

Bangkok Dusit Medical Services Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2010 and 2009

Report of Independent Auditor

To The Shareholders of Bangkok Dusit Medical Services Public Company Limited

I have audited the consolidated balance sheets of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Bangkok Dusit Medical Services Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements as at 31 December 2010 and 2009 and for the years then ended of a domestic associated company, as included in the consolidated financial statements. In 2010, the Company's share of net income of this associated company amounted to approximately Baht 273.72 million, representing 11.50 percent (2009: Baht 173.06 million , representing 9.70 percent) of the consolidated income for the year. The financial statements of the associated company were audited by other auditor, whose report has been furnished to me. My opinion on the consolidated financial statements insofar as they relate to any amounts included for this associated company, is based solely upon the audit report of other auditor.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries and of Bangkok Dusit Medical Services Public Company Limited as at 31 December 2010 and 2009, the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited
Bangkok: 24 February 2011

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets					
Current assets					
Cash and cash equivalents	6	2,489,455,028	1,886,441,519	1,082,258,711	1,132,426,487
Short-term investments - fixed deposits and promissory notes	6	1,739,553,849	1,201,828,280	1,739,542,882	1,200,008,819
Trade accounts receivable	8				
Related parties	9	2,233,432	1,057,764	9,283,131	6,933,989
Unrelated parties - net		1,890,623,926	1,550,407,331	505,789,245	530,507,110
Total trade accounts receivable - net		1,892,857,358	1,551,465,095	515,072,376	537,441,099
Short-term loans to related parties	9	-	-	103,131,775	209,491,930
Other receivable - related parties	9	18,926,792	22,282,754	37,538,293	43,080,775
Inventories	10	398,304,761	255,239,428	57,832,701	62,412,093
Other current assets - net		230,691,253	165,901,617	94,688,163	59,687,343
Total current assets		6,769,789,041	5,083,158,693	3,630,064,901	3,244,548,546
Non-current assets					
Restricted bank deposits	6,7	61,659,484	15,972,003	-	-
Investments in subsidiary companies	11	-	-	8,678,064,290	7,787,327,240
Investments in associated companies	12	2,271,388,344	1,932,153,307	1,666,020,682	1,564,949,322
Other long-term investments - net	13	1,640,078,691	1,639,479,166	1,639,788,771	1,639,189,246
Long-term loans to related parties	9	-	-	1,321,013,908	2,786,758,398
Property, premises and equipment - net	14	18,858,095,794	19,130,027,923	5,152,116,946	5,046,929,773
Land and buildings not used in operation	15	511,202,630	472,414,200	510,876,287	472,414,200
Intangible assets - net	16	201,420,094	171,162,546	75,096,402	79,722,545
Other non-current assets - net					
Goodwill		1,299,169,249	1,296,206,907	-	-
Leasehold rights - net	9, 17	509,063,654	547,735,250	59,003,325	63,218,312
Other	9	75,157,462	70,399,504	18,555,109	11,920,868
Total non-current assets		25,427,235,402	25,275,550,806	19,120,535,720	19,452,429,904
Total assets		32,197,024,443	30,358,709,499	22,750,600,621	22,696,978,450

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from related parties	9	-	-	639,601,233	622,886,008
Bank overdrafts and short-term loans from financial institutions	18	38,406,219	33,257,561	-	
Trade accounts payable					
Related parties	9	77,012,946	57,896,410	110,996,489	88,794,752
Unrelated parties		1,237,151,547	982,306,503	301,683,811	285,716,409
Total trade accounts payable		1,314,164,493	1,040,202,913	412,680,300	374,511,161
Current portion of long-term loans from financial institutions	19	355,264,851	361,887,773	343,800,000	343,800,000
Current portion of liabilities under finance lease agreements	20	76,619,464	79,818,848	631,187	1,246,892
Current portion of convertible debentures - liability component	29	2,141,480	-	2,141,480	-
Current portion of debentures	30	2,999,445,421	-	2,999,445,421	-
Accounts payable - construction and retention		95,167,750	82,693,032	68,178,377	9,837,062
Other accounts payable					
Related parties	9	5,097,817	14,449,337	24,868,074	18,388,303
Unrelated parties		452,018,694	284,682,597	144,201,977	64,941,432
Total other accounts payable		457,116,511	299,131,934	169,070,051	83,329,735
Corporate income tax payable		353,919,391	236,346,148	13,080,104	24,349,374
Dividend payable	21	989,912,836	-	989,912,836	-
Accrued expenses		1,098,054,847	1,066,853,906	437,771,241	431,028,223
Other current liabilities		447,329,053	294,613,754	132,520,559	95,695,305
Total current liabilities		8,227,542,316	3,494,805,869	6,208,832,789	1,986,683,760
Non-current liabilities					
Long - term loans from financial insitutions - net of current portion	19	2,240,647,470	2,608,338,306	2,120,100,000	2,463,900,000
Liabilities under finance lease agreements - net of current portion	20	74,528,018	94,271,358	81,668	1,365,469
Convertible debentures - liability component	29	-	1,118,424,555	-	1,118,424,555
Debentures - net of current portion	30	4,963,726,969	7,959,772,841	4,963,726,969	7,959,772,841
Deferred income		146,112,262	184,350,029	146,112,262	184,350,029
Other non-current liabilities	9	261,562,874	151,624,226	93,770,731	73,433,342
Total non-current liabilities		7,686,577,593	12,116,781,315	7,323,791,630	11,801,246,236
Total liabilities		15,914,119,909	15,611,587,184	13,532,624,419	13,787,929,996

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
1,312,264,222 ordinary shares of Baht 1 each		1,312,264,222	1,312,264,222	1,312,264,222	1,312,264,222
Issued and fully paid-up					
1,246,035,935 ordinary shares of Baht 1 each					
(2009:1,214,498,745 ordinary shares of Baht 1 each)		1,246,035,935	1,214,498,745	1,246,035,935	1,214,498,745
Share premium					
Premium on ordinary shares		6,988,760,633	5,855,970,240	6,925,836,705	5,793,046,312
Difference from shareholding restructure		305,000,325	305,000,325	-	-
Unrealised gain (loss)					
Revaluation deficit on investments	13	(10,644,502)	(10,687,027)	(179,008)	(221,533)
Revaluation surplus on land	14, 15	1,980,926,848	1,980,926,848	728,481,200	728,481,200
Translation adjustment		(168,801,173)	(44,143,583)	-	-
Convertible debentures - equity component	29	20,187	10,920,897	20,187	10,920,897
Retained earnings					
Appropriated - statutory reserve	22	131,226,422	131,226,422	131,226,422	131,226,422
Unappropriated		5,161,968,125	4,706,957,515	186,554,761	1,031,096,411
Total equity attributable to parent's shareholders		15,634,492,800	14,150,670,382	9,217,976,202	8,909,048,454
Minority interest - Equity attributable to					
minority shareholders of subsidiaries		648,411,734	596,451,933	-	-
Total shareholders' equity		16,282,904,534	14,747,122,315	9,217,976,202	8,909,048,454
Total liabilities and shareholders' equity		32,197,024,443	30,358,709,499	22,750,600,621	22,696,978,450

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

Directors

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Revenues					
Revenues from hospital operations	9	23,512,628,958	21,596,974,653	7,219,714,616	6,879,286,497
Other income					
Revenue from sales of goods and foods	9	221,574,213	155,156,443	37,349,309	36,848,096
Interest income	9	54,166,538	33,529,347	162,557,925	198,150,084
Dividend income	11, 12	3,065,072	554,764	791,679,745	633,727,998
Others		259,779,774	187,787,501	309,196,142	295,650,168
Total other income		538,585,597	377,028,055	1,300,783,121	1,164,376,346
Total revenues		24,051,214,555	21,974,002,708	8,520,497,737	8,043,662,843
Expenses					
Cost of hospital operations and sales	9	13,661,968,004	12,593,078,258	4,173,207,766	3,979,017,062
Administrative expenses	9, 23	4,744,952,877	4,275,333,927	1,926,073,961	1,671,185,126
Depreciation and amortisation expenses	14, 16, 17, 23	2,149,708,242	2,276,666,565	716,589,401	743,223,938
Management benefit expenses		50,397,643	57,497,103	50,397,643	57,497,103
Total expenses		20,607,026,766	19,202,575,853	6,866,268,771	6,450,923,229
Income before share of income from investments					
in associated companies, financial expenses					
and corporate income tax					
		3,444,187,789	2,771,426,855	1,654,228,966	1,592,739,614
Share of income from investments in					
associated companies	12.1	299,746,829	201,692,230	-	-
Income before finance expenses and corporate income tax		3,743,934,618	2,973,119,085	1,654,228,966	1,592,739,614
Finance expenses		(584,353,865)	(641,337,330)	(574,526,395)	(617,759,291)
Income before corporate income tax		3,159,580,753	2,331,781,755	1,079,702,571	974,980,323
Corporate income tax	31	(779,387,008)	(546,894,044)	(84,191,711)	(52,363,603)
Net income for the year		2,380,193,745	1,784,887,711	995,510,860	922,616,720
Net income attributable to:					
Equity holders of the parent		2,295,063,120	1,725,182,915	995,510,860	922,616,720
Minority interest of the subsidiaries		85,130,625	59,704,796		
		<u>2,380,193,745</u>	<u>1,784,887,711</u>		
Earnings per share					
25					
Basic earnings per share					
Net income		1.88	1.42	0.82	0.76
Weighted average number of ordinary shares (shares)		1,218,818,908	1,214,498,745	1,218,818,908	1,214,498,745

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statements of cash flows

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Net income before corporate income tax	3,159,580,753	2,331,781,755	1,079,702,571	974,980,323
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation expenses	2,149,708,242	2,276,666,565	716,589,401	743,223,938
Write-off of assets	26,981,753	20,577,018	-	4,549,126
Bad debt and doubtful accounts	82,315,432	97,261,290	22,183,140	28,473,416
Loss on impairment of asset	18,219,433	-	20,000,000	-
Reversal of allowance for doubtful accounts of interest receivable - a related party	-	-	-	(9,584,895)
Amortisation of deferred income	(38,237,767)	(38,275,286)	(38,237,767)	(38,275,286)
Share of income from investments in associated companies	(299,746,829)	(201,692,230)	-	-
Gain on a bargain purchase	(26,164,108)	-	-	-
Gain on repurchase of convertible debentures	-	(2,395,252)	-	(2,395,252)
Loss on redemption of convertible debentures	-	7,782,418	-	7,782,418
Amortisation of expense for convertible debentures and bonds issue	11,825,283	47,500,636	11,825,283	47,500,636
Loss (gain) on disposal of property, premises and equipment	(4,327,802)	(134,284)	(1,290,406)	18,679,707
Gain on disposal of investment	(314,128)	-	(314,128)	-
Unrealised loss (gain) on foreign exchange	-	(550)	38,809,776	19,807,869
Interest income	(54,166,538)	(33,529,347)	(162,557,925)	(198,150,084)
Dividend income	(3,065,072)	(554,764)	(791,679,745)	(633,727,998)
Interest expense	584,353,865	641,337,330	574,526,395	617,759,291
Income from operating activities before changes in operating assets and liabilities	5,606,962,517	5,146,325,299	1,469,556,595	1,580,623,209

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Trade accounts receivable	(169,246,435)	(95,664,022)	185,583	13,285,558
Other accounts receivable - related parties	655,961	24,198,382	(5,065,776)	10,418,296
Inventories	(35,823,354)	(29,976,999)	4,579,392	(7,093,252)
Other current assets	(65,412,775)	29,677,935	(21,219,221)	20,545,491
Other non-current assets	(18,565,509)	(7,717,809)	767,124	1,545,325
Increase (decrease) in operating liabilities				
Trade accounts payable	124,370,250	47,844,234	38,169,139	16,971,958
Other accounts payable	157,984,578	(172,100,088)	85,315,118	(85,716,393)
Accrued expenses	38,172,942	113,292,717	28,231,547	55,120,020
Other current liabilities	(32,415,184)	130,588,680	(42,559,628)	45,413,288
Other non-current liabilities	77,291,808	51,887,062	20,337,389	66,470,183
Net cash from operating activities	5,683,974,799	5,238,355,391	1,578,297,262	1,717,583,683
Interest receipt from operation	18,518,138	21,146,924	137,342,328	220,099,943
Cash paid for interest expenses	(567,377,073)	(573,108,044)	(566,751,209)	(564,723,681)
Cash paid for corporate income tax	(685,738,314)	(595,249,137)	(99,471,122)	(99,690,631)
Net cash from operating activities	4,449,377,550	4,091,145,134	1,049,417,259	1,273,269,314
Cash flows from investing activities				
Increase in short-term investments	(537,725,569)	(1,099,803,765)	(539,534,063)	(1,100,000,192)
Decrease (increase) in restricted bank deposits	(9,737,481)	523,642	-	-
Dividend received	64,286,160	59,553,352	791,679,745	633,727,998
Interest receipt from investment	21,769,165	9,625,247	21,769,165	9,625,247
Cash paid for purchase of investments in subsidiaries, associates and another company	(766,230,407)	(168,559,151)	(1,013,103,408)	(467,065,067)
Cash paid for other long-term investments	-	(500,000,000)	-	(500,000,000)
Cash received from disposal of investment	1,052,125	-	1,052,125	-
Decrease (increase) in short-term loans to related parties	-	-	56,529,105	(166,271,430)
Increase in long-term loans to related parties	-	-	(69,279,800)	(436,073,096)
Cash received from long-term loans to related parties	-	-	1,543,496,656	1,192,855,658
Cash received from disposal of property, premises and equipment	23,867,019	16,713,090	6,441,818	25,576,935
Cash paid for purchase of property, premises and equipment	(1,153,667,357)	(1,495,934,300)	(680,833,585)	(290,238,829)
Cash paid for land and buildings not used in operation	(38,462,087)	-	(38,462,087)	-
Cash paid for leasehold right	(7,492,779)	-	-	-
Increase in intangible assets	(60,039,569)	(59,414,422)	(96,300)	(3,085,250)
Net cash from (used in) investing activities	(2,462,380,780)	(3,237,296,307)	79,659,371	(1,100,948,026)

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from financing activities				
Decrease in bank overdraft and short-term loans from financial institutions	(5,008,367)	(500,000,000)	-	(500,000,000)
Increase in short-term loans from related parties	-	-	16,715,225	226,306,239
Cash received from long-term loans from financial institutions	-	189,934,200	-	189,934,200
Repayments of long-term loans from financial institutions	(361,587,066)	(588,449,060)	(343,800,000)	(554,614,200)
Repayments for liabilities under finance lease agreements	(131,152,297)	(132,240,598)	(2,019,957)	(12,841,665)
Cash received from debentures issue	-	2,992,989,930	-	2,992,989,930
Cash paid for repurchase of debentures	-	(30,000,000)	-	(30,000,000)
Cash paid for repurchase of convertible debentures	-	(78,737,791)	-	(78,737,791)
Cash paid for redemption of convertible debentures	-	(1,202,108,183)	-	(1,202,108,183)
Dividend paid	(850,139,674)	(728,693,907)	(850,139,674)	(728,693,907)
Cash paid for purchase of investment from minority shareholders	(4,737,050)	(109,305,904)	-	-
Dividend paid by subsidiaries to minority interest	(31,358,807)	(27,189,797)	-	-
Net cash from (used in) financing activities	<u>(1,383,983,261)</u>	<u>(213,801,110)</u>	<u>(1,179,244,406)</u>	<u>302,234,623</u>
Net increase (decrease) in cash and cash equivalents	603,013,509	640,047,717	(50,167,776)	474,555,911
Cash and cash equivalents at beginning of year	<u>1,886,441,519</u>	<u>1,246,393,802</u>	<u>1,132,426,487</u>	<u>657,870,576</u>
Cash and cash equivalents at end of year	<u><u>2,489,455,028</u></u>	<u><u>1,886,441,519</u></u>	<u><u>1,082,258,711</u></u>	<u><u>1,132,426,487</u></u>

Supplemental cash flows information:-

Non-cash items:

Assets acquired under long-term finance lease agreements	98,430,208	59,907,857	-	1,553,815
Increase (decrease) in accounts payable				
- property, premises and equipment	164,739,522	(154,713,875)	79,384,878	(77,207,048)
Increase (decrease) in accounts payable - construction and retention	12,474,718	(66,615,981)	58,341,315	(26,219,585)
Write-off assets and liabilities due to termination of finance lease agreements	-	(20,092,005)	-	-
Dividend payable	989,912,836	-	989,912,836	-

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements													
		Equity attributable to the parent's shareholders									Minority interest - equity		
		Share premium		Unrealised gain (loss)			Convertible	Retained earnings		Total equity	attributable to		
	Issued and	Difference from	Revaluation	Revaluation		debentures -				attributable to	minority		
	paid-up	Premium on	shareholding	(deficit) on	surplus on	Translation	equity	Appropriated-		the parent's	shareholders		
Note	share capital	ordinary shares	restructure	investment	land	adjustment	component	statutory reserve	Unappropriated	shareholders	of subsidiaries	Total	
Balance as at 31 December 2008	1,214,498,745	5,843,474,797	305,000,325	(11,257,146)	1,206,975,665	(10,895,437)	23,416,340	131,226,422	3,710,468,507	12,412,908,218	575,064,950	12,987,973,168	
Income and expense recognised directly in equity													
Revaluation surplus on land	14	-	-	-	-	773,951,183	-	-	-	-	773,951,183	41,921,317	815,872,500
Repurchase of convertible debentures		-	807,460	-	-	-	(807,460)	-	-	-	-	-	-
Redemption of convertible debentures		-	11,687,983	-	-	-	(11,687,983)	-	-	-	-	-	-
Adjustment of fair value of investment		-	-	-	570,119	-	-	-	-	-	570,119	-	570,119
Translation adjustment		-	-	-	-	(33,248,146)	-	-	-	-	(33,248,146)	-	(33,248,146)
Total income and expenses recognised directly in equity		-	12,495,443	-	570,119	773,951,183	(33,248,146)	(12,495,443)	-	-	741,273,156	41,921,317	783,194,473
Net income for the year		-	-	-	-	-	-	-	-	1,725,182,915	1,725,182,915	59,704,796	1,784,887,711
Total income and expenses for the year		-	12,495,443	-	570,119	773,951,183	(33,248,146)	(12,495,443)	-	1,725,182,915	2,466,456,071	101,626,113	2,568,082,184
Dividend paid	21	-	-	-	-	-	-	-	-	(728,693,907)	(728,693,907)	-	(728,693,907)
Decrease in minority interest		-	-	-	-	-	-	-	-	-	-	(80,239,130)	(80,239,130)
Balance as at 31 December 2009	1,214,498,745	5,855,970,240	305,000,325	(10,687,027)	1,980,926,848	(44,143,583)	10,920,897	131,226,422	4,706,957,515	14,150,670,382	596,451,933	14,747,122,315	

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements												
	Equity attributable to the parent's shareholders										Minority interest - equity	
	Issued and paid-up share capital	Share premium Premium on ordinary shares	Difference from shareholding restructure	Unrealised gain (loss) Revaluation (deficit) on investment	Revaluation surplus on land	Translation adjustment	Convertible debentures - equity component	Retained earnings Appropriated- statutory reserve	Unappropriated	Total equity attributable to the parent's shareholders	attributable to minority shareholders of subsidiaries	Total
Balance as at 31 December 2009	1,214,498,745	5,855,970,240	305,000,325	(10,687,027)	1,980,926,848	(44,143,583)	10,920,897	131,226,422	4,706,957,515	14,150,670,382	596,451,933	14,747,122,315
Income and expense recognised directly in equity												
Conversion of convertible debentures	31,537,190	1,132,790,393	-	-	-	-	(10,900,710)	-	-	1,153,426,873	-	1,153,426,873
Adjustment of fair value of investment	-	-	-	42,525	-	-	-	-	-	42,525	-	42,525
Translation adjustment	-	-	-	-	-	(124,657,590)	-	-	-	(124,657,590)	-	(124,657,590)
Total income and expenses recognised directly in equity	31,537,190	1,132,790,393	-	42,525	-	(124,657,590)	(10,900,710)	-	-	1,028,811,808	-	1,028,811,808
Net income for the year	-	-	-	-	-	-	-	-	2,295,063,120	2,295,063,120	85,130,625	2,380,193,745
Total income and expenses for the year	31,537,190	1,132,790,393	-	42,525	-	(124,657,590)	(10,900,710)	-	2,295,063,120	3,323,874,928	85,130,625	3,409,005,553
Dividend paid	21	-	-	-	-	-	-	-	(1,840,052,510)	(1,840,052,510)	-	(1,840,052,510)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	(33,170,824)	(33,170,824)
Balance as at 31 December 2010	1,246,035,935	6,988,760,633	305,000,325	(10,644,502)	1,980,926,848	(168,801,173)	20,187	131,226,422	5,161,968,125	15,634,492,800	648,411,734	16,282,904,534

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Separate financial statements						
		Unrealised gain (loss)			Convertible	Retained earnings		
		Issued and		Revaluation	Revaluation	debentures -	Appropriated-	
		paid-up	Premium on	(deficit)	surplus on	equity	statutory reserve	Unappropriated
Note		share capital	ordinary shares	on investment	land	component		Total

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

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the years ended 31 December 2010 and 2009

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 30 January 2009, 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	Types of business	Registered capital		Percentage of shareholding by the Company (percent)	
		2010	2009	2010	2009
<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	98.78	98.75
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	Baht 500 million	99.67	99.63
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	Baht 586 million	91.42	91.42
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	97.22	97.21
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	99.67	99.67
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	Baht 300 million	89.53	89.16
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
Bangkok Hospital Hua Hin Co., Ltd.	Hospital	Baht 260 million	Baht 260 million	100.00	100.00
New Petchburi Medical Services Co., Ltd.	Hospital	Baht 1 million	Baht 1 million	100.00	100.00
Bangkok Health Insurance Limited	Health insurance	Baht 105 million	Baht 105 million	99.94	99.94
Royal Bangkok Healthcare Co., Ltd.	Management service	Baht 736 million	Baht 1 million	100.00	100.00

Company's name	Types of business	Registered capital		Percentage of shareholding by the Company (percent)	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Held by the Company (continued)</u>					
Greenline Synergy Co., Ltd.	Technology and information service	Baht 200 million	Baht 30 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	-	100.00	-
<u>Held by the subsidiaries</u>					
Samitivej Sriracha Co., Ltd. (held by a subsidiary at 68%)	Hospital	Baht 188 million	Baht 188 million	-	-
Irving Sheridan SE Co., Ltd. (held by a subsidiary at 95%)	Asset management for healthcare business	Baht 0.1 million	Baht 0.1 million	-	-
First Health Food Co., Ltd. (held by a subsidiary at 100%)	Restaurant and distribution of health food products and facility management	Baht 14 million	Baht 14 million	-	-
Sodexo Healthcare Support Services (Thailand) Co., Ltd. (held by a subsidiary at 74%)	Restaurant and distribution of health food products	Baht 15 million	Baht 15 million	-	-
Phuket Health And Travel Co., Ltd. (held by a subsidiary at 100%)	Healthcare travel service	Baht 5 million	Baht 5 million	-	-
A.N.B. Laboratories Co., Ltd. (held by a subsidiary at 100%)	Manufacturer and distributor of medicine and pharmaceutical products	Baht 499 million	-	-	-

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

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

The percentage of total assets and revenues of the subsidiary companies for the years ended 31 December 2010 and 2009 as included in the consolidated financial statements are as follows:

	Subsidiary's total assets as a percentage to the consolidated total		Subsidiary's total revenues from hospital operations as a percentage to the consolidated total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Subsidiaries</u>				
1. Samitivej Public Co., Ltd.	20.03	20.31	25.04	25.32
2. Bangkok Hospital Hatyai Co., Ltd.	3.25	3.58	3.28	3.52
3. Bangkok Phuket Hospital Co., Ltd.	4.60	5.01	7.82	7.14
4. BNH Medical Center Co., Ltd.	3.25	3.71	6.24	6.78
5. Bangkok Phrapradaeng Hospital Co., Ltd.	0.63	0.65	0.77	0.78
6. Bangkok Pattaya Hospital Co., Ltd.	6.92	7.72	10.63	10.20
7. Bangkok Rayong Hospital Co., Ltd.	2.95	3.07	5.08	4.77
8. Bangkok Samui Hospital Co., Ltd.	1.29	1.33	1.84	1.81
9. Bangkok Trat Hospital Co., Ltd.	1.07	1.21	1.17	1.15
10. Wattanavej Co., Ltd.	1.65	1.86	2.75	2.51
11. Bangkok Ratchasima Hospital Co., Ltd.	2.63	2.86	3.48	3.12
12. National Healthcare Systems Co., Ltd.	0.58	0.50	0.24	0.11
13. Bio Molecular Laboratories (Thailand) Co., Ltd.	0.17	0.21	0.21	0.16
14. Angkor Pisith Co., Ltd.	1.00	1.23	0.36	0.40
15. Phnom Penh Medical Services Co., Ltd.	2.09	2.30	-	-
16. Royal Rattanak Medical Services Co., Ltd.	0.59	0.70	0.55	0.51
17. B.D.M.S. International Medical Services Co., Ltd.	0.22	0.26	-	-
18. Asia International Healthcare Co., Ltd.	0.05	0.12	-	-
19. Bangkok Hospital Hua Hin Co., Ltd.	0.85	0.96	-	-
20. New Petchburi Medical Services Co., Ltd.	-	-	-	-
21. Bangkok Health Insurance Limited	0.16	0.17	-	-
22. Royal Bangkok Healthcare Co., Ltd.	3.61	-	-	-
23. Greenline Synergy Co., Ltd.	1.22	0.63	-	-
24. Bangkok Hospital Kao Yai Co., Ltd.	0.23	0.24	-	-
25. BDMS Training Co., Ltd.	-	-	-	-

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

3. Adoption of new accounting standards

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

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows

TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC Interpretation 15	Agreements for the Construction of Real Estate

- b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

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

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

TAS 19 Employee Benefits

Post-employment benefit - Defined benefit plans

This accounting standard requires employee benefits, to be paid to employees when retire, to be recognised in the period in which the service is performed by the employee. An entity has to evaluate and record retirement benefit liabilities using actuarial techniques. The Company currently accounts for such employee benefits when they are paid or payable.

Provision for compensated annual vacation

This accounting standard requires provision for accumulated compensated annual vacation entitlements to be recognised in the period in which when the employees render service and the employee gains the entitlement to additional compensated absences in the future. The Company currently does not recognize this provision.

Based on the management's assessment, the adoption of this TAS in 2011 will decrease the beginning balances of consolidated and separate retained earnings of the year 2011 by approximately Baht 517.7 million and Baht 158.6 million, respectively.

TAS 12 Income Taxes

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

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

TAS 40 (revised 2009) Investment Property

This accounting standard requires an entity to record investment property either by using a cost model which fair value is to be disclosed in the notes to financial statements or a fair value model which changes in value are recognised in profit or loss.

Based on the management's assessment, the adoption of this TAS in 2011 will increase the beginning balances of the separate retained earnings of the year 2011 by approximately Baht 215.2 million, while there will be no effect to consolidated retained earnings.

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.

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 as gains or losses in the income statement.
- 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 as gains or losses in the income statement 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. Premises and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

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

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

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

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

Building, structures and building improvements	5 - 40 years
Medical tools and equipment and machine	3 - 10 years
Furniture and office equipment	3 - 10 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.

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.

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

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

Useful lives

Computer software	5 - 10 years
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4.8 Business combinations/Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred, measured at fair value on the acquisition date, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Transaction costs directly attributable to the acquisition form part of the acquisition costs.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

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

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

4.9 Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

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

4.10 Finance leases

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

4.11 Operating 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 the income statements on a straight-line basis over the period of the lease.

4.12 Impairment of assets

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

An impairment loss is recognised in the income statement. 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.

4.13 Leasehold rights

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

4.14 Deferred income

Deferred income represents cash received in advance from the Life Privilege membership program and is amortised over a period of 10 years.

4.15 Foreign currencies

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

Exchange gains and losses are included in the income statements.

4.16 Financial instruments

Financial assets carried on the balance sheet included cash and cash equivalents, short-term investments, trade accounts receivable, short-term loan and long-term loan to related parties, restricted bank deposit, and investments. Financial liabilities carried on the balance sheet included bank overdrafts and short-term loans from financial institution, trade accounts payable, 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-balance sheet derivative financial instruments for speculative or trading purpose.

4.17 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.

4.18 Employee benefits

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

4.19 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.

4.20 Interest rate swap contracts

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

5. Significant accounting judgments and estimates

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

Allowance for doubtful accounts

In determining allowances for doubtful accounts, the management needs to make judgments 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 salvage values of the Company's premises and equipment and to review estimate useful lives and salvage values when there are any changes.

The Company and its subsidiaries carry land at the revalued amounts, which is determined by independent valuer using the market approach for land. The valuation requires the use of certain assumptions and estimates.

Fair value of financial instruments

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

Impairment of equity investments

The Company and its subsidiaries treats available-for-sale investments and other investments as impaired when the management judges that 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 judgment.

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.

Leases

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

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company and its subsidiaries' management have used judgment to assess the outcome of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

6. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash and deposits at banks	2,492,491,128	1,843,836,702	1,082,258,711	1,132,426,487
Fixed deposits and promissory notes	1,798,177,233	1,260,405,100	1,739,542,882	1,200,008,819
	4,290,668,361	3,104,241,802	2,821,801,593	2,332,435,306
Less: Fixed deposits and promissory notes with maturities of more than 3 months (short-term investments)	(1,739,553,849)	(1,201,828,280)	(1,739,542,882)	(1,200,008,819)
Restricted bank deposits	(61,659,484)	(15,972,003)	-	-
Total cash and cash equivalents	2,489,455,028	1,886,441,519	1,082,258,711	1,132,426,487

7. Restricted bank deposits

As at 31 December 2010, the subsidiaries had placed fixed deposits at banks with maturities of 3 months and savings accounts totaling Baht 48.2 million (2009: Baht 12.5 million) as a collateral against bank guarantees as discussed in Note 27 Baht 3.5 million (2009: Baht 3.5 million) as collateral against a government agency and Baht 10 million (2009: Nil) as escrow account.

8. Trade accounts receivable

As at 31 December 2010 and 2009, the aging analysis of the outstanding trade accounts receivable is as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Related parties</u>				
Less than 3 months	2,233	1,023	9,283	4,554
3 - 6 months	-	35	-	2,344
6 - 12 months	-	-	-	36
Total trade accounts receivable - related parties	<u>2,233</u>	<u>1,058</u>	<u>9,283</u>	<u>6,934</u>
<u>Unrelated parties</u>				
Less than 3 months	1,579,726	1,303,419	409,029	406,654
3 - 6 months	232,699	175,019	66,303	82,230
6 - 12 months	109,659	119,412	42,951	69,503
over 12 months	<u>162,109</u>	<u>107,066</u>	<u>82,249</u>	<u>62,276</u>
Total trade accounts receivable - unrelated parties	<u>2,084,193</u>	<u>1,704,916</u>	<u>600,532</u>	<u>620,663</u>
Less: Allowance for doubtful accounts	<u>(193,569)</u>	<u>(154,509)</u>	<u>(94,743)</u>	<u>(90,156)</u>
Total trade accounts receivable - unrelated parties - net	<u>1,890,624</u>	<u>1,550,407</u>	<u>505,789</u>	<u>530,507</u>
Total trade accounts receivable -net	<u><u>1,892,857</u></u>	<u><u>1,551,465</u></u>	<u><u>515,072</u></u>	<u><u>537,441</u></u>

9. 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 statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Subsidiary companies</u>				
Revenue from hospital operations and lab services	-	-	36.9	27.8
Consulting and management fee income	-	-	210.6	190.2
Interest income	-	-	111.0	168.2
Dividend income (Note 11)	-	-	728.3	574.2
Other income	-	-	23.7	59.4
Service cost	-	-	328.5	281.2
Consulting and management fee expenses	-	-	167.2	152.8
Other expenses	-	-	60.4	74.0
Interest expenses	-	-	8.1	5.1
Sales of medical equipment	-	-	2.1	24.4
Purchase of investments in ordinary shares of subsidiary held by another subsidiary	-	-	-	19.2

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Associated companies</u>				
Revenue from hospital operations and lab services	2.4	1.3	0.4	0.6
Dividend income (Note 12)	-	-	60.3	59.0
Other income	16.5	23.7	-	-
Service cost	108.7	100.2	68.5	71.6
Other expenses	-	0.6	-	-
Dividend payment	7.3	3.2	7.3	3.2

Individuals or related companies

Revenue from hospital operations and lab services	11.0	10.0	10.9	7.3
Dividend income	2.5	-	2.5	-
Other income	6.9	6.0	-	-
Service cost	13.5	17.8	10.4	15.9
Other expenses	7.7	6.2	2.5	1.8
Dividend payment	170.9	70.0	170.9	70.0

The outstanding balances of the above transactions as at 31 December 2010 and 2009 have been separately shown in the balance sheets as follows:

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Trade accounts receivable - related parties</u>				
Subsidiary companies	-	-	7,804	6,892
Associated companies	117	958	-	-
Related companies	2,116	100	1,479	42
Total trade accounts receivable - related parties	<u>2,233</u>	<u>1,058</u>	<u>9,283</u>	<u>6,934</u>

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Short-term loans to related parties</u>				
Subsidiary companies	-	-	103,132	209,492
Total short-term loans to related parties	<u>-</u>	<u>-</u>	<u>103,132</u>	<u>209,492</u>
<u>Other accounts receivable - related parties</u>				
Consulting and management fee receivable				
Subsidiary companies	-	-	25,118	23,672
Total	<u>-</u>	<u>-</u>	<u>25,118</u>	<u>23,672</u>
<u>Others</u>				
Subsidiary companies	-	-	12,420	16,709
Associated companies	13,394	5,776	-	2,700
Related companies	5,533	16,507	-	-
Total	<u>18,927</u>	<u>22,283</u>	<u>12,420</u>	<u>19,409</u>
Total other accounts receivable - related parties	<u>18,927</u>	<u>22,283</u>	<u>37,538</u>	<u>43,081</u>
<u>Long-term loans to related parties</u>				
Subsidiary companies	-	-	1,321,014	2,786,758
Total long-term loans to related parties	<u>-</u>	<u>-</u>	<u>1,321,014</u>	<u>2,786,758</u>

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Leasehold rights - related parties - net</u>				
(included in other non-current assets - net)				
Associated companies	262,103	286,368	-	-
Related parties	91,632	98,188	-	-
Total leasehold rights - related parties	353,735	384,556	-	-
<u>Deposit - related parties</u>				
(included in other non-current assets)				
Subsidiary companies	-	-	122	122
Associated company	2,700	2,700	2,700	2,700
Total deposit - related parties	2,700	2,700	2,822	2,822
<u>Short-term loans from related parties</u>				
Subsidiary companies	-	-	639,601	622,886
Total short-term loans from related parties	-	-	639,601	622,886
<u>Trade accounts payable - related parties</u>				
Subsidiary companies	-	-	45,691	41,359
Associated companies	76,723	56,888	65,020	46,436
Related companies	290	1,008	285	1,000
Total trade accounts payable - related parties	77,013	57,896	110,996	88,795
<u>Other accounts payable - related parties</u>				
Subsidiary companies	-	-	24,690	18,388
Associated companies	1,967	411	113	-
Related companies	3,131	14,038	65	-
Total other accounts payable - related parties	5,098	14,449	24,868	18,388
<u>Deposit - related parties</u>				
(included in other non-current liabilities)				
Subsidiary companies	-	-	2,045	2,045
Associated company	113	113	113	113
Total deposit - related parties	113	113	2,158	2,158

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
	2009	Increase	Decrease	2010
<u>Short-term loans to related parties</u>				
Subsidiary companies	209,492	211,964	(318,324)	103,132
Total short-term loans to related parties	<u>209,492</u>	<u>211,964</u>	<u>(318,324)</u>	<u>103,132</u>
<u>Long-term loans to related parties</u>				
Subsidiary companies	2,786,758	119,111	(1,584,855)	1,321,014
Total long-term loans to related parties	<u>2,786,758</u>	<u>119,111</u>	<u>(1,584,855)</u>	<u>1,321,014</u>
<u>Short-term loans from related parties</u>				
Subsidiary companies	622,886	639,601	(622,886)	639,601
Total short-term loans from related parties	<u>622,886</u>	<u>639,601</u>	<u>(622,886)</u>	<u>639,601</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 (FDR) plus fixed rate per annum and LIBOR plus fixed rate per annum payable on a monthly basis while principal is repayable on the basis stipulated in the agreements. In 2009, the interest rate was changed from the Fixed Deposit Rate (FDR) plus fixed rate per annum to a fixed interest rate stipulated in the agreement. As at 31 December 2010, the Company has outstanding short term and long term loans to subsidiaries totaling Baht 1,424.15 million (2009: Baht 2,996.25 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.

A Subsidiary

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

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.

The subsidiaries

On 5 June 2003, a subsidiary company entered into a three-year agreement to rent land from another subsidiary company for construction of a building. The subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement. The subsidiary has since extended to 31 December 2012.

In 2005, a subsidiary company entered into the three-year agreement with another subsidiary company to rent a building for use in hospital operations. That subsidiary company has to pay a monthly rental fee at the rate as agreed in the agreement commencing from May 2005. Subsequently, the subsidiary company has extended the agreement to 30 April 2011.

Service and management agreement

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

The Company and other related parties have entered into information technology management agreements with a subsidiary company whereby have to pay monthly service fees to the subsidiary at the rate stipulated in the agreements.

A related company has entered into service agreements with the Company and related parties whereby the Company and related parties have to pay monthly service fee to subsidiary at the rates 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 a further year and ended on 31 August 2011.

Guarantee obligations with related party

The Company has provided guarantees of long-term loans from financial institutions amounting to USD 4 million and overdraft facilities amounting to USD 1 million for a subsidiary company.

10. Inventories

(Unit: Baht)

	Consolidated financial		Separate financial statements	
	statements			
	2010	2009	2010	2009
Medicines and medical supplies	338,606,082	220,086,093	57,832,701	62,412,093
Reagent	27,775,576	33,856,548	-	-
Supplies and others	31,923,103	1,296,787	-	-
Total	<u>398,304,761</u>	<u>255,239,428</u>	<u>57,832,701</u>	<u>62,412,093</u>

11. Investments in subsidiary companies

(Unit: Thousand Baht)								
Company's name	Types of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments - cost		Dividend received	
					method		during the year	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	95.76	95.76	1,639,071	1,639,071	191,527	94,317
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	98.78	98.75	574,373	574,142	59,249	-
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	99.67	99.63	609,995	609,373	-	79,704
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	91.42	91.42	602,235	602,235	66,980	77,949
Bangkok Phrapradaeng Hospital Co., Ltd.	Hospital	Baht 105 million	79.00	79.00	96,775	96,775	-	-
Bangkok Pattaya Hospital Co., Ltd.	Hospital	Baht 280 million	97.22	97.21	708,196	708,086	217,760	217,614
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	100.00	100.00	415,020	415,020	40,000	40,000
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	100.00	100.00	150,000	150,000	60,000	22,500
Bangkok Trat Hospital Co., Ltd.	Hospital	Baht 250 million	99.76	99.76	245,889	245,889	-	-
Wattanavej Co., Ltd.	Hospital	Baht 180 million	99.67	99.67	450,534	450,534	53,824	17,932
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	89.53	89.16	915,246	911,472	-	-
National Healthcare Systems Co., Ltd.	Central Lab	Baht 75 million	74.02	74.02	56,768	56,768	33,311	18,487
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	Baht 10 million	95.00	95.00	9,502	9,502	5,700	5,700
Angkor Pisith Co., Ltd.	Hospital	USD 10 million	80.00	80.00	287,840	287,840	-	-
Phnom Penh Medical Services Co., Ltd.	Hospital	USD 10 million	100.00	100.00	338,323	338,323	-	-
Royal Rattanak Medical Services Co., Ltd.	Hospital	Riel 26,000 million	70.00	70.00	154,063	154,063	-	-

(Unit: Thousand Baht)

Company's name	Types of business	Paid-up Capital	% Shareholding		Separate financial statements			
					Investments - cost		Dividend received	
					method		during the year	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</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	-	-
Bangkok Hospital Hua Hin Co., Ltd.	Hospital	Baht 260 million	100.00	100.00	260,000	260,000		
New Petchburi Medical Services Co., Ltd.	Hospital	Baht 1 million	100.00	100.00	999	999	-	-
Bangkok Health Insurance Limited	Health insurance	Baht 105 million	99.94	99.94	47,027	47,027	-	-
Royal Bangkok Healthcare Co., Ltd.	Management service	Baht 736 million	100.00	100.00	736,000	1,000	-	-
Greenline Synergy Company Limited	Technology and information service	Baht 200 million	100.00	100.00	200,000	30,000	-	-
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	-	1,000	-	-	-
Total investments in subsidiary companies					8,698,064	7,787,327	<u>728,351</u>	<u>574,203</u>
Less: Allowance for impairment of investment					(20,000)	-		
Total investments in subsidiary companies - net					<u>8,678,064</u>	<u>7,787,327</u>		

Domestic hospital business group

Bangkok Hospital Hatyai Co., Ltd.

In 2010, the Company purchased additional investment of 30,000 shares, totaling Baht 0.2 million in Bangkok Hospital Hatyai Co., Ltd. from the former shareholders. As a result, the Company's shareholding in that company increased to 98.78 percent.

Bangkok Phuket Hospital Co., Ltd.

In 2010, the Company purchased additional investment of 40,000 shares, totaling Baht 0.6 million in Bangkok Phuket Hospital Co., Ltd. from the former shareholders. As a result, the Company's shareholding in that company increased to 99.67 percent.

Bangkok Pattaya Hospital Co., Ltd.

In 2010, the Company purchased additional investment of 2,000 shares, totaling Baht 0.1 million in Bangkok Pattaya Hospital Co., Ltd. from the former shareholders. As a result, the Company's shareholding in that company increased to 97.22 percent.

Bangkok Ratchasima Hospital Co., Ltd.

In 2010, the Company purchased additional investment of 0.1 million shares, totaling Baht 3.8 million in Bangkok Ratchasima Hospital Co., Ltd. from the former shareholders. As a result, the Company's shareholding in that company increased to 89.53 percent.

Asia International Healthcare Co., Ltd.

In 2010, the Company set up provision for impairment of its investment in Asia International Healthcare Co., Ltd. because there has been a significant decline in the net asset value and has not yet commenced operation.

Bangkok Hospital Hua Hin Co., Ltd.

In 2010, the Board of Directors of the Company's meeting passed a resolution of the Company's restructuring by transferring entirely business of the Company's wholly owned subsidiary, Bangkok Hospital Hua Hin Co., Ltd., to the Company. Bangkok Hospital Hua Hin Co., Ltd will transfer all of its assets, liabilities, authorities and liabilities as of transferring date to the Company. The book value of Bangkok Hospital Hua Hin Co., Ltd., was used as the basis for price the transfer. The Company has completed entire business transfer in the fourth quarter of 2010 while Bangkok Hospital Hua Hin Co., Ltd. entered into liquidation process.

BDMS Training Co., Ltd.

The Board of Directors of the Company's meeting held on 28 July 2010, passed a resolution to establish BDMS Training Company Limited in order to provide training service for staff of the Company and its subsidiaries. The Company invested Baht 1 million in the Company for a 100% shareholding.

Greenline Synergy Co., Ltd.

On 29 September 2010, the Board of Directors of the Company's meeting passed a resolutions to increase the share capital of Greenline Synergy Co., Ltd. from Baht 30 million to 200 million and to acquire all of the new ordinary shares in order to maintain its shareholding. The Company has purchased such shares in the fourth quarter of 2010.

Royal Bangkok Healthcare Co., Ltd.

On 24 November 2010, the Board of Directors of the Company's meeting passed a resolutions to increase the share capital of Royal Bangkok Healthcare Co., Ltd. from Baht 1 million to Baht 736 million and to acquire all new ordinary shares in order to maintain its shareholding. The Company has purchased such shares in the fourth quarter of 2010.

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

On 27 October 2010, the Board of Directors passed a resolution approving the acquisition by Royal Bangkok Healthcare Company Limited, the Company's subsidiary company, of 115,000 common shares of A.N.B. Laboratories Company Limited, representing 100% of its issued and paid-up share capital. The investee company is a manufacturer and distributor of pharmaceutical products and medical supplies such as normal saline and contact lens cleaning solution. The subsidiary company has completely acquired in the fourth quarter of 2010. Subsequently, A.N.B. Laboratories Co., Ltd. has increased its share capital to 49.9 million shares and changed its par value from Baht 1,000 per share to be Baht 10 per share. The subsidiary company has also purchased such shares. The aggregate values of all transactions is Baht 735 million.

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

The fair values of assets and liabilities at acquisition date are as follows:

	(Unit: Baht)
Cash and cash equivalents	71,004,259
Trade accounts receivable - net	254,461,260
Inventories	107,241,978
Other current assets	6,986,794
Restricted bank deposit	35,950,000
Property, premises and equipment - net	487,117,917
Land not used in operations	326,343
Bank overdrafts and short-term loans from financial institutions	(13,349,330)
Trade accounts payable	(149,591,330)
Corporate income tax payable	(10,118,503)
Accrued expenses	(14,548,635)
Other current liabilities	(20,390,962)
Net acquired assets	755,089,791
Fair value recognised	5,942,626
Net assets from acquisition of a subsidiary company	761,032,417
Less : Gain on a bargain purchase	(26,164,108)
Cash paid for the acquisition	734,868,309
Less : Cash and cash equivalents of a subsidiary company	(71,004,259)
Net cash paid for acquisition of a subsidiary company	663,864,050

12. Investments in associated companies

Details of the associated companies are as follows:

(Unit: Thousand Baht)								
Company's name	Types of business	Paid-up Capital	% Shareholding		Consolidated financial statements		Separate financial statements	
					Equity Method		Cost Method	
			2010	2009	2010	2009	2010	2009
<u>Associated companies held by the Company</u>								
The Medic Pharma Co., Ltd.	Pharmaceuticals	Baht 21.4 million	49.00	49.00	126,578	110,897	52,500	52,500
Cool & Joy Co., Ltd.	Production of television and radio program	Baht 5 million	30.00	30.00	1,069	1,069	1,500	1,500
S.R. Property Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	1,419	1,208	101	101
Siem Reap Land Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	1,156	950	101	101
Phnom Penh First Property Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	2,135	1,602	88	88
Bangkok Helicopter Services Co., Ltd.	Service	Baht 100 million	49.00	49.00	40,962	39,902	50,859	50,859
Ramkhamhaeng Hospital Public Co., Ltd.	Hospital	Baht 120 million	38.24	38.24	1,989,406	1,770,745	1,459,800	1,459,800
Krungdhon Hospital Public Co., Ltd.	Hospital	Baht 150 million	20.01	-	102,360	-	101,072	-
Total investments in associated companies held by the Company					2,265,085	1,926,373	1,666,021	1,564,949
<u>Associated companies held by the subsidiary companies</u>								
Sodexo Support Services (Thailand) Co., Ltd.	Management services	Baht 5 million	26.00	26.00	5,910	5,387		
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					6,303	5,780		
Total investments in associated companies in the consolidated financial statements					2,271,388	1,932,153		

Krungdhon Hospital Public Co., Ltd .

In the second quarter of 2010, the Company purchased 3.0 million ordinary shares of Krungdhon Hospital Public Co., Ltd. from the former shareholders for a total of approximately Baht 101.53 million. As a result, the Company's shareholding in this company increased from 0.13 percent to 20.16 percent.

In the third quarter of 2010, the Company sold 22,000 ordinary shares of Krungdhon Hospital Public Co., Ltd. for a total of Baht 0.7 million. As a result, the Company's shareholding in this company decreased from 20.16 percent to 20.01 percent.

Below is the share of income and dividend received from associated companies during the years.

Company's name	Consolidated financial statements		(Unit: Thousand Baht)	
	Share of income/(loss) from investments in associated companies		Separate financial statements	
			Dividend received during the year	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Associated companies held by the Company</u>				
The Medic Pharma Co., Ltd.	20,932	17,973	5,250	3,938
Cool & Joy Co., Ltd.	-	(1)	-	-
S.R. Property Investment Co., Ltd.	328	362	-	-
Siem Reap Land Investment Co., Ltd.	298	330	-	-
Phnom Penh First Property Co., Ltd.	686	757	-	-
Bangkok Helicopter Services Co., Ltd.	1,060	6,113	-	-
Ramkhamhaeng Hospital Public Co., Ltd.	273,721	173,055	55,061	55,061
Krungdhon Hospital Public Co., Ltd.	1,289	-	-	-
<u>Associated companies held by the subsidiary companies</u>				
Sodexo Support Services (Thailand) Co., Ltd.	1,433	3,103	-	-
Al Ghaith Bangkok Dusit Management Services LLC.	-	-	-	-
Total	<u>299,747</u>	<u>201,692</u>	<u>60,311</u>	<u>58,999</u>

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

Company's name	(Unit: Thousand Baht)	
	Fair values as at 31 December	
	<u>2010</u>	<u>2009</u>
Ramkhamhaeng Hospital Public Co., Ltd.	2,844,823	2,441,042
Krungdhon Hospital Public Co., Ltd.	112,576	-
Total	<u>2,957,399</u>	<u>2,441,042</u>

Below is a summary of financial information of associated companies

Company's name	As at 31 December						(Unit: Million Baht)			
							For the years ended 31 December			
	Paid-up capital		Total assets		Total liabilities		Total revenues		Net income (loss)	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Associated companies held by the Company</u>										
The Medic Pharma Co., Ltd.	Baht 21 million	Baht 21 million	330.4	304.9	81.9	59.2	324.8	317.8	40.7	36.7
Cool & Joy Co., Ltd.	Baht 5 million	Baht 5 million	2.9	3.6	-	-	-	-	-	-
S.R. Property Investment Co., Ltd.	Riel 20 million	Riel 20 million	66.4	73.5	63.5	71.0	0.7	0.7	0.7	0.7
Siem Reap Land Investment Co., Ltd.	Riel 20 million	Riel 20 million	60.5	66.9	58.1	65.0	0.6	0.7	0.6	0.7
Phnom Penh First Property Co., Ltd.	Riel 20 million	Riel 20 million	138.8	153.7	134.5	150.4	1.4	1.5	1.4	1.5
Bangkok Helicopter Services Co., Ltd.	Baht 100 million	Baht 100 million	270.1	274.9	186.3	193.4	64.1	67.7	2.3	13.2
Ramkhamhaeng Hospital Public Co., Ltd.	Baht 120 million	Baht 120 million	5,093.3	4,209.8	2,072.1	1,863.2	2,759.4	2,460.4	715.8	452.5
Krungdhon Hospital Public Co., Ltd.	Baht 150 million	Baht 150 million	294.9	-	47.0	-	330.9	-	(4.8)	-
<u>Associated companies held by the subsidiary companies</u>										
Sodexo Support Services (Thailand) Co., Ltd	Baht 5 million	Baht 5 million	100.1	80.8	77.3	60.0	304.5	238.7	5.5	11.9
Al Ghaith Bangkok Dusit Management Services LLC.	UAE DIRHAM	UAE DIRHAM	-	-	-	-	-	-	-	-
	0.15 million	0.15 million								

Share of income from investment in two associated companies which are listed company on the Stock Exchange of Thailand for the year ended 31 December 2010 of Baht 275 million (2009: Baht 173 million) representing 92 percent (2009: 86 percent) of total share of income from all associated companies were calculated based on audited financial statements of those companies.

13. Other long-term investments

				(Unit: Thousand Baht)	
Company's name	Types of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)	
				<u>2010</u>	<u>2009</u>
<u>Investments held by the Company</u>					
<u>Investments in marketable securities</u>					
Thai Military Bank Public Co., Ltd.	Bank	415,367	-	1,770	1,770
Krungdhon Hospital Public Co., Ltd.	Hospital	150	0.13	-	208
Aikchol Hospital Public Co., Ltd.	Hospital	125	0.20	350	350
				<u>2,120</u>	<u>2,328</u>
Less: Revaluation loss on investments				<u>(179)</u>	<u>(222)</u>
Investments in marketable securities - net				<u>1,941</u>	<u>2,106</u>
<u>Investments in related companies</u>					
Bangkok Airways Co., Ltd.	Airline	1,200	1.20	36,000	36,000
X-Ray Computer Urupong Co., Ltd.	X-ray lab	100	4.09	4,520	4,520
Investments in related companies				<u>40,520</u>	<u>40,520</u>
<u>Investments in other companies</u>					
Udon Pattana (1994) Co., Ltd.	Hospital	300	10.00	31,650	31,650
Computer Center Co., Ltd.		-	-	25	25
Phyathai X-ray Co., Ltd.	Rental of medical instrument	130	-	3	3
Winstore Co., Ltd.	Retail and wholesale	142	0.36	226	226
Thai Longstay Management Co., Ltd.	Travel business	100	1.06	531	531
Prasit Pattana Public Company Limited	Investment in medical services	2,341	19.47	1,072,480	1,071,715
Superior Biotech Holding Co., Ltd.	Investment	44	9.09	5,000	5,000
				<u>1,109,915</u>	<u>1,109,150</u>
Less: Allowance for impairment of investments				<u>(12,587)</u>	<u>(12,587)</u>
Investments in other companies-net				<u>1,097,328</u>	<u>1,096,563</u>

(Unit: Thousand Baht)

Company's name	Types of business	Paid-up capital (Million Baht)	% share holding	Investment (cost)	
				<u>2010</u>	<u>2009</u>
<u>Investment in debt security</u>					
Bill of Exchange				<u>500,000</u>	<u>500,000</u>
Investment in debt security				<u>500,000</u>	<u>500,000</u>
Total other long-term investments - net, in the separate financial statements				<u>1,639,789</u>	<u>1,639,189</u>
<u>Investment in other company held by the subsidiary company</u>					
Thai Herbal Products Co., Ltd.	Sales of herbal products	80	0.60	290	290
Investment in other company				<u>290</u>	<u>290</u>
Total other long-term investments - net in the consolidated financial statements				<u>1,640,079</u>	<u>1,639,479</u>

In 2010, the Company purchased an additional 0.85 million shares of Prasit Pattana Public Company Limited for Baht 0.77 million. As a result, the Company's shareholding in that company increased to 19.47 percent.

14. Property, premises and equipment

(Unit: Baht)

Consolidated financial statement							
	Assets which are stated at cost or reappraised value	Assets which are stated at cost					
		Land and land improvement	Building and building improvement	Medical tools, machine and equipment	Furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation
							Total
Cost/reappraised value							
31 December 2009	4,913,456,125	15,924,442,145	7,150,030,444	3,908,024,321	387,722,826	645,953,408	32,929,629,269
Increase from							
acquisition	410,292,000	95,182,076	64,457,161	139,814,286	59,281,798	1,741,989	770,769,310
Purchases	22,216,222	110,724,723	634,090,193	242,675,434	36,163,680	383,441,553	1,429,311,805
Transfer in /							
(Transfer out)	-	43,639,283	(54,624,370)	144,547,054	6,322,109	(158,396,296)	(18,512,220)
Disposals/Written-off	-	(7,079,001)	(144,470,255)	(151,836,341)	(26,553,319)	(1,879,342)	(331,818,258)
Translation adjustment	-	(36,712,926)	(15,700,192)	(891,714)	(498,506)	(47,922,334)	(101,725,672)
31 December 2010	5,345,964,347	16,130,196,300	7,633,782,981	4,282,333,040	462,438,588	822,938,978	34,677,654,234
Accumulated depreciation							
31 December 2009	17,015,236	6,238,159,144	4,204,699,764	3,021,038,772	315,733,876	-	13,796,646,792
Increase from							
acquisition	-	35,979,557	51,438,267	121,697,417	35,946,686	-	245,061,927
Depreciation for the year	466,353	896,229,754	766,679,498	380,779,502	40,205,699	-	2,084,360,806
Transfer in /							
(Transfer out)	-	(1,320,829)	(43,606,273)	45,258,638	-	-	331,536
Disposals/Written-off	-	(2,580,512)	(130,229,558)	(139,689,796)	(24,318,503)	-	(296,818,369)
Translation adjustment	-	(4,481,721)	(5,479,663)	(3,489,501)	(277,942)	-	(13,728,827)
31 December 2010	17,481,589	7,161,985,393	4,843,502,035	3,425,595,032	367,289,816	-	15,815,853,865
Impairment of fixed assets							
31 December 2009	2,954,554	-	-	-	-	-	2,954,554
Increase during the year	-	750,021	-	-	-	-	750,021
31 December 2010	2,954,554	750,021	-	-	-	-	3,704,575
Net book value							
31 December 2009	4,893,486,335	9,686,283,001	2,945,330,680	886,985,549	71,988,950	645,953,408	19,130,027,923
31 December 2010	5,325,528,204	8,967,460,886	2,790,280,946	856,738,008	95,148,772	822,938,978	18,858,095,794
Depreciation charged included in income statement for the year							
2009							2,224,746,636
2010							2,084,360,806

(Unit: Baht)

Separate financial statements

	Assets which are stated at cost or reappraised value	Assets which are stated at cost					
	Land and land improvement	Building and improvement	Medical tools, machine and equipment	Furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation	Total
Cost/reappraised value							
31 December 2009	836,787,500	4,288,019,824	2,330,483,197	1,206,039,682	140,415,978	40,976,902	8,842,723,083
Purchases	181,543,801	66,856,504	272,086,272	31,684,547	16,538,859	249,849,795	818,559,778
Transfer in / (Transfer out)	-	(2,133,863)	21,955,464	14,543,055	264,240	(41,316,396)	(6,687,500)
Disposals/Written-off	-	(60,000)	(18,429,442)	(3,546,554)	(13,829,619)	-	(35,865,615)
31 December 2010	1,018,331,301	4,352,682,465	2,606,095,491	1,248,720,730	143,389,458	249,510,301	9,618,729,746
Accumulated depreciation							
31 December 2009	-	1,337,949,461	1,329,356,156	999,855,879	128,631,814	-	3,795,793,310
Depreciation for the year	-	291,410,815	298,958,578	102,324,092	8,270,986	-	700,964,471
Transfer in / (Transfer out)	-	(1,320,829)	(1,060,748)	2,381,577	-	-	-
Disposals/Written-off	-	(59,998)	(14,317,091)	(3,469,204)	(12,298,688)	-	(30,144,981)
31 December 2010	-	1,627,979,449	1,612,936,895	1,101,092,344	124,604,112	-	4,466,612,800
Net book value							
31 December 2009	836,787,500	2,950,070,363	1,001,127,041	206,183,803	11,784,164	40,976,902	5,046,929,773
31 December 2010	1,018,331,301	2,724,703,016	993,158,596	147,628,386	18,785,346	249,510,301	5,152,116,946
Depreciation charged included in income statement for the year							
2009							728,562,065
2010							700,964,471

In 2009, the Company recorded the revaluation value of land from three subsidiary companies based on the appraisal from an independent professional appraiser using the market approach reflected the fair values of the revalued land totalling Baht 2,737.82 million which increased from book value of Baht 815.87 million. The Company recorded such increase amount in "Revaluation surplus on land" and "Minority interest" in shareholders' equity in the consolidated balance sheets of Baht 773.95 million and Baht 41.92 million respectively.

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 2010 and 2009 would have been as follows:

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Net book value (at cost):		
As of 31 December 2010	2,552,079,199	433,598,086
As of 31 December 2009	2,119,570,976	252,054,285

As at 31 December 2010, the Company and its subsidiaries have medical tools, equipment and vehicles under finance lease agreements with net book values amounting to Baht 278.94 million and Baht 1.17 million in the separate financial statements (2009: Baht 304.92 million and Baht 4.33 million in the separate financial statements).

As at 31 December 2010, 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 6,071.24 million and Baht 2,046.45 million in the separate financial statement (2009: Baht 4,432.40 million and Baht 1,115.65 million in the separate financial statements).

15. Land and buildings not used in operations

Land and buildings not used in operations as at 31 December 2010 and 2009 consisted of:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Land and buildings at historical cost	368,174,245	329,385,815	367,847,902	329,385,815
Revaluation surplus	143,747,985	143,747,985	143,747,985	143,747,985
Allowance for impairment	(719,600)	(719,600)	(719,600)	(719,600)
Total	511,202,630	472,414,200	510,876,287	472,414,200

The cumulative capitalised interest on loans recorded as a portion of cost of land not used in operations amounted to approximately Baht 29 million (2009: Baht 29 million).

16. Intangible assets

Intangible assets which are computer software are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cost	471,726,208	393,737,312	148,343,547	141,559,747
Less: Accumulated amortisation	(270,306,114)	(222,574,766)	(73,247,145)	(61,837,202)
Book value - net	<u>201,420,094</u>	<u>171,162,546</u>	<u>75,096,402</u>	<u>79,722,545</u>
Amortisation for the year	<u>47,990,510</u>	<u>34,302,970</u>	<u>11,409,943</u>	<u>10,446,887</u>

17. Leasehold rights

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cost	648,371,095	670,752,981	80,049,598	80,049,598
Less: Accumulated amortisation	(139,307,441)	(123,017,731)	(21,046,273)	(16,831,286)
Book value - net	<u>509,063,654</u>	<u>547,735,250</u>	<u>59,003,325</u>	<u>63,218,312</u>
Amortisation for the year	<u>17,356,926</u>	<u>17,616,959</u>	<u>4,214,987</u>	<u>4,214,986</u>

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

As at 31 December 2010, the Company and its subsidiaries have bank overdraft facilities with banks of Baht 390 million and USD 1 million (2009: Baht 510 million and USD 1 million) and in separate financial statements of Baht 150 million (2009: Baht 290 million). The facilities carry interest rate at MOR for Baht currency facilities and LIBOR plus fixed rate for US currency facilities.

19. Long-term loans from financial institutions

	(Unit: Baht)			
	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Long-term loans	2,595,912,321	2,970,226,079	2,463,900,000	2,807,700,000
Less: Current portion due within one year	(355,264,851)	(361,887,773)	(343,800,000)	(343,800,000)
Long-term loans – net of current portion	<u>2,240,647,470</u>	<u>2,608,338,306</u>	<u>2,120,100,000</u>	<u>2,463,900,000</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 (FDR) 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 32.2 the outstanding balance of this loan as at 31 December 2010 was Baht 2,463.9 million (2009: Baht 2,807.7 million).
- b) In July 2009, the Company entered into a loan agreement with a financial institution granting credit facilities of Baht 1,500 million carrying interest at Fixed Deposit Rate (FDR) 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. The drawdown period is within 1 year from the agreement date. In 2010, the Company had not extended the drawdown period and had not withdrawn such loan.
- c) In August 2009, the Company entered into a loan agreement with a financial institution granting credit facilities of Baht 3,000 million carrying interest at the rate of Fixed Deposit Rate (FDR) 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. The drawdown period is within 1 year from the agreement date. In 2010 the Company has extended the drawdown period to another 1 year. As at 31 December 2010, the Company had not yet withdrawn such loan.

The subsidiaries

- a) In 2006, Samitivej Public Company Limited, a subsidiary company, has entered into a long-term loan agreement with a local bank amounting to Baht 41.64 million. The loan repayment and loan bears interest at the rate specified in the agreement. As at 31 December 2010, the subsidiary company has no outstanding loan (2009: Baht 10.96 million).

- b) In 2007 and 2008, Angkor Pisith Co., Ltd., a subsidiary company, entered into a long-term loan agreement with a foreign financial institution granting credit facilities were of USD 4 million. The loan bears interest at the rate of LIBOR plus a fixed rate per annum. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. This loan is guaranteed by the Company. As at 31 December 2010, this loan has outstanding balance of USD 3.86 million or equivalent to Baht 116.44 million. (2009: USD 3.98 million or equivalent to Baht 132.67 million).
- c) In 2008, Bangkok Ratchasima Hospital Co., Ltd., a subsidiary company, entered into a 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 2010, this loan has outstanding balance of Baht 15.57 million (2009: Baht 18.89 million).

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

20. Liabilities under finance lease agreements

As at 31 December 2010 and 2009, liabilities under finance lease agreements are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Liabilities under finance lease agreements	165,129	188,321	753	2,773
Less: Deferred interest expenses	(13,982)	(14,231)	(40)	(161)
Total	151,147	174,090	713	2,612
Less: Current portion of liabilities under finance lease agreements	(76,619)	(79,819)	(631)	(1,247)
Liabilities under finance lease agreements - net of current portion	74,528	94,271	82	1,365

As at 31 December 2010, the Company and its subsidiaries have future minimum lease payments which required under the finance lease agreements are as follows:

	(Unit: Million Baht)		
	Consolidated financial statements		
	Less than		
	1 year	1-5 years	Total
Future minimum finance lease payments	84.5	80.6	165.1
Deferred interest expenses	(7.9)	(6.1)	(14.0)
Present value of future minimum finance lease payments	76.6	74.5	151.1

	(Unit: Thousand Baht)		
	Separate financial statements		
	Less than		
	1 year	1-5 years	Total
Future minimum finance lease payments	669	84	753
Deferred interest expenses	(38)	(2)	(40)
Present value of future minimum finance lease payments	631	82	713

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, the Company and its subsidiaries have the option to purchase the assets at prices specified in the agreements.

21. Dividends

On 2 April 2009, the Annual General Meeting of the Company's shareholders approved a dividend payment of Baht 0.60 per share to the holders of the Company's 1,214,498,745 shares (par value of Baht 1 each), or a total of Baht 728.7 million. The dividend payment was made in April 2009.

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

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

22. Statutory reserve

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

23. Expenses by nature

Significant expenses by nature for the years ended 31 December 2010 and 2009 are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Employee expenses	5,499.7	4,957.2	1,529.6	1,423.6
Depreciation and amortisation expenses	2,149.7	2,276.7	716.6	743.2
Advertising and public relation expenses	367.3	370.1	154.2	171.2
Rental expenses	251.8	295.9	28.4	41.6

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

24. Provident fund

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

In 2010, the Company and its subsidiaries contributed Baht 86.7 million (2009: Baht 82.10 million) to the fund, with contributions per the separate financial statement contributed Baht 24.1 million (2009: Baht 22.18 million) to the fund.

25. Earnings per share

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

No disclosure of diluted earnings per share is required for 2010 and 2009 after the issue of convertible debentures (as discussed in Note 29) since the calculated earnings per share assuming the conversion of all convertible debentures to ordinary shares is antidilutive.

26. Long-term lease agreements

The Company

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

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

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

The Company has entered into a land rental agreement for a period of 30 years from 1 January 2006 to 31 December 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.

Samitivej Public Company Limited

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

BNH Medical Center Co., Ltd.

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

27. Commitments and contingent liabilities

As at 31 December 2010 commitments and contingent liabilities are as follows:

	(Unit: Million Baht)					
	Consolidated financial			Separate financial		
	statements			statements		
	Less than 1 year	1 -5 years	Over 5 years	Less than 1 year	1 -5 years	Over 5 years
Contractual commitments						
- the land and building rental contracts (including long-term agreements in Note 26)	67	156	375	11	30	94
- the office equipment rental and other services	306	89	-	167	4	-
- the medical equipment provision and maintenance contracts	76	20	-	31	8	-
- the building construction and decoration contracts	423	-	-	243	-	-
Total	872	265	375	452	42	94

	(Unit: Million Baht)	
	Consolidated	Separate
	financial	financial
	statements	statements
Contingent liabilities		
- For letters of guarantee issued by banks to guarantee contractual performance	28	1
- For letters of guarantee issued by banks for electricity use and others	69	17
Total	97	18

28. 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.

29. Convertible Bonds

These represent the name-registered and unsecured convertible bonds, due 2011, issued to foreign investors outside the United States of America in 2006. A total of 124,000 units of the bonds, which carry interest at a rate of 3.75%, had been issued at a price of USD1,000 each. Holders of the bonds have the right to convert the bonds into the Company's ordinary shares at an initial conversion price of Baht 36.30 per share, which was subsequently adjusted to Baht 32.67 per share. The Company has the right to redeem the bonds at a redemption price to be calculated in accordance with the formula as stated in the Offering Circular. Up to 31 December 2010, a total of 123,950 units have been converted, purchased or redeemed, leaving a balance of 50 units, or equivalent to Baht 2.14 million, to be redeemed on 12 July 2011.

The Company is required to observe covenants as provided in the Offering Circular.

30. Debentures

On 6 March 2008, the Company had issued unsecured and unsubordinated debentures with a name-registered debenture certificate for the total number of 5,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 5,000 million. This debentures is divided into two tranches: 3-year tenor for the amount of Baht 3,000 million at the coupon rate of 4.11% per annum and 5-year tenor for the amount of Baht 2,000 million at the coupon rate of 4.84% per annum with interest payable semi-annually.

On 4 June 2009, the Company had issued unsecured and unsubordinated debentures with a name-registered debenture certificate 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: 5-year tenor for the amount of Baht 2,000 million at the coupon rate of 4.80% per annum and 7-year tenor for the amount of Baht 1,000 million at the coupon rate of 5.35% per annum with interest payable semi-annually. Up to 31 December 2009, the Company had repurchased such debentures for amount of 30,000 units, totaling Baht 30 million.

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

As at 31 December 2010, the Company has current portion of debentures amounting to Baht 2,999.4 million.

31. 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 divided 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.

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 2010 and 2009 can be separated between the promoted and non-promoted operation as follows:

(Unit: Baht)

	Consolidated financial statements					
	Promoted operation		Non-promoted operation		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue from						
hospital operations	724,543,943	1,711,976,146	22,788,085,015	19,884,998,507	23,512,628,958	21,596,974,653
Other income	-	-	538,585,597	377,028,055	538,585,597	377,028,055
Total revenues	<u>724,543,943</u>	<u>1,711,976,146</u>	<u>23,326,670,612</u>	<u>20,262,026,562</u>	<u>24,051,214,555</u>	<u>21,974,002,708</u>

(Unit: Baht)

	Separate financial statements					
	Promoted operation		Non-promoted operation		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue from						
hospital operations	5,931,522	-	7,213,783,094	6,879,286,497	7,219,714,616	6,879,286,497
Other income	-	-	1,300,783,121	1,164,376,346	1,300,783,121	1,164,376,346
Total revenues	<u>5,931,522</u>	<u>-</u>	<u>8,514,566,215</u>	<u>8,043,662,843</u>	<u>8,520,497,737</u>	<u>8,043,662,843</u>

32. Financial instruments

The Company and its subsidiaries' financial instruments, which are defined in Thai accordance with Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise the financial assets and liabilities mentioned in Note 4.16 to financial statements. The financial risks associated with these financial instruments and how they are managed is described below.

32.1 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.

32.2 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, convertible debentures and debentures. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate and the Company enters into interest rate swap contract to reduce this risk as appropriate.

The long-term loans, convertible debentures and debentures were presented in notes 19, 29, and 30 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 balance sheet date was as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Fair value of interest rate swap contract (liabilities)	(75.4)	(99.9)	(75.4)	(99.9)

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 balance sheet date.

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rate are as follows:

	(Unit: Million Baht)					
	Consolidated financial statements					
	Fixed interest rates			Floating	Non-	Total
	Within 1 year	1-5 years	Over 5 years	interest rate	interest bearing	
Financial Assets						
- Cash and cash equivalent	-	-	-	2,480	9	2,489
- Short-term investments	1,740	-	-	-	-	1,740
- Trade accounts receivable	-	-	-	-	1,892	1,892
- Restricted bank deposit	52	-	-	10	-	62
- Investments	-	500	-	-	3,335	3,835
	1,792	500	-	2,490	5,236	10,018
Financial liabilities						
- Bank overdrafts and short-term loans from financial institution	-	-	-	38	-	38
- Trade accounts payable	-	-	-	-	1,314	1,314
- Long-term loans	3	13	-	2,580	-	2,596
- Liabilities under finance lease agreements	77	74	-	-	-	151
- Convertible debentures	2	-	-	-	-	2
- Debentures	2,999	3,966	998	-	-	7,963
	3,081	4,053	998	2,618	1,314	12,064

(Unit: Million Baht)

	Separate financial statements					
	Fixed interest rates					
	Within 1		Over 5	Floating	Non-	
	year	1-5 years	years	interest	interest	Total
				rate	bearing	
Financial Assets						
- Cash and cash equivalent	-	-	-	1,080	2	1,082
- Short-term investments	1,740	-	-	-	-	1,740
- Trade accounts receivable	-	-	-	-	515	515
- Short-term loans to related parties	25	-	-	78	-	103
- Long-term loans to related parties	483	394	-	444	-	1,321
- Investments	-	500	-	-	11,484	11,984
	2,248	894	-	1,602	12,001	16,745
Financial liabilities						
- Trade accounts payable	-	-	-	-	413	413
- Short-term loans from related parties	-	-	-	640	-	640
- Long-term loans	-	-	-	2,464	-	2,464
- Liabilities under finance lease agreements	1	-	-	-	-	1
- Convertible debentures	2	-	-	-	-	2
- Debentures	2,999	3,966	998	-	-	7,963
	3,002	3,966	998	3,104	413	11,483

32.3 Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk mainly in respect of purchase of medical tools and equipment transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

Forward exchange contract

As at 31 December 2010 and 2009, the outstanding balance of forward exchange contracts was as follows:

Balance as at	Foreign currency	Amount bought	Contractual exchange rate for amount bought	Fair value of forward contract
		(Million)	(Baht per foreign currency unit)	
31 December 2010	US Dollar	-	-	-
31 December 2009	US Dollar	2.88	33.5410 - 33.6270	33.3794 - 33.4669

32.4 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 balance sheet.

32.5 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 balance sheets.

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

33. Capital management

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

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 1.0 :1.0 (2009: 1.1 :1.0) and the Company only was 1.5 :1.0 (2009: 1.6 :1.0).

34. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As previously		As previously	
	<u>As reclassified</u>	<u>reported</u>	<u>As reclassified</u>	<u>reported</u>
<u>Income Statements</u>				
Cost of hospital operations				
and sales	12,593,078,258	12,454,004,110	3,979,017,062	3,872,044,274
Administrative expenses	4,275,333,927	4,414,408,075	1,671,185,126	1,778,157,914

35. Subsequent events

35.1 Purchase of Health Network Public Company Limited

The meetings of the Company's Board of Directors on 14 December 2010 and 1 February 2011 passed the following resolutions:

- a) To enter into a merger of the Company with Health Network Public Company Limited ("Health Network"), the owner of the following companies:

<u>Company</u>	<u>% of shares held by Health Network</u>
Prasit Pattana Public Company Limited ("PPCL")	49.17
Paolo Medic Company Limited	100.00
Paolo Samutprakarn Company Limited	88.73
Siam Medical Company Limited	80.72
Thai Medical Centre Public Company Limited	99.76

The merger will take a form of an entire business transfer (EBT) from Health Network, whereby the Company will pay the relevant parties a total consideration of not more than Baht 9,825 million, to be settled in the following manner:

1. Issuance of not more than 230,870,405 ordinary shares of the Company at a price of Baht 37.75 per share, in lieu of cash,
2. Payment of cash approximate not more than Baht 680 million, and
3. Novation of debts not more than Baht 430 million which Health Network owed to Paolo Medic Company Limited.

- b) To issue up to 4,127,864 ordinary shares of the Company, at a price of Baht 37.75 per share, to the major shareholders of Health Network through a private placement.
- c) To make a tender offer for all 734 million remaining shares of PPCL either with cash of not more than Baht 2,725 million or with 72,198,801 newly issued shares of the Company, at the price of Baht 37.75 per share, in lieu of cash.

The completion of the EBT is however subject to several conditions precedent. For instance, an approval for the EBT must be granted by a meeting of the Company's shareholders and there are no events having an adverse effect to the financial position, assets and business operations of Health Network group of companies, or of the Company and its subsidiaries between 1 October 2010 and the date when the EBT takes place.

- d) The Meeting of the Board of Directors of the Company approved the reduction and the increase of the capital as the following resolutions:
 - 1. Reduction of the Company's registered capital from Baht 1,312,264,222 to be new registered capital of Baht 1,246,194,338 consisting of 1,246,194,338 ordinary shares having a par value of Baht 1 each, by cancelling 66,069,884 authorised but unissued shares, which are registered shares the Company has authorised and allocated for convertible bond conversion that have not been exercised.
 - 2. Increase in the Company's registered capital by Baht 307,197,070 divided into 307,197,070 ordinary shares having a par value of Baht 1 each from the registered capital of Baht 1,246,194,338 to be the new registered capital of Baht 1,553,391,408 divided into 1,553,391,408 ordinary shares having a par value of Baht 1 each.

The above proposals were approved by the Extraordinary General Meeting of the Company's shareholders on 24 February 2011.

35.2 Purchase of ordinary shares of Bumrungrad Hospital Public Company Limited

In February 2011, the Company purchased 46,116,400 ordinary shares, representing 6.32% of the total issued and paid-up capital of Bumrungrad Hospital Public Company Limited ("BH") and 35,000,000 units of NVDR of BH, representing 4.79% of the total issued and paid-up capital of BH, underlying securities. The total cost of the purchase amounted to Baht 2,636 million.

36. Approval of financial statements

These financial statements have been authorised for issue by the Company's Board of Directors on 24 February 2011.