

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2012

1. General information

Bangkok Dusit Medical Services Public Company Limited ("the Company") is a public company under Thai laws and domiciled in Thailand. The Company is principally engaged in the hospital business. The registered office of the Company is 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 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial of Bangkok Dusit Medical Services Public Company Limited ("the Company") and the following subsidiaries ("the subsidiaries") as follows:

Company's name	Nature of business	Registered capital		Percentage of shareholding by the Company (percent)	
		2012	2011	2012	2011
<u>Held by the Company</u>					
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	Baht 1,000 million	95.76	95.76
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	Baht 500 million	98.79	98.78
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	Baht 500 million	99.68	99.68
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	Baht 586 million	91.48	91.48
Bangkok Phrapradaeng 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	97.27	97.22
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	99.76
Wattanavej Co., Ltd.	Hospital	Baht 180 million	Baht 180 million	99.69	99.69
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	Baht 300 million	90.36	89.73
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 10 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
New Petchburi Medical Services Co., Ltd.	Dormant	Baht 1 million	Baht 1 million	100.00	100.00
Bangkok Health Insurance Limited	Health insurance	Baht 105 million	Baht 105 million	99.94	99.94
Royal Bangkok Healthcare Co., Ltd.	Management service	Baht 736 million	Baht 736 million	100.00	100.00
Greenline Synergy Co., Ltd.	Technology and information service	Baht 200 million	Baht 200 million	100.00	100.00
Bangkok Hospital Kao Yai Co., Ltd.	Hospital	Baht 70 million	Baht 70 million	100.00	100.00
BDMS Training Co., Ltd.	Training business	Baht 1 million	Baht 1 million	100.00	100.00

Company's name	Nature of business	Registered capital		Percentage of shareholding by the Company (percent)	
		2012	2011	2012	2011
<u>Held by the Company (continued)</u>					
Prasit Patana Public Co., Ltd.	Investment	Baht 1,108 million	Baht 2,341 million	98.32	97.14
Paolo Medic Co., Ltd.	Hospital	Baht 300 million	Baht 300 million	100.00	100.00
Paolo Samutprakarn Co., Ltd.	Hospital	Baht 42 million	Baht 42 million	93.30	88.73
Siam Medical Co., Ltd.	Hospital	Baht 100 million	Baht 100 million	85.69	80.72
Thai Medical Center Public Co., Ltd.	Hospital	Baht 201 million	Baht 201 million	99.76	99.76
Bangkok Premier Life Insurance Broker Co., Ltd.	Life insurance broker	Baht 20 million	Baht 4 million	100.00	100.00
Bangkok Hospital Chiangmai Co., Ltd.	Hospital	Baht 250 million	-	100.00	-
Bangkok Hospital Udon Co., Ltd.	Hospital	Baht 500 million	-	100.00	-

Company's name	Nature of business	Registered capital		Percentage of shareholding by the subsidiary companies (percent)	
		2012	2011	2012	2011
<u>Held by the subsidiaries</u>					
National Healthcare Systems Co., Ltd.	Central lab	Baht 75 million	Baht 75 million	25.97	25.97
Samitivej Sriracha Co., Ltd.	Hospital	Baht 188 million	Baht 188 million	68.06	68.06
Irving Sheridan SE Co., Ltd.	Assets management for healthcare business	Baht 0.1 million	Baht 0.1 million	96.03	96.03
First Health Food Co., Ltd.	Restaurant and distribution of health food products and facility management	Baht 14 million	Baht 14 million	100.00	100.00
Sodexo Healthcare Support Services (Thailand) Co., Ltd.	Restaurant and distribution of health food products	Baht 15 million	Baht 15 million	74.00	74.00
Phuket Health And Travel Co., Ltd. (liquidated in 2012)	Healthcare travel service	-	Baht 5 million	-	100.00
A.N.B. Laboratories Co., Ltd.	Manufacturer and distributor of medicine and pharmaceutical products	Baht 499 million	Baht 499 million	100.00	100.00

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

3. New accounting standards not yet effective

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

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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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

The Company's management believes that TAS 20 (revised 2009), SIC 10, SIC 21 and SIC 25 are not relevant to the business of the Company; TAS 21 (revised 2009) and TFRS 8 will not have any significant impact on the financial statements for the year when there are initially applied, while TAS 12 will have impact on the financial statements as below.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. The effect of the adoption of this accounting standard in 2013 to the financial statements of the Company and its subsidiaries are as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Statement of financial position		
<u>As at 31 December 2012</u>		
Increase in unappropriated retained earnings	215	2
Decrease in other components of shareholders' equity	(519)	(198)
Income statement		
Increase (decrease) in profit for the year 2012	19	(8)
Statements of comprehensive income		
Increase in other comprehensive income for 2012	194	180

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows:

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

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.

Revenue from sales of goods and foods

Sales of goods and foods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods and food supplied after deducting discounts.

Service income

Service income is recognised when services have been rendered.

Membership income

Membership income is cash receipt from sales of membership cards which initially recorded as deferred income and gradually amortised to income over membership period. For cash received in advance from the Life Privilege membership program is amortised to income over a period of 10 years.

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 and cash at financial institutions and highly liquid investment with an original maturity of 3 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 for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Inventories are valued at lower of cost (weighted average basis) or 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

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.

- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

4.6 Property, premises and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company and its subsidiaries' assets, the increase is credited directly to equity under the heading of "Revaluation surplus on land". However, a revaluation increase will 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 of the Company and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on land" in respect of the same asset.

Depreciation of premises and equipment is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Land improvements	5 - 20 years
Building, structures and building improvements	5 - 40 years
Medical tools and equipment and machines	3 - 10 years
Structure equipment, furniture and office equipment	3 - 15 years
Vehicles	5 - 8 years

Depreciation attributed to the original cost portion is included in determining income.

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

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

4.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

The intangible asset with finite useful lives is as follow:

Computer software	5 - 10 years
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4.8 Goodwill / Business combination

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

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 in profit or loss. 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.

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

4.10 Long-term rental agreements

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 profit or loss 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 leases

Leases of assets where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are recognised as expenses in profit or loss on a straight line basis over the period of the lease.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform 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. 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 and its subsidiaries 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 profit or loss. However in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

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

4.13 Leasehold rights

Leasehold rights are amortised on the straight-line basis over the lease period.

4.14 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

Provisions for vacation

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

4.16 Investment properties

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

On disposal of investment properties, 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.

4.17 Financial instruments

Financial assets carried on the statement of financial position included cash and cash equivalents, short-term investments, trade and other receivables, short-term loans and long-term loans to related parties, restricted financial institution deposits, and investments. Financial liabilities carried on the statement of financial position included bank overdrafts and short-term loans from financial institutions, trade and other payables, short-term loans from related parties, long-term loans, liabilities under finance leases, convertible debentures and debentures.

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

4.18 Income tax

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

4.19 Borrowing costs

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

4.20 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.21 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 from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risks and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining allowances for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, debt collection experience, the aging profile of outstanding debts and the prevailing economic conditions.

Property, premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of the Company's and its subsidiaries' premises and equipment and to review estimate useful lives and residual 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. Such valuation is based on certain assumptions and estimates.

In addition, the management is required to review property, premises and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Impairment of equity investments

The Company and its subsidiaries treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The valuation involves certain assumptions and estimates.

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

Post-employment benefits under defined benefit plans

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

Litigation

The Company and its subsidiaries have contingent liabilities arising from litigation. The Company's management has used judgment to assess the outcome of the litigation. In cases of loss, the Company and its subsidiaries will record provision for contingent liabilities in their books of account. In cases where it has assessed that no damage will arise from the litigation, the Company and its subsidiaries will not record provision for contingent liabilities at the end of the reporting period.

6. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash and deposits at banks	3,138,217	3,346,104	1,567,094	1,520,307
Fixed deposits, notes, and mutual funds	742,149	1,018,681	10	10
	3,880,366	4,364,785	1,567,104	1,520,317
Less: Fixed deposits, notes with maturities of more than 3 months (short-term investments)	(267,768)	(464,366)	(10)	(10)
Restricted bank deposits	(23,022)	(24,686)	-	-
Total cash and cash equivalents	<u>3,589,576</u>	<u>3,875,733</u>	<u>1,567,094</u>	<u>1,520,307</u>

As at 31 December 2012, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.13 and 3.40 percent per annum (2011: between 0.50 and 3.90 percent per annum).

7. Restricted financial institutions deposits

These represent bank deposits that subsidiary companies have placed with banks to secure letters of guarantees issued by the banks on behalf of the subsidiary companies. These also represent bank deposits have placed with government agencies, state enterprise and private entities to guarantee contractual performance, among others and as escrow account.

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade receivables - related parties	2,277	2,913	21,674	7,724
Trade receivables - unrelated parties-net	4,029,369	3,192,485	800,365	746,315
Other receivables - related parties	20,489	13,791	60,488	33,694
Other receivables - unrelated parties	234,929	167,923	79,578	41,557
Total trade and other receivables - net	<u>4,287,064</u>	<u>3,377,112</u>	<u>962,105</u>	<u>829,290</u>

9. Trade accounts receivable

As at 31 December 2012 and 2011, the aging analysis of the outstanding trade accounts receivable is as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Related parties</u>				
Less than 3 months	1,997	2,400	21,086	7,538
3 - 6 months	278	144	570	180
6 - 12 months	2	369	18	6
Total trade accounts receivable - related parties	<u>2,277</u>	<u>2,913</u>	<u>21,674</u>	<u>7,724</u>
<u>Unrelated parties</u>				
Less than 3 months	3,374,010	2,613,130	601,912	526,491
3 - 6 months	500,470	400,660	129,413	121,141
6 - 12 months	238,351	245,702	110,271	131,735
over 12 months	<u>224,223</u>	<u>233,893</u>	<u>85,767</u>	<u>101,585</u>
Total trade accounts receivable - unrelated parties	4,337,054	3,493,385	927,363	880,952
Less: Allowance for doubtful accounts	<u>(307,685)</u>	<u>(300,900)</u>	<u>(126,998)</u>	<u>(134,637)</u>
Total trade accounts receivable - unrelated parties - net	<u>4,029,369</u>	<u>3,192,485</u>	<u>800,365</u>	<u>746,315</u>
Total trade accounts receivable -net	<u>4,031,646</u>	<u>3,195,398</u>	<u>822,039</u>	<u>754,039</u>

10. Related party transactions

The Company and its subsidiaries had significant business transactions with individuals or 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 services	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 inter-company loan	Interest rate close to that charged by commercial banks
Purchases and sales of fixed assets	Prices are dependent on the condition of fixed assets
Purchases of investments	The same prices as purchases from unrelated parties

The significant intercompany transactions are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Associated companies</u>				
Revenue from hospital operations and lab services	10.0	3.2	5.0	1.1
Dividend income (Note 12)	-	-	268.2	61.8
Other income	32.3	26.2	0.1	0.2
Service cost	157.9	99.2	83.3	36.7
Other expenses	0.8	1.8	-	-
Dividend payment	0.6	-	0.6	-
<u>Subsidiary companies</u>				
Revenue from hospital operations and lab services	-	-	92.1	40.2
Consulting and management fee income	-	-	293.7	236.8
Interest income	-	-	190.3	55.2
Dividend income (Note 13)	-	-	1,874.1	1,818.2
Other income	-	-	36.1	37.3
Service cost	-	-	485.8	367.9
Consulting and management fee expenses	-	-	207.4	206.2
Other expenses	-	-	151.2	153.1
Interest expenses	-	-	70.0	36.6
Sales of medical equipment and vehicle	-	-	-	1.2
<u>Individuals or related companies</u>				
Revenue from hospital operations and lab services	3.6	4.7	1.3	1.9
Dividend income (Note 14)	8.0	11.0	8.0	11.0
Other income	11.7	10.5	0.1	-
Service cost	2.5	14.9	0.9	13.6
Other expenses	8.9	5.8	1.0	0.1
Dividend payment	134.2	-	134.2	-

The outstanding balances of the above transactions as at 31 December 2012 and 2011 have been separately shown in the statement of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade accounts receivable - related parties</u>				
Associated companies	1,601	894	630	-
Subsidiary companies	-	-	20,905	6,617
Related companies	676	2,019	139	1,107
Total trade accounts receivable - related parties	<u>2,277</u>	<u>2,913</u>	<u>21,674</u>	<u>7,724</u>
<u>Dividend receivable - related parties</u>				
An associated company	3,471	-	-	-
A related company	7,798	-	7,798	-
Total dividend receivable - related parties	<u>11,269</u>	<u>-</u>	<u>7,798</u>	<u>-</u>
<u>Other accounts receivable - related parties</u>				
Consulting and management fee receivable				
Subsidiary companies	-	-	30,612	22,491
Total	<u>-</u>	<u>-</u>	<u>30,612</u>	<u>22,491</u>
<u>Others</u>				
Associated companies	17,451	8,484	5	-
Subsidiary companies	-	-	29,842	11,203
Related companies	3,038	5,307	29	-
Total	<u>20,489</u>	<u>13,791</u>	<u>29,876</u>	<u>11,203</u>
Total other accounts receivable - related parties	<u>20,489</u>	<u>13,791</u>	<u>60,488</u>	<u>33,694</u>

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2012	2011	2012	2011
<u>Leasehold rights - related parties</u>				
(included in other non-current assets)				
Associated companies	274,062	272,672	-	-
Related parties	78,576	85,708	-	-
Total leasehold rights - related parties	352,638	358,380	-	-
<u>Deposits and long-term prepaid expense</u>				
<u>- related parties</u>				
(included in other non-current assets)				
Associated company	2,700	2,700	2,700	2,700
Subsidiary companies	-	-	6,029	122
Total deposits - related parties	2,700	2,700	8,729	2,822
<u>Trade accounts payable - related parties</u>				
Associated companies	75,356	89,466	53,220	73,782
Subsidiary companies	-	-	72,989	54,499
Related companies	27	715	-	530
Total trade accounts payable - related parties	75,383	90,181	126,209	128,811
<u>Other accounts payable - related parties</u>				
Associated companies	7,059	13,126	4	-
Subsidiary companies	-	-	88,233	46,676
Related companies	3,611	5,769	1,008	195
Total other accounts payable - related parties	10,670	18,895	89,245	46,871
<u>Deposits - related parties</u>				
(included in other non-current liabilities)				
Associated company	61	-	61	-
Subsidiary companies	-	-	2,399	2,399
Total deposits - related parties	61	-	2,460	2,399

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

(Unit: Thousand Baht)				
Separate financial statements				
	31			31
	December			December
	2011	Increase	Decrease	2012
<u>Short-term loans to related parties</u>				
Subsidiary companies	307,097	456,769	(556,767)	207,099
Total short-term loans to related parties	<u>307,097</u>	<u>456,769</u>	<u>(556,767)</u>	<u>207,099</u>
<u>Long-term loans to related parties</u>				
Subsidiary companies	1,665,538	4,173,847	(514,405)	5,324,980
Total long-term loans to related parties	<u>1,665,538</u>	<u>4,173,847</u>	<u>(514,405)</u>	<u>5,324,980</u>
<u>Short-term loans from related parties</u>				
Subsidiary companies	1,627,946	2,796,625	(1,627,946)	2,796,625
Total short-term loans from related parties	<u>1,627,946</u>	<u>2,796,625</u>	<u>(1,627,946)</u>	<u>2,796,625</u>

Short-term and long-term loans to related parties

The Company has entered into short-term loan agreements and long-term loan agreements with terms of 3 - 8 years with its subsidiaries. The Company charged interest on loans to related parties at the Fixed Deposit Rate plus fixed rate per annum, LIBOR plus fixed rate per annum and MLR minus fixed rate per annum stipulated in the agreement payable on a monthly basis while principal is repayable on the basis stipulated in the agreements. As at 31 December 2012, the Company has outstanding short term and long term loans to subsidiaries totaling Baht 5,532.1 million (2011: Baht 1,972.6 million).

Management agreement

The Company

The Company provides hospital management services to its subsidiaries, for the remuneration rates are based on the net revenue from hospital operations.

The Subsidiaries

A subsidiary company has entered into a Hospital Management Agreement with another subsidiary company, expiring on 28 May 2022. The subsidiary company is to receive management income at a certain percentage of total operation result as stipulated in the agreement.

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 management income at the rates stipulated in the agreement. The payment must be made on a monthly basis.

A subsidiary company has entered into a Hospital Management Agreement with 3 subsidiary companies. The agreement is for 1 year and is entitled to renew. The subsidiary company shall receive management income at the 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 entered into a three-year agreement to rent land from the Company for use in hospital operations whereby the subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement. Subsequently, the subsidiary extended the agreement to 30 April 2013.

A subsidiary

A subsidiary company entered into an agreement to rent land from another subsidiary company for construction of a building, expiring on 31 December 2015. The subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement. In addition, such another subsidiary company entered into an agreement to rent the building from a subsidiary company for its hospital operations, expiring on 30 April 2014. That subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement.

Service and management agreement

A subsidiary company has entered into service and management agreements with the Company and subsidiaries which have to pay monthly service and management fees to the subsidiaries at the rates stipulated in the agreements.

A subsidiary company has entered into information technology management agreements with the Company and subsidiaries whereby have to pay monthly service fees to the subsidiary at the rate stipulated in the agreements.

A subsidiary company has entered into food providing and maintenance service agreements with the Company and subsidiaries whereby the Company and subsidiaries have to pay monthly service fee to the subsidiary at the rates stipulated in the agreements.

A subsidiary company has entered into management agreements with another subsidiary company whereby it has to pay monthly service fees at the rate stipulated in the agreements

Air ambulance service agreement

Associated company

On 1 September 2007, an associated company entered into an air ambulance service agreement with the Company. The agreement is for a period of 3 years from the date the service commenced and is renewable. The agreement stipulates the monthly minimum service fee that the associated company is to earn from the Company. The Company has extended the agreement for 25 months ended on 30 September 2015.

Guarantee obligations with related parties

The Company has guaranteed long-term loan amount of USD 3.1 million (2011: USD 3.6 million) and overdraft facility amounting to USD 0.8 million (2011: USD 1 million) for an overseas subsidiary company.

A subsidiary company has guaranteed credit facility with financial institution amount of Baht 3.9 million for an associated company.

Directors and management's benefits

During the year ended 31 December 2012 and 2011, the Company and its subsidiaries had benefits for their directors and management as below.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	115.0	81.7	115.0	81.7
Post-employment benefits	0.6	0.5	0.6	0.5
Total	<u>115.6</u>	<u>82.2</u>	<u>115.6</u>	<u>82.2</u>

11. Inventories

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Medicines and medical supplies	672,814	904,876	93,063	231,928
Reagent	71,834	84,825	-	-
Supplies and others	37,854	49,584	-	-
	<u>782,502</u>	<u>1,039,285</u>	<u>93,063</u>	<u>231,928</u>
Less: Provision for deteriorated inventories	<u>(2,620)</u>	<u>(1,558)</u>	<u>(1,796)</u>	<u>(1,001)</u>
Total	<u>779,882</u>	<u>1,037,727</u>	<u>91,267</u>	<u>230,927</u>

12. Investments in associated companies

(Unit: Thousand Baht)

Company's name	Natures of business	Paid-up Capital	% Shareholding		Consolidated financial statements		Separate financial statements	
					Equity Method		Cost Method	
					2012	2011	2012	2011
<u>Associated companies held by the Company</u>								
The Medic Pharma Co., Ltd.	Pharmaceuticals	Baht 21.4 million	49.00	49.00	165167	144,140	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	2,093	1,837	101	101
Siem Reap Land Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	1,764	1,529	101	101
Phnom Penh First Property Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	3,532	2,947	88	88
Bangkok Helicopter Services Co., Ltd.	Service	Baht 100 million	49.00	49.00	34,977	38,134	50,859	50,859
Ramkhamhaeng Hospital Public Co., Ltd.	Hospital	Baht 120 million	38.24	38.24	2,835,589	2,329,480	1,459,800	1,459,800
Krungdhon Hospital Public Co., Ltd.	Hospital	Baht 150 million	20.01	20.01	104,179	107,865	101,072	101,072
Udon Pattana (1994) Co., Ltd. (held by the Company at 15.26% and indirectly held by subsidiary at 9.83% (2011: 9.71%))	Hospital	Baht 300 million	25.09	24.97	185,430	180,101	69,952	69,952
Bumrungrad Hospital Public Co., Ltd.	Hospital	Baht 730 million	23.88	-	9,523,489	-	7,452,961	-
Total investments in associated companies held by the Company					12,857,289	2,807,102	9,188,934	1,735,973
<u>Associated companies held by the subsidiary companies</u>								
Sodexo Support Services (Thailand) Co., Ltd.	Management services	Baht 5 million	26.00	26.00	6,412	8,118		
Al Ghaith Bangkok Dusit Management Services LLC.	Management services	UAE DIRHAM 0.15 million	30.00	30.00	393	393		
Total investments in associated company held by the subsidiary companies					6,805	8,511		
Total investments in associated companies in the consolidated financial statements					12,864,094	2,815,613		

12.1 Additional investments in associated companies

Bumrungrad Hospital Public Co., Ltd.

In the first quarter of 2012, the Company additionally purchased ordinary shares of Bumrungrad Hospital Public Co., Ltd. for total of 44.2 million shares, amount of Baht 2,234.9 million, representing 6.06 percent of shareholding. As a result, the Company holds totally 20.28 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 1,795.0 million, under the caption “Gain on fair value adjustment of investment” and reversed gain on change in value of available-for-sale investments due to transfer of investment from other long-term investments to investments in associated companies amounting to Baht 1,372.3 million in the statements of comprehensive income.

In the second quarter of 2012, the Company additionally purchased ordinary shares of Bumrungrad Hospital Public Co., Ltd. for total of 26.3 million shares, amount of Baht 1,762.2 million. As a result, the Company's shareholding in that company increased to 23.88 percent.

Udon Pattana (1994) Co., Ltd.

As a result of purchasing of investment as stated in Note 13.3 and 13.4, Prasit Patana Public Company Limited, the subsidiary company, has 10 percentage of shareholding in Udon Pattana (1994) Co., Ltd. or 9.71 indirect percentage of shareholding by the Company. Subsequently, during the year 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 in 2011.

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income/(loss) from		Dividend received during	
	investments in associated companies		the year	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Associated companies held by the Company</u>				
The Medic Pharma Co., Ltd.	27,327	22,811	6,300	5,250
Cool & Joy Co., Ltd.	-	-	-	-
S.R. Property Investment Co., Ltd.	317	339	-	-
Siem Reap Land Investment Co., Ltd.	303	309	-	-
Phnom Penh First Property Co., Ltd.	683	693	-	-
Bangkok Helicopter Services Co., Ltd.	(3,157)	(2,827)	-	-
Ramkhamhaeng Hospital Public Co., Ltd.	431,080	349,806	55,061	55,061
Krungdhon Hospital Public Co., Ltd.	2,658	7,006	6,004	1,501
Udon Patana (1994) Co., Ltd.	5,329	-	-	-
Bumrungrad Hospital Public Co., Ltd.	497,719	-	200,828	-
<u>Associated companies held by the subsidiary companies</u>				
Sodexo Support Services (Thailand) Co., Ltd.	5,404	3,508	-	-
Al Ghaith Bangkok Dusit Management Services LLC.	-	-	-	-
Total	<u>967,663</u>	<u>381,645</u>	<u>268,193</u>	<u>61,812</u>

Below are fair values of investments in associated companies that are listed companies on the Stock Exchange of Thailand

(Unit: Thousand Baht)

Company's name	Fair values as at 31 December	
	<u>2012</u>	<u>2011</u>
Ramkhamhaeng Hospital Public Co., Ltd.	7,231,356	3,588,148
Krungdhon Hospital Public Co., Ltd.	139,594	97,566
Bumrungrad Hospital Public Co., Ltd.	12,901,915	-
Total	<u>20,272,865</u>	<u>3,685,714</u>

12.3 Below is a summary of financial information of associated companies

(Unit: Million Baht)

Company's name	As at 31 December						For the years ended 31 December			
	Paid-up capital		Total assets		Total liabilities		Total revenues		Net income (loss)	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<u>Associated companies held by the Company</u>										
The Medic Pharma Co., Ltd.	Baht 21 million	Baht 21 million	415.4	356.5	105.7	91.4	467.0	371.5	57.5	55.7
Cool & Joy Co., Ltd.	Baht 5 million	Baht 5 million	2.9	2.9	-	-	-	-	-	-
S.R. Property Investment Co., Ltd.	Riel 20 million	Riel 20 million	67.4	69.8	63.1	66.0	0.7	0.7	0.6	0.7
Siem Reap Land Investment Co., Ltd.	Riel 20 million	Riel 20 million	61.4	63.5	57.8	60.4	0.6	0.6	0.6	0.6
Phnom Penh First Property Co., Ltd.	Riel 20 million	Riel 20 million	141.0	145.9	133.8	139.9	1.4	1.5	1.4	1.4
Bangkok Helicopter Services Co., Ltd.	Baht 100 million	Baht 100 million	235.1	258.5	164.9	180.7	61.4	70.0	(7.5)	(5.9)
Ramkhamhaeng Hospital Public Co., Ltd.	Baht 120 million	Baht 120 million	6,766.5	5,415.0	2,143.2	2,110.2	3,572.1	3,044.1	1,127.3	909.0
Krungdhon Hospital Public Co., Ltd.	Baht 150 million	Baht 150 million	305.7	312.9	48.7	37.5	304.4	295.9	13.3	35.0
Udon Patana (1994) Co., Ltd.	Baht 300 million	Baht 300 million	1,086.5	1,071.1	361.9	361.7	430.8	393.5	21.3	22.9
Bumrungrad Hospital Public Co., Ltd.	Baht 730 million	-	15,861.8	-	7,474.2	-	14,041.6	-	2,667.5	-
<u>Associated companies held by the subsidiary companies</u>										
Sodexo Support Services (Thailand) Co., Ltd	Baht 5 million	Baht 5 million	152.6	105.7	127.9	74.5	443.9	319.3	20.8	13.5
Al Ghaith Bangkok Dusit Management Services LLC.	UAE DIRHAM	UAE DIRHAM	-	-	-	-	-	-	-	-
	0.15 million	0.15 million								

Share of income from investment in three associated companies which are listed company on the Stock Exchange of Thailand for the year ended 31 December 2012 of Baht 931 million (2011: two associated companies Baht 357 million) representing 96 percent (2011: 94 percent) of total share of income from all associated companies were calculated based on audited financial statements of those companies.

13. Investments in subsidiary companies

(Unit: Thousand Baht)								
Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments - cost		Dividend received	
			2012	2011	method		during the year	
			2012	2011	2012	2011	2012	2011
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	95.76	95.76	1,639,071	1,639,071	430,936	384,970
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	98.79	98.78	574,458	574,373	59,274	34,573
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	99.68	99.68	610,153	610,153	124,606	79,739
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	91.48	91.48	602,655	602,655	160,857	147,447
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	97.27	97.22	708,966	708,196	517,382	244,982
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	100.00	100.00	415,020	415,020	-	180,000
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	100.00	100.00	150,000	150,000	33,750	45,000
Bangkok Trat Hospital Co., Ltd.	Hospital	Baht 250 million	99.76	99.76	245,889	245,889	14,963	19,951
Wattanavej Co., Ltd.	Hospital	Baht 180 million	99.69	99.69	450,643	450,643	35,890	179,450
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	90.36	89.73	923,936	917,286	-	-
National Healthcare Systems Co., Ltd.	Central Lab	Baht 75 million	74.02	74.02	56,768	56,768	-	66,622
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	Baht 10 million	95.00	95.00	9,502	9,502	7,600	4,750
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	-	-

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	% Shareholding		Separate financial statements			
					Investments - cost		Dividend received	
					method		during the year	
			<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
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	-	-
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	63,296	18,400
Greenline Synergy Co., Ltd.	Technology and information service	Baht 200 million	100.00	100.00	200,000	200,000	-	-
Bangkok Hospital Kao 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 1,108 million	98.32	97.14	9,236,292	9,109,950	414,054	-
Paolo Medic Co., Ltd.	Hospital	Baht 300 million	100.00	100.00	2,922,872	2,922,872	-	399,900
Paolo Samutprakarn Co., Ltd.	Hospital	Baht 42 million	93.30	88.73	1,733,240	1,675,754	7,453	7,453
Siam Medical Co., Ltd.	Hospital	Baht 100 million	85.69	80.72	939,589	904,818	4,036	4,931
Thai Medical Center Public Co., Ltd.	Hospital	Baht 201 million	99.76	99.76	887,135	887,135	-	-
Bangkok Premier Life Insurance Broker Co., Ltd.	Life insurance broker	Baht 20 million	100.00	100.00	20,000	4,000	-	-
Bangkok Hospital Chiangmai Co., Ltd.	Hospital	Baht 250 million	100.00	-	250,000	-	-	-
Bangkok Hospital Udon Co., Ltd.	Hospital	Baht 500 million	100.00	-	499,930	-	-	-
Total investments in subsidiary companies					<u>24,937,354</u>	<u>23,945,320</u>	<u>1,874,097</u>	<u>1,818,168</u>
Less: Allowance for impairment of investment					<u>(20,000)</u>	<u>(20,000)</u>		
Total investments in subsidiary companies - net					<u><u>24,917,354</u></u>	<u><u>23,925,320</u></u>		

13.1 Additional investments in 2012 in subsidiary companies which the Company and its subsidiaries previously held

Bangkok Hospital Hatyai Co., Ltd.

In 2012, the Company purchased additional investment totaling Baht 0.1 million in Bangkok Hospital Hatyai Co., Ltd. As a result, the Company's shareholding in that company increased to 98.79 percent.

Bangkok Pattaya Hospital Co., Ltd.

In 2012, the Company purchased additional investment totaling Baht 0.8 million in Bangkok Pattaya Hospital Co., Ltd. As a result, the Company's shareholding in that company increased to 97.27 percent.

Bangkok Ratchasima Hospital Co., Ltd.

In 2012, the Company purchased additional investment totaling Baht 6.7 million in Bangkok Ratchasima Hospital Co., Ltd. As a result, the Company's shareholding in that company increased to 90.36 percent.

Prasit Patana Public Co., Ltd.

In 2012, the Company purchased additional investment totaling Baht 126.3 million in Prasit Patana Public Co., Ltd. As a result, the Company's shareholding in that company increased to 98.32 percent.

In addition, Prasit Patana Public Co., Ltd. has decreased its 390,773,228 registered shares with par value of Baht 1 each, totaling Baht 390,773,228, from formal registered share Baht 2,732,047,520 to be Baht 2,341,274,292 by written-off non-issued shares. The subsidiary company has also decreased its issued and fully paid-up shares by offsetting with deficit amount of Baht 1,233,066,272, from formal issued and fully paid-up shares of Baht 2,341,274,292 to be Baht 1,108,208,020.

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

In 2012, the subsidiary company purchased additional investment totaling Baht 0.7 million in Phyathai 2 Hospital Co.,Ltd. As a result, the subsidiary company's shareholding in that company increased to 99.15 percent.

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

In 2012, the subsidiary company purchased additional investment totaling Baht 2.4 million in Phyathai 3 Hospital Co., Ltd. As a result, the subsidiary company's shareholding in that company increased to 98.20 percent.

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

In 2012, the subsidiary company purchased additional investment totaling Baht 37.3 million in Sriracha Nakorn General Hospital Public Co., Ltd. As a result, the subsidiary company's shareholding in that company increased to 66.53 percent.

Paolo Samutprakarn Co., Ltd.

In 2012, the Company purchased additional investment totaling Baht 57.5 million in Paolo Samutprakarn Co., Ltd. As a result, the Company's shareholding in that company increased to 93.30 percent.

Siam Medical Co., Ltd.

In 2012, the Company purchased additional investment totaling Baht 34.8 million in Siam Medical Co., Ltd. As a result, the Company's shareholding in that company increased to 85.69 percent.

Bangkok Premier Life Insurance Broker Co., Ltd.

On 3 September 2012, the Extraordinary Meeting of Shareholders No.3/2012 of Bangkok Premier Life Insurance Broker Co., Ltd. passed a resolution to increase its share capital from Baht 4 million to Baht 20 million by issuing 1,600,000 additional ordinary shares with a par value of Baht 10 per share, totaling Baht 16 million. The Company acquired all of the additional shares.

13.2 Investment in a new subsidiary company during the year

Bangkok Hospital Chiangmai Co., Ltd.

On 25 April 2012, a meeting of the Board of Directors of the Company approved the establishment of a new subsidiary company, namely Bangkok Hospital Chiangmai Company Limited, to operate a hospital business in Chiangmai province. This company has Baht 1,000 million of registered capital and the Company holds 100 percent. The subsidiary company was incorporated in May 2012 and has Baht 250 million paid-up share capital.

Bangkok Hospital Udon Co., Ltd.

In the second quarter of 2012, the Company invested a 100 percent shareholding in Bangkok Hospital Udon Co., Ltd., totaling Baht 499.9 million, to operate a hospital business in Udonthani province.

13.3 Merger with Health Network Public Company Limited in 2011

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 consideration	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	<u>12,996,662</u>

- 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	(937,341)
Fair value of net assets	5,022,532
Less : Non-controlling interest	(1,336,070)
Net asset acquired	3,686,462
Consideration paid	12,996,662
Goodwill	9,310,200

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.

13.4 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 share
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 as at 31 December 2011 was 97.14 percent.

14. Other long-term investments

(Unit: Thousand Baht)

						Consolidated and separate	
						financial statements	
Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2012	2011	2012	2011
<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	41,372	-	1,770	1,770	2	1
Aikchol Hospital Public Co., Ltd.	Hospital	125	0.20	350	350	88	63
Bumrungrad Hospital Public Co., Ltd.	Hospital	730	14.22	-	3,455,835	-	87,281
Bangkok Chain Hospital Public Co., Ltd.	Hospital	1,995	1.50	269,829	-	4,541	-
				271,949	3,457,955	4,631	87,345
Surplus on changes in value of available-for-sale investments				4,451	1,372,094	-	-
Investments in listed securities				276,400	4,830,049	4,631	87,345
<u>Investments in related companies</u>							
Bangkok Airways Co., Ltd.	Airline	1,200	1.20	36,000	36,000	7,798	10,830
X-Ray Computer Urupong Co., Ltd.	X-ray lab	100	4.09	4,520	4,520	245	245
Investments in related companies				40,520	40,520	8,043	11,075

(Unit: Thousand Baht)

Consolidated and separate
financial statementsDividend income during
the years

Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2012	2011	2012	2011
<u>Investments in unrelated companies</u>							
Thai Longstay Management Co., Ltd.	Travel business	100	1.06	531	531	-	-
Superior Biotech Holding Co., Ltd.	Investment	44	9.09	5,000	5,000	200	140
Udon Patana (1994) Co., Ltd.*	Hospital	300	10.00	-	-	-	600
Investments in unrelated companies				5,531	5,531	200	740
Total other long-term investments in the separate financial statements				322,451	4,876,100	12,874	99,160
<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	50	48
Prasitthirat Co., Ltd.	Educational institution	150	33.33	107,192	107,192	-	1,000
Phuket International Hospital Co., Ltd.	Hospital	195	6.15	29,552	29,552	3,600	2,700
Udon Patana (1994) Co., Ltd.*	Hospital	300	10.00	-	-	-	600
Asia Laboratories Center Limited	Central lab	5	8.00	400	400	40	20
Investments in unrelated companies				137,434	137,434	3,690	4,368

*Change status to become associated company in 2011

(Unit: Thousand Baht)							
						Consolidated and separate financial statements	
Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)		Dividend income during the years	
				2012	2011	2012	2011
<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	42,889	-	-
Unrelated company							
Phuket Hospital Public Co., Ltd.	Hospital	358	19.08	-	-	-	-
				42,889	42,889	-	-
Less : Allowance for impairment of investment				(7,000)	(7,000)	-	-
Investment in ordinary shares (ceased operations) - net				35,889	35,889	-	-
Total other long-term investments - net in the consolidated financial statements				495,774	5,049,423	16,564	103,528

Bangkok Chain Hospital Public Company Limited

In the second quarter of 2012, the Company purchased ordinary shares of Bangkok Chain Hospital Public Co., Ltd. for total of 30 million shares, amount of Baht 269.83 million, representing 1.50 percent of shareholding.

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.

15. Investment properties

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Land	Building	Total	Land	Building	Total
31 December 2010	-	-	-	252,966	-	252,966
Increase from acquisition	34,400	-	34,400	-	-	-
Purchase	-	135,177	135,177	-	135,177	135,177
Transfer from property, premises and equipment	-	19,604	19,604	-	19,604	19,604
Gain on revalue of assets	1,045	-	1,045	18,069	-	18,069
31 December 2011	35,445	154,781	190,226	271,035	154,781	425,816
Purchase	-	12,008	12,008	-	12,008	12,008
Transfer from property, premises and equipment	-	2,684	2,684	-	2,684	2,684
Gain on revalue of assets	-	17,877	17,877	-	17,877	17,877
31 December 2012	35,445	187,350	222,795	271,035	187,350	458,385

The investment properties of the Company and its subsidiaries of the Company and its subsidiaries consist of land and building for rent. The fair value of land has been determined based on valuations performed by an accredited independent valuer, using the Market approach. The fair value of building for rent has been determined based on Income approach.

16. Property, premises and equipment

(Unit: Thousand Baht)

Consolidate financial statements							
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, machine and equipment	Structure equipment, furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	
Cost/reappraised value							
31 December 2010	5,345,964	16,130,196	7,633,783	4,282,332	462,439	822,939	34,677,653
Increase from acquisition	2,860,267	7,079,417	2,969,286	1,006,114	121,255	279,925	14,316,264
Increase from revaluation	8,985	-	-	-	-	-	8,985
Purchases	330,145	629,089	1,354,679	518,730	67,475	964,574	3,864,692
Transfer in / (Transfer out)	49	370,332	66,232	101,924	1,177	(595,984)	(56,270)
Disposals/Written-off	-	(35,925)	(196,395)	(106,133)	(33,312)	(288)	(372,053)
Translation adjustment	-	17,571	3,493	4,514	240	25,264	51,082
31 December 2011	8,545,410	24,190,680	11,831,078	5,807,481	619,274	1,496,430	52,490,353
Increase from revaluation	512,526	-	-	-	-	-	512,526
Purchases	1,092,854	793,454	1,810,257	635,547	90,440	1,693,874	6,116,426
Transfer in / (Transfer out)	-	1,223,027	64,852	216,474	2,431	(1,512,759)	(5,975)
Disposals/Written-off	-	(32,292)	(367,228)	(148,551)	(19,165)	(1,517)	(568,753)
Translation adjustment	-	(12,098)	(1,955)	(2,911)	(208)	(17,384)	(34,556)
31 December 2012	10,150,790	26,162,771	13,337,004	6,508,040	692,772	1,658,644	58,510,021
Accumulated depreciation							
31 December 2010	17,482	7,161,985	4,843,502	3,425,594	367,289	-	15,815,852
Increase from acquisition	7,011	2,468,573	1,717,567	711,822	69,275	-	4,974,248
Depreciation for the year	330	1,089,527	1,036,963	422,604	56,119	-	2,605,543
Transfer in / (Transfer out)	16	4,775	53,134	(58,215)	(744)	-	(1,034)
Disposals/Written-off	-	(25,304)	(193,226)	(96,028)	(31,952)	-	(346,510)
Translation adjustment	-	2,696	2,686	3,643	203	-	9,228
31 December 2011	24,839	10,702,252	7,460,626	4,409,420	460,190	-	23,057,327
Depreciation for the year	458	1,139,359	1,149,986	462,811	61,574	-	2,814,188
Transfer in / (Transfer out)	-	(1,254)	-	100	-	-	(1,154)
Disposals/Written-off	-	(27,009)	(325,328)	(139,351)	(18,287)	-	(509,975)
Translation adjustment	-	(2,045)	(2,133)	(2,845)	(157)	-	(7,180)
31 December 2012	25,297	11,811,303	8,283,151	4,730,135	503,320	-	25,353,206

(Unit: Thousand Baht)

Consolidate financial statements (continued)

Assets which are stated at cost or reappraised value	Assets which are stated at cost						
	Land and land improvement	Building and building improvement	Medical tools, machine and equipment	Structure equipment, furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	Total
Impairment of fixed assets							
31 December 2010	2,955	750	-	-	-	-	3,705
Reversal of impairment loss	-	(750)	-	-	-	-	(750)
31 December 2011	2,955	-	-	-	-	-	2,955
impairment loss	1,914	-	-	-	-	-	1,914
31 December 2012	4,869	-	-	-	-	-	4,869
Net book value							
31 December 2011	8,517,616	13,488,428	4,370,452	1,398,061	159,084	1,496,430	29,430,071
31 December 2012	10,120,624	14,351,468	5,053,853	1,777,905	189,452	1,658,644	33,151,946
Depreciation charged included in income statement for the year							
2011 (Baht 2,114 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							2,605,543
2012 (Baht 2,294 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							2,814,188

(Unit: Thousand Baht)

Separate financial statements							
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, machine and equipment	Structure equipment, furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	
Cost/reappraised value							
31 December 2010	1,018,331	4,352,682	2,606,095	1,248,721	143,389	249,510	9,618,728
Cumulative effect of change in accounting policy	(252,966)	-	-	-	-	-	(252,966)
Purchases	24,532	104,529	400,663	112,964	19,452	124,050	786,190
Transfer in / (Transfer out)	-	130,548	425	94,705	-	(246,520)	(20,842)
Disposals/Written-off	-	-	(4,943)	(7,633)	(14,978)	(10)	(27,564)
31 December 2011	789,897	4,587,759	3,002,240	1,448,757	147,863	127,030	10,103,546
Increase from revaluation	352,237	-	-	-	-	-	352,237
Purchases	721,250	91,199	465,521	163,613	28,859	313,487	1,783,929
Transfer in / (Transfer out)	-	3,262	4,700	62,982	-	(74,782)	(3,838)
Disposals/Written-off	-	(8,184)	(83,005)	(25,639)	(3,681)	-	(120,509)
31 December 2012	1,863,384	4,674,036	3,389,456	1,649,713	173,041	365,735	12,115,365
Accumulated depreciation							
31 December 2010	-	1,627,979	1,612,937	1,101,093	124,604	-	4,466,613
Depreciation for the year	-	273,402	326,642	77,309	6,638	-	683,991
Transfer in / (Transfer out)	-	(2,051)	-	946	-	-	(1,105)
Disposals/Written-off	-	-	(4,623)	(5,510)	(13,923)	-	(24,056)
31 December 2011	-	1,899,330	1,934,956	1,173,838	117,319	-	5,125,443
Depreciation for the year	-	222,817	334,441	75,706	10,391	-	643,355
Transfer in / (Transfer out)	-	(1,153)	-	-	-	-	(1,153)
Disposals/Written-off	-	(3,893)	(67,398)	(25,452)	(3,614)	-	(100,357)
31 December 2012	-	2,117,101	2,201,999	1,224,092	124,096	-	5,667,288
Net book value							
31 December 2011	789,897	2,688,429	1,067,284	274,919	30,544	127,030	4,978,103
31 December 2012	1,863,384	2,556,935	1,187,457	425,621	48,945	365,735	6,448,077
Depreciation charged included in income statement for the year							
2011 (Baht 594 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							683,991
2012 (Baht 573 million included in cost of hospital operations, sales and services, and the balance in administrative expenses)							643,355

In 2011, a subsidiary has recorded appraisal result which engaged an independent appraiser to appraise all of its land using the market approach. The fair values of the revalued land amounted to Baht 203 million which increased from the book value of Baht 9 million. The Company therefore recorded "Gain on revaluation of land" in the consolidated statements of comprehensive income.

In 2012, the Company and six subsidiary companies have recorded appraisal result which engaged an independent appraiser to appraise all of its land using the market approach. The fair values of the revalued land in consolidated financial statements amount of Baht 2,631 million which increased from the book values of Baht 513 million and decreased from the book values of Baht 2 million (Separate financial statements: the fair values of the revalued land amount of Baht 1,141 million which increased from the book values of Baht 352 million). The Company and its subsidiaries recorded the increase amount as "Gain on revaluation of land" in the statements of comprehensive income and recorded the decrease amount as "Loss on revaluation of land" in the statements of income.

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

If the Company and its subsidiaries recorded the land at cost, their net book value as at 31 December 2012 and 2011 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value (at cost):		
As of 31 December 2012	6,806,326	1,179,380
As of 31 December 2011	5,715,550	458,130

As at 31 December 2012, the Company and its subsidiaries have medical tools, equipment and vehicles under finance lease agreements with net book values amounting to Baht 244.0 million and Baht 21.1 million in the separate financial statements (2011: Baht 420.3 million and Baht 11.2 million in the separate financial statements).

As at 31 December 2012, the Company and its subsidiaries have certain building improvement, medical tools, equipment and vehicles which have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 11,631.4 million and Baht 2,962.4 million in the separate financial statement (2011: Baht 9,752.8 million and Baht 2,130.1 million in the separate financial statements).

17. Land and buildings not used in operations

Land and buildings not used in operations as at 31 December 2012 and 2011 consisted of:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial statements	
	statements			
	2012	2011	2012	2011
Land and buildings at historical cost	368,174	368,174	367,847	367,847
Revaluation surplus	265,668	143,748	265,668	143,748
Allowance for impairment	(719)	(719)	(719)	(719)
Total	<u>633,123</u>	<u>511,203</u>	<u>632,796</u>	<u>510,876</u>

In 2012, the Company has recorded appraisal result which engaged an independent appraiser to appraise all of its land using the market approach. The fair values of the revalued land amount of Baht 602 million which increased from the book values of Baht 122 million and was recorded as "Gain on revaluation of land" in the statements of comprehensive income.

The cumulative capitalised interest on loans recorded as a portion of cost of land not used in operations amounted to approximately Baht 29 million (2011: Baht 29 million).

18. Intangible assets

Intangible assets, as at 31 December 2012 and 2011, which are computer software are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
As at 31 December 2010	471,726	148,344
Increase from acquisition	349,676	-
Purchases	140,325	9,473
Transfer in	35,122	133
Disposals/written-off	(384)	-
Translation adjustment	102	-
As at 31 December 2011	996,567	157,950
Purchases	198,979	125,535
Transfer in	2,135	-
Disposals/written-off	(4,223)	-
Translation adjustment	(70)	-
As at 31 December 2012	1,193,388	283,485
Accumulated amortisation		
As at 31 December 2010	270,306	73,247
Increase from acquisition	161,407	-
Amortisation for the year	82,904	11,715
Transfer out	(83)	-
Disposals/written-off	(141)	-
Translation adjustment	35	-
As at 31 December 2011	514,428	84,962
Amortisation for the year	114,249	14,252
Disposals/written-off	(3,980)	-
Translation adjustment	(29)	-
As at 31 December 2012	624,668	99,214
Net book value		
As at 31 December 2011	482,139	72,988
As at 31 December 2012	568,720	184,271

19. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cost	733,767	716,587	133,010	133,010
Less: Accumulated amortisation	(181,052)	(159,450)	(33,693)	(26,949)
Book value - net	<u>552,715</u>	<u>557,137</u>	<u>99,317</u>	<u>106,061</u>
Amortisation for the year	<u>22,137</u>	<u>19,041</u>	<u>6,744</u>	<u>5,903</u>

A reconciliation of the net book value of leasehold rights for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net book value at beginning of year	557,137	509,064	106,061	59,003
Increase from acquisition	-	141	-	-
Purchases	27,281	52,961	-	52,961
Less: amortisation	(22,137)	(19,041)	(6,744)	(5,903)
Translation adjustment	(9,566)	14,012	-	-
Net book value at end of year	<u>552,715</u>	<u>557,137</u>	<u>99,317</u>	<u>106,061</u>

20. Bank overdrafts and short-term loans from financial institutions

As at 31 December 2012, the Company and its subsidiaries have bank overdraft facilities with banks of Baht 1,205 million and USD 1 million (2011: Baht 450 million and USD 1 million) and in separate financial statements of Baht 850 million (2011: Baht 150 million). The facilities carry interest rate at MOR for Baht currency facilities and LIBOR plus fixed rate for US currency facilities.

21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade payables - related parties	75,383	90,181	126,209	128,811
Trade payables - unrelated parties	2,149,653	2,266,225	315,400	454,895
Other payables - related parties	10,670	18,895	89,245	46,871
Other payables - unrelated parties	987,864	731,504	358,602	257,719
Accounts payable - construction and retention	390,536	284,386	71,748	54,456
Total trade and other payables	<u>3,614,106</u>	<u>3,391,191</u>	<u>961,204</u>	<u>942,752</u>

22. Long-term loans from financial institutions

	(Unit: Thousand Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Long-term loans	9,447,906	7,764,387	9,075,180	3,141,710
Less: Current portion due within one year	<u>(889,645)</u>	<u>(813,215)</u>	<u>(820,198)</u>	<u>(436,300)</u>
Long-term loans - net of current portion	<u>8,558,261</u>	<u>6,951,172</u>	<u>8,254,982</u>	<u>2,705,410</u>

The Company

- a) In 2008, the Company entered into a 10-year loan agreement with a bank granting the credit facilities of Baht 3,438 million. The loan carries interest at the Fixed Deposit Rate plus fixed rate per annum as stipulated in the agreement with interest and principal payable on a monthly basis. This loan agreement includes a condition that the Company and its subsidiaries may not mortgage any assets and also certain covenants which the Company and its subsidiaries must comply. The Company also entered into an interest rate swap contract for the above loan with a financial institution as discussed in Note 36.2 the outstanding balance of this loan as at 31 December 2012 was Baht 1,776.3 million (2011: Baht 2,120.1 million).

- b) In November 2011, the Company entered into a loan agreement with a financial institution granting credit facilities of Baht 1,000 million carrying interest at six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest is repayable on a monthly basis and the principal is repayable on every six-month according to a condition as stipulated in the agreement. The drawdown period was within 1 year from the agreement date and extended the agreement. As at 31 December 2012, the Company had not yet withdrawn such loan.
- c) In November 2011, the Company entered into a 7 years and 6 months loan agreement with a financial institution granting credit facilities of Baht 3,000 million carrying interest at the rate of six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest is repayable on a monthly basis and the principal is repayable on a quarterly basis according to a condition as stipulated in the agreement. As at 31 December 2012, this loan has outstanding balance of Baht 2,569.0 million (2011: Baht 1,021.6 million).
- d) In January 2012, the Company entered into a 8 years and 6 months loan agreement with a financial institution granting credit facilities of Baht 586 million carrying interest at the rate of six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. As at 31 December 2012, this loan has outstanding balance of Baht 558.5 million.
- e) In June 2012, the Company entered into a 7 years and 6 months loan agreement with a financial institution granting credit facilities of Baht 1,766 million carrying interest at the rate of six-month Fixed Deposit Rate plus fixed rates per annum as stipulated in the agreement. The interest is repayable on a monthly basis and principal is repayable on a quarterly basis according to a condition as stipulated in the agreement. As at 31 December 2012, this loan has outstanding balance of Baht 1,671.4 million.
- f) In July 2012, the Company entered into a 5 - year loan agreement with a financial institution amounting to Baht 2,500 million. The loan has a period of 5 years and carries interest at the fixed rate per annum as stipulated in the agreement. The interest is repayable on a semi-annually basis and principal is repayable at the end of loan period. As at 31 December 2012, this loan has outstanding balance of Baht 2,500 million.

The subsidiaries

- a) In 2007 and 2008, Angkor Pisith Co., Ltd., a subsidiary company, entered into a 7 years and 10 months loan agreement with a foreign financial institution granting credit facilities of USD 4 million. The loan bears interest at the rate of LIBOR plus a fixed rate per annum. The interest is repayable on a monthly basis and the principal is repayable on a quarterly basis according to a condition as stipulated in the agreement. This loan is guaranteed by the Company. As at 31 December 2012, this loan has outstanding balance of USD 3.1 million or equivalent to Baht 94.4 million. (2011: USD 3.6 million or equivalent to Baht 113.8 million).
- b) In 2008, Bangkok Ratchasima Hospital Co., Ltd., a subsidiary company, entered into a 7 - year loan agreement with a financial institution. The credit facilities were Baht 20 million. The loan bears interest at fixed rate 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 2012, this loan has outstanding balance of Baht 8.9 million (2011: Baht 12.2 million).
- c) In 2009, Sriracha Nakorn General Hospital Public Company Limited, a subsidiary company of a subsidiary company, entered into a 9 - year loan agreement with another financial institution to obtain loan of Baht 410 million. This loan consequently amended to bears interest at a six-month Fixed Deposit Rate plus fixed rate per annum, with the specified repayments of principal and interest as stipulated in the agreement. As at 31 December 2012, this loan has outstanding balance of Baht 269.4 million (2011: Baht 315.8 million).

The Company's and its subsidiaries' loan agreements contain certain covenants which the Company and its subsidiaries must comply such as financial ratios.

23. Liabilities under finance lease agreements

As at 31 December 2012 and 2011, liabilities under finance lease agreements are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2012	2011	2012	2011
Liabilities under finance lease agreements	191,325	364,871	18,934	10,816
Less: Deferred interest expenses	(12,538)	(29,843)	(1,348)	(837)
Total	178,787	335,028	17,586	9,979
Less: Current portion of liabilities under				
finance lease agreements	(92,713)	(149,723)	(6,150)	(3,051)
Liabilities under finance lease agreements -				
net of current portion	86,074	185,305	11,436	6,928

The Company and its subsidiaries have future minimum lease payments which required under the finance lease agreements as follows:

	(Unit: Thousand Baht)		
	As at 31 December 2012		
	Consolidated financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	101,651	89,674	191,325
Deferred interest expenses	(8,938)	(3,600)	(12,538)
Present value of future minimum finance lease payments	92,713	86,074	178,787

	(Unit: Thousand Baht)		
	As at 31 December 2011		
	Consolidated financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	169,207	195,664	364,871
Deferred interest expenses	(19,484)	(10,359)	(29,843)
Present value of future minimum finance lease payments	149,723	185,305	335,028

	(Unit: Thousand Baht)		
	As at 31 December 2012		
	Separate financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	6,844	12,090	18,934
Deferred interest expenses	(694)	(654)	(1,348)
Present value of future minimum finance lease payments	<u>6,150</u>	<u>11,436</u>	<u>17,586</u>

	(Unit: Thousand Baht)		
	As at 31 December 2011		
	Separate financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum finance lease payments	3,525	7,291	10,816
Deferred interest expenses	(474)	(363)	(837)
Present value of future minimum finance lease payments	<u>3,051</u>	<u>6,928</u>	<u>9,979</u>

The Company and its subsidiaries have finance lease agreements with various leasing companies to rent medical tools, equipment, and vehicles for use in their operations. Installments are due on a monthly basis over 32-60 months and at the end of the agreements.

24. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Defined benefit obligation at beginning of year	862,972	471,633	148,516	132,629
Increase from acquisition	-	304,133	-	-
Current service cost	93,638	76,439	16,241	16,568
Interest cost	39,174	30,742	6,244	5,674
Benefits paid during the year	(18,758)	(23,122)	(5,224)	(6,355)
Actuarial loss	131,630	3,147	46,747	-
Defined benefit obligation at end of year	<u>1,108,656</u>	<u>862,972</u>	<u>212,524</u>	<u>148,516</u>

Long-term employee benefit expenses included in the profit or loss were as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current service cost	93,638	76,439	16,241	16,568
Interest cost	39,174	30,742	6,244	5,674
Total expense recognised in profit or loss	<u>132,812</u>	<u>107,181</u>	<u>22,485</u>	<u>22,242</u>
Line items under which such expenses are included in profit or loss				
Cost of hospital operations, sales and services	78,287	59,989	8,360	7,958
Administrative expenses	54,525	47,192	14,125	14,284

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(% per annum)		(% per annum)	
Discount rate	3.7 - 4.1	3.7 - 5.0	4.1	4.7
Future salary increase rate				
(depending on age of employee)	3.0 - 7.5	3.0 - 7.5	6.0	6.0

Amounts of defined benefit obligation for the current and previous two periods are as follows:

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2012	1,108,656	212,524	68,661	31,203
Year 2011	862,972	148,516	-	-
Year 2010	471,633	132,629	-	-

25. 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 13.3 and 13.4 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, the Company's paid up share capital as of 31 December 2011 was Baht 1,545,458,833 (1,545,458,883 ordinary shares of Baht 1 each).

On 20 April 2012, the Annual General Meeting of the Company's shareholders approved the reduction of the Company's registered capital by Baht 7,932,525, from Baht 1,553,391,408 to Baht 1,545,458,883, and approved the increase of the Company's registered capital by Baht 154,545,888 under a general mandate, through the issue of 154,545,888 new ordinary shares with a par value of Baht 1 per share. The new registered capital will be Baht 1,700,004,771, consisting of 1,700,004,771 ordinary shares with par value of Baht 1 per share. The Company has already registered the capital increase in May 2012.

26. Dividend

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend for 2011	Annual General Meeting of the shareholders on 20 April 2012	1,700	1.10
Total dividend during 2012		1,700	1.10

27. 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 profit 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.

28. Expenses by nature

Significant expenses by nature for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Employee expenses	10,192.1	8,587.7	2,199.4	1,786.0
Doctor fee	8,298.8	7,053.2	1,444.8	1,325.4
Cost of drugs and supplies	6,146.7	5,164.7	1,123.6	953.3
Depreciation and amortisation expenses	2,950.6	2,707.5	664.4	701.6
Advertising and public relation expenses	866.4	473.1	394.7	198.0
Rental expenses	444.4	376.8	69.2	40.1

29. Income tax

Corporate income tax for the year ended 31 December 2012 was calculated at the rate of 23 percent (2011: 30 percent) on taxable net profit.

30. Earnings per share

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

31. 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 and this fee is to be increased every 3 years. The rate will be increased by 10% of the latest rental of every 3 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 3 months. The first payment date is 18 July 2011 and rental to be paid at Baht 100,000 per month and this fee is to be increased every 3 years. The rate will be increased by 10% of the latest rental of every three years.

The Company has entered into a rental agreement and a medical services agreement with a company to operate medical clinic in a building for a period of 2 years from 1 September 2011 to 27 September 2013. The Company has to pay fee at the rate stipulated in the agreement, of monthly gross operating revenue before deducted any expenses or the minimum fee stipulated in agreement whichever is higher.

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 will thus be Baht 155.1 million. The subsidiary company is committed to pay Baht 38.8 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 103.4 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 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.

Paolo Medic Co., Ltd.

The subsidiary company entered into a 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.

Phyathai 1 Hospital Co., Ltd.

The subsidiary company entered into a land rental agreement with a state enterprise for a period of 3 years expiring in the year 2013 and the rental fee is paid on a monthly basis as stipulated in the agreement.

32. Commitments and contingent liabilities

As at 31 December 2012 and 2011, commitments and contingent liabilities are as follows:

(Unit: Million Baht)						
As at 31 December 2012						
	Consolidated financial statements			Separate financial statements		
	Within 1 year	1 -5 years	Over 5 years	Within 1 year	1 -5 years	Over 5 years
Contractual commitments						
- the land and building rental contracts (including long-term agreements in Note 31)	98	222	426	21	46	132
- the office equipment rental and other services	270	97	-	29	9	-
- the medical equipment provision and maintenance contracts	236	56	-	23	-	-
- the building construction and decoration contracts	748	3	-	267	-	-
- the sale and purchase contract for land	-	80	24	-	-	-
Total	1,352	458	450	340	55	132

(Unit: Million Baht)						
As at 31 December 2011						
	Consolidated financial statements			Separate financial statements		
	Within 1 year	1 -5 years	Over 5 years	Within 1 year	1 -5 years	Over 5 years
Contractual commitments						
- the land and building rental contracts (including long-term agreements in Note 31)	101	183	471	18	39	137
- the office equipment rental and other services	249	97	-	50	3	-
- the medical equipment provision and maintenance contracts	367	116	-	90	-	-
- the building construction and decoration contracts	562	-	-	50	-	-
- the sale and purchase contract for land	-	60	44	-	-	-
Total	1,279	456	515	208	42	137

Contingent liabilities

As at 31 December 2012, the Company and its subsidiary had outstanding bank guarantees of approximately Baht 198 million (2011: Baht 189 million) and the Company's was Baht 26 million (2011: Baht 25 million) issued by the bank on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business, such as facility usage and contractual performance.

33. Segment information

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

34. Debentures

Movements of debentures net from debenture expenses and amortization of expenses during the year ended 31 December 2012 and 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated/ Separate financial statements	
	<u>2012</u>	<u>2011</u>
Balance beginning of year	8,461,263	7,963,172
Debentures issued during the year	600,000	3,500,000
Redemption of debenture during year	-	(3,000,000)
Debentures expenses	(770)	(5,182)
Amortisation of debenture expenses	3,361	3,273
Balance end of year	9,063,854	8,461,263
Less: Current portion of debentures	(1,999,885)	-
Debentures - net of current portion	<u>7,063,969</u>	<u>8,461,263</u>

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 31 December 2012, 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.

In August 2012, the Company had issued unsecured, name registered and unsubordinated debentures without a debentureholders' representative debenture for the total number of 600,000 units, at the price of Baht 1,000 per unit, totaling Baht 600 million. This debenture is 10-year debentures at the coupon rate of 4.5% 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 and assets dispositions, etc.

35. Promotional privileges

The Company has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 2302(2)/2553, dated 26 November 2010, for hospital business Type 7.7. Significant privileges are as follows:

- Exemption of import duty on machinery as approved by the board.
- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 8 years commencing from the date that revenues are first derived from the promoted operation.

In case of losses being incurred during the corporate income tax exemption period, the Company is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period, whether from any one year or from several years.

- Exemption from income tax on dividend paid from the profit of the promoted operations throughout the tax exemption period.

Wattanavej Co., Ltd.

Wattanavej Co., Ltd. has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 1686(2)/2547, dated 25 August 2004, for hospital business Type 7.11. Significant privileges are as follows:

- Exemption of import duty on machinery as approved by the board.
- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 8 years commencing from the date that revenues are first derived from the promoted operation.

In case of losses being incurred during the corporate income tax exemption period, the Company is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period, whether from any one year or from several years.

- Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period.

Bangkok Samui Hospital Co., Ltd.

Bangkok Samui Hospital Co., Ltd. has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 1719(2)/2547, dated 1 September 2004, for hospital business Type 7.11. Significant privileges are as follows:

- Exemption of import duty on machinery as approved by the board.
- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 8 years commencing from the date that revenues are first derived from the promoted operation.

In case of losses being incurred during the corporate income tax exemption period, the Company is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period, whether from any one year or from several years.

- Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period.

A.N.B. Laboratories Co., Ltd.

A.N.B. Laboratories Co., Ltd. has been granted promotional privileges under The Investment Promotion Act B.E. 2520, according to the promotional certificate No. 1913(2)/2554, dated 4 August 2011, for production of medicines and/or active ingredients in medicines. Type 6.5. Significant privileges are as follows:

- Exemption of import duty on machinery as approved by the board.
- Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 5 years commencing from the date that revenues are first derived from the promoted operation.

In case of losses being incurred during the corporate income tax exemption period, the Company is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period, whether from any one year or from several years.

- Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period.

The Company and subsidiary companies must comply with the conditions stipulated in the investment promotional privileges.

Revenues of the Company and subsidiary companies for the years 2012 and 2011 can be separated between the promoted and non-promoted operation as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operation		Non-promoted operation		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue from						
hospital operations	1,146,601	951,872	43,160,727	34,272,594	44,307,328	35,224,466
Other income	19,165	-	3,535,666	2,146,872	3,554,831	2,146,872
Total revenues	<u>1,165,766</u>	<u>951,872</u>	<u>46,696,393</u>	<u>36,419,466</u>	<u>47,862,159</u>	<u>37,371,338</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operation		Non-promoted operation		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue from						
hospital operations	341,128	190,257	9,660,298	8,068,582	10,001,426	8,258,839
Other income	-	-	2,854,975	2,501,067	2,854,975	2,501,067
Total revenues	<u>341,128</u>	<u>190,257</u>	<u>12,515,273</u>	<u>10,569,649</u>	<u>12,856,401</u>	<u>10,759,906</u>

36. Financial instruments

The Company and its subsidiaries' financial instruments, which are defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise the financial assets and liabilities mentioned in Note 4.17 to financial statements. The Company and its subsidiaries have the financial risks associated with these financial instruments and how they are managed is described below.

36.1 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. The subsidiaries do not use derivative instruments, while the Company uses derivative instruments as and when they consider appropriate, to manage such risks. Neither the Company nor subsidiaries hold or issue derivative financial instruments for speculative or trading purposes.

36.2 Interest rate risk

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

The long-term loans and debentures were presented in notes 22 and 34 respectively.

Interest rate swap contract

Interest rate swap are used 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 which converts a floating interest rate based on the Fixed Deposit Rate plus fixed rate per annum to a fixed interest rate per annum on the long-term loan balance.

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Fair value of interest rate swap contract				
(liabilities)	(11.2)	(20.5)	(11.2)	(20.5)

Fair value of interest rate swap contracts has been calculated using the rate quoted by a financial institution as if the contract was terminated at the statement of financial position date.

Significant financial assets and liabilities classified by type of interest rate are as follows:

(Unit: Million Baht)

As at 31 December 2012						
Consolidated financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
- Cash and cash equivalent	451	-	-	3,120	19	3,590
- Short-term investments	211	-	-	-	57	268
- Trade and other accounts receivable	-	-	-	-	4,287	4,287
- Restricted financial institution deposit	21	-	-	2	-	23
- Investments	-	-	-	-	13,360	13,360
	<u>683</u>	<u>-</u>	<u>-</u>	<u>3,035</u>	<u>17,810</u>	<u>21,528</u>
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	1,200	-	-	25	-	1,225
- Trade and other payables	-	-	-	-	3,614	3,614
- Long-term loans	3	2,506	-	6,939	-	9,448
- Liabilities under finance lease agreements	93	86	-	-	-	179
- Debentures	2,000	6,464	600	-	-	9,064
	<u>3,296</u>	<u>9,056</u>	<u>600</u>	<u>6,964</u>	<u>3,614</u>	<u>23,530</u>

(Unit: Million Baht)

As at 31 December 2011

	Consolidated financial statements					
	Fixed interest rates			Floating	Non-	
	Within 1	1-5 years	Over 5	interest	interest	Total
	year		years	rate	bearing	
Financial Assets						
- Cash and cash equivalent	510	-	-	3,140	226	3,876
- Short-term investments	418	-	-	-	46	464
- Trade and other accounts receivable	-	-	-	-	3,377	3,377
- Long-term deposit at financial institution	-	50	-	-	-	50
- Restricted financial institution deposit	12	-	-	13	-	25
- Investments	-	-	-	-	7,865	7,865
	940	50	-	3,153	11,514	15,657
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	231	-	231
- Trade and other payables	-	-	-	-	3,391	3,391
- Long-term loans	4	9	-	7,751	-	7,764
- Liabilities under finance lease agreements	150	185	-	-	-	335
- Debentures	-	8,461	-	-	-	8,461
	154	8,655	-	7,982	3,391	20,182

(Unit: Million Baht)

As at 31 December 2012

	Separate financial statements					
	Fixed interest rates			Floating	Non-	
	Within 1	1-5 years	Over 5	interest	interest	Total
	year		years	rate	bearing	
Financial Assets						
- Cash and cash equivalent	-	-	-	1,564	3	1,567
- Trade and other receivables	-	-	-	-	962	962
- Short-term loans to related parties	-	-	-	207	-	207
- Long-term loans to related parties	-	-	-	5,325	-	5,325
- Investments	-	-	-	-	34,429	34,429
	-	-	-	7,096	35,394	42,490
Financial liabilities						
- Bank overdrafts and short-term loans from financial institutions	1,200	-	-	-	-	1,200
- Trade and other payables	-	-	-	-	961	961
- Short-term loans from related parties	-	-	-	2,797	-	2,797
- Long-term loans	-	2,500	-	6,575	-	9,075
- Liabilities under finance lease agreements	6	11	-	-	-	17
- Debentures	2,000	6,464	600	-	-	9,064
	3,206	8,975	600	9,372	961	23,114

(Unit: Million Baht)

As at 31 December 2011						
Separate financial statements						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total
	Within 1 year	1-5 years	Over 5 years			
Financial Assets						
- Cash and cash equivalent	-	-	-	1,517	3	1,520
- Trade and other receivables	-	-	-	-	829	829
- Short-term loans to related parties	170	-	-	137	-	307
- Long-term loans to related parties	60	-	-	1,606	-	1,666
- Investments	-	-	-	-	30,537	30,537
	<u>230</u>	<u>-</u>	<u>-</u>	<u>3,260</u>	<u>31,369</u>	<u>34,859</u>
Financial liabilities						
- Trade and other payables	-	-	-	-	943	943
- Short-term loans from related parties	-	-	-	1,628	-	1,628
- Long-term loans	-	-	-	3,142	-	3,142
- Liabilities under finance lease agreements	3	7	-	-	-	10
- Debentures	-	8,461	-	-	-	8,461
	<u>3</u>	<u>8,468</u>	<u>-</u>	<u>4,770</u>	<u>943</u>	<u>14,184</u>

36.3 Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk mainly in respect of purchase of medical tools and equipment and sales of goods transactions which are denominated in foreign currencies. A subsidiary company seeks to manage this risk by entering into forward exchange contracts. Generally, the forward contracts mature within one year.

Forward exchange contract

As at 31 December 2012 and 2011, a subsidiary company has the outstanding balance of forward exchange contracts were as follows:

Balance as at	Foreign currency	Amount bought	Contractual exchange rate for amount bought (Baht per foreign currency unit)
31 December 2012	US Dollar	255,442	30.89 - 31.14
31 December 2011	US Dollar	482,588	30.75 - 31.63
	Euro	3,465	41.52

36.4 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 do 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 statement of financial position.

36.5 Fair values of financial instruments

Since the majority of the Company's 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 statement of financial position.

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.

37. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholders value. As at 31 December 2012, the Group's debt-to-equity ratio was 0.8:1.0 (2011: 0.8:1.0) and the Company's was 0.9:1.0 (2011: 0.6:1.0).

38. Litigation

38.1 Litigation 2012

In the second quarter of 2012, 5 people who claimed that they are shareholders of the Company (the "Shareholders") filed a petition with the Civil Court requesting cancellation of the resolutions of Agenda Item 5 - To consider the appointment of directors to replace those retired by rotation at the 2012 Annual General Meeting of Shareholders and to reconvene the Shareholders' Meeting to consider the appointment of directors to replace those retired by rotation. The material claims made by the Shareholders in their petition were that the resolutions of the 2012 Annual General Meeting of Shareholders were against the Articles of Association of the Company, Public Limited Company Act B.E. 2535, and Securities and Exchange Act B.E. 2535, and were unfair, exploitative, and caused damages to the Shareholders.

Legal counselor of the Company gathered information, including the procedures for arranging meetings, and had opinion that calling the 2012 Annual General Meeting of Shareholders, and its procedures, proposing that the Shareholders consider all agenda items, including the agenda item 5 to consider the appointment of directors to replace those retired by rotation took place in compliance with the laws and the Company's Articles of Association, and were lawfully implemented in all respects. The Meeting of Shareholders considered and approved all agenda items with majority votes, including Agenda Item 5 - To consider the appointment of directors to replace those retired by rotation. In Agenda Item 5, 7 people were proposed to the Shareholders' Meeting as directors to replace the 5 directors who were to retire by rotation. The Shareholders' Meeting resolved to approve the appointment of 5 people nominated by the Board of Directors, who received 1st to 5th place votes to be directors to replace those retired by rotation, with majority votes. In addition, the Company complied with the resolutions obtained at the meeting, and registered the change of directors of the Company with the Department of Business Development, Ministry of Commerce, on 3 May 2012. The case is in legal process, but the management expects that this case will not result in changes to the resolutions.

In addition, the Company has a contingent liability as a result of being sued for unfair dismissal with the disputed amount of Baht 415 Million, since the Company hired a retired high-level executive under a consultant contract with agreed period. The Company did not renew the contract upon expiration; therefore, the Advisor sued the Company. Currently, the case is in legal process by the central labour court. The Company has not recorded the liability in the financial statements since the management believes that there is uncertainty regarding the legal case and the Company has lawfully complied with the contract. In addition, Legal counselor of the Company has the opinion that this case is not unfair dismissal since the consultant contract already expired and not was renewed. Therefore, the case is fully complied with the law.

38.2 Litigation 2011

In the second quarter of 2011, claimants consisted of 5 persons who claimed that they are shareholder of the Company filed a petition to the court - claiming that the Company held the ordinary shareholders' meeting of 2011 illegally and in violation of the Article of Association of the Company due to the change of voting method. The Claimants requested the Court to revoke the Resolution of the Shareholders' Meeting of 2011 which the Company has filed an objection by stating that the Company did not change the voting method and the Company held the Ordinary Shareholders' Meeting correctly in accordance with the Article of Association of the Company, the laws and the Regulations of the Stock Exchange of Thailand that the Company always follows and considering the importance of the right of each shareholder. During the court process, the five Claimants and the Company have the settlement agreement where the Company will hold the Ordinary Shareholders' Meeting in April 2013 for the shareholders to consider and cast the vote on the agendas as set out by the laws and the both parties shall honor the resolutions of the Meeting, and the five Claimants agreed to drop their Petition and not to revoke the Resolutions of the Shareholders' Meeting of 2011. The Parties all agreed with such settlement without demanding for the Court fee. After considering that the Settlement Agreement is in accordance with the laws, the Court granted its judgement in accordance with the Settlement Agreement.

39. Events after the reporting period

Established new subsidiary company

In February 2013, the Company has established a new subsidiary company, namely Bangkok Hospital Khon Kaen Company Limited, to operate a hospital business in Khon Kaen province. This company has Baht 600 million of registered capital and the Company holds 100 percent.

Acquisition of shares in Krungdhon Hospital Public Company Limited

On 25 January 2013, the meeting of the Board of Directors of Royal Bangkok Healthcare Co., Ltd., a subsidiary company, approved the acquisition of shares in Krungdhon Hospital Public Company Limited. The subsidiary company has acquired 3,741,612 shares in such company, representing 24.94 percent of the total issued shares of the company from the existing shareholders at a price of Baht 55 per shares totaling Baht 205.79 million. As a result, the Company and a subsidiary company totally hold 44.96 percent of the total issued shares in Krungdhon Hospital Public Company Limited.

In addition, on 7 February 2013, Royal Bangkok Healthcare Co., Ltd. submitted a tender offer proposal to purchase securities of Krungdhon Hospital Public Company Limited at a price of Baht 55. The tender offer period is from 11 February 2013 to 18 March 2013.

40. Approval of financial statements

These financial statements have been authorised for issue by the Company's Board of Directors on 27 February 2013.