring in the year 2016. The subsidiary company will pay rental fee as stipulated in the memorandum.

Sriracha Nakorn General Hospital Public Co., Ltd.

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

34. Commitments and contingent liabilities

As at 31 December 2014 and 2013, commitments and contingent liabilities are as follows:

(Unit: Million Baht)

	As at 31 December 2014					
	Consolidated financial			Separate financial		
	statements			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 33)	143	318	1,108	40	106	385
- the office equipment rental and other services	271	74	-	181	1	-
- the medical equipment provision and maintenance contracts	279	114	-	114	-	-
- the building construction and decoration contracts	1,382	22	-	112	-	-
- the sale and purchase contract for land	58	-	-	-	-	-
Total	<u>2,133</u>	<u>528</u>	<u>1,108</u>	<u>447</u>	<u>107</u>	<u>385</u>

(Unit: Million Baht)

	As at 31 December 2013					
	Consolidated financial			Separate financial		
	statements			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 33)	157	350	1,184	29	115	529
- the office equipment rental and other services	320	127	-	20	3	-
- the medical equipment provision and maintenance contracts	112	104	-	-	-	-
- the building construction and decoration contracts	1,471	-	-	369	-	-
Total	<u>2,060</u>	<u>581</u>	<u>1,184</u>	<u>418</u>	<u>118</u>	<u>529</u>

Contingent liabilities

As at 31 December 2014, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 291 million (2013: Baht 263 million) and the Company's was Baht 36 million (2013: Baht 33 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.

35. Segment information

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

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

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

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

For the years 2014 and 2013, the Company and its subsidiaries has no major customer with revenue of 10 percent or more of its revenues.

36. Promotional privileges

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

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

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

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

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

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

- Exemption of import duty on machinery as approved by the board.
- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 5 years commencing from the date that revenues are first derived from the promoted operation.

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

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

The Medicpharma Co., Ltd.

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

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

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

Revenues of the Company and its subsidiaries for the years 2014 and 2013 can be separated between the promoted and non-promoted operation as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operation		Non-promoted operation		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue from hospital operations	588,611	462,495	53,752,739	48,707,386	54,341,350	49,169,881
Other income	1,143,953	823,940	1,489,263	1,412,703	2,633,216	2,236,643
Total revenues	<u>1,732,564</u>	<u>1,286,435</u>	<u>55,242,002</u>	<u>50,120,089</u>	<u>56,974,566</u>	<u>51,406,524</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operation		Non-promoted operation		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue from hospital operations	588,611	462,495	11,164,738	10,469,054	11,753,349	10,931,549
Other income	-	-	3,540,803	4,311,594	3,540,803	4,311,594
Total revenues	<u>588,611</u>	<u>462,495</u>	<u>14,705,541</u>	<u>14,780,648</u>	<u>15,294,152</u>	<u>15,243,143</u>

37. Financial instruments

The Company and its subsidiaries' financial instruments, which are defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise the financial assets and liabilities mentioned in Note 4.21 to financial statements. The Company and its subsidiaries have the financial risks associated with these financial instruments and how they are managed is described below.

37.1 Financial risk management

The Company and its subsidiaries are exposed to risk arising from changes in market interest rates and foreign currency exchange rates, and from nonperformance of contractual obligation by counterparties in the future. The subsidiaries do not use derivative instruments, while the Company uses derivative instruments as and when they consider appropriate, to manage such risks. Neither the Company nor subsidiaries hold or issue derivative financial instruments for speculative or trading purposes.

37.2 Interest rate risk

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

Interest rate swap contract

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

On 4 April 2014, the Company entered into a nine-year interest rate swap contract with a financial institution by converting the interest rate of fixed rate per annum to fixed rate for the first 4 years and floating rate based on Fixed Deposit Rate plus fixed rate per annum for the last 5 years on the debentures balance as described in Note 24. 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.

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	
	2014	2013	2014	2013
Fair value of interest rate swap contract - asset	70.6	-	70.6	-

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

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

(Unit: Million Baht)

As at 31 December 2014						
Consolidated financial statements						
Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total
Financial Assets						
- Cash and cash equivalent	23	-	-	3,549	22	3,594
- Short-term investments	295	-	-	-	1,583	1,878
- Trade and other accounts receivable	-	-	-	-	5,819	5,819
- Restricted financial institution deposit	25	-	-	5	-	30
- Investments	-	-	-	-	15,232	15,232
	343	-	-	3,554	22,656	26,553
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	22	-	22
- Trade and other payables	-	-	-	-	4,408	4,408
- Short-term loans	89	-	-	-	-	89
- Long-term loans	2	2,500	-	8,402	-	10,904
- Liabilities under finance lease agreements	59	101	-	-	-	160
- Debentures	2,500	999	7,593	-	-	11,092
- Convertible debentures	-	9,346	-	-	-	9,346
	2,650	12,946	7,593	8,424	4,408	36,021

(Unit: Million Baht)

As at 31 December 2013						
Consolidated financial statements						
Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total
Financial Assets						
- Cash and cash equivalent	389	-	-	3,651	21	4,061
- Short-term investments	120	-	-	-	-	120
- Trade and other accounts receivable	-	-	-	-	4,925	4,925
- Long-term deposit at financial institutions	-	10	-	-	-	10
- Restricted financial institution deposit	19	-	-	2	-	21
- Investments	-	-	-	-	13,593	13,593
	528	10	-	3,653	18,539	22,730
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	19	-	19
- Trade and other payables	-	-	-	-	4,021	4,021
- Long-term loans	3	2,503	-	6,058	-	8,564
- Liabilities under finance lease agreements	84	75	-	-	-	159
- Debentures	2,969	3,499	7,591	-	-	14,059
	3,056	6,077	7,591	6,077	4,021	26,822

(Unit: Million Baht)

As at 31 December 2014

Separate financial statements

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
- Cash and cash equivalent	-	-	-	1,859	4	1,863
- Short-term investments	1,583	-	-	-	-	1,583
- Trade and other receivables	-	-	-	-	1,052	1,052
- Short-term loans to related parties	-	-	-	1,756	-	1,756
- Restricted financial institution deposit	14	-	-	-	-	14
- Long-term loans to related parties	-	-	-	5,341	-	5,341
- Investments	-	-	-	-	46,250	46,250
	<u>1,597</u>	<u>-</u>	<u>-</u>	<u>8,956</u>	<u>47,306</u>	<u>57,859</u>
Financial liabilities						
- Trade and other payables	-	-	-	-	928	928
- Short-term loans from related parties	-	-	-	4,703	-	4,703
- Long-term loans	-	2,500	-	8,345	-	10,845
- Liabilities under finance lease agreements	11	15	-	-	-	26
- Debentures	2,500	999	7,593	-	-	11,092
- Convertible debentures	-	9,346	-	-	-	9,346
	<u>2,511</u>	<u>12,860</u>	<u>7,593</u>	<u>13,048</u>	<u>928</u>	<u>36,940</u>

(Unit: Million Baht)

As at 31 December 2013

Separate financial statements

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
- Cash and cash equivalent	200	-	-	1,554	2	1,756
- Trade and other receivables	-	-	-	-	885	885
- Short-term loans to related parties	-	-	-	913	-	913
- Restricted financial institution deposit	14	-	-	-	-	14
- Long-term loans to related parties	-	-	-	5,733	-	5,733
- Investments	-	-	-	-	36,848	36,848
	<u>214</u>	<u>-</u>	<u>-</u>	<u>8,200</u>	<u>37,735</u>	<u>46,149</u>
Financial liabilities						
- Trade and other payables	-	-	-	-	987	987
- Short-term loans from related parties	-	-	-	2,926	-	2,926
- Long-term loans	-	2,500	-	5,755	-	8,255
- Liabilities under finance lease agreements	11	18	-	-	-	29
- Debentures	2,969	3,499	7,591	-	-	14,059
	<u>2,980</u>	<u>6,017</u>	<u>7,591</u>	<u>8,681</u>	<u>987</u>	<u>26,256</u>

37.3 Foreign currency risk

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

Forward exchange contract

As at 31 December 2014 and 2013, a subsidiary company has the outstanding balance of forward exchange contracts were as follows:

Balance as at	Foreign currency	Amount sold	Contractual exchange rate for amount sold (Baht per foreign currency unit)
31 December 2014	US Dollar	969,981	32.60 - 33.24
31 December 2013	US Dollar	1,889,271	31.25 - 33.01

Net fair value

The net fair value of forward exchange contracts at the statements of financial position date was:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Fair value of forward exchange contract (liabilities)	(229.1)	(1,345.7)	-	-

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.

37.4 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, bill of exchange and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses.

In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

37.5 Fair values of financial instruments

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

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

38. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support its business and maximise shareholders value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.9:1.0 (2013: 0.8:1.0) and the Company's was 1.4:1.0 (2013: 1.0:1.0).

39. Subsequent events after reporting date

On 9 February 2015, Royal Bangkok Healthcare Co., Ltd., a subsidiary company in which the Company has a 100% shareholding, invested in General Hospital Products Public Company Limited, purchasing 1,201,686 shares from minority shareholders, representing 20.03% of the paid up capital. The value of the investment is Baht 96,134,880.

40. Approval of financial statements

These financial statements have been authorised for issue by the Company's Board of Directors on 26 February 2015.