

Bumrungrad Hospital Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2012

Independent Auditor's Report

To the Shareholders of Bumrungrad Hospital Public Company Limited

I have audited the accompanying consolidated financial statements of Bumrungrad Hospital Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Bumrungrad Hospital Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bumrungrad Hospital Public Company Limited and its subsidiaries and of Bumrungrad Hospital Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited
Bangkok: 20 February 2013

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	6	6,034,143,584	1,260,730,653	5,940,595,542	1,186,267,376
Trade and other receivables	7	1,335,000,025	1,126,061,134	1,333,162,524	1,125,459,913
Short-term loan to and interest receivable					
from a related party	8	-	-	-	664,623
Inventories	9	233,750,762	265,739,534	224,785,095	258,702,724
Prepaid expenses		52,359,335	48,621,170	50,242,508	46,392,805
Other current assets		14,449,235	3,134,079	12,510,251	3,979,135
Total current assets		7,669,702,941	2,704,286,570	7,561,295,920	2,621,466,576
Non-current assets					
Investments in subsidiaries	10	-	-	1,092,245,887	100,585,507
Investments in associates	11	237,744,698	4,251,254,988	7,109,760	3,939,040,872
Other long-term investments	12	1,700,000	1,900,000	1,700,000	1,700,000
Property, plant and equipment	13	7,683,003,847	6,241,553,191	6,666,243,186	6,273,421,626
Intangible assets	14	235,973,324	256,204,360	253,588,714	277,461,207
Other non-current assets		33,629,170	17,347,530	33,619,171	17,207,635
Total non-current assets		8,192,051,039	10,768,260,069	8,054,506,718	10,609,416,847
Total assets		15,861,753,980	13,472,546,639	15,615,802,638	13,230,883,423

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	15	799,949,180	602,684,350	795,374,606	600,876,425
Accrued physicians' fees		502,738,211	452,054,931	498,244,832	448,591,363
Accrued expenses		394,061,036	269,107,115	388,595,256	267,667,696
Income tax payable		372,558,595	124,932,284	368,903,770	122,954,657
Other current liabilities		68,314,929	57,208,049	55,386,350	50,242,326
Total current liabilities		2,137,621,951	1,505,986,729	2,106,504,814	1,490,332,467
Non-current liabilities					
Long-term debentures	16	4,960,466,455	4,954,926,250	4,960,466,455	4,954,926,250
Provision for long-term employee benefits	17	376,129,519	277,760,646	374,209,377	272,952,698
Total non-current liabilities		5,336,595,974	5,232,686,896	5,334,675,832	5,227,878,948
Total liabilities		7,474,217,925	6,738,673,625	7,441,180,646	6,718,211,415
Shareholders' equity					
Share capital	19				
Registered					
921,043,709 ordinary shares of Baht 1 each (2011: 921,034,085 ordinary shares of Baht 1 each)		921,043,709	921,034,085	921,043,709	921,034,085
1,658,976 preference shares of Baht 1 each (2011: 1,668,600 preference shares of Baht 1 each)		1,658,976	1,668,600	1,658,976	1,668,600
Issued and paid-up					
728,393,246 ordinary shares of Baht 1 each (2011: 728,383,622 ordinary shares of Baht 1 each)		728,393,246	728,383,622	728,393,246	728,383,622
1,658,976 preference shares of Baht 1 each (2011: 1,668,600 preference shares of Baht 1 each)		1,658,976	1,668,600	1,658,976	1,668,600
Premium on ordinary shares		285,568,300	285,568,300	285,568,300	285,568,300
Convertible bonds treated as equity securities	18	550,000,000	550,000,000	550,000,000	550,000,000
Retained earnings					
Appropriated - statutory reserve	20	92,275,000	92,275,000	92,275,000	92,275,000
Unappropriated		6,485,334,601	5,022,547,144	6,516,726,470	4,854,776,486
Other components of shareholders' equity		244,305,932	51,297,471	-	-
Equity attributable to owners of the Company		8,387,536,055	6,731,740,137	8,174,621,992	6,512,672,008
Non-controlling interests of the subsidiary		-	2,132,877	-	-
Total shareholders' equity		8,387,536,055	6,733,873,014	8,174,621,992	6,512,672,008
Total liabilities and shareholders' equity		15,861,753,980	13,472,546,639	15,615,802,638	13,230,883,423

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

Directors

Bumrungrad Hospital Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Revenues					
Revenues from hospital operations	8	12,856,204,690	11,014,830,038	12,684,103,764	10,870,351,440
Rental income	8	126,338,878	120,815,889	129,683,673	125,624,932
Interest income	8	98,368,625	29,836,266	96,618,716	30,063,965
Gain on sales of investments	10.3, 11.3	789,826,508	280,382	919,255,265	-
Exchange gains		69,508,841	45,199,314	69,629,812	44,821,826
Dividend income	10, 11.4	-	-	49,874,880	87,451,240
Other income	8	101,389,463	95,259,342	92,426,496	87,937,180
Total revenues		14,041,637,005	11,306,221,231	14,041,592,606	11,246,250,583
Expenses					
Cost of hospital operations	8	8,232,117,400	7,070,240,648	8,138,353,085	6,999,675,221
Administrative expenses	8	2,304,836,953	2,035,056,424	2,245,354,454	1,968,915,703
Loss on diminution in value of investment in a subsidiary		-	-	49,999,970	-
Loss (gain) from share capital reduction of a subsidiary	10.1	-	-	1,071,691	(33,001,899)
Loss on sales of investments	10.3	-	-	-	831,477
Loss from share capital reduction of an associate	11.2	-	-	7,254,775	24,703,747
Total expenses		10,536,954,353	9,105,297,072	10,442,033,975	8,961,124,249
Profit before share of profit from investments in associates, finance cost and income tax expenses		3,504,682,652	2,200,924,159	3,599,558,631	2,285,126,334
Share of profit from investments in associates	11.4	93,343,456	82,683,706	-	-
Profit before finance cost and income tax expenses		3,598,026,108	2,283,607,865	3,599,558,631	2,285,126,334
Finance cost	8	(240,750,343)	(189,427,117)	(240,750,341)	(190,193,125)
Profit before income tax expenses		3,357,275,765	2,094,180,748	3,358,808,290	2,094,933,209
Income tax expenses	22	(689,824,893)	(506,146,055)	(683,114,924)	(503,486,736)
Profit for the year		2,667,450,872	1,588,034,693	2,675,693,366	1,591,446,473
Profit attributable to:					
Equity holders of the Company		2,666,731,346	1,588,031,706	2,675,693,366	1,591,446,473
Non-controlling interests of the subsidiary		719,526	2,987		
		<u>2,667,450,872</u>	<u>1,588,034,693</u>		
Earnings per share					
Basic earnings per share	23				
Profit attributable to equity holders of the Company		<u>3.66</u>	<u>2.18</u>	<u>3.67</u>	<u>2.18</u>
Diluted earnings per share	23				
Profit attributable to equity holders of the Company		<u>3.07</u>	<u>1.83</u>	<u>3.08</u>	<u>1.83</u>

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

Bumrungrad Hospital Public Company Limited and its subsidiaries**Statement of comprehensive income**

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the year	<u>2,667,450,872</u>	<u>1,588,034,693</u>	<u>2,675,693,366</u>	<u>1,591,446,473</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	346,903	75,898,296	-	-
Actuarial loss recognised during the year	<u>(66,283,745)</u>	-	<u>(68,744,796)</u>	-
Other comprehensive income for the year	<u>(65,936,842)</u>	<u>75,898,296</u>	<u>(68,744,796)</u>	-
Total comprehensive income for the year	<u>2,601,514,030</u>	<u>1,663,932,989</u>	<u>2,606,948,570</u>	<u>1,591,446,473</u>
Total comprehensive income attributable to:				
Equity holders of the Company	2,600,794,504	1,663,930,002	2,606,948,570	1,591,446,473
Non-controlling interests of the subsidiary	719,526	2,987	-	-
	<u>2,601,514,030</u>	<u>1,663,932,989</u>	<u>2,606,948,570</u>	<u>1,591,446,473</u>
	-	-	-	-

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before tax	3,357,275,765	2,094,180,748	3,358,808,290	2,094,933,209
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	709,080,399	647,807,808	707,048,927	646,168,781
Allowance for loss on impairment of assets	593,552	-	593,552	-
Bad debts and allowance for doubtful accounts	15,108,263	19,603,321	21,641,917	14,678,764
Loss on sales and write-off of equipment	11,747,739	6,542,626	11,887,926	6,572,466
Provision for long-term employee benefits	32,085,128	9,026,331	32,511,883	8,166,814
Loss on diminution in value of investment in a subsidiary	-	-	49,999,970	-
Loss (gain) from share capital reduction of a subsidiary	-	-	1,071,691	(33,001,899)
Loss from share capital reduction of an associate	-	-	7,254,775	24,703,747
Loss (gain) on sales of investments	(789,826,508)	(280,382)	(919,255,265)	831,477
Share of profit from investments in associates	(93,343,456)	(82,683,706)	-	-
Interest income	(98,368,625)	(29,836,266)	(96,618,716)	(30,063,965)
Dividend income	-	-	(49,874,880)	(87,451,240)
Amortisation of debenture issuing costs to interest expense	5,540,205	-	5,540,205	-
Interest expense	235,210,137	189,427,117	235,210,136	190,193,125
Profit from operating activities before changes in operating assets and liabilities	3,385,102,599	2,853,787,597	3,365,820,411	2,835,731,279
Operating assets (increase) decrease				
Trade and other receivables	(224,047,154)	(187,296,430)	(229,344,528)	(183,846,467)
Inventories	31,988,772	(48,037,559)	33,917,629	(49,903,490)
Prepaid expenses	(3,738,165)	400,597	(3,849,703)	263,571
Other current assets	(11,315,156)	(771,479)	(8,531,116)	(2,754,229)
Other non-current assets	(16,281,640)	280,775	(15,746,913)	292,485
Operating liabilities increase (decrease)				
Trade and other payables	118,296,949	(15,211,546)	115,530,300	(8,635,822)
Accrued physicians' fees	50,683,280	46,611,269	49,653,469	53,526,058
Accrued expenses	124,953,921	44,167,695	120,927,560	44,302,080
Other current liabilities	11,106,880	868,205	5,144,024	2,518,131
Cash flows from operating activities	3,466,750,286	2,694,799,124	3,433,521,133	2,691,493,596
Cash paid for corporate income tax	(442,198,582)	(633,592,794)	(437,165,811)	(627,238,060)
Net cash flows from operating activities	3,024,551,704	2,061,206,330	2,996,355,322	2,064,255,536

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from investing activities				
Decrease in short-term loan to a related party	-	-	-	18,600,000
Acquisition of investment in a subsidiary	(1,045,034,091)	-	(1,045,034,091)	-
Acquisition of investment in an associate	-	(3,562,938,159)	-	(3,592,938,159)
Dividend received	49,874,880	57,148,300	49,874,880	87,451,240
Cash receipt from share capital reductions of a subsidiary and an associate	361,738,178	612,646,855	363,140,521	669,366,063
Cash receipt from sales of investment in a subsidiary	1,529,928	2,757,485	1,529,928	2,757,485
Cash receipt from sales of investment in an associate	4,481,563,202	-	4,481,563,203	-
Cash receipt from sales of other long-term investment	200,000	-	-	-
Acquisition of property, plant and equipment and payment of construction and medical equipment payables	(982,396,610)	(1,071,083,766)	(976,867,901)	(1,092,251,532)
Acquisition of computer software	(37,275,985)	(18,821,824)	(37,210,005)	(18,713,952)
Proceeds from sales of equipment	3,957,505	5,083,390	3,817,318	5,053,551
Decrease in cash and cash equivalents of a subsidiary at the disposal date	(1,526,763)	-	-	-
Interest income	98,368,625	29,836,266	96,618,716	30,076,661
Net cash flows from (used in) investing activities	2,930,998,869	(3,945,371,453)	2,937,432,569	(3,890,598,643)
Cash flows from financing activities				
Net repayment of short-term loan from financial institution	-	(100,000,000)	-	(100,000,000)
Repayment of long-term loan from a related party	-	-	-	(81,000,000)
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
Cash paid for interest expense	(235,210,137)	(182,184,740)	(235,210,136)	(182,950,747)
Dividend paid	(911,749,589)	(692,672,408)	(911,749,589)	(692,672,408)
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	(1,179,459,726)	2,517,569,102	(1,179,459,725)	2,435,803,095
Decrease (increase) in translation adjustment	174,487	(165,509)	-	-
Decrease in non-controlling interests of a subsidiary due to the subsidiary's share capital reduction	(1,347,456)	-	-	-
Decrease in non-controlling interests of a subsidiary due to sales of investment in a subsidiary	(1,504,947)	-	-	-
Net increase in cash and cash equivalents	4,773,412,931	633,238,470	4,754,328,166	609,459,988
Cash and cash equivalents at beginning of year	1,260,730,653	627,492,183	1,186,267,376	576,807,388
Cash and cash equivalents at end of year	6,034,143,584	1,260,730,653	5,940,595,542	1,186,267,376
	-	-	-	-
Supplemental cash flow information				
Non-cash transactions				
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
Statement of changes in shareholders' equity
For the year ended 31 December 2012

(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	bonds treated as equity securities	Appropriated	Unappropriated	statements in foreign currency	a subsidiary	an associated company	shareholders' equity	the Company	the subsidiary	shareholders' equity
Balance as at 1 January 2011												
728,337,322	1,714,900	285,568,300	550,000,000	92,275,000	4,160,552,344	(84,111,801)	(192,661,558)	252,172,534	(24,600,825)	5,793,847,041	-	5,793,847,041
Preference shares converted to ordinary shares (Note 19)												
46,300	(46,300)	-	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests of the subsidiary due to reduction of the Company's shareholding in a subsidiary (Note 10.3)												
-	-	-	-	-	-	-	-	-	-	-	2,129,890	2,129,890
Dividend paid (Note 26)												
-	-	-	-	-	(693,536,906)	-	-	-	-	(693,536,906)	-	(693,536,906)
Interest paid for convertible bonds treated as equity securities (Note 18)												
-	-	-	-	-	(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												
<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>5,022,547,144</u>	<u>(8,213,505)</u>	<u>(192,661,558)</u>	<u>252,172,534</u>	<u>51,297,471</u>	<u>6,731,740,137</u>	<u>2,132,877</u>	<u>6,733,873,014</u>
Balance as at 1 January 2012												
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
Decrease in excess of investment over book value of a subsidiary due to sales of investment in a subsidiary												
-	-	-	-	-	(192,661,558)	-	192,661,558	-	192,661,558	-	-	-
Preference shares converted to ordinary shares (Note 19)												
9,624	(9,624)	-	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of a subsidiary due to reduction of the subsidiary's share capital (Note 10.1)												
-	-	-	-	-	-	-	-	-	-	-	(1,347,456)	(1,347,456)
Decrease in non-controlling interests of a subsidiary due to sales of investment in a subsidiary (Note 10.3)												
-	-	-	-	-	-	-	-	-	-	-	(1,504,947)	(1,504,947)
Dividend paid (Note 26)												
-	-	-	-	-	(912,498,586)	-	-	-	-	(912,498,586)	-	(912,498,586)
Interest paid for convertible bonds treated as equity securities (Note 18)												
-	-	-	-	-	(32,500,000)	-	-	-	-	(32,500,000)	-	(32,500,000)
Total comprehensive income for the year												
-	-	-	-	-	2,600,447,601	346,903	-	-	346,903	2,600,794,504	719,526	2,601,514,030
Balance as at 31 December 2012												
<u>728,393,246</u>	<u>1,658,976</u>	<u>285,568,300</u>	<u>550,000,000</u>	<u>92,275,000</u>	<u>6,485,334,601</u>	<u>(7,866,602)</u>	<u>-</u>	<u>252,172,534</u>	<u>244,305,932</u>	<u>8,387,536,055</u>	<u>-</u>	<u>8,387,536,055</u>

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

Bumrungrat Hospital Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2012

(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 1 January 2011	728,337,322	1,714,900	285,568,300	550,000,000	92,275,000	3,989,366,919	5,647,262,441
Preference shares converted to ordinary shares (Note 19)	46,300	(46,300)	-	-	-	-	-
Dividend paid (Note 26)	-	-	-	-	-	(693,536,906)	(693,536,906)
Interest paid for convertible bonds treated as equity securities (Note 18)	-	-	-	-	-	(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>
Balance as at 1 January 2012	728,383,622	1,668,600	285,568,300	550,000,000	92,275,000	4,854,776,486	6,512,672,008
Preference shares converted to ordinary shares (Note 19)	9,624	(9,624)	-	-	-	-	-
Dividend paid (Note 26)	-	-	-	-	-	(912,498,586)	(912,498,586)
Interest paid for convertible bonds treated as equity securities (Note 18)	-	-	-	-	-	(32,500,000)	(32,500,000)
Total comprehensive income for the year	-	-	-	-	-	2,606,948,570	2,606,948,570
Balance as at 31 December 2012	<u>728,393,246</u>	<u>1,658,976</u>	<u>285,568,300</u>	<u>550,000,000</u>	<u>92,275,000</u>	<u>6,516,726,470</u>	<u>8,174,621,992</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 year ended 31 December 2012

1. General 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 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 subsidiaries (“the subsidiaries”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2012	2011
			%	%
ABSPC Group Co., Ltd. (formerly known as “Bumrungrad Medical Center Ltd.”) (ABSPC)	Temporary cease its operation	Thailand	-	51
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 Co., Ltd. (AGR)	Clinical research service and sales of vaccine	Thailand	100	100
Ruenmongkol Co., Ltd. (RM)	A holding and renting real estate assets company	Thailand	100	-

4. Significant accounting policies

4.1 Revenue recognition

- a) Revenues from hospital operations, mainly consisting of medical fees, hospital room sales, and medicine sales, are recognised as income when services have been rendered or medicine delivered.
- b) Consulting and management service 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 a straight-line basis over the lease term.
- 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.

4.2 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.

4.3 Trade accounts receivable

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

4.4 Inventories

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

4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- b) Investments in associates 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 associates 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 the income statement.

4.6 Property, plant and equipment/Depreciation

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

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 the income statement when the asset is derecognised.

4.7 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.

4.8 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 the income statement.

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

	<u>Useful lives</u>
Computer software	5 and 10 years
Compensation for business combination	10 years

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

4.10 Long-term leases

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

4.11 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.

4.12 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.

4.13 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 the income statement.

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 the income statement.

4.14 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 are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in the income statement.

For the first-time adoption of TAS 19 Employee Benefits in 2011, 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 2011.

4.15 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.

4.16 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.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards 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.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	17,062	8,864	16,563	8,779
Bank deposits	1,276,185	701,867	1,183,136	627,488
Bill of exchange	4,142,698	550,000	4,142,698	550,000
Government bonds	598,199	-	598,199	-
Total	6,034,144	1,260,731	5,940,596	1,186,267

As at 31 December 2012, bank deposits in savings accounts, fixed deposits, bill of exchange and government bonds carried interests between 0.10% and 2.72% per annum (2011: between 0.10% and 3.55% per annum).

7. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	2,456	5,041	2,731	5,173
Past due				
1 - 30 days	5	-	19	103
31 - 60 days	-	50	3	59
61 - 90 days	-	173	2	183
91 - 180 days	-	-	17	-
181 - 365 days	-	-	3	-
More than 365 days	12	11	-	-
Total trade receivables - related parties	2,473	5,275	2,775	5,518
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	355,093	277,850	352,520	276,455
Past due				
1 - 30 days	237,154	207,480	235,631	205,543
31 - 60 days	163,543	148,918	156,588	148,230
61 - 90 days	87,643	115,873	87,267	113,638
91 - 180 days	226,899	228,969	226,338	227,780
181 - 365 days	175,652	130,948	174,920	129,411
More than 365 days	157,473	102,744	154,254	92,968
Total	1,403,457	1,212,782	1,387,518	1,194,025
Less: Allowance for doubtful debts	(89,297)	(102,678)	(85,712)	(93,180)
Total trade receivables - unrelated parties, net	1,314,160	1,110,104	1,301,806	1,100,845
Total trade receivables - net	1,316,633	1,115,379	1,304,581	1,106,363
<u>Other receivables</u>				
Advances and loans to employees	16,416	10,329	16,392	10,223
Accrued income - related parties	1,951	353	12,190	8,874
Total other receivables	18,367	10,682	28,582	19,097
Trade and other receivables - net	1,335,000	1,126,061	1,333,163	1,125,460

8. 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		
	2012	2011	2012	2011	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Medical service income	-	-	22	21	Market price
Rental income	-	-	5	5	As per contracts 8.1)
Interest income	-	-	-	1	MLR less 1.00% p.a.
Dividend income	-	-	-	27	As declared
Professional service income	-	-	1	2	Actual paid
Lab service expense	-	-	-	6	Market price
Pharmacy expense	-	-	7	13	Market price
Interest expense	-	-	-	1	3.36%, 2.55% and 2.19% p.a.
Transactions with associates					
Consulting income	2	6	2	6	As per contract 8.2)
Dividend income	-	-	50	60	As declared
Consulting expense	16	5	16	5	Fixed rate per hour as stated in the agreements multiplied with actual hours worked
Transactions with related parties					
Medical service income	62	56	62	56	Market price
Other income	1	3	1	3	At cost
Donation expense	24	25	24	25	-
Insurance expense	32	28	32	28	As per insurance policies
Credit card commission fees	93	75	93	75	Market price
Interest expense on long-term debentures	46	-	46	-	4.13% - 4.97% p.a.
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	7	5	7	5	Market price
Long-term debentures offering	-	955	-	955	Same price as offer to other investors

8.1) A 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 had 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.

- 8.2) The Company entered into a Consulting Support Agreement with an associate (Bumrungrad International Ltd.), which stipulates in the agreement, the Company will receive consulting income from the associate at a fixed rate per annum and additional fees for consulting services provided by employees of the Company to the associate at the rates per the agreement multiplied by actual hours worked. Subsequently, the parties amended the agreement to revise the fixed consulting fee to Baht 4.8 million per annum (previously it was Baht 10.0 million per annum), effective from 1 February 2011 to 31 December 2011, and to Baht 768,000 from 1 January 2012 onwards. The agreement will terminate in accordance with the conditions stipulated in the agreement.

The balances of the accounts as at 31 December 2012 and 2011 between the Company and those related parties are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Trade and other receivables - related parties (Note 7)				
Subsidiaries	-	-	10,553	8,775
Associates	1,598	90	1,586	79
Related parties (related by common director)	2,826	5,538	2,826	5,538
Total	<u>4,424</u>	<u>5,628</u>	<u>14,965</u>	<u>14,392</u>
Trade and other payables - related parties (Note 15)				
Associates	<u>51</u>	<u>2,031</u>	<u>51</u>	<u>2,031</u>
Short-term loan to and interest receivable from a related party				
Subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>665</u>
Long-term debentures				
Related companies (Major shareholder and common director)	<u>955,000</u>	<u>955,000</u>	<u>955,000</u>	<u>955,000</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, the short-term loan to Asia Global Research Ltd. carried interest at the rate of MLR less 1.00% per annum.

During 2012, movements of loan to related party were as follows.

(Unit: Thousand Baht)

	Balance as at	During the year		Balance as at
	31 December			31 December
	2011	Increase	Decrease	2012
Short-term loan to and interest receivable from a related party				
<u>Subsidiary</u>				
Asia Global Research Ltd.				
Principal	600	-	(600)	-
Interest receivable	65	22	(87)	-
	<u>665</u>	<u>22</u>	<u>(687)</u>	<u>-</u>

Directors and management's benefits

During the years ended 31 December 2012 and 2011, 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	
	2012	2011	2012	2011
Short-term employee benefits	110,243	117,713	101,365	99,648
Other long-term benefits	26	41	24	24
Termination benefits	4,965	3,982	4,557	3,800
Total	<u>115,234</u>	<u>121,736</u>	<u>105,946</u>	<u>103,472</u>

9. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Medicine	116,864	136,542	107,960	129,560
Medical supplies	49,334	54,403	49,272	54,347
Other supplies	67,553	74,795	67,553	74,796
Total	<u>233,751</u>	<u>265,740</u>	<u>224,785</u>	<u>258,703</u>

10. 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 years ended 31 December	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
			(%)	(%)								
ABSPC Group Co., Ltd. (formerly known as "Bumrungrad Medical Center Ltd.")	-	3,750	-	51.00	-	3,374	-	-	-	3,374	-	27,186
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 Co., Ltd.	50,000	50,000	100.00	100.00	50,000	50,000	50,000	-	-	50,000	-	-
Ruenmongkol Co., Ltd.	340,000	-	100.00	-	1,045,034	-	-	-	1,045,034	-	-	-
Total					1,142,246	100,586	50,000	-	1,092,246	100,586	-	27,186

10.1 Reduction of share capital of a subsidiary

During the year ended 31 December 2012, ABSPC Group Co., Ltd. reduced its registered and paid-up share capital from Baht 3.8 million to Baht 1.0 million. Using the cost method, the share capital reduction of the subsidiary resulted in a loss of Baht 1.1 million presented in the separate income statement.

During the year ended 31 December 2011, ABSPC Group Co., Ltd. reduced its registered and paid-up share capital from Baht 60.0 million to Baht 3.8 million. Using the cost method, the share capital reduction of the subsidiary resulted in a gain of Baht 33.0 million presented in the separate income statement.

10.2 Purchase of investment in a subsidiary

On 24 September 2012, the Company acquired common shares of Ruenmongkol Co., Ltd., which is a holding and renting real estate assets company in an amount of 34,000,000 shares (par value of Baht 10.00 per share), representing 100% of total issued and paid-up share capital. The transaction value is Baht 1,045.0 million (included investment acquisition expenses). The Company acquired common shares of that company in order to obtain ownership of land and construction thereon of Ruenmongkol Co., Ltd. located in the Sukhumvit Soi 1 area, to facilitate the expansion of the business in the future. That company is a subsidiary of the Company since 24 September 2012. The purchase of investment in Ruenmongkol Co., Ltd. was made in accordance with a resolution of the Board of Directors' Meeting held on 10 August 2012.

Details of the net assets acquired and purchase consideration transferred (cash paid) are provided below.

	(Unit: Thousand Baht)
Fair value of net assets acquired (property, plant and equipment)	<u>1,045,034</u>
Purchase consideration transferred (cash paid)	<u><u>1,045,034</u></u>

10.3 Sales of investment in a subsidiary

On 26 September 2012, the Company sold all investment in ABSPC Group Co., Ltd. (ABSPC) (formerly known as “Bumrungrad Medical Center Ltd.”) to third party for 63,747 shares, represented 51% shareholding in that company, at a price of Baht 24.00 per share or amounting to Baht 1.5 million, resulting in gain incurred from sales of investment in subsidiary of Baht 0.003 million presented in the consolidated income statement (separate income statement: profit of Baht 0.6 million) for the year ended 31 December 2012. As a result of the transaction, ABSPC was no longer the subsidiary of the Company. The sale of investment in ABSPC was made in accordance with a resolution of the Board of Directors' Meeting held on 9 November 2011.

On 20 December 2011, the Company sold investment in ABSPC 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 income statement (separate income statement: loss of Baht 1.0 million) for the year ended 31 December 2011. As a result, the Company's shareholding in ABSPC decreased from 100% to 51% and as at 31 December 2011, ABSPC was still a subsidiary of the Company.

11. Investments in associates

11.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2012	2011	2012	2011	2012	2011
			(%)	(%)				
Bumrungrad International Ltd.	Holding company	Thailand	31.50	31.50	1,447	370,440	228,758	607,291
CDE Trading Ltd.	Temporary cease its operation	Thailand	30.00	30.00	21,663	21,663	8,987	9,407
Bangkok Chain Hospital Plc.	Private hospital operation	Thailand	-	24.99	-	3,562,938	-	3,634,557
Total					<u>23,110</u>	<u>3,955,041</u>	<u>237,745</u>	<u>4,251,255</u>

(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	
	2012	2011	2012	2011	2012	2011	2012	2011
	(%)	(%)						
Bumrungrad International Ltd.	31.50	31.50	1,447	370,440	-	-	1,447	370,440
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			<u>23,110</u>	<u>3,955,041</u>	<u>16,000</u>	<u>16,000</u>	<u>7,110</u>	<u>3,939,041</u>

11.2 Share capital reduction of an associate

During the year ended 31 December 2012, an associate (Bumrungrad International Ltd.) reduced its registered and paid-up share capital as detailed below.

(Unit: Million Baht)

Share capital reduction No.	Date of approval by the Meeting of its shareholders	Date of registration of share capital reduction at the Ministry of Commerce	Paid-up share capital (par value at Baht 100 per share)		
			Old	Reduction	New
2	Extraordinary General Meeting of the shareholders on 25 January 2012	15 March 2012	1,176.0	882.0	294.0
3	Annual General Meeting of the shareholders on 10 April 2012	18 May 2012	294.0	220.5	73.5
4	Extraordinary General Meeting of the shareholders on 5 June 2012	23 July 2012	73.5	55.1	18.4
5	Extraordinary General Meeting of the shareholders on 14 August 2012	25 September 2012	18.4	13.8	4.6

Using the cost method, the share capital reduction of the associate resulted in a loss of Baht 7.3 million presented in the separate income statement for the year ended 31 December 2012, as the investment acquisition cost (Baht 100.00 per share) was higher than the amount per share returned to the shareholders (Baht 97.39 per share for the share capital reduction No. 2 and Baht 100.00 per share for the share capital reduction No. 3, 4 and 5). As a result, Bumrungrad International Ltd. is still an associate of the Company.

During the year ended 31 December 2011, an associate (Bumrungrad International Ltd.) reduced its registered and paid-up share capital as detailed below.

(Unit: Million Baht)

Share capital reduction No.	Date of approval by the Meeting of its shareholders	Date of registration of share capital reduction at the Ministry of Commerce	Paid-up share capital (par value at Baht 100 per share)		
			Old	Reduction	New
1	Extraordinary General Meeting of the shareholders on 14 March 2011	19 April 2011	3,199.3	2,023.3	1,176.0

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

11.3 Sales of investment in an associate

On 10 July 2012, the Company sold all investment in Bangkok Chain Hospital Plc. totaling 498.75 million shares (including dividend shares which the Company received in 2011) at a price of Baht 9.15 each. The Company received net consideration from selling after deduction of direct transaction cost, totaling Baht 4,481.6 million. As a result, the Company has gain on sale of the investment for the year ended 31 December 2012 in the consolidated income statement amounting to Baht 789.8 million and in the separate income statement amounting to Baht 918.6 million. The divestment of this investment was made in accordance with a resolution of the Company's Board of Directors Meeting held on 2 July 2012.

During the year 2012, the Company determined share of profit from this associate from the beginning of this year until the disposal date of this investment amounting to Baht 107.1 million.

11.4 Share of profit (loss) and dividend received

During the years, the Company recognised its share of profit (loss) from investments in associates 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 profit (loss) from investments in associates		Dividend received	
	2012	2011	2012	2011
Bumrungrad International Ltd.	(16,968)	(49,468)	-	-
CDE Trading Ltd.	3,252	3,386	-	-
Bangkok Chain Hospital Plc.	107,059	128,766	49,875	60,265
Total	93,343	82,684	49,875	60,265

In addition, during the year 2011, the Company shares dividend value of Baht 83.1 million from an associated company (Bangkok Chain Hospital Plc.) (83.1 million shares recalculate the average cost of investment in that associated company).

11.5 Summarised financial information of associates

Financial information of the associates 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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Bumrungrad International Ltd.	4.6	1,176.0	774.0	2,072.0	47.8	144.9	31.9	1,300.3	(53.9)	(156.6)
CDE Trading Ltd.	10.0	10.0	30.3	31.4	0.1	0.1	0.5	0.4	(1.2)	1.0
Bangkok Chain Hospital Plc.	-	1,995.0	-	5,556.4	-	1,955.3	-	3,991.4	-	781.8

12. Other long-term investments

(Unit: Thousand Baht)

Company's name	Shareholding		Consolidated		Separate	
	percentage		financial statements		financial statements	
	2012	2011	2012	2011	2012	2011
	(%)	(%)				
Chantaburi Country Club Co., Ltd.	0.5	0.5	4,500	4,500	4,500	4,500
Bumrungrad Dialysis Center Co., Ltd.	-	20.0	-	200	-	-
Total			4,500	4,700	4,500	4,500
Less: Allowance for loss on diminution in value			(2,800)	(2,800)	(2,800)	(2,800)
Other long-term investments - net			1,700	1,900	1,700	1,700

13. 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										
1 January 2011	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
Increase from acquisition of a subsidiary during the year	1,045,034	-	-	-	-	-	-	-	-	1,045,034
Additions	209,734	629	21,599	14,167	291,450	47,897	11,903	3,558	459,679	1,060,616
Disposals	-	-	(17,650)	(3,587)	(61,666)	(18,747)	(3,831)	(147)	-	(105,628)
Transfer in (out)	-	-	50,384	10,860	1,405	17	568	-	(63,234)	-
31 December 2012	2,466,613	35,510	4,120,984	546,681	3,155,633	1,172,292	493,409	47,307	458,065	12,496,494
Accumulated depreciation										
1 January 2011	-	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
Depreciation for the year	-	501	158,423	26,331	309,310	126,209	24,617	2,509	-	647,900
Depreciation on disposals	-	-	(6,178)	(3,016)	(58,939)	(18,087)	(3,556)	(147)	-	(89,923)
31 December 2012	-	17,508	1,340,704	154,019	2,050,360	901,689	309,924	38,692	-	4,812,896
Allowance for impairment loss										
1 January 2011	-	-	-	-	-	-	-	-	-	-
31 December 2011	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	361	233	-	-	594
31 December 2012	-	-	-	-	-	361	233	-	-	594
Net book value										
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
31 December 2012	2,466,613	18,002	2,780,280	392,662	1,105,273	270,242	183,252	8,615	458,065	7,683,004

(Unit: Thousand Baht)

	Separate 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										
1 January 2011	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
Additions	209,734	629	20,747	14,166	286,919	47,893	11,760	3,559	459,679	1,055,086
Disposals	-	-	(17,650)	(3,587)	(60,547)	(18,747)	(3,831)	(147)	-	(104,509)
Transfer in (out)	-	-	50,384	10,860	1,406	17	567	-	(63,234)	-
31 December 2012	1,421,579	16,192	3,443,923	521,910	2,731,170	908,241	371,540	24,872	458,065	9,897,492
Accumulated depreciation										
1 January 2011	-	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
Depreciation for the year	-	501	157,557	26,198	308,984	126,048	24,170	2,509	-	645,967
Depreciation on disposals	-	-	(6,177)	(3,017)	(57,820)	(18,088)	(3,556)	(147)	-	(88,805)
31 December 2012	-	10,109	612,014	121,406	1,595,118	665,267	210,485	16,256	-	3,230,655
Allowance for impairment loss										
1 January 2011	-	-	-	-	-	-	-	-	-	-
31 December 2011	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	361	233	-	-	594
31 December 2012	-	-	-	-	-	361	233	-	-	594
Net book value										
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
31 December 2012	1,421,579	6,083	2,831,909	400,504	1,136,052	242,613	160,822	8,616	458,065	6,666,243

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, 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.

As at 31 December 2011, the Company had mortgaged land with a book value of Baht 290.9 million with a local commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds treated as equity securities. On 23 August 2012, the Company released the mortgage of all land since the mortgage term for issuing the convertible bonds treated as equity securities was ended.

As at 31 December 2012, 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 667.5 million (Separate financial statements: Baht 641.1 million) (2011: Baht 453.1 million (Separate financial statements: Baht 425.9 million)).

14. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Computer software	Total	Computer software	Compensation for business combination	Total
Cost					
1 January 2011	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
Additions	37,276	37,276	37,210	-	37,210
31 December 2012	1,016,735	1,016,735	1,052,458	192,928	1,245,386
Accumulated amortisation					
1 January 2011	308,114	308,114	319,065	65,917	384,982
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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Computer software	Total	Computer software	Compensation for business combination	Total
Amortisation during the year	61,180	61,180	61,082	-	61,082
Realised gain on sales of software during the year	(3,673)	(3,673)	-	-	-
31 December 2012	410,529	410,529	428,636	65,917	494,553
Allowance for impairment loss					
31 December 2011	370,233	370,233	370,233	127,011	497,244
31 December 2012	370,233	370,233	370,233	127,011	497,244
Net book value					
31 December 2011	256,204	256,204	277,461	-	277,461
31 December 2012	235,973	235,973	253,589	-	253,589

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade payables - unrelated parties	655,814	548,609	650,077	544,584
Construction and medical equipment payables	125,914	47,695	125,914	47,695
Other payables - related parties	51	2,031	51	2,031
Other payables - unrelated parties	18,170	4,349	19,333	6,566
Total trade and other payables	799,949	602,684	795,375	600,876

16. 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 2012 and 2011 detail of 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	
						2012	2011
1	Entirely redeemed on 20 December 2016 (5 years)	1,500	1,000	4.13	Semi-annual	1,500,000	1,500,000
2	Entirely redeemed on 20 December 2018 (7 years)	1,000	1,000	4.59	Semi-annual	1,000,000	1,000,000
3	Entirely redeemed on 20 December 2021 (10 years)	2,500	1,000	4.97	Semi-annual	2,500,000	2,500,000
Total						5,000,000	5,000,000
Less: Deferred debenture issuing costs						(39,534)	(45,074)
Long-term debentures - net						4,960,466	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

17. Provision for long-term employee benefits

Provision for long-term employee benefits, was as follows.

(Unit: Thousand Baht)

	Consolidated financial statements							
	Compensations on employees' retirement		Other long-term employee benefits		Paid annual leave		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Defined benefit obligation at beginning of year	210,767	209,909	38,268	34,030	28,726	24,795	277,761	268,734
Current service cost	18,415	18,083	2,842	2,927	2,349	4,734	23,606	25,744
Interest cost	9,365	8,579	1,368	1,311	-	-	10,733	9,890
Benefits paid during the year	(15,329)	(25,804)	(8,562)	-	(759)	(803)	(24,650)	(26,607)
Actuarial loss	66,284	-	22,396	-	-	-	88,680	-
Defined benefit obligation at end of year	289,502	210,767	56,312	38,268	30,316	28,726	376,130	277,761
Provisions for long-term employee benefits at end of year	289,502	210,767	56,312	38,268	30,316	28,726	376,130	277,761

(Unit: Thousand Baht)

Separate financial statements

	Compensations		Other long-term		Paid annual leave		Total	
	on employees' retirement		employee benefits					
	2012	2011	2012	2011	2012	2011	2012	2011
Defined benefit obligation at beginning of year	207,317	207,031	37,884	33,700	27,752	24,055	272,953	264,786
Transfer of defined benefit obligation								
from subsidiary	366	-	129	-	24	-	519	-
Current service cost	17,917	17,590	2,808	2,884	2,677	4,500	23,402	24,974
Interest cost	9,277	8,500	1,358	1,300	-	-	10,635	9,800
Benefits paid during the year	(15,328)	(25,804)	(8,562)	-	(760)	(803)	(24,650)	(26,607)
Actuarial loss	68,745	-	22,605	-	-	-	91,350	-
Defined benefit obligation at end of year	288,294	207,317	56,222	37,884	29,693	27,752	374,209	272,953
Provisions for long-term employee								
benefits at end of year	288,294	207,317	56,222	37,884	29,693	27,752	374,209	272,953

Long-term employee benefit expenses included in the income statement was as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service cost	23,606	25,744	23,402	24,974
Interest cost	10,733	9,890	10,635	9,800
Actuarial loss arising from other long-term benefits recognised during the year	22,396	-	22,605	-
Total expenses recognised in the income statement	56,735	35,634	56,642	34,774
Line items under which such expenses are included in the income statement				
Cost of hospital operations	33,291	14,761	33,291	14,761
Administrative expenses	23,444	20,873	23,351	20,013

Total actuarial losses recognised in the other comprehensive income of the Company and its subsidiaries for the year ended 31 December 2012 amounted to Baht 66.3 million (separate financial statements: Baht 68.7 million).

Principal actuarial assumptions at the valuation date were as follows.

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	(% p.a.)	(% p.a.)	(% p.a.)	(% p.a.)
Discount rate	3.6 - 4.4	4.5	3.6	4.5
Average future salary increase rate	4.0	6.0	4.0	6.0
Staff turnover rate (depending on age)	0.0 - 22.0	6.0 - 7.0	0.0 - 14.0	6.0 - 7.0

Amounts of defined benefit obligation for the current and previous four periods are as follows.

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2012	345,814	344,516	56,290	57,786
Year 2011	249,035	245,201	-	-
Year 2010	243,939	240,731	-	-
Year 2009	214,273	211,667	-	-
Year 2008	176,353	175,470	-	-

18. Convertible bonds treated as equity securities

Convertible bonds treated as equity securities as at 31 December 2012 and 2011 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 were secured by the mortgage of the Company's land. On 23 August 2012, the Company released the mortgage of the 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 were secured by the mortgage of the Company's land. On 23 August 2012, the Company released the mortgage of the 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 2012 of the convertible bonds amounted to Baht 32.5 million (2011: Baht 32.5 million), being recorded as a reduction to unappropriated retained earnings.

19. Share capital

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

In the first quarter of 2012, 9,624 preference shares (2011: 46,300 shares) were converted into ordinary shares at ratio of one preference share to one ordinary share. The Company registered this conversion with the Ministry of Commerce on 14 March 2012.

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net 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. At present, the statutory reserve has fully been set aside

21. Expenses by nature

Significant expenses by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Salary and wages and other employee benefits	2,400,473	1,970,278	2,361,642	1,925,455
Physicians' fee	3,217,337	2,732,532	3,189,607	2,710,171
Depreciation	647,900	599,227	645,967	597,679
Amortisation	61,180	48,581	61,082	48,489
Loss on diminution in value of investment in a subsidiary	-	-	50,000	-
Loss (gain) from share capital reduction of a subsidiary	-	-	1,072	(33,002)
Loss from share capital reduction of an associate	-	-	7,255	24,704
Equipment rental expenses from operating lease agreements	22,117	22,163	22,089	20,994
Land and building rental expenses from operating lease agreements	57,682	48,632	57,682	48,632
Building and equipment maintenance expenses	203,881	200,736	203,805	200,678
Advertising and public relation expenses	170,853	161,176	164,725	156,126
Medicine, medical supply and other supply consumptions	2,514,152	2,289,415	2,481,494	2,234,985

22. Corporate income tax

The Company's and subsidiaries' corporate income tax for the year 2012 has been calculated at the rate of 23% (2011: 30%) of net taxable profit.

23. 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 tables set forth the computation of basic and diluted earnings per share.

	Consolidated financial statements					
	Profit		Weighted average number of ordinary shares		Earnings per share	
	2012	2011	2012	2011	2012	2011
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the parent	2,666,731	1,588,032	728,391	728,375	3.66	2.18
Effect of dilutive potential ordinary shares						
Preference shares	-	-	1,661	1,677		
Convertible bonds	-	-	137,363	137,363		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>2,666,731</u>	<u>1,588,032</u>	<u>867,415</u>	<u>867,415</u>	3.07	1.83
	Separate financial statements					
	Profit		Weighted average number of ordinary shares		Earnings per share	
	2012	2011	2012	2011	2012	2011
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the parent	2,675,693	1,591,446	728,391	728,375	3.67	2.18
Effect of dilutive potential ordinary shares						
Preference shares	-	-	1,661	1,677		
Convertible bonds	-	-	137,363	137,363		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>2,675,693</u>	<u>1,591,446</u>	<u>867,415</u>	<u>867,415</u>	3.08	1.83

24. Segment information

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

25. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly at the rate of 5% of their basic salaries and the Company or subsidiaries contributed 5% - 7% of basic salary. The fund, which is managed by Bualuang Securities Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2012, the Company and subsidiaries contributed Baht 55.2 million (2011: Baht 46.6 million) to the fund.

26. Dividends paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2011	Annual General Meeting of the shareholders on 25 April 2012	474,471	0.65
Interim dividends on operating results for the six-month period ended 30 June 2012	Board of Directors' meeting on 10 August 2012	438,028	0.60
Total dividend for 2012		<u>912,499</u>	<u>1.25</u>
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 dividend for 2011		<u>693,537</u>	<u>0.95</u>

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2012, the Company has capital commitments to pay a total of Baht 28.3 million (2011: Baht 32.5 million) in relation to the renovation agreement of building and Baht 457.7 million (2011: Baht 125.7 million) in respect of purchase of medical instruments and hospital equipment.

27.2 Operating lease and long-term service commitments

The Company has entered into operating lease agreements in respect of the lease of lands, buildings, office space, vehicles and equipment and long-term service agreements. The terms of the agreements are generally between 2 and 30 years.

As at 31 December 2012 and 2011, future minimum payments required under the above agreements were as follows.

(Unit: Million Baht)

Details of commitments	Payable within						Total	
	1 year		1 to 5 years		More than 5 years			
	2012	2011	2012	2011	2012	2011	2012	2011
1) Nursing dormitory land rental expense (shall be extended for a further period of 30 years)	1	1	7	7	8	9	16	17
2) Lease of land and building for operating service apartment (shall be extended for a further period of 2 years)	-	21	-	8	-	-	-	28
3) Lease of office space	27	4	76	4	15	-	118	8
4) Lease of building for nursing dormitory and related services (shall be renewed automatically)	9	15	4	13	-	-	13	28
5) Maintenance service fee for medical instruments	48	74	36	25	-	-	84	99
6) Rental and maintenance service fee for cars	9	10	12	21	-	-	21	31
7) Fee to a bank which is bondholders' representative	-	-	1	-	-	-	1	-

27.3 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 (expire in 2013 and 2015) 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 2012, there is a minimum amount of Baht 2.1 million (2011: Baht 89.8 million) which the Company requires to purchase according to the contracts.

27.4 Uncalled portion of investment in subsidiary

As at 31 December 2012 and 2011, 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.).

27.5 Bank guarantees

As at 31 December 2012 and 2011, 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.

28. Financial instruments

28.1 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 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.

(Unit: Million Baht)

	Consolidated financial statements						Effective interest rate (% per annum)
	As at 31 December 2012						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
Within 1 year	1-5 years	Over 5 years					
Financial assets							
Cash and cash equivalent	5,816	-	-	201	17	6,034	0.10 - 2.72
Trade and other receivables	-	-	-	-	1,335	1,335	-
	<u>5,816</u>	<u>-</u>	<u>-</u>	<u>201</u>	<u>1,352</u>	<u>7,369</u>	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2012						
Fixed interest rates						
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial liabilities						
Trade and other payables	-	-	-	800	800	-
Accrued physicians' fees	-	-	-	503	503	-
Long-term debentures	-	1,489	3,471	-	4,960	4.13 - 4.97
	-	1,489	3,471	-	1,303	6,263

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2012							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)	
Financial assets							
Cash and cash equivalent	5,741	-	-	183	17	5,941	0.10 - 2.72
Trade and other receivables	-	-	-	-	1,333	1,333	-
	5,741	-	-	183	1,350	7,274	
Financial liabilities							
Trade and other payables	-	-	-	795	795	-	
Accrued physicians' fees	-	-	-	498	498	-	
Long-term debentures	-	1,489	3,471	-	4,960	4.13 - 4.97	
	-	1,489	3,471	-	1,293	6,253	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2011							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)	
Financial assets							
Cash and cash equivalent	600	-	-	652	9	1,261	0.10 - 3.55
Trade and other receivables	-	-	-	-	1,126	1,126	-
	600	-	-	652	1,135	2,387	
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	
	-	1,486	3,469	-	1,055	6,010	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2011							
Fixed interest rates						Effective interest rate (% per annum)	
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total		
Financial assets							
Cash and cash equivalent	550	-	-	626	10	1,186	0.10 - 3.55
Trade and other receivables	-	-	-	-	1,125	1,125	-
	550	-	-	626	1,135	2,311	
Financial liabilities							
Trade and other payables	-	-	-	-	601	601	-
Accrued physicians' fees	-	-	-	-	449	449	-
Long-term debentures	-	1,486	3,469	-	-	4,955	4.13 - 4.97
	-	1,486	3,469	-	1,050	6,005	

In addition, as at 31 December 2012 and 2011, 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 18.

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 2012 and 2011.

28.2 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 carrying amount of long-term debentures with fixed interest rates as at 31 December 2012 amounted to Baht 4,960.5 million (2011: Baht 4,954.9 million), their fair value amounted to Baht 5,075.4 million (2011: Baht 4,979.8 million).

29. 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 2012, the Group's debt-to-equity ratio was 0.89:1 (2011: 1.00:1) and the Company's was 0.91:1 (2011: 1.03:1).

30. Events after the reporting period

On 20 February 2013, 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 2013 to adopt a resolution to pay a dividend of Baht 1.80 per share, or a total of Baht 1,314.1 million, to the shareholders in respect of the 2012 profit. The Company already paid an interim dividend of Baht 0.60 per share, or a total of Baht 438.0 million on 7 September 2012. The remaining dividend of Baht 1.20 per share, or a total of Baht 876.1 million will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

31. Reclassifications

The Company reclassified certain amounts in the financial statements for the year ended 31 December 2011 to allocate depreciation and amortisation expenses, as following.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Gain on sales of investment	280	159	-	159
Cost of hospital operations	7,070,241	6,598,754	6,999,675	6,531,025
Depreciation and amortisation	-	647,808	-	646,169
Administrative expenses	2,035,056	1,858,735	1,968,916	1,791,397
Loss (gain) on sales of investments	-	(121)	831	990

The reclassification had no effect to previously reported profit or shareholders' equity.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2013.