

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries
Notes to financial statements
For the years ended 31 December 2008 and 2007

1. General information

Bangkok Dusit Medical Services Public Company Limited ("the Company") was incorporated as a limited company under Thai laws and registered the change of the status of the Company to a public limited company on 3 January 1994. The Company operates in Thailand and its principal activity is hospital with the registered address at 2, Soi Soonvijai 7, New Petchburi Road, Bang Kapi, Huaykwang, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements for the years ended 31 December 2008 and 2007 of Bangkok Dusit Medical Services Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") as follows:

Company's name	Nature of business	Registered capital		Percentage of shareholding by the Company (percent)	
		2008	2007	2008	2007
<u>Held by the Company</u>					
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	Baht 1,000 million	94.32	92.92
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	Baht 500 million	98.69	98.53
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	Baht 500 million	99.63	99.47
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	Baht 586 million	88.66	88.31
Bangkok Prapradang Hospital Co., Ltd.	Hospital	Baht 105 million	Baht 105 million	79.00	79.00
Bangkok Pattaya Hospital Co., Ltd.	Hospital	Baht 280 million	Baht 280 million	97.09	97.06
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	Baht 400 million	100.00	100.00
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	Baht 150 million	100.00	100.00
Bangkok Trat Hospital Co., Ltd.	Hospital	Baht 250 million	Baht 250 million	99.76	99.71
Wattanavej Co., Ltd.	Hospital	Baht 180 million	Baht 180 million	99.61	99.47
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	Baht 300 million	87.86	84.67
National Healthcare Systems Co., Ltd.	Central lab	Baht 75 million	Baht 75 million	74.02	74.02
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central lab	Baht 10 million	Baht 10 million	95.00	95.00
Angkor Pisith Co., Ltd.	Hospital	USD 10 million	USD 10 million	80.00	80.00
Phnom Penh Medical Services Co., Ltd.	Hospital	USD 10 million	USD 5 million	100.00	100.00
Royal Rattanak Medical Services Co., Ltd.	Hospital	Riel 26,000 million	Riel 26,000 million	70.00	70.00
B.D.M.S. International Medical Services Co., Ltd.	Hospital	Riel 9,200 million	Riel 9,200 million	100.00	100.00
Asia International Healthcare Co., Ltd.	Investment	Baht 35 million	Baht 35 million	100.00	100.00
Global Medical Network Co., Ltd.	Hospital	Baht 160 million	Baht 100 million	100.00	100.00
New Petchburi Medical Services Co., Ltd.	Hospital	Baht 1 million	Baht 1 million	100.00	100.00
Bangkok Health Insurance Limited	Health insurance	Baht 105 million	Baht 100 million	99.94	99.94
Royal Bangkok Healthcare Co., Ltd.	Management service	Baht 1 million	-	100.00	-
Greenline Synergy Co., Ltd.	Technology and information service	Baht 30 million	-	100.00	-
<u>Held by the subsidiaries</u>					
Samitivej Sriracha Co., Ltd. (held by a subsidiary at 67%)	Hospital	Baht 188 million	Baht 188 million	-	-
Irving Sheridan SE Co., Ltd. (held by a subsidiary at 95%)	Asset management for healthcare business	Baht 0.1 million	Baht 0.1 million	-	-
First Health Food Co., Ltd. (held by a subsidiary at 100%)	Restaurant and distribution of health food products and facility management	Baht 14 million	Baht 14 million	-	-
Sodexo Healthcare Support Services (Thailand) Co., Ltd. (held by a subsidiary at 74%)	Restaurant and distribution of health food products	Baht 15 million	Baht 15 million	-	-
Phuket Health And Travel Co., Ltd. (held by a subsidiary at 100%)	Healthcare travel service	Baht 5 million	Baht 5 million	-	-

All subsidiaries incorporated in Thailand except B.D.M.S International Medical Services Co., Ltd., Angkor Pisith Co., Ltd., Phnom Penh Medical Services Co., Ltd. and Royal Rattanak Medical Services Co., Ltd. which were incorporated in Cambodia.

- b) Percentage of total assets and revenues of the subsidiary companies as included in the consolidated financial statements

The percentage of total assets and revenues of the subsidiary companies for the years ended 31 December 2008 and 2007 as included in the consolidated financial statements are as follow:

	Subsidiary's total assets as a percentage to the consolidated total		Subsidiary's total revenues from hospital operations as a percentage to the consolidated total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Subsidiaries</u>				
1. Samitivej Public Co., Ltd.	20.97	21.77	25.67	25.14
2. Bangkok Hospital Hatyai Co., Ltd.	4.01	4.56	3.25	3.21
3. Bangkok Phuket Hospital Co., Ltd.	5.13	4.85	7.33	7.26
4. BNH Medical Center Co., Ltd.	4.33	4.74	6.74	7.10
5. Bangkok Prapradang Hospital Co., Ltd.	0.53	0.62	0.75	0.69
6. Bangkok Pattaya Hospital Co., Ltd.	9.15	9.94	10.41	10.62
7. Bangkok Rayong Hospital Co., Ltd.	3.45	3.84	4.40	3.96
8. Bangkok Samui Hospital Co., Ltd.	1.39	1.37	1.62	1.40
9. Bangkok Trat Hospital Co., Ltd.	1.32	1.48	1.04	1.07
10. Wattanavej Co., Ltd.	2.21	2.54	2.54	2.61
11. Bangkok Ratchasima Hospital Co., Ltd.	3.19	3.05	2.59	2.27
12. National Healthcare Systems Co., Ltd.	0.52	0.70	0.02	0.03
13. Bio Molecular Laboratories (Thailand) Co., Ltd.	0.14	0.15	0.12	0.10
14. Angkor Pisith Co., Ltd.	1.49	1.60	0.35	0.29
15. Phnom Penh Medical Services Co., Ltd.	1.42	0.66	-	-
16. Royal Rattanak Medical Services Co., Ltd.	0.83	0.85	0.35	0.02
17. B.D.M.S. International Medical Services Co., Ltd.	0.29	0.30	-	-
18. Asia International Healthcare Co., Ltd.	0.13	0.14	-	-
19. Global Medical Network Co., Ltd.	0.62	0.39	-	-
20. New Petchburi Medical Services Co., Ltd.	-	-	-	-
21. Bangkok Health Insurance Limited	0.19	0.19	-	-
22. Royal Bangkok Healthcare Co., Ltd.	-	-	-	-
23. Greenline Synergy Co., Ltd.	0.17	-	-	-

- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- e) Material inter-company balances and transactions between the Company and its subsidiaries and the Company's investments in subsidiary companies and the share capital of the subsidiary companies are eliminated from the consolidated financial statements.
- f) The differences between cost of investments over/under the Company's share of fair value of identifiable assets and liabilities of the subsidiary companies on acquisition date are shown under the caption of "Goodwill" in the consolidated balance sheets.
- g) The financial statements of overseas subsidiary companies are translated into Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of "Translation adjustment" in shareholders' equity.
- h) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
- i) 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

3.1 Thai Accounting Standards which are effective for the current year

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 mandating the use of the following new accounting standards.

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

These accounting standards became effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 49 (revised 2007) is not relevant to the business of the Company, whereas for TAS 25 (revised 2007), TAS 29 (revised 2007), TAS 31 (revised 2007), TAS 33 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007), and TAS 51, the management believes that they do not have any significant impact on the financial statements for the current year.

The following accounting standards have an impact to the financial statements for the current year.

TAS 43 (revised 2007) “Business Combinations”

TAS 43 (revised 2007) does not require the Company to amortise goodwill, including negative goodwill, acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. In case of negative goodwill, identification and measurement of the acquiree's assets, liabilities and contingencies and the measurement of the cost of the combination should be reassessed and the remaining balance is to be recognised as income immediately in the income statement. This accounting standard applies to goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment and negative goodwill should be adjusted to retained earnings, as from the beginning of the first fiscal year starting on or after 1 January 2008.

As of 31 December 2008, the Company has already adjusted brought forward negative goodwill to retained earnings in statements of changes in shareholders' equity totaling Baht 152.43 million.

3.2 Accounting standards which are not effective for the current year

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Hospital operations

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

Service income

Service income is recognised when services have been rendered.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided to cover the estimated losses that may incur in collection. The adequacy of the allowance is reviewed and evaluated in relation to the collection experience, age of debt and payment ability. Debt will be written off when considered uncollectible.

4.4 Inventories

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

4.5 Investments

Investments in associated companies are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiary and associated companies are accounted for in the separate financial statements using the cost method.

Other investments in non-marketable securities which the Company regards as other investment are stated at cost. Allowance for impairment loss will be made when the net realisable value is lower than the cost of investments.

Investment in available-for-sale securities is determined at fair value, which is based on the latest bid price quoted on the Stock Exchange of Thailand on the last working day of the year. Change in the value of the available-for-sale securities is shown as a separate item in shareholder's equity until securities are sold, the change will be included in income statements.

4.6 Property, premises and equipment/Depreciation

Land is stated at cost or revalued amount. Premises and equipment are stated at cost less accumulated depreciation and impairment loss. Depreciation of premises and equipment is calculated by reference to their cost on a straight-line basis over the estimated useful lives of each item of property, premises and equipment, except assets of the Company which were acquired before 1988 are depreciated on a declining balance method. The estimated useful lives of assets are as follows:

	<u>Useful lives</u>
Building, structures and building improvements	5 - 50 years
Medical tools and equipment, furniture and office equipment	3 - 10 years
Vehicles	5 - 8 years

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

Revalued assets

The Company and its subsidiaries initially recorded land at cost on acquisition dates. Land is subsequently revalued by independent professional appraiser, to its fair values. Revaluations are made with sufficient regularity to ensure that its carrying amounts do not differ materially from its fair value at the balance sheet date.

The Company and its subsidiaries records the differences incurred from revaluation as follows:

- When an asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to equity under the caption of "Revaluation surplus on land". However, a revaluation increase should be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised as an expense in the income statement. However, a revaluation decrease should be charged directly against any related "Revaluation surplus on land" to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset and the excess is recognised an expense in the income statement.

4.7 Intangible assets

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

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

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

	<u>Useful lives</u>
Computer software	5 - 10 years

4.8 Goodwill

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

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

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

4.9 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.

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

4.10 Long-term leases

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

4.11 Operating lease

Lease of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised as expenses in the income statements over the period of the lease.

4.12 Impairment of assets

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

An impairment loss is recognised in the income statement.

4.13 Deferred income

Deferred income represents cash received in advance from Life Privilege members and is amortised over the periods of 10 years.

4.14 Foreign currencies

Transactions in foreign currencies incurred during the year are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the rates ruling on the balance sheet date.

Exchange gains and losses are included in the income statements.

4.15 Employee benefits

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

4.16 Income tax

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

4.17 Financial instruments

Financial assets carried on the balance sheet included cash and cash equivalents, short-term investments, trade accounts receivable, short-term loan and long-term loan to related parties, restricted bank deposit, and investments. Financial liabilities carried on the balance sheet included bank overdrafts and short-term loans from financial institution, short-term loans from related parties, trade accounts payable, liabilities under long-term leases, long-term loans, convertible debentures and debentures. The accounting policy for each item is separately disclosed in the related notes.

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

4.18 Interest rate swap contracts

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

5. Significant accounting judgments and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, 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, debt collection experience, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company treats available-for-sale equity investments and other investments as impaired when there has been a significant or permanent decline in the fair value below their cost or where other objective evidence of impairment exists. The determination requires judgment.

Property, premises and equipment/Depreciation

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

The Company and its subsidiaries measure land at revalued amounts. Fair value from revaluation is determined by independent valuer using market approach.

Goodwill and intangible assets

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

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company and its subsidiaries' management have used judgment to assess of the results of the litigation and believes that the provision amount recognized in the financial statement is adequate. However, actual results could differ from the estimates.

6. Cash and cash equivalents

Cash and cash equivalents for the years ended 31 December 2008 and 2007, consist of the following:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash and deposit at banks	1,158,676,100	986,129,226	657,870,576	169,248,384
Fixed deposits	<u>206,237,862</u>	<u>51,416,727</u>	<u>100,008,627</u>	<u>8,318</u>
	1,364,913,962	1,037,545,953	757,879,203	169,256,702
Less: Fixed deposits with maturity more than 3 months and restricted bank deposit	<u>(118,520,160)</u>	<u>(73,943,571)</u>	<u>(100,008,627)</u>	<u>(8,318)</u>
Total cash and cash equivalents	<u><u>1,246,393,802</u></u>	<u><u>963,602,382</u></u>	<u><u>657,870,576</u></u>	<u><u>169,248,384</u></u>

7. Restricted bank deposit

As at 31 December 2008, the subsidiaries had placed their fixed deposits at bank with maturity over 3 months and savings account of Baht 16.5 million (2007: Baht 17.3 million) as a collateral against bank guarantees as discussed in Note 27.1.

8. Trade accounts receivable

As at 31 December 2008 and 2007, the aging analysis of the outstanding trade accounts receivable is as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Related parties</u>				
Less than 3 months	721	4,273	3,899	7,735
3 - 6 months	509	364	922	403
6 - 12 months	16	225	-	85
over 12 months	14	21	-	26
Total trade accounts receivable - related parties	<u>1,260</u>	<u>4,883</u>	<u>4,821</u>	<u>8,249</u>
<u>Others</u>				
Less than 3 months	1,237,955	1,116,222	397,327	416,163
3 - 6 months	239,208	148,405	153,447	94,900
6 - 12 months	138,251	84,253	74,710	55,834
over 12 months	89,349	37,907	53,509	24,152
Total trade accounts receivable - others	<u>1,704,763</u>	<u>1,386,787</u>	<u>678,993</u>	<u>591,049</u>
Less: Allowance for doubtful accounts	<u>(152,961)</u>	<u>(58,042)</u>	<u>(104,614)</u>	<u>(24,644)</u>
Total trade accounts receivable - others - net	<u>1,551,802</u>	<u>1,328,745</u>	<u>574,379</u>	<u>566,405</u>
Total trade accounts receivable - net	<u><u>1,553,062</u></u>	<u><u>1,333,628</u></u>	<u><u>579,200</u></u>	<u><u>574,654</u></u>

9. Related party transactions

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

<u>Transaction</u>	<u>Pricing and lending policy</u>
Revenue from hospital operation	Prices are based on the price charged to normal customers
Revenue from lab analysis service	Prices are based on the price charged to normal customers
Revenue from consulting and management	Agreed prices and in accordance with normal course of business
Interest rate charge of inter-company loan	Interest rate is close to rate charged by bank to normal customer
Sales and purchase of fixed assets	Agreed prices and in accordance with normal course of business

The significant inter-company transactions are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Revenue from hospital operations and lab services	-	-	22.3	18.6
Consulting and management fees income	-	-	195.5	239.8
Interest income	-	-	166.7	8.4
Dividend income (Note 11)	-	-	38.9	235.4
Other income	-	-	30.7	49.4
Service cost	-	-	255.8	211.9
Other expenses	-	-	132.4	202.5
Interest expense	-	-	5.7	0.5
Sales of medical instruments	-	-	-	16.6
<u>Transactions with associated companies</u>				
Revenue from hospital operations and lab services	0.6	0.2	-	-
Interest income	-	1.5	-	1.5
Dividend income (Note 12)	-	-	62.9	1.1
Other income	0.5	0.2	0.5	-
Service cost	88.7	27.7	57.5	11.0
Interest expense	0.1	0.4	-	-
Other expenses	3.3	8.1	3.2	-
<u>Transactions with related parties</u>				
Revenue from hospital operations and lab services	3.6	13.7	0.6	11.0
Dividend income	-	3.2	-	3.2
Service cost	11.9	-	11.8	-
Other expenses	6.4	22.2	6.1	16.7
Dividend payment	51.7	57.8	51.7	57.8
Sales of investments in ordinary shares	-	17.3	-	17.3

The outstanding balances of the above transactions as at 31 December 2008 and 2007 have been separately shown in the balance sheets as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Trade accounts receivable - related parties</u>				
Subsidiary companies	-	-	4,309	4,155
Associated companies	161	48	-	-
Related companies	1,099	4,835	512	4,094
Total trade accounts receivable - related parties	<u>1,260</u>	<u>4,883</u>	<u>4,821</u>	<u>8,249</u>
<u>Other receivable - related parties</u>				
Consulting and management fee receivable				
Subsidiary companies	-	-	25,268	36,137
Total	<u>-</u>	<u>-</u>	<u>25,268</u>	<u>36,137</u>
<u>Other</u>				
Subsidiary companies	-	-	16,822	27,537
Associated companies	2,804	165,693	2,804	187
Related companies	43,677	12,092	-	157
Total	<u>46,481</u>	<u>177,785</u>	<u>19,626</u>	<u>27,881</u>
Total other receivable - related parties	<u>46,481</u>	<u>177,785</u>	<u>44,894</u>	<u>64,018</u>
<u>Short-term loans to related parties</u>				
Subsidiary companies	-	-	45,811	-
Total short-term loans to related parties	<u>-</u>	<u>-</u>	<u>45,811</u>	<u>-</u>
<u>Dividend receivable - related party</u>				
Subsidiary company	-	-	-	40,000
Total dividend receivable - related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Long-term loans to related parties</u>				
Subsidiary companies	-	-	3,560,759	1,201
Total long-term loans to related parties	<u>-</u>	<u>-</u>	<u>3,560,759</u>	<u>1,201</u>
<u>Interest receivable - related parties</u>				
Subsidiary companies	-	-	33,610	73,610
Total interest receivable - related parties	<u>-</u>	<u>-</u>	<u>33,610</u>	<u>73,610</u>
<u>Leasehold rights - related parties</u>				
Associated companies	302,979	140,334	-	-
Related person	16,196	16,197	-	-
Total leasehold rights - related parties	<u>319,175</u>	<u>156,531</u>	<u>-</u>	<u>-</u>
<u>Short-term loans from related parties</u>				
Subsidiary companies	-	-	396,580	-
Associated company	-	10,000	-	-
Related company	-	3,627	-	-
Total short-term loans from related parties	<u>-</u>	<u>13,627</u>	<u>396,580</u>	<u>-</u>
<u>Trade accounts payable - related parties</u>				
Subsidiary companies	-	-	38,647	43,068
Associated companies	34,356	10,888	26,051	2,375
Related companies	802	238	794	-
Total trade accounts payable - related parties	<u>35,158</u>	<u>11,126</u>	<u>65,492</u>	<u>45,443</u>
<u>Other payable - related parties</u>				
Subsidiary companies	-	-	15,182	34,594
Associated companies	26,726	5,342	-	5,246
Related companies	15,987	37,175	-	2,057
Total other payable - related parties	<u>42,713</u>	<u>42,517</u>	<u>15,182</u>	<u>41,897</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	31			31
	December			December
	2007	Increase	Decrease	2008
<u>Short-term loans from related parties</u>				
Associated company	10,000	-	(10,000)	-
Related company	3,627	-	(3,627)	-
Total short-term loans from related parties	13,627	-	(13,627)	-

(Unit: Thousand Baht)

	Separate financial statements			
	31			31
	December			December
	2007	Increase	Decrease	2008
<u>Short-term loans to related parties</u>				
Subsidiary companies	-	270,990	(225,179)	45,811
Total short-term loans to related parties	-	270,990	(225,179)	45,811
<u>Long-term loans to related parties</u>				
Subsidiary companies	1,201	4,676,558	(1,117,000)	3,560,759
Total long-term loans to related parties	1,201	4,676,558	(1,117,000)	3,560,759
<u>Short-term loans from related parties</u>				
Subsidiary companies	-	396,580	-	396,580
Total short-term loans from related parties	-	396,580	-	396,580

Group financial management

In 2008, the Company has managed inter-company loans between the Company and its subsidiaries for the purpose of liquidity management among the Group. The interest charge of inter-company loans is close to the rate of commercial banks. As at 31 December 2008, the Company has net outstanding loans from subsidiaries totaling Baht 396.58 million.

Short-term and long-term loans to related parties

As at 31 December 2008, the Company has entered into short-term loan agreements and long-term loan agreements for a period of 3 - 8 years with subsidiary companies for a total balance of Baht 3,607 million. The Company charges interest on loan to related parties at the fixed deposit rate (FDR) plus 2.50% per annum or LIBOR plus 2.5% per annum. The interest is repayable on a monthly basis and the principal is repayable on a basis as stipulated in the agreements.

As at 31 December 2008, the Company had long overdue loan interest receivable from Bangkok Hospital Hatyai Co., Ltd. of Baht 43.19 million (2007: Baht 83.19 million). The Company has provided allowance for doubtful accounts of Baht 9.58 million (2007: Baht 9.58 million). The management believes that the allowance for doubtful accounts is sufficient.

Management Agreement

The Company

The Company services hospital management to subsidiary companies which the remuneration rates are based on the net revenue from hospital operations.

The Subsidiary

The subsidiary company has entered into a Hospital Managing Employment Agreement with another subsidiary. The agreement is for a period of ten years and is renewable. The subsidiary company shall receive managing income at the certain percentage of total operation result as stated in the agreement. The payment shall be made on a monthly basis, starting in June 2002.

Long Term Agreement

The Company

In May 2004, a subsidiary company entered into the 3 years land rental agreement with the Company for hospital operation. The subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement. Subsequently, the subsidiary has extended the land rental agreement for 3 years and has to pay a monthly rental fee at the rate stipulated in the agreement, commencing from 1 May 2007.

Subsidiaries

As at 5 June 2003, a subsidiary company entered into the 3 years land lease agreement with the Company for building construction. The subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement, commencing from 1 January 2004. On 1 November 2006, the subsidiary has extended into the 3 years land lease agreement.

In 2005, a subsidiary company entered into the 3-year building rental agreement with another subsidiary company for the hospital operation. That subsidiary company has to pay a monthly rental fee for the rate as agreed in the agreement commencing from May 2005. In 2008, the subsidiary company has extended the agreement for 3 years.

Service Agreement

The Company

A subsidiary company has entered into the service agreements with the Company and other subsidiary companies. The Company and other subsidiary companies have to pay a monthly service fee at the rate stipulated in the agreements.

Air Ambulance Service Agreement

Associated company

On 1 September 2007, an associated company entered into the air ambulance service agreement with the Company. The agreement is for a period of 3 years starting from the date the service is commenced and is renewable. The Company has to pay a service fee at the rate stipulated in the agreement.

Directors remuneration

In 2008, the Company and its subsidiaries paid meeting allowances and gratuities to their directors totalling Baht 33.71 million and the Company only Baht 14.74 million (2007: Baht 33.75 million and the Company only: Baht 15.70 million).

Guarantee obligations with related party

The Company had guaranteed long-term loan amounting to USD 4 million for a subsidiary company.

10. Inventories

As at 31 December 2008 and 2007, inventories consisted of:

(Unit: Baht)

	Consolidated financial		Separate financial statements	
	statements			
	2008	2007	2008	2007
Medicines and medical supplies	198,418,251	188,556,018	55,318,841	59,617,858
Reagent	24,151,864	20,904,822	-	-
Supplies and others	2,692,314	2,780,333	-	-
Total	225,262,429	212,241,173	55,318,841	59,617,858

11. Investments in subsidiary companies

(Unit: Thousand Baht)

Company name	Nature of business	Paid-up Capital	% Shareholding		Separate financial statements			
					Investments - cost		Dividend received	
					method		during the year	
			2008	2007	2008	2007	2008	2007
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	94.32	92.92	1,544,777	1,453,948	-	-
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	98.69	98.53	573,681	572,465	24,633	14,780
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	99.63	99.47	609,373	607,014	-	-
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	88.66	88.31	582,820	580,341	-	-
Bangkok Prapadang Hospital Co., Ltd.	Hospital	Baht 105 million	79.00	79.00	96,775	96,775	-	-
Bangkok Pattaya Hospital Co., Ltd.	Hospital	Baht 280 million	97.09	97.06	706,271	705,759	-	135,884
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	100.00	100.00	415,020	415,020	-	40,000
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	100.00	100.00	150,000	150,000	-	22,500
Bangkok Trad Hospital Co., Ltd.	Hospital	Baht 250 million	99.76	99.71	245,889	245,760	-	-
Wattanavej Co., Ltd.	Hospital	Baht 180 million	99.61	99.47	450,257	449,440	-	-
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	87.86	84.67	899,228	865,155	-	-
National Healthcare Systems Co., Ltd.	Central Lab	Baht 75 million	74.02	74.02	56,768	56,768	-	22,208
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	Baht 10 million	95.00	95.00	9,502	9,502	14,250	-
Angkor Pisith Co., Ltd.	Hospital	USD 10 million	80.00	80.00	287,840	287,840	-	-
Phnom Penh Medical Services Co., Ltd.	Hospital	USD 10 million	100.00	100.00	338,323	177,000	-	-
Royal Rattanak Medical Services Co., Ltd	Hospital	Riel 26,000 million	70.00	70.00	154,063	154,063	-	-
B.D.M.S. International Medical Services Co., Ltd.	Hospital	Riel 9,200 million	100.00	100.00	94,208	94,208	-	-
Asia International Healthcare Co., Ltd.	Investment	Baht 35 million	100.00	100.00	35,000	35,000	-	-
Global Medical Network Co., Ltd.	Hospital	Baht 160 million	100.00	100.00	160,000	100,000	-	-
New Petchburi Medical Services Co., Ltd.	Hospital	Baht 1 million	100.00	100.00	999	999	-	-
Bangkok Health Insurance Limited	Insurance	Baht 105 million	99.94	99.94	47,027	47,027	-	-
Royal Bangkok Healthcare Co., Ltd.	Management service	Baht 1 million	100.00	-	1,000	-	-	-
Greenline Synergy Co., Ltd.	Technology and information service	Baht 30 million	100.00	-	30,000	-	-	-
Total investments in subsidiary companies					7,488,821	7,104,084	38,883	235,372

Domestic hospital business group

Samitivej Public Co., Ltd. and Samitivej Sriracha Co., Ltd.

In the year 2008, the Company purchased additional investment of 1.40 million shares, a total of Baht 90.83 million in Samitivej Public Co., Ltd. from the former shareholders. As a result, the Company increases the percentage of share holding in that company to 94.32 percent.

In the year 2008, the subsidiary company purchased additional investment of 0.27 million shares, a total of Baht 7.31 million in Samitivej Sriracha Co., Ltd. from the former shareholders. As a result, the subsidiary company increases the percentage of share holding in that company to 67.27 percent.

Bangkok Hospital Hatyai Co., Ltd.

In the year 2008, the Company purchased additional investment of 0.16 million shares, a total of Baht 1.22 million in Bangkok Hospital Hatyai Co., Ltd. from the former shareholders. As a result, the Company increases the percentage of share holding in that company to 98.69 percent.

Bangkok Phuket Hospital Co., Ltd.

In the year 2008, the Company purchased additional investment of 0.16 million shares, a total of Baht 2.36 million in Bangkok Phuket Hospital Co., Ltd. from the former shareholders. As a result, the Company increases the percentage of share holding in that company to 99.63 percent.

BNH Medical Centre Co., Ltd.

In the year 2008, the Company purchased additional investment of 0.20 million shares, a total of Baht 2.48 million in BNH Medical Centre Co., Ltd. from the former shareholders. As a result, the Company increases the percentage of share holding in that company to 88.66 percent.

Bangkok Pattaya Hospital Co., Ltd.

In the year 2008, the Company purchased additional investment of 0.01 million shares, a total of Baht 0.51 million in Bangkok Pattaya Hospital Co., Ltd. from the former shareholders. As a result, the Company increases the percentage of share holding in that company to 97.09 percent.

Bangkok Trad Hospital Co., Ltd.

In the year 2008, the Company purchased additional investment of 0.02 million shares, a total of Baht 0.13 million in Bangkok Trad Hospital Co., Ltd. from the former shareholders. As a result, the Company increases the percentage of share holding in that company to 99.76 percent.

Wattanavej Co., Ltd.

In the year 2008, the Company purchased additional investment of 0.03 million shares, a total of Baht 0.82 million in Wattanavej Co., Ltd. from the former shareholders. As a result, the Company increases the percentage of share holding in that company to 99.61 percent.

Bangkok Ratchasima Hospital Co., Ltd.

In the year 2008, the Company purchased additional investment of 0.99 million shares, a total of Baht 34.07 million in Bangkok Ratchasima Hospital Co., Ltd. from the former shareholders. As a result, the Company increases the percentage of share holding in that company to 87.86 percent.

Global Medical Network Co., Ltd.

In the first quarter of 2008, the subsidiary was authorised to increase its share capital from Baht 100 million to Baht 160 million by issuing additional ordinary shares of 6,000,000 shares with par value of Baht 10 per share. The Company had fully paid up the share capital increase and still maintains a percentage of shareholding of 100 percent in that company.

Royal Bangkok Healthcare Company Limited

The Board of Directors' Meeting No. 9/2007 held on 26 December 2007 passed a resolution to set up Royal Bangkok Healthcare Company Limited to provide management service. In the year 2008, the Company has a percentage of shareholding of 100 percent in that company with an investment amounting to Baht 1 million.

Greenline Synergy Company Limited

The Board of Directors' Meeting No. 6/2008 held on 2 July 2008 passed a resolution to set up Greenline Synergy Company Limited to provide technology and information service with an investment amounting to Baht 30 million. The Company has a percentage of shareholding of 100 percent in that company.

Hospital Business Group in Cambodia

Phnom Penh Medical Services Co., Ltd.

In the fourth quarter of 2007, the subsidiary increased its registered share capital from USD 5 million to USD 10 million by issuing additional ordinary shares total of 5,000 shares with par value of USD 1,000 per share. The Company purchased all the share increase and fully paid up the share capital increase total of Baht 161.32 million in 2008. The Company still remains a percentage of shareholding of 100 percent in that company.

In the third quarter of 2008, the subsidiary was authorised to increase its share capital from USD 10 million to USD 20 million. At present, the subsidiary is in process of the registration of capital increase.

Other hospital related business group

Bangkok Health Insurance Limited

By a special resolution passed by the Extraordinary General Meeting of shareholders on 26 November 2007, the subsidiary was authorised to increase its share capital from Baht 100 million (10,000,000 ordinary shares of Baht 10 each) to Baht 105 million (10,500,000 ordinary shares of Baht 10 each). The subsidiary registered the capital increase with the Ministry of Commerce on 3 January 2008 and the Company still remains a percentage of shareholding of 99.94 percent in that company.

12. Investments in associated companies

12.1 Detail of associated companies as at 31 December 2008 and 2007 are as follows

(Unit: Thousand Baht)								
Company name	Nature of business	Paid-up Capital	% Shareholding		Consolidated financial statements		Separate financial statements	
					Equity Method		Cost Method	
					2008	2007	2008	2007
<u>Associated companies held by the Company</u>								
The Medic Pharma Co., Ltd.	Pharmaceutical	Baht 21.4 million	49.00	49.00	96,862	87,235	52,500	52,500
Cool & Joy Co., Ltd.	Production of Television and Radio program	Baht 5 million	30.00	30.00	1,070	1,451	1,500	1,500
S.R. Property Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	884	3,110	101	101
Siem Reap Land Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	647	1,458	101	101
Phnom Penh First Property Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	882	5,802	88	88
Bangkok Helicopter Services Co., Ltd.	Service	Baht 100 million	49.00	49.00	33,789	37,787	50,859	50,859
Ramkhamhaeng Hospital Public Co., Ltd.	Hospital	Baht 120 million	38.24	26.18	1,652,751	805,594	1,459,800	757,637
Total investments in associated companies held by the Company					1,786,885	942,437	1,564,949	862,786

(Unit: Thousand Baht)						
Company name	Nature of business	Paid-up Capital	% Shareholding		Consolidated financial	
					statements	
					Equity Method	
			2008	2007	2008	2007
Associated companies held by the subsidiary companies						
Sodexo Support Services (Thailand) Co., Ltd.	Management service	Baht 5.0 million	26.00	26.00	2,284	1,029
Al Ghaith Bangkok Dusit Management Services LLC.	Management Service	UAE DIRHAM 0.15 million	30.00	-	393	-
Total investment in associated company held by the subsidiary companies					2,677	1,029
Total investment in associated companies in the consolidated financial statements					1,789,562	943,466

(Unit: Thousand Baht)				
For the years ended 31 December				
Company's name	Consolidated financial statements		Separate financial statements	
	Share of income/loss from investments in associated companies		Dividend received during the year	
	2008	2007	2008	2007
Associated companies held by the Company				
The Medic Pharma Co., Ltd.	17,501	13,992	7,875	1,050
Cool & Joy Co., Ltd.	(381)	-	-	-
S.R. Property Investment Co., Ltd.	329	471	-	-
Siem Reap Land Investment Co., Ltd.	347	214	-	-
Phnom Penh First Property Co., Ltd.	798	-	-	-
Bangkok Helicopter Services Co., Ltd.	(3,998)	(8,848)	-	-
Ramkhamhaeng Hospital Public Co., Ltd.	164,001	-	55,061	-
Associated companies held by the subsidiary companies				
Sodexo Support Services (Thailand) Co., Ltd.	1,255	1,029	-	-
Al Ghaith Bangkok Dusit Management Services LLC.	-	-	-	-
Total	179,852	6,858	62,936	1,050

12.2 Fair values of investments in associated company which are listed companies in the Stock Exchange of Thailand

(Unit: Thousand Baht)		
Company's name	Fair values as at 31 December	
	2008	2007
Ramkhamhaeng Hospital Public Co., Ltd.	2,385,980	1,746,785
Total	2,385,980	1,746,785

12.3 Summarised financial information of associated companies

Company's name	As at 31 December						(Unit: Million Baht)			
	Paid-up capital		Total assets		Total liabilities		For the years ended 31 December		Net income (loss)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Associated companies held by the Company										
The Medic Pharma Co., Ltd.	Baht 21 million	Baht 21 million	264.6	234.6	69.7	12.1	304.4	272.0	33.8	26.7
Cool & Joy Co., Ltd.	Baht 5 million	Baht 5 million	3.6	2.9	-	0.4	3.7	9.7	0.7	1.4
S.R. Property Investment Co., Ltd.	Riel 20 million	Riel 20 million	76.9	79.6	75.1	75.7	0.8	0.5	0.7	0.5
Siem Reap Land Investment Co., Ltd.	Riel 20 million	Riel 20 million	70.1	36.2	68.7	34.4	0.7	0.2	0.7	0.2
Phnom Penh First Property Co., Ltd.	Riel 20 million	Riel 20 million	160.9	166.9	159.1	165.0	1.6	-	1.6	-
Bangkok Helicopter Services Co., Ltd.	Baht 100 million	Baht 100 million	259.3	258.0	190.4	180.9	56.8	5.4	(10.0)	(20.8)
Ramkhamhaeng Hospital Public Co., Ltd.	Baht 120 million	Baht 120 million	3,954.1	4,275.2	1,991.3	1,935.9	2,712.8	2,619.1	439.5	354.7
Associated companies held by the subsidiary companies										
Sodexo Support Services (Thailand) Co., Ltd	Baht 5 million	Baht 5 million	48.2	41.8	39.4	37.8	242.4	118.5	4.8	4.9
Al Ghaith Bangkok Dusit Management Services LLC	UAE DIRHAM	-	-	-	-	-	-	-	-	-
	0.15 million									

Domestic hospital business group

Ramkhamhaeng Hospital Public Co., Ltd .

In the fourth quarter of 2007, the Company purchased additional investment of 0.86 million shares at Baht 480 per share totaling Baht 413.62 million in Ramkhamhaeng Hospital Public Co., Ltd. from the former shareholders. As a result, the Company increased the percentage of shareholding in that company from 19.00 percent to 26.18 percent and that company changes the status to become an associated company.

In the first quarter of 2008, the Company purchased additional investment of 1.45 million shares at Baht 480 per share totalling Baht 694.43 million in Ramkhamhaeng Hospital Public Co., Ltd. from the former shareholders. As a result, the Company increased the percentage of shareholding in that company to 38.24 percent.

Other Hospital Related Business

Al Ghaith Bangkok Dusit Management Services LLC

In the first quarter of 2008, a subsidiary has invested in Al Ghaith Bangkok Dusit Management Services LLC in United Arab Emirates with an investment amounting to Baht 0.39 million which represents a percentage of shareholding of 30 percent in that company.

The calculation of investment under the equity method as at 31 December 2008 and share of income from investment in some associated companies for the year ended 31 December 2008 of Baht 181 million were calculated based on audited financial statements of those companies. Share of income of Baht 164 million, representing 91 percent of total share of income from all associated companies, is from an associated company which is a listed company on the Stock Exchange of Thailand.

13. Other long-term investments

				(Unit: Thousand Baht)	
Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)	
				<u>2008</u>	<u>2007</u>
<u>Other companies held by the Company</u>					
<u>Investments in marketable securities</u>					
Thai Military Bank Public Co., Ltd.	Bank	415,367	-	1,770	1,770
Krungdhon Hospital Public Co., Ltd.	Hospital	150	0.13	208	208
Eakchon Hospital Public Co., Ltd.	Hospital	125	0.20	350	350
				<u>2,328</u>	<u>2,328</u>
Add: Revaluation loss on investments				<u>(792)</u>	<u>(79)</u>
Investments in marketable securities				<u>1,536</u>	<u>2,249</u>
<u>Investments in a related company</u>					
Bangkok Airways Co., Ltd.	Airline	440	3.27	36,000	36,000
Investments in a related company				<u>36,000</u>	<u>36,000</u>
<u>Investments in other companies</u>					
Udon Pattana (1994) Co., Ltd.	Hospital	300	10.00	31,650	31,650
X-Ray Computer Urupong Co., Ltd.	X-ray lab	80	5.11	4,520	4,520
Computer Center Co., Ltd.		-	-	25	25
Phyathai X-ray Co., Ltd.	Rental of medical instrument	130	-	3	3
Winstore Co., Ltd.	Retail and wholesale	142	0.36	226	226
Thai Longstay Management Co., Ltd.	Travel business	25	2.12	531	531
Prasit Pattana Public Company Limited	Investment in medical services	1,732.05	16.31	903,156	903,156
Superior Biotech Holding Co., Ltd.	Investment	44	9.09	5,000	5,000
				<u>945,111</u>	<u>945,111</u>
Less: Allowance for impairment of investments				<u>(12,587)</u>	<u>(12,587)</u>
Investments in other companies-net				<u>932,524</u>	<u>932,524</u>
Other long-term investments - net in the separate financial statements				<u>970,060</u>	<u>970,773</u>
<u>Other company held by the subsidiary company</u>					
Thai Herbal Products Co., Ltd.	Sales of herbal products	80	0.60	290	290
Less: Allowance for impairment of investments				<u>-</u>	<u>(66)</u>
Investment in other company - net				<u>290</u>	<u>224</u>
Other long-term investments - net in the consolidated financial statements				<u>970,350</u>	<u>970,997</u>

14. Property, premises and equipment

(Unit: Baht)

Consolidated financial statement							
Assets which are stated at cost or reappraised value	Assets which are stated at cost						Total
	Land and land improvement	Building and building improvement	Medical tools and equipment	Furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	
<u>Cost/reappraised value</u>							
31 December 2007 - as previously reported	3,918,538,942	14,223,951,591	6,175,938,215	3,486,954,035	384,172,318	929,453,539	29,119,008,640
Reclassification	(16,567,650)	12,102,456	40,000	7,052,266	(40,000)	-	2,587,072
31 December 2007 - after reclassification	3,901,971,292	14,236,054,047	6,175,978,215	3,494,006,301	384,132,318	929,453,539	29,121,595,712
Increase from asset revaluation	19,021,024	-	-	-	-	-	19,021,024
Purchases	59,353,170	32,945,117	774,499,832	170,790,072	18,148,247	1,075,746,679	2,131,483,117
Transfer in / (Transfer out)	-	1,135,950,454	77,955,195	114,923,988	16,710,800	(1,376,294,005)	(30,753,568)
Disposals	-	(11,073,802)	(172,601,101)	(65,946,029)	(15,635,464)	(1,569,946)	(266,826,342)
Translation adjustment	-	61,193,208	(22,453,275)	-	163,869	-	38,903,802
31 December 2008	3,980,345,486	15,455,069,024	6,833,378,866	3,713,774,332	403,519,770	627,336,267	31,013,423,745
<u>Accumulated depreciation</u>							
31 December 2007 - as previously reported	15,221,439	4,156,216,116	2,993,165,586	2,410,402,018	242,752,170	-	9,817,757,329
Reclassification	861,089	5,845,513	(1,578,903)	138,523	(141,324)	-	5,124,898
31 December 2007 - after reclassification	16,082,528	4,162,061,629	2,991,586,683	2,410,540,541	242,610,846	-	9,822,882,227
Depreciation for the year	466,354	1,030,578,893	676,718,480	357,939,017	57,842,577	-	2,123,545,321
Disposals	-	(2,481,271)	(148,021,545)	(53,197,187)	(15,050,106)	-	(218,750,109)
Translation adjustment	-	1,114,555	1,669,448	-	60,680	-	2,844,683
31 December 2008	16,548,882	5,191,273,806	3,521,953,066	2,715,282,371	285,463,997	-	11,730,522,122
<u>Impairment of fixed assets</u>							
31 December 2007	2,387,500	2,558,365	-	-	-	-	4,945,865
Increasing during the year	567,054	-	-	-	-	-	567,054
Reversal	-	(2,558,365)	-	-	-	-	(2,558,365)
31 December 2008	2,954,554	-	-	-	-	-	2,954,554
<u>Net book value</u>							
31 December 2007	3,900,930,003	10,065,177,110	3,182,772,629	1,076,552,017	141,420,148	929,453,539	19,296,305,446
31 December 2008	3,960,842,050	10,263,795,218	3,311,425,800	998,491,961	118,055,773	627,336,267	19,279,947,069
Depreciation charged (included in income statement) for the year							
2007							1,905,267,080
2008							2,123,545,321

(Unit: Baht)

Separate financial statement							
Assets which are stated at cost or reappraised value	Assets which are stated at cost						Total
	Land and land improvement	Building and building improvement	Medical tools and equipment	Furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	
Cost/reappraised value							
31 December 2007	836,787,500	3,604,701,756	2,116,610,451	1,091,200,338	148,175,069	524,734,408	8,322,209,522
Purchases	-	4,691,220	279,649,360	49,472,569	1,674,000	228,189,146	563,676,295
Transfer in / (Transfer out)	-	590,515,970	1,921,293	38,065,183	-	(670,369,180)	(39,866,734)
Disposals	-	-	(36,319,431)	(10,158,511)	(529,650)	(1,226,133)	(48,233,725)
31 December 2008	836,787,500	4,199,908,946	2,361,861,673	1,168,579,579	149,319,419	81,328,241	8,797,785,358
Accumulated depreciation							
31 December 2007	-	721,344,195	871,469,304	785,754,756	104,784,275	-	2,483,352,530
Depreciation for the year	-	303,848,584	271,122,329	108,827,377	19,684,311	-	703,482,601
Disposals	-	-	(23,805,544)	(6,988,955)	(431,410)	-	(31,225,909)
31 December 2008	-	1,025,192,779	1,118,786,089	887,593,178	124,037,176	-	3,155,609,222
Net book value							
31 December 2007	836,787,500	2,883,357,561	1,245,141,147	305,445,582	43,390,794	524,734,408	5,838,856,992
31 December 2008	836,787,500	3,174,716,167	1,243,075,584	280,986,401	25,282,243	81,328,241	5,642,176,136
Depreciation charged (included in income statement) for the year							
2007							625,250,523
2008							703,482,601

In 1999, the Company and some subsidiary companies engaged an independent professional appraiser to appraise all of the Company's and the subsidiary companies' land (including the land not used in operations) with carrying cost value of approximately Baht 210 million and Baht 80 million, respectively. Based on the appraisal reports dated July 14, 1999 and July 15, 1999, respectively, the Market Approach Method was applied to the revaluation, reflecting the fair market value of the revalued land of approximately Baht 637 million and Baht 93 million, respectively, which was higher than the cost by approximately Baht 427 million and Baht 13 million, respectively. At present, the Company and the subsidiary companies recorded the difference between the historical cost and appraisal value as "Revaluation surplus of land" in shareholders' equity in the balance sheets.

In 2004, three subsidiaries engaged an independent professional appraiser to appraise all of their land and buildings. Based on the appraisal reports dated December 15, 2004 and December 16, 2004, the Market Approach was applied to the revaluation of land and the Replacement Cost Approach was applied to the revaluation of buildings, reflecting the fair values of the revalued land and buildings of approximately totaling Baht 1,972.02 million and Baht 2,699.04 million, respectively, which were higher than the former revalued cost by approximately Baht 1,085.32 million and Baht 498.68 million, respectively. The Subsidiaries recorded the total revaluation surplus of Baht 1,584 million as "Revaluation surplus on land and buildings" in shareholders' equity in the balance sheets of Baht 1,544.49 million and reversed the loss on valuation of land of a subsidiary of Baht 228.05 million for the land which had new revalued amount higher than the former revalued cost and recorded loss on revaluation of land in another subsidiary of Baht 188.54 million.

In the first quarter of 2007, based on the appraisal of land and buildings of such subsidiaries, the Company has restated the previous period's consolidated financial statements and recognised only the surplus on revaluation of land of the subsidiaries in the consolidated financial statements by using equity method in the amount of Baht 257.05 million as "Revaluation surplus on land" in shareholders' equity in the balance sheets.

In 2007, the Company and its subsidiaries engaged an independent professional appraiser to appraise all of the Company's and the subsidiary companies' land (including the land not used in operation). Based on the appraisal reports, the Market Approach was applied to the revaluation of land, reflecting the fair values of the revalued land approximately total of Baht 2,559.7 million which were higher than the former revalued cost by approximately Baht 414.1 million. The Company and its subsidiaries recorded the revaluation surplus from the former revalued cost of Baht 417.2 (separate financial statement: Baht 301.4 million) as "Revaluation surplus on land" in shareholders' equity in the balance sheets and discount from the original cost of Baht 3.1 million as loss on impairment in the income statements of 2007.

In 2008, the Company recorded the revaluation value of a subsidiary based on the appraisal from an independent professional appraiser. The appraisal based on the market approach reflected the fair values of the revalued land approximately Baht 59.3 million which were higher than the former revalued cost of Baht 19.0 million which was included in "Revaluation surplus on land" in shareholders' equity in the consolidated balance sheets and the Company recorded decrease from the original cost of Baht 0.6 million as impairment loss in the consolidated income statements of 2008.

In addition, the Company recorded the revaluation surplus of an associated company totaling Baht 31.30 million as "Revaluation surplus on land" in shareholders' equity in the consolidated balance sheet.

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

A subsidiary company has recorded loss on impairment for building improvement totalling Baht 2.6 million in the income statements of 2007. This building improvement was used for clinic operation which the subsidiary denied to renew the building rental agreement that was expired in February 2008. In 2008, the subsidiary company disposed those building improvement and reversed all the allowance for impairment of such building improvement in February 2008.

If the Company and its subsidiaries recorded the land at cost, their net book value as at 31 December 2008 and 2007 would have been as follows:

		(Unit: Baht)
	Consolidated financial statements	Separate financial statements
Net book value (at cost):		
As of 31 December 2008	2,002,894,334	252,054,285
As of 31 December 2007	1,960,385,967	252,054,285

Samitivej Sriracha Co., Ltd.

Samitivej Sriracha Co., Ltd., a subsidiary of Samitivej Public Co., Ltd. had its land and existing building and building improvement as at 27 December 1995 revalued by an independent appraiser who reported under the appraisal reports dated 5 January 1996. The resultant increase in value as compared to the carrying amounts of land, buildings and improvements of approximately Baht 28.39 million.

During the year 2001, the subsidiary company engaged an independent appraiser to appraise all of its land, building, building improvements and utilities. The new valuation was higher than the carrying amounts of these assets. However, the subsidiary company had not compared each asset with former report, therefore, the subsidiary company did not record the assets with such revaluation.

On 25 May 2006, the subsidiary company which was an associated company at that time engaged an independent appraiser to appraise all of its land, building and building improvement. The subsidiary company recorded assets with revaluation. The increase in revaluation of land, building and building improvement was approximately Baht 61.1 million and Baht 109.7 million, respectively. During the first quarter of 2007, the Group has changed its accounting policy for recording building from revalued amount to cost, the Company has restated the previous periods consolidated financial statements and recognised the equity only from revaluation surplus on land by percentage of shareholding approximately Baht 17 million.

As at 31 December 2008, the Company and its subsidiaries had medical equipment, equipment and vehicles under finance lease agreements with net book values amounting to Baht 394.22 million and separate financial statement amounting to Baht 53.82 million (2007: Baht 404.47 million and separate financial statements: Baht 62.15 million).

As at 31 December 2008, the Company and its subsidiary companies have certain building improvement, medical tools, equipment items and vehicles which have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 3,765.73 million and separate financial statement Baht 813.47 million (2007: Baht 3,392.22 million and separate financial statement: Baht 805.18 million).

15. Land not used in operations

Land not used in operations as at 31 December 2008 and 2007 consisted of:

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	<u>2008</u>	<u>2007</u>
Land at historical cost	329,385,815	329,385,815
Revaluation surplus	143,747,985	143,747,985
Allowance for impairment	(719,600)	(719,600)
Total	<u>472,414,200</u>	<u>472,414,200</u>

In the year 1999 and 2007, the Company revalued such land not used in operations based on the independent professional appraiser's value as described in Note 14 to the financial statements.

The cumulative capitalised interest on loans recorded as a portion of cost of land not used in operations amounted to approximately Baht 29 million (2007: Baht 29 million).

16. Intangible assets

Intangible assets which are computer software are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cost	326,293,850	252,334,341	132,229,955	81,100,785
Less: Accumulated amortisation	(188,282,753)	(161,640,381)	(51,390,315)	(42,855,382)
Book value - net	<u>138,011,097</u>	<u>90,693,960</u>	<u>80,839,640</u>	<u>38,245,403</u>
Amortisation for the year	<u>28,860,424</u>	<u>30,667,602</u>	<u>8,584,933</u>	<u>4,298,539</u>

17. Leasehold rights

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cost	646,517,551	487,230,500	80,049,598	80,049,598
Less: Accumulated amortisation	(101,977,063)	(90,588,288)	(12,616,300)	(8,345,348)
Book value - net	<u>544,540,488</u>	<u>396,642,212</u>	<u>67,433,298</u>	<u>71,704,250</u>
Amortisation for the year	<u>16,551,914</u>	<u>9,636,785</u>	<u>4,270,952</u>	<u>3,349,382</u>

18. Bank overdrafts and short-term loans from financial institution

As at 31 December 2008, the Company and its subsidiaries have bank overdraft facilities with local banks of Baht 348 million and separate financial statement of Baht 60 million with interest rate at MOR (Minimum Overdraft Rate).

In 2008, the Company had obtained a loan by issuance of bill of exchange amounting to Baht 500 million which was sold to a financial institution for a total of Baht 489.91 million, with deferred interest expenses of Baht 10.09 million. The bills will mature in June 2009. As at 31 December 2008, the Company has net bill of exchange balance of Baht 491.62 million.

19. Long-term loans

(Unit: Baht)				
	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Long-term loans	3,376,645,480	6,750,597,793	3,172,380,550	1,935,093,600
Less: Current portion due within one year	<u>(369,625,715)</u>	<u>(1,070,391,045)</u>	<u>(343,800,000)</u>	<u>(387,072,000)</u>
Long-term loans – net of current portion	<u>3,007,019,765</u>	<u>5,680,206,748</u>	<u>2,828,580,550</u>	<u>1,548,021,600</u>

The Company

In 2008, the Company has issued the debenture for a total amount of Baht 5,000 million as discussed in Note 30. The Company and the subsidiary companies used the proceeds from the debentures to settle most of the long-term loans from the financial institutions and have already withdrawn the mortgage and pledge of assets to secure such long-term loans from financial institutions. In addition, the Company entered into a 10-year loan agreement with a bank with the credit facilities of Baht 3,438 million. The loan bears interest at the fixed deposit rate (FDR) plus 2.0% per annum as stipulated in the agreement. The principal and interest are repayable on a monthly basis. This loan contains the condition that the Company and its subsidiaries should not mortgage any assets and also certain covenants which the Company and its subsidiaries must comply with. The Company has entered into an interest rate swap contract for the above loan with a financial institution as discussed in Note 31.2.

In September 2008, the Company entered into a loan agreement with a financial institution. The credit facilities is USD 25 million. The loan bears interest at the rate of LIBOR plus 2 percent per annum. The interest and principal are repayable on a quarterly basis according to a condition as stipulated in the agreement.

As at 31 December 2008, the Company has withdrawn the loan totaling USD 0.6 million.

The subsidiaries

In April 2007 Bangkok Ratchasima Hospital Co., Ltd., a subsidiary company, entered into a loan agreement with a financial institution. The credit facilities is Baht 570 million. The loan bears interest at the rate ranging from MLR – 1.5 percent per annum to MLR per annum. The interest is repayable on a monthly basis. The principal is repayable on a quarterly basis according to a condition as stipulated in the agreement.

As at 31 December 2008, there was no outstanding balance of this loan.

In June 2008, Bangkok Ratchasima Hospital Co., Ltd., a subsidiary company, entered into a loan agreement with a financial institution. The credit facilities was Baht 20 million. The loan bears interest at the rate of 4 percent per annum. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. As at 31 December 2008, the subsidiary company has fully withdrawn such loan.

In December 2007 Bangkok Pattaya Hospital Co., Ltd., a subsidiary company, entered into a loan agreement with a financial institution. The credit facilities was Baht 200 million. The loan bears interest at the MLR less fixed rate as stipulated in the agreement. The interest and principle are repayable on a monthly basis according to a condition as stipulated in the agreement.

As at 31 December 2008, there was no outstanding balance of this loan.

The Company's and its subsidiaries' loan agreements contain certain covenants which the Company and its subsidiaries must comply with.

20. Liabilities under long-term lease agreements

As at 31 December 2008 and 2007, liabilities under long-term lease agreements are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Liabilities under long-term lease agreements (contractual value)	281,423	318,088	13,914	27,617
Less: Deferred interest expense	(30,704)	(29,754)	(1,090)	(2,261)
Total	250,719	288,334	12,824	25,356
Less: Current portion due within one year	(108,255)	(118,001)	(11,450)	(15,356)
Liabilities under long-term lease agreements - net of current portion	142,464	170,333	1,374	10,000

As at 31 December 2008, future minimum lease payments required under the long-term lease agreements were as follows:

(Unit: Million Baht)			
	Consolidated financial statements		
	Less than 1 year	1-5 years	Total
Future minimum long-term lease payments	123.5	157.9	281.4
Deferred interest expenses	(15.3)	(15.4)	(30.7)
Present value of future minimum long-term lease payments	108.2	142.5	250.7

(Unit: Million Baht)			
	Separate financial statements		
	Less than 1 year	1-5 years	Total
Future minimum long-term lease payments	12.5	1.4	13.9
Deferred interest expenses	(1.0)	(0.1)	(1.1)
Present value of future minimum long-term lease payments	11.5	1.3	12.8

Liabilities under long-term lease agreements

The Company and its subsidiaries have long-term lease agreements with various leasing companies to rent medical equipment and vehicle for use in their operations. The installments are paid on a monthly basis over 36-60 periods and at the end of the agreements, the Company and its subsidiaries have the option to purchase the equipment at prices specified in the agreements.

21. Dividends

The 2007 Annual General Meeting of the Company's shareholders held on 5 April 2007 passed a resolution approving a dividend payment of Baht 0.50 per share, to the holders of the Company's 1,181,037,800 shares (par value of Baht 1 each), or a total of Baht 590.5 million. The dividend payment was made in May 2007.

The 2008 Annual General Meeting of the Company's shareholders held on 27 March 2008 passed a resolution approving a dividend payment of Baht 0.50 per share, to the holders of the Company's 1,214,130,812 shares (par value of Baht 1 each), or a total of Baht 607.1 million. The dividend payment was made in April 2008.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

23. Expenses by nature

Significant expenses by nature for the year ended 31 December 2008 and 2007 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Employee expenses	4,724.9	4,072.3	1,433.4	1,237.5
Depreciation and amortisation expenses	2,168.9	1,945.6	716.3	632.9
Advertising and public relation expenses	452.2	365.7	210.9	171.1
Rental expenses	298.3	279.8	88.3	73.8

In addition, there were other expenses such as doctor fees, drugs and medical supplies and others.

24. Provident fund

The Company, its subsidiaries and their employees jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by both employees and the Company and its subsidiaries at the agreed percentage rates based on their basic salaries and is managed by many financial institutions. The fund will be paid to the employees upon termination in accordance with the rules of the fund.

In 2008, the Company and its subsidiaries contributed Baht 68.38 million (2007: Baht 52.26 million) and separate financial statement contributed Baht 19.46 million (2007: Baht 14.52 million) to the fund.

25. Earnings per share

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

No disclosure of diluted earnings per share is required for 2008 and 2007 after the issue of convertible debenture (as discussed in Note 29) since the calculated earnings per share assuming the conversion of all convertible debentures to ordinary shares is not diluted.

26. Long-term lease agreements

The Company

The Company has entered into a land rental agreement for a car parking building for a period of 20 years from 26 February 2004 to 25 February 2024. The rental fee for the first 17 months is Baht 200,000 per month and will be increased by the rate as agreed in the agreement. The rental for the last 3 years will be Baht 560,000 per month.

The Company has entered into a land rental agreement for construction of an OPD building for a period of 30 years from 28 September 2004 to 27 September 2034. The first payment date is 10 October 2005 at the rental fee of Baht 50,000 per month. The rate will be increased by 10% of the latest rental of every three years.

The Company has entered into a land rental agreement for a car parking for a period of 7 years from 1 September 2005 to 31 August 2012 and the rental is paid on a monthly basis. The first payment date is 1 September 2005 at the rate of Baht 131,000 per month. The rental rate will be Baht 175,000 per month starting from 1 September 2006 onward.

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

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

Samitivej Public Company Limited

The subsidiary company has entered into a rental agreement for a parking building dated 10 September 2003, for 30 years, effective from 8 December 2004. The total rental fee over the lease will thus be Baht 155.11 million. The subsidiary company is committed to pay Baht 38.78 million as prepaid rental as per the schedule. The remaining rental fee will be paid on a monthly basis. In addition, the subsidiary company has entered into a service agreement with the same company for providing of services in the parking building for 30 years total of Baht 103.41 million.

BNH Medical Center Co., Ltd.

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

27. Commitments and contingent liabilities

As at 31 December 2008 commitments and contingent liabilities are as follows:

27.1 Commitments and contingent liabilities

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Less than	1 -5	Over 5	Less than	1 -5	Over 5
	1 year	years	years	1 year	years	years
Contractual commitments						
- the land and building rental contracts						
(including long-term agreements in Note 26)	76.6	145.2	546.4	15.6	29.2	120.9
- the office equipment rental and other services	166.0	78.0	-	69.8	62.6	-
- the medical equipment provision and maintenance						
contracts	46.1	38.9	-	-	-	-
- the building construction and decoration contracts	235.1	1.9	-	54.2	-	-
Total	523.8	264.0	546.4	139.6	91.8	120.9

(Unit: Million Baht)

Contingent liabilities	Consolidated financial statements	Separate financial statements
- For letters of guarantee issued by banks to		
guarantee contractual performance	12.9	1.0
- For letters of guarantee issued by banks for		
electricity use and others	52.7	13.9
Total	65.6	14.9

27.2 Litigations

The Subsidiary

A subsidiary has a contingent liability as a defendant in a legal case related to the building construction retention of Baht 14.37 million. The case is being considered by the Supreme court. However, the subsidiary had set up a full provision for this contingent liability.

28. Segment information

The Company and its subsidiaries operate mainly in the hospital business and hospital related business in Thailand. As a result all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

29. Convertible debentures

On 19 June 2006, the Extraordinary General Meeting of Shareholders' No. 1/2006 of the Company approved for the issue and offer of the name-registered and unsecured convertible debentures with or without debenture holders' representatives/ trustee to the foreign investors (except the investors in United States of America) and/or local institutional investors in foreign currency or equivalent of not exceeding Baht 5,000 million. The maturity date will be not more than 5 years from the issuance date. It has also resolved to authorise the Board of Directors and/or the persons authorised by the Board of Directors to determine or amend the details, procedures, and conditions relating to the issue of the convertible bonds. The proceeds of the convertible debenture will be used to repay the existing loans to the Company's lenders, being the Company's working capital as well as strengthening the business operation of the Company.

In addition, the Meeting has approved for reduction of the Company's registered capital by cancelling 2,372,308 authorised but unissued shares, at par value of Baht 1 per share, being Baht 2,372,308 from the existing registered capital of Baht 1,183,410,108 to be the new registered capital of Baht 1,181,037,800.

In addition, it has approved for the increase of the Company's registered capital of another Baht 131,226,422 divided into 131,226,422 ordinary shares at the par value of Baht 1 each from the existing registered capital of Baht 1,181,037,800 to be the new registered capital of Baht 1,312,264,222. The new issued ordinary shares will be reserved for conversion of convertible debentures. If there are any remaining shares from the convertible debentures not being exercised or there are any unsubscribed convertible debentures (as the case may be), the Board of Directors shall be authorised to allot and offer those remaining shares in one or several branches from time to time by way of private placement in accordance with the Office of the Securities and Exchange Commission (SEC) Notification No. GorJor.12/2543 regarding the application and permission for offer of new shares. Details of the allotment such as conditions of the offer, subscription period or any other relevant details shall be determined at the discretion of the Board of Directors including the determination of "market price" in accordance with the relevant the Office of the Securities and Exchange Commission (SEC) notification.

The Company has registered the decrease and increase of registered capital with the Ministry of Commerce on 20 and 21 June 2006 respectively.

On 6 July 2006, the Office of the Securities and Exchange Commission has granted the approval for the issue and offer of the convertible debenture. On 12 July 2006, the Company has issued the 5 years convertible debenture, type name-registered and unsecured convertible debenture with debenture holder's representatives trustee, at the coupon rate of 3.75% p.a., for the total number of 124,000 units, at the price of USD 1,000 each, being the amount of USD 124 million or equivalent of Baht 4,731,840,000 (at the fixed exchange rate of Baht 38.16 per USD 1) to the foreign investors outside United States of America for the entire amount. The aforesaid convertible debenture has been approved for listing on the Singapore Exchange Securities Trading Limited. Unless, early redeemed or converted, the Company will redeem each bond on 12 July 2011 (the maturity date) at an amount equal to the Baht equivalent principal amount multiplied by 114.41 percent. Prior to the close of business on 12 July 2011, a debentureholder has the conversion right to convert any debenture into the Company's ordinary shares. The conversion price will initially be Baht 36.30 per share (which will be subject to revision and/or adjustment in the manner provided in the condition of the Bonds). The convertible debentures are redeemable prior to the maturity date. Early redemption will be subject to the condition of the debentures.

Convertible debenture agreement contain certain covenants which the Company must comply with.

According to the Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentation", the issuer of convertible debentures is required to classify the debentures' liability and equity components and present them separately in the balance sheets. On the issue of debenture, the Company has therefore separated such components, determining the liability component by discounting the stream of future payments of principal and interest at the prevailing market rate. The carrying amount of the equity component, as presented in the balance sheet under the caption of "Convertible Debentures - Equity Component" is determined by deducting the liability component from the total carrying value of the convertible bond.

The liability component continues to be presented on the amortised cost basis, until conversion or maturity of the bonds. The equity component determined on the issue of the bonds is not changed in subsequent periods if there is no conversion prior to maturity date.

On 11 November 2008, the Extraordinary Meeting of the Board of Directors of the Company No. 1/2008 approved to repurchase convertible debentures with the clearing price at 108% of par. The Company has repurchased totaling 34,170 units of convertible debentures, with principal amount of approximately USD 30 million. The Company had net gain on repurchase of convertible debentures totaling Baht 29.6 million which included gain on exchange rate.

As of 31 December 2008, the 31,830 units of convertible debentures have been converted into 33,460,945 of the Company's ordinary shares, at the conversion price of Baht 36.30 per share. As a result, as of 31 December 2008, the Company's issued share capital increased to 1,214,498,745 shares at Baht 1 each and premium on ordinary shares as a result of such transactions increased by a total of Baht 1,204.5 million.

30. Debentures

On 26 December 2007, the Extraordinary General Meeting of the Company's shareholder No. 1/2007 approved for the issue and offer of the debentures denominated in Thai Baht in the total amount not exceeding Baht 7,000 million by one or more issues. The proceeds of the debentures will be for refinancing of the outstanding debts and to increase the flexibility in financing of the Company and its subsidiary companies.

On 6 March 2008, the Company had issued unsubordinated, unsecured and no discount debentures with a name-registered debenture certificate for the total number of 5,000,000 units, at the price of Baht 1,000 per unit, totalling Baht 5,000 million. This bond is divided into two tranches : 3-year tenor for the amount of Baht 3,000 million at the coupon rate of 4.11% per annum and 5-year tenor for the amount of Baht 2,000 million at the coupon rate of 4.84% per annum with interest payable semi-annually.

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

31. Financial instruments

As defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", The Company and its subsidiaries have the financial risks associated with these financial assets and liabilities as mentioned in Note 4.17 to financial statements and how they are managed is described below.

31.1 Financial risk management

The Company and its subsidiaries are exposed to risk arising from changes in market interest rates and foreign currency exchange rates, and from nonperformance of contractual obligation by counterparties in the future. Its subsidiaries do not use derivative instruments, while the Company uses derivative instruments as and when they consider appropriate, to manage such risks. They do not hold or issue derivative financial instruments for speculative or trading purposes.

31.2 Interest rate risk

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

The long-term loans, convertible debentures and debentures were presented in note 19, 29, and 30 respectively.

Interest rate swap contract

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

On 15 September 2008, the Company entered into a five-year interest rate swap contract with a financial institution by converting floating rate based on Fixed Deposit Rate plus 2% per annum to fixed interest rate 5.5% per annum on the long-term loan balance.

Net fair value

The net fair value of interest rate swap contract at the balance sheet date was:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Fair value of interest rate swap contract				
(liabilities)	193.8	-	193.8	-

Fair value of interest rate swap contract has been calculated using rate quoted by the Company's banker as if the contract was terminated at the balance sheet date.

Significant financial assets and liabilities as at 31 December 2008 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

	Consolidated financial statements					
	Fixed interest rates			Floating	Non-interest	Total
				interest rate	bearing	
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
- Cash and cash equivalent	89	-	-	1,150	7	1,246
- Short-term investments	102	-	-	-	-	102
- Trade accounts receivable	-	-	-	-	1,553	1,553
- Restricted bank deposit	16	-	-	-	-	16
- Investments	-	-	-	-	2,685	2,685
	207	-	-	1,150	4,245	5,602
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	527	-	527
- Trade accounts payable	-	-	-	-	992	992
- Convertible debentures	-	2,292	-	-	-	2,292
- Debentures	-	4,994	-	-	-	4,994
- Liabilities under long-term lease agreements	108	143	-	-	-	251
- Long-term loans	19	39	6	3,313	-	3,377
	127	7,468	6	3,840	992	12,433

(Unit: Million Baht)

	Separate financial statements					
	Fixed interest rates			Floating	Non-interest	Total
				interest rate	bearing	
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
- Cash and cash equivalent	-	-	-	657	1	658
- Short-term investments	100	-	-	-	-	100
- Trade accounts receivable	-	-	-	-	579	579
- Short-term loans to related parties	-	-	-	46	-	46
- Long-term loans to related parties	-	-	-	3,561	-	3,561
- Investments	-	-	-	-	10,024	10,024
	100	-	-	4,264	10,604	14,968
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	492	-	492
- Short-term loans from related parties	-	-	-	397	-	397
- Trade accounts payable	-	-	-	-	358	358
- Convertible debentures	-	2,292	-	-	-	2,292
- Debentures	-	4,994	-	-	-	4,994
- Liabilities under long-term lease agreements	12	1	-	-	-	13
- Long-term loans	-	-	-	3,172	-	3,172
	12	7,287	-	4,061	358	11,718

31.3 Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from business transactions that are denominated in foreign currencies. However, the amount was not significant, the Company and its subsidiaries do not expected any significant loss from this foreign currency risk.

31.4 Credit risk

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

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

31.5 Fair values

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

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

32. Capital management

The primary objectives of the Group's capital management is to ensure that they have an appropriate financial structure and preserves the ability to continue their business as a going concern.

According to the balance sheet as at 31 December 2008, the Group's debt-to-equity ratio was 1.2:1.0 (2007: 1.2:1.0) and the Company's debt-to-equity ratio was 1.5:1.0 (2007: 0.8:1.0).

33. Reclassification

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Intangible assets - net	90,693,960	330,805,308	38,245,403	109,949,653
Other non-current assets - leasehold rights - net	396,642,212	-	71,704,250	-
Other non-current assets - others - net	98,585,376	255,116,240	-	-

34. Approval of financial statements

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