

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2011 and 2010

1. General information

1.1 Corporate information

Bangkok Dusit Medical Services Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in hospital business. The registered address is at 2, Soi Soonvijai 7, New Petchburi Road, Bang Kapi, Huaykwang, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Application of new accounting standards during the period

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

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

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

Financial Reporting standards Interpretations:

TFRIC 15 Agreements for the Construction of Real Estate

Accounting Standard Interpretations:

SIC 31 Revenue-Barter Transactions Involving Advertising Services

These accounting standards do not have any significant impact on the financial statements for the current period, except for TAS 19 Employee Benefits, TAS 40 (Revised 2009) Investment Property and TFRS 3 (Revised 2009) Business Combinations as described in Notes 1.5 and 2.

1.4 Basis of consolidation

These interim consolidated financial statements include the financial statements of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2010 with structural changes related to subsidiaries during the current period as discussed in Note 6 to the financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2010, except for the changes in the following accounting policies due to the adoption of revised and new accounting standards and financial reporting standard related to business combinations.

Employee benefits

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company and its subsidiary companies has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary companies treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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

Provisions for vacation

The Company and its subsidiaries have set up provisions for vacation which is calculated in accordance with the Company's policy and formula, taking into consideration the employee's salary, the number of years of service and the unused vacation day.

Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Any gains or losses arising from changes in the value of investment property is recognised in profit or loss when incurred.

On disposal of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

For the first-time adoption of TAS 40 (Revised 2009) Investment Property, the Company elected to recognise investment property under fair value model and recognised impact of the change to the financial statements through an adjustment to the beginning balance of retained earnings in the current period.

Business combinations

Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current period, the Company and subsidiary companies made the changes to its significant accounting policies described in Note 1.5 to the financial statements. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity as summarised below.

2.1 TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques and provisions for vacation. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change has the effect of decreasing the beginning balance of retained earnings of the Company and its subsidiary companies by Baht 497.2 million (separate financial statements: 158.1 million) and decreasing the profit for the three-month and nine-month periods ended 30 September 2011 by Baht 35.1 million and Baht 82.9 million, respectively, or Baht 0.024 per share and Baht 0.058 per share, respectively (separate financial statements: decreasing profit by Baht 7.1 million and Baht 19.7 million, respectively, or Baht 0.005 per share and Baht 0.013 per share, respectively).

In addition, an associated company has changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change has the effect of decreasing the beginning balance of investment in such associated company under equity method in consolidated financial statements and consolidated retained earnings by Baht 20.0 million.

2.2 TAS 40 (revised 2009) Investment Property

This accounting standard requires entities to choose to recognise investment property either under the cost model (with disclosure of fair value in the notes to financial statements) or the fair value model, whereby changes in fair value are to be recognised in profit or loss. Investment property was previously recognised under the caption of Property, Premises and Equipment, which is measured using the cost/revalued model. In adopting the new accounting policy, the Company separately presents investment property and measure it using the fair value model, commencing in the current period. The Company has recognised the effect of the change in accounting policy as an adjustment to the opening balance of retained earnings for the period. The change has the effect of increasing the beginning balance of retained earnings of the Company by Baht 215.2 million and not effect to the retained earnings of consolidated financial statements.

3. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

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

(Unaudited but reviewed)

4. Trade accounts receivable

As at 30 September 2011 and 31 December 2010, the aging analysis of the outstanding trade accounts receivable is as follows:

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
<u>Related parties</u>				
Less than 3 months	907	2,233	5,615	9,283
3 - 6 months	369	-	1,299	-
6 - 12 months	-	-	1,704	-
Total trade accounts receivable - related parties	1,276	2,233	8,618	9,283
<u>Unrelated parties</u>				
Less than 3 months	2,594,342	1,579,726	450,291	409,029
3 - 6 months	333,276	232,699	104,831	66,303
6 - 12 months	168,994	109,659	68,840	42,951
Over 12 months	263,341	162,109	104,862	82,249
Total trade accounts receivable - unrelated parties	3,359,953	2,084,193	728,824	600,532
Less: Allowance for doubtful accounts	(325,986)	(193,569)	(118,127)	(94,743)
Total trade accounts receivable -				
unrelated parties - net	3,033,967	1,890,624	610,697	505,789
Total trade accounts receivable -net	3,035,243	1,892,857	619,315	515,072

5. Related party transactions

The Company and its subsidiaries had significant business transactions with individuals and related parties, which have been concluded on commercial terms and bases agreed upon between the Company and those related parties. Below is a summary of those transactions.

<u>Transaction</u>	<u>Pricing and lending policy</u>
Revenue from hospital operation and lab service	Based on the price charged to normal customers
Revenue and expenses from consulting and management	Rates as stipulated in agreements
Rental income and rental expenses	Rates as stipulated in agreements
Interest charge of intercompany loan	Interest rate is close to rate charged by bank to normal customers

(Unaudited but reviewed)

The significant intercompany transactions are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Subsidiary companies</u>				
Revenue from hospital operations and lab				
services	-	-	15.1	3.4
Consulting and management fee income	-	-	60.7	56.8
Interest income	-	-	11.1	27.1
Dividend income	-	-	11.5	-
Other income	-	-	3.7	9.1
Service cost	-	-	105.0	95.0
Consulting and management fee expenses	-	-	53.5	43.6
Other expenses	-	-	24.3	14.4
Interest expenses	-	-	8.6	2.0
Sale of vehicles	-	-	1.2	-
<u>Associated companies</u>				
Revenue from hospital operations and lab				
services	0.7	0.4	0.1	-
Dividend income	-	-	27.5	27.5
Other income	0.1	3.8	-	-
Service cost	34.1	28.4	20.7	18.8
<u>Individuals or related companies</u>				
Revenue from hospital operations and lab				
services	0.7	-	0.3	-
Dividend income	3.6	-	3.6	-
Other income	-	1.7	-	-
Service cost	3.0	1.5	2.7	1.3
Other expenses	5.2	1.2	2.4	1.2

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Subsidiary companies</u>				
Revenue from hospital operations and				
lab services	-	-	30.9	19.2
Consulting and management fee				
income	-	-	175.1	156.8
Interest income	-	-	40.0	92.5
Dividend income (Note 6)	-	-	726.2	537.8
Other income	-	-	28.5	21.6
Service cost	-	-	331.3	239.8
Consulting and management fee				
expenses	-	-	155.7	125.0
Other expenses	-	-	52.6	43.6
Interest expenses	-	-	21.2	5.7
Sale of vehicles	-	-	1.2	-
<u>Associated companies</u>				
Revenue from hospital operations and				
lab services	1.1	0.8	0.1	-
Dividend income (Note 7)	-	-	61.8	60.3
Other income	12.2	8.6	0.2	-
Service cost	99.2	84.8	54.2	56.1
Dividend paid	-	4.4	-	4.4
<u>Individuals or related companies</u>				
Revenue from hospital operations and				
lab services	3.7	0.1	1.2	0.1
Dividend income	10.8	-	10.8	-
Other income	4.6	4.8	-	0.2
Service cost	10.6	9.1	9.6	8.6
Other expenses	6.0	5.0	2.5	2.6
Dividend paid	-	80.0	-	80.0

(Unaudited but reviewed)

The outstanding balances of the above transactions as at 30 September 2011 and 31 December 2010 have been separately shown in the statements of financial position as follows:

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	30	31	30	31
	September	December	September	December
	2011	2010	2011	2010
<u>Trade accounts receivable -</u>				
<u>related parties</u>				
Subsidiary companies	-	-	8,356	7,804
Associated companies	526	117	9	-
Related companies	750	2,116	253	1,479
Total trade accounts receivable -				
related parties	<u>1,276</u>	<u>2,233</u>	<u>8,618</u>	<u>9,283</u>
<u>Short-term loans to related parties</u>				
Subsidiary companies	-	-	172,104	103,132
Total short-term loans to related				
parties	<u>-</u>	<u>-</u>	<u>172,104</u>	<u>103,132</u>
<u>Other accounts receivable -</u>				
<u>related parties</u>				
Consulting and management fee				
receivables				
Subsidiary companies	-	-	21,882	25,118
Total		-	21,882	25,118
Others				
Subsidiary companies	-	-	14,303	12,420
Associated companies	5,706	13,394	-	-
Related companies	4,629	5,533	-	-
Total	<u>10,335</u>	<u>18,927</u>	<u>14,303</u>	<u>12,420</u>
Total other accounts receivable -				
related parties	<u>10,335</u>	<u>18,927</u>	<u>36,185</u>	<u>37,538</u>

(Unaudited but reviewed)

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<u>Dividend receivable - related parties</u>				
Associated companies	27,531	-	27,531	-
Related parties	3,610	-	3,610	-
Total dividend receivable - related parties	31,141	-	31,141	-
<u>Long term loans to - related parties</u>				
Subsidiary companies	-	-	818,577	1,321,014
Total long term loans to - related parties	-	-	818,577	1,321,014
<u>Leasehold rights - related parties - net</u>				
(included in leasehold rights - net)				
Associated companies	268,858	262,103	-	-
Related parties	87,130	91,632	-	-
Total leasehold rights - related parties - net	355,988	353,735	-	-
<u>Deposits - related parties</u>				
(included in other non-current assets - others)				
Subsidiary company	-	-	122	122
Associated company	2,700	2,700	2,700	2,700
Total deposits - related parties	2,700	2,700	2,822	2,822
<u>Short-term loans from related parties</u>				
Subsidiary companies	-	-	1,514,628	639,601
Total short-term loans from related parties	-	-	1,514,628	639,601

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<u>Trade accounts payable - related parties</u>				
Subsidiary companies	-	-	42,612	45,691
Associated companies	84,938	76,723	70,743	65,020
Related companies	3,961	290	3,820	285
Total trade accounts payable - related parties	88,899	77,013	117,175	110,996
<u>Other accounts payable - related parties</u>				
Subsidiary companies	-	-	48,484	24,690
Associated companies	5,048	1,967	-	113
Related companies	4,519	3,131	137	65
Total other accounts payable - related parties	9,567	5,098	48,621	24,868
<u>Deposits - related parties</u>				
(included in other non-current liabilities)				
Subsidiary companies	-	-	2,045	2,045
Associated company	-	113	-	113
Total deposits - related parties	-	113	2,045	2,158

(Unaudited but reviewed)

Movement of loans to and loans from related parties during the period of nine-month ended 30 September 2011 are summarised as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	31			30
	December			September
	2010	Increase	Decrease	2011
<u>Short-term loans to related parties</u>				
Subsidiary companies	103,132	386,684	(317,712)	172,104
Total short-term loans to related parties	<u>103,132</u>	<u>386,684</u>	<u>(317,712)</u>	<u>172,104</u>
<u>Long-term loans to related parties</u>				
Subsidiary companies	1,321,014	13,840	(516,277)	818,577
Total long-term loans to related parties	<u>1,321,014</u>	<u>13,840</u>	<u>(516,277)</u>	<u>818,577</u>
<u>Short-term loans from related parties</u>				
Subsidiary companies	639,601	1,514,628	(639,601)	1,514,628
Total short-term loans from related parties	<u>639,601</u>	<u>1,514,628</u>	<u>(639,601)</u>	<u>1,514,628</u>

Short-term and long-term loans to related parties

Loans to related parties comprise short-term loan and long-term loan for a period of 3 - 8 years which the Company has entered into agreements with subsidiary companies and a subsidiary company has entered into agreements with the group of subsidiary companies. The loans bear interest at the rates stipulated in the agreements, payable monthly, while principal is repayable on the bases stipulated in the agreements.

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

A subsidiary company has entered into a Hospital Management Agreement with another subsidiary company. The agreement is for a period of ten years and is entitled to renew. The subsidiary company shall receive managing income at the certain percentage of total operation result stipulated in the agreement. The payment must be made on a monthly basis, starting in June 2002.

A subsidiary company has entered into a Hospital Management Agreement with its 4 subsidiary companies and other 4 subsidiary companies. The agreement is for 1 – 2.5 years and is entitled to renew. The subsidiary company shall receive managing income at the fixed rates stipulated in the agreement. The payment must be made on a monthly basis.

Long-term rental agreement

The Company

In May 2004, a subsidiary company has entered into the three-year 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 agreement to 30 April 2013.

The Subsidiary

A subsidiary company has entered into an agreement to rent land from the subsidiary company for construction of building, expiring on 31 December 2012, with the subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement.

The subsidiary company then has entered into an agreement to rent the building from such subsidiary company for its hospital operations, expiring on 30 April 2014, with the subsidiary company has to pay monthly rental fee at the rate stipulated in the agreement.

Service and management agreement

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

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

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

Air ambulance service agreement

Associated company

On 1 September 2007, an associated company has 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 entitled to renew. The agreement stipulated the monthly minimum service fee which the associated company earned from the Company. The Company has extended the agreement to 31 December 2011.

Guarantee obligations with related parties

The Company had guaranteed long-term loan on credit amount of USD 4 million and overdraft facility amounting to USD 1 million for an overseas subsidiary company.

The Company had guaranteed long-term loan on credit amount of Baht 2,876 million for local subsidiary companies.

Directors' and management's remuneration

During the three-month and nine-month periods ended 30 September 2011, the Company and its subsidiaries had salaries, bonuses, meeting allowances and other remuneration of their directors and management recognised as expenses totaling Baht 13.1 million and Baht 47.1 million, respectively and separate financial statements: Baht 13.1 million and Baht 47.1 million, respectively (2010: Baht 7.7 million and Baht 39.9 million, respectively, and separate financial statements: Baht 7.7 million and Baht 39.9 million, respectively).

(Unaudited but reviewed)

6. Investments in subsidiary companies

(Unit: Thousand Baht)								
Company's name	Types of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments (cost method)		Dividend received during the	
							nine-month periods ended	
			30	31	30	31	30	30
			September	December	September	December	September	September
			2011	2010	2011	2010	2011	2010
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	95.76	95.76	1,639,071	1,639,071	241,324	191,527
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	98.78	98.78	574,373	574,373	34,573	59,249
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	99.68	99.67	610,153	609,995	79,739	-
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	91.48	91.42	602,633	602,235	67,021	66,980
Bangkok Phrapradaeng Hospital Co., Ltd.	Hospital	Baht 105 million	79.00	79.00	96,775	96,775	-	-
Bangkok Pattaya Hospital Co., Ltd.	Hospital	Baht 280 million	97.22	97.22	708,196	708,196	-	27,218
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	100.00	100.00	415,020	415,020	80,000	40,000
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	100.00	100.00	150,000	150,000	45,000	60,000
Bangkok Trat Hospital Co., Ltd.	Hospital	Baht 250 million	99.76	99.76	245,889	245,889	19,951	-
Wattanavej Co., Ltd.	Hospital	Baht 180 million	99.69	99.67	450,643	450,534	89,725	53,824
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	89.71	89.53	917,116	915,246	-	-
National Healthcare Systems Co., Ltd.	Central Lab	Baht 75 million	74.02	74.02	56,768	56,768	33,311	33,311
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	Baht 10 million	95.00	95.00	9,502	9,502	4,750	5,700
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	338,323	-	-
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	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Types of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments (cost method)		Dividend received during the	
			30	31	30	31	30	30
			September	December	September	December	September	September
			2011	2010	2011	2010	2011	2010
Asia International Healthcare Co., Ltd.	Investment	Baht 35 million	100.00	100.00	35,000	35,000	-	-
Bangkok Hospital Hua Hin Co., Ltd.	On the process of liquidation	Baht 260 million	100.00	100.00	20,000	260,000	-	-
New Petchburi Medical Services Co., Ltd.	Hospital	Baht 1 million	100.00	100.00	999	999	-	-
Bangkok Health Insurance Limited	Health insurance	Baht 105 million	99.94	99.94	47,027	47,027	-	-
Royal Bangkok Healthcare Co., Ltd.	Management service	Baht 736 million	100.00	100.00	736,000	736,000	18,400	-
Greenline Synergy Co., Ltd.	Technology and information service	Baht 200 million	100.00	100.00	200,000	200,000	-	-
Bangkok Hospital Khao Yai Co., Ltd.	Hospital	Baht 70 million	100.00	100.00	70,000	70,000	-	-
BDMS Training Co., Ltd.	Training business	Baht 1 million	100.00	100.00	1,000	1,000	-	-
Prasit Patana Public Co., Ltd.	Investment	Baht 2,341 million	97.14	-	9,109,950	-	-	-
Paolo Medic Co., Ltd.	Hospital	Baht 300 million	100.00	-	2,922,872	-	-	-
Paolo Samutprakarn Co., Ltd.	Hospital	Baht 42 million	88.73	-	1,675,753	-	7,453	-
Siam Medical Co., Ltd.	Hospital	Baht 100 million	80.72	-	904,818	-	4,931	-
Thai Medical Center Public Co., Ltd.	Hospital	Baht 201 million	99.76	-	887,135	-	-	-
Bangkok Premier Life Insurance Broker Co., Ltd.	Life insurance broker	Baht 4 million	100.00	-	4,000	-	-	-
Total investments in subsidiary companies					23,965,128	8,698,064	726,178	537,809
Less: Allowance for impairment of investment					(20,000)	(20,000)		
Total investments in subsidiary companies - net					<u>23,945,128</u>	<u>8,678,064</u>		

6.1 Merger with Health Network Public Company Limited

On 24 February 2011, the Extraordinary General Meeting of the Company approved for the Company to enter into the merger with Health Network Public Company Limited and the Company has completed the entire business transfer on 1 April 2011 by paying the total consideration of Baht 11,484 million (See consideration paid summary in a).

After merger, the Company has additional investment in subsidiary companies as follows:

	<u>Company</u>	<u>% of shares held</u>
1)	Prasit Patana Public Company Limited and its subsidiaries	68.64%*
2)	Paolo Medic Company Limited	100.00%
3)	Paolo Samutprakarn Company Limited	88.73%
4)	Siam Medical Company Limited	80.72%
5)	Thai Medical Centre Public Company Limited	99.76%

* Including the Company's existing 19.47% shareholding in Prasit Patana Public Company Limited and resulted in a change in the status of this company to a subsidiary company. The Company realised gain from the remeasurement of its previously held shareholding to fair value in the consolidated statement of income by Baht 440 million, under the caption "gain on fair value adjustment of investments".

The Company and Health Network Public Company Limited must comply with the conditions stipulated in the entire business transfer agreement.

Goodwill from merger

a) Consideration paid for goodwill calculation is as follows:

(Unit: Thousand Baht)

The Company issued 230,870,405 ordinary shares (calculation from fair value at acquisition date)	10,424,687
Cash	680,000
Novation of loan	379,416
Total	11,484,103
Add : Fair value of the Company's existing 19.47% shareholding in Prasit Patana Public Company Limited	1,512,559
Total consideration paid for calculating goodwill	12,996,662

(Unaudited but reviewed)

b) The fair value of assets and liabilities at acquisition date are as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	1,986,099
Short-term investments	264,357
Trade accounts receivable - net	818,977
Short-term loan to a related company	360,000
Inventories	158,317
Other current assets	110,889
Long-term deposit at financial institution	50,000
Restricted financial institution deposits	24,094
Other long-term investments - net	244,233
Investment property	34,400
Property, premises and equipment - net	9,342,016
Intangible assets - net	188,269
Other non-current assets	62,315
Trade accounts payable	(463,867)
Income tax payable	(311,239)
Other current liabilities	(833,921)
Long - term loans from financial institutions	(5,565,664)
Liabilities under finance lease agreement	(205,270)
Provision for long-term employee benefits	(304,132)
Other non-current liabilities	<u>(937,341)</u>
Fair value of net assets	5,022,532
Less : Non-controlling interest	<u>(1,336,070)</u>
Net asset acquired	3,686,462
Consideration paid	<u>12,996,662</u>
Goodwill	<u><u>9,310,200</u></u>

The cost of merger and tender offer totaling Baht 189.5 million has been separately recorded as expense in income statements for amount of Baht 43.4 million and the cost of Baht 146.1 million which was related to share capital increase has been offset with share premium under shareholders' equity in statements of financial position.

6.2 Tender offer to purchase securities of Prasit Patana Public Company Limited

On 7 April 2011, the Company submitted a tender offer proposal to purchase securities of Prasit Patana Public Company Limited, offering the two following options of payment to shareholders:

1. Cash payment of Baht 3.71 per shares
2. The Company's newly issued ordinary shares at the ratio of 10.1706 shares in Prasit Patana Public Company Limited to 1 share in the Company, equaling Baht 37.75 per share.

After Tender offer completion on 23 May, 2011, the Company has additional investment in ordinary shares of Prasit Patana Public Company Limited of 666.34 million shares, totaling Baht 2,939.9 million by cash payment of Baht 43.34 million and issuing 64.4 million ordinary shares of the Company, totaling Baht 2,896.56 million (calculation from fair value at acquisition date). As a result, the Company's shareholding in that company increased to 97.10 percent.

In addition, in the third quarter of 2011, the Company purchased additional investment of 1.09 million shares, totaling Baht 4.04 million in Prasit Patana Public Company Limited from the former shareholders. As a result, the Company's shareholding in that company increased to 97.14 percent.

6.3 Investment in subsidiary companies which the Company previously held

Bangkok Phuket Hospital Co., Ltd.

In 2011, the Company purchased additional investment of 11,000 shares, totaling Baht 0.2 million in Bangkok Phuket Hospital Co., Ltd. As a result, the Company's shareholding in that company increased to 99.68 percent.

BNH Medical Center Co., Ltd.

In 2011, the Company purchased additional investment of 33,168 shares, totaling Baht 0.4 million in BNH Medical Center Co., Ltd. As a result, the Company's shareholding in that company increased to 91.48 percent.

Wattanavej Co., Ltd.

In 2011, the Company purchased additional investment of 3,750 shares, totaling Baht 0.1 million in Wattanavej Co., Ltd. As a result, the Company's shareholding in that company increased to 99.69 percent.

Bangkok Ratchasima Hospital Co., Ltd.

In 2011, the Company purchased additional investment of 55,000 shares, totaling Baht 1.9 million in Bangkok Ratchasima Hospital Co., Ltd. As a result, the Company's shareholding in that company increased to 89.71 percent.

Bangkok Hospital Hua Hin Co., Ltd.

In 2010, the Board of Directors of the Company's meeting passed a resolution of the Company's restructuring by transferring entirely business of the Company's wholly owned subsidiary, Bangkok Hospital Hua Hin Co., Ltd., to the Company. Bangkok Hospital Hua Hin Co., Ltd will transfer all of its assets, liabilities, authorities and liabilities as of transferring date to the Company. The book value of Bangkok Hospital Hua Hin Co., Ltd., was used as the basis for price the transfer. The Company has already transferred the business in the fourth quarter of 2010. At present, that subsidiary company entered into liquidation process. In 2011, Bangkok Hospital Hua Hin Co., Ltd. has refunded partial share capital amounting Baht 240 million.

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

In 2011, the subsidiary company purchased additional investment of 100,000 shares, totaling Baht 3.5 million in Samitivej Sriracha Co., Ltd. As a result, the subsidiary company increased the percentage of shareholding in that company to 68.06 percent.

Prasit Patana Public Co., Ltd. and Sriracha Nakorn General Hospital Public Co., Ltd.

In the second and third quarters of 2011, the subsidiary company purchased additional investment of 853,800 shares, totaling Baht 46.1 million in Sriracha Nakorn General Hospital Public Co.,Ltd. As a result, the subsidiary company increased the percentage of shareholding in that company to 63.98 percent.

Prasit Patana Public Co., Ltd. and Phyathai 2 Hospital Co., Ltd.

In the second and third quarters of 2011, the subsidiary company purchased additional investment of 108,613 shares, totaling Baht 5.4 million in Phyathai 2 Hospital Co.,Ltd. As a result, the subsidiary company increased the percentage of shareholding in that company to 99.09 percent.

Prasit Patana Public Co., Ltd. and Phyathai 3 Hospital Co., Ltd.

In the second and third quarters of 2011, the subsidiary company purchased additional investment of 135,318 shares, totaling Baht 13.5 million in Phyathai 3 Hospital Co., Ltd. As a result, the subsidiary company increased the percentage of shareholding in that company to 97.75 percent.

6.4 Investment in a new subsidiary company during the period

Bangkok Premier Life Insurance Broker Co., Ltd.

In the third quarter of 2011, the Company invested in Bangkok Premier Life Insurance Broker Company Limited which operates in life insurance broker business. The Company invested Baht 4 million in that company for a 100% shareholding.

(Unaudited but reviewed)

7. Investments in associated companies

(Unit: Thousand Baht)

Company's name	Types of business	Paid-up Capital	% Shareholding		Consolidated financial statements		Separate financial statements			
					Equity Method		Cost Method			
					30	31	30	31	30	31
					September	December	September	December	September	December
			2011	2010	2011	2010	2011	2010		
<u>Associated companies held by the Company</u>										
The Medic Pharma Co., Ltd.	Pharmaceuticals	Baht 21.4 million	49.00	49.00	140,313	126,578	52,500	52,500		
Cool & Joy Co., Ltd.	Production of television and radio program	Baht 5 million	30.00	30.00	1,069	1,069	1,500	1,500		
S.R. Property Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	1,722	1,419	101	101		
Siem Reap Land Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	1,426	1,156	101	101		
Phnom Penh First Property Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	2,723	2,135	88	88		
Bangkok Helicopter Services Co., Ltd.	Service	Baht 100 million	49.00	49.00	40,036	40,962	50,859	50,859		
Ramkhamhaeng Hospital Public Co., Ltd.	Hospital	Baht 120 million	38.24	38.24	2,243,112	1,989,406	1,459,800	1,459,800		
Krungdhon Hospital Public Co., Ltd.	Hospital	Baht 150 million	20.01	20.01	100,357	102,360	101,072	101,072		
Udon Pattana (1994) Co., Ltd. (held by the Company at 15.26% and indirectly held by subsidiary at 9.71%)	Hospital	Baht 300 million	24.97	-	180,101	-	69,952	-		
Total investments in associated companies held by the Company					2,710,859	2,265,085	1,735,973	1,666,021		
<u>Associated companies held by the subsidiary companies</u>										
Sodexo Support Services (Thailand) Co., Ltd.	Management services	Baht 5 million	26.00	26.00	7,657	5,910				
Al Ghaith Bangkok Dusit Management Services LLC.	Management services	UAE DIRHAM 0.15 million	30.00	30.00	393	393				
Total investments in associated companies held by the subsidiary companies					8,050	6,303				
Total investments in associated companies in the consolidated financial statements					2,718,909	2,271,388				

7.1 Udon Pattana (1994) Co., Ltd.

As a result of purchasing of investment as stated in Note 6.1 and 6.2, Prasit Patana Public Company Limited, the new subsidiary company, has 10 percentage of shareholding in Udon Pattana (1994) Co., Ltd. or 9.71 indirect percentage of shareholding by the Company. Subsequently, in the second and third quarters of 2011, the Company purchased additional investment of 1,577,000 shares, totaling Baht 38.30 million or 5.26 percentage of shareholding in Udon Pattana (1994) Co., Ltd. from the former shareholders. As a result, the Company holds totally 24.97 percentage of shareholding in that company and changes its status to become an associated company. The Company realised gain from the remeasurement of its previously held shareholding to fair value in the consolidated statement of income by Baht 39 million, under the caption "gain on fair value adjustment of investments". The Company has also reversed allowance for impairment of such investments of Baht 12.3 million.

7.2 Details of share of income and dividend received from the associated companies are set out below.

Company's name	Consolidated financial statements		(Unit: Thousand Baht)	
	Share of income(loss) from investments in associated companies		Separate financial statements	
			Dividend received during the nine-month period end	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
<u>Associated companies held by the Company</u>				
The Medic Pharma Co., Ltd.	18,984	16,707	5,250	5,250
Cool & Joy Co., Ltd.	-	-	-	-
S.R. Property Investment Co., Ltd.	248	252	-	-
Siem Reap Land Investment Co., Ltd.	226	229	-	-
Phnom Penh First Property Co., Ltd.	504	526	-	-
Bangkok Helicopter Services Co., Ltd.	(926)	3,218	-	-
Ramkhamhaeng Hospital Public Co., Ltd.	261,755	202,551	55,061	55,061
Krungdhon Hospital Public Co., Ltd.	(501)	693	1,501	-
Udon Pattana (1994) Co., Ltd.	-	-	-	-
<u>Associated companies held by the subsidiary companies</u>				
Sodexo Support Services (Thailand) Co., Ltd.	3,046	147	-	-
Al Ghaith Bangkok Dusit Management Services LLC.	-	-	-	-
Total	283,336	224,323	61,812	60,311

(Unaudited but reviewed)

Share of income from investments in two associated companies which are listed company on the Stock Exchange of Thailand for the nine-month period ended 30 September 2011 of Baht 261 million (30 September 2010: Baht 203 million) representing 92.2 percent (30 September 2010: 90.6 percent) of total share of income from all associated companies were calculated based on the interim financial statements which were reviewed by the auditors of associated companies.

8. Other long-term investments - net

(Unit: Thousand Baht)

Company's name	Types of business	Paid-up	%	Investment (cost)	
		(Million Baht)	share holding	30 September 2011	31 December 2010
<u>Investments held by the Company</u>					
<u>Available-for-sale investments</u>					
<u>Investments in listed securities</u>					
Thai Military Bank Public Co., Ltd.	Bank	415,367	-	1,770	1,770
Aikchol Hospital Public Co., Ltd.	Hospital	125	0.20	350	350
Bumrungrad Hospital Public Co., Ltd.	Hospital	730	14.22	3,455,835	-
				3,457,955	2,120
Less: Surplus (deficit) on changes in value of available-for-sale investments				567,261	(179)
Investments in listed securities - net				4,025,216	1,941
<u>Investments in related companies</u>					
X-Ray Computer Urupong Co., Ltd.	X-ray lab	100	4.52	4,520	4,520
Bangkok Airways Co., Ltd.	Airline	1,200	1.20	36,000	36,000
Investments in related companies				40,520	40,520

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Types of business	Paid-up	%		
		capital	share		
		(Million	holding	Investment (cost)	
		Baht)		30	31
				September	December
				2011	2010
<u>Investments in unrelated companies</u>					
Udon Pattana (1994) Co., Ltd.	Hospital	300	10.00	-	31,650
Computer Center Co., Ltd. *		-	-	-	25
Phayathai X-ray Co., Ltd. *	Rental of	130	-	-	3
	medical				
	instrument				
Winstore Co., Ltd. *	Retail and	142	0.36	-	226
	wholesale				
Thai Longstay Management Co., Ltd.	Travel	100	2.12	531	531
	business				
Prasit Patana Public Co., Ltd.	Investment	2,341	19.47	-	1,072,480
Superior Biotech Holding Co., Ltd.	Investment	44	9.09	5,000	5,000
				5,531	1,109,915
Less: Allowance for impairment of investments				-	(12,587)
Investments in unrelated companies - net				5,531	1,097,328
<u>Investment in debt security</u>					
Bill of Exchange				-	500,000
Investment in debt security				-	500,000
Total other long-term investments - net,					
in the separate financial statements				4,071,267	1,639,789

* Write-off during the period

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Types of business	Paid-up	%	Investment (cost)	
		capital	share		
		(Million Baht)	holding	30 September 2011	31 December 2010
<u>Investment held by the subsidiary companies</u>					
<u>Investments in unrelated companies</u>					
Thai Herbal Products Co., Ltd.	Sales of herbal products	80	0.60	290	290
Prasitthirat Co., Ltd.**	Educational institution	150	33.33	107,192	-
Phuket International Hospital Co., Ltd.**	Hospital	195	6.15	29,552	-
Asia Laboratories Center Limited **	Central lab	5	8.00	400	-
Investments in unrelated companies				137,434	290
<u>Investments in ordinary shares (ceased operations)**</u>					
Subsidiary companies					
Phyathai 4 Hospital (Petchaburi Road) Co., Ltd.	Adjudged bankrupt	328	89.79	-	-
Klass - V Co., Ltd.	Adjudged bankrupt	250	89.66	-	-
Phuket Paradise Co., Ltd.	Adjudged bankrupt	409	72.26	-	-
Phyathai Herbs Co., Ltd.	In process of liquidation	196	63.64	42,889	-
Unrelated company					
Phuket Hospital Public Co., Ltd.	Hospital	358	19.08	-	-
				42,889	-
Less : Allowance for impairment of investment				(7,000)	-
Investment in ordinary shares (ceased operations) - net				35,889	-
Total other long-term investments - net in the consolidated financial statements				4,244,590	1,640,079

**Acquired from Entire Business Transfer as stated in Note 6.1

Bumrungrad Hospital Public Company Limited

In 2011, the Company purchased ordinary shares of Bumrungrad Hospital Public Company Limited for total of 103.83 million shares, amount of Baht 3,455.84 million, representing 14.22 percent of the issued and paid-up capital of that company.

Prasitthirat Company Limited

A subsidiary company had 33.33 percentage of shareholding in Prasitthirat Company Limited but has not classified it as investment in associated company because the subsidiary company has no power to participate in the financial and operating policy decisions of that company.

Investments in ordinary shares (ceased operations)-Subsidiary companies

A subsidiary company has investments in companies that have ceased their operations but has not classified them as investments in subsidiary companies because the subsidiary company has no power to control such companies.

9. Property, premises and equipment

Movement of the property, premises and equipment during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2011	18,858,096	5,152,117
Cumulative effect of change in accounting policy for investment property	-	(252,966)
Increase from acquisition	9,342,016	-
Acquisitions during the period - at cost	2,954,254	706,690
Disposals and write-off during the period - net book value as of disposal and write-off date	(14,735)	(3,503)
Transfer out during the period	(41,347)	(134)
Depreciation expenses for the period	(1,908,239)	(519,141)
Reversal loss on impairment of asset	750	-
Translation adjustment	27,827	-
Net book value as at 30 September 2011	29,218,622	5,083,063

(Unaudited but reviewed)

10. Long-term loans from financial institutions

Movements of long-term loans from financial institutions during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2011	2,595,912	2,463,900
Increase from acquisition	5,565,664	-
Additional borrowings	3,594,781	-
Amortisation of expense for borrowings	733	-
Less: Repayment during period	(3,893,090)	(257,850)
Translation adjustment	3,777	-
Balance as at 30 September 2011	7,867,777	2,206,050
Less: Current portion of long-term loans from financial institutions	(701,993)	(343,800)
Long-term loans from financial institutions - net of current portion	<u>7,165,784</u>	<u>1,862,250</u>

In 2008, the Company entered into a 10-year loan agreement with a financial institution with the credit facilities of Baht 3,438 million. The loan bears interest at the Fixed Deposit Rate (FDR) plus fixed rate per annum stipulated in the agreement. The interest and principal 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 stated in Note 19.1.

In April 2011, a subsidiary company has entered into long-term loan agreements with two banks for credit amount of Baht 3,594.78 million. These loans carry interest at the fixed deposit rate (FDR) plus fixed rate per annum stipulated in the agreement and is guaranteed by the Company.

(Unaudited but reviewed)

11. Liabilities under finance lease agreements

As at 30 September 2011 and 31 December 2010, liabilities under finance lease agreements are as follows:

	Consolidated financial statements		Separate financial statements	
	30	31	30	31
	September	December	September	December
	2011	2010	2011	2010
Liabilities under finance lease agreements	391,307	165,129	11,808	753
Less: Deferred interest expenses	(35,392)	(13,982)	(968)	(40)
Total	355,915	151,147	10,840	713
Less: Current portion of liabilities under finance lease agreements	(127,105)	(76,619)	(3,233)	(631)
Liabilities under finance lease agreements - net of current portion	<u>228,810</u>	<u>74,528</u>	<u>7,607</u>	<u>82</u>

As at 30 September 2011, the Company and its subsidiaries have future minimum finance lease payments required under the finance lease agreements as follows:

	Consolidated financial statements		
	Less than		
	1 year	1-5 years	Total
Future minimum finance lease payments	149.2	242.1	391.3
Deferred interest expenses	(22.1)	(13.3)	(35.4)
Present value of future minimum finance lease payments	<u>127.1</u>	<u>228.8</u>	<u>355.9</u>

	Separate financial statements		
	Less than		
	1 year	1-5 years	Total
Future minimum finance lease payments	3.7	8.1	11.8
Deferred interest expenses	(0.5)	(0.5)	(1.0)
Present value of future minimum finance lease payments	<u>3.2</u>	<u>7.6</u>	<u>10.8</u>

The Company and its subsidiaries have various finance lease agreements to rent medical equipment, 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 such assets at prices specified in the agreements.

12. Convertible Bonds

These represent the unsecured and name-registered convertible bonds, due 2011, issued to foreign investors outside the United States of America in 2006. A total of 124,000 units of the bonds, which carry interest at a rate of 3.75%, had been issued at a price of USD 1,000 each. Holders of the bonds have the right to convert the bonds into the Company's ordinary shares at an initial conversion price of Baht 36.30 per share, which was subsequently adjusted to Baht 32.67 per share. The Company has the right to redeem the bonds at a redemption price to be calculated in accordance with the formula as stated in the Offering Circular. As at 31 December 2010, the Company has remaining convertible bonds of 50 units or equivalent to Baht 2.14 million. In the second quarter of 2011, the convertible bonds holders exercised the right to convert all such convertible bonds to common shares.

13. Debentures

On 6 March 2008, the Company had issued unsecured, named registered and unsubordinated debentures without a debentureholders' representative for the total number of 5,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 5,000 million. These debentures are divided into two tranches: the 3-year debentures for the amount of Baht 3,000 million at the coupon rate of 4.11% per annum and the 5-year debentures for the amount of Baht 2,000 million at the coupon rate of 4.84% per annum with interest payable every six-month. The Company had redeemed the 3-year debentures for the amount of Baht 3,000 million in the first quarter of 2011.

On 4 June 2009, the Company had issued unsecured, name registered and unsubordinated debentures for the total number of 3,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 3,000 million. These debentures are divided into two tranches: the 5-year debentures for the amount of Baht 2,000 million at the coupon rate of 4.80% per annum and the 7-year debentures for the amount of Baht 1,000 million at the coupon rate of 5.35% per annum with interest payable every six-month. Up to 30 September 2011, the Company had repurchased such debentures for amount of 30,000 units, totaling Baht 30 million.

On 3 March 2011, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 2,500,000 units, at the price of Baht 1,000 per unit, totaling Baht 2,500 million. These debentures are 4-year debentures at the coupon rate of 3.99% per annum with interest payable every six-month.

On 29 March 2011, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 1,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 1,000 million. These debentures are 3-year debentures at the coupon rate of 3.78% per annum with interest payable every six-month.

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

14. Share capital

On 24 February 2011, the Extraordinary General Meeting of the Company's shareholders No.1/2011 approved the reduction of the Company's registered capital of Baht 1,312,264,222, consisting of 1,312,264,222 ordinary shares with par value of Baht 1 each to be the new registered capital of Baht 1,246,194,338, consisting of 1,246,194,338 ordinary shares with par value of Baht 1 each and approved the increase in the Company's registered capital of Baht 307,197,070, consisting of 307,197,070 ordinary shares with par value of Baht 1 each to be the new registered capital of Baht 1,553,391,408, consisting of 1,553,391,408 ordinary shares with par value of Baht 1 each. The Company has already registered the change in share registered in the first quarter of 2011.

Consequently, in the second quarter of 2011, the Company issued 295.2 million newly issued ordinary shares for Entire Business Transfer and Tender offer as stated in Note 6.1 and 6.2 respectively. In addition, the Company private placement sold 4.1 million newly issued ordinary shares with a par value of Baht 1 each, at the price of Baht 37.75 per share, totaling Baht 156 million to major shareholders of Health Network Public Company Limited. As a result of share issuance and converted the remaining convertible bonds as mentioned in Note 12, the Company's paid up share capital as of 30 June 2011 was Baht 1,545,458,833 (1,545,458,883 ordinary shares of Baht 1 each).

15. Dividends

On 1 April 2010, the Annual General Meeting of the Company's shareholders approved a dividend payment of Baht 0.70 per share to the holders of the Company's 1,214,498,745 shares (par value of Baht 1 each), or a total of Baht 850.1 million. The dividend payment was made in April 2010.

On 14 December 2010, the Meeting of the Company's Board of Directors approved an interim dividend payment of Baht 0.80 per share to the holders of the Company's 1,246,035,935 shares (par value of Baht 1 each), or a total of Baht 996.8 million. However, the Thailand Securities Depository Co., Ltd. notified the Company that certain shareholders were not entitled to receive dividend amounting to approximately Baht 6.9 million, and the Company therefore recorded dividend payable as at 31 December 2010 of Baht 989.9 million. The dividend payment was made in January 2011.

16. 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 2035 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.

The Company has entered into a land rental agreement for a period of 30 years from 18 March 2011 to 17 March 2041 and the rental is paid on a monthly basis with no rental for the first three months. The first payment date is 18 July 2011 and rental to be paid at Baht 100,000 per month. The rate will be increased by 10% of the latest rental of every three years.

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 totaling Baht 103.41 million.

The subsidiary company has entered into a medical services agreement with a company to operate medical clinic in a building for a period of 5 years from 28 May 2010. The subsidiary company has to pay fee at the fixed rate stipulated in the agreement, of monthly gross operating revenue before deducted any expenses or the minimum fee stipulated in agreement whichever is higher.

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.

(Unaudited but reviewed)

Paolo Medic Co., Ltd.

The subsidiary company entered into the land and premises rental agreement which will be expired in January 2037, and the rental fee is paid on a monthly basis at the amount as stipulated in the agreement.

17. Commitments and contingent liabilities

As at 30 September 2011 commitments and contingent liabilities are as follows:

	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1 -5 years	Over 5 years	Less than 1 year	1 -5 years	Over 5 years
Contractual commitments						
- the land and building rental contracts	87	175	463	11	34	136
- the office equipment rental and other services	236	114	-	21	3	-
- the medical equipment provision and maintenance contracts	280	199	-	23	-	-
- the building construction and decoration contracts	670	-	-	106	-	-
- the sale and purchase contract for land	-	60	44	-	-	-
Total	1,273	548	507	161	37	136

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Contingent liabilities		
- For letters of guarantee issued by banks to guarantee contractual performance	75	1
- For letters of guarantee issued by banks for electricity use and others	90	17
Total	165	18

18. Segment information

The Company and its subsidiary companies operate mainly in the hospital 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.

19. Financial instruments

19.1 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 fixed rate per annum to fixed interest rate per annum on the long-term loan balance.

Net fair value

The net fair value of interest rate swap contract at the statements of financial position date was:

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
Fair value of interest rate swap contract				
(liabilities)	(31.6)	(75.4)	(31.6)	(75.4)

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 statements of financial position date.

19.2 Forward exchange contract

As at 30 September 2011, there was outstanding forward exchange contract as follows:

Foreign currency	Amount bought	Contractual exchange rate for amount bought	Fair value of forward contract
(Baht per foreign currency unit)			
US Dollar	9,200	30.0250	31.2408

20. Litigation

In the second quarter of 2011, 5 shareholders of the Company, who held a total of 25,067 shares, or 0.0017 percentage of total issued and paid-up share capital as of 8 April 2011, filed a petition with the Court requesting cancellation of the resolutions passed by the Annual General Meeting of 2011 on the grounds that the meeting was illegal and contrary to the Company's articles of association because of a change in the voting method. Legal counselor of the Company gathered information, including the procedures for arranging meetings, and concluded that the Company had complied with the Company's articles of association and the regulations of the Stock Exchange of Thailand generally practiced by listed companies, and that the meeting was legally conducted in all respects and had taken into account the legal rights of every shareholder. The case is in legal process, but the management expects that this case will not result in changes to such resolutions.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 14 November 2011.