

Bumrungrad Hospital Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2008 and 2007

Report of Independent Auditor

To the Shareholders of Bumrungrad Hospital Public Company Limited

I have audited the accompanying consolidated balance sheet of Bumrungrad Hospital Public Company Limited and its subsidiaries as at 31 December 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Bumrungrad Hospital Public Company Limited for the same period. 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 audit. The consolidated financial statements of Bumrungrad Hospital Public Company Limited and its subsidiaries for the year ended 31 December 2007, and the separate financial statements of Bumrungrad Hospital Public Company Limited for the same period, as presented herein for comparative purposes, were audited by another auditor of our firm who, expressed an unqualified opinion on those statements under her report dated 27 February 2008.

I conducted my audit 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 audit, provides a reasonable basis for my opinion.

In my opinion, 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 2008, and the results of their operations and cash flows for the year then ended, in accordance with generally accepted accounting principles.

Vissuta Jariyathanakorn
Certified Public Accountant (Thailand) No. 3853

Ernst & Young Office Limited
Bangkok: 25 February 2009

Bumrungrad Hospital Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Assets					
Current assets					
Cash and cash equivalents		384,641,789	549,863,854	350,881,453	508,939,898
Trade accounts receivable - net	6	494,121,990	590,306,691	492,376,167	588,086,215
Amounts due from related parties	7	8,797,038	7,140,769	8,797,038	7,225,215
Advances to employees and directors		8,785,621	10,337,972	8,785,621	10,329,872
Short-term loan and interest receivable - a related party	7	-	-	-	10,058,348
Inventories	8	187,974,998	203,483,802	184,131,025	199,829,831
Prepaid expenses		52,243,447	48,036,054	51,715,907	46,088,460
Other current assets		5,010,939	1,382,929	4,702,592	919,161
Total current assets		1,141,575,822	1,410,552,071	1,101,389,803	1,371,477,000
Non-current assets					
Restricted bank deposits	9	17,146,800	12,146,800	8,792,400	3,792,400
Investments in subsidiaries - net	10	-	-	1,172,512,972	1,172,512,972
Investment in joint venture	11	6,085,265	-	6,119,970	-
Investments in associated companies - net	12	1,234,931,024	1,522,607,253	1,013,453,313	887,703,313
Other long-term investments - net	13	2,247,213	2,247,213	2,047,213	2,047,213
Property, plant and equipment - net	14	5,373,730,959	4,144,586,821	4,412,801,934	3,128,389,655
Intangible assets - net	15	310,364,085	349,177,979	343,423,294	476,188,623
Other non-current assets		18,162,783	17,845,161	21,162,784	20,845,159
Total non-current assets		6,962,668,129	6,048,611,227	6,980,313,880	5,691,479,335
Total assets		8,104,243,951	7,459,163,298	8,081,703,683	7,062,956,335

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institution	16	200,000,000	-	200,000,000	-
Trade accounts payable		504,341,232	501,349,205	502,592,696	499,321,764
Amounts due to a related party	7	2,015,049	-	3,683,026	-
Construction and medical equipment payable		77,127,082	120,299,463	77,127,082	120,299,463
Current portion of long-term loans	17	569,279,069	437,148,619	131,250,000	81,250,000
Current portion of long-term loan and interest payable - a related party	7	-	-	438,029,068	355,898,619
Accrued physicians' fees		262,460,716	292,550,253	261,310,716	291,726,160
Interest payable		564,859	1,091,635	312,842	400,328
Interest payable - convertible bonds treated as equity securities		11,575,343	6,232,877	11,575,343	6,232,877
Corporate income tax payable		195,479,980	197,048,251	193,045,798	196,325,517
Accrued expenses		260,094,311	148,689,856	258,020,607	147,909,167
Accounts payable - others		16,098,005	29,372,607	15,773,332	29,298,631
Other current liabilities		23,825,155	41,057,085	23,420,748	40,259,870
Total current liabilities		2,122,860,801	1,774,839,851	2,116,141,258	1,768,922,396
Non-current liabilities					
Long-term loan and interest payable - a related party	7	-	-	501,207,360	856,337,809
Long-term loans	17	1,116,021,802	1,335,300,872	787,500,000	568,750,000
Total non-current liabilities		1,116,021,802	1,335,300,872	1,288,707,360	1,425,087,809
Total liabilities		3,238,882,603	3,110,140,723	3,404,848,618	3,194,010,205

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Shareholders' equity					
Share capital	19				
Registered					
920,919,935 ordinary shares of Baht 1 each (2007: 920,853,235 ordinary shares of Baht 1 each)		920,919,935	920,853,235	920,919,935	920,853,235
1,782,750 preference shares of Baht 1 each (2007: 1,849,450 preference shares of Baht 1 each)		1,782,750	1,849,450	1,782,750	1,849,450
Issued and paid-up					
728,269,472 ordinary shares of Baht 1 each (2007: 728,202,772 ordinary shares of Baht 1 each)		728,269,472	728,202,772	728,269,472	728,202,772
1,782,750 preference shares of Baht 1 each (2007: 1,849,450 preference shares of Baht 1 each)		1,782,750	1,849,450	1,782,750	1,849,450
Premium on ordinary shares		285,568,300	285,568,300	285,568,300	285,568,300
Other paid-in capital of an associated company		252,172,534	256,548,996	-	-
Translation adjustment		(53,479,292)	9,985,279	-	-
Convertible bonds treated as equity securities	18	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	20	92,275,000	92,275,000	92,275,000	92,275,000
Unappropriated		3,201,434,142	2,617,254,336	3,018,959,543	2,211,050,608
Total shareholders' equity		4,865,361,348	4,349,022,575	4,676,855,065	3,868,946,130
Total liabilities and shareholders' equity		8,104,243,951	7,459,163,298	8,081,703,683	7,062,956,335
		-	-	-	-

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

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Directors
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Bumrungrad Hospital Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Revenues					
Revenues from hospital operations	7	8,629,431,002	8,323,137,073	8,560,815,107	8,247,922,455
Revenues from hospital management	7	-	17,456,184	-	-
Rental income	7	127,882,990	132,305,227	154,407,401	159,555,897
Interest income	7	6,273,193	12,493,388	5,856,178	8,668,544
Exchange gains		31,544,727	29,876,972	31,544,307	32,293,650
Dividend income from an associated company	7, 12.2	-	-	437,927,000	418,430,250
Other income	7	86,696,905	43,466,165	86,496,906	57,692,932
Total revenues		8,881,828,817	8,558,735,009	9,277,046,899	8,924,563,728
Expenses					
Cost of hospital operations	7	5,324,432,431	5,119,724,624	5,303,081,983	5,089,520,686
Depreciation and amortisation	14, 15	459,363,374	407,634,558	403,559,695	369,775,988
Administrative expenses	7	1,395,955,771	1,356,383,467	1,460,724,816	1,409,801,151
Allowance for loss on impairment of assets		-	370,232,632	143,010,644	370,232,632
Total expenses		7,179,751,576	7,253,975,281	7,310,377,138	7,239,330,457
Income before finance cost and corporate income tax					
		1,702,077,241	1,304,759,728	1,966,669,761	1,685,233,271
Finance cost	7	(114,427,819)	(110,513,805)	(123,830,878)	(116,445,159)
Share of income from investments in joint venture and associated companies	11.2, 12.2	43,247,889	854,387,550	-	-
Income before corporate income tax		1,630,897,311	2,048,633,473	1,842,838,883	1,568,788,112
Corporate income tax	22	(439,850,701)	(445,375,457)	(428,063,144)	(439,891,445)
Net income for the year		1,191,046,610	1,603,258,016	1,414,775,739	1,128,896,667
Net income attributable to:					
Equity holders of the parent		1,191,046,610	1,605,462,201	1,414,775,739	1,128,896,667
Minority interests of the subsidiaries		-	-2,204,185		
Net income for the year		1,191,046,610	1,603,258,016		

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

Bumrungrad Hospital Public Company Limited and its subsidiaries**Income statements (continued)**

For the years ended 31 December 2008 and 2007

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Earnings per share					
Basic earnings per share					
	23				
Net income attributable to equity holders of the parent		1.64	2.20	1.94	1.55
Weighted average number of ordinary shares (shares)		728,256,168	728,119,020	728,256,168	728,119,020
Diluted earnings per share					
	23				
Net income attributable to equity holders of the parent		1.37	1.85	1.63	1.30
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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Net income before corporate income tax	1,630,897,311	2,048,633,473	1,842,838,883	1,568,788,112
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	459,363,374	407,634,558	403,559,695	369,775,988
Bad debts and allowance for doubtful accounts	48,062,153	31,082,828	46,844,991	30,342,286
Allowance for loss on impairment of assets	-	370,232,632	143,010,644	370,232,632
Loss on disposal of equipment	2,029,764	6,631,038	2,029,764	6,631,038
Income from receipt of securities	-	(200,000)	-	-
Dividend income from an associated company	-	-	(437,927,000)	(418,430,250)
Share of income from investments in associated companies	(43,282,595)	(854,387,550)	-	-
Share of loss from investment in joint venture	34,706	-	-	-
Interest expense	114,427,819	110,513,805	123,830,878	116,445,159
Income from operating activities before changes in operating assets and liabilities	2,211,532,532	2,120,140,784	2,124,187,855	2,043,784,965
Operating assets (increase) decrease				
Trade accounts receivable	48,122,548	(165,307,995)	48,865,057	(156,093,890)
Amounts due from related parties	(1,657,451)	76,297	(1,573,005)	10,017,215
Inventories	15,508,804	(37,070,502)	15,698,806	(38,718,787)
Other current assets	(8,967,296)	(5,449,692)	(9,410,878)	(7,680,934)
Operating liabilities increase (decrease)				
Trade accounts payable	2,992,027	(94,955,762)	3,270,932	(48,003,846)
Amounts due to a related party	-	(1,800,000)	1,667,977	(1,800,000)
Accrued physicians' fees	(30,089,537)	36,988,359	(30,415,444)	38,214,266
Accrued expenses	111,404,455	34,545,393	110,111,440	28,091,819
Accounts payable - others	(13,968,185)	1,985,353	(14,218,883)	1,721,741
Other current liabilities	(17,231,930)	7,339,405	(16,839,122)	2,129,192
Cash flows from operating activities	2,317,645,967	1,896,491,640	2,231,344,735	1,871,661,741
Cash paid for interest expense	(114,954,595)	(110,190,191)	(123,918,364)	(126,071,817)
Cash paid for corporate income tax	(440,287,079)	(445,646,733)	(431,342,863)	(439,726,779)
Net cash flows from operating activities	1,762,404,293	1,340,654,716	1,676,083,508	1,305,863,145

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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	(5,000,000)	7,458,695	(5,000,000)	7,458,695
Decrease (increase) in advances to employees and directors	1,552,351	938,452	1,544,251	(766,214)
Decrease in short-term loan and interest receivable				
- a related party	-	-	10,058,348	8,063,036
Acquisition of investment in joint venture	(6,119,970)	-	(6,119,970)	-
Acquisition of investments in associated companies	(141,750,000)	(287,704,013)	(141,750,000)	(287,704,013)
Dividend received from an associated company	437,927,000	418,430,250	437,927,000	418,430,250
Acquisition of property, plant and equipment and repayment of construction and medical equipment payable	(1,722,414,602)	(569,699,256)	(1,721,879,065)	(612,467,920)
Proceeds from sales of equipment	2,765,910	4,276,313	2,765,910	4,276,313
Acquisition of computer software	(6,290,048)	(155,784,138)	(6,290,048)	(155,784,138)
Increase in other non-current assets	(317,625)	(3,361,512)	(317,625)	(1,021,513)
Net cash flows used in investing activities	(1,439,646,984)	(585,445,209)	(1,429,061,199)	(619,515,504)
Cash flows from financing activities				
Increase in short-term loan from financial institution	200,000,000	-	200,000,000	-
Repayment of long-term loan and interest payable - a related party	-	-	(273,000,000)	(243,000,000)
Cash receipt from long-term loans	400,000,000	350,000,000	400,000,000	350,000,000
Repayment of long-term loans	(487,148,620)	(328,521,802)	(131,250,000)	-
Dividend paid	(583,330,754)	(620,544,389)	(583,330,754)	(620,544,389)
Interest paid for convertible bonds treated as equity securities	(17,500,000)	(17,500,000)	(17,500,000)	(17,500,000)
Net cash flows used in financing activities	(487,979,374)	(616,566,191)	(405,080,754)	(531,044,389)
Decrease in translation adjustments	-	(553,904)	-	-
Net increase (decrease) in cash and cash equivalents	(165,222,065)	138,089,412	(158,058,445)	155,303,252
Cash and cash equivalents at beginning of year	549,863,854	853,860,177	508,939,898	353,636,646
Less: Cash and cash equivalents of a subsidiary (BIL) as at the date of it changed to an associated company	384,641,789	991,949,589	350,881,453	508,939,898
	-	(442,085,735)	-	-
Cash and cash equivalents at end of year	384,641,789	549,863,854	350,881,453	508,939,898

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 2008 and 2007

(Unit: Baht)

Consolidated financial statements													
Equity attributable to parent's shareholders													
	Note	Issued and paid-up share capital		Premium on ordinary shares	Other paid-in capital of a subsidiary/an associated company	Translation adjustment of a subsidiary/an associated company	Convertible bonds treated as equity securities	Excess of investment over book value of a subsidiary	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiary	Total
		Ordinary shares	Preference shares						Appropriated - statutory reserve	Unappropriated			
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	3,284,251,106	344,295,563	3,628,546,669
Preference shares converted to ordinary shares	19	377,400	(377,400)	-	-	-	-	-	-	-	-	-	-
Capital increase of shareholders of an associated company		-	-	-	96,037,589	-	-	-	-	-	96,037,589	-	96,037,589
Minority interest of associate's subsidiary		-	-	-	4,376,462	-	-	-	-	-	4,376,462	-	4,376,462
Translation adjustment		-	-	-	-	(3,060,394)	-	-	-	-	(3,060,394)	(3,218,828)	(6,279,222)
Interest paid for convertible bonds treated as equity securities	18	-	-	-	-	-	-	-	-	(17,500,000)	(17,500,000)	-	(17,500,000)
Net income (loss) for the year		-	-	-	-	-	-	-	-	1,605,462,201	1,605,462,201	(2,204,185)	1,603,258,016
Dividend paid	26	-	-	-	-	-	-	-	-	(620,544,389)	(620,544,389)	-	(620,544,389)
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>4,349,022,575</u>	<u>-</u>	<u>4,349,022,575</u>
Balance as at 31 December 2007		728,202,772	1,849,450	285,568,300	256,548,996	9,985,279	550,000,000	(192,661,558)	92,275,000	2,617,254,336	4,349,022,575	-	4,349,022,575
Preference shares converted to ordinary shares	19	66,700	(66,700)	-	-	-	-	-	-	-	-	-	-
Minority interest of associate's subsidiary		-	-	-	(4,376,462)	-	-	-	-	-	(4,376,462)	-	(4,376,462)
Translation adjustment		-	-	-	-	(63,464,571)	-	-	-	-	(63,464,571)	-	(63,464,571)
Interest paid for convertible bonds treated as equity securities	18	-	-	-	-	-	-	-	-	(22,842,466)	(22,842,466)	-	(22,842,466)
Net income for the year		-	-	-	-	-	-	-	-	1,191,046,610	1,191,046,610	-	1,191,046,610
Dividend paid	26	-	-	-	-	-	-	-	-	(584,024,338)	(584,024,338)	-	(584,024,338)
Balance as at 31 December 2008		<u>728,269,472</u>	<u>1,782,750</u>	<u>285,568,300</u>	<u>252,172,534</u>	<u>(53,479,292)</u>	<u>550,000,000</u>	<u>(192,661,558)</u>	<u>92,275,000</u>	<u>3,201,434,142</u>	<u>4,865,361,348</u>	<u>-</u>	<u>4,865,361,348</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

For the years ended 31 December 2008 and 2007

(Unit: Baht)

Separate financial statements

	Note	Issued and paid-up share capital		Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings		Total
		Ordinary shares	Preference shares			Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2006		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	19	377,400	(377,400)	-	-	-	-	-
Interest paid for convertible bonds treated as equity securities	18	-	-	-	-	-	(17,500,000)	(17,500,000)
Net income for the year		-	-	-	-	-	1,128,896,667	1,128,896,667
Dividend paid	26	-	-	-	-	-	(620,544,389)	(620,544,389)
Balance as at 31 December 2007		<u>728,202,772</u>	<u>1,849,450</u>	<u>285,568,300</u>	<u>550,000,000</u>	<u>92,275,000</u>	<u>2,211,050,608</u>	<u>3,868,946,130</u>
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
Preference shares converted to ordinary shares	19	66,700	(66,700)	-	-	-	-	-
Interest paid for convertible bonds treated as equity securities	18	-	-	-	-	-	(22,842,466)	(22,842,466)
Net income for the year		-	-	-	-	-	1,414,775,739	1,414,775,739
Dividend paid	26	-	-	-	-	-	(584,024,338)	(584,024,338)
Balance as at 31 December 2008		<u>728,269,472</u>	<u>1,782,750</u>	<u>285,568,300</u>	<u>550,000,000</u>	<u>92,275,000</u>	<u>3,018,959,543</u>	<u>4,676,855,065</u>
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

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 2008 and 2007

1. General information

1.1 Corporate information

Bumrungrad Hospital Public Company Limited (“the Company”) is 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 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

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

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 (“the Company”) and the following subsidiary companies (“the subsidiaries”):

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	
			2008	2007	2008	2007	2008	2007
			Percent	Percent	Percent	Percent	Percent	Percent
Bumrungrad Medical Center Ltd. (BMC)	Building lease	Thailand	100	100	12	14	-	-
Vitalife Corporation Ltd. (VTL)	Health care center	Thailand	100	100	1	1	1	1

- b) Subsidiaries are fully consolidated as from the date of acquisition, 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 for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
- 2.3 The separate financial statements, which present investments in subsidiaries, joint venture and associates presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows:

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 become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 49 (revised 2007) is not relevant to the business of the Company, while the remaining do not have any significant impact on the financial statements for the current year, except for the TAS 43 (revised 2007) "Business Combinations" as following.

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.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards:

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 Revenue 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 is recognised on an accrual basis.
- e) Dividends are recognised when the right to received the dividends is established.

4.2 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.

4.3 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 debt aging.

4.4 Inventories

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

4.5 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 joint venture and associated companies are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries, joint venture and associated companies are accounted for in the separate financial statements using the cost method.

4.6 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 the straight-line basis over the following estimated useful lives:

Leasehold right	-	30 years as lease period
Land improvement	-	3 years and 30 years
Buildings and construction	-	8 - 30 and 40 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 assets under construction and installation.

4.7 Borrowing costs

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.

4.8 Intangible assets

Intangible assets acquired in a business combination are recognised at fair value on the date of acquisition. Other acquired intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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 the income statement.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Computer software	10 years
Compensation for business combination	10 years

4.9 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 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.

4.11 Foreign currencies

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 balance sheet date.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. 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 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 the income statement.

4.13 Employee benefits

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

4.14 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.

4.15 Income tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

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. 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 risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Property plant and equipment/Depreciation

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

In addition, the management is required to review property, plant 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 judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

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 units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

6. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2008 and 2007, aged on the basis of due dates, are summarised below.

(Unit: Baht)

<u>Age of receivables</u>	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Not yet due	232,951,319	231,925,240	232,345,911	231,372,792
Past due				
1 - 30 days	107,490,260	110,174,464	107,132,572	109,797,275
31 - 60 days	36,698,495	52,175,107	36,571,907	52,015,929
61 - 90 days	23,018,434	48,448,335	22,992,972	48,083,562
91 - 180 days	46,065,696	72,415,810	45,491,876	71,799,674
181 - 365 days	39,191,180	73,276,794	38,579,960	72,534,450
More than 365 days	98,745,420	56,895,538	96,715,648	56,120,157
Total	584,160,804	645,311,288	579,830,846	641,723,839
Less: Allowance for doubtful debts	(90,038,814)	(55,004,597)	(87,454,679)	(53,637,624)
Trade accounts receivable - net	494,121,990	590,306,691	492,376,167	588,086,215

7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Rental income	-	-	26.7	27.3	As per contracts 7.1)
Interest income	-	1.2	-	1.0	MLR p.a.
Medical service income	-	-	12.6	14.7	Cost plus margin
Consulting fee income	-	0.4	-	15.5	As per contract 7.9), Actual charge
Lab service expense	-	-	7.8	4.5	Cost plus margin
Rental expense	-	-	88.8	86.0	As per contract 7.2)
Interest expense	-	-	67.4	84.6	MLR less 1.00% p.a.
<u>Transactions with associated companies</u>					
Rental income	0.7	0.8	0.7	0.8	As per contract 7.3), Actual paid
Computer software license fee income	-	1.9	-	-	As per contract 7.6)
Management fee income	-	12.7	-	-	As per contract 7.7)
Consulting fee income	16.2	13.0	16.2	13.0	As per contract 7.9), Actual paid
Dividend income	437.9	-	437.9	418.4	As declared
Computer software maintenance expense	-	18.7	-	18.7	As per contract 7.8)
Purchase of computer software	-	139.1	-	139.1	As per contracts 7.5)
<u>Transaction with jointly controlled entity</u>					
(eliminated from the consolidated financial statements)					
Consulting fee income	-	0.3	-	-	Cost
<u>Transactions with related companies</u>					
Medical service income	16.7	31.7	16.7	31.7	Cost plus margin
Rental income	-	1.0	-	1.0	As per contract 7.3)
Other income	1.4	2.3	1.4	2.3	Cost
Computer software maintenance expense	-	56.2	-	56.2	As per contract 7.8)
Rental expense	4.4	35.7	4.4	35.7	As per contract 7.4)
Donation expense	15.5	7.8	15.5	7.8	-
Consulting fee expense	0.7	5.3	0.7	5.3	As per contract
System implementation expense	-	1.8	-	-	As per contract 7.10)
Insurance expense	24.9	20.2	24.9	20.1	As per insurance policies
Purchase of land and building	470.0	-	470.0	-	As per contract 7.4)
System implementation income	-	2.2	-	-	As per contract 7.10)

- 7.1) A subsidiary (Bumrungrad Medical Center Ltd.) has leased a plot of land from the Company. The lease agreement covers a period of 30 years, commencing from the year 1996. The rental fee is 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. 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 a subsidiary (Bumrungrad Medical Center Ltd.) for use in its hospital business. The rental fee is Baht 89 million per annum. The agreement will be expired on July 2010.

- 7.3) CDE Trading Limited had leased building spaces from the Company for use in its operations. The rental fee was Baht 1 million per annum, not including rental fees for room at BH Residence Tower. The agreement expired on 13 December 2007.

- 7.4) The Company had entered into an agreement to lease land and a building (BH Residence Tower) from Bangkok Bank Plc. for a period of 3 years, commencing from August 2000. The rental fee was 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 were in accordance with the initial agreement.

Rental payable as at 31 December 2007, amounting to Baht 6.7 million was shown in the consolidated and separate balance sheets under the caption of accounts payable - others.

On 18 February 2008, the Company entered into purchase agreement to acquire the land and building (BH Residence Tower) from Bangkok Bank Plc. at a price of Baht 470.0 million. The purchase price does not exceed the appraisal value of an independent valuer.

- 7.5) In December 2007, the Company entered into a license agreement with CDE Trading Limited to purchase additional computer software, totaling Baht 130 million (exclusive of value added tax). The Company already paid for such software.

- 7.6) In February 2005, a former 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.

- 7.7) In February 2005, a former subsidiary (Bumrungrad International Philippines Inc.) (BIPI) and Asian Hospital, Inc. (AHI) entered into a management service agreement under which AHI has to pay the former 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.
- 7.8) 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. The Company was obliged to pay such fee totaling Baht 70 million (exclusive of value added tax). The agreement expired on 31 December 2007.
- 7.9) On 2 June 2006, the Company entered into a Consulting Support Agreement with a former subsidiary (Bumrungrad International Ltd.). The former 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.
- 7.10) In March 2007, a former subsidiary (Bumrungrad International Ltd.) entered into the provision of services under system implementation agreement with CDE Trading Limited to provide computer system implementation service to the joint venture (Bumrungrad Hospital Dubai, LLC (BHD)) for the use in its overseas hospital business. The former subsidiary was obliged to pay such fee totaling USD 200,000. During the first quarter of 2007, the subsidiary recorded for such fee amounting to USD 50,000.

The former subsidiary had also entered into computer system implementation agreement with BHD, totaling USD 400,000. The former subsidiary called for such fee during the first quarter of 2007 amounting to USD 125,000.

The balances of the accounts as at 31 December 2008 and 2007 between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Amounts due from related parties</u>				
<u>Subsidiary Company</u>				
Vitalife Corporation Ltd.	-	-	-	84,446
<u>Joint venture</u>				
Asia Renal Care (Thailand) Limited	70,000	-	70,000	-
<u>Associated companies</u>				
Bumrungrad International Ltd.	3,256,622	2,754,583	3,256,622	2,754,583
CDE Trading Limited	-	20,258	-	20,258
<u>Related party</u>				
The Bumrungrad Hospital Foundation	5,470,416	4,365,928	5,470,416	4,365,928
Total	<u>8,797,038</u>	<u>7,140,769</u>	<u>8,797,038</u>	<u>7,225,215</u>
<u>Amounts due to related parties</u>				
<u>Subsidiary Company</u>				
Vitalife Corporation Ltd.	-	-	1,667,977	-
<u>Associated company</u>				
CDE Trading Limited	2,015,049	-	2,015,049	-
Total	<u>2,015,049</u>	<u>-</u>	<u>3,683,026</u>	<u>-</u>
<u>Short-term loan and interest receivable - a related party</u>				
<u>Subsidiary Company</u>				
Vitalife Corporation Ltd.	-	-	-	10,058,348
<u>Long-term loan and interest payable - a related party</u>				
<u>Subsidiary Company</u>				
Bumrungrad Medical Center Ltd.				
Long-term loan	-	-	939,236,428	1,212,236,428
Less: Current portion	-	-	438,029,068	355,898,619
Non-current portion	-	-	<u>501,207,360</u>	<u>856,337,809</u>

The short-term loan to Vitalife Corporation Ltd. carries interest at the rate of MLR per annum.

The long-term loan from Bumrungrad Medical Center Ltd. carries interest at the rate of MLR less 1% per annum.

During 2008, movements of loan to and loan from related parties were as follows:

(Unit: Baht)

	Balance as at	During the year		Balance as at
	31 December			31 December
	2007	Increase	Decrease	2008
Short-term loan and interest receivable - a related party				
<u>Subsidiary Company</u>				
Vitallife Corporation Ltd.				
Principal	10,000,000	-	(10,000,000)	-
Interest receivable	58,348	28,233	(86,581)	-
	<u>10,058,348</u>	<u>28,233</u>	<u>(10,086,581)</u>	<u>-</u>
Long-term loan and interest payable - a related party				
<u>Subsidiary Company</u>				
Bumrungrad Medical Center Ltd.				
Principal	1,212,236,428	-	(273,000,000)	939,236,428
Interest payable	-	67,381,727	(67,381,727)	-
	<u>1,212,236,428</u>	<u>67,381,727</u>	<u>(340,381,727)</u>	<u>939,236,428</u>

Directors and management's remuneration

In 2008 the Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling Baht 85.2 million (Separate financial statements: Baht 82.0 million) (2007: Baht 110.2 million, Separate financial statements: Baht 104.9 million).

8. Inventories

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Medicine	106,579,268	130,853,499	102,735,295	127,199,528
Medical supplies	35,067,530	34,866,537	35,067,530	34,866,537
Other supplies	46,328,200	37,763,766	46,328,200	37,763,766
Total	<u>187,974,998</u>	<u>203,483,802</u>	<u>184,131,025</u>	<u>199,829,831</u>

9. Restricted bank deposits

These deposits at financial institutions 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

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
			(%)	(%)						
Bumrungrad Medical Center Ltd.	958,953,608	958,953,608	100.00	100.00	1,691,902,972	1,691,902,972	545,000,000	545,000,000	1,146,902,972	1,146,902,972
Vitalife Corporation Ltd.	31,500,000	31,500,000	100.00	100.00	25,610,000	25,610,000	-	-	25,610,000	25,610,000
Total					<u>1,717,512,972</u>	<u>1,717,512,972</u>	<u>545,000,000</u>	<u>545,000,000</u>	<u>1,172,512,972</u>	<u>1,172,512,972</u>

11. Investment in joint venture

11.1 Details of investment in joint venture:

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment is as follows:

(Unit: Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amount based on equity method	
		2008	2007	2008	2007	2008	2007
		(%)	(%)				
Asia Renal Care (Thailand) Limited	Investment in other companies	51.00	-	6,119,970	-	6,085,265	-

(Unit: Baht)

Jointly controlled entity	Nature of business	Separate financial statements							
		Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amount based on cost method - net	
		2008	2007	2008	2007	2008	2007	2008	2007
		(%)	(%)						
Asia Renal Care	Investment in								

(Thailand) Limited	other companies	51.00	-	<u>6,119,970</u>	-	-	-	<u>6,119,970</u>	-
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The Company's management has deemed the investment in Asia Renal Care (Thailand) Limited (ARCT) to be an investment in a jointly controlled entity, held between the Company and Asia Renal Care (SEA) Pte Ltd. Although the Company has a 51% shareholding in ARCT, both joint venturers have entered into the Joint Venture Agreement dated 23 February 2009. The agreement stipulates joint control between the two parties through the board of directors of that jointly controlled entity, with each joint venturer having the same representation. In addition, neither joint venturer has control over the operations of the jointly controlled entity.

11.2 Share of loss and dividend received

During the year, the Company recognised its share of net loss from investment in the joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

Jointly controlled entity	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of loss from investment in joint venture during the years		Dividend received during the years	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Asia Renal Care (Thailand) Limited	<u>34,706</u>	<u>-</u>	<u>-</u>	<u>-</u>

11.3 Summarised financial information of jointly controlled entity

Financial information of the jointly controlled entity is summarised below.

Jointly controlled entity	(Unit: Million Baht)									
	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Net loss for the years ended 31 December	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Asia Renal Care (Thailand) Limited	12.0	-	12.0	-	0.1	-	-	-	0.1	-

12. Investments in associated companies

12.1 Details of investments in associated companies:

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2008	2007	2008	2007	2008	2007
			(%)	(%)				
Bumrungrad International Ltd.	Holding company	Thailand	31.50	31.50	1,007,790,600	866,040,600	1,229,417,093	1,090,598,513
CDE Trading Limited	Development of software for hospital business	Thailand	30.00	30.00	21,662,713	21,662,713	(27,545,278)	432,008,740
Total					<u>1,029,453,313</u>	<u>887,703,313</u>	1,201,871,815	1,522,607,253
Add: Deferred gain on sales of computer software - net							33,059,209	-
Total							<u>1,234,931,024</u>	<u>1,522,607,253</u>

Deferred gain on sales of software is a gain from an associated company's sale of computer software to the Company in year 2007, which had been eliminated against investment in the associated company. During the current year, the Company transferred the deferred gain to deduct against the relevant intangible asset (Note 15 to financial statements). The deferred gain is amortised over 10 years, which is the period for which the software is expected to generate economic benefit.

(Unit: Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	2008	2007	2008	2007	2008	2007	2008	2007
	(%)	(%)						
Bumrungrad International Ltd.	31.50	31.50	1,007,790,600	866,040,600	-	-	1,007,790,600	866,040,600
CDE Trading Limited	30.00	30.00	21,662,713	21,662,713	16,000,000	-	5,662,713	21,662,713
Total			<u>1,029,453,313</u>	<u>887,703,313</u>	<u>16,000,000</u>	<u>-</u>	<u>1,013,453,313</u>	<u>887,703,313</u>

12.2 Share of income/loss and dividend received

During the year, the Company recognised its share of net income/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income/(loss) from investments in associates during the years		Dividend received during the years	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Asian Hospital Inc.	-	8,042,866	-	-
Bumrungrad International Ltd.	64,909,613	17,568,407	-	-
CDE Trading Limited	(21,627,018)	828,776,277	437,927,000	418,430,250
Total	43,282,595	854,387,550	437,927,000	418,430,250

12.3 Summarised financial information of associated companies

Financial information of the associated companies is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Net income (loss) for the years ended 31 December	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(%)	(%)								
Bumrungrad International Ltd.	3,199.3	2,749.3	7,066.3	4,300.8	2,459.5	737.8	4,146.0	1,442.5	188.5	47.7
CDE Trading Limited	10.0	10.0	19.0	1,579.2	0.6	16.5	12.0	3,044.0	(79.4)	2,765.3

13. Other long-term investments

(Unit: Baht)

Company's name	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(%)	(%)				
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.	14.0	14.0	347,213	347,213	347,213	347,213
Bumrungrad Dialysis Center Co., Ltd.	20.0	20.0	200,000	200,000	-	-
Total			5,047,213	5,047,213	4,847,213	4,847,213
Less: Allowance for impairment of investments			(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)
Other long-term investments - net			2,247,213	2,247,213	2,047,213	2,047,213

14. Property, plant and equipment

(Unit: Baht)

Consolidated financial statements										
	Land	Leasehold right and land improvement	Buildings and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Assets under construction and installation	Total
Cost										
31 December 2007	290,861,482	34,880,909	2,035,155,685	139,161,217	1,923,830,551	667,940,003	323,347,726	46,881,353	1,033,947,888	6,496,006,814
Purchase	297,528,000	-	222,229,114	23,169,698	235,255,524	153,634,318	32,570,595	740,000	714,114,973	1,679,242,222
Disposals	-	-	(154,818)	(111,597)	(8,474,344)	(5,877,297)	(1,549,922)	(3,826,969)	-	(19,994,947)
Classified to computer software	-	-	-	-	-	-	-	-	(25,224,874)	(25,224,874)
Transfer	-	-	930,180,895	278,707,127	165,410,494	63,209,137	64,377,755	-	(1,501,885,408)	-
31 December 2008	588,389,482	34,880,909	3,187,410,876	440,926,445	2,316,022,225	878,906,161	418,746,154	43,794,384	220,952,579	8,130,029,215
Accumulated depreciation										
31 December 2007	-	13,775,872	703,682,609	63,690,154	878,625,119	442,128,181	200,693,200	35,182,876	-	2,337,778,011
Depreciation for the year	-	1,103,020	92,938,407	13,129,787	221,041,305	66,227,014	20,960,085	4,677,918	-	420,077,536
Depreciation on disposals	-	-	(36,470)	(5,529)	(7,016,831)	(4,245,409)	(764,556)	(3,130,478)	-	(15,199,273)
31 December 2008	-	14,878,892	796,584,546	76,814,412	1,092,649,593	504,109,786	220,888,729	36,730,316	-	2,742,656,274
Allowance for impairment loss										
31 December 2007	-	-	-	-	13,641,982	-	-	-	-	13,641,982
31 December 2008	-	-	-	-	13,641,982	-	-	-	-	13,641,982
Net book value										
31 December 2007	290,861,482	21,105,037	1,331,473,076	75,471,063	1,031,563,450	225,811,822	122,654,526	11,698,477	1,033,947,888	4,144,586,821
31 December 2008	588,389,482	20,002,017	2,390,826,330	364,112,033	1,209,730,650	374,796,375	197,857,425	7,064,068	220,952,579	5,373,730,959
Depreciation included in the income statements for the years										
2007										329,446,751
2008										420,077,536

(Unit: Baht)

	Separate financial statements									
		Leasehold right and land improvement	Buildings and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Assets under construction and installation	Total
	Land									
Cost										
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
Purchase	297,528,000	-	222,229,114	23,169,698	235,255,524	153,248,178	32,421,197	740,000	714,114,972	1,678,706,683
Disposals	-	-	(154,818)	(111,597)	(8,474,344)	(5,877,297)	(1,549,922)	(3,826,969)	-	(19,994,947)
Classified to computer software	-	-	-	-	-	-	-	-	(25,224,874)	(25,224,874)
Transfer	-	-	930,180,895	278,707,127	165,410,493	63,209,138	64,377,755	-	(1,501,885,408)	-
31 December 2008	588,389,482	15,563,340	1,582,550,229	416,200,212	1,875,041,765	641,336,934	299,015,685	21,358,627	220,907,636	5,660,363,910
Accumulated depreciation										
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
Depreciation for the year	-	459,101	38,206,317	12,998,872	223,175,724	64,354,777	20,401,147	4,677,918	-	364,273,856
Depreciation on disposals	-	-	(36,470)	(5,529)	(7,016,831)	(4,245,409)	(764,556)	(3,130,478)	-	(15,199,273)
31 December 2008	-	8,230,543	134,872,216	44,731,005	631,746,413	275,871,687	124,173,563	14,294,567	-	1,233,919,994
Allowance for impairment loss										
31 December 2007	-	-	-	-	13,641,982	-	-	-	-	13,641,982
31 December 2008	-	-	-	-	13,641,982	-	-	-	-	13,641,982
Net book value										
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
31 December 2008	588,389,482	7,332,797	1,447,678,013	371,469,207	1,229,653,370	365,465,247	174,842,122	7,064,060	220,907,636	4,412,801,934
Depreciation included in the income statements for the years										
2007										273,984,520
2008										364,273,856

The Company has mortgaged all of the land with a book value of Baht 290.9 million (Baht 567.7 million appraisal fair value as of 25 November 2008) with a commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds treated as equity securities as described in Note 18 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 2008 of Baht 1,751 million (Separate financial statements: Baht 792 million) (2007: Baht 1,193 million (Separate financial statements: Baht 179 million)), as collaterals for long-term loan credit facilities granted by a local commercial bank as described in Note 17 to the financial statements.

As at 31 December 2008, certain equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 200 million (Separate financial statements: Baht 198 million) (2007: Baht 204 million (Separate financial statements: Baht 202 million)).

15. Intangible assets

Details of intangible assets are as follows:

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Other intangible asset	Total	Computer software	Compensation for business combination	Total
Cost						
31 December 2007	911,969,429	-	911,969,429	911,969,429	192,927,561	1,104,896,990
Additions	8,594,279	-	8,594,279	8,594,279	-	8,594,279
Classified from property, plant and equipment	25,224,874	-	25,224,874	25,224,874	-	25,224,874
Classified to other current assets	(288,000)	-	(288,000)	(288,000)	-	(288,000)
Deferred gain on sales of software	(36,732,454)	-	(36,732,454)	-	-	-
31 December 2008	908,768,128	-	908,768,128	945,500,582	192,927,561	1,138,428,143
Accumulated amortisation						
31 December 2007	192,558,818	-	192,558,818	192,558,818	65,916,917	258,475,735
Amortisation during the year	39,285,838	-	39,285,838	39,285,838	-	39,285,838
Realised gain on sales of software during the year	(3,673,245)	-	(3,673,245)	-	-	-
31 December 2008	228,171,411	-	228,171,411	231,844,656	65,916,917	297,761,573

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Other intangible asset	Total	Computer software	Compensation for business combination	Total
	Allowance for loss on impairment					
31 December 2007	370,232,632	-	370,232,632	370,232,632	-	370,232,632
Increase during the year	-	-	-	-	127,010,644	127,010,644
31 December 2008	370,232,632	-	370,232,632	370,232,632	127,010,644	497,243,276
Net book value						
31 December 2007	349,177,979	-	349,177,979	349,177,979	127,010,644	476,188,623
31 December 2008	310,364,085	-	310,364,085	343,423,294	-	343,423,294
Amortisation included in the income statements for the years						
2007	77,530,241	657,566	78,187,807	76,498,711	19,292,757	95,791,468
2008	39,285,838	-	39,285,838	39,285,838	-	39,285,838

16. Short-term loan from financial institution

As at 31 December 2008, the Company has short-term loan from bank amounting to Baht 200 million which is promissory note and due within 1 month bearing interest at the rate of 4% per annum.

17. Long-term loans

Tranche	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2008	2007	2008	2007
			A	Average MLR-1.25	24 quarterly installments, commencing 30 December 2004	766,550,871
B2	Average MLR-1.25	32 quarterly installments, commencing 31 March 2008	568,750,000	650,000,000	568,750,000	650,000,000
C	Average MLR-1.25	32 quarterly installments, commencing 31 March 2008	350,000,000	-	350,000,000	-
Total			1,685,300,871	1,772,449,491	918,750,000	650,000,000
Less: Current portion			(569,279,069)	(437,148,619)	(131,250,000)	(81,250,000)
Non-current portion			1,116,021,802	1,335,300,872	787,500,000	568,750,000

Movements in long-term loan account during the year 2008 are summarised below.

	(Unit: Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2008	1,772,449,491	650,000,000
Add : Additional loan	400,000,000	400,000,000
Less: Repayment	(487,148,620)	(131,250,000)
Balance as at 31 December 2008	<u>1,685,300,871</u>	<u>918,750,000</u>

On 18 February 2008, the Company has drawn down Baht 400 million from tranche C of the long-term loan, to use in the purchase of the land and BH Residence Tower.

The loans are secured by mortgaged land and buildings and pledged medical instruments and hospital equipment (as described in Note 14 to the financial statements).

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 2008, outstanding long-term credit facilities of the Company and its subsidiaries which have yet to be drawn down total Baht 320 million as follows:

Tranche	Interest rate (%)	Facility objective	Outstanding credit facilities (Million Baht)
D	MMR	For working capital and drawdown within 31 December 2015	300
E	MOR	For working capital and drawdown within 31 December 2015	20
Total			<u>320</u>

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.

18. Convertible bonds

Convertible bonds as at 31 December 2008 and 2007 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 2008 of the convertible bonds amounted to Baht 22.8 million (2007: Baht 17.5 million), being recorded as a reduction to retained earnings.

19. 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 2008, 66,700 preference shares (2007: 377,400 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 14 March 2008.

20. 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% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

As at 31 December 2008 and 2007, the statutory reserve reaches 10% of the Company's registered capital.

21. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Salary and wages and other employee benefits	1,361,170,035	1,227,440,524	1,344,066,133	1,215,116,113
Physicians fee	2,178,574,817	2,108,618,830	2,167,439,355	2,096,816,088
Loss on impairment of				
- computer software	-	370,232,632	-	370,232,632
- compensation for business combination	-	-	127,010,644	-
- investment in an associate	-	-	16,000,000	-

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Equipment rental expenses	41,216,112	41,240,782	41,216,112	41,240,782
Land and building rental expenses	44,431,162	74,818,122	133,231,163	160,818,122
Building and equipment maintenance expenses	137,129,748	179,106,892	136,865,609	178,893,348
Advertising and public relations expenses	133,267,307	109,411,419	131,728,809	109,212,604
Medical supplies and other supplies consumptions	1,971,297,317	1,950,344,834	1,956,953,822	1,931,522,290

22. Corporate income tax

The Company's and subsidiaries' corporate income tax for the years 2008 and 2007 has been calculated at the rate of 30% of net taxable income.

23. 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.

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements						
	Net income		Weighted average number of ordinary shares		Earnings per share		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
	(Baht)	(Baht)	(shares)	(shares)	(Baht)	(Baht)	
Basic earnings per share							
Net income attributable to equity holders of the parent	1,191,046,610	1,605,462,201	728,256,168	728,119,020	1.64	2.20	
Effect of dilutive potential ordinary shares							
Preference shares	-	-	1,796,054	1,933,202			
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	<u>1,191,046,610</u>	<u>1,605,462,201</u>	<u>867,414,859</u>	<u>867,414,859</u>	1.37	1.85	
Separate financial statements							
	Net income		Weighted average number of ordinary shares		Earnings per share		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
	(Baht)	(Baht)	(shares)	(Shares)	(Baht)	(Baht)	
	Basic earnings per share						
Net income attributable to equity holders of the parent	1,414,775,73	9	1,128,896,667	728,256,168	728,119,020	1.94	1.55
Effect of dilutive potential ordinary shares							
Preference shares	-	-	1,796,054	1,933,202			
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	<u>1,414,775,73</u>	<u>9</u>	<u>1,128,896,667</u>	<u>867,414,859</u>	<u>867,414,859</u>	1.63	1.30

24. Segment information

The Company's and its subsidiaries' business operations involve a single industry segment, the hospital and health care center, and are carried on in the single geographic area in Thailand. As a result, all of the revenues, operating income and assets reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

25. 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% of their basic salaries and the Company or subsidiaries contributed 5% - 7% of basic salary. The fund, which is managed by Finansa Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2008, the Company and subsidiaries contributed Baht 34.4 million (2007: Baht 28.1 million) to the fund.

26. Dividends

Dividends	Approved by	(Unit: Baht)	
		Total dividends	Dividend per share
Final dividends of 2007 income	Annual General Meeting of the shareholders on 23 April 2008	292,011,489	0.40
Interim dividends on operating results for the six-month period ended 30 June 2008	Board of Directors' meeting on 6 August 2008	292,012,849	0.40
Total for 2008		<u>584,024,338</u>	<u>0.80</u>
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		<u>620,544,389</u>	<u>0.85</u>

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2008, the Company has capital commitments to pay a total of Baht 70.3 million (2007: Baht 237.1 million) in relation to the construction agreement of building and Baht 66.6 million (2007: Baht 171.3 million) in respect of purchase of medical instrument and hospital equipment.

27.2 Operating lease and long-term service commitments

The Company has entered into several lease agreements in respect of the lease of lands, buildings, vehicles and equipment and long-term service agreements. The terms of the agreements are generally between 2 and 5 years and are non-cancellable.

As at 31 December 2008, future minimum payments required under these non-cancellable operating leases agreements and long-term service agreements were as follows.

(Unit: Million Baht)

Details of commitments	Payable within			Total
	Less than 1 year	1 to 5 years	More than 5 years	
1) Fee to a bank which is bondholders' representative	0.3	0.7	-	1.0
2) Land rental expense for construction of nursing dormitory (shall be extended for a further period of 20 years)	33.3	7.6	50.8	91.7
3) Lease of medical instrument	20.0	-	-	20.0
4) Lease of land and building for operating service apartment (shall be extended for a further period of 2 years)	25.6	6.4	-	32.0
5) Lease of building for nursing dormitory and related services (shall be renewed automatically)	15.0	14.9	-	29.9
6) Maintenance service fee for medical instrument	46.0	154.9	-	200.9
7) Rental and maintenance service fee for cars	11.2	12.7	-	23.9

27.3 Commitments from other contracts

During the current year, the Company entered into three equipment utilisation contracts with three local companies. The contracts cover period of 5 - 7 years and under the conditions of the contracts, the Company is required to purchase medical supplies to use with the medical equipment at the prices specified in the contracts in total throughout the period of those contracts. As at 31 December 2008, there was a

minimum amount of Baht 437.2 million which the Company required to purchase according to the contracts.

27.4 Bank guarantees

As at 31 December 2008, there were outstanding bank guarantees of Baht 10.9 million (2007: Baht 5.9 million) issued by a bank on behalf of the Company, and of Baht 8.4 million (2007: 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.

28. Financial instruments

28.1 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 2008 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					
	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	-	255	130	385	0.13 - 0.75
Trade accounts receivable - net	-	-	494	494	-
Amounts due from related parties	-	-	9	9	-
Restricted bank deposits	17	-	-	17	1.50 - 2.25
	<u>17</u>	<u>255</u>	<u>633</u>	<u>905</u>	
<u>Financial liabilities</u>					
Short-term loan from financial institution	200	-	-	200	4.00
Trade accounts payable	-	-	504	504	-
Long-term loans	-	1,685	-	1,685	MLR-1.25
	<u>200</u>	<u>1,685</u>	<u>504</u>	<u>2,389</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	-	221	130	351	0.13 - 0.75
Trade accounts receivable - net	-	-	492	492	-
Amounts due from related parties	-	-	9	9	-
Restricted bank deposits	9	-	-	9	1.50 - 2.25
	<u>9</u>	<u>221</u>	<u>631</u>	<u>861</u>	
<u>Financial liabilities</u>					
Short-term loan from financial institution	200	-	-	200	4.00
Trade accounts payable	-	-	503	503	-
Amounts due to a related party	-	-	4	4	-
Long-term loan and interest payable - a related party	-	939	-	939	MLR-1.00
Long-term loans	-	919	-	919	MLR-1.25
	<u>200</u>	<u>1,858</u>	<u>507</u>	<u>2,565</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 2008.

28.2 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.

29. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2008, the Group's debt-to-equity ratio was 0.67:1 (2007: 0.72:1) and the Company's was 0.73:1 (2007: 0.83:1)

30. Subsequent events

On 25 February 2009, 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 April 2009 to adopt a resolution to pay a dividend of Baht 0.40 per share, or a total of Baht 292.0 Million, to the shareholders in respect of the 2008 income. Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

31. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As previously reported		As previously reported	
	As reclassified	As previously reported	As reclassified	As previously reported
Trade accounts receivable – net	590,306,691	596,667,691	588,086,215	594,447,215
Trade accounts payable	501,349,205	621,648,668	499,321,764	619,621,227
Construction and medical equipment payable	120,299,463	-	120,299,463	-
Accrued expenses	148,689,856	155,050,856	147,909,167	154,270,167
Unearned income	-	524,531	-	-
Other current liabilities	41,057,085	40,532,554	40,259,870	40,259,870
Current portion of long-term loan and interest payable - a related party	-	-	355,898,619	1,212,236,428
Long-term loan and interest payable - a related party	-	-	856,337,809	-
Cost of hospital operations	5,119,724,624	5,120,231,716	5,089,520,686	5,090,027,778
Administrative expenses	1,356,383,467	1,355,876,375	1,409,801,151	1,409,294,059

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2009.