

**BANGKOK DUSIT MEDICAL SERVICES PUBLIC  
COMPANY LIMITED AND SUBSIDIARIES**

**Interim Financial Statements**

**For the period ended September 30, 2004**

**and**

**Review Report of Certified Public Accountant**

## **REVIEW REPORT OF CERTIFIED PUBLIC ACCOUNTANT**

To the Board of Directors of  
Bangkok Dusit Medical Services Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries as at September 30, 2004, and the consolidated statements of income for each of the three-month and nine-month periods ended September 30, 2004 and 2003 and the consolidated statements of changes in shareholders' equity and cash flows for each of the nine-month periods ended September 30, 2004 and 2003. I have also reviewed the balance sheet of Bangkok Dusit Medical Services Public Company Limited as at September 30, 2004, and the statements of income for each of the three-month and nine-month periods ended September 30, 2004 and 2003 and the statements of changes in shareholders' equity and cash flows for each of the nine-month periods ended September 30, 2004 and 2003. The management of Bangkok Dusit Medical Services Public Company Limited is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews.

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

As discussed in Note 5 to the financial statements, as at September 30, 2004 and 2003, investments in associated companies of Baht 907.71 million and Baht 1,468.08 million, respectively were recorded by the equity method based on the unreviewed financial statements of these associated companies, which reflected a net gain (loss) in the consolidated statements of income and the separate statements of income of the Company for each of the three-month and nine-month periods ended September 30, 2004 and 2003 of Baht 6.55 million and Baht 72.62 million respectively in 2004, and Baht (4.18) million and Baht 87.02 million respectively in 2003.

As discussed in Note 3 to the financial statements, as at September 30, 2003, the Company had outstanding accrued interest receivable on loans to a related company amounting to Baht 83.19 million, the recovery of which was uncertain as the related company was in the process of debt restructuring. The Company had made an allowance for doubtful debts of Baht 9.58 million in respect of this amount, the adequacy of which was dependent on the satisfactory outcome of the debt restructuring. My report dated November 3, 2003 on the financial statements for the three-month and nine-month periods ended September 30, 2003 was qualified in this respect. In February 2004, the related company pledged its land as collateral for the outstanding accrued interest receivable. I have, accordingly, amended my report on the financial statements for the three-month and nine-month periods ended September 30, 2003 to reflect these circumstances by removing the qualification in this respect.

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

I have previously audited the consolidated financial statements of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries for the year ended December 31, 2003, and the separate financial statements of Bangkok Dusit Medical Services Public Company Limited for the same period in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated February 9, 2004. The consolidated balance sheet of the Company and its subsidiaries and the balance sheet of the Company as at December 31, 2003, which have been presented herein for comparative purposes, are components of those financial statements, which I have audited and reported thereon. I have not performed any audit procedures subsequent to the date of that report.

Thiridthong Thepmongkorn  
Certified Public Accountant  
Registration No 3787

KPMG Phoomchai Audit Ltd.  
Bangkok  
November 12, 2004

**BANGKOK DUSIT MEDICAL SERVICES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**BALANCE SHEETS**

**AS AT SEPTEMBER 30, 2004 AND DECEMBER 31, 2003**

**ASSETS**

	Notes	In Thousand Baht			
		Consolidated		The Company Only	
		September 30,	December 31,	September 30,	December 31,
		2004	2003	2004	2003
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
		<u>"Reviewed"</u>	<u>"Reviewed"</u>		
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		1,264,948	525,125	927,269	405,382
Current investments		29,898	13,602	12,224	6,195
Trade accounts receivable - net	3, 4	262,220	192,396	147,941	131,646
Short-term loan to related parties	3	-	-	103,600	50,600
Inventories		61,240	53,996	28,908	27,829
Accrued interest income - net	3	56,859	58,148	125,634	141,344
Other current assets - net	3	114,075	67,863	30,060	50,306
<b>Total Current Assets</b>		<u>1,789,240</u>	<u>911,130</u>	<u>1,375,636</u>	<u>813,302</u>
<b>NON-CURRENT ASSETS</b>					
Investments recorded by the equity method	5	1,199,258	1,358,285	2,724,363	2,456,805
Investment in related parties - net	5	56,242	61,414	56,242	58,574
Other long-term investments - net		299,313	7,412	299,313	7,412
Long-term loans to related parties - net	3	183,942	274,203	272,165	275,404
Property, plant and equipment - net	7	5,583,061	3,979,233	2,421,529	1,974,542
Land not used in operations		471,427	471,427	471,427	471,427
Goodwill - net		217,094	116,873	-	-
Accrued interest income	3	-	83,997	83,997	83,997
Other non-current assets - net		62,509	40,942	48,875	31,494
<b>Total Non-Current Assets</b>		<u>8,072,846</u>	<u>6,393,786</u>	<u>6,377,911</u>	<u>5,359,655</u>
<b>TOTAL ASSETS</b>		<u><u>9,862,086</u></u>	<u><u>7,304,916</u></u>	<u><u>7,753,547</u></u>	<u><u>6,172,957</u></u>

The accompanying notes are an integral part of these financial statements

**BANGKOK DUSIT MEDICAL SERVICES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**BALANCE SHEETS**

**AS AT SEPTEMBER 30, 2004 AND DECEMBER 31, 2003**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Thousand Baht			
		Consolidated		The Company Only	
		September 30,	December 31,	September 30,	December 31,
		2004	2003	2004	2003
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
Notes		"Reviewed"		"Reviewed"	
<b>CURRENT LIABILITIES</b>					
	Bank overdrafts and short-term loans from financial institutions	24,564	405,824	-	176,349
3	Trade accounts payable	357,044	204,436	241,894	146,358
6, 7	Current portion of long-term debts	387,169	346,376	298,724	342,666
3	Short-term loans from related parties	-	22,033	-	-
	Accrued income tax	55,393	56,100	54,657	55,192
3	Accrued expenses	276,450	183,760	168,108	139,688
3	Other current liabilities	185,155	87,494	132,071	51,354
	<b>Total Current Liabilities</b>	<b>1,285,775</b>	<b>1,306,023</b>	<b>895,454</b>	<b>911,607</b>
<b>NON-CURRENT LIABILITIES</b>					
6, 7	Other long-term debts - net	2,748,513	2,128,755	1,541,799	1,732,355
	Deferred income	145,798	129,403	142,780	129,403
	Other non-current liabilities	12,043	15,293	12,996	15,207
	<b>Total Non-Current Liabilities</b>	<b>2,906,354</b>	<b>2,273,451</b>	<b>1,697,575</b>	<b>1,876,965</b>
	<b>Total Liabilities</b>	<b>4,192,129</b>	<b>3,579,474</b>	<b>2,593,029</b>	<b>2,788,572</b>

The accompanying notes are an integral part of these financial statements

**BANGKOK DUSIT MEDICAL SERVICES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**BALANCE SHEETS**

**AS AT SEPTEMBER 30, 2004 AND DECEMBER 31, 2003**

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

	Notes	In Thousand Baht			
		Consolidated		The Company Only	
		September 30,	December 31,	September 30,	December 31,
		2004	2003	2004	2003
		"Unaudited"	"Audited"	"Unaudited"	"Audited"
		"Reviewed"		"Reviewed"	
<b>SHAREHOLDERS' EQUITY</b>					
Authorized share capital:	8				
1,180,500,000 common shares, Baht 1 par value in 2004 and 75,000,000 common shares, Baht 10 par value in 2003					
Issued and paid-up share capital:	8				
1,000,000,000 common shares, Baht 1 per share in 2004 and 75,000,000 common shares, Baht 10 per share in 2003		1,000,000	750,000	1,000,000	750,000
Premium share capital:					
Premium on common shares		2,817,600	1,567,600	2,817,600	1,567,600
Other surpluses		531,841	460,471	531,841	460,471
Retained earnings:	9				
Appropriated:					
Legal reserve		100,238	59,000	100,238	59,000
Unappropriated					
Retained earnings		710,839	547,314	710,839	547,314
<b>Total Shareholders' Equity of the Parent Company</b>		<b>5,160,518</b>	<b>3,384,385</b>	<b>5,160,518</b>	<b>3,384,385</b>
Minority Interests		509,439	341,057	-	-
<b>Total Shareholders' Equity</b>		<b>5,669,957</b>	<b>3,725,442</b>	<b>5,160,518</b>	<b>3,384,385</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>9,862,086</b>	<b>7,304,916</b>	<b>7,753,547</b>	<b>6,172,957</b>

The accompanying notes are an integral part of these financial statements

## STATEMENTS OF INCOME

"REVIEWED"

FOR EACH OF THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003

	Notes	In Thousand Baht			
		Consolidated		The Company Only	
		2004	2003	2004	2003
<b>REVENUES</b>	3				
Patient services		1,433,128	776,540	954,189	721,683
<b>OTHER INCOME</b>					
Revenue from sales of food and beverages		9,494	8,486	9,162	8,277
Interest income		5,769	6,668	6,637	6,663
Others		27,426	14,351	10,497	12,900
<b>Total Other Income</b>		42,689	29,505	26,296	27,840
Share of profits (loss) from investments recorded by the equity method		39,437	(3,854)	32,915	(8,327)
<b>Total Revenues</b>		1,515,254	802,191	1,013,400	741,196
<b>EXPENSES</b>	3				
Nursing and other operating services		853,179	458,597	531,830	427,272
Administrative expenses		375,418	193,094	233,547	167,565
Directors' remuneration		5,428	4,773	4,808	4,592
Loss on impairment of assets		354	2,798	-	2,591
Goodwill amortization expense		14,108	142	-	-
<b>Total Expenses</b>		1,248,487	659,404	770,185	602,020
<b>Profit before Interest Expense and Income Tax</b>		266,767	142,787	243,215	139,176
<b>Interest Expense</b>		33,389	24,512	19,085	23,249
<b>Income Tax</b>		60,350	27,343	57,942	25,491
<b>Profit after Income Tax</b>		173,028	90,932	166,188	90,436
<b>Net Profit of Minority Interests</b>		(6,840)	(496)	-	-
<b>NET PROFIT</b>		166,188	90,436	166,188	90,436
<b>Earnings Per Share: (Baht)</b>	2	0.17	0.12	0.17	0.12
<b>Weighted average number of common shares (shares)</b>	2	978,260,870	750,000,000	978,260,870	750,000,000

The accompanying notes are an integral part of these financial statements

## STATEMENTS OF INCOME

"REVIEWED"

FOR EACH OF THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003

	Notes	In Thousand Baht			
		Consolidated		The Company Only	
		2004	2003	2004	2003
<b>REVENUES</b>	3				
Patient services		3,759,915	2,114,594	2,724,673	1,980,712
<b>OTHER INCOME</b>					
Revenue from sales of food and beverages		27,660	23,940	27,328	23,364
Interest income		14,626	26,245	17,192	26,093
Others		64,008	40,544	24,137	37,974
<b>Total Other Income</b>		106,294	90,729	68,657	87,431
Share of profits from investments recorded by the equity method		119,086	83,031	117,146	77,932
<b>Total Revenues</b>		3,985,295	2,288,354	2,910,476	2,146,075
<b>EXPENSES</b>	3				
Nursing and other operating services		2,139,129	1,265,961	1,512,703	1,181,537
Administrative expenses		1,039,873	570,280	658,777	520,127
Directors' remuneration		14,774	14,094	14,076	13,540
Loss on impairment of assets		9,763	12,612	9,232	11,990
Goodwill amortization expense		20,351	198	-	-
<b>Total Expenses</b>		3,223,890	1,863,145	2,194,788	1,727,194
<b>Profit before Interest Expense and Income Tax</b>		761,405	425,209	715,688	418,881
<b>Interest Expense</b>		87,885	72,870	61,121	71,429
<b>Income Tax</b>		157,782	69,551	149,804	65,607
<b>Profit after Income Tax</b>		515,738	282,788	504,763	281,845
<b>Net Profit of Minority Interests</b>		(10,975)	(943)	-	-
<b>NET PROFIT</b>		504,763	281,845	504,763	281,845
<b>Earnings Per Share: (Baht)</b>	2	0.61	0.38	0.61	0.38
<b>Weighted average number of common shares (shares)</b>	2	826,642,336	750,000,000	826,642,336	750,000,000

The accompanying notes are an integral part of these financial statements

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

"REVIEWED"

FOR EACH OF THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003

	In Thousand Baht					Total
	Consolidated					
	Issued and paid-up share capital	Premium on share capital	Other surpluses	Retained earnings	Minority interests	
<b>BALANCE AS AT JANUARY 1, 2003</b>	750,000	1,567,600	436,437	446,809	32,423	3,233,269
Other surpluses	-	-	24,065	-	-	24,065
Sum of items not recognised in the income statements	-	-	24,065	-	-	24,065
Minority interests	-	-	-	-	464	464
Net profit	-	-	-	281,845	-	281,845
Dividend payment	-	-	-	(224,970)	-	(224,970)
<b>BALANCE AS AT SEPTEMBER 30, 2003</b>	<u>750,000</u>	<u>1,567,600</u>	<u>460,502</u>	<u>503,684</u>	<u>32,887</u>	<u>3,314,673</u>
<b>BALANCE AS AT JANUARY 1, 2004</b>	750,000	1,567,600	460,471	606,314	341,057	3,725,442
Other surpluses	-	-	71,370	-	-	71,370
Sum of items not recognised in the income statements	-	-	71,370	-	-	71,370
Increase in share capital	250,000	-	-	-	-	250,000
Increase in premium on share capital	-	1,250,000	-	-	-	1,250,000
Minority interests	-	-	-	-	168,382	168,382
Net profit	-	-	-	504,763	-	504,763
Dividend payment	-	-	-	(300,000)	-	(300,000)
<b>BALANCE AS AT SEPTEMBER 30, 2004</b>	<u>1,000,000</u>	<u>2,817,600</u>	<u>531,841</u>	<u>811,077</u>	<u>509,439</u>	<u>5,669,957</u>

The accompanying notes are an integral part of these financial statements

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

"REVIEWED"

FOR EACH OF THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003

	In Thousand Baht				
	The Company only				
	Issued and paid-up share capital	Premium on share capital	Other surpluses	Retained earnings	Total
<b>BALANCE AS AT JANUARY 1, 2003</b>	750,000	1,567,600	436,437	446,809	3,200,846
Other surpluses	-	-	24,065	-	24,065
Sum of items not recognised in the income statements	-	-	24,065	-	24,065
Net profit	-	-	-	281,845	281,845
Dividend payment	-	-	-	(224,970)	(224,970)
<b>BALANCE AS AT SEPTEMBER 30, 2003</b>	<u>750,000</u>	<u>1,567,600</u>	<u>460,502</u>	<u>503,684</u>	<u>3,281,786</u>
<b>BALANCE AS AT JANUARY 1, 2004</b>	750,000	1,567,600	460,471	606,314	3,384,385
Other surpluses	-	-	71,370	-	71,370
Sum of items not recognised in the income statements	-	-	71,370	-	71,370
Increase in share capital	250,000	-	-	-	250,000
Increase in premium on share capital	-	1,250,000	-	-	1,250,000
Net profit	-	-	-	504,763	504,763
Dividend payment	-	-	-	(300,000)	(300,000)
<b>BALANCE AS AT SEPTEMBER 30, 2004</b>	<u>1,000,000</u>	<u>2,817,600</u>	<u>531,841</u>	<u>811,077</u>	<u>5,160,518</u>

The accompanying notes are an integral part of these financial statements

**BANGKOK DUSIT MEDICAL SERVICES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR EACH OF THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003**

UNAUDITED"  
"REVIEWED"

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net profit	504,763	281,845	504,763	281,845
Reconciliation of net profit to net cash provided by (used in) operating activities				
Depreciation and amortization	274,878	139,794	143,848	117,771
Bad debt and doubtful accounts	10,341	772	8,558	772
Amortization of deferred income	(15,109)	(9,052)	(11,823)	(9,052)
Share of profit from investments recorded by equity method	(119,086)	(83,031)	(117,146)	(77,932)
Loss on impairment of assets	9,763	12,612	9,232	11,990
Amortization of goodwill	20,351	198	-	-
Loss (gain) from disposal of fixed assets	4,677	1,230	3,144	(373)
Unrealize loss (gain) on foreign exchange rate - net	2,737	(9,520)	2,737	(9,520)
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>693,315</b>	<b>334,848</b>	<b>543,313</b>	<b>315,501</b>
<b>Changes in operating assets and liabilities</b>				
Increase in trade accounts receivable	(78,239)	(39,230)	(22,926)	(14,705)
Increase in inventories	(7,243)	(16,857)	(1,079)	(1,502)
Decrease in accrued interest income	85,286	12,416	15,709	12,454
(Increase) decrease in other current assets	(46,622)	(9,216)	14,034	(34,184)
Increase in other non-current assets	(29,998)	(6,106)	(24,281)	(2,495)
Increase in trade accounts payable	152,608	58,324	95,537	1,553
Increase in accrued expenses	92,690	69,231	28,420	89,021
Decrease in accrued income tax	(707)	(19,875)	(535)	(17,268)
Increase (decrease) in other current liabilities	41,032	(3,379)	26,994	(6,257)
Increase in deferred income	31,504	60,400	25,200	60,400
(Decrease) increase in other non-current liabilities	(3,250)	4,652	(3,721)	4,628
<b>Net Cash Provided by Operating Activities</b>	<b>930,376</b>	<b>445,208</b>	<b>696,665</b>	<b>407,146</b>

## STATEMENTS OF CASH FLOWS (Continued)

"REVIEWED"

FOR EACH OF THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in current investments	(16,296)	(36)	(6,029)	(36)
Dividend received	42,685	30,015	44,759	34,163
Decrease in investment in associated company	280,397	-	-	-
Increase in goodwill	(120,572)	(5,673)	-	-
Purchases of investments	(264,500)	(302,224)	(414,192)	(778,972)
Proceeds from sales of fixed assets	4,253	3,573	2,862	2,407
Purchases of fixed assets	(1,792,113)	(811,678)	(545,778)	(182,091)
Decrease (increase) in loans to related parties	91,773	255,429	(49,761)	255,429
(Increase) decrease in accounts receivable from sales of fixed assets	(1,741)	39,765	4,285	32,660
Increase in account payable from purchases of fixed assets	-	16,900	-	-
<b>Net Cash Used in Investing Activities</b>	<b>(1,776,114)</b>	<b>(773,929)</b>	<b>(963,854)</b>	<b>(636,440)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
(Decrease) increase in bank overdrafts and short-term loans from financial institutions	(381,260)	84,654	(176,349)	-
Decrease in loans from related parties	(22,033)	(3,446)	(48)	-
Decrease in subscription receivable	1,551	-	-	-
Increase in payable to contractors and construction retention	-	6,079	-	-
Increase in other long-term debts	869,313	21,237	-	-
Repayments of other long-term debts	(250,392)	(58,257)	(234,527)	(53,181)
Dividend payment	(300,000)	(224,970)	(300,000)	(224,970)
Proceeds from increase in share capital	1,500,000	-	1,500,000	-
Increase in minority interests	168,382	464	-	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>1,585,561</b>	<b>(174,239)</b>	<b>789,076</b>	<b>(278,151)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>739,823</b>	<b>(502,960)</b>	<b>521,887</b>	<b>(507,445)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>525,125</b>	<b>1,007,011</b>	<b>405,382</b>	<b>966,951</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>1,264,948</b>	<b>504,051</b>	<b>927,269</b>	<b>459,506</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>				
<b>Cash paid during the period for</b>				
Interest expense	97,950	69,014	61,471	68,098
Income tax	158,372	92,112	146,958	82,767

# BANGKOK DUSIT MEDICAL SERVICES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## Notes to Interim Financial Statements

September 30, 2004 and 2003 (Reviewed)

and December 31, 2003 (Audited)

### 1. BASIS OF INTERIM FINANCIAL STATEMENTS PREPARATION AND PRINCIPLES OF CONSOLIDATION

The interim financial statements are prepared in Thai Baht, in the Thai language, and in conformity with generally accepted accounting principles in Thailand. Accordingly, the interim financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in Thailand.

The interim financial statements have been prepared to provide an update on the financial statements for the year ended December 31, 2003. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2003.

Other than those specified in notes to the annual and the interim financial statements, all other balances presented in these interim financial statements are prepared under the historical cost basis.

For convenience of the readers, an English translation of the interim financial statements has been prepared from the Thai language statutory interim financial statements, which are issued for domestic financial reporting purposes.

The consolidated interim financial statements for the three-month and nine-month periods ended September 30, 2004 and the consolidated financial statements for the year ended December 31, 2003 include the financial statements of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries in which the Company has control or invested over 50% of its voting rights. These subsidiaries are detailed as follows:

	Business Type	Country of Registration	Percentage of Holdings	
			September 30, 2004	December 31, 2003
<b>Subsidiaries</b>				
Bangkok Prapradang Hospital Co., Ltd.	Hospital	Thailand	79%	79%
National Healthcare Systems Co., Ltd.	Central Lab	Thailand	100%	100%
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	Thailand	95%	95%
Bangkok Rayong Hospital Co., Ltd.	Hospital	Thailand	81%	81%
New Petchburi Medical Services Co., Ltd.	Hospital	Thailand	100%	100%
Bangkok Samui Hospital Co., Ltd.	Hospital	Thailand	100%	100%
Bangkok Hatyai Hospital Co., Ltd.	Hospital	Thailand	68%	68%
Bangkok Trat Hospital Co., Ltd. (Formerly: Trat Vejchakij Co., Ltd.)	Hospital	Thailand	63%	63%
Bangkok Phuket Hospital Co., Ltd. (As from July 2, 2004)	Hospital	Thailand	51%	-
Cool & Joy Co., Ltd. (As from September 15, 2004)	Production of Television and Radio Program	Thailand	100%	-
Phuket Health And Travel Co., Ltd. (As from July 2, 2004) (held by a subsidiary in 100%)	Healthcare Travel Service	Thailand	-	-

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Significant intercompany transactions between the Company and the subsidiaries have been eliminated in the interim consolidated financial statements.

Bangkok Dusit Medical Services Public Company Limited and subsidiaries operate mainly within the hospital business in Thailand and are not required to disclose further segment information.

The financial statements for the year ended December 31, 2003 and for the three-month and nine-month periods ended September 30, 2003 have been reclassified to conform with the financial statements for the three-month and nine-month periods ended September 30, 2004.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements have been prepared in accordance with generally accepted accounting principles. Accounting policies that have been applied to the preparation of the interim financial statements for each of the three-month and nine-month periods ended September 30, 2004 and 2003 are similar to those that have been applied to the financial statements for the year ended December 31, 2003.

### **Basic earnings per share**

Basic earnings per share is computed by dividing net income for the period by the weighted average number of 978,260,870 shares and 826,642,336 shares for the three-month and nine-month periods ended September 30, 2004, respectively and 750,000,000 shares for three-month and nine-month periods ended September 30, 2003.

Basic earnings per share for the three-month and nine-month periods ended September 30, 2003 was recalculated by adjusting the par value to be Baht 1 each, which was for comparative purposes with the 2004.

## **3. TRANSACTIONS WITH RELATED PARTIES**

The Company has transactions with its subsidiaries, associated and other related parties. Certain portions of the Company's assets, liabilities, sales, other income, costs of sales and administrative expenses represent transactions with subsidiaries, associated and other related parties. These parties are related through common shareholders and/or directorships. Those transactions with subsidiaries, associated and other related parties included in the financial statements are determined at prices in line with those occurring in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists. The significant balances of assets, liabilities, and other transactions with related parties are shown as follows:

Transactions with related parties for each of the three-month and nine-month periods ended September 30, 2004:

	In Thousand Baht			
	Consolidated		The Company Only	
	3 months	9 months	3 months	9 months
<b>Subsidiaries</b>				
Patient services income and lab services	-	-	213	621
Income from consulting and management fees	-	-	1,279	2,451
Other income	-	-	2,012	4,473
Interest income	-	-	2,465	4,350

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	In Thousand Baht			
	Consolidated		The Company Only	
	3 months	9 months	3 months	9 months
<b>Subsidiaries (Continued)</b>				
Dividend income	-	-	-	2,074
Gain on sale of fixed assets	-	-	453	717
Service cost	-	-	47,284	93,067
Other expenses	-	-	620	2,146
Purchases of investments	-	-	11,854	149,692
<b>Associates</b>				
Patient services income and lab services	21,220	59,045	817	2,928
Income from consulting and management fees	7,421	22,036	3,022	4,701
Other income	64	2,700	100	2,530
Interest income	5,389	13,305	2,594	10,503
Dividend income	2,625	42,685	2,625	42,685
Service cost	16,593	30,016	13,053	26,414
Other expenses	1,679	4,214	83	1,641
Interest expense	392	546	-	-
Purchase of investments	-	49,005	-	49,005
Dividend payment	-	11,395	-	11,395
<b>Other Related Parties</b>				
Patient services income and lab services	1,049	4,319	1,049	4,319
Interest expense	63	450	-	-
Dividend payment	-	32,796	-	32,796

Transactions with related parties for each of the three-month and nine-month periods ended September 30, 2003:

	In Thousand Baht			
	Consolidated		The Company Only	
	3 months	9 months	3 months	9 months
<b>Subsidiaries</b>				
Patient services income and lab services	-	-	478	791
Other income	-	-	544	1,126
Dividend income	-	-	-	4,148
Service cost	-	-	28,826	35,499
<b>Associates</b>				
Patient services income and lab services	23,708	31,940	3,294	6,030
Income from consulting and management fees	3,469	5,094	476	1,355
Income from sale of fixed assets	1,049	1,049	-	-
Other income	3,320	14,320	3,320	14,320
Interest income	6,356	23,313	6,356	23,313
Dividend income	30,015	30,015	30,015	30,015

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	In Thousand Baht			
	Consolidated		The Company Only	
	3 months	9 months	3 months	9 months
<b>Associates (continued)</b>				
Service cost	5,512	8,496	4,889	7,639
Other expenses	624	2,094	39	1,399
Interest expense	-	162	-	-
Dividend payment	-	8,546	-	8,546
<b>Other Related Parties</b>				
(The Companies related through common directorships)				
Patient services income and lab service	1,403	4,313	1,042	3,837
Income from consulting and management fees	22	190	-	-
Other income	-	1,493	-	1,493
Service cost	29,023	30,883	-	30,883
Interest expense	225	700	-	-
Dividend payment	-	20,375	-	20,375

Balances with related parties as at September 30, 2004 and December 31, 2003:

	In Thousand Baht			
	Consolidated		The Company Only	
	September 30, 2004	December 31, 2003	September 30, 2004	December 31, 2003
<b>Trade Accounts Receivable</b>				
(Form part of the trade accounts receivable in the balance sheets)				
Subsidiaries	-	-	1,393	8,280
Associates	23,751	19,493	880	4,638
Other related parties	<u>1,657</u>	<u>4,632</u>	<u>1,534</u>	<u>4,632</u>
<b>Total</b>	<u>25,408</u>	<u>24,125</u>	<u>3,807</u>	<u>17,550</u>
<b>Short-term Loans</b>				
(interest rate/annum)				
<b>Subsidiaries</b>				
New Petchburi Medical Services Co., Ltd. (4%)	-	-	88,600	50,600
Bangkok Prapradang Hospital Co., Ltd. (5%)	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<u>103,600</u>	<u>50,600</u>
<b>Accounts Receivable from Sales of Fixed Assets</b>				
Subsidiaries	-	-	3,470	7,755
Associates	<u>-</u>	<u>1,229</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>-</u>	<u>1,229</u>	<u>3,470</u>	<u>7,755</u>

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	In Thousand Baht			
	Consolidated		The Company Only	
	September 30, 2004	December 31, 2003	September 30, 2004	December 31, 2003
<b>Other Receivables</b>				
Subsidiaries	-	-	1,027	342
Associates	<u>796</u>	<u>4,163</u>	<u>796</u>	<u>4,083</u>
<b>Total</b>	<u>796</u>	<u>4,163</u>	<u>1,823</u>	<u>4,425</u>
<b>Accrued Interest Income</b>				
(Form part of interest income in the balance sheets)				
Subsidiaries	-	-	169,035	83,206
Associates	48,838	151,720	48,838	151,720
<u>Less</u> Allowance for doubtful accounts	<u>(9,585)</u>	<u>(9,585)</u>	<u>(9,585)</u>	<u>(9,585)</u>
<b>Total</b>	<u>39,253</u>	<u>142,135</u>	<u>208,288</u>	<u>225,341</u>
<b>Consulting and Management Fees</b>				
<b>Receivables</b>				
Subsidiaries	-	-	830	-
Associates	<u>7,101</u>	<u>2,955</u>	<u>7,101</u>	<u>2,955</u>
<b>Total</b>	<u>7,101</u>	<u>2,955</u>	<u>7,931</u>	<u>2,955</u>
<b>Advances Receivable</b>				
Subsidiaries	-	-	1,128	13,042
Associates	77	174	77	174
Other related parties	<u>13</u>	<u>10</u>	<u>13</u>	<u>10</u>
<b>Total</b>	<u>90</u>	<u>184</u>	<u>1,218</u>	<u>13,226</u>
<b>Long-term Loans</b>				
(interest rate/annum)				
<b>Subsidiaries:</b>				
Bangkok Prapradang Hospital Co., Ltd. (0%)	-	-	1,201	1,201
Bangkok Samui Hospital Co., Ltd. (4.25%)	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<u>151,201</u>	<u>1,201</u>
<b>Associates:</b>				
Bangkok Pattaya Hospital Co., Ltd. (3-9%)	183,942	182,687	120,964	182,687
Wattanawej Co., Ltd. (6.75-7%)	<u>-</u>	<u>91,516</u>	<u>-</u>	<u>91,516</u>
<b>Total</b>	<u>183,942</u>	<u>274,203</u>	<u>120,964</u>	<u>274,203</u>
<b>Total Long-term Loans</b>	<u>183,942</u>	<u>274,203</u>	<u>272,165</u>	<u>275,404</u>

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	In Thousand Baht			
	Consolidated		The Company Only	
	September 30, 2004	December 31, 2003	September 30, 2004	December 31, 2003
<b>Trade Accounts Payable</b>				
(Form part of the trade accounts payable in the balance sheets)				
Subsidiaries	-	-	14,821	221
Associates	<u>7,969</u>	<u>5,841</u>	<u>5,751</u>	<u>2,968</u>
<b>Total</b>	<u>7,969</u>	<u>5,841</u>	<u>20,572</u>	<u>3,189</u>
<b>Short-term Borrowings (continued)</b>				
(interest rate/annum)				
<b>Other related parties:</b>				
Loan from directors (6%)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
<b>Accounts Payable from Purchases of Fixed Assets</b>				
(Form part of the accounts payable from Purchase of fixed assets in the balance sheet)				
Associates	<u>16,900</u>	<u>16,900</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>16,900</u>	<u>16,900</u>	<u>-</u>	<u>-</u>
<b>Other Payables</b>				
Associates	44,108	-	-	-
Other related parties	<u>-</u>	<u>94</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>44,108</u>	<u>94</u>	<u>-</u>	<u>-</u>
<b>Accrued Expenses</b>				
(Form part of the accrued expenses in the balance sheets)				
Subsidiaries	-	-	1,976	30,922
Associates	74	1,021	-	717
Other related parties	<u>813</u>	<u>75</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>887</u>	<u>1,096</u>	<u>1,976</u>	<u>31,639</u>

Movements of short-term loans to related parties in the Company's financial statements for the nine-month period ended September 30, 2004 consisted of:

	In Thousand Baht
	Subsidiaries
<b>Balance as at December 31, 2003</b>	50,600
Increase during the period	<u>53,000</u>
<b>Balance as at September 30, 2004</b>	<u>103,600</u>

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Movements of long-term loans to related parties in the consolidated financial statements for the nine-month period ended September 30, 2004 consisted of:

	<u>In Thousand Baht</u>
	<u>Associates</u>
<b>Balance as at December 31, 2003</b>	274,203
Increase during the period	64,295
Decrease during the period	<u>(154,556)</u>
<b>Balance as at September 30, 2004</b>	<u>183,942</u>

Movements of long-term loans to related parties in the Company's financial statements for the nine-month period ended September 30, 2004 consisted of:

	<u>In Thousand Baht</u>	
	<u>Subsidiaries</u>	<u>Associates</u>
<b>Balance as at December 31, 2003</b>	1,201	274,203
Increase during the period	150,000	1,317
Decrease during the period	<u>-</u>	<u>(154,556)</u>
<b>Balance as at September 30, 2004</b>	<u>151,201</u>	<u>120,964</u>

Movements of short-term borrowings from related parties in the consolidated financial statements for the nine-month period ended September 30, 2004 consisted of:

	<u>In Thousand Baht</u>
	<u>Other related parties</u>
<b>Balance as at December 31, 2003</b>	15,000
Decrease during the period	<u>(15,000)</u>
<b>Balance as at September 30, 2004</b>	<u>-</u>

The Company charges interest on loans to subsidiary and associated companies at the interest rate actually paid by the Company plus 0.25-0.50% per annum, MLR+1-2% per annum, MLR-1% per annum, and fixed rate of 4%, 4.25%, 5% and 7% per annum.

Bangkok Phuket Hospital Co., Ltd. has accrued interest income totalling Baht 84 million which is receivable in two equal instalments in December 2009 and December 2010.

Bangkok Phuket Hospital Co., Ltd. pledged its land, building and existing construction in progress as collateral for the loan.

As at September 30, 2004 and December 31, 2003, the Company had long overdue loan interest receivable from Bangkok Hatyai Hospital Co., Ltd. of Baht 83.19 million. The Company has provided allowance for doubtful accounts of Baht 9.58 million. The management believes that the allowance for doubtful accounts will be sufficient in respect of these loans because the Company expects that the outstanding balance will be collected and the subsidiary has pledged its land as collateral for the loan.

**BANGKOK DUSIT MEDICAL SERVICES PUBLIC COMPANY LIMITED AND SUBSIDIARIES****Notes to Interim Financial Statements (Continued)****September 30, 2004 and 2003 (Reviewed)****and December 31, 2003 (Audited)****Purchase of investments**

In June 2004, the Company purchased additional share capital of Bangkok Phuket Hospital Co., Ltd. totalling 9,801,000 shares at Baht 5 each, amounting to Baht 49.01 million. The Company fully paid for this share capital on July 15, 2004. In July 2004, the Company made a further of purchase 2,170,700 shares at Baht 5 each, amounting to Baht 10.85 million in Bangkok Phuket Hospital Co., Ltd.

In July 2004, the Company purchased increased share capital of Bangkok Samui Hospital Co., Ltd. totalling 9,000,000 shares at Baht 10 each, amounting to Baht 90 million.

In September 2004, the Company purchased increased share capital of Cool & Joy Co., Ltd. totalling 99,994 shares at Baht 10 each, amounting to Baht 1 million.

**Management Agreement**

The Company has entered into a Hospital Managing Employment Agreement with B.N.H. Medical Centre Limited for a period of five years, which may be renewed. The conditions on remuneration for the 1<sup>st</sup> - 5<sup>th</sup> years are 2.5% - 5% per annum and from the 6<sup>th</sup> year onwards 8% per annum, of gross margin before interest expense, income tax, depreciation, and amortization of deferred expense.

For the remuneration of the 1<sup>st</sup>- 5<sup>th</sup> years, the employer agrees to suspend payment of the said management remuneration until the 6<sup>th</sup> year.

**4. TRADE ACCOUNTS RECEIVABLE**

As at September 30, 2004 and December 31, 2003, the Company and its subsidiaries had outstanding balances of trade accounts receivable (including trade accounts receivable from related parties) aged by number of months as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	September 30, 2004	December 31, 2003	September 30, 2004	December 31, 2003
Less than and up to 3 months	232,772	154,141	129,635	107,589
Over 3 months up to 6 months	22,840	27,455	13,315	12,916
Over 6 months up to 12 months	12,865	12,516	9,039	11,626
Over 12 months	<u>19,287</u>	<u>18,741</u>	<u>16,876</u>	<u>17,136</u>
<b>Total</b>	287,764	212,853	168,865	149,267
<u>Less</u> Allowance for doubtful accounts	<u>(25,544)</u>	<u>(20,457)</u>	<u>(20,924)</u>	<u>(17,621)</u>
<b>Trade Accounts Receivable - Net</b>	<u>262,220</u>	<u>192,396</u>	<u>147,941</u>	<u>131,646</u>

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**5. INVESTMENTS RECORDED BY THE EQUITY METHOD**

The Company recorded its investments in subsidiary and associated companies by the equity method. The equity in results of operations of associated companies, as included in the consolidated statements of income and the separate statements of income of the Company for each of the three-month and nine-months periods ended September 30, 2004 and 2003, included net gain approximately in the amount of Baht 6.55 million and Baht 72.62 million, respectively, in 2004 and Baht (4.18) million and Baht 87.02 million, respectively, in 2003 which were calculated based on the unreviewed financial statements of associated companies because the management of these associated companies were unable to submit the reviewed financial statements in time.

As at September 30, 2004 and December 31, 2003, investments recorded by the equity method consisted of the investments in shares of subsidiaries and associates in the Company's financial statements, and investments in shares of associates in the consolidated financial statements, as follows:

Investments recorded by the equity method in the consolidated financial statements as at September 30, 2004 consisted of:

	Type of Business	Paid-up Capital (Thousand Baht)	% Share Holding	In Thousand Baht		
				At Cost Method	At Equity Method	Dividends received
<b><u>Associated Companies</u></b>						
Bangkok Pattaya Hospital Co., Ltd.	Hospital	280,000	49.00	223,489	369,074	34,300
Wattanawej Co., Ltd.	Hospital	120,000	48.00	132,480	176,601	5,760
The Medic Pharma Co., Ltd.	Pharmaceutical	21,430	49.00	52,500	67,275	2,625
Samitivej Public Co., Ltd.	Hospital	1,000,000	36.79	294,352	291,548	-
BNH Medical Center Co., Ltd.	Hospital	586,119	48.45	<u>284,000</u>	<u>294,760</u>	-
<b>Total Investments in associated companies</b>				<u>986,821</u>	<u>1,199,258</u>	<u>42,685</u>
<b><u>Related Companies</u></b>						
Udon Pattana (1994) Co., Ltd.	Hospital	300,000	10.00	31,650		-
Bangkok Airways Co., Ltd.	Airline	440,000	3.27	<u>36,000</u>		-
<b>Total</b>				67,650		-
<b>Less</b> Allowance for impairment of investments				<u>(11,408)</u>		-
<b>Total Investments in related companies</b>				<u>56,242</u>		-

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Investments recorded by the equity method in the Company's financial statements as at September 30, 2004 consisted of:

	Type of Business	Paid-up Capital (Thousand Baht)	% Share Holding	In Thousand Baht		
				At Cost Method	At Equity Method	Dividends received
<b><u>Subsidiary Companies</u></b>						
Bangkok Prapradang Hospital Co., Ltd.	Hospital	105,000	79.00	96,775	126,071	2,074
National Healthcare Systems Co., Ltd.	Central Lab	50,000	100.00	51,250	67,240	-
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	10,000	95.00	9,502	15,329	-
Bangkok Rayong Hospital Co., Ltd.	Hospital	400,000	81.00	344,728	325,943	-
New Petchburi Medical Services Co., Ltd.	Hospital	1,000	100.00	999	-	-
Bangkok Hatyai Hospital Co., Ltd.	Hospital	500,000	67.78	381,055	433,593	-
Bangkok Trat Hospital Co., Ltd.						
(Formerly: Trat Vejchakij Co., Ltd.)	Hospital	200,000	63.35	122,897	127,450	-
Bangkok Samui Hospital Co., Ltd.	Hospital	150,000	100.00	150,000	137,352	-
Bangkok Phuket Hospital Co., Ltd.	Hospital	500,000	51.00	269,938	291,127	-
Cool & Joy Co., Ltd.	Production of Television and Radio Program	1,000	100.00	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<b>Total Investment in Subsidiary companies</b>				<u>1,428,144</u>	<u>1,525,105</u>	<u>2,074</u>
<b><u>Associated Companies</u></b>						
Bangkok Pattaya Hospital Co., Ltd.	Hospital	280,000	49.00	223,489	369,074	34,300
Wattanawej Co., Ltd.	Hospital	120,000	48.00	132,480	176,601	5,760
The Medic Pharma Co., Ltd.	Pharmaceutical	21,430	49.00	52,500	67,275	2,625
Samitivej Public Co., Ltd.	Hospital	1,000,000	36.79	294,352	291,548	-
BNH Medical Center Co., Ltd.	Hospital	586,119	48.45	<u>284,000</u>	<u>294,760</u>	<u>-</u>
<b>Total Investments in associated companies</b>				<u>986,821</u>	<u>1,199,258</u>	<u>42,685</u>
<b>Total Investments in subsidiary and associated companies</b>				<u>2,414,965</u>	<u>2,724,363</u>	<u>44,759</u>
<b><u>Related Companies</u></b>						
Udon Pattana (1994) Co., Ltd.	Hospital	300,000	10.00	31,650		-
Bangkok Airways Co., Ltd.	Airline	440,000	3.27	<u>36,000</u>		<u>-</u>
<b>Total</b>				67,650		-
<u>Less</u> Allowance for impairment of investments				<u>(11,408)</u>		<u>-</u>
<b>Total Investments in related companies</b>				<u>56,242</u>		<u>-</u>

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Investments recorded by the equity method in the consolidated financial statements as at December 31, 2003 consisted of:

	Type of Business	Paid-up Capital (Thousand Baht)	% Share Holding	In Thousand Baht		
				At Cost Method	At Equity Method	Dividends received
<b><u>Associated Companies</u></b>						
Bangkok Pattaya Hospital Co., Ltd.	Hospital	280,000	49.00	223,489	337,339	20,580
Wattanawej Co., Ltd.	Hospital	120,000	48.00	132,480	172,710	5,760
The Medic Pharma Co., Ltd.	Pharmaceutical	21,430	49.00	52,500	64,059	3,675
Bangkok Phuket Hospital Co., Ltd.	Hospital	400,000	49.01	210,080	212,594	-
Samitivej Public Co., Ltd.	Hospital	1,000,000	36.79	294,352	267,917	-
BNH Medical Center Co., Ltd.	Hospital	586,119	48.45	<u>284,000</u>	<u>303,666</u>	<u>-</u>
<b>Total Investments in associated companies</b>				<u>1,196,901</u>	<u>1,358,285</u>	<u>30,015</u>
<b><u>Related Companies</u></b>						
Udon Pattana (1994) Co., Ltd.	Hospital	300,000	10.00	31,650	-	-
Bangkok Airways Co., Ltd.	Airline	440,000	3.27	36,000	-	-
The Medic Pharma Co., Ltd.	Pharmaceutical	21,430	2.01	<u>2,840</u>	-	-
<b>Total</b>				70,490	-	-
<u>Less</u> Allowance for impairment of investments				<u>(9,076)</u>	-	-
<b>Total Investments in related companies</b>				<u>61,414</u>	-	-

Investments recorded by the equity method in the Company's financial statements as at December 31, 2003 consisted of:

	Type of Business	Paid-up Capital (Thousand Baht)	% Share Holding	In Thousand Baht		
				At Cost Method	At Equity Method	Dividends received
<b><u>Subsidiary Companies</u></b>						
Bangkok Prapradang Hospital Co., Ltd.	Hospital	105,000	79.00	96,775	123,013	4,148
National Healthcare Systems Co., Ltd.	Central Lab	50,000	100.00	51,250	59,072	-
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	10,000	95.00	9,502	12,119	-
Bangkok Rayong Hospital Co., Ltd.	Hospital	400,000	81.00	319,648	323,850	-
New Petchburi Medical Services Co., Ltd.	Hospital	1,000	100.00	999	635	-
Bangkok Hatyai Hospital Co., Ltd.	Hospital	500,000	67.78	381,055	435,481	-
Trat Vejchakij Co., Ltd.	Hospital	200,000	63.35	122,897	129,965	-
Bangkok Samui Hospital Co., Ltd.	Hospital	15,000	100.00	<u>15,000</u>	<u>14,385</u>	<u>-</u>
<b>Total Investment in Subsidiary companies</b>				<u>997,126</u>	<u>1,098,520</u>	<u>4,148</u>

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	Type of Business	Paid-up Capital (Thousand Baht)	% Share Holding	In Thousand Baht		
				At Cost Method	At Equity Method	Dividends received
<b>Associated Companies</b>						
Bangkok Pattaya Hospital Co., Ltd.	Hospital	280,000	49.00	223,489	337,339	20,580
Wattanawej Co., Ltd.	Hospital	120,000	48.00	132,480	172,710	5,760
The Medic Pharma Co., Ltd.	Pharmaceutical	21,430	49.00	52,500	64,059	3,675
Bangkok Phuket Hospital Co., Ltd.	Hospital	400,000	49.01	210,080	212,594	-
Samitivej Public Co., Ltd.	Hospital	1,000,000	36.79	294,352	267,917	-
BNH Medical Center Co., Ltd.	Hospital	586,119	48.45	<u>284,000</u>	<u>303,666</u>	<u>-</u>
<b>Total Investments in associated companies</b>				<u>1,196,901</u>	<u>1,358,285</u>	<u>30,015</u>
<b>Total Investments in subsidiary and associated companies</b>				<u>2,194,027</u>	<u>2,456,805</u>	<u>34,163</u>
<b>Related Companies</b>						
Udon Pattana (1994) Co., Ltd.	Hospital	300,000	10.00	31,650	-	-
Bangkok Airways Co., Ltd.	Airline	440,000	3.27	<u>36,000</u>	-	-
<b>Total</b>				67,650	-	-
Less Allowance for impairment of investments				<u>(9,076)</u>	-	-
<b>Total Investments in related companies</b>				<u>58,574</u>	-	-

## 6. OTHER LONG-TERM DEBTS

Other long-term debts as at September 30, 2004 and December 31, 2003 consisted of:

	In Thousand Baht			
	Consolidated		The Company Only	
	September 30, 2004	December 31, 2003	September 30, 2004	December 31, 2003
Loans from domestic banks	2,917,844	2,265,531	1,705,944	1,865,531
Loans from foreign bank	61,333	117,191	61,333	117,191
Hire purchase payable	92,993	10,231	27,805	10,231
Liabilities under finance lease contracts	63,512	80,226	45,441	80,116
Payables from purchase of fixed assets	-	<u>1,952</u>	-	<u>1,952</u>
<b>Total</b>	3,135,682	2,475,131	1,840,523	2,075,021
Less Current portion of long-term loans	<u>(387,169)</u>	<u>(346,376)</u>	<u>(298,724)</u>	<u>(342,666)</u>
<b>Total Long-term Debts – Net</b>	<u>2,748,513</u>	<u>2,128,755</u>	<u>1,541,799</u>	<u>1,732,355</u>

### Loans from domestic banks consisted of:

Loan with a credit limit of Baht 2,300 million against which the Company has drawn down of Baht 1,850 million. Principal and interest on the loan are repayable in 108 monthly instalments. Interest is payable during the 1<sup>st</sup> – 2<sup>nd</sup> year at a fixed rate of 2-6% per annum and from the 3<sup>rd</sup> year onwards at MLR-2% per annum starting on December 2001. The principal is repayable in accordance with the terms of the agreement.

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As at September 30, 2004 and December 31, 2003, the Company presented the loan as current portion of long-term debts of Baht 210 million and loan under other long-term debts in the amount of Baht 1,483 million and Baht 1,640 million, respectively.

Certain land and buildings, including the existing construction in progress of Bangkok Dusit Medical Services Public Co., Ltd., Bangkok Phuket Hospital Co., Ltd. and Bangkok Prapradang Hospital Co., Ltd., were pledged as collateral security against the loan up to Baht 2,300 million.

Loan amounting to Baht 20 million, principal and interest are repayable in 83 monthly instalments. Interest is payable during the 1<sup>st</sup> – 2<sup>nd</sup> year at a fixed rate of 6% per annum and from the 3<sup>rd</sup> year onwards at MLR, starting in April 2002. The principal is repayable in accordance with the terms of the agreement.

As at September 30, 2004 and December 31, 2003, the Company presented the loan as current portion of long-term debts of Baht 2.74 million and Baht 2.64 million, respectively, and other long-term debts of Baht 10.70 million and Baht 12.89 million, respectively.

Certain land and buildings, including existing construction in progress of the Company, were pledged as collateral security against the loan up to Baht 20 million.

**Loans from domestic banks (Subsidiaries):**

Bangkok Rayong Hospital Co., Ltd.

As at September 30, 2004, the Subsidiary has entered into a long-term loan agreement with a local bank for loan of Baht 330 million. Interest is payable in monthly instalments at MLR-1.75% per annum for the first year, MLR-1.50% per annum for the second year, MLR-1.25% per annum for the third year and at MLR per annum from the fourth year onwards. The Subsidiary will fully pay within March 29, 2014. This loan has 3 years grace period from the agreement date. The principal is repayable monthly during the 4<sup>th</sup> - 5<sup>th</sup> year of Baht 2.50 million each, the 6<sup>th</sup> - 7<sup>th</sup> year of Baht 3.75 million each and the 8<sup>th</sup> - 10<sup>th</sup> year of Baht 5 million each. As at September 30, 2004, the Subsidiary has presented the loan under other long-term debts in the amount of Baht 290.20 million.

Bangkok Trat Hospital Co., Ltd.

As at September 30, 2004 and December 31, 2003, the Subsidiary has entered into a long-term loan agreement with a local bank for loan of Baht 140 million, repayable within 6 years with 1 year and 3 months in the grace period at MLR per annum. Certain land and building were pledged as collateral security against the loan up to Baht 150 million. As at September 30, 2004 and December 31, 2003, the Subsidiary presented the loan as current portion of long-term debts of Baht 3.60 million and other long-term debts in the amount of Baht 93.70 million and Baht 96.40 million, respectively.

Bangkok Hatyai Hospital Co., Ltd.

As at September 30, 2004 and December 31, 2003, the Subsidiary has entered into a long-term loan agreement with a local bank for loan of Baht 400 million. Interest is payable during the 1<sup>st</sup> and the 2<sup>nd</sup> year at 5.25% and 5.50% per annum, respectively, and the 3<sup>rd</sup> year at MLR per annum. The Subsidiary will fully pay within May 9, 2013. This loan has 2 years in grace period from the agreement date. The principal is repayable in 96 monthly instalment of Baht 3.12 million each and interest is payable at the end of each month from the agreement date.

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As at September 30, 2004, the Subsidiary has entered into a long-term loan agreement dated September 8, 2004 with a local bank for loan of Baht 37.40 million with fixed interest of 5.25% per annum. The principal is repayable in 60 monthly instalments of Baht 0.63 million each. The Subsidiary will fully pay within September 8, 2009.

As at September 30, 2004, the Subsidiary has presented these two loans as current portion of long-term debts of Baht 23.16 million and other long-term debts of Baht 314.24 million and as at December 31, 2003, the Subsidiary presented the loan as other long-term debts of Baht 300 million. Certain land and building, including future construction of the Subsidiary, were pledged as collateral security for the loan up to Baht 425 million.

Bangkok Phuket Hospital Co., Ltd.

The Subsidiary has entered into a loan agreement dated December 18, 2003 with a local bank for loan of Baht 500 million. Interest is payable in monthly instalments during the 1<sup>st</sup> and the 2<sup>nd</sup> year at 6% per annum and the 3<sup>rd</sup> year onward at MLR per annum. The principal is repayable every quarterly during the 1<sup>st</sup> – 3<sup>rd</sup> quarter of Baht 12.50 million each, the 4<sup>th</sup> year at quarter of Baht 15 million each, the 5<sup>th</sup> - 7<sup>th</sup> years at quarter of Baht 17.50 million each and the 8<sup>th</sup> year at quarter of Baht 20 million each, starting on March 30, 2005 and the Subsidiary pledged its land and buildings as collateral security.

As at September 30, 2004, the Subsidiary presented the loan as current portion of long-term debts of Baht 32.50 million and loan under other long-term debts in the amount of Baht 449.50 million.

**Loan from foreign bank:**

The Company entered into a foreign loan agreement amounting to U.S. Dollars 12.45 million bearing interest at 1.5% per annum above the Singapore Interbank Offered Rate (SIBOR+1.5%). Principal is payable every 12 months in 5 instalments and interest is payable every 3 months. The first repayment was made in April 2001, amounting to U.S. Dollars 8.76 million. As at September 30, 2004 and December 31, 2003, the Company has outstanding principal of loan of U.S. Dollars 1.47 million and U.S. Dollars 2.95 million, respectively, or equivalent of Baht 61.33 million and Baht 117.19 million, respectively.

As at September 30, 2004, the Company presented the loan as current portion of long-term debts of Baht 61.33 million and as at December 31, 2003, the Company presented the loan as current portion of long-term debts of Baht 97.66 million and the loan as other long-term debts of Baht 19.53 million, respectively.

**Hire-purchase creditor:**

Hire-purchase creditor relates to hire-purchase contracts for vehicles repayable by 48 monthly instalments of Baht 272,450 each. As at September 30, 2004 and December 31, 2003, the Company presented this creditor in current portion of long-term debts of Baht 2.91 million and other long-term debts of Baht 5.14 million and Baht 7.32 million, respectively.

The Company had hire-purchase creditor related to hire-purchase contracts for ambulances repayable by 32 monthly instalments, each of Baht 144,870 in the 1<sup>st</sup> - 31<sup>st</sup> period and of Baht 2.46 million in the 32<sup>nd</sup> period. As at September 30, 2004, the Company presented this creditor in current portion of long-term debts and other long-term debts of Baht 1.50 million and Baht 4 million, respectively.

The Company has hire-purchase contract for medical tools repayable by 48 monthly instalments, each of Baht 388,018. As at September 30, 2004, the Company presented this creditor in current portion of long-term debts of Baht 4.28 million and other long-term debts of Baht 9.98 million.

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**Hire-purchase creditor (Subsidiaries)**

Bangkok Rayong Hospital Co., Ltd. entered into hire-purchase agreements for vehicles repayable by 48 monthly instalments, each of Baht 25,268. As at September 30, 2004, the subsidiary company presented this creditor in current portion of long-term debts of Baht 0.27 million and other long-term debts of Baht 0.80 million.

**Liability under finance lease contracts:**

The Company has finance lease contracts with a company providing medical equipment for use in business operations. The liability is repayable in 60 monthly instalments, each of Baht 696,967. At the end of the lease term, the Company has the option to purchase leased medical equipment at the amount shown in the agreement. As at September 30, 2004 and December 31, 2003, the Company presented these liabilities as current portion of long-term debts of Baht 6.96 million and other long-term debts of Baht 15.08 million and Baht 32.81 million, respectively.

The Company has finance lease contracts with a local bank providing medical tools and equipment for use in business operations. The liability is repayable in 48 monthly instalments each of Baht 653,505. As at September 30, 2004 and December 31, 2003, the Company presented this liability as current portion of long-term debts of Baht 7.20 million and other long-term debts of Baht 14.40 million and Baht 19.80 million, respectively.

The Company has finance lease contracts with a company providing medical tools and equipment for use in business operations. The liability is repayable in 48 monthly instalment of Baht 780,656. At the end of the lease term, the Company has the option to purchase medical tools and equipment at the amount shown in the agreement. As at September 30, 2004 and December 31, 2003, the Company presented these liabilities as current portion of long-term debts of Baht 1.80 million and Baht 7.20 million, respectively.

**Liability under finance lease contracts (Subsidiaries)**

Bangkok Rayong Hospital Co., Ltd. entered into a finance lease contract for medical tools used in business operations. The liability is repayable in 34 monthly instalments, each of Baht 576,798. At the end of the lease term, the subsidiary has the option to purchase the medical tools and equipment at the amount shown in the agreement. As at September 30, 2004, the Subsidiary presented this liability as current portion of long-term debts of Baht 5.93 million and other long-term debts of Baht 10.05 million.

Bangkok Samui Hospital Co., Ltd. entered into a finance lease contract for computers used in business operations. The liability is repayable in 36 monthly instalments, each of Baht 67,638. At the end of the lease term, the Subsidiary has the option to purchase the computers at the amount shown in the agreement. As at September 30, 2004, the Subsidiary presented this liability as current portion of long-term debts of Baht 0.77 million and other long-term debts of Baht 1.33 million.

**Payables for purchase of fixed assets:**

The Company entered into a contract to purchase medical tools. The value according to the contract is equivalent to Baht 12 million. Debt repayment conditions are as follows:

1<sup>st</sup> Portion; Repayment of 10% of the contractual value, totalling Baht 1.2 million;

2<sup>nd</sup> Portion; Repayment of the remaining 90% of the contractual value in 36 monthly instalments bearing interest at 6% per annum, starting from June 2001.

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As at December 31, 2003, the Company classified this creditor as current portion of long-term debts of Baht 1.83 million which were fully paid in June 2004.

The Company has also entered into a contract to purchase office equipment. The value according to the contract is equivalent to Baht 0.53 million. Debt repayment conditions are as follows:

1<sup>st</sup> Portion; Repayment on contract date, totalling Baht 0.05 million;

2<sup>nd</sup> Portion; Repayment in 24 monthly instalments each of Baht 20,086, starting from June 2002.

As at December 31, 2003, the Company classified this creditor as current portion of long-term debts of Baht 0.12 million, which were fully paid in June 2004.

## **7. COMMITMENTS AND CONTINGENT LIABILITIES**

As at September 30, 2004, commitments and contingent liabilities are as follows:

### **The Parent Company**

	<u>Million Baht</u>
Contingent Liabilities	
- for letters of guarantee issued by bank to certain government organizations	5.99
Commitments	
- the office equipment rental contract	22.18
- the medical equipment providing contract	94.25
- the building decoration contract	<u>400.13</u>
Total	<u>522.55</u>

Certain land and building, including future constructions in progress of the Company and subsidiaries were mortgaged with local banks as collaterals for long-term loans.

### **Subsidiaries**

The Subsidiaries have contingently liable for letters of guarantee issued by bank to certain government organizations summarized as follows:

	<u>Million Baht</u>
Bangkok Prapradang Hospital Co., Ltd.	3.55
Bangkok Hatyai Hospital Co., Ltd.	1.03
Bangkok Trat Hospital Co., Ltd.	1.02
Bangkok Phuket Hospital Co., Ltd.	<u>1.55</u>
Total	<u>7.15</u>

Commitments for the building decoration contract are summarized as follows:

	<u>Million Baht</u>
Bangkok Rayong Hospital Co., Ltd.	0.80
New Petchburi Medical Services Co., Ltd.	75.69
Bangkok Trat Hospital Co., Ltd.	2.52
Bangkok Samui Hospital Co., Ltd.	2.51
Bangkok Phuket Hospital Co., Ltd.	<u>60.00</u>
Total	<u>141.52</u>

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**8. SHAREHOLDERS' EQUITY**

The 2004 Annual General Meeting of Shareholders held on April 22, 2004 passed a resolution to approve the Company to change the par value of share capital from Baht 10 each to Baht 1 each. The Company registered the change in par value of its share capital with the Ministry of Commerce on May 11, 2004.

In addition, the Meeting of Shareholders also passed a resolution to approve the Company to increase its authorized share capital from Baht 750 million to Baht 1,000 million, by the creation and issued of 250 million new common shares of Baht 1 each at the issue price of Baht 6 per share by offer to the existing shareholders in the proportion of 3 existing shares: 1 newly issued share. The Company registered the increase of its authorized share capital on May 14, 2004. The Shareholders subscribed and paid for the increased shares during 21<sup>st</sup>-25<sup>th</sup> June 2004 totalling Baht 1,769 million. This amount was presented as subscription payable in the financial statements. In July 2004, the Company repaid the shareholders who paid the oversubscribed money in the amount of Baht 269 million. The Company registered the paid-up share capital to be Baht 1,000 million on July 9, 2004.

The Extraordinary General Meeting of Shareholders No 1/2547 held on August 3, 2004, passed a resolution to approve the Company to increase its authorized share capital by Baht 180.50 million by the creation of 180.5 million new common shares at the par value of Baht 1 per share, from Baht 1,000 million to Baht 1,180.50 million, divided into 1,180.50 million common shares at Baht 1 per share. The Company registered the increase of its authorized share capital on August 5, 2004.

In addition, the Meeting also passed a resolution to approved the shareholding and management restructuring by offering to purchase all the issued shares of Samitivej Public Company Limited, Bangkok Hatyai Hospital Company Limited and Bangkok Phuket Hospital Company Limited not already held by the Company. The Company will pay the consideration for the share in those companies in the form of new issued ordinary shares of the Company without offering any other alternative in term of cash, and approved to purchase shares of Ramkhamhaeng Hospital Public Company Limited, in portion not more than 20% of the total issued shares of this company, at the price not higher than Baht 150 per share, up to Baht 360 million in total. In July 2004, the Company purchase shares of Ramkhamhaeng Hospital Public Company Limited in the amount of Baht 215.49 million.

**9. DIVIDEND PAYMENT**

The 2004 Annual General Meeting of Shareholders held on April 22, 2004, passed a resolution to approve a dividend payment for 75 million shares at the rate of Baht 4 per share, totalling Baht 300 million and the appropriation of net profits as legal reserve in the amount of Baht 16 million. The dividend payment was made on May 21, 2004.

The Annual General Meeting of Shareholders held on April 24, 2003, passed a resolution to approve a dividend payment for 75 million shares at the rate of Baht 3 per share, totalling Baht 225 million and the appropriation of net profits as legal reserve in the amount of Baht 12.88 million.