

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006

Report of Independent Auditor

To the Shareholders of Bumrungrad Hospital Public Company Limited

I have audited the accompanying consolidated balance sheets of Bumrungrad Hospital Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Bumrungrad Hospital Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of Bumrungrad International Ltd., a local associated company. These consolidated financial statements include investment in the associated company under the equity method, amounting to Baht 1,090.6 million, constitute 14.6% of the consolidated total assets as at 31 December 2007, and share of the profit from investment in the associated company, amounting to Baht 25.6 million, constitute 0.3% of the consolidated total revenues for the year then ended. The financial statements of the associated company were audited by other auditor, whose report has been furnished to me, and my opinion, in so far as it relates to the amounts included for the associated company in the consolidated financial statements, is based solely on the report of other auditor.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits and the report of other auditor, as referred to in the first paragraph, provide a reasonable basis for my opinion.

In my opinion, based on my audits and the report of other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Bumrungrad Hospital Public Company Limited and its subsidiaries and of Bumrungrad Hospital Public Company Limited as at 31 December 2007 and 2006, and the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, effective 1 January 2007, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method. The Company has thus restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change.

Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited

Bangkok: 27 February 2008

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
ASSETS					
Current assets					
Cash and cash equivalents		549,863,854	853,860,177	508,939,898	353,636,646
Current investment - fixed deposit at financial institution		-	10,000,000	-	10,000,000
Trade accounts receivable - net	6, 7	596,667,691	525,196,532	594,447,215	468,695,611
Amounts due from related parties	7	7,140,769	6,520,043	7,225,215	17,242,430
Advances to employees and directors		10,337,972	11,300,539	10,329,872	9,563,658
Short-term loans and interest receivable - a related party	7	-	-	10,058,348	18,121,384
Inventories	8	203,483,802	166,413,300	199,829,831	161,111,044
Prepaid expenses		48,036,054	44,390,574	46,088,460	37,078,848
Other current assets		1,382,929	11,372,648	919,161	2,209,237
Total current assets		1,416,913,071	1,629,053,813	1,377,838,000	1,077,658,858
Non-current assets					
Pledged fixed deposits at financial institutions	9	12,146,800	9,605,495	3,792,400	1,251,095
Investments in subsidiaries - net	10	-	-	1,172,512,972	1,772,512,372
Investments in associated companies	11	1,522,607,253	464,948,666	887,703,313	-
Other long-term investments - net	12	2,247,213	2,047,213	2,047,213	2,047,213
Advance for future subscription - net		-	16,370,994	-	-
Property, plant and equipment - net	13	4,144,586,821	3,751,950,703	3,128,389,655	2,680,514,143
Intangible assets - net	14	349,177,979	732,093,327	476,188,623	786,428,585
Other non-current assets		17,845,161	16,823,645	20,845,159	19,823,645
Total non-current assets		6,048,611,227	4,993,840,043	5,691,479,335	5,262,577,053
TOTAL ASSETS		7,465,524,298	6,622,893,856	7,069,317,335	6,340,235,911

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable		621,648,668	551,815,024	619,621,227	547,325,609
Amounts due to a related party	7	-	1,800,000	-	1,800,000
Current portion of long-term loans	15	437,148,619	328,521,802	81,250,000	-
Short-term loans and interest payable - a related party	7	-	-	1,212,236,428	1,465,263,415
Accrued physicians' fees		292,550,253	255,561,894	291,726,160	253,511,894
Interest payable		1,091,635	768,021	400,328	-
Interest payable - convertible bonds treated as equity securities		6,232,877	6,232,877	6,232,877	6,232,877
Corporate income tax payable		197,048,251	196,122,348	196,325,517	196,122,348
Accrued expenses		155,050,856	137,849,661	154,270,167	126,178,348
Accounts payable - others	7	29,372,607	27,802,694	29,298,631	27,576,890
Unearned income	7	524,531	25,391,445	-	-
Other current liabilities		40,532,554	40,031,930	40,259,870	38,130,678
Total current liabilities		1,781,200,851	1,571,897,696	2,631,621,205	2,662,142,059
Non-current liabilities					
Long-term loans	15	1,335,300,872	1,422,449,491	568,750,000	300,000,000
Total non-current liabilities		1,335,300,872	1,422,449,491	568,750,000	300,000,000
TOTAL LIABILITIES		3,116,501,723	2,994,347,187	3,200,371,205	2,962,142,059

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
Shareholders' equity					
Share capital	17				
Registered					
920,853,235 ordinary shares of Baht 1 each					
(2006: 920,475,835 ordinary shares of Baht 1 each)		920,853,235	920,475,835	920,853,235	920,475,835
1,849,450 preference shares of Baht 1 each					
(2006: 2,226,850 preference shares of Baht 1 each)		1,849,450	2,226,850	1,849,450	2,226,850
Issued and paid-up					
728,202,772 ordinary shares of Baht 1 each					
(2006: 727,825,372 ordinary shares of Baht 1 each)		728,202,772	727,825,372	728,202,772	727,825,372
1,849,450 preference shares of Baht 1 each					
(2006: 2,226,850 preference shares of Baht 1 each)		1,849,450	2,226,850	1,849,450	2,226,850
Premium on ordinary shares		285,568,300	285,568,300	285,568,300	285,568,300
Other paid-in capital of a subsidiary/an associated company		256,548,996	156,134,945	-	-
Translation adjustment		9,985,279	13,045,673	-	-
Convertible bonds treated as equity securities	16	550,000,000	550,000,000	550,000,000	550,000,000
Excess of investment over book value of a subsidiary		-192,661,558	-192,661,558	-	-
Retained earnings					
Appropriated - statutory reserve	18	92,275,000	92,275,000	92,275,000	92,275,000
Unappropriated		2,617,254,336	1,649,836,524	2,211,050,608	1,720,198,330
Total equity attributable to company's shareholders		4,349,022,575	3,284,251,106	3,868,946,130	3,378,093,852
Minority interest - equity attributable to minority shareholders of subsidiaries		-	344,295,563	-	-
Total shareholders' equity		4,349,022,575	3,628,546,669	3,868,946,130	3,378,093,852
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,465,524,298	6,622,893,856	7,069,317,335	6,340,235,911
		0	0	0	0

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

DIRECTORS

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
Revenues					
Revenues from hospital operations	7	8,323,137,073	7,650,579,386	8,247,922,455	7,585,397,295
Revenues from hospital management	7	17,456,184	57,093,812	-	-
Rental income	7	132,305,227	118,423,241	159,555,897	145,367,048
Interest income	7	12,493,388	18,480,051	8,668,544	11,328,721
Gains on exchange rate		29,876,972	15,218,810	32,293,650	21,446,128
Dividend income from an associated company	7, 11.1	-	-	418,430,250	-
Other income	7	43,466,165	27,958,782	57,692,932	63,067,370
Share of income from investments in associated companies	11.1	854,387,550	7,763,568	-	-
Total revenues		9,413,122,559	7,895,517,650	8,924,563,728	7,826,606,562
Expenses					
Cost of hospital operations		5,120,231,716	4,775,141,818	5,090,027,778	4,752,401,403
Depreciation and amortisation	13, 14	407,634,558	342,093,936	369,775,988	300,424,972
Administrative expenses	7	1,355,876,375	1,148,589,490	1,409,294,059	1,195,092,972
Allowance for loss on impairment of assets (reversal)	14	370,232,632	10,426,768	370,232,632	-6,788,266
Total expenses		7,253,975,281	6,276,252,012	7,239,330,457	6,241,131,081
Income before interest expense and income tax		2,159,147,278	1,619,265,638	1,685,233,271	1,585,475,481
Interest expense	7	-110,513,805	-109,946,409	-116,445,159	-120,396,441
Corporate income tax	20	-445,375,457	(432,140,026)	-439,891,445	-426,209,024
Income after corporate income tax		1,603,258,016	1,077,179,203	1,128,896,667	1,038,870,016
Net loss attributable to minority interest		2,204,185	18,522,897	-	-
Net income for the year		1,605,462,201	1,095,702,100	1,128,896,667	1,038,870,016
Basic earnings per share					
	21				
Net income		2.20	1.51	1.55	1.43
Weighted average number of ordinary shares (shares)		728,119,020	727,798,572	728,119,020	727,798,572
Diluted earnings per share					
	21				
Net income		1.85	1.26	1.30	1.20
Weighted average number of ordinary shares (shares)		867,414,859	867,414,859	867,414,859	867,414,859

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
				(Restated)
Cash flows from operating activities				
Net income	1,605,462,201	1,095,702,100	1,128,896,667	1,038,870,016
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	407,634,558	342,093,936	369,775,988	300,424,972
Bad debts and allowance for doubtful accounts	31,082,828	54,482,057	30,342,286	52,550,495
Allowance for loss on impairment of assets (reversal)	370,232,632	10,426,768	370,232,632	(6,788,266)
Loss on disposal of equipment	6,631,038	6,098,983	6,631,038	6,098,983
Income from receipt of securities	(200,000)	-	-	-
Dividend income from an associated company	-	-	(418,430,250)	-
Share of income from investments in associated companies	(854,387,550)	-7,763,568	-	-
Net loss attributable to minority interest	(2,204,185)	(18,522,897)	-	-
Income from operating activities before changes in operating assets and liabilities	1,564,251,522	1,482,517,379	1,487,448,361	1,391,156,200
Decrease (increase) in operating assets				
Trade accounts receivable	(165,307,995)	(240,203,567)	(156,093,890)	(206,594,622)
Amounts due from related parties	76,297	(5,136,279)	10,017,215	(11,379,358)
Inventories	(37,070,502)	(16,517,404)	(38,718,787)	(13,929,135)
Other current assets	(6,646,871)	3,803,550	(7,719,436)	(11,969,411)
Increase (decrease) in operating liabilities				
Trade accounts payable	(94,955,762)	(11,127,448)	(48,003,846)	(13,777,958)
Amounts due to a related party	(1,800,000)	1,800,000	(1,800,000)	1,800,000
Accrued physicians' fees	36,988,359	42,321,180	38,214,266	40,462,522
Interest payable	323,614	182,982	400,328	-
Corporate income tax payable	925,903	(9,500,052)	203,169	(8,421,601)
Accrued expenses	34,545,393	(65,507,398)	28,091,819	(44,836,930)
Accounts payable - others	1,985,353	(43,323,385)	1,721,741	(39,596,491)
Unearned income	6,320,394	(8,739,827)	-	-
Other current liabilities	1,019,011	6,453,371	2,129,192	5,684,780
Net cash from operating activities	1,340,654,716	1,137,023,102	1,315,890,132	1,088,597,996

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
				(Restated)
Cash flows from investing activities				
Decrease in deposits at financial institutions with maturity of more than 3 months and those pledged	7,458,695	210,278,350	7,458,695	209,999,877
Decrease (increase) in advances to employees and directors	938,452	(1,286,520)	(766,214)	(40,216)
Cash receipt from short-term loans and interest receivable - a related party	-	-	8,063,036	24,580,138
Sales (purchase) of investments in associated companies	(287,704,013)	209,354	-287,704,013	209,354
Dividend received from an associated company	418,430,250	-	418,430,250	-
Increase in advance for future subscription	-	-33,586,028	-	-
Acquisition of plant and equipment	(569,699,256)	(689,537,673)	(612,467,920)	(679,259,938)
Proceeds from sales of equipment	4,276,313	9,102,810	4,276,313	9,102,810
Increase in intangible assets and other non-current assets	(159,145,650)	(172,926,881)	(156,805,651)	(172,926,880)
Net cash used in investing activities	<u>(585,445,209)</u>	<u>(677,746,588)</u>	<u>(619,515,504)</u>	<u>(608,334,855)</u>
Cash flows from financing activities				
Capital increase of minority shareholders of a subsidiary	-	452,644,323	-	-
Repayment of short-term loans and interest payable - a related party	-	-	(253,026,987)	(243,973,013)
Cash receipt from long-term loan	350,000,000	300,000,000	350,000,000	300,000,000
Repayment of long-term loan	(328,521,802)	(328,521,802)	-	-
Dividend paid	(620,544,389)	(547,539,167)	(620,544,389)	(547,539,167)
Interest paid for convertible bonds treated as equity securities	(17,500,000)	-17,500,000	-17,500,000	-17,500,000
Net cash used in financing activities	<u>(616,566,191)</u>	<u>(140,916,646)</u>	<u>(541,071,376)</u>	<u>(509,012,180)</u>
Net increase (decrease) in cash and cash equivalents	138,643,316	318,359,868	155,303,252	(28,749,039)
Translation adjustment	(553,904)	(8,005,810)	-	-
Cash and cash equivalents at beginning of year	853,860,177	543,506,119	353,636,646	382,385,685
Less: Cash and cash equivalents of a subsidiary (BIL) as at the date of it changed to an associated company	(442,085,735)	-	-	-
Cash and cash equivalents at end of year	<u>549,863,854</u>	<u>853,860,177</u>	<u>508,939,898</u>	<u>353,636,646</u>
	0	0	0	0
Supplemental cash flows information:				
Cash paid during the year for				
Interest	110,190,191	109,763,427	126,071,817	110,369,454
Corporate income tax	445,646,733	441,640,078	439,726,779	435,396,812

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

Consolidated financial statements											
	Issued and paid-up share capital		Premium on ordinary shares	Other paid-in capital of a subsidiary/an company	Translation adjustment	Convertible bonds treated as equity securities	Excess of investment over book value of a subsidiary	Retained earnings		Minority interest	Total
Note	Ordinary shares	Preference shares						Appropriated - statutory reserve	Unappropriated		
Balance as at 31 December 2005	727,691,372	2,360,850	285,568,300	-	30,828,437	550,000,000	(192,661,558)	92,275,000	1,119,173,591	80,552,974	2,695,788,966
Preference shares converted to ordinary shares	17	134,000	(134,000)	-	-	-	-	-	-	-	-
Capital increase of minority shareholders of a subsidiary		-	-	156,134,945	-	-	-	-	-	285,477,815	441,612,760
Translation adjustment		-	-	-	(17,782,764)	-	-	-	-	(3,212,329)	(20,995,093)
Interest paid for convertible bonds treated as equity securities	16	-	-	-	-	-	-	-	(17,500,000)	-	(17,500,000)
Net income for the year		-	-	-	-	-	-	-	1,095,702,100	-	1,095,702,100
Dividend paid	24	-	-	-	-	-	-	-	(547,539,167)	-	(547,539,167)
Net loss attributable to minority interest		-	-	-	-	-	-	-	-	(18,522,897)	(18,522,897)
Balance as at 31 December 2006	<u>727,825,372</u>	<u>2,226,850</u>	<u>285,568,300</u>	<u>156,134,945</u>	<u>13,045,673</u>	<u>550,000,000</u>	<u>(192,661,558)</u>	<u>92,275,000</u>	<u>1,649,836,524</u>	<u>344,295,563</u>	<u>3,628,546,669</u>
Balance as at 31 December 2006	727,825,372	2,226,850	285,568,300	156,134,945	13,045,673	550,000,000	(192,661,558)	92,275,000	1,649,836,524	344,295,563	3,628,546,669
Preference shares converted to ordinary shares	17	377,400	(377,400)	-	-	-	-	-	-	-	-
Capital increase of shareholders of an associated company		-	-	96,037,589	-	-	-	-	-	-	96,037,589
Minority interest of associated's subsidiary		-	-	4,376,462	-	-	-	-	-	-	4,376,462
Translation adjustment		-	-	-	(3,060,394)	-	-	-	-	(3,218,828)	(6,279,222)
Interest paid for convertible bonds treated as equity securities	16	-	-	-	-	-	-	-	(17,500,000)	-	(17,500,000)
Net income for the year		-	-	-	-	-	-	-	1,605,462,201	-	1,605,462,201
Dividend paid	24	-	-	-	-	-	-	-	(620,544,389)	-	(620,544,389)
Net loss attributable to minority interest		-	-	-	-	-	-	-	-	(2,204,185)	(2,204,185)
Decrease in minority interest from changing in status of a subsidiary to an associated company		-	-	-	-	-	-	-	-	(338,872,550)	(338,872,550)
Balance as at 31 December 2007	<u>728,202,772</u>	<u>1,849,450</u>	<u>285,568,300</u>	<u>256,548,996</u>	<u>9,985,279</u>	<u>550,000,000</u>	<u>(192,661,558)</u>	<u>92,275,000</u>	<u>2,617,254,336</u>	<u>-</u>	<u>4,349,022,575</u>

The accompanying notes are an integral part of the financial statements

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

		Separate financial statements															
		Issued and paid-up share capital		Premium on ordinary shares		Other paid-in capital of a subsidiary		Translation adjustment		Convertible bonds treated as equity securities		Excess of investment over book value of a subsidiary		Retained earnings		Total	
		Ordinary shares	Preference shares	ordinary shares	subsidiary	adjustment	equity securities	a subsidiary	statutory reserve	Unappropriated							
Note											Appropriated -						
	Balance as at 31 December 2005 - as previously reported	727,691,372	2,360,850	285,568,300	-	30,828,437	550,000,000	-192,661,558	92,275,000	1,119,173,591					2,615,235,992		
	Cumulative effect of the change in accounting policy for investments in subsidiaries	-	-	-	-	-30,828,437	-	192,661,558	-	127,193,890					289,027,011		
	Balance as at 31 December 2005 - as restated	727,691,372	2,360,850	285,568,300	-	-	550,000,000	-	92,275,000	1,246,367,481					2,904,263,003		
	Preference shares converted to ordinary shares	134,000	-134,000	-	-	-	-	-	-	-					-		
	Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	-	-	-	-17,500,000				-17,500,000			
	Net income for the year (restated)	-	-	-	-	-	-	-	-	1,038,870,016				1,038,870,016			
	Dividend paid	-	-	-	-	-	-	-	-	-547,539,167				-547,539,167			
	Balance as at 31 December 2006 - as restated	727,825,372	2,226,850	285,568,300	-	-	550,000,000	-	92,275,000	1,720,198,330					3,378,093,852		
	Balance as at 31 December 2006 - as previously reported	727,825,372	2,226,850	285,568,300	156,134,945	13,045,673	550,000,000	-192,661,558	92,275,000	1,649,836,524					3,284,251,106		
	Cumulative effect of the change in accounting policy for investments in subsidiaries	-	-	-	-156,134,945	-13,045,673	-	192,661,558	-	70,361,806					93,842,746		
	Balance as at 31 December 2006 - as restated	727,825,372	2,226,850	285,568,300	-	-	550,000,000	-	92,275,000	1,720,198,330					3,378,093,852		
	Preference shares converted to ordinary shares	377,400	-377,400	-	-	-	-	-	-	-					-		
	Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	-	-	-	-17,500,000				-17,500,000			
	Net income for the year	-	-	-	-	-	-	-	-	1,128,896,667				1,128,896,667			
	Dividend paid	-	-	-	-	-	-	-	-	-620,544,389				-620,544,389			
	Balance as at 31 December 2007	728,202,772	1,849,450	285,568,300	-	-	550,000,000	-	92,275,000	2,211,050,608					3,868,946,130		
		0	0	0	0	0	0	0	0	0				0			

The accompanying notes are an integral part of the financial statements

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

1. GENERAL INFORMATION

1.1 Corporate information

Bumrungrad Hospital Public Company Limited (“the Company”) is registered as a public company incorporated and domiciled in Thailand. The Company is principally engaged in hospital business, investment in other companies and rental of properties service and its registered address is 33 Soi 3 (Nana Nua) Sukhumvit Road, Klongtoey Nua Sub District, Wattana District, Bangkok.

1.2 Investments during the year

- a) On 12 March 2007, the Extraordinary Meeting No. 1/2007 of the Company’s shareholders approved the waiving of future rights to subscribe to a maximum of 3,714,283 new shares at Baht 153.52 per share, totaling Baht 570,216,726, of Bumrungrad International Ltd. (“BIL”) and the allocation of such rights to Asia Financial Holdings Limited (“AFH”), or its wholly-owned subsidiary. As a result, the Company’s shareholding in BIL decreased from 51 percent to 31.5 percent and BIL has not been a subsidiary of the Company since the second quarter of 2007.
- b) On 10 September 2007, the meeting of the Board of Directors of the Company approved the Company’s purchase of 29,995 ordinary shares of CDE Trading Limited (“CDE”) (formerly known as “Global Care Solutions (Thailand) Company Limited”) with a par value of Baht 100 each, representing 30 percent of the issued shares of CDE. As a result, CDE is an associated company of the Company.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

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 Bumrungrad Hospital Public Company Limited, its subsidiaries and jointly controlled entity (applying the proportionate consolidated method) which is jointly controlled by the Company or its subsidiary as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			2007	2006	2007	2006	2007	2006
			Percent	Percent	Percent	Percent	Percent	Percent
<u>Subsidiaries held by the Company</u>								
Bumrungrad Medical Center Ltd. (BMC)	Building lease	Thailand	100	100	14	17	-	-
Bumrungrad International Ltd. (BIL)	Holding company	Thailand	-	51	-	8	-	1
Vitalife Corporation Ltd. (VTL)	Health care center	Thailand	100	100	1	1	1	1
<u>Subsidiaries held by a subsidiary (BIL)</u>								
Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding					
			2007	2006				
			Percent	Percent				
Bumrungrad International Philippines Inc.	Hospital management and investment in Asian Hospital, Inc.	Philippines	-	100.00				
Neptune Stroika Holdings, Inc.	Investment in Asian Hospital, Inc.	Philippines	-	40.00				
Bumrungrad International Holdings (Hong Kong) Limited	Investment in Asia Renal Care Ltd.	Hong Kong	-	100.00				
Bumrungrad International Management (Hong Kong) Limited	Hospital management	Hong Kong	-	100.00				
<u>Jointly controlled entity held by a subsidiary (BIL)</u>								
Bumrungrad Hospital Dubai LLC	Hospital business (not yet commenced operation)	United Arab Emirates	-	49.00				

- b) The financial statements of the subsidiaries incorporated overseas are translated into Thai Baht at the average closing exchange rate for assets and liabilities, and at the monthly average exchange rate applying during the year for revenues and expenses. The resultant differences have been shown under the caption of “Translation adjustment” in shareholders’ equity.
- c) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- d) Investments in the subsidiaries as recorded in the Company’s books of account are eliminated against the equity of the subsidiaries. The resultant differences are amortised over a period of 10 years commencing as from the date of acquisition of the investment.
- e) The status of Bumrungrad International Ltd. (“BIL”) changed from a subsidiary to an associated company from 1 April 2007, as a result of the Company’s shareholding in BIL decreasing from 51 percent to 31.5 percent, since the Company waived its rights to subscribe to the new ordinary shares of BIL.
- f) In September 2006, a subsidiary (Bumrungrad International Ltd.) invested in Bumrungrad Hospital Dubai LLC (BHD), a newly established company incorporated in United Arab Emirates, in which it holds 49 percent of equity.

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

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

a) Accounting Standards which are effective for the current year

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries, in the separate financial statements in order to comply with the revised Accounting Standard No. 44 as discussed in Note 4 to the financial statements.

b) Accounting Standards which are not effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied, except for the following accounting standard.

TAS 43 (revised 2007) “Business Combinations”

TAS 43 (revised 2007) does not require the Company to amortise goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. This accounting standard applies to goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment, as from the beginning of the first fiscal year starting on or after 1 January 2008.

4. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARIES IN THE SEPARATE FINANCIAL STATEMENTS

During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the years ended 31 December 2007 and 2006 by Baht 477 million (Baht 0.65 per share) and Baht 57 million (Baht 0.08 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries” in the separate statements of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investments in subsidiaries in the Company’s separate financial statements, with no effect to the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenue and expense recognition

- a) 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.
- b) Consulting and management fee income are recognised when service have been rendered taking into account the stated of completion.
- c) Rental income and related service income are recognised on an accrual basis in accordance with a period as stipulated in an agreement.
- d) Interest income and expenses are recognised on an accrual basis.
- e) Dividends are recognised when the right to received the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

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 debtor aging.

5.4 Inventories

Inventories are valued at the lower of cost (weighted average basis) and net realisable value.

5.5 Investments

- a) 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).
- b) Investment in jointly controlled entity and associated companies are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiary and associated companies are accounted for in the separate financial statements using the cost method.

5.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Leasehold right	-	lease period (30 years)
Land improvement	-	3 years and 30 years
Buildings and construction	-	8 - 30 years
Facility systems	-	5 - 20 years
Medical accessory equipment	-	5 - 15 years
Hospital equipment	-	3 - 15 years
Equipment and furniture	-	5 - 15 years
Motor vehicles	-	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress and under installation.

5.7 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows:

Computer software	-	5 years and 10 years
Goodwill on purchase of business	-	10 years
Other intangible asset	-	10 years

The amortisation is included in determining income.

5.8 Related party transactions

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

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

5.9 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

5.10 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset of the Company and its subsidiaries may be impaired. If any such indication exists, the Company and its subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

5.11 Employee benefits

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

5.12 Provisions

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

5.13 Income tax

Income tax of the Company and its subsidiaries in Thailand is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

Overseas subsidiaries calculate corporate income tax in accordance with tax rates regulated in tax laws of those countries.

5.14 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts receivable as at 31 December 2007 and 2006 are aged, based on due date, as follows:

(Unit: Baht)

<u>Age of receivables</u>	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Not yet due	238,286,240	269,103,295	237,733,792	232,975,428
Past due				
1 - 30 days	110,174,464	98,189,592	109,797,275	97,876,579
31 - 60 days	52,175,107	50,190,426	52,015,929	49,951,413
61 - 90 days	48,448,335	34,091,683	48,083,562	33,766,064
91 - 180 days	72,415,810	40,457,551	71,799,674	37,451,898
181 - 365 days	73,276,794	21,432,824	72,534,450	20,331,900
More than 365 days	56,895,538	39,555,519	56,120,157	20,746,572
Total	651,672,288	553,020,890	648,084,839	493,099,854
Less: Allowance for doubtful accounts	(55,004,597)	(27,824,358)	(53,637,624)	(24,404,243)
Trade accounts receivable - net	596,667,691	525,196,532	594,447,215	468,695,611

7. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Rental income	-	-	27.3	26.9	As per contracts 7.1)
Interest income	1.2	4.6	1.0	2.1	MLR p.a. (2006: 10% p.a., MLR less 0.5% to MLR plus 0.25% p.a.)
Medical service income	-	-	14.7	17.0	Cost plus margin
Consulting fee income	0.4	11.9	15.5	36.9	As per contract 7.10), Actual charge
Rental expense	-	-	86.0	84.0	As per contract 7.2)
Interest expense	-	-	84.6	116.0	MLR less 1.00% p.a. (2006: MLR less 0.45% to MLR p.a.)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2007	2006	2007	2006	
<u>Transactions with associated companies</u>					
Rental income	0.8	-	0.8	-	As per contract 7.3), Actual paid
System implementation income	-	5.4	-	-	As per contract 7.6)
Software license fee income	1.9	7.7	-	-	As per contract 7.7)
Management fee income	12.7	40.6	-	-	As per contract 7.8)
Consulting fee income	13.0	-	13.0	-	As per contract 7.10), Actual paid
Dividend income	-	-	418.4	-	As declared
Software maintenance expense	18.7	-	18.7	-	As per contracts 7.9)
Purchase of computer software	139.1	-	139.1	-	As per contracts 7.5)
<u>Transactions with jointly controlled entity</u>					
(eliminated from the consolidated financial statements)					
Consulting fee income	0.3	2.8	-	-	Cost
<u>Transactions with related companies</u>					
Medical service income	31.7	85.4	31.7	85.4	Cost plus margin
Rental income	1.0	1.3	1.0	1.3	As per contract 7.3)
Software maintenance expense	56.2	74.9	56.2	74.9	As per contracts 7.9)
Other income	2.3	0.9	2.3	0.9	Cost
Rental expense	35.7	31.5	35.7	31.5	As per contract 7.4)
Donation expense	7.8	7.2	7.8	7.2	-
Consulting fee expense	5.3	9.3	5.3	4.0	As per contracts
Purchase of computer software	-	139.1	-	139.1	As per contracts 7.5)
System implementation expense	1.8	3.5	-	-	As per contracts 7.11) (2006: As per contract 7.6))
Insurance expense	20.2	18.5	20.1	18.5	As per insurance policies
System implementation income	2.2	-	-	-	As per contracts 7.11)

7.1) A subsidiary (Bumrungrad Medical Center Ltd.) has leased a plot of land from the Company for its hospital operations. The lease agreements cover a period of 30 years, commencing from the year 1996. The rental fees are Baht 22 million per annum.

Another subsidiary (Vitallife Corporation Ltd.) has leased building spaces from the Company for use in its operations. The lease agreement covers a period of 11 years, commencing from the year 2001, and rental fees are Baht 3 million per annum. On 1 July 2004, the Company and the subsidiary made an addendum to lease agreement. The subsidiary has to pay rental fee equal to 5% of gross revenue inclusive of value added tax, but not less than Baht 238,200 per month.

- 7.2) The Company has leased hospital building from Bumrungrad Medical Center Ltd. for use in its hospital business. The lease agreement covers a period of 3 years, commencing from August 2004, and the rental fees are Baht 84 million per annum. In July 2007, the Company and the subsidiary made a new agreement to continue lease hospital building. The new lease agreement covers a period of 3 years, commencing from August 2007, and the rental fees are Baht 89 million per annum.
- 7.3) CDE Trading Limited (formerly known as “Global Care Solutions (Thailand) Co., Ltd. ”) has leased building spaces from the Company for use in its operations. The lease agreement covers a period of 3 years, commencing from the year 2001, and shall be extended for a further period of 3 years. The rental fees are Baht 1 million per annum, not including rental fees for room at B.H. Residence.
- 7.4) The Company has entered into an agreement to lease land and a building (BH Residence) from Bangkok Bank Plc. for a period of 3 years, commencing from August 2000. The rental fee is calculated at the rate of 75% of net income (total revenues minus total expenses) from the sub-lease, with a minimum rental of Baht 8 million per annum. Subsequently, the bank approved renewal of agreement, commencing on 29 August 2005 to 28 February 2008. The rate of rental and other conditions shall be in accordance with the initial agreement.

Rental payable as at 31 December 2007, amounting to Baht 6.7 million (2006: Baht 8.0 million), was shown in the consolidated and separate balance sheets under the caption of “Accounts payable - others”.

7.5) In December 2007, the Company entered into a license agreement with CDE Trading Limited (“CDE”) (formerly known as “Global Care Solutions (Thailand) Co., Ltd.”) to purchase additional computer software, totaling Baht 130 million (exclusive of value added tax). The Company already paid for such software.

In December 2006, the Company entered into a license agreement with CDE to purchase additional computer software, totaling USD 3.25 million (exclusive of value added tax). The Company paid for such software in December 2006.

7.6) In April 2005, a subsidiary (Bumrungrad International Ltd.) entered into the provision of services under system implementation agreement with CDE Trading Limited (“CDE”) (formerly known as “Global Care Solutions (Thailand) Co., Ltd.”) to provide computer system implementation services to Asian Hospital, Inc. (“AHI”) for the use in its overseas hospital business. The subsidiary is obliged to pay such fee totaling USD 200,000. During the year 2006, the subsidiary recorded for such fee amounting to USD 94,000.

The subsidiary also entered into computer system implementation agreement with AHI, totaling USD 350,000. The subsidiary called for such fee during the year 2006 amounting to USD 140,000.

7.7) In February 2005, a subsidiary (Bumrungrad International Ltd.) and Asian Hospital, Inc. (“AHI”) entered into a software site license agreement. AHI paid license fee of Peso 52,676,342 in 2005. The license fee was recognised as income in accordance with the period as stipulated in the agreement. Unrecognised license fee as at 31 December 2006, amounting to Baht 24.9 million, was shown in “Unearned income” in consolidated financial statements.

7.8) In February 2005, a subsidiary (Bumrungrad International Philippines Inc.) and Asian Hospital, Inc. (“AHI”) have entered into a management service agreement under which AHI has to pay the subsidiary a percentage of its total revenue and profit before interest expense, income tax, and depreciation and amortisation expenses. The management fee shall be paid in form of cash up to a certain amount, the excess of which will be paid in form of AHI’s shares, up to maximum 10% of total issued and outstanding capital stock of AHI (fully diluted basis). The agreement covers a period of 5 years, expiring in the year 2010, and shall be renewed. Management fee receivable as at 31 December 2006, amounting to Baht 52.8 million was recorded in “Trade accounts receivable” in consolidated financial statements.

7.9) On 4 January 2007, the Company entered into an Agreement for Maintenance Services for Software Hospital 2005/DOT NET and Its Version 2 with CDE Trading Limited (“CDE”) (formerly known as “Global Care Solutions (Thailand) Co., Ltd.”). The Company is obliged to pay such fee totaling Baht 70 million (exclusive of value added tax). The agreement expired on 31 December 2007.

On 4 January 2006, the Company entered into a Maintenance Services for Software Hospital 2000/DOT NET agreement with CDE. The Company was obliged to pay such fee totaling USD 1,750,000 (exclusive of value added tax). The agreement expired on 31 December 2006.

7.10) On 2 June 2006, the Company has entered into a Consulting Support Agreement with a subsidiary (Bumrungrad International Ltd.). The subsidiary is obliged to pay such fee totaling Baht 4.9 million per month starting from August 2006 to March 2007, and Baht 1.2 million per month starting from April 2007 onwards. The agreement will expire as per the agreement’s conditions. In addition, the Company charged Baht 14 million for consulting services provided from January to July 2006.

7.11) In March 2007, a subsidiary (Bumrungrad International Ltd.) has entered into the provision of services under system implementation agreement with CDE Trading Limited (“CDE”) (formerly known as “Global Care Solutions (Thailand) Co., Ltd.”) to provide computer system implementation service to the jointly controlled entity (Bumrungrad Hospital Dubai, LLC) (“BHD”) for the use in its overseas hospital business. The subsidiary is obliged to pay such fee totaling USD 200,000. During the first quarter, the subsidiary recorded for such fee amounting to USD 50,000.

The subsidiary has also entered into computer system implementation agreement with BHD, totaling USD 400,000. The subsidiary called for such fee during the first quarter amounting to USD 125,000.

The balances of the accounts as at 31 December 2007 and 2006 between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Amounts due from related parties</u>				
<u>Subsidiaries</u>				
Bumrungrad International Ltd.	-	-	-	15,932,419
Vitalife Corporation Ltd.	-	-	84,446	1,041,658
<u>Associated companies</u>				
Bumrungrad International Ltd.	2,754,583	-	2,754,583	-
CDE Trading Limited	20,258	-	20,258	-
Asian Hospital, Inc.	-	514,127	-	-
<u>Jointly controlled entity</u>				
Bumrungrad Hospital Dubai LLC	-	5,737,563	-	-
<u>Related companies</u>				
CDE Trading Limited	-	67,268	-	67,268
The Bumrungrad Hospital Foundation	4,365,928	201,085	4,365,928	201,085
Total	<u>7,140,769</u>	<u>6,520,043</u>	<u>7,225,215</u>	<u>17,242,430</u>
<u>Short-term loans and interest receivable - a related party</u>				
<u>Subsidiary</u>				
Vitalife Corporation Ltd.	-	-	10,058,348	18,121,384
<u>Amounts due to a related party</u>				
<u>Related company</u>				
The Bumrungrad Hospital Foundation	-	1,800,000	-	1,800,000
<u>Short-term loans and interest payable - a related party</u>				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.	-	-	1,212,236,428	1,465,263,415

During the second quarter of the current year, Bumrungrad International Ltd. (“BIL”) has changed its status from a subsidiary to an associated company. The business transactions and balances of the accounts as at 31 December 2007 between BIL and BIL’s related companies were therefore excluded.

In September of the current year, CDE Trading Limited (“CDE”) (formerly known as “Global Care Solutions (Thailand) Co., Ltd.”) has changed its status from a related company to an associated company. The balances of the business transactions as at 31 December 2007 between the Company and CDE were therefore presented as balance of the accounts between the Company and associated companies.

The short-term loans to Vitallife Corporation Ltd. carry interest at the rate of MLR per annum (2006: MLR less 0.5% per annum, MLR per annum, and MLR plus 0.25% per annum).

The short-term loans from Bumrungrad Medical Center Ltd. carry interest at the rate of MLR less 1% per annum (2006: MLR less 0.45% per annum, and MLR per annum).

As at 31 December 2006, Bumrungrad International Ltd. granted short-term loan of USD 1 million to Bumrungrad International Holdings (Hong Kong) Limited. The loan carries interest at the rate of MLR less 0.45% per annum and granted long-term loan to Neptune Stroika Holdings, Inc. of Peso 30 million, carrying interest at the rate of 10% per annum, for a period of 7 years (within the year 2012). The loan has been secured by a pledge of shares in Neptune Stroika Holdings, Inc., which are held by Mr. Augusto G. Gan.

During 2007, movements of loans to and loans from related parties were as follows:

	(Unit: Baht)			
	Balance as at 31 December 2006	During the year		Balance as at 31 December 2007
		Increase	Decrease	
Short-term loans and interest receivable - a related party				
<u>Subsidiary</u>				
Vitallife Corporation Ltd.				
Principal	18,000,000	-	8,000,000	10,000,000
Interest receivable	121,384	990,162	1,053,198	58,348
	<u>18,121,384</u>	<u>990,162</u>	<u>9,053,198</u>	<u>10,058,348</u>

				(Unit: Baht)
	Balance as at 31 December	During the year		Balance as at 31 December
	2006	Increase	Decrease	2007
<u>Short-term loans and interest payable - a related party</u>				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.				
Principal	1,455,236,428	-	243,000,000	1,212,236,428
Interest payable	10,026,987	84,622,886	94,649,873	-
	<u>1,465,263,415</u>	<u>84,622,886</u>	<u>337,649,873</u>	<u>1,212,236,428</u>

Directors and management's remuneration

In 2007 the Company and its subsidiaries paid salaries, bonuses, meeting allowances and gratuities to their directors and management totaling Baht 143.2 million (Separate financial statements: Baht 138.0 million) (2006: Baht 126.3 million, Separate financial statements: Baht 118.2 million).

8. INVENTORIES

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Medicine	130,853,499	103,969,481	127,199,528	98,667,225
Medical supplies	34,866,537	28,613,789	34,866,537	28,613,789
Other supplies	37,763,766	33,830,030	37,763,766	33,830,030
Total inventories	<u>203,483,802</u>	<u>166,413,300</u>	<u>199,829,831</u>	<u>161,111,044</u>

9. PLEDGED FIXED DEPOSITS AT FINANCIAL INSTITUTIONS

As at 31 December 2007, deposits at financial institutions of Baht 12.1 million (2006: Baht 9.6 million) have been pledged with banks to secure bank guarantees issued by banks on behalf of the Company and a subsidiary (Bumrungrad Medical Center Ltd.).

10. INVESTMENTS IN SUBSIDIARIES

(Unit: Baht)

Company's name	Separate financial statements							
	2007				2006			
	Paid-up capital	Shareholding percentage	Investments Cost method	Dividend received during the year	Paid-up capital	Shareholding percentage	Investments Cost method	Dividend received during the year
		%				%	(Restated)	
Bumrungrad Medical Center Ltd.	958,953,608	100.00	1,691,902,972	-	958,953,608	100.00	1,691,902,972	-
Bumrungrad International Ltd.	-	-	-	-	744,117,525	51.00	599,999,400	-
Vitalife Corporation Ltd.	31,500,000	100.00	25,610,000	-	31,500,000	100.00	25,610,000	-
Total investments in subsidiary companies			1,717,512,972	-			2,317,512,372	-
Less: Allowance for loss on impairment			(545,000,000)				(545,000,000)	
Total investments in subsidiary companies - net			<u>1,172,512,972</u>				<u>1,772,512,372</u>	

During the second quarter of 2007, Bumrungrad International Ltd. (“BIL”) has changed its status from a subsidiary to an associated company as described in Note 1.2 to the financial statements.

11. INVESTMENTS IN ASSOCIATED COMPANIES

11.1 Details of associated companies:

(Unit: Baht)

	Consolidated financial statements					
	2007			2006		
	Shareholding percentage	Cost	Carrying amounts based on equity method	Shareholding percentage	Cost	Carrying amounts based on equity method
	%			%		
<u>Associated companies</u>						
Bumrungrad International Ltd.	31.50	866,040,600	1,090,598,513	-	-	-
CDE Trading Limited (formerly known as "Global Care Solutions (Thailand) Co., Ltd.")	30.00	21,662,713	432,008,740	-	-	-
<u>Associated company held by a subsidiary</u>						
Asian Hospital, Inc.	-	-	-	35.10	385,759,564	464,948,666
<u>Jointly controlled entity held by a subsidiary</u>						
Bumrungrad Hospital Dubai, LLC	-	-	-	49.00	25,051,549	-
Total investments in associated companies		<u>887,703,313</u>	<u>1,522,607,253</u>		<u>410,811,113</u>	<u>464,948,666</u>

(Unit: Baht)

	Separate financial statements			
	2007		2006	
	Shareholding percentage	Carrying amounts based on cost method	Shareholding percentage	Carrying amounts based on cost method
	%		%	(Restated)
Associated companies				
Bumrungrad International Ltd.	31.50	866,040,600	-	-
CDE Trading Limited (formerly known as "Global Care Solutions (Thailand) Co., Ltd.")	30.00	21,662,713	-	-
Total investments in associated companies		887,703,313		-

(Unit: Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income from investments in associated companies during the year		Dividend received during the year	
	2007	2006	2007	2006
Asian Hospital, Inc.	8,042,866	7,763,568	-	-
Bumrungrad International Ltd.	17,568,407	-	-	-
CDE Trading Limited (formerly know as "Global Care Solutions (Thailand) Co., Ltd.")	828,776,277	-	418,430,250	-
	854,387,550	7,763,568	418,430,250	-

11.2 Summarised financial information of associated companies

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the years ended		Net income for the years ended	
	31 December		31 December		31 December		31 December		31 December	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Bumrungrad International Ltd.	2,749.3	-	4,300.8	-	737.8	-	1,442.5	-	47.7	-
CDE Trading Limited (formerly known as "Global Care Solutions (Thailand) Co., Ltd.")	10.0	-	1,579.2	-	16.5	-	3,044.0	-	2,765.3	-

Bumrungrad International Limited

Bumrungrad International Limited (“BIL”) operates as an investment holding company, investing in the common shares of companies and jointly controlled entity which are principally engaged in hospital management, investment in hospital business and hospital operations, as discussed in Note 2.2 to the financial statements.

During the year 2007, BIL increased its registered share capital from Baht 1,176,470,100 to Baht 2,749,336,700 (27,493,367 ordinary shares with par value of Baht 100 each) through the issue of several tranches of additional ordinary shares and the Company’s shareholding in BIL decreased from 51 percent to 31.5 percent. In May 2007, the Company acquired 2,660,414 shares of the new ordinary shares issued by BIL with a price of Baht 100 per share, for a total price of Baht 266 million and maintains its 31.5 percent shareholding in BIL. As a result, the status of BIL has changed from a subsidiary to an associated company since the second quarter of 2007.

During the year 2007, BIL acquired 100 percent of the shares of Asia Renal Care Ltd. (“ARC”) at a price of USD 74 million through Bumrungrad International Holdings (Hong Kong) Limited which is BIL’s wholly - owned subsidiary.

CDE Trading Limited (formerly known as “Global Care Solutions (Thailand) Company Limited”)

On 10 September 2007, a meeting of the Board of Directors of the Company approved the Company's purchase of 29,995 ordinary shares of CDE Trading Limited (“CDE”) with a par value of Baht 100 per share from its existing shareholder, Global Care Solutions S.A. of Luxemburg (the Company’s shareholding percentage is 14 percent), at a total price of USD 630,000 (or approximately Baht 21 million). The shares represent 30 percent of the issued and paid-up capital. The Company entered into the Share Transfer Form on 11 September 2007, making CDE an associated company. Subsequently, on 19 October 2007, the Company paid for the investment.

CDE is incorporated and domiciled in Thailand, and is principally engaged in the developing software for hospital business. The Company began recognising the operating results of CDE in the consolidated financial statements from 1 October 2007.

In December 2007, CDE sold of software, intellectual property and all other relevant assets to Microsoft Corporation.

On 2 December 2007, CDE registered to change its name with the Ministry of Commerce, from “Global Care Solutions (Thailand) Co., Ltd.” to “CDE Trading Limited”.

12. OTHER LONG-TERM INVESTMENTS

Company's name	Shareholding		Consolidated		(Unit: Baht) Separate	
	percentage		financial statements		financial statements	
	2007	2006	2007	2006	2007	2006
	%	%				
Chantaburi Country Club Co., Ltd.	0.5	0.5	4,500,000	4,500,000	4,500,000	4,500,000
Global Care Solutions S.A. Bumrungrad Dialysis Center Co., Ltd.	14.0	14.0	347,213	347,213	347,213	347,213
	20.0	-	200,000	-	-	-
Total			5,047,213	4,847,213	4,847,213	4,847,213
Less: Allowance for loss on impairment			(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)
Other long-term investments - net			2,247,213	2,047,213	2,047,213	2,047,213

(Unit: Baht)

	Separate financial statements									
	Land	Leasehold right and land improvement	Buildings and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Construction in progress and under installation	Total
Cost										
31 December 2006	290,861,482	15,563,340	402,341,889	109,901,225	1,112,172,797	354,288,330	191,837,449	22,923,003	816,903,077	3,316,792,592
Purchase	-	-	27,760,549	4,533,759	294,993,210	80,753,125	11,883,705	3,881,264	309,531,867	733,337,479
Disposals	-	-	-	-	(15,943,020)	(4,284,540)	(96,696)	(2,358,671)	-	(22,682,927)
Transfer	-	-	192,600	-	91,627,105	-	142,197	-	(92,531,998)	(570,096)
31 December 2007	290,861,482	15,563,340	430,295,038	114,434,984	1,482,850,092	430,756,915	203,766,655	24,445,596	1,033,902,946	4,026,877,048
Accumulated depreciation										
31 December 2006	-	7,312,341	77,180,602	24,226,036	259,646,103	156,748,865	87,812,574	9,709,946	-	622,636,467
Depreciation for the year	-	459,101	19,521,767	7,511,626	163,104,100	62,313,981	16,761,564	4,312,381	-	273,984,520
Depreciation on disposals	-	-	-	-	(7,162,683)	(3,300,527)	(37,166)	(1,275,200)	-	(11,775,576)
31 December 2007	-	7,771,442	96,702,369	31,737,662	415,587,520	215,762,319	104,536,972	12,747,127	-	884,845,411
Allowance for impairment loss										
31 December 2006	-	-	-	-	13,641,982	-	-	-	-	13,641,982
31 December 2007	-	-	-	-	13,641,982	-	-	-	-	13,641,982
Net book value										
31 December 2006	290,861,482	8,250,999	325,161,287	85,675,189	838,884,712	197,539,465	104,024,875	13,213,057	816,903,077	2,680,514,143
31 December 2007	290,861,482	7,791,898	333,592,669	82,697,322	1,053,620,590	214,994,596	99,229,683	11,698,469	1,033,902,946	3,128,389,655
Depreciation included in the income statements for the years										
2006										222,267,605
2007										273,984,520

The Company has mortgaged all of the land with a book value of Baht 290.9 million (Baht 1,365 million appraisal fair value as of 19 April 2007) with a commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds treated as equity securities as described in Note 16 to the financial statements.

The Company and the subsidiary (Bumrungrad Medical Center Ltd.) have mortgaged their buildings and pledged medical instruments and hospital equipment, with a total net book value as at 31 December 2007 of Baht 1,193 million (Separate financial statements: Baht 179 million) (2006: Baht 1,236 million (Separate financial statements: Baht 170 million)), as collaterals for long-term loan credit facilities granted by a local commercial bank as described in Note 15 to the financial statements.

As at 31 December 2007, certain equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to Baht 204 million (Separate financial statements: Baht 202 million) (2006: Baht 105 million (Separate financial statements: Baht 97 million)).

14. INTANGIBLE ASSETS

	(Unit: Baht)					
	Consolidated financial statements			Separate financial statements		
	Computer software	Other intangible asset	Total	Computer software	Goodwill on purchase of business	Total
Cost						
31 December 2006	856,185,291	1,687,000	857,872,291	756,185,291	192,927,561	949,112,852
Additions	155,784,134	-	155,784,134	155,784,138	-	155,784,138
Less: Cost of intangible assets of a subsidiary (BIL) as at the date of the subsidiary changed to an associated company	(100,000,000)	(1,687,000)	(101,687,000)	-	-	-
31 December 2007	911,969,429	-	911,969,429	911,969,429	192,927,561	1,104,896,990
Accumulated amortisation						
31 December 2006	125,090,107	688,857	125,778,964	116,060,107	46,624,160	162,684,267
Amortisation during the year	77,530,241	657,566	78,187,807	76,498,711	19,292,757	95,791,468
Less: Accumulated amortisation of intangible assets of a subsidiary (BIL) as at the date of the subsidiary changed to an associated company	(10,061,530)	(1,346,423)	(11,407,953)	-	-	-
31 December 2007	192,558,818	-	192,558,818	192,558,818	65,916,917	258,475,735

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Other intangible asset	Total	Computer software	Goodwill on purchase of business	Total
Allowance for loss on impairment						
31 December 2006	-	-	-	-	-	-
Increase during the year	370,232,632	-	370,232,632	370,232,632	-	370,232,632
31 December 2007	370,232,632	-	370,232,632	370,232,632	-	370,232,632
Net book value						
31 December 2006	731,095,184	998,143	732,093,327	640,125,184	146,303,401	786,428,585
31 December 2007	349,177,979	-	349,177,979	349,177,979	127,010,644	476,188,623
Amortisation included in the income statements for the years						
2006	64,024,611	660,662	64,685,273	58,864,611	19,292,756	78,157,367
2007	77,530,241	657,566	78,187,807	76,498,711	19,292,757	95,791,468

During the year 2007, the Company assessed impairment of computer software because it ceased to use the software. Accordingly the Company provided allowance for loss on impairment of asset amounting to Baht 370.2 million and included this in determining income of the year 2007.

15. LONG-TERM LOANS

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Loan from a local commercial bank	1,772,449,491	1,750,971,293	650,000,000	300,000,000
Less: Current portion	(437,148,619)	(328,521,802)	(81,250,000)	-
Long-term portion	1,335,300,872	1,422,449,491	568,750,000	300,000,000

Movements in long-term loan account during the year 2007 are summarised below.

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2007	1,750,971,293	300,000,000
Add : Additional loan	350,000,000	350,000,000
Less: Repayment	<u>(328,521,802)</u>	<u>-</u>
Balance as at 31 December 2007	<u>1,772,449,491</u>	<u>650,000,000</u>

On 16 September 2002, the subsidiary (Bumrungrad Medical Center Ltd.) entered into a loan agreement in the Baht currency with a local commercial bank to obtain a Baht 2,400,000,000 credit facility. Such loan carries interest at 5.5% per annum for the first two years and then at MLR less 0.5% per annum. Interest is payable on a monthly basis and principal is repayable in 24 quarterly installments, commencing 30 December 2004. To guarantee this loan, the subsidiary has mortgaged its building and pledged medical instruments, hospital equipment and fixed deposits as described in Notes 13 and 9 to the financial statements. In July 2004, the Company has entered into the Amendment Agreement and the Amended and Restated Facility Agreement with that bank in order to assume joint responsibility for these liabilities.

On 25 May 2006, the Company and the subsidiary entered into Second Amendment Dated 25 May 2006 to Baht 2,400,000,000 Facility Agreement Dated 12 September 2002 (As Amended and Restated) with the bank creditor to change the interest rate of Baht 2,250,000,000 credit facility from MLR less 0.5% per annum to average MLR less 1.25% per annum and cancel the pledged of fixed deposits.

In addition, the Company and the subsidiary obtained additional Baht 1,370,000,000 credit facilities, divided into 4 tranches as follows:

- a) Tranche B2 of Baht 650,000,000 carries interest at average MLR less 1.25% per annum. Principal is repayable in 32 quarterly installments, commencing 31 March 2008.
- b) Tranche C of Baht 400,000,000 carries interest at average MLR less 1.25% per annum. Principal is repayable in 32 quarterly installments, commencing 31 March 2008.
- c) Tranche D of Baht 300,000,000 for 8-year working capital carries interest at average MLR less 1.25% per annum.

- d) Tranche E of Baht 20,000,000 for 8-year working capital carries interest at MOR per annum.

Original mortgaged building and pledged medical instruments and hospital equipment are still used as collaterals for above loan credit facilities except for Tranche C; B.H. Residence building will be mortgaged when the Company buys it back from Bangkok Bank Plc.

The loan agreement contains normal covenants pertaining to matters such as the maintenance of certain financial ratios, and restriction on financial indebtedness and the payment of dividends, among others.

As at 31 December 2007, outstanding long-term credit facilities of the Company and its subsidiaries which have yet to be drawn down total Baht 720 million.

16. CONVERTIBLE BONDS

Convertible bonds as at 31 December 2007 and 2006 are as follows:

- a) Partly secured convertible bonds in an amount of Baht 300 million, with a maturity of 12 years, and a coupon rate of 2.5% for years 1 - 4, 5% for years 5 - 8, and 10% for years 9-12, payable semi-annually. The current conversion price is Baht 4.55 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds are secured by the mortgage of the Company's land.
- b) Partly secured convertible bonds in an amount of Baht 250 million (after conversion by the bondholder of Baht 750 million in the year 2003); with a maturity of 12 years, and a coupon rate of 1% per annum, payable semi-annually. The current conversion price is Baht 3.50 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds are secured by the mortgage of the Company's land.

On 24 November 2000, an extraordinary meeting of the Company's shareholders passed approval of the amendment to the terms and conditions governing the rights and obligations of the issuer and the bondholders, which gives the Company the option to either redeem the convertible bonds or to convert the bonds into ordinary shares on the maturity date.

According to the Thai Accounting Standard No. 48 “Financial Instruments: Disclosure and Presentation”, because the Company has the option to either redeem the convertible bonds or to convert them into ordinary shares on the maturity date, and delivery of equity securities will not be changed by fair value of such equity securities (since the Company determined a certain conversion price), so the convertible bonds are not covered by the definition of financial liabilities and are to be treated as equity securities. In addition, the Company’s management expresses their intention to convert these bonds into ordinary shares on the maturity date. Therefore, the whole amounts of the convertible bonds are presented as part of shareholders’ equity and future interest on the bonds will be recorded as a deduction from shareholders’ equity.

The Company has reserved 178,571,433 ordinary shares to accommodate the above convertible bonds.

Interest expense for the year 2007 of the convertible bonds amounted to Baht 17.5 million (2006: Baht 17.5 million), being recorded as a reduction to “retained earnings”.

17. SHARE CAPITAL

Preference shareholders have the same right as the ordinary shareholders except that they are entitled to receive an annual dividend at 15% of preference shares capital prior to the dividend paid to the ordinary shareholders. Preference shares can be converted into ordinary shares.

In the first quarter of 2007, 377,400 preference shares (2006: 134,000 shares) were converted into ordinary shares at ratio of one preference share to one ordinary share. The Company registered this conversion with the Ministry of Commerce on 23 March 2007.

18. 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 income 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.

During the years 2007 and 2006, the statutory reserve reaches 10 percent of the Company’s registered capital.

19. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Number of employees at end of year (persons)	3,253	3,130	3,214	3,089
Employee costs for the year (Thousand Baht)	1,228,341	1,090,770	1,215,116	1,061,837

20. CORPORATE INCOME TAX

The Company's corporate income tax for the year 2007 has been calculated at the rate of 30 percent of net taxable income.

The Company's corporate income tax for the year 2006 has been calculated at the rate of 25 percent of net income not exceed Baht 300 million and 30 percent for the rest. The tax rates applied are in compliance with the provision of Royal Decree 387 (B.E. 2544) dated 28 August 2001, issued under the Revenue Code, regarding the reduction of income tax rates.

Corporate income tax for the years 2007 and 2006 of local subsidiaries have been calculated at the rate of 30 percent of net taxable income.

21. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the net income for the year by the sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Reconciliation between basic earnings per share and diluted earnings per share is presented below.

	For the years ended 31 December									
	Net income				Earnings per share					
	Consolidated		Separate		Weighted average		Consolidated		Separate	
	financial statements		financial statements		number of ordinary shares		financial statements		financial statements	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Baht	Baht	Baht	Baht	Shares	Shares	Baht	Baht	Baht	Baht	
			(Restated)						(Restated)	
Basic earnings per share										
Net income	1,605,462,201	1,095,702,100	1,128,896,667	1,038,870,016	728,119,020	727,798,572	2.20	1.51	1.55	1.43
Effect of dilutive potential ordinary shares										
Preference shares	-	-	-	-	1,933,202	2,253,650				
Convertible bonds	-	-	-	-	137,362,637	137,362,637				
Diluted earnings per share										
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	1,605,462,201	1,095,702,100	1,128,896,667	1,038,870,016	867,414,859	867,414,859	1.85	1.26	1.30	1.20

22. SEGMENT INFORMATION

The Company's and its subsidiaries' business operations involve 2 principal segments: (1) hospital and health care center and (2) hospital management business. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2007 and 2006 of the Company and its subsidiaries by segment.

	(Unit: Million Baht)							
	Hospital and health care center		Hospital management business		Elimination of inter-segment revenues		Consolidation	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenues from external customers	8,323	7,651	17	57	-	-	8,340	7,708
Intersegment revenues	21	17	-	-	(21)	(17)	-	-
Total revenues	8,344	7,668	17	57	(21)	(17)	8,340	7,708
Segment income	3,203	2,875	17	57	-	-	3,220	2,932
Unallocated income and expenses:								
Other income							218	180
Depreciation and amortisation							(408)	(342)
Administrative expenses							(1,726)	(1,159)
Share of income from investments in associated companies							855	8
Interest expense							(110)	(110)
Corporate income tax							(445)	(432)
Minority interest							2	19
Net income							1,606	1,096

(Unit: Million Baht)

	Hospital and health care center		Hospital management business		Elimination of inter-segment revenues		Consolidation	
	2007	2006	2007	2006	2007	2006	2007	2006
	Assets							
Property, plant and equipment - net	4,175	3,784	-	-	(30)	(32)	4,145	3,752
Intangible assets - net	476	786	-	114	(127)	(168)	349	732
Other assets	5,182	4,303	-	1,018	(2,210)	(3,182)	2,972	2,139
Total assets	9,833	8,873	-	1,132	(2,367)	(3,382)	7,466	6,623

Transfer prices between business segments are set out as described in Note 7 to the financial statements.

23. PROVIDENT FUND

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly at the rate of 5 percent of their basic salaries and the Company or subsidiaries contributed 5 - 7 percent of basic salary. The fund, which is managed by Finansia Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2007, the Company and subsidiaries contributed Baht 28.1 million (2006: Baht 24.7 million) to the fund.

24. DIVIDENDS PAID

Dividends	Approved by	(Unit: Baht)	
		Total dividends	Dividend per share
Final dividends of 2005 income	Annual General Meeting of the shareholders on 26 April 2006	328,523,500	0.45
Interim dividends on operating results for the six-month period ended 30 June 2006	Board of Directors' meeting on 16 August 2006	219,015,667	0.30
Total for 2006		547,539,167	0.75
Final dividends of 2006 income	Annual General Meeting of the shareholders on 25 April 2007	328,523,500	0.45
Interim dividends on operating results for the six-month period ended 30 June 2007	Board of Directors' meeting on 8 August 2007	292,020,889	0.40
Total for 2007		620,544,389	0.85

25. COMMITMENTS AND CONTINGENT LIABILITIES

25.1 Capital commitment

As at 31 December 2007, the Company has capital commitments to pay a total of Baht 237.1 million (2006: Baht 98.4 million) in relation to the construction of a new building and Baht 171.3 million (2006: Baht 120.2 million) in respect of purchase of medical instrument and hospital equipment.

25.2 Long-term service commitments

As at 31 December 2007, the Company has the following outstanding long-term service commitments:

(Unit: Million Baht)

	<u>Details of commitments</u>	<u>Paid in</u>	<u>Amount</u>
<u>The Company</u>			
1)	To pay fee to a bank which is bondholders' representative	2008	0.3
		2009 - 2012	0.9
2)	Land rental for construction of nursing dormitory (shall be extended for a further period of 20 years)	2008	32.1
		2009 - 2035	59.6
3)	Lease of medical instrument	2008	20.0
		2009	20.0
4)	Lease of land and building for operating service apartment (shall be extended for a further period of 2 years)	2008	6.4
5)	Lease of building for nursing dormitory and related services (shall be renewed automatically)	2008	11.7
		2009 - 2010	10.2
6)	Maintenance service fee for medical instrument	2008	16.2
		2009 - 2010	9.6
7)	Rental and maintenance service fee for cars	2008	10.3
		2009 - 2011	18.5
8)	Testing service fee for lab	2008 - 2010	3.6
	Total		<u>219.4</u>

25.3 Bank guarantees

As at 31 December 2007, there were outstanding bank guarantees of Baht 5.9 million (2006: Baht 3.4 million) issued by a bank on behalf of the Company, and of Baht 8.4 million (2006: Baht 8.4 million) issued on behalf of a subsidiary. All were required in the normal course of business e.g. payment of utility expenses and space rental.

25.4 Contingent liabilities

On 4 October 2005, Asian Hospital, Inc. (“AHI”) received a preliminary deficiency tax findings for the year ended 31 December 2002 from the Revenue Department of Philippines. AHI’s management strongly believes that the finding was made without grounds and vigorously challenged it. AHI has therefore not set aside allowance for the assessment in its accounts.

26. FINANCIAL INSTRUMENTS

26.1 Financial risk management

The Company’s and subsidiaries’ financial instruments, as defined under Thai Accounting Standard No. 48 “*Financial Instruments: Disclosure and Presentations*”, principally comprise cash and cash equivalents, trade accounts receivable and payable, investments, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivables. The Company and 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 subsidiaries have 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 balance sheet.

Interest rate risk

The Company's and its subsidiaries' exposures to interest rate risk relate primarily to their cash at banks and long-term borrowings. However, since most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2007 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements				Interest rate (% p.a.)
	Fixed interest rates (Within 1 year)	Floating interest rate	Non- interest bearing	Total	
	(Million Baht)				
<u>Financial assets</u>					
Cash and cash equivalents	260	219	71	550	0.13 - 3.25
Trade accounts receivable - net	-	-	597	597	-
Amounts due from related parties	-	-	7	7	-
Pledged fixed deposits at financial institutions	12	-	-	12	2.25 - 3.50
Other long-term investments - net	-	-	2	2	-
	<u>272</u>	<u>219</u>	<u>677</u>	<u>1,168</u>	
<u>Financial liabilities</u>					
Trade accounts payable	-	-	622	622	-
Long-term loans	-	1,772	-	1,772	MLR - 1.25
	<u>-</u>	<u>1,772</u>	<u>622</u>	<u>2,394</u>	

	Separate financial statements				
	Fixed interest rates (Within 1 year)	Floating interest rate	Non-interest bearing	Total	Interest rate
	(Million Baht)				(% p.a.)
<u>Financial assets</u>					
Cash and cash equivalents	260	178	71	509	0.13 - 3.25
Trade accounts receivable - net	-	-	594	594	-
Amounts due from related parties	-	-	7	7	-
Short-term loans and interest receivable - a related party	-	10	-	10	MLR
Pledged fixed deposits at financial institutions	4	-	-	4	2.25 - 3.00
Other long-term investments - net	-	-	2	2	-
	<u>264</u>	<u>188</u>	<u>674</u>	<u>1,126</u>	
<u>Financial liabilities</u>					
Trade accounts payable	-	-	620	620	-
Short-term loans and interest payable - a related party	-	1,212	-	1,212	MLR - 1.00
Long-term loans	-	650	-	650	MLR - 1.25
	<u>-</u>	<u>1,862</u>	<u>620</u>	<u>2,482</u>	

Foreign currency risk

The Company's and its subsidiaries' exposures to foreign currency risk arise mainly from purchase of medical accessory and medical equipment and payments for service fee that are denominated in foreign currencies.

There was no balance of financial assets and liabilities denominated in foreign currencies as at 31 December 2007.

26.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature and loans and borrowings bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

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.

27. SUBSEQUENT EVENTS

- 27.1 On 1 February 2008, the Company acquired 1,417,500 of the new ordinary shares issued by Bumrungrad International Limited ("BIL") with a par value of Baht 100 each, at a price of Baht 100 per share for a total of Baht 142 million. The shares represent 31.5 percent of the new shares issued so the Company maintained its 31.5 percent shareholding in BIL.
- 27.2 On 12 February 2008, the Company and the subsidiary entered into "Third Amendment Dated 12 February 2008 to Baht 2,400,000,000 Facility Agreement Dated 12 September 2002 as amended and restated on 28 July 2004 and 25 May 2006" with the bank creditor to change the interest rate of long-term loan (Tranche D) of Baht 300 million credit facility from average MLR less 1.25% per annum to MMR per annum.
- 27.3 On 18 February 2008, the Company acquired land and BH Residence Tower from Bangkok Bank Plc. at a price of Baht 470 million, as approved on 22 January 2008 by Extraordinary Meeting No. 1/2008 of the Company's shareholders, for use in the Company's hospital operations.
- 27.4 On 18 February 2008, the Company has drawn down Baht 400 million from tranche C of the long-term loan, from a local commercial bank to use in the purchase of the land and BH Residence Tower and mortgaged such land and building as collaterals for the long-term loan, as discussed in Note 15 to the financial statements.
- 27.5 On 27 February 2008, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of shareholders to be held in March 2008 to adopt a resolution to pay a dividend of Baht 0.40 per share, or a total of Baht 292 million, to the shareholders in respect of the 2007 income. Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

28. RECLASSIFICATION

In addition to the change in accounting policy as mentioned in Note 4 to the financial statements, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the year ended 31 December 2006 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2008.