

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2004 AND 2003

Report of Independent Auditor

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

I have audited the consolidated balance sheets of Bumrungrad Hospital Public Company Limited and subsidiaries as at 31 December 2004 and 2003, and the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the years then ended, 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 express an opinion on these financial statements based on my audits.

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, the financial statements referred to above present fairly, in all material respects, the financial position of Bumrungrad Hospital Public Company Limited and subsidiaries and of Bumrungrad Hospital Public Company Limited as at 31 December 2004 and 2003, and the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited

Bangkok: 2 February 2005

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2004 AND 2003

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		652,881,941	985,581,980	516,300,167	61,263,555
Current investments - fixed deposits at financial institutions		470,000,000	200,012,341	-	10,012,341
Trade accounts receivable - net	5	234,958,035	232,992,380	233,885,989	21,039,861
Advances to employees and directors		5,533,291	9,804,417	5,436,879	79,180
Short-term loans and interest receivable - related parties	6	430,028	101,329,142	25,172,581	11,149,858
Inventories	7	104,451,057	93,513,296	102,027,734	-
Prepaid expenses		30,277,597	11,708,011	29,378,850	1,219,399
Other current assets		5,208,217	936,143	765,330	1,855,020
TOTAL CURRENT ASSETS		1,503,740,166	1,635,877,710	912,967,530	106,619,214
NON-CURRENT ASSETS					
Pledged fixed deposits at financial institutions	4	229,827,772	79,798,486	221,250,880	1,305,889
Investments accounted for under equity method	8	209,354	209,354	885,171,148	767,984,493
Other long-term investments - net	9	2,047,213	1,700,000	2,047,213	1,700,000
Long-term loans and interest receivable - related parties	6	-	160,341,068	25,022,369	183,856,970
Property, plant and equipment - net	10	2,801,618,198	2,484,015,981	1,618,024,805	511,058,265
Intangible assets - net	11	476,127,798	89,005,238	661,016,711	-
Goodwill on consolidation - net	2.3	-	-1,366,162	-	-
Other non-current assets		7,515,561	6,703,318	7,515,561	2,785,494
TOTAL NON-CURRENT ASSETS		3,517,345,896	2,820,407,283	3,420,048,687	1,468,691,111
TOTAL ASSETS		5,021,086,062	4,456,284,993	4,333,016,217	1,575,310,325

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2004 AND 2003

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade accounts payable		413,412,878	398,122,521	412,139,998	554,735
Current portion of long-term loan	12	328,521,802	82,130,450	-	-
Current portion of liabilities under debt restructuring agreement	13	-	8,000,000	-	8,000,000
Short-term loans and interest payable - a related party	6	-	-	1,470,826,509	-
Accrued physician's fee		167,001,668	143,892,444	166,377,045	-
Interest payable - convertible bonds treated as equity securities		6,232,877	3,561,644	6,232,877	3,561,644
Corporate income tax payable		60,893,372	-	-	-
Accrued expenses		136,153,589	137,554,066	134,068,672	6,094,161
Accounts payable - others	6	47,862,449	45,502,825	40,064,828	39,279,546
Other current liabilities		21,316,501	5,979,015	19,994,446	1,325,614
TOTAL CURRENT LIABILITIES		1,181,395,136	824,742,965	2,249,704,375	58,815,700
NON-CURRENT LIABILITIES					
Long-term loan	12	1,779,493,095	2,108,014,897	-	-
Liabilities under debt restructuring agreement	13	-	64,021,918	-	64,021,918
Convertible bonds	13	-	200,000,000	-	200,000,000
Provision for loss in excess of cost of investments in subsidiaries	8	-	-	23,114,011	13,085,206
TOTAL NON-CURRENT LIABILITIES		1,779,493,095	2,372,036,815	23,114,011	277,107,124
TOTAL LIABILITIES		2,960,888,231	3,196,779,780	2,272,818,386	335,922,824

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2004 AND 2003

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
SHAREHOLDERS' EQUITY					
Share capital	14				
Registered					
920,009,835 ordinary shares of Baht 1 each					
(2003: 183,970,467 ordinary shares of Baht 10 each)		920,009,835	1,839,704,670	920,009,835	1,839,704,670
2,692,850 preference shares of Baht 1 each					
(2003: 570,070 preference shares of Baht 10 each)		2,692,850	5,700,700	2,692,850	5,700,700
Issued and paid-up					
727,359,372 ordinary shares of Baht 1 each					
(2003: 132,122,803 ordinary shares of Baht 10 each)		727,359,372	1,321,228,030	727,359,372	1,321,228,030
2,692,850 preference shares of Baht 1 each					
(2003: 559,070 preference shares of Baht 10 each)		2,692,850	5,590,700	2,692,850	5,590,700
Premium on ordinary shares	14	285,568,300	-	285,568,300	-
Conversion option	13	-	41,599,484	-	41,599,484
Convertible bonds treated as equity securities	13	550,000,000	550,000,000	550,000,000	550,000,000
Excess of investment over book value					
of a subsidiary	8	(192,661,558)	-	(192,661,558)	-
Retained earnings					
Appropriated - statutory reserve	15	46,500,000	-	46,500,000	-
Unappropriated (deficit)		640,738,867	(679,030,713)	640,738,867	(679,030,713)
TOTAL EQUITY ATTRIBUTABLE TO					
COMPANY'S SHAREHOLDERS		2,060,197,831	1,239,387,501	2,060,197,831	1,239,387,501
MINORITY INTEREST - Equity attributable to					
minority shareholders of subsidiaries		-	20,117,712	-	-
TOTAL SHAREHOLDERS' EQUITY		2,060,197,831	1,259,505,213	2,060,197,831	1,239,387,501
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,021,086,062	4,456,284,993	4,333,016,217	1,575,310,325
		0	0	0	0

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

DIRECTORS

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF EARNINGS
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
REVENUES					
Revenues from hospital operations		5,686,055,350	4,490,984,530	2,482,535,921	-
Rental income	6	53,074,334	49,861,630	84,776,323	74,204,592
Non-competition fee income	6	-	-	25,500,000	25,500,000
Interest income	6	25,434,212	21,071,320	15,524,216	12,032,824
Gain on exchange rate		16,099,062	10,781,423	6,718,329	-
Other income	6	28,636,062	47,611,812	58,031,099	28,879,006
Share of profit from investments accounted for under equity method		-	-	328,668,699	634,506,669
TOTAL REVENUES		5,809,299,020	4,620,310,715	3,001,754,587	775,123,091
EXPENSES					
Cost of hospital operations		3,662,988,146	2,939,265,282	1,588,964,208	-
Depreciation and amortisation	10, 11	242,004,565	242,887,549	80,313,675	12,108,605
Administrative expenses	6	765,772,208	629,554,455	412,152,308	82,916,158
Directors' remuneration	16	4,365,000	5,580,000	4,365,000	5,580,000
Amortisation of goodwill	2.3	-1,366,162	(599,644)	-	-
Loss on impairment of fixed assets	10	9,000,000	-	9,000,000	-
Loss on exchange rate		-	-	-	448,107
Share of loss from investments accounted for under equity method		-	-	10,334,336	7,581,959
TOTAL EXPENSES		4,682,763,757	3,816,687,642	2,105,129,527	108,634,829
EARNINGS BEFORE INTEREST EXPENSE AND INCOME TAX					
		1,126,535,263	803,623,073	896,625,060	666,488,262
INTEREST EXPENSE	6	-118,886,083	-120,547,197	-26,056,027	-
CORPORATE INCOME TAX	17	(128,636,071)	-	-	-
EARNINGS BEFORE MINORITY INTEREST		879,013,109	683,075,876	870,569,033	666,488,262
MINORITY INTEREST		(8,444,076)	(16,587,614)	-	-
EARNINGS FROM ORDINARY OPERATIONS		870,569,033	666,488,262	870,569,033	666,488,262
EXTRAORDINARY ITEM - Gain from conversion of convertible bonds to ordinary shares	13	63,978,082	-	63,978,082	-
NET EARNINGS FOR THE YEAR		934,547,115	666,488,262	934,547,115	666,488,262
BASIC EARNINGS PER SHARE					
	18				
Earnings from ordinary operations		1.27	1.34	1.27	1.34
Extraordinary item		0.09	-	0.09	-
Net earnings		1.36	1.34	1.36	1.34
Weighted average number of ordinary shares, par value of Baht 1 each (shares)		686,003,287	499,162,713	686,003,287	499,162,713
DILUTED EARNINGS PER SHARE					
	18				
Earnings from ordinary operations		1.01	0.78	1.01	0.78
Extraordinary item		0.07	-	0.07	-
Net earnings		1.08	0.78	1.08	0.78
Weighted average number of ordinary shares, par value of Baht 1 each (shares)		863,080,160	857,914,863	863,080,160	857,914,863

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Cash flows from (used in) operating activities				
Net earnings	934,547,115	666,488,262	934,547,115	666,488,262
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities: -				
Depreciation and amortisation	242,004,565	242,887,549	80,313,675	12,108,605
Loss on impairment of fixed assets	9,000,000	-	9,000,000	-
Bad debts and allowance for doubtful accounts	25,401,693	18,805,480	20,629,906	257,916
Amortisation of goodwill	(1,366,162)	(599,644)	-	-
Share of profit from investments accounted for under equity method	-	-	(318,334,363)	(626,924,710)
Earnings attributed to minority interest for the year	8,444,076	16,587,614	-	-
Loss (gain) on disposal of fixed assets	12,634,832	(8,675,760)	75,989	-
	1,230,666,119	935,493,501	726,232,322	51,930,073
Decrease (increase) in operating assets				
Trade accounts receivable	(27,367,348)	(87,539,067)	(233,476,034)	(16,246,274)
Inventories	(10,937,761)	(23,079,948)	(102,027,734)	-
Other current assets	(24,880,633)	1,735,116	(29,108,734)	(2,185,292)
Increase (decrease) in operating liabilities				
Trade accounts payable	(29,705,824)	54,499,786	366,589,082	(36,807)
Accrued physicians' fee	23,109,224	35,749,429	166,377,045	-
Interest payable	-	(1,320,088)	-	-
Corporate income tax payable	60,893,372	-	-	-
Accrued expenses	(1,400,477)	52,004,008	127,974,511	3,298,191
Accounts payable - others	2,359,624	21,893,930	785,282	20,889,829
Other current liabilities	15,337,486	(2,191,790)	18,668,832	940,387
Net cash from operating activities	1,238,073,782	987,244,877	1,042,014,572	58,590,107

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit: 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		(390,029,286)	(110,636,236)	(219,944,991)	(55,339)
Decrease (increase) in advances to employees and directors		4,271,126	(8,829,903)	(5,357,699)	(3,369,070)
Increase in short-term loans and interest receivable - related parties		(135,412,365)	(101,211,046)	(250,334,202)	(7,032,411)
Decrease (increase) in long-term loans and interest receivable - related parties		7,791,506	(8,829,750)	6,285,039	(9,134,576)
Decrease in non-competition fee receivable		-	-	-	88,674,705
Purchase of investment in a subsidiary		(221,223,346)	-	(221,223,346)	-
Purchase of other investment		(347,213)	-	(347,213)	-
Dividend received		-	-	239,738,300	-
Increase in plant and equipment		(508,207,993)	(264,745,016)	(1,140,670,600)	(86,613,355)
Decrease (increase) in other non-current assets		(25,072,229)	(1,334,116)	(28,990,053)	32,971
Net cash used in investing activities		<u>(1,268,229,800)</u>	<u>(495,586,067)</u>	<u>(1,620,844,765)</u>	<u>(17,497,075)</u>
Cash flows from (used in) financing activities					
Increase in short-term loans and interest payable - a related party		-	-	1,214,280,376	-
Decrease in long-term loan		(82,130,450)	-	-	-
Cash received from issued ordinary shares		110,611,673	-	110,611,673	-
Dividend paid		(219,015,667)	-	(219,015,667)	-
Decrease in liabilities under debt restructuring agreement from interest payment		(8,043,836)	(7,978,082)	(8,043,836)	(7,978,082)
Interest paid for convertible bonds treated as equity securities		(10,000,000)	(18,273,971)	(10,000,000)	(18,273,971)
Net cash from (used in) financing activities before extraordinary item		<u>(208,578,280)</u>	<u>(26,252,053)</u>	<u>1,087,832,546</u>	<u>(26,252,053)</u>
Extraordinary item - gain from conversion of convertible bonds to ordinary shares		(63,978,082)	-	(63,978,082)	-
Net cash from (used in) financing activities		<u>(272,556,362)</u>	<u>(26,252,053)</u>	<u>1,023,854,464</u>	<u>(26,252,053)</u>
Net increase (decrease) in cash and cash equivalents		<u>(302,712,380)</u>	<u>465,406,757</u>	<u>445,024,271</u>	<u>14,840,979</u>
Cash and cash equivalents at beginning of year		<u>1,025,594,321</u>	<u>560,187,564</u>	<u>71,275,896</u>	<u>56,434,917</u>
Cash and cash equivalents at end of year	20	<u><u>722,881,941</u></u>	<u><u>1,025,594,321</u></u>	<u><u>516,300,167</u></u>	<u><u>71,275,896</u></u>
Supplemental cash flows information					
Cash paid during the year for: -					
Interest expense		126,959,087	129,845,367	28,719,220	7,978,082
Corporate income tax		78,214,628	16,149,440	10,471,929	5,602,616
Non-cash transaction: -					
Convertible bonds converted to ordinary shares		200,000,000	-	200,000,000	-
Asset acquisition from off-set debts		390,900,014	-	390,900,014	-
Net assets from transfer of business not yet paid		-	-	772,236,429	-

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit: Baht)

CONSOLIDATED

	Note	Issued and paid-up share capital		Premium on	Conversion option	Convertible bonds	Excess of investment over book value of a subsidiary	Retained earnings		Minority interest	Total
		Ordinary shares	Preference shares	ordinary shares		treated as equity securities		Appropriated- statutory reserve	Unappropriated (deficit)		
Balance - beginning of year 2003		892,626,610	5,620,700	888,036,842	41,599,484	1,300,000,000	-	36,639,475	(2,575,973,187)	3,530,098	592,080,022
Preference shares converted to ordinary shares	14	30,000	(30,000)	-	-	-	-	-	-	-	-
Convertible bonds converted to ordinary shares	13	428,571,420	-	321,428,580	-	(750,000,000)	-	-	-	-	-
Transfer of statutory reserve to deduct deficit	14	-	-	-	-	-	-	(36,639,475)	36,639,475	-	-
Transfer of premium on ordinary shares to deduct deficit	14	-	-	(1,209,465,422)	-	-	-	-	1,209,465,422	-	-
Interest paid for convertible bonds treated as equity securities	13	-	-	-	-	-	-	-	(15,650,685)	-	(15,650,685)
Net earnings for the year 2003		-	-	-	-	-	-	-	666,488,262	-	666,488,262
Minority interest for the year 2003		-	-	-	-	-	-	-	-	16,587,614	16,587,614
Balance - end of year 2003		1,321,228,030	5,590,700	-	41,599,484	550,000,000	-	-	(679,030,713)	20,117,712	1,259,505,213
Preference shares converted to ordinary shares	14	205,000	(205,000)	-	-	-	-	-	-	-	-
Reduction the par value of the shares to deduct deficit	14	(660,716,515)	(2,692,850)	-	-	-	-	-	663,409,365	-	-
Ordinary shares issued during the year	14	9,500,000	-	101,111,673	-	-	-	-	-	-	110,611,673
Convertible bonds converted to ordinary shares	13	57,142,857	-	184,456,627	(41,599,484)	-	-	-	-	-	200,000,000
Interest paid for convertible bonds treated as equity securities	13	-	-	-	-	-	-	-	(12,671,233)	-	(12,671,233)
Transferred to statutory reserve	15	-	-	-	-	-	-	46,500,000	(46,500,000)	-	-
Net earnings for the year 2004		-	-	-	-	-	-	-	934,547,115	-	934,547,115
Dividend paid	19	-	-	-	-	-	-	-	(219,015,667)	-	(219,015,667)
Minority interest for the year 2004		-	-	-	-	-	-	-	-	8,444,076	8,444,076
Purchase of investment in a subsidiary from minority		-	-	-	-	-	(192,661,558)	-	-	(28,561,788)	(221,223,346)
Balance - end of year 2004		727,359,372	2,692,850	285,568,300	-	550,000,000	(192,661,558)	46,500,000	640,738,867	-	2,060,197,831

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit: Baht)

THE COMPANY ONLY

	Note	Issued and paid-up share capital		Premium on	Convertible bonds treated as equity securities	Excess of investment over book value of a subsidiary	Retained earnings		Total	
		Ordinary shares	Preference shares	ordinary shares			Conversion option	Appropriated-		Unappropriated
								statutory reserve		(deficit)
Balance - beginning of year 2003		892,626,610	5,620,700	888,036,842	41,599,484	1,300,000,000	-	36,639,475	-2,575,973,187	588,549,924
Preference shares converted to ordinary shares	14	30,000	-30,000	-	-	-	-	-	-	-
Convertible bonds converted to ordinary shares	13	428,571,420	-	321,428,580	-	-750,000,000	-	-	-	-
Transfer of statutory reserve to deduct deficit	14	-	-	-	-	-	-	-36,639,475	36,639,475	-
Transfer of premium on ordinary shares to deduct deficit	14	-	-	-1,209,465,422	-	-	-	-	1,209,465,422	-
Interest paid for convertible bonds treated as equity securities	13	-	-	-	-	-	-	-	-15,650,685	-15,650,685
Net earnings for the year 2003		-	-	-	-	-	-	-	666,488,262	666,488,262
Balance - end of year 2003		1,321,228,030	5,590,700	-	41,599,484	550,000,000	-	-	-679,030,713	1,239,387,501
Preference shares converted to ordinary shares	14	205,000	-205,000	-	-	-	-	-	-	-
Reduction the par value of the shares to deduct deficit	14	(660,716,515)	(2,692,850)	-	-	-	-	-	663,409,365	-
Ordinary shares issued during the year	14	9,500,000	-	101,111,673	-	-	-	-	-	110,611,673
Convertible bonds converted to ordinary shares	13	57,142,857	-	184,456,627	-41,599,484	-	-	-	-	200,000,000
Interest paid for convertible bonds treated as equity securities	13	-	-	-	-	-	-	-	-12,671,233	-12,671,233
Transferred to statutory reserve	15	-	-	-	-	-	-	46,500,000	-46,500,000	-
Net earnings for the year 2004		-	-	-	-	-	-	-	934,547,115	934,547,115
Dividend paid	19	-	-	-	-	-	-	-	-219,015,667	-219,015,667
Purchase of investment in a subsidiary from minority		-	-	-	-	-	-192,661,558	-	-	-192,661,558
Balance - end of year 2004		727,359,372	2,692,850	285,568,300	-	550,000,000	-192,661,558	46,500,000	640,738,867	2,060,197,831

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

1. GENERAL INFORMATION

Bumrungrad Hospital Public Company Limited is registered as a public limited company under Thai laws and operates its business in Thailand. Its principal activities are hospital business, investment in other companies and rental of properties service.

On 8 June 2004, the meeting of the Company's Board of Directors passed a resolution approving the relocation of the Company's office from 210 Soi 1 (Soi Ruen Rudee) Sukhumvit Road, Klongtoey Nua Sub District, Wattana District, Bangkok to 33 Sukhumvit Soi 3 (Nana Nua) Sukhumvit Road, Klongtoey Nua Sub District, Wattana District, Bangkok. The Company registered this relocation with the Ministry of Commerce and the Revenue Department on 1 July 2004 and 11 June 2004, respectively.

On 17 October 2003, the SET had approved to transfer the Company's securities from the "REHABCO" sector to the "Health Care Services" sector and allow trading of the Company's securities in the SET trading system effective from 29 October 2003 onwards.

On 15 June 2004, the extraordinary general meeting of the Company's shareholders passed a resolution approving the purchase of the hospital business from a subsidiary, Bumrungrad Medical Center Ltd., and approving the Board of Directors to consider the remuneration. The Company acquired the movable assets, relevant licenses and permits, rights under various contracts and all employees involved in the hospital business. The purchase of the business was completed and relevant transactions were recorded. Total remuneration on purchase was Baht 772.2 million. In addition, the Company leases the hospital building from Bumrungrad Medical Center Ltd., for use in carrying on the hospital operations.

On 4 October 2004, a meeting of the Company's Board of Directors passed a resolution approving the acquisition of 41.90% of the registered capital of Asian Hospital, Inc., which is a private hospital operating in Manila, Philippines. The Company will invest through Vista Medical Management, Inc. and a new subsidiary, located in the Philippines, which are 100% and 40%, respectively, owned by the Company. The total value of this investment is 500 million pesos, or Baht 370 million.

2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements included the financial statements for the years ended 31 December 2004 and 2003 of Bumrungrad Hospital Public Company Limited (“the Company”) and the following subsidiaries: -

Subsidiaries	Percentage own by the Company		Type of business	Percentage of total assets included in the consolidated		Percentage of total revenues included in the consolidated	
	2004	2003		2004	2003	2004	2003
Bumrungrad Medical Center Ltd.	100.00	97.45	Hospital	65	82	57	98
Bumrungrad International Ltd. (formerly known as “B.H. Avenue Co., Ltd.”)	100.00	99.94	Land lease	-	-	-	-
Vitalife Corporation Ltd.	100.00	100.00	Health care center	1	1	1	-

2.2 Significant intercompany balances and transactions, investments in subsidiaries in the Company’s accounts and shareholders’ equity of the subsidiaries are eliminated from the consolidated financial statements.

2.3 The differences between cost of investments and the value ascribed to the equity in subsidiaries at the time of acquisition are shown under the caption of “Goodwill on consolidation” in the consolidated balance sheets and subject to amortisation over the period of 5 years.

2.4 In June 2004, the Company purchased additional investment in Bumrungrad Medical Center Ltd. from former shareholder. As a result, the Company’s shareholding in this subsidiary increased from 97.45% to 100%.

2.5 In November 2004, Bumrungrad International Ltd. (formerly known as “B.H. Avenue Co., Ltd.) increased its share capital and the Company purchased all increased shares. As a result, the Company’s shareholding in this subsidiary increased from 99.94% to 100%.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand and with the Accounting Act B.E. 2543. The Company’s and its subsidiaries’ financial statements have been prepared on the basis of historical cost.

Significant accounting policies adopted by the Company and subsidiaries are summarised below: -

3.1 Revenue and expense recognition

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.

Rental income, consulting and management fee income, interest income and expenses are recognised on an accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at financial institutions with an original maturity of three months or less and not subject to restriction.

3.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided to cover the estimated losses that may incur in collection. The adequacy of the allowance is reviewed and evaluated in relation to the current status of the receivables. Bad debt will be written off for the accounts considered uncollectible.

3.4 Inventories

Inventories are valued at the lower of cost (weighted average basis) and net realisable value.

3.5 Property, plant and equipment/Depreciation

Land is stated at cost, plant and equipment are stated at cost less accumulated depreciation. Depreciation of plant and equipment is calculated, by reference to their costs, on a straight-line basis over the following estimated useful lives: -

Leasehold right	-	lease period (30 years)
Land improvement	-	3 years and 30 years
Buildings and construction	-	8 - 30 years
Facility systems	-	5 - 20 years
Medical accessory equipment	-	5 - 15 years
Hospital equipment	-	3 - 15 years
Equipment and furniture	-	5 - 15 years
Vehicles	-	5 - 10 years

No depreciation is provided for land and construction in progress and under installation.

3.6 Impairment of assets

The Company and the subsidiaries review the impairment of assets whenever events indicate that the carrying value of an asset exceeds its recoverable amount. The recoverable value of the assets are arrived at based on the management's valuation.

The Company and the subsidiaries recognise an impairment loss in the earnings statements whenever the carrying value of an asset exceeds its recoverable amount. The Company and the subsidiaries will reverse the impairment loss to other income whenever there is any indication that the impairment loss recognised may no longer exist or may have decreased.

3.7 Amortisation

Intangible assets are amortised on a straight-line method over the period of 5 years and 10 years.

3.8 Investments

Investments in subsidiaries (in the Company's financial statements) and an associated company are valued at the equity method, whereby the investments are recorded at cost at the acquisition date and, for each subsequent period, adjusted to incorporate the Company's proportionate shares of the operating results in the subsidiaries and associated company. Loss in excess of cost of investments in subsidiaries have been shown as non-current liabilities under the caption of "Provision for loss in excess of cost of investments in subsidiaries".

Long-term investments in non-marketable equity securities, which are held as other investments, are valued at cost. The Company recognises loss on impairment of investment (if any) in the earnings statement.

3.9 Foreign currencies

Foreign currency transactions during the year are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities in foreign currency outstanding on the balance sheet date are translated into Baht at the rates ruling on the balance sheet date. Exchange gains and losses are included in determining earnings.

3.10 Financial instruments

The Company and its subsidiaries have no policy to speculate in or engage in the trading of any derivative financial instruments.

Financial instruments carried in the balance sheets include cash and deposits at financial institutions, investments, trade accounts receivable, trade accounts payable, loans and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.11 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

3.12 Employees' benefits

The Company and subsidiaries and their employees have jointly established a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to by both employees and the Company or subsidiaries at the rate of 5% and 5 - 7% of the employees' basic salaries, respectively. The fund is managed by Bangkok First Investment and Trust Public Company Limited and will be paid to employees upon termination in accordance with the rules of the provident fund. During the year 2004, the contributions of the Company and subsidiaries to the fund totaled Baht 17.1 million (2003: Baht 12.8 million) which was recorded as expense.

3.13 Corporate income tax

Corporate income tax has been calculated on the net earnings, after adding back certain provisions for expenses which are disallowable for tax computation purposes, deducting accumulated tax loss brought forward from previous year (if any) and excluding share of profit and loss from investments accounted for under equity method and dividend received from subsidiaries.

3.14 Earnings per share

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

Diluted earnings per share is calculated by dividing net earnings for the year, after adjusting the effect of transactions relating to dilutive potential ordinary shares, by the total sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares to be issued for conversion of all dilutive potential ordinary shares into ordinary shares.

Calculation of basic earnings per share and diluted earning per share has proportionately adjusted the numbers of ordinary shares in issue during the year and ordinary shares to be issued for conversion of all dilutive potential ordinary shares into ordinary shares, as a result of the change in the par value as described in Note 14 and Note 13. Basic earnings per share and diluted earnings per share for the year ended 31 December 2003 have been adjusted as though the share split had been effective since the beginning of the reported period.

4. PLEDGED FIXED DEPOSITS AT FINANCIAL INSTITUTIONS

As at 31 December 2004, deposits at financial institutions of Baht 9.8 million (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 220 million (2003: Baht 70 million) has been pledged to secure long-term loan of that subsidiary as described in Note 12.

5. TRADE ACCOUNTS RECEIVABLE

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

(Unit: Baht)

Outstanding period	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Current	136,767,440	138,837,651	136,417,029	15,482,540
Overdue				
1 - 30 days	64,123,228	46,733,230	63,970,698	1,664,003
31 - 60 days	20,727,678	12,905,824	20,454,501	667,840
61 - 90 days	6,726,545	8,380,876	6,623,260	1,514,554
91 - 180 days	8,740,767	21,982,659	8,618,016	1,370,433
181 - 365 days	11,208,297	7,470,537	11,138,405	73,666
More than 365 days	17,035,150	15,112,928	17,035,150	524,741
Total	265,329,105	251,423,705	264,257,059	21,297,777
Less: Allowance for doubtful accounts	(30,371,070)	(18,431,325)	(30,371,070)	(257,916)
Net	234,958,035	232,992,380	233,885,989	21,039,861

6. RELATED PARTY TRANSACTIONS

During the years, 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 on the terms and basis agreed between the Company and those companies, are summarised below: -

(Unit: Million Baht)

	THE COMPANY ONLY		Pricing policy
	2004	2003	
<u>Transactions with subsidiaries</u> (eliminated from consolidated financial statements)			
Rental income	40.6	45.0	As per contract a)
Non-competition fee income	25.5	25.5	As per contract b)
Interest income	2.0	1.9	11% p.a. and MLR - 0.5% p.a. (2003: 1.12% - 1.38%, 5%, 11% p.a.)
Service income	3.3	-	Cost plus margin

(Unit: Million Baht)

	THE COMPANY ONLY		Pricing policy
	<u>2004</u>	<u>2003</u>	
Management fee income	24.8	0.6	As per contract c)
Dividend received	239.7	-	Baht 2 per share
Rental expense	35.0	-	As per contract d)
Interest expense	26.0	-	MLR – 0.45% p.a.
Net remuneration on purchase of hospital business	772.2	-	Book value plus margin
<u>Transactions with related companies</u>			
Service income	1.0	-	Cost plus margin
Rental income	1.9	2.4	As per contract e)
Interest income	12.9	9.4	MLR p.a.
Rental expense	19.6	16.6	As per contract f)
Donation expense	0.6	-	-
Purchase of computer software	415.2	-	As per contract g)

(Unit: Million Baht)

	CONSOLIDATED		Pricing policy
	<u>2004</u>	<u>2003</u>	
<u>Transactions with related companies</u>			
Service income	13.8	11.8	Cost plus margin
Rental income	1.9	2.4	As per contract e)
Interest income	17.5	11.9	MLR p.a.
Rental expense	19.6	16.6	As per contract f)
Donation expense	8.2	5.2	-
Maintenance fee expense	7.7	-	As g)
Purchase of computer software	415.2	-	As per contract g)

- 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 B.H. Residence. On 1 August 2004, the subsidiary terminated the lease agreements of building, nursing dormitory and B.H. Residence with the Company, the subsidiary has no obligation to pay such rental fees.

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. On 1 July 2004, the Company and subsidiary made an addendum to lease agreement. The subsidiary has to pay rental fee equal to 5% of gross revenue inclusive of value added tax, but not less than Baht 238,200 per month.

- b) A subsidiary (Bumrungrad Medical Center Ltd.) 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 was 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 was Baht 25.5 million. In addition, the Company charged interest on the unpaid portion of the fee at a rate of 11% per annum. As a result of the sale of the subsidiary's hospital business, the subsidiary has no obligation to pay such non-competition fee.
- c) The Company and Vitallife Corporation Ltd. entered into a management service agreement under which Vitallife Corporation Ltd. had to pay the Company an amount equal to 3.5% of its turnover. In September 2004, both companies agreed to cancel such agreement.

The Company and Bumrungrad Medical Center Ltd. entered into a consulting service agreement which Bumrungrad Medical Center Ltd. is obliged to pay Baht 24 million for consulting service rendered from August to December 2004.

- d) The Company has leased hospital building from Bumrungrad Medical Center Ltd. for use in its hospital business. The lease agreement covers a period of 3 years, commencing from August 2004, and the rental fees are Baht 84 million per annum.
- e) 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 shall be extended for a further period of 3 years. The rental fees are Baht 1 million per annum, not including rental fees for room at B.H. Residence.

- f) The Company has entered into an agreement to lease land and a building (B.H. 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. On 19 January 2004, the bank approved one-year renewal of agreement, commencing on 29 August 2003 to 28 August 2004 and on 8 December 2004, the bank approved one-year renewal of agreement, commencing on 29 August 2004 to 28 August 2005. The rate of rental and other conditions shall be in accordance with the initial agreement.

Rental payable as at 31 December 2004, amounting to Baht 4.3 million (2003: Baht 8.6 million), was shown in the balance sheet under the caption of “Accounts payable - others”.

- g) In December 2004, the Company has entered into a license agreement with Global Care Solutions (Thailand) Co., Ltd. to purchase computer software, totaling USD 10.3 million (exclusive of value added tax) of which USD 9.7 million had been paid by the Company.

Bumrungrad Medical Center Ltd. is obliged to pay a software maintenance fee to Global Care Solutions (Thailand) Co., Ltd. The outstanding balance of Baht 7.7 million of the fee was recorded in “Accounts payable - others” in consolidated financial statements.

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

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
<u>Short-term loans and interest receivable - related parties</u>				
<u>Former subsidiary</u>				
The Bumrungrad Hospital Rayong Co., Ltd.	-	-	39,431,842	39,431,842
Less: Allowance for doubtful accounts	-	-	(39,431,842)	(39,431,842)
	-	-	-	-
<u>Subsidiary</u>				
Vitalife Corporation Ltd.	-	-	24,742,553	8,564,537
<u>Associated company</u>				
L.S. Cleaning Co., Ltd.	150	50	150	50
<u>Related companies</u>				
Global Care Solutions (Thailand) Co., Ltd.	217,648	101,183,655	217,648	2,584,971
The Bumrungrad Hospital Foundation	212,230	145,437	212,230	300
Total	430,028	101,329,142	25,172,581	11,149,858

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
<u>Long-term loans and interest receivable - related parties</u>				
<u>Subsidiaries</u>				
Bumrungrad International Ltd.	-	-	733,104	407,572
Vitalife Corporation Ltd.	-	-	24,289,265	23,108,330
<u>Related party</u>				
Global Care Solutions (Thailand) Co., Ltd.	-	160,341,068	-	160,341,068
Total	-	160,341,068	25,022,369	183,856,970
<u>Short-term loans and interest payable - a related party</u>				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.	-	-	1,470,826,509	-

Global Care Solutions (Thailand) Co., Ltd. is a developer of software for the hospital business. A subsidiary (Bumrungrad Medical Center Ltd.) is the beta site for all software developed by that company. The Company and the subsidiary therefore 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. In December 2004, Global Care Solutions (Thailand) Co., Ltd. had paid for such loans and interest totaling Baht 391 million.

The short-term and long-term loans to Vitalife Corporation Ltd. carry 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.

The short-term loans from Bumrungrad Medical Center Ltd. carry interest at the rate of MLR less 0.45% per annum.

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

				(Unit: Baht)
	31 December			31 December
	2003	Increase	Decrease	2004
<u>Short-term loans and interest receivable - related parties</u>				
<u>Subsidiary</u>				
Vitallife Corporation Ltd.				
Principal	8,200,565	16,607,226	1,235,471	23,572,320
Interest receivable	363,972	806,261	-	1,170,233
<u>Associated company</u>				
L.S. Cleaning Co., Ltd.	50	400	300	150
<u>Related parties</u>				
Global Care Solutions (Thailand) Co., Ltd.				
Principal	98,556,845	130,234,546	228,573,743	217,648
Interest receivable	2,626,810	9,240,871	11,867,681	-
The Bumrungrad Hospital Foundation	145,437	321,145	254,352	212,230
<u>Long-term loans and interest receivable - related parties</u>				
<u>Subsidiaries</u>				
Bumrungrad International Ltd.				
Principal	246,145	292,155	-	538,300
Interest receivable	161,427	33,377	-	194,804
Vitallife Corporation Ltd.				
Principal	22,494,000	-	-	22,494,000
Interest receivable	614,330	1,180,935	-	1,795,265
<u>Related party</u>				
Global Care Solutions (Thailand) Co., Ltd.				
Principal	143,870,479	-	143,870,479	-
Interest receivable	16,470,589	8,227,347	24,697,936	-
<u>Short-term loans and interest payable - a related party</u>				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.				
Principal	-	1,512,578,090	47,132,223	1,465,445,867
Interest receivable	-	26,026,859	20,646,217	5,380,642

7. INVENTORIES

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Medicine	72,896,227	66,997,649	70,472,904	-
Medical supplies	19,874,000	16,835,380	19,874,000	-
Other supplies	11,680,830	9,680,267	11,680,830	-
Total	104,451,057	93,513,296	102,027,734	-

8. 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: Baht)

Companies	Paid-up capital		Percentage of shareholding		Investment				Dividend	
	2004	2003	2004	2003	Cost method		Equity method		2004	2003
			%	%	2004	2003	2004	2003		
Subsidiaries										
Bumrungrad Medical										
Center Ltd.	958,953,608	1,198,692,010	100.00	97.45	1,691,902,972	1,470,679,626	1,077,599,756	767,446,011	239,738,300	-
Bumrungrad International Ltd.	1,000,000	1,000,000	100.00	99.94	999,400	999,400	23,596	329,128	-	-
Vitalife Corporation Ltd.	31,500,000	31,500,000	100.00	100.00	25,610,000	25,610,000	(23,114,011)	(13,085,206)	-	-
Total investments in subsidiaries					<u>1,718,512,372</u>	<u>1,497,289,026</u>	<u>1,054,509,341</u>	<u>754,689,933</u>		
Associated company										
L.S. Cleaning Co., Ltd.	1,250,000	1,250,000	25.00	25.00	312,500	312,500	209,354	209,354	-	-
Total investment in associated company					<u>312,500</u>	<u>312,500</u>	<u>209,354</u>	<u>209,354</u>		
Total investments					<u>1,718,824,872</u>	<u>1,497,601,526</u>	<u>1,054,718,695</u>	<u>754,899,287</u>		

(Unit: Baht)

	THE COMPANY ONLY	
	<u>2004</u>	<u>2003</u>
<u>Net investments</u>		
Investments accounted for under equity method	885,171,148	767,984,493
Excess of investment over book value of a subsidiary	192,661,558	-
Provision for loss in excess of cost of investments in subsidiaries	(23,114,011)	(13,085,206)
Total	<u>1,054,718,695</u>	<u>754,899,287</u>

The meeting of the Board of Directors of Bumrungrad Medical Center Ltd. 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 registered this change with the Ministry of Commerce on 30 March 2004.

On 16 June 2004, the Company purchased 3,060,623 ordinary shares of Bumrungrad Medical Center Ltd. from International Finance Corporation at the price of Baht 72.28050 per share (market price, based on opinion of the Company's financial advisor), totaling Baht 221,223,346. As a result, the Company's shareholding in this subsidiary increased from 97.45% to 100%. The difference between cost of investment and the value ascribed to the equity in the subsidiary at the time of acquisition amounting to Baht 192.7 million is presented in shareholders' equity in the consolidated and the separate financial statements.

On 18 August 2004, the Board of Directors of Bumrungrad Medical Center Ltd. approved the payment of an interim dividend of Baht 2 per share to the shareholders from that company's earnings from 1 January 2004 to 30 June 2004. The Company received dividend totaling Baht 239.7 million.

In November 2004, Bumrungrad International Ltd. (formerly known as “B.H. Avenue Co., Ltd.”) increased its share capital by issuing 5,990,000 new ordinary shares at a par value of Baht 100 each which caused the increase in subsidiary’s registered capital from Baht 1 million to Baht 600 million. The Company purchased all increased shares therefore the Company’s shareholding in this subsidiary increased from 99.94% to 100%. However, as at 31 December 2004, the Company has not yet paid for such share subscription.

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

9. OTHER LONG-TERM INVESTMENTS

(Unit: Baht)

COMPANIES	PERCENTAGE OF		CONSOLIDATED		THE COMPANY ONLY	
	SHAREHOLDING		2004	2003	2004	2003
	2004	2003				
	%	%				
Chantaburi Country Club Co., Ltd.	0.5	0.5	4,500,000	4,500,000	4,500,000	4,500,000
Global Care Solutions S.A.	14.0	-	347,213	-	347,213	-
Total			4,847,213	4,500,000	4,847,213	4,500,000
Less: Provision for impairment loss			(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)
Net			2,047,213	1,700,000	2,047,213	1,700,000

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

10. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

	CONSOLIDATED									
	Land	Leasehold right and land improvement	Building and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Vehicles	Construction in progress and under installation	Total
Cost										
31 December 2003	290,861,482	34,880,909	1,773,150,452	121,919,011	769,255,167	406,859,806	269,821,977	50,412,604	100,194,704	3,817,356,112
Purchase	-	-	33,090,702	1,232,775	232,827,495	67,796,484	13,873,832	4,694,018	204,672,021	558,187,327
Disposals	-	-	-	-	(33,349,916)	(1,786,090)	(514,620)	(2,601,999)	-	(38,252,625)
31 December 2004	290,861,482	34,880,909	1,806,241,154	123,151,786	968,732,746	472,870,200	283,181,189	52,504,623	304,866,725	4,337,290,814
Accumulated depreciation										
31 December 2003	-	9,355,074	422,950,730	35,210,673	422,864,674	284,523,408	136,815,871	21,619,701	-	1,333,340,131
Depreciation for the year	-	1,111,738	64,571,175	6,590,150	115,081,420	3,554,247	15,792,647	7,265,747	-	213,967,124
Depreciation – disposals	-	-	-	-	(17,642,045)	(238,132)	(152,470)	(2,601,992)	-	(20,634,639)
31 December 2004	-	10,466,812	487,521,905	41,800,823	520,304,049	287,839,523	152,456,048	26,283,456	-	1,526,672,616
Provision for impairment of assets										
31 December 2003	-	-	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	9,000,000	-	-	-	-	9,000,000
31 December 2004	-	-	-	-	9,000,000	-	-	-	-	9,000,000
Net book value										
31 December 2003	290,861,482	25,525,835	1,350,199,722	86,708,338	346,390,493	122,336,398	133,006,106	28,792,903	100,194,704	2,484,015,981
31 December 2004	290,861,482	24,414,097	1,318,719,249	81,350,963	439,428,697	185,030,677	130,725,141	26,221,167	304,866,725	2,801,618,198
Depreciation included in the earnings statement for the year										
2003										199,367,549
2004										213,967,124

(Unit: Baht)

THE COMPANY ONLY

	Land	Leasehold right and land improvement	Building and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Vehicles	Construction in progress and under installation	Total
Cost										
31 December 2003	290,861,482	15,563,340	110,021,814	20,603,937	-	65,576,246	70,605,992	2,706,651	100,194,703	676,134,165
Purchase	-	-	87,708,962	77,821,616	516,940,674	178,576,697	93,245,102	27,362,217	204,672,022	1,186,327,290
Disposals	-	-	-	-	(296,920)	(85,239)	(507,390)	(2)	-	(889,551)
31 December 2004	290,861,482	15,563,340	197,730,776	98,425,553	516,643,754	244,067,704	163,343,704	30,068,866	304,866,725	1,861,571,904
Accumulated depreciation										
31 December 2003	-	5,926,321	36,700,406	6,663,542	-	64,064,093	50,419,323	1,302,215	-	165,075,900
Depreciation for the year	-	467,818	7,854,262	3,577,532	46,499,130	1,128,348	7,551,670	2,545,493	-	69,624,253
Depreciation – disposals	-	-	-	-	(12,527)	(7,051)	(133,476)	-	-	(153,054)
31 December 2004	-	6,394,139	44,554,668	10,241,074	46,486,603	65,185,390	57,837,517	3,847,708	-	234,547,099
Provision for impairment of assets										
31 December 2003	-	-	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	9,000,000	-	-	-	-	9,000,000
31 December 2004	-	-	-	-	9,000,000	-	-	-	-	9,000,000
Net book value										
31 December 2003	290,861,482	9,637,019	73,321,408	13,940,395	-	1,512,153	20,186,669	1,404,436	100,194,703	511,058,265
31 December 2004	290,861,482	9,169,201	153,176,108	88,184,479	461,157,151	178,882,314	105,506,187	26,221,158	304,866,725	1,618,024,805
Depreciation included in the earnings statement for the year										
2003										12,108,605
2004										69,624,253

The Company has mortgaged all of the land with a book value of Baht 290.9 million (Baht 581 million appraisal fair value as of 12 November 2004) with a commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds of the Company as described in Notes 13 b) and 13 c).

The Company and Bumrungrad Medical Center Ltd. have mortgaged their buildings and pledged medical instruments and hospital equipment, with net book value as at 31 December 2004 of Baht 1,327 million (2003: Baht 1,380 million), to secure long-term loan obtained from a local commercial bank as described in Note 12.

In December 2004, the Company recorded provision for impairment of some medical instruments, amounting to Baht 9 million because there were indications that the carrying value of these assets exceeded their recoverable value.

As at 31 December 2004, the gross carrying amounts of fully depreciated equipment of the Company and subsidiaries still in use are Baht 6 million and Baht 4.5 million (2003: Baht 3 million and Baht 278 million), respectively.

11. INTANGIBLE ASSETS

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Computer software	478,778,572	217,600,000	478,778,572	-
Less: Accumulated amortisation	(2,650,774)	(128,594,762)	(2,650,774)	-
Computer software – net	476,127,798	89,005,238	476,127,798	-
Goodwill on purchase of business	-	-	192,927,561	-
Less: Accumulated amortisation	-	-	(8,038,648)	-
Goodwill on purchase of business – net	-	-	184,888,913	-
Total	476,127,798	89,005,238	661,016,711	-
Amortisation included in the earnings statement for the year	28,037,441	43,520,000	10,689,422	-

12. LONG-TERM LOAN

(Unit: Baht)

	CONSOLIDATED	
	2004	2003
<u>Bumrungrad Medical Center Ltd.</u>		
Loan from a local commercial bank	2,108,014,897	2,190,145,347
Less: Current portion of long-term loan	(328,521,802)	(82,130,450)
Long-term portion	<u>1,779,493,095</u>	<u>2,108,014,897</u>

On 16 September 2002, the subsidiary 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 Notes 10 and 4. In July 2004, the Company has entered into the Amendment Agreement and the Amended and Restated Facility Agreement with that bank in order to assume joint responsibility for these liabilities.

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.

13. 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 3.50 per one ordinary share (2003: Baht 17.50 per one ordinary share) and bondholders may make conversion throughout the life of the bonds.

On 25 August 2004, all of the bonds had been converted by Bangkok Insurance Public Company Limited.

- 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 4.55 per one ordinary share (2003: 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.
- 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 3.50 per one ordinary share (2003: 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 December 2004 and 2003 was Baht 250 million.

According to the term and conditions governing rights and obligations of the issuer and the bondholders for each series, stated that, " If and whenever the issuer makes an alteration to the par value of the shares by reason of any consolidation of subdivision or splitting shares, the conversion price of the bonds will be adjusted. Such adjustments will be effective immediately from the date on which the alteration of the shares is completely registered with the Ministry of Commerce." On 17 May 2004, the Company registered the change of par value of its shares from Baht 5 per share to Baht 1 per share with the Ministry of Commerce. Therefore, the conversion price of convertible bonds has been adjusted as follows: -

- a) Unsecured convertible bonds without trustee in an amount of Baht 200 million
Issued conversion price: Baht 17.50 per one ordinary share
Adjusted conversion price: Baht 3.50 per one ordinary share
- b) Partly secured convertible bonds in an amount of Baht 300 million
Issued conversion price: Baht 22.75 per one ordinary share
Adjusted conversion price: Baht 4.55 per one ordinary share

- c) Partly secured convertible bonds in an amount of Baht 1,000 million
 Issued conversion price: Baht 17.50 per one ordinary share
 Adjusted conversion price: Baht 3.50 per one ordinary share

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 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”.

On 24 August 2004, the bondholder of the convertible bonds a), Bangkok Insurance Public Company Limited, requested to exercise its right to convert all of the bonds, effective on 25 August 2004. The results of such conversion can be summarised as follows: -

Total convertible bonds sold	20	units
Previously converted bonds	-	units
Bonds requested for conversion	20	units
Outstanding bonds	-	units
Ordinary shares reserved for bond conversion	75,000,000	shares
Previously converted - ordinary shares	-	shares
Requested for conversion - ordinary shares	57,142,857	shares, par value of Baht 1 each
Outstanding ordinary shares reserved for conversion	17,857,143	shares

As a result of the conversion, the Company has no future interest. The Company therefore reversed the balance of such liabilities under the debt restructuring agreement, amounting to Baht 63,978,082, and presented such amount as an extraordinary item in the statement of earnings, under the caption of “Gain from conversion of convertible bonds to ordinary shares”. The Company also transferred Baht 41,599,484 from “Conversion option” to “Premium on ordinary shares”.

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.

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.

On 3 October 2003, convertible bonds c) had been converted to ordinary shares by the bondholder, Bangkok Bank Public Company Limited. The result of such conversion could be notified as follows: -

Total convertible bonds sold	100	units
Previously converted bonds	-	units
Bonds requested for conversion	75	units
Outstanding bonds	25	units
Ordinary shares reserved for bond conversion	60,000,000	shares
Previously converted - ordinary shares	-	shares
Requested conversion - ordinary shares	42,857,142	shares, par value of Baht 10 each
Outstanding ordinary shares reserved for conversion	17,142,858	shares

During 2000, the Company had increased registered capital to reserve 90 million ordinary shares to accommodate the above convertible bonds. After the conversion of bonds by Bangkok Bank Public Company Limited on 3 October 2003 and Bangkok Insurance Public Company Limited on 25 August 2004 and the change in par value of the Company's shares from Baht 5 per share to Baht 1 per share, as described in Note 14, the remaining ordinary shares reserve for conversion option is 178,571,433 shares.

Interest expense for the year 2004 of the convertible bonds amounted to Baht 20.7 million (2003: Baht 23.6 million), consisting of Baht 12.7 million (2003: Baht 15.6 million) being recorded as a reduction to "retained earnings", and Baht 8 million (2003: Baht 8 million) being recorded as a reduction to "liabilities under debt restructuring agreement".

14. SHARE CAPITAL

Preference shareholders have the same right as the ordinary shareholders except that they are entitled to receive an annual dividend at 15% of preference shares capital prior to the dividend paid to the ordinary shareholders. Preference shares can be converted into ordinary shares.

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 registered this conversion with the Ministry of Commerce on 8 March 2004.

As a result of the conversion of convertible bonds c), as described in Note 13, the Company's paid-up capital has increased from Baht 898,247,310 to Baht 1,326,818,730 and its premium on ordinary shares has increased from Baht 888,036,842 to Baht 1,209,465,422. The Company registered this conversion with the Ministry of Commerce on 3 October 2003 and the Stock Exchange of Thailand (SET) allowed the common shares increased to be listed on the SET starting from 8 October 2003.

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 registered this changed with the Ministry of Commerce on 8 March 2004.

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 and the amendment of number of registered shares from 184,540,537 shares of Baht 5 each to 922,702,685 shares of Baht 1 each. The Company registered this change with the Ministry of Commerce on 17 May 2004.

On 16 June 2004, the Company issued 9,500,000 ordinary shares with par value of Baht 1 to Internation Finance Corporation at the price of Baht 11.643334 per share (the price was based on the average market price of the Company traded on the Stock Exchange of Thailand), totaling Baht 110,611,673. As a result, the Company had increment in paid-up share capital from Baht 663,409,365 to Baht 672,909,365 and premium on ordinary shares in amount of Baht 101,111,673. The Company registered this change with the Ministry of Commerce on 18 June 2004.

As a result of the conversion of convertible bonds a) on 25 August 2004, the Company's paid up capital has increased from Baht 672,909,365 to Baht 730,052,222 and its premium on ordinary shares has increased from Baht 101,111,673 to Baht 285,568,300. The Company registered this conversion with the Ministry of Commerce on 26 August 2004 and the Stock Exchange of Thailand (SET) allowed the common shares increased to be listed on the SET.

15. STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. The statutory reserve could not use for dividend payment.

During the year 2003, the Company settled the statutory reserve against the deficit, as described in Note 14.

During the year 2004, the Company allocated Baht 46.5 million from its net earnings for the year to statutory reserve.

16. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's executive directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

17. CORPORATE INCOME TAX

Corporate income tax of a subsidiary (Bumrungrad Medical Center Ltd.) for the year 2004 has been calculated at the rate of 30% of net earnings for the year, after adding back certain provisions and expenses which are disallowable for tax computation purposes and less tax losses brought forward.

No Corporate income tax was payable by the Company for the years 2004 and 2003 and no corporate income tax was payable by subsidiaries for the year 2003 since tax losses brought forward from previous years exceed net earnings for the years.

18. RECONCILIATION OF DILUTED EARNINGS PER SHARE

(Unit: Baht)

	For the years ended 31 December					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	<u>2004</u>	<u>2003</u>	<u>2004</u> Shares	<u>2003</u> Shares	<u>2004</u>	<u>2003</u>
Basic earnings per share						
Net earnings	934,547,115	666,488,262	686,003,287	499,162,713	1.36	1.34
Effect of dilutive potential ordinary shares						
Preference shares 2,692,850 shares (2003: 2,795,350 shares)	-	-	2,711,894	2,798,514		
Convertible bonds 55 units (2003: 75 units)	-	-	174,364,979	355,953,636		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>934,547,115</u>	<u>666,488,262</u>	<u>863,080,160</u>	<u>857,914,863</u>	1.08	0.78

19. DIVIDEND PAID

On 18 August 2004, the Company's Board of Directors approved the payment of an interim dividend of Baht 0.30 per share to the Company's shareholders from the Company's earnings from 1 January 2004 to 30 June 2004. This constitutes a total dividend of Baht 219 million.

20. STATEMENTS OF CASH FLOWS

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

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	31 December		31 December	
	2004	2003	2004	2003
Cash on hand and at financial institutions	652,881,941	985,581,980	516,300,167	61,263,555
Fixed deposits at financial institutions	699,827,772	279,810,827	221,250,880	11,318,230
	1,352,709,713	1,265,392,807	737,551,047	72,581,785
Less: Amounts with maturities of more than 3 months or those pledged	(629,827,772)	(239,798,486)	(221,250,880)	(1,305,889)
Cash and cash equivalents	722,881,941	1,025,594,321	516,300,167	71,275,896

21. EMPLOYEES AND RELATED COSTS

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Number of employees at end of year	2,762	2,487	2,729	24
Employee costs for the year (Thousand Baht)	777,783	663,708	333,575	18,459

22. FINANCIAL INSTRUMENTS

22.1 Interest rate risk

The interest rate risk is the risk whereby future movement in market interest rates will have an effect to the result of operations and cash flows of the Company and subsidiaries. The exposure to the interest rate risk relates primarily to their deposits at financial institutions, loans to related parties, loans from a related party, long-term loan and convertible bonds. The Company and subsidiaries do not use derivative financial instruments to hedge this risk. The details of long-term loan and convertible bonds were included in Note 12 and 13, respectively.

22.2 Foreign currency risk

The exposure of the Company to the foreign currency risk relates primarily to its receivables of USD 150,872 which are denominated in foreign currencies. The Company does not hedge against exchange rate risk.

22.3 Credit risk

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. However, due to the large number of entities comprising the customer base of the Company and subsidiaries, they do not anticipate material losses from their debt collection.

22.4 Fair value

Since the majority of the financial assets are short-term and loans carry interest at rates close to current market rates, the management believes that the fair value of the Company's financial assets and liabilities does not materially differ from their carrying value.

23. COMMITMENTS

As at 31 December 2004, the Company has outstanding commitments as follows: -

- a) The Company has a commitment of Baht 1.9 million (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 263.6 million (2003: Baht 195 million) in relation to the construction of a new building and Baht 71.5 million in respect of purchase of medical instrument and hospital equipment.
- c) The Company has a commitment of Baht 91.7 million in respect of land rental for construction of nursing dormitory. The agreement covered a period of 30 years, expiring in the year 2035, and shall be extended for a further period of 20 years.
- d) The Company has a commitment of Baht 36.6 million (2003: Bumrungrad Medical Center Ltd., Baht 57 million) in respect of the lease of medical instrument under a 5-year agreement expiring in the year 2006.

- e) The Company has a commitment of Baht 17.4 million in respect of the lease of building for nursing dormitory and related services. The agreement covered a period of 3 years, expiring in the year 2007, and shall be renewed automatically.
- f) The Company 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) The Company 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) The Company 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.

24. BANK GUARANTEES

As at 31 December 2004, there were outstanding bank guarantees of Baht 1.9 million (2003: Baht 1.3 million) issued by a bank on behalf of the Company, and of Baht 8.4 million (2003: Baht 8.4 million) issued on behalf of a subsidiary. All were required in the normal course of business.

25. 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. In 2004, the Company had consulting and management fee income of Baht 17.1 million (2003: Baht 22.4 million) from hospitals in foreign countries.

26. SUBSEQUENT EVENTS

In January 2005, the Company has entered into a license agreement with Global Care Solution (Thailand) Co., Ltd. to purchase computer software, totaling USD 1.5 million (exclusive of value added tax).

A subsidiary (Bumrungrad International Ltd.) has entered into a license agreement with Global Care Solutions (Thailand) Co., Ltd. in January 2005 for use in its international hospital management service business. The subsidiary is obliged to pay the license fee at least USD 2.5 million.

27. PRESENTATION

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001 as empowered under the Accounting Act B.E. 2543.

Certain amounts in the financial statements for the year ended 31 December 2003 have been reclassified to conform to the current year's classification, with no effect on previously reported net earnings or shareholders' equity.

28. APPROVAL OF FINANCIAL STATEMENTS

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