

Bumrungrad Hospital Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month period ended 31 March 2014

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Bumrungrad Hospital Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Bumrungrad Hospital Public Company Limited and its subsidiaries as at 31 March 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Bumrungrad Hospital Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

EY Office Limited
(Formerly known as "Ernst & Young Office Limited")
Bangkok: 8 May 2014

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2014 (Unaudited but reviewed)	31 December 2013 (Audited)	31 March 2014 (Unaudited but reviewed)	31 December 2013 (Audited)
Assets					
Current assets					
Cash and cash equivalents		6,243,568	5,857,211	6,078,681	5,712,060
Trade and other receivables	2	1,225,521	1,306,953	1,217,144	1,302,241
Inventories		303,174	304,538	272,779	294,038
Prepaid expenses		96,564	49,940	91,190	46,228
Other current assets		18,232	33,194	15,653	31,331
Total current assets		7,887,059	7,551,836	7,675,447	7,385,898
Non-current assets					
Long-term loans to and interest receivable from related parties	3	-	-	396,721	1,855
Investments in subsidiaries	4	-	-	1,107,250	1,102,250
Investments in associates	5	234,727	234,586	7,110	7,110
Other long-term investments		1,700	1,700	1,700	1,700
Property, plant and equipment	6	9,764,209	9,095,693	8,119,707	8,082,024
Intangible assets	7	177,686	189,298	190,433	202,980
Other non-current assets		26,748	27,459	26,720	27,431
Deferred tax assets		157,412	150,957	154,043	150,726
Goodwill	###	112,739	-	-	-
Total non-current assets		10,475,221	9,699,693	10,003,684	9,576,076
Total assets		18,362,280	17,251,529	17,679,131	16,961,974

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2014	31 December 2013	31 March 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	8	759,595	858,882	754,324	850,389
Accrued physicians' fees		475,971	488,246	470,754	483,325
Accrued expenses		446,402	384,507	441,133	380,366
Income tax payable		472,947	329,139	463,013	324,152
Other current liabilities		69,294	64,324	56,173	56,567
Total current liabilities		2,224,209	2,125,098	2,185,397	2,094,799
Non-current liabilities					
Long-term loans from related parties	3	279,668	176,400	176,400	176,400
Long-term debentures	3, 9	4,967,518	4,966,090	4,967,518	4,966,090
Provision for long-term employee benefits		395,686	386,976	394,117	386,011
Total non-current liabilities		5,642,872	5,529,466	5,538,035	5,528,501
Total liabilities		7,867,081	7,654,564	7,723,432	7,623,300

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of financial position (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 March 2014	31 December 2013	31 March 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital	10				
Registered					
921,251,022 ordinary shares of Baht 1 each		921,251	921,211	921,251	921,211
(31 December 2013: 921,211,022 ordinary shares of Baht 1 each)					
1,451,663 preference shares of Baht 1 each		1,452	1,492	1,452	1,492
(31 December 2013: 1,491,663 preference shares of Baht 1 each)					
		<u>922,703</u>	<u>922,703</u>	<u>922,703</u>	<u>922,703</u>
Issued and paid-up					
728,600,559 ordinary shares of Baht 1 each		728,600	728,560	728,600	728,560
(31 December 2013: 728,560,559 ordinary shares of Baht 1 each)					
1,451,663 preference shares of Baht 1 each		1,452	1,492	1,452	1,492
(31 December 2013: 1,491,663 preference shares of Baht 1 each)					
		<u>730,052</u>	<u>730,052</u>	<u>730,052</u>	<u>730,052</u>
Premium on ordinary shares		285,568	285,568	285,568	285,568
Convertible bonds treated as equity securities	3	550,000	550,000	550,000	550,000
Retained earnings					
Appropriated - statutory reserve		92,275	92,275	92,275	92,275
Unappropriated		8,325,863	7,695,107	8,297,804	7,680,779
Other components of shareholders' equity		246,584	243,963	-	-
Equity attributable to owners of the Company		<u>10,230,342</u>	<u>9,596,965</u>	<u>9,955,699</u>	<u>9,338,674</u>
Non-controlling interests of the subsidiaries		264,857	-	-	-
Total shareholders' equity		<u>10,495,199</u>	<u>9,596,965</u>	<u>9,955,699</u>	<u>9,338,674</u>
Total liabilities and shareholders' equity		<u>18,362,280</u>	<u>17,251,529</u>	<u>17,679,131</u>	<u>16,961,974</u>
		-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Bumrungrad Hospital Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 31 March 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Revenues from hospital operations	3	3,589,426	3,457,098	3,545,617	3,401,682
Rental income	3	14,570	33,615	15,616	33,613
Interest income	3	37,341	37,930	36,987	37,544
Exchange gains		8,901	11,975	8,891	12,491
Other income	3	29,144	25,068	26,338	18,512
Total revenues		3,679,382	3,565,686	3,633,449	3,503,842
Expenses					
Cost of hospital operations	3	2,169,282	2,142,994	2,148,139	2,113,706
Administrative expenses	3	680,888	596,103	671,185	577,289
Total expenses		2,850,170	2,739,097	2,819,324	2,690,995
Profit before share of profit from investments in associates, finance cost and income tax expenses					
		829,212	826,589	814,125	812,847
Share of profit from investments in associates	5	1,063	756	-	-
Profit before finance cost and income tax expenses		830,275	827,345	814,125	812,847
Finance cost	3	(45,292)	(59,106)	(45,679)	(59,106)
Profit before income tax expenses		784,983	768,239	768,446	753,741
Income tax expenses	11	(146,310)	(155,219)	(143,407)	(152,817)
Profit for the period		638,673	613,020	625,039	600,924
Profit attributable to:					
Equity holders of the Company		638,770	613,020	625,039	600,924
Non-controlling interests of the subsidiaries		(97)	-		
		638,673	613,020		
Earnings per share					
12					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.88	0.84	0.86	0.82
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.74	0.71	0.72	0.69

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

(Unaudited but reviewed)

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit for the period	<u>638,673</u>	<u>613,020</u>	<u>625,039</u>	<u>600,924</u>
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currencies	<u>2,621</u>	<u>341</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>2,621</u>	<u>341</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>641,294</u></u>	<u><u>613,361</u></u>	<u><u>625,039</u></u>	<u><u>600,924</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>641,391</u>	<u>613,361</u>	<u>625,039</u>	<u>600,924</u>
Non-controlling interests of the subsidiaries	<u>(97)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>641,294</u></u>	<u><u>613,361</u></u>	<u><u>625,039</u></u>	<u><u>600,924</u></u>

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

(Unaudited but reviewed)

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of cash flows

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before tax	784,983	768,239	768,446	753,741
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	239,658	189,518	238,740	188,640
Bad debts and allowance for doubtful accounts	5,608	4,382	7,656	5,522
Loss on sales of equipment	611	1,147	611	1,147
Long-term employee benefits expenses	17,446	21,109	17,137	20,713
Share of profit from investments in associates	(1,063)	(756)	-	-
Interest income	(37,341)	(37,930)	(36,987)	(37,544)
Amortisation of debenture issuing costs to interest expense	1,427	1,363	1,427	1,363
Interest expense	43,865	57,743	44,252	57,743
Profit from operating activities before changes in operating assets and liabilities	1,055,194	1,004,815	1,041,282	991,325
Operating assets (increase) decrease				
Trade and other receivables	80,183	(55,642)	77,441	(59,767)
Inventories	19,631	(2,869)	21,259	(2,173)
Prepaid expenses	(46,562)	(27,828)	(44,962)	(26,288)
Other current assets	14,962	5,149	15,678	5,734
Other non-current assets	711	(580)	218	(474)
Operating liabilities increase (decrease)				
Trade and other payables	(76,217)	(14,190)	(71,730)	(23,622)
Accrued physicians' fees	(12,587)	20,202	(12,571)	19,602
Accrued expenses	12,658	(4,165)	11,143	(1,518)
Other current liabilities	544	(25,874)	(394)	(24,659)
Provision for long-term employee benefits	(8,736)	(1,072)	(9,031)	(1,072)
Cash flows from operating activities	1,039,781	897,946	1,028,333	877,088
Cash paid for corporate income tax	(8,081)	(6,727)	(7,862)	(6,651)
Net cash flows from operating activities	1,031,700	891,219	1,020,471	870,437

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

(Unaudited but reviewed)

Bumrungrad Hospital Public Company Limited and its subsidiaries**Statement of cash flows (continued)****For the three-month period ended 31 March 2014**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Acquisitions of investments in subsidiaries	(308,668)	-	(5,000)	-
Repayment debt of acquired subsidiary as at acquisition date	(85,705)	-	-	-
Cash increased from acquisitions of subsidiaries	3,286	-	-	-
Long-term loans to related parties	-	-	(394,373)	-
Acquisition of equipment and payment of construction and medical equipment payables	(272,169)	(233,659)	(272,101)	(232,930)
Acquisition of computer software	(3,260)	(205)	(3,228)	(205)
Proceeds from sales of equipment	275	2,280	275	8
Interest income	37,341	37,930	36,987	37,544
Net cash flows used in investing activities	(628,900)	(193,654)	(637,440)	(195,583)
Cash flows from financing activities				
Interest paid for long-term debentures	-	(513)	-	(513)
Dividend paid	(26)	(122)	(26)	(122)
Interest paid for convertible bonds treated as equity securities	(16,384)	(16,384)	(16,384)	(16,384)
Net cash flows used in financing activities	(16,410)	(17,019)	(16,410)	(17,019)
Increase (decrease) in translation adjustment	(33)	331	-	-
Net increase in cash and cash equivalents	386,357	680,877	366,621	657,835
Cash and cash equivalents at beginning of period	5,857,211	6,034,144	5,712,060	5,940,596
Cash and cash equivalents at end of period	6,243,568	6,715,021	6,078,681	6,598,431
	-	-	-	-
Supplemental cash flow information				
Non-cash transactions				
Interest cost recorded as cost of assets	13,742	-	13,742	-

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

(Unaudited but reviewed)

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Issued and paid-up share capital		Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings		Other components of shareholders' equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
					Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currencies	Other paid-in capital of an associated companies				Total other components of shareholders' equity
	Ordinary shares	Preference shares										
Balance as at 1 January 2013	728,393	1,659	285,568	550,000	92,275	6,608,287	(7,867)	252,173	244,306	8,510,488	-	8,510,488
Preference shares converted to ordinary shares (Note 10)	167	(167)	-	-	-	-	-	-	-	-	-	-
Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	(8,014)	-	-	-	(8,014)	-	(8,014)
Total comprehensive income for the period	-	-	-	-	-	613,020	341	-	341	613,361	-	613,361
Balance as at 31 March 2013	728,560	1,492	285,568	550,000	92,275	7,213,293	(7,526)	252,173	244,647	9,115,835	-	9,115,835
Balance as at 1 January 2014	728,560	1,492	285,568	550,000	92,275	7,695,107	(8,210)	252,173	243,963	9,596,965	-	9,596,965
Preference shares converted to ordinary shares (Note 10)	40	(40)	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests of the subsidiaries due to purchase of investments in subsidiaries (Note 4.2)	-	-	-	-	-	-	-	-	-	-	264,954	264,954
Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	(8,014)	-	-	-	(8,014)	-	(8,014)
Total comprehensive income for the period	-	-	-	-	-	638,770	2,621	-	2,621	641,391	(97)	641,294
Balance as at 31 March 2014	728,600	1,452	285,568	550,000	92,275	8,325,863	(5,589)	252,173	246,584	10,230,342	264,857	10,495,199
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

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

(Unaudited but reviewed)

Bumrungrad Hospital Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Separate financial statements						Total shareholders' equity
	Issued and paid-up share capital		Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings		
	Ordinary shares	Preference shares			Appropriated	Unappropriated	
Balance as at 1 January 2013	728,393	1,659	285,568	550,000	92,275	6,639,300	8,297,195
Preference shares converted to ordinary shares (Note 10)	167	(167)	-	-	-	-	-
Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	(8,014)	(8,014)
Total comprehensive income for the period	-	-	-	-	-	600,924	600,924
Balance as at 31 March 2013	<u>728,560</u>	<u>1,492</u>	<u>285,568</u>	<u>550,000</u>	<u>92,275</u>	<u>7,232,210</u>	<u>8,890,105</u>
Balance as at 1 January 2014	728,560	1,492	285,568	550,000	92,275	7,680,779	9,338,674
Preference shares converted to ordinary shares (Note 10)	40	(40)	-	-	-	-	-
Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	(8,014)	(8,014)
Total comprehensive income for the period	-	-	-	-	-	625,039	625,039
Balance as at 31 March 2014	<u>728,600</u>	<u>1,452</u>	<u>285,568</u>	<u>550,000</u>	<u>92,275</u>	<u>8,297,804</u>	<u>9,955,699</u>
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

Bumrungrad Hospital Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2014

1. General information

1.1 Corporate information

Bumrungrad Hospital Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in hospital business, investment in other companies and rental of properties service. The registered office of the Company is at 33 Soi 3 (Nana Nua) Sukhumvit Road, Klongtoey Nua Sub District, Wattana District, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of Bumrungrad Hospital Public Company Limited and the following subsidiaries (collectively “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2013, except for the changes in the composition of the Group from the additional investments in subsidiaries as discussed in Note 4 to the financial statements.

(Unaudited but reviewed)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 March 2014	31 December 2013
			%	%
<u>Subsidiaries held by the Company</u>				
Vitalife Corporation Ltd. ("VTL")	Health care center	Thailand	100	100
Asia Global Research Co., Ltd. ("AGR")	Clinical research service and sales of vaccine	Thailand	100	100
Ruenmongkol Co., Ltd. ("RM")	A holding and renting real estate assets company	Thailand	100	100
Bumrungrad Personnel Development Center Co., Ltd. ("PDC")	Personnel development and training center for healthcare service business	Thailand	100	-
Asia Global Health Ltd. ("AGH")	Investment in healthcare business	Hong Kong	100	100
Life and Longevity Ltd. ("LLL")	Overseas investment	Hong Kong	100	100
Health Horizons Enterprises Pte. Ltd. ("HHE")	Overseas investment	Singapore	80	-
<u>Subsidiaries held by subsidiaries</u>				
Vitalife International AG ("VTL AG") (Investment through LLL)	Overseas investment	Switzerland	51	-
Bumrungrad Mongolia LLC ("BML") (Investment through HHE)	Overseas investment	Mongolia	80	-
Seoul Seniors Tower LLC ("SST") (Investment through BML)	Owner and operates hospital	Mongolia	41	-

Although the Group holds only 41% of the share of SST, SST's financial statements have been included in the consolidated financial statements since the Group has control over its management.

1.4 New accounting standards

(a) Accounting standards that became effective in the current accounting year

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they do not have a significant impact.

(b) Accounting standard that will become effective in the future

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013.

2. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	2,602	1,928	2,903	2,102
Past due				
1 - 30 days	-	-	280	64
31 - 60 days	-	-	41	-
61 - 90 days	-	-	1	-
Total trade receivables - related parties	2,602	1,928	3,225	2,166
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	451,499	434,460	444,185	431,797
Past due				
1 - 30 days	264,879	266,599	263,449	263,475
31 - 60 days	196,667	117,666	195,339	116,664
61 - 90 days	69,452	103,461	69,060	101,176
91 - 180 days	91,622	133,397	89,058	132,491
181 - 365 days	90,544	183,085	89,430	182,391
More than 365 days	144,195	149,495	143,568	148,926
Total	1,308,858	1,388,163	1,294,089	1,376,920
Less: Allowance for doubtful accounts,	(96,848)	(103,707)	(97,306)	(103,760)
Total trade receivables - unrelated parties, net	1,212,010	1,284,456	1,196,783	1,273,160
Total trade receivables - net	1,214,612	1,286,384	1,200,008	1,275,326

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Other receivables</u>				
Advances and loans to employees	10,336	19,980	10,250	19,965
Accrued income - related parties	573	589	6,886	6,950
Total other receivables	10,909	20,569	17,136	26,915
Trade and other receivables - net	1,225,521	1,306,953	1,217,144	1,302,241

3. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Medical service income	-	-	5.2	5.1	Market price
Rental income	-	-	1.5	1.1	As per contracts 3.1)
Professional service income	-	-	0.3	0.3	Actual paid
Lab service expense	-	-	-	0.1	Market price
Pharmacy expense	-	-	1.7	3.0	Market price
Training expense	-	-	11.6	-	Cost plus margin
Interest income on long-term loans	-	-	0.5	-	3.25% p.a.
Transactions with associates					
Consulting income	0.1	0.2	0.1	0.2	As per contract 3.2)
Interest expense on long-term loans	0.8	-	0.8	-	1.50% - 2.00% p.a.
Transactions with related parties					
Medical service income	20.8	13.1	20.8	13.1	Market price
Rental income	0.5	0.4	0.5	0.4	Market price
Other income	0.2	0.9	0.2	0.9	At cost
Lab service expense	0.7	0.2	0.7	0.2	Market price
Purchase of medicine and medical supplies	2.6	2.1	2.6	2.1	Market price
Donation expense	6.0	6.0	6.0	6.0	-
Insurance expense	8.2	8.1	8.1	8.1	As per insurance policies
Credit card commission fees	26.8	25.4	26.8	25.4	Market price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2014	2013	2014	2013	
Interest expense on long-term debentures	11.4	11.4	11.4	11.4	4.13% - 4.97% p.a.
Interest expense on convertible bonds	8.0	8.0	8.0	8.0	10.00% p.a. and 1.00% p.a.
Legal advisory fee	2.1	0.9	1.9	0.9	Market price
Construction consulting fee	0.3	-	0.3	-	Baht 0.1 million per month as stated in the agreement
Service fee	0.2	-	0.2	-	Market price
Interest expense	0.1	-	-	-	3.25% p.a.

3.1) Subsidiaries have leased building spaces and office equipment from the Company for use in their operations, as detailed below.

Company's name	Rent assets	Rental fee per month (Million Baht)
Vitalife Corporation Ltd.	Building spaces	0.4
Asia Global Research Co., Ltd.	Building spaces and office equipment	0.1
Bumrungrad Personnel Development Center Co., Ltd.	Building spaces	0.2*

*The rental agreement starts February 2014.

3.2) The Company entered into a Consulting Support Agreement with an associate (Bumrungrad International Ltd.). The associate is obliged to pay a fee at a fixed rate amounting to Baht 0.2 million per annum, as stipulated in the agreement, and additional fee for consulting service provided by employees of the Company to the associate at the rates per agreement multiplied with actual hours worked. The agreement will expire in accordance with the conditions in the agreement.

(Unaudited but reviewed)

The balances of the accounts between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Trade and other receivables - related parties (Note2)				
Subsidiaries	-	-	6,936	6,599
Associates	266	185	266	185
Related parties (common director)	2,909	2,332	2,909	2,332
Total	3,175	2,517	10,111	9,116
Trade and other payables - related parties (Note 8)				
Subsidiaries	-	-	4,572	145
Associates	1,015	247	1,015	247
Total	1,015	247	5,587	392
Long-term loans to and interest receivable from related parties				
Subsidiaries	-	-	396,721	1,855
Long-term loans from related parties				
Associate	176,400	176,400	176,400	176,400
Related company (another shareholder of a subsidiary and an associate)	99,379	-	-	-
Related person (another shareholder of a subsidiary)	3,889	-	-	-
Total	279,668	176,400	176,400	176,400
Long-term debentures				
Related companies (Major shareholder and common director)	955,000	955,000	955,000	955,000
Convertible bonds treated as equity securities				
Related company (common director)	550,000	550,000	550,000	550,000

Long-term loans to and interest receivable from related parties

Long-term loans to and interest receivable from related parties are loans to subsidiaries as detailed below.

Company's name	Principal		Interest rate	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
			(% p.a.)	(% p.a.)
Life and Longevity Ltd.	CHF 0.05 million	CHF 0.05 million	-	-
Health Horizons Enterprises Pte. Ltd.	USD 12.24 million	-	3.25	-

(Unaudited but reviewed)

Loans to the above subsidiaries are due at call. The Company provides these loans to the subsidiaries for their overseas investments; therefore, the loans are classified as long-term loans.

During the three-month period ended 31 March 2014, movements of long-term loans to subsidiaries were as follows.

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 March 2014
	Balance as at 1 January 2014	During the period		
		Increase	Decrease	
Life and Longevity Ltd.				
Principal	1,855	-	-	1,855
Health Horizons Enterprises Pte. Ltd.				
Principal	-	394,373	-	394,373
Interest receivable	-	493	-	493
Total	-	394,866	-	394,866
Total long-term loans to and interest receivable from related parties	1,855	394,866	-	396,721

Long-term loans from related parties

Associate

On 1 April 2013, the Company and two other shareholders of Bumrungrad International Ltd. entered into a loan agreement with Bumrungrad International Ltd., which is the Company's associate, granting them loans totaling Baht 394.8 million, of which the Company's portion is Baht 176.4 million. The loans carry interest at the 1-year fixed deposit rate of a local commercial bank, and are due at call. The Company's management believes that the associate neither plans nor is likely to call for settlement in the foreseeable future; hence the loan is classified as long-term loan.

During the three-month period ended 31 March 2014, movements of long-term loan from an associate were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements			Balance as at 31 March 2014
	Balance as at 1 January 2014	During the period		
		Increase	Decrease	
Principal	176,400	-	-	176,400
Interest payable	1,253	761	-	2,014
Total	177,653	761	-	178,414

Related company

On 18 March 2014, Health Horizons Enterprises Pte. Ltd. (“HHE”) which is the Company’s overseas subsidiary issued promissory note to AFH Health Care Investment Limited (“AFH”) which is another HHE’s shareholder (20% shareholding) to loan USD 3.06 million. The loan carries interest at the rate of 3.25% per annum, and are due at call. AFH provides this loan to HHE for the overseas investments of HHE; therefore, the loan is classified as long-term loan.

During the three-month period ended 31 March 2014, movements of long-term loan from related company were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	During the period		Balance as at
	1 January			31 March
	2014	Increase	Decrease	2014
Principal	-	99,276	-	99,276
Interest payable	-	103	-	103
Total	-	99,379	-	99,379

Directors and management’s benefits

During the three-month periods ended 31 March 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Short-term employee benefits	34,557	31,797	33,490	29,619
Other long-term benefits	2	6	2	6
Termination benefits	2,366	1,540	2,352	1,385
Total	36,925	33,343	35,844	31,010

(Unaudited but reviewed)

4. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows.

(Unit: Thousand Baht)
Carrying amounts
based on cost
method - net

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for loss on diminution in value		Carrying amounts based on cost method - net	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
			(%)	(%)						
Vitalife Corporation Ltd.	Baht 31.5 million	Baht 31.5 million	100.00	100.00	25,610	25,610	-	-	25,610	25,610
Asia Global Research Co., Ltd.	Baht 50.0 million	Baht 50.0 million	100.00	100.00	50,000	50,000	50,000	50,000	-	-
Ruenmongkol Co., Ltd.	Baht 340.0 million	Baht 340.0 million	100.00	100.00	1,045,034	1,045,034	-	-	1,045,034	1,045,034
Bumrungrad Personnel Development Center Co., Ltd.	Baht 5.0 million	-	100.00	-	5,000	-	-	-	5,000	-
Asia Global Health Ltd.	HKD 7.1 million	HKD 7.1 million	100.00	100.00	31,558	31,558	-	-	31,558	31,558
Life and Longevity Ltd.	USD 1	USD 1	100.00	100.00	48	48	-	-	48	48
Health Horizons Enterprises Pte. Ltd.	USD 1	-	80.00	-	-	-	-	-	-	-
Total					<u>1,157,250</u>	<u>1,152,250</u>	<u>50,000</u>	<u>50,000</u>	<u>1,107,250</u>	<u>1,102,250</u>

During the three-month periods ended 31 March 2014 and 2013, the Company had no dividend received from the subsidiaries.

4.1 Establishment of new subsidiaries

Bumrungrad Personnel Development Center Co., Ltd.

On 6 January 2014, the Company set up and registered a new subsidiary, Bumrungrad Personnel Development Center Co., Ltd., incorporated in Thailand with a registered share capital of Baht 5.0 million, comprising of 500,000 common shares with par value of Baht 10 each. The Company paid for a common share of the subsidiary at 25% of par value of Baht 10, totaling Baht 1.3 million, representing 100% of total issued and paid-up share capital. Subsequently, on 10 February 2014, the Company fully paid for the unpaid amount of common shares of the subsidiary totaling Baht 3.7 million.

The investment was made in accordance with a resolution of the Investment Committee Meeting held on 19 December 2013, which approved the Company's establishment of a new subsidiary to be the Company's personnel development and training center for healthcare service business.

Vitalife International AG

On 16 January 2014, the Company set up and registered a new subsidiary, Vitalife International AG, incorporated in Switzerland with a registered share capital of CHF 100,000, comprising of 100,000 common shares with par value of CHF 1 each. The Company invested in the new subsidiary with 51% shareholding through a wholly owned subsidiary, Life and Longevity Ltd.

The investment was made in accordance with a resolution of the Investment Committee Meeting held on 20 September 2013, which approved the Company's establishment of a new subsidiary to be the Company's holding company for overseas investments.

Health Horizons Enterprises Pte. Ltd.

On 4 March 2014, the Company set up and registered a new subsidiary, Health Horizons Enterprises Pte. Ltd., incorporated in Singapore with a registered share capital of USD 20,000, comprising of 20,000 common shares with par value of USD 1 each. The Company's shareholding percentage represents 80% of total issued and paid-up share capital.

The investment was made in accordance with a resolution of the Board of Directors' Meeting held on 19 December 2013, which approved the Company's establishment of a new subsidiary to be the Company's holding company for overseas investments.

4.2 Acquisitions of new subsidiaries

On 28 March 2014, Health Horizons Enterprises Pte. Ltd. ("HHE"), an overseas subsidiary, 80% owned by the Company, acquired 100% of the common shares of Bumrungrad Mongolia LLC ("BML"), which holds 51% of the common shares of Seoul Seniors Tower LLC ("SST"), for approximately USD 12.0 million in cash. Additionally, HHE provided a loan of USD 3.3 million to SST, which owns and operates Ulaanbaatar Songdo Hospital in Mongolia.

The seller of shares of SST is entitled to receive additional contingent consideration in the form of earn-out payments, provided certain cumulative net profit targets are achieved through 31 December 2016, at the maximum of MNT 10,965.9 million, which has not yet been recorded.

HHE's consolidated assets and liabilities, which include SST and BML as of the acquisition date, are included in the Company's consolidated financial statements for the first quarter of 2014. HHE has recorded the net tangible assets of SST and BML acquired at their fair values as of the acquisition date. The remaining excess of the purchase price over the net value of the tangible assets acquired was allocated as goodwill. The preliminary amount of goodwill, which excludes any impact from additional contingent consideration, is approximately USD 3.5 million.

5. Investments in associates

5.1 Details of investments in associates

(Unit: Thousand Baht)								
Consolidated financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
			(%)	(%)				
Bumrungrad International Ltd.	Holding company	Thailand	31.50	31.50	1,447	1,447	231,136	231,069
CDE Trading Ltd.	Temporary cease its operation	Thailand	30.00	30.00	21,663	21,663	3,591	3,517
Total					23,110	23,110	234,727	234,586

(Unit: Thousand Baht)								
Separate financial statements								
Company's name	Shareholding percentage		Cost		Allowance for loss on diminution in value		Carrying amounts based on cost method - net	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	(%)	(%)						
Bumrungrad International Ltd.	31.50	31.50	1,447	1,447	-	-	1,447	1,447
CDE Trading Ltd.	30.00	30.00	21,663	21,663	16,000	16,000	5,663	5,663

(Unaudited but reviewed)

Total 23,110 23,110 16,000 16,000 7,110 7,110

5.2 Share of profit (loss) and dividend received

During the periods, the Company recognised its share of profit (loss) from investments in associates in the consolidated financial statements as follows.

(Unit: Thousand Baht)
For the three-month periods
ended 31 March

Company's name	2014	2013
Bumrungrad International Ltd.	71	(177)
CDE Trading Ltd.	992	933
Total	1,063	756

During the three-month periods ended 31 March 2014 and 2013, the Company had no dividend received from the associates.

5.3 Summarised financial information of associates

Financial information of the associates is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the three-month periods ended		Profit (loss) for the three-month periods ended 31 March	
	31 March		31 March		31 March		31 March		ended 31 March	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Bumrungrad International Ltd.	5.0	5.0	754.0	763.0	20.2	37.0	3.6	1.0	0.2	(0.6)
CDE Trading Ltd.	10.0	10.0	11.5	30.1	0.1	0.1	-	-	(0.2)	(0.2)

6. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2014	9,095,693	8,082,024
Increase from acquisitions of subsidiaries	631,649	-
Acquisitions during period - at cost	247,860	247,860
Capitalisation of interest cost	13,742	13,742
Disposals during period - net book value at disposal date	(886)	(886)

(Unaudited but reviewed)

Depreciation for the period	<u>(223,849)</u>	<u>(222,965)</u>
Net book value as at 31 March 2014	<u>9,764,209</u>	<u>8,119,707</u>

(Unaudited but reviewed)

As at 31 March 2014, the Company had an outstanding balance of work under construction of building and building improvement of Baht 1,138.1 million, which have been financed by long-term debentures and borrowing costs totaling Baht 13.7 million were capitalised during the three-month period ended 31 March 2014. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 4.87% p.a.

7. Intangible assets

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2014	189,298	202,980
Increase from acquisitions of subsidiaries	19	-
Acquisition during period - at cost	3,260	3,228
Amortisation for the period	(15,809)	(15,775)
Realised gain on sales of software in the past	918	-
Net book value as at 31 March 2014	177,686	190,433

8. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Trade payables - unrelated parties	616,522	692,190	605,987	684,962
Construction and medical equipment payables	121,319	145,628	121,319	145,628
Other payables - related parties (Note 3)	1,015	247	5,587	392
Other payables - unrelated parties	20,739	20,817	21,431	19,407
Total	759,595	858,882	754,324	850,389

9. Long-term debentures

Series	Maturity date	No. of units (Thousand units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest payment	(Unit: Thousand Baht) Carrying amount	
						31 March 2014	31 December 2013
1	Entirely redeemed on 20 December 2016 (5 years)	1,500	1,000	4.13	Semi-annual	1,500,000	1,500,000
2	Entirely redeemed on 20 December 2018 (7 years)	1,000	1,000	4.59	Semi-annual	1,000,000	1,000,000
3	Entirely redeemed on 20 December 2021 (10 years)	2,500	1,000	4.97	Semi-annual	2,500,000	2,500,000
Total						5,000,000	5,000,000
Less: Deferred debenture issuing costs						(32,482)	(33,910)
Long-term debentures - net						<u>4,967,518</u>	<u>4,966,090</u>

The long-term debentures are unsecured and unsubordinated debentures in Baht currency with fixed interest rates. Their fair value as at 31 March 2014 amounted to Baht 5,069.4 million (31 December 2013: Baht 4,994.2 million).

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios which include:

- a) maintenance of a net debt to equity ratio not exceeding 1.75:1
- b) maintenance of a net debt to EBITDA ratio not exceeding 3.25:1

10. Share capital

In the first quarter of 2014, 40,000 preference shares (2013: 167,313 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 6 March 2014.

11. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2014 and 2013 are made up as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	149,694	159,141	146,724	156,689
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,384)	(3,922)	(3,317)	(3,872)
Income tax expenses reported in the income statements	146,310	155,219	143,407	152,817

12. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

The following tables set forth the computation of basic and diluted earnings per share.

Consolidated financial statements						
For the three-month periods ended 31 March						
Profit for the period		Weighted average number of ordinary shares		Earnings per share		
2014	2013	2014	2013	2014	2013	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the Company						
638,770	613,020	728,572	728,438	0.88	0.84	
Effect of dilutive potential ordinary shares						
Preference shares						
-	-	1,480	1,614			
Convertible bonds						
-	-	137,363	137,363			
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>638,770</u>	<u>613,020</u>	<u>867,415</u>	<u>867,415</u>	0.74	0.71	
Separate financial statements						
For the three-month periods ended 31 March						
Profit for the period		Weighted average number of ordinary shares		Earnings per share		
2014	2013	2014	2013	2014	2013	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the Company						
625,039	600,924	728,572	728,438	0.86	0.82	
Effect of dilutive potential ordinary shares						
Preference shares						
-	-	1,480	1,614			
Convertible bonds						
-	-	137,363	137,363			
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>625,039</u>	<u>600,924</u>	<u>867,415</u>	<u>867,415</u>	0.72	0.69	

13. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The one main reportable operating segment of the Group is hospital and health care center and the geographical areas of their operations are Thailand and Mongolia. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

14. Commitments and contingent liabilities

14.1 Capital commitments

As at 31 March 2014, the Company has capital commitments to pay a total of Baht 140.0 million (31 December 2013: Baht 184.6 million) in relation to the renovation agreements of buildings and Baht 274.7 million (31 December 2013: Baht 271.2 million) in respect of purchase of medical instruments and hospital equipment.

14.2 Operating lease and long-term service commitments

The Company has entered into operating lease agreements in respect of the lease of lands, buildings, office space, vehicles and equipment and long-term service agreements. The terms of the agreements are generally between 2 and 30 years.

Future minimum payments required under the above agreements were as follows.

(Unit: Million Baht)

Details of commitments	Payable within						Total	
	1 year		1 to 5 years		More than 5 years			
	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December
	2014	2013	2014	2013	2014	2013	2014	2013
1) Nursing dormitory land rental expense (shall be extended for a further period of 30 years)	1	1	7	7	6	6	14	14
2) Lease of office space	25	28	64	68	-	-	89	96
3) Lease of building for nursing dormitory and related services (shall be renewed automatically)	10	7	-	-	-	-	10	7
4) Maintenance service fee for medical instruments	69	57	38	38	-	-	107	95
5) Rental and maintenance service fee for cars	10	8	16	11	-	-	26	19
6) Fee to a bank which is bondholders' representative	-	-	1	1	-	-	1	1

14.3 Uncalled portion of investments in subsidiaries

The Company has commitments in respect of the uncalled portion of investments in overseas subsidiaries as below.

Company's name	Country of incorporation	Uncalled portion of investments	
		31 March 2014	31 December 2013
Asia Global Health Ltd.	Hong Kong	HKD 2.34 million	HKD 2.34 million
Life and Longevity Ltd.	Hong Kong	USD 0.10 million	USD 0.10 million
Health Horizons Enterprises Pte. Ltd.	Singapore	USD 0.02 million	-

14.4 Bank guarantees

As at 31 March 2014 and 31 December 2013, there were outstanding bank guarantees of Baht 29.1 million issued by a bank on behalf of the Company. All were required in the normal course of business e.g. payment of utility expenses and space rental.

15. Event after the reporting period

On 29 April 2014, the 2014 Annual General Meeting of the Company's shareholders approved a dividend payment of Baht 1.90 per share, or a total of Baht 1,387.1 million, to the Company's preference and ordinary shareholders in respect of the 2013 profit. The Company already paid an interim dividend of Baht 0.70 per share, or a total of Baht 511.0 million on 5 September 2013, leaving a dividend of Baht 1.20 per share, or a total of Baht 876.1 million, which is to be paid on 28 May 2014.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on [8 May 2014](#).