

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

Review Report of Independent Auditor

To The Board of Directors and Shareholders of
Bumrungrad Hospital Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Bumrungrad Hospital Public Company Limited and subsidiaries as at 31 March 2004, and the related consolidated statements of earnings, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2004 and 2003, and the separate financial statements of Bumrungrad Hospital Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standards applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Bumrungrad Hospital Public Company Limited and subsidiaries, and the separate financial statements of Bumrungrad Hospital Public Company Limited for the year ended 31 December 2003, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, under my report dated 30 January 2004. The balance sheet as at 31 December 2003, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited
Bangkok: 29 April 2004

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	328,378	985,582	27,519	61,264
Current investments - fixed deposits at financial institutions	990,000	200,012	-	10,012
Trade accounts receivable - net	3 244,466	223,177	15,515	17,750
Advances to employees and directors	15,365	13,094	6,849	3,369
Short-term loans and interest receivable - related parties	4 135,961	101,329	12,565	11,150
Non-competition fee receivable	4 -	-	6,375	-
Inventories	83,453	93,513	-	-
Prepaid expenses	29,515	11,708	2,648	1,219
Accounts receivable - others	6,495	6,526	3,150	1,681
Other current assets	8,614	937	624	174
TOTAL CURRENT ASSETS	1,842,247	1,635,878	75,245	106,619
NON-CURRENT ASSETS				
Pledged fixed deposits at financial institutions	2 79,803	79,799	1,306	1,306
Investments accounted for under equity method	5 209	209	943,568	767,984
Other long-term investment - net	6 1,700	1,700	1,700	1,700
Long-term loans and interest receivable - related parties	4 144,571	160,341	168,389	183,857
Property, plant and equipment - net	7 2,527,630	2,484,016	552,690	511,058
Computer software - net	78,125	89,005	-	-
Goodwill on consolidation - net	(1,216)	(1,366)	-	-
Other non-current assets	6,757	6,703	2,750	2,786
TOTAL NON-CURRENT ASSETS	2,837,579	2,820,407	1,670,403	1,468,691
TOTAL ASSETS	4,679,826	4,456,285	1,745,648	1,575,310

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		31 March 2004 (Unaudited but reviewed)	31 December 2003 (Audited)	31 March 2004 (Unaudited but reviewed)	31 December 2003 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade accounts payable		353,693	398,123	634	555
Current portion of long-term loan	8	164,261	82,130	-	-
Current portion of liabilities under debt restructuring agreement	9	8,000	8,000	8,000	8,000
Accrued physician's fee		150,464	143,892	-	-
Interest payable - convertible bonds treated as equity securities		986	3,562	986	3,562
Accrued expenses		165,283	137,554	5,258	6,094
Corporate income tax payable		57,761	-	-	-
Accounts payable - others	4	38,485	45,503	33,313	39,279
Other current liabilities		10,770	5,979	2,268	1,326
TOTAL CURRENT LIABILITIES		949,703	824,743	50,459	58,816
NON-CURRENT LIABILITIES					
Long-term loan	8	2,025,884	2,108,015	-	-
Liabilities under debt restructuring agreement	9	59,989	64,022	59,989	64,022
Convertible bonds	9	200,000	200,000	200,000	200,000
Provision for loss in excess of cost of investments in subsidiaries	5	-	-	15,659	13,085
TOTAL NON-CURRENT LIABILITIES		2,285,873	2,372,037	275,648	277,107
TOTAL LIABILITIES		3,235,576	3,196,780	326,107	335,923

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		31 March 2004 (Unaudited but reviewed)	31 December 2003 (Audited)	31 March 2004 (Unaudited but reviewed)	31 December 2003 (Audited)
SHAREHOLDERS' EQUITY					
Share capital	10				
Registered					
183,970,467 ordinary shares of Baht 5 each (31 December 2003: 183,970,467 ordinary shares of Baht 10 each)		919,852	1,839,704	919,852	1,839,704
570,070 preference shares of Baht 5 each (31 December 2003: 570,070 preference shares of Baht 10 each)		2,851	5,701	2,851	5,701
Issued and paid-up					
132,143,303 ordinary shares of Baht 5 each (31 December 2003: 132,122,803 ordinary shares of Baht 10 each)		660,716	1,321,228	660,716	1,321,228
538,570 preference shares of Baht 5 each (31 December 2003: 559,070 preference shares of Baht 10 each)		2,693	5,591	2,693	5,591
Conversion option	9	41,599	41,599	41,599	41,599
Convertible bonds treated as equity securities	9	550,000	550,000	550,000	550,000
Retained earnings (deficit) - unappropriated		164,533	(679,031)	164,533	(679,031)
TOTAL EQUITY ATTRIBUTABLE TO COMPANY'S SHAREHOLDERS		1,419,541	1,239,387	1,419,541	1,239,387
MINORITY INTEREST - Equity attributable to minority shareholders of subsidiaries		24,709	20,118	-	-
TOTAL SHAREHOLDERS' EQUITY		1,444,250	1,259,505	1,419,541	1,239,387
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,679,826	4,456,285	1,745,648	1,575,310
		0	0	0	0

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

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 DIRECTORS

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
REVENUES					
Revenues from hospital operations		1,330,730	1,045,468	-	-
Rental income	4	13,244	11,424	20,047	18,172
Non-competition fee income	4	-	-	6,375	6,375
Interest income	4	5,436	4,835	2,569	4,365
Gain on exchange rate		3,970	3,878	-	-
Other income	4	8,458	9,308	5,277	2,550
Share of profit from investments accounted for under equity method		-	-	175,595	158,233
TOTAL REVENUES		1,361,838	1,074,913	209,863	189,695
EXPENSES					
Cost of hospital operations		849,118	684,714	-	-
Depreciation and amortisation		63,816	58,679	2,970	3,065
Administrative expenses	4	170,105	130,885	20,593	16,924
Directors' remuneration		1,095	2,475	1,095	2,475
Amortisation of goodwill		-150	-150	-	-
Share of loss from investments accounted for under equity method		-	-	2,585	2,760
TOTAL EXPENSES		1,083,984	876,603	27,243	25,224
EARNINGS BEFORE INTEREST EXPENSE AND INCOME TAX					
		277,854	198,310	182,620	164,471
INTEREST EXPENSE		(30,033)	(29,702)	-	-
CORPORATE INCOME TAX	11	(60,610)	-	-	-
EARNINGS BEFORE MINORITY INTEREST		187,211	168,608	182,620	164,471
MINORITY INTEREST		(4,591)	(4,137)	-	-
NET EARNINGS FOR THE PERIOD		182,620	164,471	182,620	164,471
(Unit: Baht)					
BASIC EARNINGS PER SHARE					
	12	1.38	1.84	1.38	1.84
Weighted average number of ordinary shares (shares)		132,127,984	89,263,094	132,127,984	89,263,094
DILUTED EARNINGS PER SHARE					
	12	1.06	0.96	1.06	0.96
Weighted average number of ordinary shares (shares)		171,582,972	171,580,406	171,582,972	171,580,406

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash flows from (used in) operating activities				
Net earnings	182,620	164,471	182,620	164,471
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities: -				
Depreciation and amortisation	63,816	58,679	2,970	3,065
Bad debts and allowance for doubtful accounts	1,085	1,735	-	64
Amortisation of goodwill	(150)	(150)	-	-
Share of profit from investments accounted for under equity method	-	-	(173,010)	(155,473)
Earnings attributed to minority interest for the period	4,591	4,137	-	-
Gain on disposal of fixed assets	(989)	(3,458)	-	-
	<u>250,973</u>	<u>225,414</u>	<u>12,580</u>	<u>12,127</u>
Decrease (increase) in operating assets				
Trade accounts receivable	(22,375)	(12,824)	2,235	(1,306)
Inventories	10,060	(4,516)	-	-
Other current assets	(25,453)	(14,226)	(3,348)	(2,721)
Increase (decrease) in operating liabilities				
Trade accounts payable	(49,495)	14,427	79	207
Accrued physicians' fee	6,571	6,931	-	-
Interest payable	-	(330)	-	-
Accrued expenses	27,729	13,587	(836)	(2,755)
Corporate income tax payable	57,761	-	-	-
Accounts payable - others	(26,122)	1,752	(25,071)	1,454
Other current liabilities	4,791	2,951	942	273
Net cash from (used in) operating activities	<u>234,440</u>	<u>233,166</u>	<u>-13,419</u>	<u>7,279</u>

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
Cash flows from (used in) investing activities					
Increase in deposits at financial institutions with maturity					
of more than 3 months and those pledged		(400,004)	(280,479)	-	(36)
Decrease (increase) in advances to employees					
and directors		(2,271)	177	(3,480)	-
Increase in short-term loans and interest receivable -					
related parties		(34,632)	(26,571)	(1,415)	(28,584)
Decrease (increase) in long-term loans and interest					
receivable - related parties		15,770	-	15,468	(185)
Decrease (increase) in non-competition fee receivable		-	-	(6,375)	82,300
Increase in plant and equipment		(71,391)	(31,881)	(25,498)	(2,254)
Decrease (increase) in other non-current assets		(54)	(708)	36	14
Net cash from (used in) investing activities		<u>-492,582</u>	<u>(339,462)</u>	<u>(21,264)</u>	<u>51,255</u>
Cash flows from (used in) financing activities					
Decrease in liabilities under debt restructuring agreement					
from interest payment		(4,033)	(4,011)	(4,033)	(4,011)
Interest paid for convertible bonds treated as equity securities		(5,041)	(8,775)	(5,041)	(8,775)
Net cash used in financing activities		<u>(9,074)</u>	<u>(12,786)</u>	<u>(9,074)</u>	<u>(12,786)</u>
Net increase (decrease) in cash and cash equivalents		(267,216)	(119,082)	(43,757)	45,748
Cash and cash equivalents at beginning of period		1,025,594	560,188	71,276	56,435
Cash and cash equivalents at end of period	13	<u>758,378</u>	<u>441,106</u>	<u>27,519</u>	<u>102,183</u>
Supplemental cash flows information					
Cash paid during the period for: -					
Interest expense		34,066	34,044	4,033	4,011
Corporate income tax		3,667	5,622	818	3,115

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

(Unit: Thousand Baht)

		CONSOLIDATED								
		Issued and paid-up share capital		Premium on		Convertible bonds	Retained earnings			
		Ordinary shares	Preference shares	ordinary shares	Conversion option	treated as	Appropriated-	Unappropriated	Minority	Total
Note						equity securities	statutory reserve	(deficit)	interest	
	Balance - as at 1 January 2003	892,627	5,621	888,037	41,599	1,300,000	36,639	-2,575,973	3,530	592,080
	Preference shares converted to ordinary shares	10 30	-30	-	-	-	-	-	-	-
	Interest paid for convertible bonds treated as equity securities	9 -	-	-	-	-	-	-4,316	-	-4,316
	Items not yet realised in earnings statement	892,657	5,591	888,037	41,599	1,300,000	36,639	-2,580,289	3,530	587,764
	Net earnings for the period	-	-	-	-	-	-	164,471	-	164,471
	Minority interest for the period	-	-	-	-	-	-	-	4,137	4,137
	Balance - as at 31 March 2003	<u>892,657</u>	<u>5,591</u>	<u>888,037</u>	<u>41,599</u>	<u>1,300,000</u>	<u>36,639</u>	<u>-2,415,818</u>	<u>7,667</u>	<u>756,372</u>
	Balance - as at 1 January 2004	1,321,228	5,591	-	41,599	550,000	-	-679,031	20,118	1,259,505
	Preference shares converted to ordinary shares	10 205	-205	-	-	-	-	-	-	-
	Reduction the par value of the shares to deduct deficit	10 -660,717	-2,693	-	-	-	-	663,410	-	-
	Interest paid for convertible bonds treated as equity securities	9 -	-	-	-	-	-	-2,466	-	-2,466
	Items not yet realised in earnings statement	660,716	2,693	-	41,599	550,000	-	-18,087	20,118	1,257,039
	Net earnings for the period	-	-	-	-	-	-	182,620	-	182,620
	Minority interest for the period	-	-	-	-	-	-	-	4,591	4,591
	Balance - as at 31 March 2004	<u>660,716</u>	<u>2,693</u>	<u>-</u>	<u>41,599</u>	<u>550,000</u>	<u>-</u>	<u>164,533</u>	<u>24,709</u>	<u>1,444,250</u>

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

(Unit: Thousand Baht)

		THE COMPANY ONLY							
		Issued and paid-up share capital		Premium on	Convertible bonds	Retained earnings			
		Ordinary shares	Preference shares	ordinary shares	Conversion option	treated as	Appropriated-	Unappropriated	Total
Note						equity securities	statutory reserve	(deficit)	
	Balance - as at 1 January 2003	892,627	5,621	888,037	41,599	1,300,000	36,639	-2,575,973	588,550
	Preference shares converted to ordinary shares	30	-30	-	-	-	-	-	-
	Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	-	-4,316	-4,316
	Items not yet realised in earnings statement	892,657	5,591	888,037	41,599	1,300,000	36,639	-2,580,289	584,234
	Net earnings for the period	-	-	-	-	-	-	164,471	164,471
	Balance - as at 31 March 2003	<u>892,657</u>	<u>5,591</u>	<u>888,037</u>	<u>41,599</u>	<u>1,300,000</u>	<u>36,639</u>	<u>-2,415,818</u>	<u>748,705</u>
	Balance - as at 1 January 2004	1,321,228	5,591	-	41,599	550,000	-	-679,031	1,239,387
	Preference shares converted to ordinary shares	205	-205	-	-	-	-	-	-
	Reduction the par value of the shares to deduct deficit	-660,717	-2,693	-	-	-	-	663,410	-
	Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	-	-2,466	-2,466
	Items not yet realised in earnings statement	660,716	2,693	-	41,599	550,000	-	-18,087	1,236,921
	Net earnings for the period	-	-	-	-	-	-	182,620	182,620
	Balance - as at 31 March 2004	<u>660,716</u>	<u>2,693</u>	<u>-</u>	<u>41,599</u>	<u>550,000</u>	<u>-</u>	<u>164,533</u>	<u>1,419,541</u>

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

1. GENERAL INFORMATION

1.1 Capital restructuring

In the past, the Company sustained foreign exchange rate losses as a result of the Thai Baht devaluation. However, on 18 December 2003, the extraordinary general meeting of the Company's shareholders passed a resolution approving the settlement of the Baht 36.6 million of statutory reserve and the Baht 1,209.5 million of premium on ordinary shares against the deficit. In addition, the meeting also approved the reduction of registered share capital of Baht 922.7 million by reducing the par value of the shares from Baht 10 to Baht 5, which affect to the decrease in paid-up share capital of Baht 663.4 million. All reduced paid-up share capital will be used to settle against the deficit. The Company has registered this change with the Ministry of Commerce on 8 March 2004.

In 2002, a subsidiary (Bumrungrad Medical Center Ltd.) entered into a loan agreement in the Baht currency with a local commercial bank and repaid loans in foreign currency to an overseas financial institution which is the subsidiary's shareholder. In addition, the meeting of the subsidiary's board of directors held on 12 November 2003, passed a resolution approving the settlement of all premium on ordinary shares against the deficit. On 15 December 2003, the extraordinary general meeting of the subsidiary's shareholders passed an extraordinary resolution approving the reduction of registered share capital of Baht 239.7 million by reducing the par value of the shares from Baht 10 to Baht 8, in order to reduce the deficit. The subsidiary has registered this change with the Ministry of Commerce on 30 March 2004.

(UNAUDITED BUT REVIEWED)

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of earnings, changes in shareholders’ equity and cash flows, as in the annual financial statements.

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

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Bumrungrad Hospital Public Company Limited and subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2003. There have been no changes in the composition of the subsidiaries during the current period.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2003.

2. PLEDGED FIXED DEPOSITS AT FINANCIAL INSTITUTIONS

As at 31 March 2004, deposits at financial institutions of Baht 9.8 million (31 December 2003: Baht 9.8 million) have been pledged with banks to secure bank guarantees issued by banks on behalf of the Company and a subsidiary (Bumrungrad Medical Center Ltd.), and Baht 70 million (31 December 2003: Baht 70 million) has been pledged to secure long-term loan of that subsidiary as described in Note 8.

(UNAUDITED BUT REVIEWED)

3. TRADE ACCOUNTS RECEIVABLE

The agings of the trade accounts receivable balances as at 31 March 2004 and 31 December 2003 are as follows: -

(Unit: Thousand Baht)

<u>Outstanding period</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
	<u>31 March 2004</u>	<u>31 December 2003</u>	<u>31 March 2004</u>	<u>31 December 2003</u>
Current	139,967	137,341	10,176	14,963
Overdue				
1 - 30 days	47,625	45,340	2,916	1,140
31 - 60 days	22,782	11,873	170	144
61 - 90 days	24,228	7,144	634	296
91 - 180 days	6,193	21,379	469	866
181 - 365 days	6,713	7,432	882	74
More than 365 days	15,914	11,099	526	525
Total	<u>263,422</u>	<u>241,608</u>	<u>15,773</u>	<u>18,008</u>
Less: Allowance for doubtful accounts	<u>(18,956)</u>	<u>(18,431)</u>	<u>(258)</u>	<u>(258)</u>
Net	<u>244,466</u>	<u>223,177</u>	<u>15,515</u>	<u>17,750</u>

4. RELATED PARTY TRANSACTIONS

During the periods, the Company had significant business transactions with subsidiaries and related companies, which are related through shareholding or through having certain common shareholders or directors. Such transactions, which have been presented in accordance with the terms and basis agreed between the Company and those companies, are summarised below: -

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	THE COMPANY ONLY		Pricing policy
	For the three-month periods ended 31 March		
	2004	2003	
<u>Transactions with subsidiaries</u>			
(eliminated from consolidated financial statements)			
Rental income	12.2	11.1	As per contracts a)
Non-competition fee income	6.4	6.4	As per contract b)
Interest income	0.4	1.4	11% p.a. and MLR less 0.5% p.a. (2003: 1.38%, 5%, 11% p.a.)
Management fee income	0.3	0.1	As per contract c)
<u>Transactions with related companies</u>			
Rental income	0.6	0.6	As per contract d)
Interest income	2.1	2.8	MLR p.a.
Rental expense	5.1	4.1	As per contract e)

(Unit: Million Baht)

	CONSOLIDATED		Pricing policy
	For the three-month periods ended 31 March		
	2004	2003	
<u>Transactions with related companies</u>			
Service income	4.7	0.9	Cost plus margin
Rental income	0.6	0.6	As per contract d)
Interest income	3.8	2.8	MLR p.a.
Rental expense	5.1	4.1	As per contract e)
Donation expense	3.3	0.3	-

- a) A subsidiary (Bumrungrad Medical Center Ltd.) has leased a plot of land, building, and nursing dormitory from the Company for its hospital operations. The lease agreements cover a period of 30 years, commencing from the year 1996. The rental fees are Baht 40.1 million per annum, not including the rental fee for BH Residence.

(UNAUDITED BUT REVIEWED)

Another subsidiary (Vitallife Corporation Ltd.) has leased building spaces from the Company for use in its operations. The lease agreement covers a period of 11 years, commencing from the year 2001, and rental fees are Baht 3 million per annum.

- b) A subsidiary (Bumrungrad Medical Center Ltd.) has entered into a non-competition agreement with the Company, for a period of 30 years commencing from the year 1997. Under this agreement, the subsidiary is obliged to pay a non-competition fee totaling Baht 255 million over nine years. The obligation for 1997 was Baht 51 million, and for each of the next eight years the fee obligation is Baht 25.5 million. In addition, the Company charges interest on the unpaid portion of the fee at a rate of 11% per annum.
- c) The Company and Vitallife Corporation Ltd. have entered into a management service agreement under which Vitallife Corporation Ltd. has to pay the Company an amount equal to 3.5% of its turnover.
- d) Global Care Solutions (Thailand) Co., Ltd. has leased building spaces from the Company for use in its operations. The lease agreement covers a period of 3 years, commencing from the year 2001, and the rental fees are Baht 1 million per annum, not including rental fees for room at BH Residence.
- e) The Company has entered into an agreement to lease land and a building (BH Tower) from Bangkok Bank Plc. for a period of 3 years, commencing from August 2000. The rental fee is calculated at the rate of 75% of net income (total revenues minus total expenses) from the sub-lease, with a minimum rental of Baht 8 million per annum. During 2004, the bank approved one year renewal of agreement, commencing on 29 August 2003 to 28 August 2004. The rate of rental and other conditions shall be in accordance with the initial agreement.

Rental payable as at 31 March 2004, amounting to Baht 5.1 million (31 December 2003: Baht 8.6 million), was shown in the balance sheet under the caption of "Accounts payable - others".

(UNAUDITED BUT REVIEWED)

The outstanding balances of the above transactions (except e)) were separately presented in the balance sheets as follows: -

(Unit: Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003
<u>Short-term loans and interest receivable - related parties</u>				
<u>Former subsidiary</u>				
The Bumrungrad Hospital Rayong Co., Ltd.	-	-	39,432	39,432
Less: Allowance for doubtful accounts	-	-	(39,432)	(39,432)
	-	-	-	-
<u>Subsidiary</u>				
Vitalife Corporation Ltd.	-	-	10,829	8,565
<u>Related parties</u>				
Global Care Solutions (Thailand) Co., Ltd.	135,800	101,184	1,736	2,585
The Bumrungrad Hospital Foundation	161	145	-	-
Total	<u>135,961</u>	<u>101,329</u>	<u>12,565</u>	<u>11,150</u>
<u>Non-competition fee receivable</u>				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.	-	-	6,375	-
<u>Long-term loans and interest receivable - related parties</u>				
<u>Subsidiaries</u>				
B.H. Avenue Co., Ltd.	-	-	414	408
Vitalife Corporation Ltd.	-	-	23,404	23,108
<u>Related party</u>				
Global Care Solutions (Thailand) Co., Ltd.	<u>144,571</u>	<u>160,341</u>	<u>144,571</u>	<u>160,341</u>
Total	<u>144,571</u>	<u>160,341</u>	<u>168,389</u>	<u>183,857</u>

Global Care Solutions (Thailand) Co., Ltd. is a developer of software for the hospital business. The Company and a subsidiary (Bumrungrad Medical Center Ltd.) provide financial support to this company for it to use in its operations, in the form of short-term and long-term loans, on which interest is charged at the rate MLR per annum. Software licensing agreements are being negotiated with numerous customers, both locally and abroad, and the management of the Company believes that partial repayment of these loans will be made within 2004.

(UNAUDITED BUT REVIEWED)

The short-term and long-term loans to Vitallife Corporation Ltd. carries interest at the rate of MLR less 0.5% per annum (2003: the short-term loan carried interest at the rate of 5% per annum and long-term loan carried interest at a rate equal to LIBOR quoted on the last business day of the preceding quarter).

No interest has been charged on short-term loans to other related parties.

Movement in the related party balances during the period are summarised below: -

(Unit: Thousand Baht)

	31 December 2003	Increase	Decrease	31 March 2004
<u>Short-term loans and interest receivable - related parties</u>				
<u>Subsidiary</u>				
Vitallife Corporation Ltd.				
Principal	8,201	2,338	201	10,338
Interest receivable	364	127	-	491
<u>Related party</u>				
Global Care Solutions (Thailand) Co., Ltd.				
Principal	98,557	34,206	1,186	131,577
Interest receivable	2,627	1,700	104	4,223
The Bumrungrad Hospital Foundation	145	459	443	161
<u>Long-term loans and interest receivable - related parties</u>				
<u>Subsidiaries</u>				
B.H. Avenue Co., Ltd.				
Principal	247	-	-	247
Interest receivable	161	6	-	167
Vitallife Corporation Ltd.				
Principal	22,494	-	-	22,494
Interest receivable	614	296	-	910
<u>Related party</u>				
Global Care Solutions (Thailand) Co., Ltd.				
Principal	143,870	-	-	143,870
Interest receivable	16,471	2,057	17,827	701

(UNAUDITED BUT REVIEWED)

5. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD/PROVISION FOR LOSS IN EXCESS OF COST OF INVESTMENTS IN SUBSIDIARIES

Investments accounted for under equity method comprise of investments in ordinary shares of the following companies: -

(Unit: Thousand Baht)

	31 March 2004				31 December 2003			
	Paid-up capital	Percentage owned	Investments		Paid-up capital	Percentage owned	Investments	
Cost method			Equity method	Cost method			Equity method	
<u>Subsidiaries</u>								
Bumrungrad Medical								
Center Ltd.	958,954	97.45	1,470,680	943,041	1,198,692	97.45	1,470,680	767,446
B.H. Avenue Co., Ltd.	1,000	99.94	999	318	1,000	99.94	999	329
Vitalife Corporation Ltd.	31,500	100.00	25,610	(15,659)	31,500	100.00	25,610	(13,085)
Total investments in subsidiaries			<u>1,497,289</u>	<u>927,700</u>			<u>1,497,289</u>	<u>754,690</u>
<u>Associated company</u>								
L.S. Cleaning Co., Ltd.	1,250	25.00	313	209	1,250	25.00	313	209
Total investment in associated company			<u>313</u>	<u>209</u>			<u>313</u>	<u>209</u>
Total investments			<u>1,497,602</u>	<u>927,909</u>			<u>1,497,602</u>	<u>754,899</u>

(Unit: Thousand Baht)

	THE COMPANY ONLY	
	31 March 2004	31 December 2003
<u>Net investments</u>		
Investments accounted for under equity method	943,568	767,984
Provision for loss in excess of cost of investment in subsidiary	(15,659)	(13,085)
Total	<u>927,909</u>	<u>754,899</u>

The share of the profit/loss of the associated company has been calculated from the management accounts of that associated company.

(UNAUDITED BUT REVIEWED)

6. OTHER LONG-TERM INVESTMENT

(Unit: Thousand Baht)

COMPANY	PERCENTAGE OF SHAREHOLDING		CONSOLIDATED		THE COMPANY ONLY	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003	31 March 2004	31 December 2003
	%	%				
Chantaburi Country Club Co., Ltd.	0.5	0.5	4,500	4,500	4,500	4,500
Less: Provision for impairment loss			(2,800)	(2,800)	(2,800)	(2,800)
Net			1,700	1,700	1,700	1,700

The Company estimated provision for loss on impairment of investment by considering the latest financial statements of invested company.

7. PROPERTY, PLANT AND EQUIPMENT

The Company has mortgaged all of the land with a book value of Baht 290.9 million (Baht 390 million appraisal fair value as of 1 June 2002) with a commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds of the Company as described in Note 9 b) and 9 c).

Bumrungrad Medical Center Ltd. has mortgaged its building and pledged medical instruments and hospital equipment, with net book value as at 31 March 2004 of Baht 1,360 million (31 December 2003: Baht 1,380 million), to secure long-term loan obtained from a local commercial bank as described in Note 8.

8. LONG-TERM LOAN

(Unit: Thousand Baht)

	CONSOLIDATED		Securities
	31 March 2004	31 December 2003	
<u>Bumrungrad Medical Center Ltd.</u>			
Loan from a local commercial bank	2,190,145	2,190,145	Mortgage of building and pledge
Less: Current portion of long-term loan	(164,261)	(82,130)	of medical instruments, hospital
	<u>2,025,884</u>	<u>2,108,015</u>	equipment and fixed deposits

(UNAUDITED BUT REVIEWED)

On 16 September 2002, a subsidiary (Bumrungrad Medical Center Ltd.) entered into a loan agreement in the Baht currency with a local commercial bank to obtain a Baht 2,400,000,000 credit facility. Such loan carries interest at 5.5% per annum for the first two years and then at MLR less a certain percentage per annum. Interest is payable on a monthly basis and principal is repayable in 24 quarterly installments, commencing 30 December 2004. To guarantee this loan, the subsidiary has mortgaged its building and pledged medical instruments, hospital equipment and fixed deposits as described in Note 7 and 2.

The loan agreement contains normal covenants pertaining to matters such as the maintenance of certain financial ratios, and restriction on financial indebtedness and the payment of dividends, among others.

As at 31 March 2004, the unutilised credit facility of the subsidiary was Baht 150 million.

9. CONVERTIBLE BONDS/LIABILITIES UNDER DEBT RESTRUCTURING AGREEMENT

On 24 August 2000, the Company issued the following convertible bonds for the purpose of debt settlement with a local commercial bank, which is a related party, in compliance with the Company's debt restructuring agreement: -

- a) Unsecured convertible bonds without trustee in an amount of Baht 200 million, with a maturity of 12 years, and a coupon rate of 4% per annum, payable semi-annually. The current conversion price is Baht 17.50 per one ordinary share and bondholders may make conversion throughout the life of the bonds.
- b) Partly secured convertible bonds in an amount of Baht 300 million, with a maturity of 12 years, and a coupon rate of 2.5% for years 1-4, 5% for years 5-8, and 10% for years 9-12, payable semi-annually. The current conversion price is Baht 22.75 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds are secured by the mortgage of the Company's land.

(UNAUDITED BUT REVIEWED)

- c) Partly secured convertible bonds in an amount of Baht 1,000 million, with a maturity of 12 years, and a coupon rate of 1% per annum, payable semi-annually. The current conversion price is Baht 17.50 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds are secured by the mortgage of the Company's land.

On 3 October 2003, Baht 750 million of convertible bonds c) had been converted by the bondholder, Bangkok Bank Public Company Limited. As a result, the outstanding amount of such convertible bonds as at 31 March 2004 and 31 December 2003 was Baht 250 million.

Convertible bonds a)

According to the Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentation" which became operative for the financial statements covering the period beginning on or after 1 January 2000, the issuer of convertible bonds is required to classify the liability and equity components and separately present them in the financial statements. The Company has therefore separated such components of the convertible bonds a), determining the liability component by discounting the stream of future payments of principal and interest at MLR of a local commercial bank, the bondholder. The carrying amount of the equity component is determined by deducting the liability component from total face value of the convertible bonds, and is shown in the shareholders' equity under the caption of "Conversion option". The difference between the above liability component and face value of the convertible bonds is amortised over the life of the bonds.

As at 31 March 2004 and 31 December 2003, the amount to be paid in the future for the bonds is shown in the balance sheet under the caption of "Liabilities under debt restructuring agreement".

Convertible bonds b) and c)

On 24 November 2000, an extraordinary meeting of the Company's shareholders passed approval of the amendment to the terms and conditions governing the rights and obligations of the issuer and the bondholders, which gives the Company the option to either redeem the convertible bonds or to convert the bonds into ordinary shares on the maturity date.

(UNAUDITED BUT REVIEWED)

According to the Thai Accounting Standard No. 48 “Financial Instruments: Disclosure and Presentation”, because the Company has the option to either redeem the convertible bonds or to convert them into ordinary shares on the maturity date, and delivery of equity securities will not be changed by fair value of such equity securities (since the Company determined a certain conversion price), so the convertible bonds are not covered by the definition of financial liabilities and are to be treated as equity securities. In addition, the Company’s management express their intention to convert these bonds into ordinary shares on the maturity date. Therefore, the whole amount of the convertible bonds are presented as part of shareholders’ equity, and future interest on the bonds will be recorded as a deduction from shareholders’ equity.

During 2000, the Company had increased registered capital to reserve 90 million ordinary shares to accommodate the above convertible bonds.

Interest expense for the three-month period ended 31 March 2004 of the convertible bonds amounted to Baht 6.5 million (2003: Baht 8.3 million), consisting of Baht 2.5 million (2003: Baht 4.3 million) being recorded as a reduction to “retained earnings”, and Baht 4 million (2003: Baht 4 million) being recorded as a reduction to “liabilities under debt restructuring agreement”.

10. SHARE CAPITAL

In the first quarter of 2004, 20,500 preference shares (2003: 3,000 shares) were converted into ordinary shares at ratio of one preference share to one ordinary share. The Company has registered this conversion with the Ministry of Commerce on 8 March 2004.

On 18 December 2003, the extraordinary general meeting of the Company’s shareholders passed a resolution approving the settlement of the Baht 36,639,475 of statutory reserve and the Baht 1,209,465,422 of premium on ordinary shares against the deficit. In addition, the meeting also approved the reduction of registered share capital of Baht 922,702,685 by reducing the par value of the shares from Baht 10 to Baht 5, which affect to the decrease in paid-up share capital of Baht 663,409,365. All reduced paid-up share capital will be used to settle against the deficit. The Company has registered this changed with the Ministry of Commerce on 8 March 2004.

(UNAUDITED BUT REVIEWED)

11. CORPORATE INCOME TAX

Corporate income tax of a subsidiary (Bumrungrad Medical Center Ltd.) for the three-month period ended 31 March 2004 has been calculated by multiplying earnings before income tax for the period by the estimated effective tax rate for the year.

No corporate income tax was payable by the Company for the three-month periods ended 31 March 2004 and 2003 and no corporate income tax was payable by subsidiaries for the three-month period ended 31 March 2003 since tax losses brought forward from previous years exceed net earnings for the periods.

12. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	For the three-month periods ended 31 March					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	2004	2003	2004	2003	2004	2003
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	182,620	164,471	132,128	89,263	1.38	1.84
Effect of dilutive potential ordinary shares						
538,570 preference shares (2003: 559,070 preference shares)	-	-	554	559		
75 convertible bonds (2003: 150 convertible bonds)	-	-	38,901	81,758		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>182,620</u>	<u>164,471</u>	<u>171,583</u>	<u>171,580</u>	1.06	0.96

(UNAUDITED BUT REVIEWED)

13. STATEMENTS OF CASH FLOWS

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and deposits at financial institutions with an original maturity of three months or less, and not subject to restrictions.

Cash and cash equivalents as reflected in the statements of cash flows consist of the following: -

(Unit: Thousand Baht)

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
	31 March		31 March	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash in hand and at financial institutions	328,378	92,928	27,519	2,183
Fixed deposits at financial institutions	1,069,803	757,819	1,306	101,287
	<u>1,398,181</u>	<u>850,747</u>	<u>28,825</u>	<u>103,470</u>
Less: Amounts with maturities of more than 3 months or those pledged	<u>(639,803)</u>	<u>(409,641)</u>	<u>(1,306)</u>	<u>(1,287)</u>
Cash and cash equivalents	<u><u>758,378</u></u>	<u><u>441,106</u></u>	<u><u>27,519</u></u>	<u><u>102,183</u></u>

14. COMMITMENTS

As at 31 March 2004, the Company and its subsidiaries have the following outstanding commitments: -

- a) The Company has a commitment of Baht 2.1 million (31 December 2003: Baht 2.2 million) to pay fee to a bank which is bondholders' representative. The agreement will be terminated in year 2012.
- b) The Company has future commitments to pay a total of Baht 153 million (31 December 2003: Baht 195 million) in relation to the construction of a new car parking building.
- c) The Company has a commitment of Baht 1.5 million (31 December 2003: Baht 3.1 million) to pay design fee.

(UNAUDITED BUT REVIEWED)

- d) A subsidiary, Bumrungrad Medical Center Ltd., has a commitment of Baht 52 million (31 December 2003: Baht 57 million) in respect of the lease of medical instrument under a 5-year agreement expiring in the year 2006. The Company has entered into an agreement to guarantee for payment and performance in accordance with the lease agreement. No guarantee fee is charged to the subsidiary.
- e) A subsidiary, Bumrungrad Medical Center Ltd., has a commitment to pay fees to a local commercial bank, on a quarterly basis, for the unutilised credit facility at a rate stipulated in the agreement.
- f) A subsidiary, Bumrungrad Medical Center Ltd., has a commitment to pay maintenance service fee for medical instrument. Service fee of Baht 2.8 million is payable on a monthly basis. The agreement covered a period of 5 years, expiring in the year 2008, and shall be renewed automatically.
- g) A subsidiary, Bumrungrad Medical Center Ltd., has a commitment to pay security service fee. Service fee of Baht 0.8 million is payable on a monthly basis. The agreement covered a period of 3 years, expiring in the year 2005, and shall be renewed automatically.
- h) A subsidiary, Bumrungrad Medical Center Ltd., has a commitment to pay cleaning service fee. Service fee of Baht 1.8 million is payable on a monthly basis. The agreement covered a period of 3 years, expiring in the year 2005.

15. BANK GUARANTEES

As at 31 March 2004, there were outstanding bank guarantees of Baht 1.3 million (31 December 2003: Baht 1.3 million) issued by a bank on behalf of the Company, and of Baht 8.4 million (31 December 2003: Baht 8.4 million) issued on behalf of a subsidiary. All were required in the normal course of business.

(UNAUDITED BUT REVIEWED)

16. FINANCIAL INFORMATION BY SEGMENT

The operations of the Company and subsidiaries mainly involve the single industry segment of the hospital business and health care center, and most of them are carried on in the single geographic area in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area. The Company had consulting and management fee income for the three-month period ended 31 March 2004 of Baht 4.0 million (2003: Baht 1.0 million) from hospitals in foreign countries.

17. SUBSEQUENT EVENTS

On 28 April 2004, the Annual General Meeting of the Company's shareholders passed a resolution approving the change of the par value of the shares from Baht 5 to Baht 1. At present, the Company is in process to register the change with the Ministry of Commerce.

18. RECLASSIFICATION

Certain amounts in the financial statements for the year 2003 have been reclassified to conform to the current period's classification, with no effect on previously reported net earnings or shareholders' equity.

19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved by the Company's directors.