

Bumrungrad Hospital Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2011 and 2010

Report of Independent Auditor

To the Shareholders of Bumrungrad Hospital Public Company Limited

I have audited the accompanying consolidated statements of financial position of Bumrungrad Hospital Public Company Limited and its subsidiaries as at 31 December 2011, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and have also audited 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. I did not audit the financial statements of an associated company which were included in these consolidated financial statements. The carrying amount based on equity method of investment in the associated company constitutes 26.98% of the consolidated total assets as at 31 December 2011 and share of profit from investment in the associated company constitutes 8.11% of the consolidated profit for the year ended 31 December 2011. 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 that auditor's report. The consolidated financial statements of Bumrungrad Hospital Public Company Limited and its subsidiaries and the separate financial statements of Bumrungrad Hospital Public Company Limited for the year ended 31 December 2010 were audited by another auditor of our firm who expressed an unqualified opinion under her report dated 23 February 2011.

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 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 audit 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 2011, and the results of their operations and cash flows for the year then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements.

Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited
Bangkok: 27 February 2012

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	7	1,260,730,653	627,492,183	1,186,267,376	576,807,388
Trade and other receivables	8	1,126,061,134	958,368,025	1,125,459,913	956,292,210
Prepaid expenses		48,621,170	49,021,766	46,392,805	46,656,376
Short-term loan to and interest receivable from a related party	9	-	-	664,623	19,277,319
Inventories	10	265,739,534	217,701,976	258,702,724	208,799,234
Other current assets		3,134,079	2,362,600	3,979,135	1,224,906
Total current assets		2,704,286,570	1,854,946,550	2,621,466,576	1,809,057,433
Non-current assets					
Investments in subsidiaries	11	-	-	100,585,507	97,544,567
Investments in associated companies	13	4,251,254,988	1,209,892,803	3,939,040,872	1,013,453,313
Other long-term investments	14	1,900,000	2,247,213	1,700,000	2,047,213
Property, plant and equipment	15	6,241,553,191	5,784,672,458	6,273,421,626	5,793,826,042
Intangible assets	16	256,204,360	282,290,320	277,461,207	307,236,342
Other non-current assets		17,347,530	17,628,305	17,207,635	17,500,120
Total non-current assets		10,768,260,069	7,296,731,099	10,609,416,847	7,231,607,597
Total assets		13,472,546,639	9,151,677,649	13,230,883,423	9,040,665,030

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

Bumrungrad Hospital Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institution	17	-	100,000,000	-	100,000,000
Trade and other payables	18	602,684,350	620,381,636	600,876,425	611,997,986
Accrued physicians' fees		452,054,931	405,443,662	448,591,363	395,065,305
Current portion of long-term loan from a related party	9	-	-	-	81,000,000
Current portion of long-term loans from financial institution	19	-	71,000,000	-	71,000,000
Income tax payable		124,932,284	252,379,023	122,954,657	246,705,981
Accrued expenses		269,107,115	217,697,043	267,667,696	216,123,238
Other current liabilities		57,208,049	56,339,844	50,242,326	47,724,195
Total current liabilities		1,505,986,729	1,723,241,208	1,490,332,467	1,769,616,705
Non-current liabilities					
Long-term loans from financial institution	19	-	1,359,000,000	-	1,359,000,000
Long-term debentures	20	4,954,926,250	-	4,954,926,250	-
Provision for long-term employee benefits	21	277,760,646	-	272,952,698	-
Total non-current liabilities		5,232,686,896	1,359,000,000	5,227,878,948	1,359,000,000
Total liabilities		6,738,673,625	3,082,241,208	6,718,211,415	3,128,616,705

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

Bumrungrad Hospital Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Shareholders' equity					
Share capital	23				
Registered					
921,034,085 ordinary shares of Baht 1 each (2010: 920,987,785 ordinary shares of Baht 1 each)		921,034,085	920,987,785	921,034,085	920,987,785
1,668,600 preference shares of Baht 1 each (2010: 1,714,900 preference shares of Baht 1 each)		1,668,600	1,714,900	1,668,600	1,714,900
Issued and paid-up					
728,383,622 ordinary shares of Baht 1 each (2010: 728,337,322 ordinary shares of Baht 1 each)		728,383,622	728,337,322	728,383,622	728,337,322
1,668,600 preference shares of Baht 1 each (2010: 1,714,900 preference shares of Baht 1 each)		1,668,600	1,714,900	1,668,600	1,714,900
Premium on ordinary shares		285,568,300	285,568,300	285,568,300	285,568,300
Convertible bonds treated as equity securities	22	550,000,000	550,000,000	550,000,000	550,000,000
Retained earnings					
Appropriated - statutory reserve	24	92,275,000	92,275,000	92,275,000	92,275,000
Unappropriated		5,022,547,144	4,436,141,744	4,854,776,486	4,254,152,803
Other components of shareholders' equity		51,297,471	(24,600,825)	-	-
Equity attributable to owners of the Company		6,731,740,137	6,069,436,441	6,512,672,008	5,912,048,325
Non-controlling interests of the subsidiary		2,132,877	-	-	-
Total shareholders' equity		6,733,873,014	6,069,436,441	6,512,672,008	5,912,048,325
Total liabilities and shareholders' equity		13,472,546,639	9,151,677,649	13,230,883,423	9,040,665,030
		-	-	-	-

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 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Revenues					
Revenues from hospital operations	9	11,014,830,038	9,793,745,377	10,870,351,440	9,649,681,687
Rental income	9	120,815,889	130,314,933	125,624,932	141,335,165
Interest income	9	29,836,266	1,944,484	30,063,965	1,830,611
Gain on sales of investment	12.1, 14	159,408	13,031,770	159,408	12,965,524
Exchange gains		45,199,314	26,199,487	44,821,826	26,875,801
Dividend income	9, 11, 13.2	-	-	87,451,240	204,771,013
Other income	9	95,259,342	90,604,865	87,937,180	82,626,674
Total revenues		11,306,100,257	10,055,840,916	11,246,409,991	10,120,086,475
Expenses					
Cost of hospital operations	9	6,598,754,310	5,912,202,989	6,531,024,735	5,842,452,621
Depreciation and amortisation	15, 16	647,807,808	595,843,564	646,168,781	581,229,524
Administrative expenses	9	1,858,734,954	1,678,833,566	1,791,397,408	1,618,757,863
Loss (gain) from share capital reduction of a subsidiary	11.1	-	-	(33,001,899)	212,000,000
Loss (gain) from sales of investment in a subsidiary	11.2	(120,974)	-	990,885	-
Loss from share capital reduction of an associate	13.1	-	-	24,703,747	-
Total expenses		9,105,176,098	8,186,880,119	8,961,283,657	8,254,440,008
Profit before share of income (loss)					
from investments in joint venture and associates,					
finance cost and corporate income tax		2,200,924,159	1,868,960,797	2,285,126,334	1,865,646,467
Share of loss from investment in joint venture	12.2	-	(14,045)	-	-
Share of income (loss) from investmets in associated companies	13.2	82,683,706	(34,913,000)	-	-
Profit before finance cost and corporate income tax		2,283,607,865	1,834,033,752	2,285,126,334	1,865,646,467
Finance cost	9	(189,427,117)	(68,200,261)	(190,193,125)	(76,936,028)
Profit before corporate income tax		2,094,180,748	1,765,833,491	2,094,933,209	1,788,710,439
Corporate income tax	26	(506,146,055)	(507,338,809)	(503,486,736)	(488,509,050)
Profit for the year		1,588,034,693	1,258,494,682	1,591,446,473	1,300,201,389
Profit attributable to:					
Equity holders of the Company		1,588,031,706	1,258,494,682	1,591,446,473	1,300,201,389
Non-controlling interests of the subsidiary		2,987	-	-	-
		<u>1,588,034,693</u>	<u>1,258,494,682</u>	<u>1,591,446,473</u>	<u>1,300,201,389</u>
Earnings per share					
Basic earnings per share	27				
Profit attributable to equity holders of the Company		2.18	1.73	2.18	1.79
Diluted earnings per share	27				
Profit attributable to equity holders of the Company		1.83	1.45	1.83	1.50

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

Bumrungrad Hospital Public Company Limited and its subsidiaries**Statements of comprehensive income****For the years ended 31 December 2011 and 2010**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit for the year	<u>1,588,034,693</u>	<u>1,258,494,682</u>	<u>1,591,446,473</u>	<u>1,300,201,389</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	<u>75,898,296</u>	<u>-8,660,540</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year	<u>75,898,296</u>	<u>(8,660,540)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>1,663,932,989</u></u>	<u><u>1,249,834,142</u></u>	<u><u>1,591,446,473</u></u>	<u><u>1,300,201,389</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>1,663,930,002</u>	<u>1,249,834,142</u>	<u>1,591,446,473</u>	<u>1,300,201,389</u>
Non-controlling interests of the subsidiary	<u>2,987</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>1,663,932,989</u></u>	<u><u>1,249,834,142</u></u>	<u><u>1,591,446,473</u></u>	<u><u>1,300,201,389</u></u>

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before tax	2,094,180,748	1,765,833,491	2,094,933,209	1,788,710,439
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	647,807,808	595,843,564	646,168,781	581,229,524
Bad debts and allowance for doubtful accounts	19,603,321	19,549,286	14,678,764	19,195,902
Loss on sales and write-off of equipment	6,542,626	2,160,072	6,572,466	2,159,005
Provision for long-term employee benefits	9,026,331	-	8,166,814	-
Loss (gain) from sales of investments	(280,382)	(13,031,770)	831,477	(12,965,524)
Loss (gain) from share capital reduction of a subsidiary	-	-	(33,001,899)	212,000,000
Loss from share capital reduction of an associate	-	-	24,703,747	-
Share of loss from investment in joint venture	-	14,045	-	-
Share of (income) loss from investments in associated companies	(82,683,706)	34,913,000	-	-
Dividend income	-	-	(87,451,240)	(204,771,013)
Interest income	(29,836,266)	(1,944,484)	(30,063,965)	(1,830,611)
Interest expense	189,427,117	68,200,261	190,193,125	76,936,028
Income from operating activities before changes in operating assets and liabilities	2,853,787,597	2,471,537,465	2,835,731,279	2,460,663,750
Operating assets (increase) decrease				
Trade and other receivables	(187,296,430)	(299,593,333)	(183,846,467)	(300,427,944)
Inventories	(48,037,559)	(18,823,304)	(49,903,490)	(19,089,688)
Other current assets	(370,882)	16,607,444	(2,490,658)	12,310,346
Operating liabilities increase (decrease)				
Trade and other payables	(15,211,546)	32,598,038	(8,635,822)	31,153,001
Accrued physicians' fees	46,611,269	75,876,847	53,526,058	70,798,490
Accrued expenses	44,167,695	(100,237,150)	44,302,080	(98,060,007)
Other current liabilities	868,205	3,156,984	2,518,131	(894,943)
Cash flows from operating activities	2,694,518,349	2,181,122,991	2,691,201,111	2,156,453,005
Cash paid for interest expense	(182,184,740)	(68,504,173)	(182,950,747)	(77,239,940)
Cash paid for corporate income tax	(633,592,794)	(464,818,993)	(627,238,060)	(450,237,301)
Net cash flows from operating activities	1,878,740,815	1,647,799,825	1,881,012,304	1,628,975,764

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from investing activities				
Decrease (increase) in short-term loan to a related party	-	-	18,600,000	(19,200,000)
Acquisition of investments	(3,562,938,159)	(2,473,500)	(3,592,938,159)	(2,473,500)
Cash receipt from sales of investments	2,757,485	22,706,494	2,757,485	22,706,494
Cash receipt from share capital reductions of a subsidiary and an associate	612,646,855	-	669,366,063	904,570,171
Dividend income	57,148,300	-	87,451,240	204,771,013
Acquisition of property, plant and equipment and repayment of construction and medical equipment payables	(1,071,083,766)	(667,382,209)	(1,092,251,532)	(824,484,934)
Acquisition of computer software	(18,821,824)	(26,447,396)	(18,713,952)	(25,872,365)
Proceeds from sales of equipment	5,083,390	8,662,866	5,053,551	8,659,093
Decrease (increase) in other non-current assets	280,775	(1,663,610)	292,485	1,103,090
Interest income	29,836,266	1,944,484	30,076,661	1,753,292
Net cash flows from (used in) investing activities	(3,945,090,678)	(664,652,871)	(3,890,306,158)	271,532,354
Cash flows from financing activities				
Net repayment of short-term loan from financial institution	(100,000,000)	(90,000,000)	(100,000,000)	(90,000,000)
Repayment of long-term loan from a related party	-	-	(81,000,000)	(914,827,068)
Repayment of long-term loans from financial institution	(1,430,000,000)	-	(1,430,000,000)	-
Net cash receipt from debentures issuing	4,954,926,250	-	4,954,926,250	-
Dividend paid	(692,672,408)	(619,814,125)	(692,672,408)	(619,814,125)
Interest paid for convertible bonds treated as equity securities	(32,500,000)	(32,500,000)	(32,500,000)	(32,500,000)
Net cash flows from (used in) financing activities	2,699,753,842	(742,314,125)	2,618,753,842	(1,657,141,193)
Increase (decrease) in translation adjustment	(165,509)	18,774	-	-
Net increase in cash and cash equivalents	633,238,470	240,851,603	609,459,988	243,366,925
Cash and cash equivalents at beginning of year	627,492,183	386,640,580	576,807,388	333,440,463
Cash and cash equivalents at end of year	1,260,730,653	627,492,183	1,186,267,376	576,807,388
	-	-	-	-
Supplemental cash flow information				
Non-cash transactions				
Acquisition of building from a subsidiary by issuing promissory note recorded in long-term loan from a related party	-	-	-	776,000,000
Reclassification of equipment to computer software	-	11,406,236	-	11,406,236
Adjustment of provision for long-term employee benefits with the beginning balance of retained earnings	275,589,400	-	264,785,884	-

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 2011 and 2010

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
						Other components of shareholders' equity							
						Other comprehensive income							
						Exchange differences							
Issued and paid-up share capital		Convertible bonds treated as equity securities		Retained earnings		on translation of financial statements in foreign currency	Excess of investment over book value of a subsidiary	Other paid-in capital of an associated company	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity	
Ordinary shares	Preference shares	Premium on ordinary shares	equity securities	Appropriated	Unappropriated								
Balance as at 31 December 2009	728,304,472	1,747,750	285,568,300	550,000,000	92,275,000	3,830,655,369	(75,451,261)	(192,661,558)	252,172,534	(15,940,285)	5,472,610,606	-	5,472,610,606
Preference shares converted to ordinary shares (Note 23)	32,850	(32,850)	-	-	-	-	-	-	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(620,508,307)	-	-	-	-	(620,508,307)	-	(620,508,307)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	-	-	-	-	(32,500,000)	-	(32,500,000)
Total comprehensive income for the year	-	-	-	-	-	1,258,494,682	(8,660,540)	-	-	(8,660,540)	1,249,834,142	-	1,249,834,142
Balance as at 31 December 2010	728,337,322	1,714,900	285,568,300	550,000,000	92,275,000	4,436,141,744	(84,111,801)	(192,661,558)	252,172,534	(24,600,825)	6,069,436,441	-	6,069,436,441
Balance as at 31 December 2010	728,337,322	1,714,900	285,568,300	550,000,000	92,275,000	4,436,141,744	(84,111,801)	(192,661,558)	252,172,534	(24,600,825)	6,069,436,441	-	6,069,436,441
Cumulative effect of change in accounting policy for employee benefits (Note 3)	-	-	-	-	-	(275,589,400)	-	-	-	-	(275,589,400)	-	(275,589,400)
Preference shares converted to ordinary shares (Note 23)	46,300	(46,300)	-	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests of the subsidiary due to reduction of the Company's shareholding in a subsidiary (Note 11.2)	-	-	-	-	-	-	-	-	-	-	-	2,129,890	2,129,890
Dividend paid (Note 30)	-	-	-	-	-	(693,536,906)	-	-	-	-	(693,536,906)	-	(693,536,906)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	-	-	-	-	(32,500,000)	-	(32,500,000)
Total comprehensive income for the year	-	-	-	-	-	1,588,031,706	75,898,296	-	-	75,898,296	1,663,930,002	2,987	1,663,932,989
Balance as at 31 December 2011	728,383,622	1,668,600	285,568,300	550,000,000	92,275,000	5,022,547,144	(8,213,505)	(192,661,558)	252,172,534	51,297,471	6,731,740,137	2,132,877	6,733,873,014
	-	-	-	-	-	-	-	-	-	-	-	-	-

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 2011 and 2010

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital		Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings		Total shareholders' equity
	Ordinary shares	Preference shares			Appropriated	Unappropriated	
Balance as at 31 December 2009	728,304,472	1,747,750	285,568,300	550,000,000	92,275,000	3,606,959,721	5,264,855,243
Preference shares converted to ordinary shares (Note 23)	32,850	(32,850)	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(620,508,307)	(620,508,307)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	(32,500,000)
Total comprehensive income for the year	-	-	-	-	-	1,300,201,389	1,300,201,389
Balance as at 31 December 2010	<u>728,337,322</u>	<u>1,714,900</u>	<u>285,568,300</u>	<u>550,000,000</u>	<u>92,275,000</u>	<u>4,254,152,803</u>	<u>5,912,048,325</u>
Balance as at 31 December 2010	728,337,322	1,714,900	285,568,300	550,000,000	92,275,000	4,254,152,803	5,912,048,325
Cumulative effect of change in accounting policy for employee benefits (Note 3)	-	-	-	-	-	(264,785,884)	(264,785,884)
Preference shares converted to ordinary shares (Note 23)	46,300	(46,300)	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(693,536,906)	(693,536,906)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	(32,500,000)
Total comprehensive income for the year	-	-	-	-	-	1,591,446,473	1,591,446,473
Balance as at 31 December 2011	<u>728,383,622</u>	<u>1,668,600</u>	<u>285,568,300</u>	<u>550,000,000</u>	<u>92,275,000</u>	<u>4,854,776,486</u>	<u>6,512,672,008</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 2011 and 2010

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. The registered office of the Company is at 33 Soi 3 (Nana Nua) Sukhumvit Road, Klongtoey Nua Sub District, Wattana District, Bangkok.

2. Basis of financial statements preparation

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of 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	
			2011 Percent	2010 Percent
Bumrungrad Medical Center Ltd. (BMC)	Temporary cease its operation	Thailand	51	100
Vitalife Corporation Ltd. (VTL)	Health care center	Thailand	100	100
Asia Global Health Ltd. (AGH)	Investment in healthcare business	Hong Kong	100	100
Asia Global Research Ltd. (AGR)	Clinical research service	Thailand	100	100

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
 - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue

TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits or liabilities arising from other defined benefit plans and other long-term employee benefits using actuarial techniques. The Group previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognised the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. This change has effects to the income statements for year ended 31 December 2011 as below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Increase in employee expenses	35,634	34,774
Decrease in profit for the year	35,634	34,774
Decrease in basic earnings per share (Baht)	0.0489	0.0477
Decrease in diluted earnings per share (Baht)	0.0411	0.0401

The cumulative effect of the change in the accounting policy has been presented under the heading of "Cumulative effect of change in accounting policy for employee benefits" in the consolidated and separate statements of changes in shareholders' equity.

TAS 23 (revised 2009) Borrowing Costs

This accounting standard requires entities to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously, the Company and its subsidiaries elected to expense such borrowing costs when incurred. The Company and its subsidiaries apply the new accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2011.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
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SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Significant accounting policies

5.1 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 services 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 based on the effective interest rate.
- e) Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and 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 experience and analysis of debt 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) Investments in associated companies are accounted for in the consolidated financial statements using the equity method. Goodwill relating to an associate is included in the carrying amount of the investment. Such goodwill is not amortised.
- c) Investments in subsidiaries and associated companies are accounted for in the separate financial statements using the cost method net of allowance for loss on diminution in value (if any).

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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

Land improvement	-	30 years
Buildings and construction	-	30 and 40 years
Facility systems	-	10 - 20 years
Medical accessory equipment	-	5 - 15 years
Hospital equipment	-	5 - 15 years

Equipment and furniture	-	5 - 15 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

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

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

5.7 Borrowing costs

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

5.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

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

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

5.9 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.

5.10 Long-term leases

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.11 Deferred debenture issuing costs

Debenture issuing costs are recorded as deferred financial fees and amortised to be interest expense using the effective interest rate method over the term of the debentures.

Deferred debenture issuing costs are presented as a deduction against the debenture amounts in the statement of financial position.

5.12 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 end of reporting period.

Gains and losses on exchange are included in determining income.

5.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

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

5.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits and other long-term benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

5.15 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.

5.16 Income tax

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

6. Significant accounting judgments and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant 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 residual values of the Company and its subsidiaries' plant and equipment and to review estimate useful lives and residual 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 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.

Post-employment benefits under defined benefit plans and other long-term employee benefits

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

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	8,864	14,106	8,779	13,872
Bank deposits	1,251,867	613,386	1,177,488	562,935
Total	1,260,731	627,492	1,186,267	576,807

As at 31 December 2011, bank deposits in savings accounts and fixed deposits carried interests between 0.10% and 3.55% per annum (2010: between 0.10% and 0.75% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	5,041	61	5,173	68
Past due				
1 - 30 days	-	728	103	745
31 - 60 days	50	3,359	59	3,359
61 - 90 days	173	219	183	221
91 - 180 days	-	1	-	1
181 - 365 days	-	2	-	6
More than 365 days	11	12	-	81
Total trade receivables - related parties	5,275	4,382	5,518	4,481

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	277,850	278,108	276,455	277,059
Past due				
1 - 30 days	207,480	148,895	205,543	146,870
31 - 60 days	148,918	97,306	148,230	96,543
61 - 90 days	115,873	60,429	113,638	59,578
91 - 180 days	228,969	192,985	227,780	190,591
181 - 365 days	130,948	114,420	129,411	112,714
More than 365 days	102,744	170,095	92,968	166,375
Total	1,212,782	1,062,238	1,194,025	1,049,730
Less: Allowance for doubtful debts	(102,678)	(115,837)	(93,180)	(111,263)
Total trade receivables - unrelated parties, net	1,110,104	946,401	1,100,845	938,467
Total trade receivables - net	1,115,379	950,783	1,106,363	942,948
<u>Other receivables</u>				
Advances and loans to employees	10,329	7,292	10,223	7,292
Accrued income - related parties	353	293	8,874	6,052
Total other receivables	10,682	7,585	19,097	13,344
Trade and other receivables - net	1,126,061	958,368	1,125,460	956,292

9. 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		
	2011	2010	2011	2010	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Medical service income	-	-	21	14	Market price
Rental income	-	-	5	11	As per contracts 9.1)
Interest income	-	-	1	-	MLR less 1.00% p.a.
Dividend income	-	-	27	205	As declared
Lab service expense	-	-	6	11	Market price
Pharmacy expense	-	-	13	12	Market price

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2011	2010	2011	2010	
Rental expense	-	-	-	22	As per contract 9.2)
Purchase of hospital building	-	-	-	938	As per contract 9.2)
Interest expense	-	-	1	9	3.36%, 2.55% and 2.19% p.a. (2010: 1.16% and 2.50% p.a.)
Professional service income	-	-	2	-	Actual paid
Transactions with associated companies					
Rental income	-	1	-	1	Actual paid
Consulting fee income	6	11	6	11	As per contract 9.3)
Dividend income	-	-	60	-	As declared
Consulting fee expense	5	3	5	3	Fixed rate per hour as stated in the agreements multiplied with actual hours worked
Transactions with related parties					
Medical service income	56	64	56	64	Market price
Other income	3	4	3	4	At cost
Donation expense	25	37	25	37	-
Insurance expense	28	27	28	26	As per insurance policies
Credit card commission fees	75	70	75	70	Market price
Interest expense on convertible bonds	33	33	33	33	10% p.a. and 1.00% p.a.
Financial consulting fee (record as asset)	52	-	52	-	Market price
Legal advisory fee	5	3	5	3	Market price
Long-term debentures offering	955	-	955	-	Same price as offer to other investors

9.1) A subsidiary (Bumrungrad Medical Center Ltd.) had leased a plot of land from the Company. The lease agreement covered a period of 30 years, commencing from the year 1996. The rental fee was Baht 22.3 million per annum. On 31 March 2010, the subsidiary entered into the memorandum of understanding to terminate the land lease agreement with the Company, the subsidiary had no obligation to pay such rental fee.

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 of Baht 350,000 per month.

Another subsidiary (Asia Global Research 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 2009. The subsidiary has to pay rental fee amounting to Baht 106,050 per month. On 1 April 2011, the Company and the subsidiary agreed to revise the rental fee to be Baht 35,350 per month, starting from 1 April 2011 onwards. This was because the rental spaces were reduced.

- 9.2) The Company had leased hospital building from a subsidiary (Bumrungrad Medical Center Ltd.) for use in its hospital business. The rental fee was Baht 88.8 million per annum. The agreement expired in July 2010. Subsequently, on 26 March 2010, the Company entered into the purchase agreement to acquire the hospital building (building B) from the subsidiary at a price of Baht 938 million. In addition, on 31 March 2010, the Company entered into the memorandum of understanding to terminate the building lease agreement with the subsidiary, the Company had no obligation to pay such rental fee.
- 9.3) In June 2006, the Company entered into a Consulting Support Agreement with an associated company (Bumrungrad International Ltd.). The associated company is obliged to pay such fee at a fixed rate per annum, as stipulated in the agreement. Subsequently, on 1 February 2011, the parties amended the agreement by revising the fixed consulting fee to be Baht 4.8 million per annum (previously was Baht 10.0 million per annum) and additional fee for consulting service provided by employees of the Company to the associated company at the rates per agreement multiplied with actual hours worked, starting from 1 January 2009 onwards. The agreement will expire according to the agreement's conditions.

The balances of the accounts as at 31 December 2011 and 2010 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	2011	2010
	2011	2010	2011	2010
Trade and other receivables - related parties (Note 8)				
Subsidiaries	-	-	8,775	5,912
Associated companies	90	61	79	7
Related entities (related by common director)	5,538	4,614	5,538	4,614
Total	<u>5,628</u>	<u>4,675</u>	<u>14,392</u>	<u>10,533</u>
Trade and other payables - related parties (Note 18)				
Associated companies	<u>2,031</u>	<u>194</u>	<u>2,031</u>	<u>194</u>
Short-term loan to and interest receivable from a related party				
Subsidiary	<u>-</u>	<u>-</u>	<u>665</u>	<u>19,277</u>
Long-term loan from a related party				
Subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,000</u>
Long-term debentures				
Related companies (Major shareholder and common director)	<u>955,000</u>	<u>-</u>	<u>955,000</u>	<u>-</u>
Convertible bonds treated as equity securities				
Related company (common director)	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>

As at 31 December 2011 and 2010, the short-term loan to Asia Global Research Ltd. carries interest at the rate of MLR less 1.00% per annum.

As at 31 December 2010, the long-term loan from Bumrungrad Medical Center Ltd. carried interest at the rate of 1.16% per annum.

During 2011, movements of loan to and loan from related parties were as follows:

(Unit: Thousand Baht)

	Balance as at	During the year		Balance as at
	31 December			31 December
	2010	Increase	Decrease	2011
Short-term loan to and interest receivable from a related party				
<u>Subsidiary</u>				
Asia Global Research Ltd.				
Principal	19,200	9,800	(28,400)	600
Interest receivable	77	997	(1,009)	65
	<u>19,277</u>	<u>10,797</u>	<u>(29,409)</u>	<u>665</u>
Long-term loan from a related party				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.				
Principal	81,000	-	(81,000)	-
Interest payable	-	771	(771)	-
	<u>81,000</u>	<u>771</u>	<u>(81,771)</u>	<u>-</u>

Directors and management's benefits

During the years ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Short-term employee benefits	117,713	127,193	99,648	103,795
Termination benefits	3,982	3,174	3,800	2,965
Total	<u>121,695</u>	<u>130,367</u>	<u>103,448</u>	<u>106,760</u>

10. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Medicine	136,542	122,445	129,560	115,574
Medical supplies	54,403	34,095	54,347	34,063
Other supplies	74,795	61,162	74,796	59,162
Total	265,740	217,702	258,703	208,799

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for loss on diminution in value		Carrying amounts based on cost method - net		Dividend received during the year ended 31 December	
	2011	2010	2011 (%)	2010 (%)	2011	2010	2011	2010	2011	2010	2011	2010
Bumrungrad Medical Center Ltd.	3,750	60,000	51.00	100.00	3,374	105,859	-	75,526	3,374	30,333	27,186	204,771
Vitalife Corporation Ltd.	31,500	31,500	100.00	100.00	25,610	25,610	-	-	25,610	25,610	-	-
Asia Global Health Ltd.	21,602	21,602	100.00	100.00	21,602	21,602	-	-	21,602	21,602	-	-
Asia Global Research Ltd.	50,000	20,000	100.00	100.00	50,000	20,000	-	-	50,000	20,000	-	-
Total					100,586	173,071	-	75,526	100,586	97,545	27,186	204,771

11.1 Reduction of share capital of a subsidiary

During the year ended 31 December 2011, a subsidiary (Bumrungrad Medical Center Ltd.) reduced its registered and paid-up share capital as detailed below.

(Unit: Million Baht)

Share capital reduction No.	Date of approval by the Extraordinary General Meeting of its shareholders	Date of registration of share capital reduction at the Ministry of Commerce	Paid-up share capital (par value at Baht 8 per share)		
			Old	Reduction	New
3	7 January 2011	17 February 2011	60.0	45.0	15.0
4	19 July 2011	23 August 2011	15.0	11.2	3.8

Using the cost method, the share capital reductions of the subsidiary resulted in a loss of Baht 42.5 million, as the investment acquisition cost (Baht 14.11 per share) is higher than the amount per share returned to the shareholders (Baht 8.08 and Baht 8.02 per share for capital reduction No. 3 and 4, respectively). During the year 2011, the Company reversed the allowance for loss on diminution in value amounting to Baht 75.5 million, resulting in net gain incurred from the subsidiary's share capital reduction of Baht 33.0 million presented in the separate profit or loss for the year ended 31 December 2011.

During the year ended 31 December 2010, the subsidiary reduced its registered and paid-up share capital as detailed below.

(Unit: Million Baht)

Share capital reduction No.	Date of approval by the Extraordinary General Meeting of subsidiary	Date of registration of share capital reduction at the Ministry of Commerce	Paid-up share capital (par value at Baht 8 per share)		
			Old	Reduction	New
1	26 August 2010	1 October 2010	958.9	718.9	240.0
2	21 October 2010	29 November 2010	240.0	180.0	60.0

Using the cost method, the share capital reductions of the subsidiary resulted in a loss of Baht 681.5 million, as the investment acquisition cost (Baht 14.11 per share) is higher than the amount per share returned to the shareholders (Baht 8.05 per share). During the year 2010, the Company reversed the allowance for loss on diminution in value of Baht 469.5 million, resulting in net loss incurred from the subsidiary's share capital reduction of Baht 212.0 million presented in the separate profit or loss for the year ended 31 December 2010.

11.2 Sales of investment in subsidiary

On 20 December 2011, the Company sold investment in a subsidiary (Bumrungrad Medical Center Ltd. (BMC)) to third party for 229,680 shares at price of Baht 9.80 per share or amounting to Baht 2.3 million, resulting in gain incurred from sales of investment in subsidiary of Baht 0.1 million presented in the consolidated profit or loss (separate profit or loss: loss of Baht 1.0 million) for the year ended 31 December 2011. As a result, the Company's shareholding in BMC decreased from 100% to 51% and BMC is still a subsidiary of the Company.

11.3 Increasing of share capital of a subsidiary

On 5 September 2011, the Extraordinary General Meeting of the subsidiary's shareholders (Asia Global Research Ltd.) approved the increase of the subsidiary's registered share capital from Baht 20.0 million (2.0 million ordinary shares of Baht 10.00 each) to Baht 50.0 million (5.0 million ordinary shares of Baht 10.00 each), through the issuance of 30.0 million additional ordinary shares with a par value of Baht 10.00 each, for offer to its existing shareholders at Baht 10.00 per share. The Company purchased all of the additional ordinary shares and paid for the share subscription on 13 September 2011. The subsidiary registered the increase of its capital with the Ministry of Commerce on 14 September 2011.

12. Investment in joint venture

12.1 Sales of investment in joint venture

On 24 February 2010, the Company's Board of Directors Meeting approved the Company to sell all of the shares of Asia Renal Care (Thailand) Co., Ltd. and subsequently on 15 May 2010, the Company signed an agreement to sell the shares to Nephrocare (Thailand) Co., Ltd. subject to the condition precedent. On 19 July 2010, the parties fulfilled the conditions precedent and the transaction was closed, resulting in gain on sales of investment of Baht 13.0 million presented in the consolidated and separate profit or loss for the year ended 31 December 2010.

12.2 Share of loss from investment in joint venture

During the year 2010, the Company recognised its share of loss from investment in the joint venture (Asia Renal Care (Thailand) Co., Ltd.) in the consolidated financial statements amounting to Baht 14 thousand.

13. Investments in associated companies

13.1 Details of investments in associated companies

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2011	2010	2011	2010	2011	2010
			(%)	(%)				
Bumrungrad International Ltd.	Holding company	Thailand	31.50	31.50	370,440	1,007,790	607,291	1,200,198
CDE Trading Ltd.	Temporary cease its operation	Thailand	30.00	30.00	21,663	21,663	9,407	9,695
Bangkok Chain Hospital Plc.	Private hospital operation	Thailand	24.99	-	3,562,938	-	3,634,557	-
Total					3,955,041	1,029,453	4,251,255	1,209,893

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Allowance for loss on diminution in value		Carrying amounts based on cost method - net	
	2011	2010	2011	2010	2011	2010	2011	2010
	(%)	(%)						
Bumrungrad International Ltd.	31.50	31.50	370,440	1,007,790	-	-	370,440	1,007,790
CDE Trading Ltd.	30.00	30.00	21,663	21,663	16,000	16,000	5,663	5,663
Bangkok Chain Hospital Plc.	24.99	-	3,562,938	-	-	-	3,562,938	-
Total			3,955,041	1,029,453	16,000	16,000	3,939,041	1,013,453

Purchase of investment in an associate

On 18 March 2011, the Company acquired common shares of Bangkok Chain Hospital Plc. (KH) doing business as Kasemrad Hospital Group in an amount of 415,624,000 shares or equivalent to 24.99% of total issued and paid-up shares at acquisition price of Baht 8.50 per share. The transaction value is Baht 3,562.9 million (included investment acquisition expenses). That company is an associated company of the Company since 18 March 2011, regarding to this, the Company recognises the share of income (loss) since the second quarter of 2011 onwards.

Details of the net assets and goodwill acquired are provided below.

(Unit: Thousand Baht)

Fair value of net assets acquired	965,668
Goodwill included in the carrying amount of investment in associate	<u>2,597,270</u>
Purchase consideration transferred (cash paid)	<u><u>3,562,938</u></u>

The purchase of investment in KH was made in accordance with a resolution of the Board of Directors' Meeting held on 18 March 2011.

Reduction of share capital of an associate

On 19 April 2011, an associate (Bumrungrad International Ltd.) registered with the Ministry of Commerce to reduce its registered and paid-up share capital from Baht 3,199.3 million (31,993,367 ordinary shares at par value of Baht 100.00 each) to Baht 1,176.0 million (11,760,000 ordinary shares at par value of Baht 100.00 each). The associate's share capital reduction was made in accordance with a resolution of the Extraordinary General Meeting of its shareholders held on 14 March 2011. The Company received a return of share capital in proportion to its 31.5% shareholding in the associate on 19 April 2011, amounting to Baht 612.6 million (6,373,506 shares at a value of Baht 96.12 each). As a result, Bumrungrad International Ltd. is still an associate of the Company.

Using the cost method, the share capital reduction of the associate resulted in a loss of Baht 24.7 million presented in the separate profit or loss for the year ended 31 December 2011, as the investment acquisition cost (Baht 100.00 per share) is higher than the amount per share returned to the shareholders (Baht 96.12 per share).

13.2 Share of income (loss) and dividend received

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

(Unit: Thousand Baht)

Company's name	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates		Dividend received	
	2011	2010	2011	2010
Bumrungrad International Ltd.	(49,468)	(42,353)	-	-
CDE Trading Ltd.	3,386	7,440	-	-
Bangkok Chain Hospital Plc.	128,766	-	60,265	-
Total	82,684	(34,913)	60,265	-

Dividend income from an associate

During the year 2011, the Company received cash dividend amounting to Baht 60.3 million from an associated company (Bangkok Chain Hospital Plc.) and share dividend value of Baht 83.1 million (83.1 million shares recalculate the average cost of investment in that associated company). The total value of the dividend is thus Baht 143.4 million.

Sales of investments in subsidiaries of an associate

On 4 November 2011, Bumrungrad International Ltd. (BIL), which is the Company's associate, entered into a Share Purchase Agreement in relation to the sales of all of the shares of investments in subsidiaries in Philippines (the group of subsidiary operates hospital in Philippines) to Metro Pacific Investment Corporation, a company incorporated in Philippines (the buyer). Subsequently, on 6 December 2011, the significant content of the sales transaction was completed including the transfer of control over the subsidiaries to the buyer. BIL recognised the sales transaction and realised a loss from the sales of the investments amounting to Baht 74.9 million in 2011. However, as proportionate interests held by the Company, the Company realised loss from such transaction amounting to Baht 23.6 million.

On 15 May 2010, Bumrungrad International Holdings (Hong Kong) Ltd. (BIHL), which is a wholly owned subsidiary of Bumrungrad International Ltd. (BIL), entered into a Share Purchase Agreement in relation to the sale of all of the shares of Asia Renal Care Limited (ARC) to Fresenius Medical Care Beteiligungsgesellschaft mbH, a company incorporated in Germany. At that time, ARC was a 100% indirectly owned subsidiary of BIL. Subsequently, on 19 July 2010, the sales transaction was completed with BIHL realising a loss from the sale of the investment amounting to Baht 227 million in 2010. However, as proportionate interests held by the Company, the Company realised loss from such transaction amounting to Baht 72 million.

13.3 Fair value of investment in listed associate

Investment in an associated company which is listed company on the Stock Exchange of Thailand (Bangkok Chain Hospital Plc.) had fair value as at 31 December 2011 amounting to Baht 3,416.4 million.

13.4 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		Total assets as at		Total liabilities as at		Total revenues		Profit (loss)	
	31 December		31 December		31 December		for the years ended		for the years ended	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Bumrungrad International Ltd.	1,176.0	3,199.3	2,072.0	6,107.3	144.9	1,588.1	1,300.3	1,445.8	(156.6)	(116.7)
CDE Trading Ltd.	10.0	10.0	31.4	32.5	0.1	0.1	0.4	13.6	1.0	12.7
Bangkok Chain Hospital Plc.	1,995.0	-	5,556.4	-	1,955.3	-	3,991.4	-	781.8	-

14. Other long-term investments

(Unit: Thousand Baht)

Company's name	Shareholding		Consolidated		Separate	
	percentage		financial statements		financial statements	
	2011	2010	2011	2010	2011	2010
	(%)	(%)				
Chantaburi Country Club Co., Ltd.	0.5	0.5	4,500	4,500	4,500	4,500
Global Care Solutions S.A.	-	14.0	-	347	-	347
Bumrungrad Dialysis Center Co., Ltd.	20.0	20.0	200	200	-	-
Total			4,700	5,047	4,500	4,847
Less: Allowance for loss on diminution in value			(2,800)	(2,800)	(2,800)	(2,800)
Other long-term investments - net			1,900	2,247	1,700	2,047

On 16 September 2011, the Company received cash from Global Care Solutions S.A. amounting to Baht 0.5 million from the liquidation of that company, resulting in gain of Baht 0.2 million presented in the consolidated and separate profit or loss for the year ended 31 December 2011.

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements										
	Land	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 2009	588,389	34,881	3,497,787	477,606	2,471,870	986,504	469,090	43,794	316,426	8,886,347
Additions	-	-	25,582	13,526	268,026	76,063	5,423	1,024	301,293	690,937
Disposals	-	-	-	(214)	(24,377)	(7,092)	(5,850)	(4,346)	-	(41,879)
Transfer in (out)	-	-	462,823	8,324	7,278	34,782	28,977	-	(542,184)	-
Reclassified to computer software	-	-	-	-	-	-	-	-	(11,406)	(11,406)
Write-off	-	-	-	-	-	-	-	-	(1,827)	(1,827)
31 December 2010	588,389	34,881	3,986,192	499,242	2,722,797	1,090,257	497,640	40,472	62,302	9,522,172
Additions	623,456	-	20,990	16,139	243,822	75,969	6,995	6,600	73,763	1,067,734
Disposals	-	-	-	(3,699)	(42,175)	(23,183)	(21,201)	(3,176)	-	(93,434)
Transfer in (out)	-	-	59,469	13,559	-	82	1,335	-	(74,445)	-
31 December 2011	1,211,845	34,881	4,066,651	525,241	2,924,444	1,143,125	484,769	43,896	61,620	10,496,472
Accumulated depreciation										
31 December 2009	-	15,982	903,456	94,030	1,350,834	568,312	246,550	40,241	-	3,219,405
Depreciation for the year	-	566	132,753	18,913	251,726	114,554	30,881	1,584	-	550,977
Depreciation on disposals	-	-	-	(73)	(20,690)	(4,095)	(3,678)	(4,346)	-	(32,882)
31 December 2010	-	16,548	1,036,209	112,870	1,581,870	678,771	273,753	37,479	-	3,737,500
Depreciation for the year	-	459	152,250	20,516	255,924	137,858	30,193	2,027	-	599,227
Depreciation on disposals	-	-	-	(2,682)	(37,805)	(23,062)	(15,083)	(3,176)	-	(81,808)
31 December 2011	-	17,007	1,188,459	130,704	1,799,989	793,567	288,863	36,330	-	4,254,919
Net book value										
31 December 2010	588,389	18,333	2,949,983	386,372	1,140,927	411,486	223,887	2,993	62,302	5,784,672
31 December 2011	1,211,845	17,874	2,878,192	394,537	1,124,455	349,558	195,906	7,566	61,620	6,241,553
Depreciation included in the income statements for the years										
2010										550,977
2011										599,227

(Unit: Thousand Baht)

	Separate financial statements									
	Land leasehold right		Buildings and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Assets under construction and installation	Total
	Land	and land improvement								
Cost										
31 December 2009	588,389	15,563	1,887,162	452,880	2,029,977	723,115	347,636	21,358	316,426	6,382,506
Additions	-	-	963,505	13,482	263,768	75,552	5,417	1,024	301,293	1,624,041
Disposals	-	-	-	(214)	(24,377)	(7,087)	(5,843)	(4,346)	-	(41,867)
Transfer in (out)	-	-	462,823	8,324	7,278	34,782	28,977	-	(542,184)	-
Reclassified to computer software	-	-	-	-	-	-	-	-	(11,406)	(11,406)
Write-off	-	-	-	-	-	-	-	-	(1,827)	(1,827)
31 December 2010	588,389	15,563	3,313,490	474,472	2,276,646	826,362	376,187	18,036	62,302	7,951,447
Additions	623,456	-	17,483	16,139	268,921	75,817	6,723	6,600	73,763	1,088,902
Disposals	-	-	-	(3,699)	(42,175)	(23,183)	(21,201)	(3,176)	-	(93,434)
Transfer in (out)	-	-	59,469	13,559	-	82	1,335	-	(74,445)	-
31 December 2011	1,211,845	15,563	3,390,442	500,471	2,503,392	879,078	363,044	21,460	61,620	8,946,915
Accumulated depreciation										
31 December 2009	-	8,690	186,947	61,815	892,027	337,603	149,183	17,805	-	1,654,070
Depreciation for the year	-	459	122,540	18,781	253,860	109,217	29,985	1,584	-	536,426
Depreciation on disposals	-	-	-	(73)	(20,690)	(4,094)	(3,672)	(4,346)	-	(32,875)
31 December 2010	-	9,149	309,487	80,523	1,125,197	442,726	175,496	15,043	-	2,157,621
Depreciation for the year	-	459	151,147	20,383	256,562	137,643	29,458	2,027	-	597,679
Depreciation on disposals	-	-	-	(2,681)	(37,805)	(23,062)	(15,083)	(3,176)	-	(81,807)
31 December 2011	-	9,608	460,634	98,225	1,343,954	557,307	189,871	13,894	-	2,673,493
Net book value										
31 December 2010	588,389	6,414	3,004,003	393,948	1,151,449	383,637	200,691	2,993	62,302	5,793,826
31 December 2011	1,211,845	5,955	2,929,808	402,246	1,159,438	321,771	173,173	7,566	61,620	6,273,422
Depreciation included in the income statements for the years										
2010										536,426
2011										597,679

As at 31 December 2011, the Company had mortgaged its land and hospital buildings with a total net book value of Baht 2,285.2 million (2010: Baht 2,328.2 million), as collaterals for its credit facilities granted by a local commercial bank. On 14 February 2012, the Company released the mortgage of land and hospital buildings since the Company early repaid all outstanding loans to the financial institution.

In addition, as at 31 December 2011 and 2010, the Company has mortgaged land with a book value of Baht 290.9 million (Baht 1,365.1 million appraisal fair value as of 28 September 2010) with another local commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds treated as equity securities.

As at 31 December 2011, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 453.1 million (Separate financial statements: Baht 425.9 million) (2010: Baht 321.4 million (Separate financial statements: Baht 313.5 million)).

16. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Computer software	Total	Computer software	Compensation for business combination	Total
Cost					
31 December 2009	922,784	922,784	959,256	192,928	1,152,184
Additions	26,447	26,447	25,872	-	25,872
Reclassified from equipment	11,406	11,406	11,406	-	11,406
31 December 2010	960,637	960,637	996,534	192,928	1,189,462
Additions	18,822	18,822	18,714	-	18,714
31 December 2011	979,459	979,459	1,015,248	192,928	1,208,176
Accumulated amortisation					
31 December 2009	266,921	266,921	274,262	65,917	340,179
Amortisation during the year	44,866	44,866	44,803	-	44,803
Realised gain on sales of software during the year	(3,673)	(3,673)	-	-	-
31 December 2010	308,114	308,114	319,065	65,917	384,982

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Computer software	Total	Computer software	Compensation for business combination	Total
Amortisation during the year	48,581	48,581	48,489	-	48,489
Realised gain on sales of software during the year	(3,673)	(3,673)	-	-	-
31 December 2011	353,022	353,022	367,554	65,917	433,471
Allowance for impairment loss					
31 December 2010	370,233	370,233	370,233	127,011	497,244
31 December 2011	370,233	370,233	370,233	127,011	497,244
Net book value					
31 December 2010	282,290	282,290	307,236	-	307,236
31 December 2011	256,204	256,204	277,461	-	277,461
Amortisation included in the income statements for the years					
2010	44,866	44,866	44,803	-	44,803
2011	48,581	48,581	48,489	-	48,489

17. Short-term loan from financial institution

Movements in short-term loan from financial institution account during the year 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2011	100,000	100,000
Add: Received loan	3,570,000	3,570,000
Less: Repayment	(3,670,000)	(3,670,000)
Balance as at 31 December 2011	-	-

Short-term loan from financial institution as at 31 December 2010 amounting to Baht 100 million bearing interest at the rate of 2.40% per annum was secured by the same collaterals as the long-term loans from financial institution.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Trade payables - unrelated parties	548,609	556,000	544,584	548,169
Construction and medical equipment payables	47,695	51,045	47,695	51,045
Other payables - related parties	2,031	194	2,031	194
Other payables - unrelated parties	4,349	13,143	6,566	12,590
Total trade and other payables	<u>602,684</u>	<u>620,382</u>	<u>600,876</u>	<u>611,998</u>

19. Long-term loans from financial institution

Movements in long-term loans from financial institution account during the year 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2011	1,430,000	1,430,000
Less: Repayment	<u>(1,430,000)</u>	<u>(1,430,000)</u>
Balance as at 31 December 2011	<u>-</u>	<u>-</u>

The balances of long-term loans from financial institution as at 31 December 2010 are as follows:

(Unit: Thousand Baht)

Tranche	Interest rate (%)	Repayment schedule	Consolidated financial statements/ Separate financial statements
A	MLR less fixed rate	20 quarterly installments, commencing 30 December 2011	1,420,000
B	MLR less fixed rate	20 quarterly installments, commencing 28 February 2012	10,000
Total			<u>1,430,000</u>
Less: Portion due within one year			<u>(71,000)</u>
Portion due more than one year			<u>1,359,000</u>

The outstanding long-term loans as at 31 December 2010 were secured by mortgaged land, buildings and building improvements of the Company and the assignment of the beneficiary rights under the insurance policies for the mortgaged assets to the bank. The loan agreement contained 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.

On 20 December 2011, the Company early repaid all outstanding loans to the financial institution, amounting to Baht 1,430 million. The Company released the collateral provided for the loans, which was completed on 14 February 2012.

20. Long-term debentures

The Extraordinary General Meeting of the Company's shareholders held on 8 December 2011 approved the issuance and offering of unsecured, unsubordinated debentures in Baht currency with the principal amount not exceeding Baht 7,000 million and the tenor not more than 10 years.

As at 31 December 2011 detailed long-term debentures are as follows:

(Unit: Thousand Baht)						
Series	Maturity date	No. of units (Thousand units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest payment	Carrying amount
1	Entirely redeemed on 20 December 2016 (5 years)	1,500	1,000	4.13	Semi-annual	1,500,000
2	Entirely redeemed on 20 December 2018 (7 years)	1,000	1,000	4.59	Semi-annual	1,000,000
3	Entirely redeemed on 20 December 2021 (10 years)	2,500	1,000	4.97	Semi-annual	2,500,000
Total						5,000,000
Less: Deferred debenture issuing costs						(45,074)
Long-term debentures - net						4,954,926

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios which include:

- a) maintenance of a net debt to equity ratio not exceeding 1.75:1
- b) maintenance of a net debt to EBITDA ratio not exceeding 3.25:1

21. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Total
	Compensations on employees' retirement	Other long-term employee benefits	Paid annual leave	
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 3)	209,909	34,030	24,795	268,734
Current service cost	18,083	2,927	4,734	25,744
Interest cost	8,579	1,311	-	9,890
Benefits paid during the year	(25,804)	-	(803)	(26,607)
Balance at end of year	<u>210,767</u>	<u>38,268</u>	<u>28,726</u>	<u>277,761</u>

(Unit: Thousand Baht)

	Separate financial statements			Total
	Compensations on employees' retirement	Other long-term employee benefits	Paid annual leave	
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 3)	207,031	33,700	24,055	264,786
Current service cost	17,590	2,884	4,500	24,974
Interest cost	8,500	1,300	-	9,800
Benefits paid during the year	(25,804)	-	(803)	(26,607)
Balance at end of year	<u>207,317</u>	<u>37,884</u>	<u>27,752</u>	<u>272,953</u>

Long-term employee benefit expenses included in the consolidated profit or loss for the year ended 31 December 2011 amounted to Baht 35.6 million and separated profit or loss amounted to Baht 34.8 million.

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.5	4.5	4.5	4.5
Average future salary				
increase rate	6.0	6.0	6.0	6.0
Staff turnover rate	6.0 - 7.0	6.0 - 7.0	6.0 - 7.0	6.0 - 7.0

22. Convertible bonds treated as equity securities

Convertible bonds treated as equity securities as at 31 December 2011 and 2010 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 22 November 2000, the meeting of the bonds' holders and 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.

On 6 December 2011, the meeting of bonds' holders and on 8 December 2011, 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 to extend the tenure of the convertible bonds for

additional 5 years maturing on 23 August 2017 and that the security of the convertible bonds be released in accordance with the same term on 23 August 2012.

According to the Thai Accounting Standard No. 107 “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 2011 of the convertible bonds amounted to Baht 32.5 million (2010: Baht 32.5 million), being recorded as a reduction to unappropriated retained earnings.

23. 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 2011, 46,300 preference shares (2010: 32,850 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 10 March 2011.

24. 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 profit 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 2011 and 2010, the statutory reserve reaches 10% of the Company’s registered capital.

25. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Salary and wages and other employee benefits	1,970,278	1,684,573	1,925,455	1,626,376
Physicians' fee	2,732,532	2,478,398	2,710,171	2,450,006
Loss (gain) from share capital reduction of				
a subsidiary	-	-	(33,002)	212,000
Loss from share capital reduction of an associate	-	-	24,704	-
Equipment rental expenses from operating				
lease agreements	22,163	21,743	20,994	20,625
Land and building rental expenses from				
operating lease agreements	48,632	42,229	48,632	64,429
Building and equipment maintenance				
expenses	200,736	159,337	200,678	159,188
Advertising and public relation expenses	161,176	148,704	156,126	142,943
Medicine, medical supply and other supply				
consumptions	2,289,415	2,112,397	2,234,985	2,047,793

26. Corporate income tax

The Company's and subsidiaries' corporate income tax for the years 2011 and 2010 has been calculated at the rate of 30% of net taxable income.

27. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus 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					
	Profit		Weighted average number of ordinary shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the parent	1,588,032	1,258,495	728,375	728,331	2.18	1.73
Effect of dilutive potential ordinary shares						
Preference shares	-	-	1,677	1,721		
Convertible bonds	-	-	137,363	137,363		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>1,588,032</u>	<u>1,258,495</u>	<u>867,415</u>	<u>867,415</u>	1.83	1.45
	Separate financial statements					
	Profit		Weighted average number of ordinary shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the parent	1,591,446	1,300,201	728,375	728,331	2.18	1.79
Effect of dilutive potential ordinary shares						
Preference shares	-	-	1,677	1,721		
Convertible bonds	-	-	137,363	137,363		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>1,591,446</u>	<u>1,300,201</u>	<u>867,415</u>	<u>867,415</u>	1.83	1.50

28. 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.

29. 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 Bualuang Securities Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company and subsidiaries contributed Baht 46.6 million (2010: Baht 42.4 million) to the fund.

30. Dividends paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2010	Annual General Meeting of the shareholders on 27 April 2011	365,020	0.50
Interim dividends on operating results for the six-month period ended 30 June 2011	Board of Directors' meeting on 10 August 2011	328,517	0.45
Total dividends for 2011		<u>693,537</u>	<u>0.95</u>
Final dividends for 2009	Annual General Meeting of the shareholders on 28 April 2010	328,503	0.45
Interim dividends on operating results for the six-month period ended 30 June 2010	Board of Directors' meeting on 11 August 2010	292,005	0.40
Total dividends for 2010		<u>620,508</u>	<u>0.85</u>

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2011, the Company has capital commitments to pay a total of Baht 32.5 million (2010: Baht 3.4 million) in relation to the renovation agreement of building and Baht 125.7 million (2010: Baht 31.3 million) in respect of purchase of medical instruments and hospital equipment.

31.2 Operating lease and long-term service commitments

The Company has entered into operating 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 30 years.

As at 31 December 2011, future minimum payments required under the above 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) Nursing dormitory land rental expense (shall be extended for a further period of 30 years)	1	7	9	17
2) Lease of land and building for operating service apartment (shall be extended for a further period of 2 years)	25	10	-	35
3) Lease of building for nursing dormitory and related services (shall be renewed automatically)	15	13	-	28
4) Maintenance service fee for medical instruments	74	25	-	99
5) Rental and maintenance service fee for cars	10	21	-	31

31.3 Commitments from other contracts

The Company has 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 2011, there is a minimum amount of Baht 89.8 million (2010: Baht 215.4 million) which the Company requires to purchase according to the contracts.

31.4 Uncalled portion of investment in subsidiary

As at 31 December 2011 and 2010, the Company has a commitment of HKD 4.8 million in respect of the uncalled portion of investment in an overseas subsidiary (Asia Global Health Ltd.).

31.5 Bank guarantees

As at 31 December 2011 and 2010, there were outstanding bank guarantees of Baht 25.7 million issued by a bank on behalf of the Company. All were required in the normal course of business e.g. payment of utility expenses and space rental.

32. Financial instruments

32.1 Financial risk management

The Company's and subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise cash and cash equivalents, accounts receivable and payable and long-term debentures. 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 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 trade accounts receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposures to interest rate risk relate primarily to their cash at banks and long-term debentures. 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 2011 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.

(Million Baht)

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	600	-	-	652	9	1,261	0.10 - 3.55
Trade and other receivables	-	-	-	-	1,126	1,126	-
	<u>600</u>	<u>-</u>	<u>-</u>	<u>652</u>	<u>1,135</u>	<u>2,387</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	603	603	-
Accrued physicians' fees	-	-	-	-	452	452	-
Long-term debentures	-	1,486	3,469	-	-	4,955	4.13 - 4.97
	<u>-</u>	<u>1,486</u>	<u>3,469</u>	<u>-</u>	<u>1,055</u>	<u>6,010</u>	

In addition, the Company's exposures to fixed interest rate risk relate to convertible bonds treated as equity securities amounting to Baht 550 million with maturity date in 2017 and carry interests at the rates 1% and 10% per annum, as described in Note 22.

Foreign currency risk

The Company's exposure to foreign currency risk arises from investment in subsidiary that is denominated in foreign currency. The Company has no forward contracts to reduce the exposure since the Company expects the risk to be minimal. The Company and its subsidiaries do not use foreign currency forward contracts or purchased currency options for trading purposes.

There was no balance of financial assets and liabilities denominated in foreign currencies as at 31 December 2011.

32.2 Fair values of financial instruments

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 instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, trade and other receivables, trade and other payables and accrued physicians' fees, the carrying amounts at the statement of financial position approximate fair value.
- b) For long-term debentures, fair value is derived from quoted market prices of the Thai Bond Market Association at the close of the business on the reporting date.

The majorities of the Company and subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. The long-term debentures with fixed interest rates carrying amount as at 31 December 2011 amounting to Baht 4,954.9 million, their fair value is amounting to Baht 4,979.8 million.

33. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2011, the Group's debt-to-equity ratio was 1.00:1 (2010: 0.51:1) and the Company's was 1.03:1 (2010: 0.53:1).

34. Events after the reporting period

On 27 February 2012, 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 2012 to adopt a resolution to pay a dividend of Baht 1.10 per share, or a total of Baht 803.1 million, to the shareholders in respect of the 2011 profit. The Company already paid an interim dividend of Baht 0.45 per share, or a total of Baht 328.5 million on 9 September 2011. The remaining dividend of Baht 0.65 per share, or a total of Baht 474.6 million will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

35. Reclassifications

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2.1 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholders' equity.

In addition, the Company reclassified certain amounts in the financial statements to comply with the internal cost structuring, as following.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously	As reclassified	As previously
		reported		reported
Revenues from hospital operations	9,793,745	9,805,682	9,649,682	9,649,682
Interest income	1,944	-	1,831	-
Other income	90,605	93,730	82,627	85,638
Cost of hospital operations	5,912,203	5,943,546	5,842,453	5,866,404
Administrative expenses	1,678,834	1,536,811	1,618,758	1,495,124
Management benefit expenses	-	123,797	-	100,863

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2012.