

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
REVIEW REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2005 AND 2004

Review Report of Independent Auditor

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

I have reviewed the accompanying consolidated balance sheet of Bumrungrad Hospital Public Company Limited and subsidiaries as at 30 June 2005, the related consolidated statements of earnings for the three-month and six-month periods ended 30 June 2005 and 2004, the consolidated statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2005 and 2004, and the separate financial statements of Bumrungrad Hospital Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

As discussed in Note 5 to the financial statements, the Company's financial statements included investment in an associated company in Philippines under the equity method as at 30 June 2005 amounting to Baht 417 million and its share of loss of the associated company for the three-month and six-month periods ended 30 June 2005 amounting to Baht 4.0 million and Baht 3.1 million, respectively. The financial statements of the associated company were prepared by the associated company's management and have not been reviewed by its auditor.

Based on my reviews, except for the effects of any adjustments for the three-month and six-month periods ended 30 June 2005 which may be required as a result of the matter discussed 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 Bumrungrad Hospital Public Company Limited and subsidiaries, and the separate financial statements of Bumrungrad Hospital Public Company Limited for the year ended 31 December 2004, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, under my report dated 2 February 2005. The balance sheet as at 31 December 2004, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited
Bangkok: 10 August 2005

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

| | Note | CONSOLIDATED | | THE COMPANY ONLY | |
|--|------|-----------------------------|------------------|-----------------------------|------------------|
| | | 30 June 2005 | 31 December 2004 | 30 June 2005 | 31 December 2004 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | 288,057 | 652,882 | 206,498 | 516,300 |
| Current investments - fixed deposits at financial institutions | | 250,060 | 470,000 | 150,000 | - |
| Trade accounts receivable - net | 3 | 279,055 | 234,958 | 275,613 | 233,886 |
| Advances to employees and directors | | 10,535 | 5,533 | 10,913 | 5,437 |
| Short-term loans and interest receivable - related parties | 4 | 915 | 430 | 21,743 | 25,173 |
| Inventories | | 116,234 | 104,451 | 113,125 | 102,028 |
| Prepaid expenses | | 35,077 | 30,278 | 31,712 | 29,379 |
| Other current assets | | 10,016 | 5,208 | 2,651 | 765 |
| TOTAL CURRENT ASSETS | | 989,949 | 1,503,740 | 812,255 | 912,968 |
| NON-CURRENT ASSETS | | | | | |
| Pledged fixed deposits at financial institutions | 2 | 229,823 | 229,828 | 221,251 | 221,251 |
| Investments accounted for under equity method | 5 | 417,137 | 209 | 1,514,477 | 885,171 |
| Other long-term investments - net | 6 | 2,047 | 2,047 | 2,047 | 2,047 |
| Long-term loans and interest receivable - related parties | 4 | 76,035 | - | 22,591 | 25,022 |
| Property, plant and equipment - net | 7 | 2,976,485 | 2,801,618 | 1,833,928 | 1,618,025 |
| Intangible assets - net | | 612,664 | 476,128 | 689,196 | 661,017 |
| Other non-current assets | | 15,623 | 7,515 | 18,623 | 7,515 |
| TOTAL NON-CURRENT ASSETS | | 4,329,814 | 3,517,345 | 4,302,113 | 3,420,048 |
| TOTAL ASSETS | | 5,319,763 | 5,021,085 | 5,114,368 | 4,333,016 |

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

| | Note | CONSOLIDATED | | THE COMPANY ONLY | |
|---|------|-----------------------------|------------------|-----------------------------|------------------|
| | | 30 June 2005 | 31 December 2004 | 30 June 2005 | 31 December 2004 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Trade accounts payable | | 427,367 | 413,413 | 425,074 | 412,140 |
| Current portion of long-term loan | 8 | 328,522 | 328,522 | - | - |
| Short-term loans and interest payable - a related party | 4 | - | - | 1,850,297 | 1,470,827 |
| Accrued physicians' fee | | 190,628 | 167,002 | 190,223 | 166,377 |
| Interest payable | | 280 | - | - | - |
| Interest payable - convertible bonds treated as equity securities | | 6,089 | 6,233 | 6,089 | 6,233 |
| Corporate income tax payable | | 84,358 | 60,893 | 84,165 | - |
| Accrued expenses | | 240,846 | 136,154 | 234,571 | 134,069 |
| Accounts payable - others | 4 | 47,574 | 47,862 | 46,717 | 40,065 |
| Unearned income | 4 | 38,346 | - | - | - |
| Other current liabilities | | 13,757 | 21,316 | 13,431 | 19,994 |
| TOTAL CURRENT LIABILITIES | | 1,377,767 | 1,181,395 | 2,850,567 | 2,249,705 |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term loan | 8 | 1,615,232 | 1,779,493 | - | - |
| Provision for loss in excess of cost of investment in subsidiary | 5 | - | - | 17,471 | 23,114 |
| TOTAL NON-CURRENT LIABILITIES | | 1,615,232 | 1,779,493 | 17,471 | 23,114 |
| TOTAL LIABILITIES | | 2,992,999 | 2,960,888 | 2,868,038 | 2,272,819 |

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

| | Note | CONSOLIDATED | | THE COMPANY ONLY | |
|---|------|---|-------------------------------|---|-------------------------------|
| | | 30 June 2005 (Unaudited but reviewed) | 31 December 2004 (Audited) | 30 June 2005 (Unaudited but reviewed) | 31 December 2004 (Audited) |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | 10 | | | | |
| Registered | | | | | |
| 920,341,835 ordinary shares of Baht 1 each (31 December 2004: 920,009,835 ordinary shares of Baht 1 each) | | 920,342 | 920,010 | 920,342 | 920,010 |
| 2,360,850 preference shares of Baht 1 each (31 December 2004: 2,692,850 preference shares of Baht 1 each) | | 2,361 | 2,693 | 2,361 | 2,693 |
| Issued and paid-up | | | | | |
| 727,691,372 ordinary shares of Baht 1 each (31 December 2004: 727,359,372 ordinary shares of Baht 1 each) | | 727,691 | 727,359 | 727,691 | 727,359 |
| 2,360,850 preference shares of Baht 1 each (31 December 2004: 2,692,850 preference shares of Baht 1 each) | | 2,361 | 2,693 | 2,361 | 2,693 |
| Premium on ordinary shares | 10 | 285,568 | 285,568 | 285,568 | 285,568 |
| Translation adjustment | | 14,764 | - | 14,764 | - |
| Convertible bonds treated as equity securities | 9 | 550,000 | 550,000 | 550,000 | 550,000 |
| Excess of investment over book value of a subsidiary | 5 | -192,662 | -192,662 | -192,662 | -192,662 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | | 46,500 | 46,500 | 46,500 | 46,500 |
| Unappropriated | | 812,108 | 640,739 | 812,108 | 640,739 |
| TOTAL EQUITY ATTRIBUTABLE TO COMPANY'S SHAREHOLDERS | | 2,246,330 | 2,060,197 | 2,246,330 | 2,060,197 |
| MINORITY INTEREST - Equity attributable to minority shareholder of subsidiary | | 80,434 | - | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 2,326,764 | 2,060,197 | 2,246,330 | 2,060,197 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 5,319,763 | 5,021,085 | 5,114,368 | 4,333,016 |
| | | 0 | 0 | 0 | 0 |

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

.....
DIRECTORS
.....

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit: Thousand Baht)

| | Note | CONSOLIDATED | | THE COMPANY ONLY | |
|---|------|------------------|------------------|------------------|----------------|
| | | 2005 | 2004 | 2005 | 2004 |
| REVENUES | | | | | |
| Revenues from hospital operations | | 1,577,336 | 1,344,317 | 1,574,292 | - |
| Rental income | 4 | 22,489 | 13,962 | 29,738 | 20,128 |
| Non-competition fee income | 4 | - | - | - | 6,375 |
| Interest income | 4 | 1,761 | 6,172 | 1,906 | 2,545 |
| Gain on exchange rate | | 6,381 | 4,597 | 6,132 | 346 |
| Other income | 4 | 32,373 | 11,561 | 5,095 | 6,553 |
| Share of profit from investments accounted for under equity method | | - | - | 18,452 | 147,401 |
| TOTAL REVENUES | | 1,640,340 | 1,380,609 | 1,635,615 | 183,348 |
| EXPENSES | | | | | |
| Cost of hospital operations | | 998,179 | 874,824 | 995,148 | - |
| Depreciation and amortisation | | 72,269 | 65,229 | 61,988 | 2,937 |
| Administrative expenses | 4 | 249,272 | 192,661 | 262,255 | 24,951 |
| Directors' remuneration | | 1,935 | 1,395 | 1,935 | 1,395 |
| Loss on impairment of fixed assets | | 630 | - | 630 | - |
| Amortisation of goodwill | | - | -150 | - | - |
| Share of loss from investments accounted for under equity method | | 3,979 | - | - | 2,635 |
| TOTAL EXPENSES | | 1,326,264 | 1,133,959 | 1,321,956 | 31,918 |
| EARNINGS BEFORE INTEREST EXPENSE AND INCOME TAX | | | | | |
| | | 314,076 | 246,650 | 313,659 | 151,430 |
| INTEREST EXPENSE | | (26,486) | (30,032) | (25,892) | - |
| CORPORATE INCOME TAX | 11 | (44,771) | (61,335) | (42,830) | - |
| EARNINGS BEFORE MINORITY INTEREST | | 242,819 | 155,283 | 244,937 | 151,430 |
| MINORITY INTEREST | | 2,118 | (3,853) | - | - |
| NET EARNINGS FOR THE PERIOD | | 244,937 | 151,430 | 244,937 | 151,430 |
| (Unit: Baht) | | | | | |
| BASIC EARNINGS PER SHARE | | | | | |
| | 12 | | | | |
| Net earnings | | 0.34 | 0.23 | 0.34 | 0.23 |
| Weighted average number of ordinary shares (shares) | | 727,691,372 | 662,282,449 | 727,691,372 | 662,282,449 |
| DILUTED EARNINGS PER SHARE | | | | | |
| | 12 | | | | |
| Net earnings | | 0.28 | 0.18 | 0.28 | 0.18 |
| Weighted average number of ordinary shares (shares) | | 867,414,859 | 859,480,794 | 867,414,859 | 859,480,794 |

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF EARNINGS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit: Thousand Baht)

| | Note | CONSOLIDATED | | THE COMPANY ONLY | |
|--|------|------------------|------------------|------------------|----------------|
| | | 2005 | 2004 | 2005 | 2004 |
| REVENUES | | | | | |
| Revenues from hospital operations | | 3,136,716 | 2,675,047 | 3,113,470 | - |
| Rental income | 4 | 35,564 | 27,206 | 52,712 | 40,175 |
| Non-competition fee income | 4 | - | - | - | 12,750 |
| Interest income | 4 | 3,366 | 11,608 | 3,902 | 5,114 |
| Gain on exchange rate | | 10,239 | 8,567 | 11,129 | 346 |
| Reversal of loss on impairment of fixed assets | | 370 | - | 370 | - |
| Other income | 4 | 42,313 | 20,019 | 14,682 | 11,830 |
| Share of profit from investments accounted for under equity method | | - | - | 21,185 | 322,996 |
| TOTAL REVENUES | | 3,228,568 | 2,742,447 | 3,217,450 | 393,211 |
| EXPENSES | | | | | |
| Cost of hospital operations | | 1,972,344 | 1,723,942 | 1,962,984 | - |
| Depreciation and amortisation | | 140,015 | 129,045 | 120,514 | 5,907 |
| Administrative expenses | 4 | 499,837 | 362,766 | 523,396 | 45,544 |
| Directors' remuneration | | 3,155 | 2,490 | 3,155 | 2,490 |
| Amortisation of goodwill | | - | -300 | - | - |
| Share of loss from investments accounted for under equity method | | 3,080 | - | - | 5,220 |
| TOTAL EXPENSES | | 2,618,431 | 2,217,943 | 2,610,049 | 59,161 |
| EARNINGS BEFORE INTEREST EXPENSE AND INCOME TAX | | | | | |
| | | 610,137 | 524,504 | 607,401 | 334,050 |
| INTEREST EXPENSE | | (54,088) | (60,065) | (51,175) | - |
| CORPORATE INCOME TAX | 11 | (86,106) | (121,945) | (84,165) | - |
| EARNINGS BEFORE MINORITY INTEREST | | 469,943 | 342,494 | 472,061 | 334,050 |
| MINORITY INTEREST | | 2,118 | (8,444) | - | - |
| NET EARNINGS FOR THE PERIOD | | 472,061 | 334,050 | 472,061 | 334,050 |
| (Unit: Baht) | | | | | |
| BASIC EARNINGS PER SHARE | | | | | |
| | 12 | 0.65 | 0.51 | 0.65 | 0.51 |
| Weighted average number of ordinary shares (shares) | | 727,568,477 | 661,461,185 | 727,568,477 | 661,461,185 |
| DILUTED EARNINGS PER SHARE | | | | | |
| | 12 | 0.54 | 0.39 | 0.54 | 0.39 |
| Weighted average number of ordinary shares (shares) | | 867,414,859 | 858,697,827 | 867,414,859 | 858,697,827 |

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit: Thousand Baht)

| | CONSOLIDATED | | THE COMPANY ONLY | |
|---|----------------|----------------|------------------|---------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Cash flows from (used in) operating activities | | | | |
| Net earnings | 472,061 | 334,050 | 472,061 | 334,050 |
| Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities: - | | | | |
| Depreciation and amortisation | 140,015 | 129,045 | 120,514 | 5,907 |
| Bad debts and allowance for doubtful accounts | 9,041 | 8,783 | 3,778 | - |
| Amortisation of goodwill | - | (300) | - | - |
| Reversal of loss on impairment of fixed assets | (370) | - | (370) | - |
| Share of loss (profit) from investments accounted for under equity method | 3,080 | - | (21,185) | (317,776) |
| Earnings attributed to minority interest for the period | (2,118) | 8,444 | - | - |
| Loss (gain) on disposal of fixed assets | (122) | (1,556) | 256 | - |
| | <u>621,587</u> | <u>478,466</u> | <u>575,054</u> | <u>22,181</u> |
| Decrease (increase) in operating assets | | | | |
| Trade accounts receivable | (53,138) | (20,344) | (45,505) | 1,932 |
| Inventories | (11,783) | (345) | (11,097) | - |
| Other current assets | (9,607) | (20,664) | (4,219) | (4,707) |
| Increase (decrease) in operating liabilities | | | | |
| Trade accounts payable | (40,627) | (57,835) | (41,647) | (109) |
| Accrued physicians' fee | 23,626 | 11,919 | 23,846 | - |
| Interest payable | 280 | - | - | - |
| Corporate income tax payable | 23,465 | 115,764 | 84,165 | - |
| Accrued expenses | 104,692 | 47,041 | 100,502 | 530 |
| Accounts payable - others | (288) | (19,509) | 6,652 | (20,666) |
| Unearned income | 38,346 | - | - | - |
| Other current liabilities | (7,559) | 543 | (6,563) | 1,961 |
| Net cash from operating activities | <u>688,994</u> | <u>535,036</u> | <u>681,188</u> | <u>1,122</u> |

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit: Thousand Baht)

| | Note | CONSOLIDATED | | THE COMPANY ONLY | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2005 | 2004 | 2005 | 2004 |
| Cash flows from (used in) investing activities | | | | | |
| Decrease (increase) in deposits at financial institutions with maturity | | | | | |
| of more than 3 months and those pledged | | 400,004 | (480,183) | - | - |
| Increase in advances to employees and directors | | (5,002) | (3,068) | (5,476) | (2,775) |
| Decrease (increase) in short-term loans and interest receivable - | | | | | |
| related parties | | (485) | (64,442) | 3,430 | (9,554) |
| Decrease (increase) in long-term loans and interest | | | | | |
| receivable - related parties | | (76,035) | 13,713 | 2,431 | 13,088 |
| Increase in unearned non-competition fee | | - | - | - | 12,750 |
| Purchase of investments in a subsidiary and associated | | | | | |
| companies | | (322,691) | (221,223) | (599,000) | (221,223) |
| Increase in plant and equipment | | (231,902) | (164,190) | (245,458) | (84,810) |
| Decrease (increase) in other non-current assets | | (172,551) | (1,180) | (75,551) | 50 |
| Net cash used in investing activities | | <u>-408,662</u> | <u>(920,573)</u> | <u>(919,624)</u> | <u>(292,474)</u> |
| Cash flows from (used in) financing activities | | | | | |
| Increase in short-term loans and interest payable - | | | | | |
| a related party | | - | - | 379,470 | 250,000 |
| Decrease in long-term loan | | (164,261) | - | - | - |
| Cash received from issued ordinary shares | | - | 110,612 | - | 110,612 |
| Dividend paid | | (292,014) | - | (292,014) | - |
| Decrease in liabilities under debt restructuring agreement | | | | | |
| from interest payment | | - | (4,033) | - | (4,033) |
| Interest paid for convertible bonds treated as equity securities | | (8,822) | (5,041) | (8,822) | (5,041) |
| Net cash from (used in) financing activities | | <u>(465,097)</u> | <u>101,538</u> | <u>78,634</u> | <u>351,538</u> |
| Net increase (decrease) in cash and cash equivalents | | (184,765) | (283,999) | (159,802) | 60,186 |
| Cash and cash equivalents at beginning of period | | 722,882 | 1,025,594 | 516,300 | 71,276 |
| Cash and cash equivalents at end of period | 14 | <u>538,117</u> | <u>741,595</u> | <u>356,498</u> | <u>131,462</u> |
| Supplemental cash flows information | | | | | |
| Cash paid during the period for: - | | | | | |
| Interest expense | | 53,808 | 64,098 | 56,574 | 4,033 |
| Corporate income tax | | 72,884 | 7,568 | 7,538 | 1,388 |

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit: Thousand Baht)

CONSOLIDATED

| | Note | Issued and paid-up share capital | | Premium on ordinary shares | Translation adjustment | Conversion option | Convertible bonds treated as equity securities | Excess of investment over book value of a subsidiary | Retained earnings | | Minority interest | Total |
|--|------|----------------------------------|-------------------|-------------------------------|---------------------------|-------------------|--|---|------------------------------------|-----------------------------|----------------------|------------------|
| | | Ordinary shares | Preference shares | | | | | | Appropriated- statutory reserve | Unappropriated (deficit) | | |
| | | | | | | | | | | | | |
| Balance - as at 1 January 2004 | | 1,321,228 | 5,591 | - | - | 41,599 | 550,000 | - | - | -679,031 | 20,118 | 1,259,505 |
| Preference shares converted to ordinary shares | 10 | 205 | -205 | - | - | - | - | - | - | - | - | - |
| Reduction the par value of the shares to deduct deficit | 10 | -660,717 | -2,693 | - | - | - | - | - | - | 663,410 | - | - |
| Ordinary shares issued during the period | 10 | 9,500 | - | 101,112 | - | - | - | - | - | - | - | 110,612 |
| Interest paid for convertible bonds treated as equity securities | 9 | - | - | - | - | - | - | - | - | -4,959 | - | -4,959 |
| Net earnings for the period | | - | - | - | - | - | - | - | - | 334,050 | - | 334,050 |
| Minority interest for the period | | - | - | - | - | - | - | - | - | - | 8,444 | 8,444 |
| Purchase of investment in a subsidiary from minority | | - | - | - | - | - | - | -192,662 | - | - | -28,562 | -221,224 |
| Balance - as at 30 June 2004 | | <u>670,216</u> | <u>2,693</u> | <u>101,112</u> | <u>-</u> | <u>41,599</u> | <u>550,000</u> | <u>-192,662</u> | <u>-</u> | <u>313,470</u> | <u>-</u> | <u>1,486,428</u> |
| Balance - as at 1 January 2005 | | 727,359 | 2,693 | 285,568 | - | - | 550,000 | -192,662 | 46,500 | 640,739 | - | 2,060,197 |
| Preference shares converted to ordinary shares | 10 | 332 | -332 | - | - | - | - | - | - | - | - | - |
| Investment of minority interest as at purchase date of investment in a subsidiary | | - | - | - | - | - | - | - | - | - | 78,320 | 78,320 |
| Translation adjustment | | - | - | - | 14,764 | - | - | - | - | - | 4,232 | 18,996 |
| Interest paid for convertible bonds treated as equity securities | 9 | - | - | - | - | - | - | - | - | -8,678 | - | -8,678 |
| Net earnings for the period | | - | - | - | - | - | - | - | - | 472,061 | - | 472,061 |
| Minority interest for the period | | - | - | - | - | - | - | - | - | - | -2,118 | -2,118 |
| Dividend paid | 13 | - | - | - | - | - | - | - | - | -292,014 | - | -292,014 |
| Balance - as at 30 June 2005 | | <u>727,691</u> | <u>2,361</u> | <u>285,568</u> | <u>14,764</u> | <u>-</u> | <u>550,000</u> | <u>-192,662</u> | <u>46,500</u> | <u>812,108</u> | <u>80,434</u> | <u>2,326,764</u> |

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit: Thousand Baht)

THE COMPANY ONLY

| | Note | Issued and paid-up share capital | | Premium on ordinary shares | Translation adjustment | Conversion option | Convertible bonds treated as equity securities | Excess of investment over book value of a subsidiary | Retained earnings | | Total |
|---|------|----------------------------------|-------------------|-------------------------------|---------------------------|----------------------|--|---|------------------------------------|-----------------------------|------------------|
| | | Ordinary shares | Preference shares | | | | | | Appropriated- statutory reserve | Unappropriated (deficit) | |
| Balance - as at 1 January 2004 | | 1,321,228 | 5,591 | - | - | 41,599 | 550,000 | - | - | -679,031 | 1,239,387 |
| Preference shares converted to ordinary shares | 10 | 205 | -205 | - | - | - | - | - | - | - | - |
| Reduction the par value of the shares to deduct deficit | 10 | -660,717 | -2,693 | - | - | - | - | - | - | 663,410 | - |
| Ordinary shares issued during the period | 10 | 9,500 | - | 101,112 | - | - | - | - | - | - | 110,612 |
| Interest paid for convertible bonds treated as equity securities | 9 | - | - | - | - | - | - | - | - | -4,959 | -4,959 |
| Net earnings for the period | | - | - | - | - | - | - | - | - | 334,050 | 334,050 |
| Purchase of investment in a subsidiary from minority | | - | - | - | - | - | - | -192,662 | - | - | -192,662 |
| Balance - as at 30 June 2004 | | <u>670,216</u> | <u>2,693</u> | <u>101,112</u> | <u>-</u> | <u>41,599</u> | <u>550,000</u> | <u>-192,662</u> | <u>-</u> | <u>313,470</u> | <u>1,486,428</u> |
| Balance - as at 1 January 2005 | | 727,359 | 2,693 | 285,568 | - | - | 550,000 | -192,662 | 46,500 | 640,739 | 2,060,197 |
| Preference shares converted to ordinary shares | 10 | 332 | -332 | - | - | - | - | - | - | - | - |
| Translation adjustment | | - | - | - | 14,764 | - | - | - | - | - | 14,764 |
| Interest paid for convertible bonds treated as equity securities | 9 | - | - | - | - | - | - | - | - | -8,678 | -8,678 |
| Net earnings for the period | | - | - | - | - | - | - | - | - | 472,061 | 472,061 |
| Dividend paid | 13 | - | - | - | - | - | - | - | - | -292,014 | -292,014 |
| Balance - as at 30 June 2005 | | <u>727,691</u> | <u>2,361</u> | <u>285,568</u> | <u>14,764</u> | <u>-</u> | <u>550,000</u> | <u>-192,662</u> | <u>46,500</u> | <u>812,108</u> | <u>2,246,330</u> |

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

(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2005 AND 2004

1. GENERAL INFORMATION

1.1 Investments

The meeting of the Company's Board of Directors No. 2/2548 dated 28 February 2005 has approved an investment of 49% of shares in a new company to be incorporated in Dubai, United Arab Emirates for operating hospital business, with investment value amounting to Baht 388 million. The initial investment is expected to be made in the fourth quarter of 2005. On 16 March 2005, a subsidiary (Bumrungrad International Ltd.) entered into a Memorandum of Understanding with the counterparty.

1.2 Basis for the preparation of interim financial statements

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

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

(UNAUDITED BUT REVIEWED)

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Bumrungrad Hospital Public Company Limited and subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2004. There have been no changes in the composition of the subsidiaries during the current period except that a subsidiary (Bumrungrad International Ltd.) purchased investments in Bumrungrad International Philippines Inc. (BIPI, formerly known as “Vista Medical Management, Inc.”) and Neptune Stroika Holdings, Inc. (Neptune), incorporated in Philippines, in which it holds 100% and 40% of equity, respectively. Although the subsidiary holds only a 40% shareholding in Neptune, this company’s financial statements have nevertheless been consolidated since the subsidiary has controlled over its management.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2004.

2. PLEDGED FIXED DEPOSITS AT FINANCIAL INSTITUTIONS

As at 30 June 2005, deposits at financial institutions of Baht 9.8 million (31 December 2004: Baht 9.8 million) have been pledged with banks to secure bank guarantees issued by banks on behalf of the Company and a subsidiary (Bumrungrad Medical Center Ltd.), and Baht 220 million (31 December 2004: Baht 220 million) has been pledged to secure long-term loan of that subsidiary as described in Note 8.

(UNAUDITED BUT REVIEWED)

3. TRADE ACCOUNTS RECEIVABLE

The agings of the trade accounts receivable balances as at 30 June 2005 and 31 December 2004 are as follows: -

(Unit: Thousand Baht)

| <u>Outstanding period</u> | <u>CONSOLIDATED</u> | | <u>THE COMPANY ONLY</u> | |
|---------------------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | <u>30 June</u> <u>2005</u> | <u>31 December</u> <u>2004</u> | <u>30 June</u> <u>2005</u> | <u>31 December</u> <u>2004</u> |
| Current | 158,885 | 136,767 | 156,266 | 136,417 |
| Overdue | | | | |
| 1 - 30 days | 52,967 | 64,123 | 50,185 | 63,971 |
| 31 - 60 days | 35,072 | 20,728 | 34,968 | 20,455 |
| 61 - 90 days | 10,216 | 6,727 | 10,093 | 6,623 |
| 91 - 180 days | 22,325 | 8,741 | 22,230 | 8,618 |
| 181 - 365 days | 10,988 | 11,208 | 10,637 | 11,138 |
| More than 365 days | 24,242 | 17,035 | 24,242 | 17,035 |
| Total | 314,695 | 265,329 | 308,621 | 264,257 |
| Less: Allowance for doubtful accounts | (35,640) | (30,371) | (33,008) | (30,371) |
| Net | 279,055 | 234,958 | 275,613 | 233,886 |

4. RELATED PARTY TRANSACTIONS

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

(Unit: Million Baht)

| | <u>THE COMPANY ONLY</u> | | | | <u>Pricing policy</u> |
|---------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|---------------------------------|
| | <u>For the three-month</u> | | <u>For the six-month</u> | | |
| | <u>periods ended 30 June</u> | |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> | |
| <u>Transactions with subsidiaries</u> | | | | | |
| Rental income | 6.3 | 11.8 | 12.6 | 24.0 | As per contracts a) |
| Non-competition fee income | - | 6.4 | - | 12.8 | As per contract b) |
| Interest income | 0.6 | 0.5 | 1.2 | 0.9 | 11% p.a. and MLR less 0.5% p.a. |

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

| | THE COMPANY ONLY | | | | Pricing policy |
|--|---|------|---|------|---------------------------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | | |
| | 2005 | 2004 | 2005 | 2004 | |
| Medical service income | 2.5 | - | 5.3 | - | Cost plus margin |
| Management fee income | - | 0.3 | - | 0.6 | As per contract c) |
| Rental expense | 21.0 | - | 42.0 | - | As per contract d) |
| Interest expense | 25.9 | - | 51.2 | - | MLR less 0.45% p.a. |
| Purchase of equipment | - | - | 8.5 | - | Book value plus margin |
| Sales of equipment | - | - | 0.7 | - | Book value |
| <u>Transactions with related companies</u> | | | | | |
| Medical service income | 4.6 | - | 6.2 | - | Cost plus margin |
| Rental income | 0.3 | 0.5 | 0.6 | 1.1 | As per contract e) |
| Interest income | - | 2.1 | - | 4.2 | MLR p.a. |
| Rental expense | 4.6 | 5.3 | 9.2 | 10.4 | As per contract f) |
| Donation expense | 2.9 | - | 3.2 | - | - |
| Purchase of computer software | - | - | 64.2 | - | As per contract g) |
| Insurance expense | 3.0 | 0.3 | 6.3 | 0.7 | As per insurance policies |

(Unit: Million Baht)

| | CONSOLIDATED | | | | Pricing policy |
|--|---|------|---|------|---------------------------|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | | |
| | 2005 | 2004 | 2005 | 2004 | |
| <u>Transactions with subsidiaries</u> (eliminated from consolidated financial statements) | | | | | |
| Interest income | 0.8 | - | 0.8 | - | 10% p.a. |
| <u>Transactions with related companies</u> | | | | | |
| Medical service income | 4.6 | 6.9 | 6.2 | 13.4 | Cost plus margin |
| System implementation income | 6.8 | - | 6.8 | - | As per contract h) |
| Software license fee income | 1.9 | - | 1.9 | - | As per contract i) |
| Rental income | 0.3 | 0.5 | 0.6 | 1.1 | As per contract e) |
| Interest income | - | 4.1 | - | 7.9 | MLR p.a. |
| Rental expense | 4.6 | 5.3 | 9.2 | 10.4 | As per contract f) |
| Donation expense | 2.9 | 3.3 | 3.2 | 6.6 | - |
| Purchase of computer software | 100.0 | - | 164.2 | - | As per contract g) |
| Sales of equipment | - | - | 7.7 | - | As g) |
| System implementation expense | - | - | 2.0 | - | As per contract h) |
| Insurance expense | 3.0 | 3.3 | 6.3 | 6.4 | As per insurance policies |

(UNAUDITED BUT REVIEWED)

- a) A subsidiary (Bumrungrad Medical Center Ltd.) has leased a plot of land, building and nursing dormitory from the Company for its hospital operations. The lease agreements cover a period of 30 years, commencing from the year 1996. The rental fees are Baht 40.1 million per annum, not including the rental fee for B.H. Residence. On 1 August 2004, the subsidiary terminated the lease agreements of building, nursing dormitory and B.H. Residence with the Company, the subsidiary has no obligation to pay such rental fees.

Another subsidiary (Vitallife Corporation Ltd.) has leased building spaces from the Company for use in its operations. The lease agreement covers a period of 11 years, commencing from the year 2001, and rental fees are Baht 3 million per annum. On 1 July 2004, the Company and subsidiary made an addendum to lease agreement. The subsidiary has to pay rental fee equal to 5% of gross revenue inclusive of value added tax, but not less than Baht 238,200 per month.

- b) A subsidiary (Bumrungrad Medical Center Ltd.) entered into a non-competition agreement with the Company, for a period of 30 years commencing from the year 1997. Under this agreement, the subsidiary was obliged to pay a non-competition fee totaling Baht 255 million over nine years. The obligation for 1997 was Baht 51 million, and for each of the next eight years the fee obligation was Baht 25.5 million. In addition, the Company charged interest on the unpaid portion of the fee at a rate of 11% per annum. As a result of the sale of the subsidiary's hospital business, the subsidiary has no obligation to pay such non-competition fee.
- c) The Company and Vitallife Corporation Ltd. entered into a management service agreement under which Vitallife Corporation Ltd. had to pay the Company an amount equal to 3.5% of its turnover. In September 2004, both companies agreed to cancel such agreement.
- d) The Company has leased hospital building from Bumrungrad Medical Center Ltd. for use in its hospital business. The lease agreement covers a period of 3 years, commencing from August 2004, and the rental fees are Baht 84 million per annum.
- e) Global Care Solutions (Thailand) Co., Ltd. has leased building spaces from the Company for use in its operations. The lease agreement covers a period of 3 years, commencing from the year 2001, and shall be extended for a further period of 3 years. The rental fees are Baht 1 million per annum, not including rental fees for room at B.H. Residence.

(UNAUDITED BUT REVIEWED)

- f) The Company has entered into an agreement to lease land and a building (B.H. Tower) from Bangkok Bank Plc. for a period of 3 years, commencing from August 2000. The rental fee is calculated at the rate of 75% of net income (total revenues minus total expenses) from the sub-lease, with a minimum rental of Baht 8 million per annum. On 19 January 2004, the bank approved one-year renewal of agreement, commencing on 29 August 2003 to 28 August 2004 and on 8 December 2004, the bank approved one-year renewal of agreement, commencing on 29 August 2004 to 28 August 2005. The rate of rental and other conditions shall be in accordance with the initial agreement.

Rental payable as at 30 June 2005, amounting to Baht 4.5 million (31 December 2004: Baht 4.3 million), was shown in the balance sheet under the caption of “Accounts payable - others”.

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

In January 2005, the Company entered into a license agreement with Global Care Solutions (Thailand) Co., Ltd. to purchase additional computer software, totaling USD 1.5 million (exclusive of value added tax). The Company paid for such software in the first quarter of 2005.

A subsidiary (Bumrungrad International Ltd.) has entered into a license agreement with Global Care Solutions (Thailand) Co., Ltd. in January 2005 to purchase computer software for use in its international hospital management service business. The subsidiary paid a minimum license fee of USD 2.5 million in the second quarter of 2005.

In January 2005, a subsidiary (Bumrungrad Medical Center Ltd.) sold its equipment to Global Care Solutions (Thailand) Co., Ltd., amounting to Baht 7.7 million (book value plus margin) and fully received the proceeds.

- h) A subsidiary (Bumrungrad International Ltd.) has entered into the provision of services under system implementation agreement with Global Care Solutions (Thailand) Co., Ltd. in April 2005 to provide computer system implementation services to Asian Hospital, Inc. (AHI) for the use in its hospital business. The subsidiary is obliged to pay such fee totaling to USD 200,000. In the second quarter of 2005, the subsidiary paid for such fee amounting to USD 50,000.

(UNAUDITED BUT REVIEWED)

The subsidiary has also entered into computer system implementation agreement with AHI, totaling to USD 350,000. In the second quarter of 2005, the subsidiary received such fee amounting to USD 175,000.

- i) A subsidiary (Bumrungrad International Ltd.) and Asian Hospital, Inc. (AHI) have entered into a software site license agreement. AHI paid all license fee of 52,676,342 pesos in the first quarter of 2005. The license fee will be recognised as income in accordance with the period as stipulated in the agreement. Unrecognised license fee as at 30 June 2005, amounting to Baht 36.4 million, was shown in the balance sheet under the caption of “Unearned income”.

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

(Unit: Thousand Baht)

| | CONSOLIDATED | | THE COMPANY ONLY | |
|---|-----------------|---------------------|------------------|---------------------|
| | 30 June 2005 | 31 December 2004 | 30 June 2005 | 31 December 2004 |
| <u>Short-term loans and interest receivable - related parties</u> | | | | |
| <u>Former subsidiary</u> | | | | |
| The Bumrungrad Hospital Rayong Co., Ltd. | - | - | 39,432 | 39,432 |
| Less: Allowance for doubtful accounts | - | - | (39,432) | (39,432) |
| | - | - | - | - |
| <u>Subsidiaries</u> | | | | |
| Bumrungrad International Ltd. | - | - | 559 | - |
| Vitalife Corporation Ltd. | - | - | 20,903 | 24,743 |
| <u>Associated company</u> | | | | |
| Asian Hospital, Inc. | 757 | - | 123 | - |
| <u>Related parties</u> | | | | |
| Global Care Solutions (Thailand) Co., Ltd. | 7 | 218 | 7 | 218 |
| The Bumrungrad Hospital Foundation | 151 | 212 | 151 | 212 |
| Total | 915 | 430 | 21,743 | 25,173 |

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

| | CONSOLIDATED | | THE COMPANY ONLY | |
|--|-----------------|---------------------|------------------|---------------------|
| | 30 June 2005 | 31 December 2004 | 30 June 2005 | 31 December 2004 |
| <u>Long-term loans and interest receivable - related parties</u> | | | | |
| <u>Subsidiaries</u> | | | | |
| Bumrungrad International Ltd. | - | - | - | 733 |
| Vitalife Corporation Ltd. | - | - | 22,591 | 24,289 |
| <u>Associated companies</u> | | | | |
| Asian Hospital, Inc. | 76,035 | - | - | - |
| Total | <u>76,035</u> | <u>-</u> | <u>22,591</u> | <u>25,022</u> |
| <u>Short-term loans and interest payable - a related party</u> | | | | |
| <u>Subsidiary</u> | | | | |
| Bumrungrad Medical Center Ltd. | <u>-</u> | <u>-</u> | <u>1,850,297</u> | <u>1,470,827</u> |

The short-term and long-term loans to Vitalife Corporation Ltd. carry interest at the rate of MLR less 0.5% per annum.

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

Bumrungrad International Ltd. granted long-term loan to Neptune Stroika Holdings, Inc. of 30 million pesos, carrying interest at the rate of 10% per annum, for a period of 7 years (within the year 2012). The loan has been secured by a pledge of shares in Neptune Stroika Holdings, Inc., which are held by Mr. Augusto G. Gan.

The long-term loan to Asian Hospital, Inc. of Baht 76 million is for the future subscription from Bumrungrad International Philippines Inc.

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

(UNAUDITED BUT REVIEWED)

Movement of loans to and loans from during the period are summarised below: -

(Unit: Thousand Baht)

| | 31 December | | | 30 June |
|---|-------------|----------|----------|-----------|
| | 2004 | Increase | Decrease | 2005 |
| <u>Short-term loans and interest receivable - related parties</u> | | | | |
| <u>Subsidiaries</u> | | | | |
| Bumrungrad International Ltd. | - | 1,925 | 1,366 | 559 |
| Vitalife Corporation Ltd. | | | | |
| Principal | 23,573 | 19,986 | 22,742 | 20,817 |
| Interest receivable | 1,170 | 586 | 1,670 | 86 |
| <u>Associated company</u> | | | | |
| Asian Hospital, Inc. | - | 757 | - | 757 |
| <u>Related parties</u> | | | | |
| Global Care Solutions (Thailand) Co., Ltd. | 218 | 139 | 350 | 7 |
| The Bumrungrad Hospital Foundation | 212 | 974 | 1,035 | 151 |
| <u>Long-term loans and interest receivable - related parties</u> | | | | |
| <u>Subsidiaries</u> | | | | |
| Bumrungrad International Ltd. | | | | |
| Principal | 538 | - | 538 | - |
| Interest receivable | 195 | - | 195 | - |
| Vitalife Corporation Ltd. | | | | |
| Principal | 22,494 | - | - | 22,494 |
| Interest receivable | 1,795 | 586 | 2,284 | 97 |
| <u>Associated company</u> | | | | |
| Asian Hospital, Inc. | - | 76,035 | - | 76,035 |
| <u>Short-term loans and interest payable - a related party</u> | | | | |
| <u>Subsidiary</u> | | | | |
| Bumrungrad Medical Center Ltd. | | | | |
| Principal | 1,465,446 | 504,680 | 119,829 | 1,850,297 |
| Interest payable | 5,381 | 51,175 | 56,556 | - |

(UNAUDITED BUT REVIEWED)

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

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

THE COMPANY ONLY

(Unit: Thousand Baht)

| | 30 June 2005 | | | | 31 December 2004 | | | |
|---|-----------------|------------------|-------------------------|---------------------------|------------------|------------------|--------------------|---------------------------|
| | Paid-up capital | Percentage owned | Investments Cost method | Investments Equity method | Paid-up capital | Percentage owned | Investments Method | Investments Equity method |
| | | % | | | | % | | |
| <u>Subsidiaries</u> | | | | | | | | |
| Bumrungrad Medical Center Ltd. | 958,954 | 100.00 | 1,691,903 | 1,086,181 | 958,954 | 100.00 | 1,691,903 | 1,077,600 |
| Bumrungrad International Ltd. | 600,000 | 100.00 | 600,000 | 620,749 | 1,000 | 100.00 | 999 | 24 |
| Vitalife Corporation Ltd. | 31,500 | 100.00 | 25,610 | (17,471) | 31,500 | 100.00 | 25,610 | (23,114) |
| Total investments in subsidiaries | | | 2,317,513 | 1,689,459 | | | 1,718,512 | 1,054,510 |
| <u>Associated company</u> | | | | | | | | |
| L.S. Cleaning Co., Ltd. | 1,250 | 25.00 | 313 | 209 | 1,250 | 25.00 | 313 | 209 |
| Total investment in associated company | | | 313 | 209 | | | 313 | 209 |
| Total investments | | | 2,317,826 | 1,689,668 | | | 1,718,825 | 1,054,719 |

(Unit: Thousand Baht)

| | THE COMPANY ONLY | |
|--|------------------|------------------|
| | 30 June 2005 | 31 December 2004 |
| <u>Net investments</u> | | |
| Investments accounted for under equity method | 1,514,477 | 885,171 |
| Excess of investment over book value of a subsidiary | 192,662 | 192,662 |
| Provision for loss in excess of cost of investment in subsidiary | (17,471) | (23,114) |
| Total | 1,689,668 | 1,054,719 |

(UNAUDITED BUT REVIEWED)

CONSOLIDATED

(Unit: Thousand Baht)

| | <u>30 June 2005</u> | <u>31 December 2004</u> |
|---|-----------------------|-------------------------|
| The Company's investment in associated company | 209 | 209 |
| The subsidiaries' investments in associated companies | <u>416,928</u> | <u>-</u> |
| Total | <u><u>417,137</u></u> | <u><u>209</u></u> |

In November 2004, Bumrungrad International Ltd. (formerly known as "B.H. Avenue Co., Ltd.") increased its share capital by issuing 5,990,000 new ordinary shares at a par value of Baht 100 each which caused the increase in subsidiary's registered capital from Baht 1 million to Baht 600 million. The Company purchased all increased shares therefore the Company's shareholding in this subsidiary increased from 99.94% to 100%. The Company paid for such share subscription in the first quarter of 2005.

On 24 February 2005, a subsidiary (Bumrungrad International Ltd.) invested Baht 131,949,605.69 (Peso 185 million) in Neptune Stroika Holdings, Inc. (Neptune) to acquire 66,667 preferred shares at a par value of 1,000 pesos each (40% ownership) and also invested Baht 59,155,653.07 in Bumrungrad International Philippines Inc. (BIPI) to acquire 7,000,000 shares at a par value of 1 peso each (a 100% holding) and further inject Capital of Baht 141,353,015.29 (199,872,800 pesos).

Neptune and BIPI acquired investments in the ordinary shares of Asian Hospital, Inc. (AHI) for 215 million pesos (190,265,487 shares) and 185 million pesos (349,826,625.51 shares), respectively, representing respective shareholdings of 14.25% and 26.19%. AHI is incorporated in Philippines and operates the hospital business.

The share of the profit/loss of the associated companies has been calculated from the management accounts of those associated companies and have not been reviewed by their auditors.

(UNAUDITED BUT REVIEWED)

6. OTHER LONG-TERM INVESTMENTS

(Unit: Thousand Baht)

| COMPANY | PERCENTAGE OF | | CONSOLIDATED | | THE COMPANY ONLY | |
|-------------------------------------|---------------|------|--------------|-------------|------------------|-------------|
| | SHAREHOLDING | | 30 June | 31 December | 30 June | 31 December |
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| | % | % | | | | |
| Chantaburi Country Club Co., Ltd. | 0.5 | 0.5 | 4,500 | 4,500 | 4,500 | 4,500 |
| Global Care Solutions S.A. | 14.0 | 14.0 | 347 | 347 | 347 | 347 |
| Total | | | 4,847 | 4,847 | 4,847 | 4,847 |
| Less: Provision for impairment loss | | | (2,800) | (2,800) | (2,800) | (2,800) |
| Net | | | 2,047 | 2,047 | 2,047 | 2,047 |

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

7. PROPERTY, PLANT AND EQUIPMENT

The Company has mortgaged all of the land with a book value of Baht 290.9 million (Baht 581 million appraisal fair value as of 12 November 2004) with a commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds of the Company as described in Notes 9 a) and 9 b).

The Company and Bumrungrad Medical Center Ltd. have mortgaged their buildings and pledged medical instruments and hospital equipment, with net book value as at 30 June 2005 of Baht 1,302 million (31 December 2004: Baht 1,327 million), to secure long-term loan obtained from a local commercial bank as described in Note 8.

8. LONG-TERM LOAN

(Unit: Thousand Baht)

| | CONSOLIDATED | |
|---|--------------|------------------|
| | 30 June 2005 | 31 December 2004 |
| <u>Bumrungrad Medical Center Ltd.</u> | | |
| Loan from a local commercial bank | 1,943,754 | 2,108,015 |
| Less: Current portion of long-term loan | (328,522) | (328,522) |
| Long-term portion | 1,615,232 | 1,779,493 |

(UNAUDITED BUT REVIEWED)

On 16 September 2002, the subsidiary entered into a loan agreement in the Baht currency with a local commercial bank to obtain a Baht 2,400,000,000 credit facility. Such loan carries interest at 5.5% per annum for the first two years and then at MLR less a certain percentage per annum. Interest is payable on a monthly basis and principal is repayable in 24 quarterly installments, commencing 30 December 2004. To guarantee this loan, the subsidiary has mortgaged its building and pledged medical instruments, hospital equipment and fixed deposits as described in Notes 7 and 2. In July 2004, the Company has entered into the Amendment Agreement and the Amended and Restated Facility Agreement with that bank in order to assume joint responsibility for these liabilities.

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

9. CONVERTIBLE BONDS

Convertible bonds as at 30 June 2005 are as follows: -

- a) Partly secured convertible bonds in an amount of Baht 300 million, with a maturity of 12 years, and a coupon rate of 2.5% for years 1 - 4, 5% for years 5 - 8, and 10% for years 9-12, payable semi-annually. The current conversion price is Baht 4.55 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds are secured by the mortgage of the Company's land.
- b) Partly secured convertible bonds in an amount of Baht 250 million (after conversion by the bondholder of Baht 750 million in the year 2003), with a maturity of 12 years, and a coupon rate of 1% per annum, payable semi-annually. The current conversion price is Baht 3.50 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds are secured by the mortgage of the Company's land.

(UNAUDITED BUT REVIEWED)

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

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

The Company has reserved 178,571,433 ordinary shares to accommodate the above convertible bonds.

Interest expense for the six-month period ended 30 June 2005 of the convertible bonds amounted to Baht 8.7 million (2004: Baht 5.0 million), being recorded as a reduction to "retained earnings".

10. SHARE CAPITAL

In the first quarter of 2005, 332,000 preference shares (2004: 20,500 shares) were converted into ordinary shares at ratio of one preference share to one ordinary share. The Company registered this conversion with the Ministry of Commerce on 8 March 2005.

On 18 December 2003, the extraordinary general meeting of the Company's shareholders passed a resolution approving the reduction of registered share capital of Baht 922,702,685 by reducing the par value of the shares from Baht 10 to Baht 5, which affect to the decrease in paid-up share capital of Baht 663,409,365. All reduced paid-up share capital will be used to settle against the deficit. The Company registered this changed with the Ministry of Commerce on 8 March 2004.

(UNAUDITED BUT REVIEWED)

On 28 April 2004, the annual general meeting of the Company's shareholders passed a resolution approving the change of the par value of the shares from Baht 5 to Baht 1 and the amendment of number of registered shares from 184,540,537 shares of Baht 5 each to 922,702,685 shares of Baht 1 each. The Company registered this change with the Ministry of Commerce on 17 May 2004.

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

As a result of the conversion of Baht 200 million convertible bonds on 25 August 2004, the Company's paid up capital has increased from Baht 672,909,365 to Baht 730,052,222 and its premium on ordinary shares had increased from Baht 101,111,673 to Baht 285,568,300. The Company registered this conversion with the Ministry of Commerce on 26 August 2004 and the Stock Exchange of Thailand (SET) allowed the common shares increased to be listed on the SET.

11. CORPORATE INCOME TAX

The Company's corporate income tax for the three-month and six-month periods ended 30 June 2005 and corporate income tax of a subsidiary (Bumrungrad Medical Center Ltd.) for the three-month and six-month periods ended 30 June 2005 and 2004 have been calculated by multiplying earnings before income tax for the period by the estimated effective tax rate for the year.

No corporate income tax was payable by the Company for the three-month and six-month periods ended 30 June 2004 since tax losses brought forward from previous years exceed net earnings for the period.

(UNAUDITED BUT REVIEWED)

12. RECONCILIATION OF DILUTED EARNINGS PER SHARE

| | For the three-month periods ended 30 June | | | | | |
|--|---|------------------|---|--------------------|-----------------------|-------------|
| | Net earnings | | Weighted average number of ordinary shares | | Earnings per share | |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| | Thousand Baht | Thousand Baht | Thousand Shares | Thousand Shares | Baht | Baht |
| Basic earnings per share | | | | | | |
| Net earnings | 244,937 | 151,430 | 727,691 | 662,282 | 0.34 | 0.23 |
| Effect of dilutive potential ordinary shares | | | | | | |
| 2,360,850 preference shares (2004: 2,692,850 preference shares) | - | - | 2,361 | 2,693 | | |
| 55 convertible bonds (2004: 75 convertible bonds) | - | - | 137,363 | 194,506 | | |
| Diluted earnings per share | | | | | | |
| Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares | <u>244,937</u> | <u>151,430</u> | <u>867,415</u> | <u>859,481</u> | 0.28 | 0.18 |
| | | | | | | |
| | For the six-month periods ended 30 June | | | | | |
| | Net earnings | | Weighted average number of ordinary shares | | Earnings per share | |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| | Thousand Baht | Thousand Baht | Thousand Shares | Thousand Shares | Baht | Baht |
| Basic earnings per share | | | | | | |
| Net earnings | 472,061 | 334,050 | 727,568 | 661,461 | 0.65 | 0.51 |
| Effect of dilutive potential ordinary shares | | | | | | |
| 2,360,850 preference shares (2004: 2,692,850 preference shares) | - | - | 2,484 | 2,731 | | |
| 55 convertible bonds (2004: 75 convertible bonds) | - | - | 137,363 | 194,506 | | |
| Diluted earnings per share | | | | | | |
| Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares | <u>472,061</u> | <u>334,050</u> | <u>867,415</u> | <u>858,698</u> | 0.54 | 0.39 |

(UNAUDITED BUT REVIEWED)

13. DIVIDEND PAID

On 27 April 2005, the Company's Annual General Meeting of shareholders approved the payment of a dividend of Baht 0.40 per share to the Company's shareholders from the Company's earnings for the year ended 31 December 2004. This constitutes a total dividend of Baht 292 million. The meeting also acknowledged payment of interim dividend of Baht 0.30 per share.

14. STATEMENTS OF CASH FLOWS

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

(Unit: Thousand Baht)

| | <u>CONSOLIDATED</u> | | <u>THE COMPANY ONLY</u> | |
|---|---------------------|----------------|-------------------------|----------------|
| | <u>30 June</u> | | <u>30 June</u> | |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Cash in hand and at financial institutions | 288,057 | 291,595 | 206,498 | 131,462 |
| Fixed deposits at financial institutions | 479,883 | 1,169,982 | 371,251 | 1,306 |
| | 767,940 | 1,461,577 | 577,749 | 132,768 |
| Less: Amounts with maturities of more than 3 months or those pledged | (229,823) | (719,982) | (221,251) | (1,306) |
| Cash and cash equivalents | <u>538,117</u> | <u>741,595</u> | <u>356,498</u> | <u>131,462</u> |

15. COMMITMENTS

As at 30 June 2005, the Company and its subsidiaries have the following outstanding commitments: -

- a) The Company has a commitment of Baht 1.8 million (31 December 2004: Baht 1.9 million) to pay fee to a bank which is bondholders' representative. The agreement will be terminated in year 2012.

(UNAUDITED BUT REVIEWED)

- b) The Company has future commitments to pay a total of Baht 137.5 million (31 December 2004: Baht 263.6 million) in relation to the construction of a new building and Baht 210 million (31 December 2004: Baht 71.5 million) in respect of purchase of medical instrument and hospital equipment.
- c) The Company has a commitment of Baht 91.7 million in respect of land rental for construction of nursing dormitory. The agreement covered a period of 30 years, expiring in the year 2035, and shall be extended for a further period of 20 years.
- d) The Company has a commitment of Baht 26.6 million (31 December 2004: Baht 36.6 million) in respect of the lease of medical instrument under a 5-year agreement expiring in the year 2006.
- e) The Company has a commitment of Baht 64.8 million in respect of the lease of land and building for operating in service apartment. The agreement covered a period of 3 years, expiring in the year 2008, and shall be extended for a further period of 2 years.
- f) The Company has a commitment of Baht 13.8 million (31 December 2004: Baht 17.4 million) in respect of the lease of building for nursing dormitory and related services. The agreement covered a period of 3 years, expiring in the year 2007, and shall be renewed automatically.
- g) The Company has a commitment to pay maintenance service fee for medical instrument. Service fee of Baht 2.8 million is payable on a monthly basis. The agreement covered a period of 5 years, expiring in the year 2008, and shall be renewed automatically.
- h) The Company has a commitment to pay security service fee. Service fee of Baht 0.8 million is payable on a monthly basis. The agreement covered a period of 3 years, expiring in the year 2005, and shall be renewed automatically.
- i) The Company has a commitment to pay cleaning service fee. Service fee of Baht 1.8 million is payable on a monthly basis. The agreement covered a period of 3 years, expiring in the year 2005.

(UNAUDITED BUT REVIEWED)

- j) A subsidiary, Bumrungrad International Ltd., has a commitment to pay consulting fee of USD 20,000 per annum. The agreement covered a period of 7 years, expiring in the year 2012.

16. BANK GUARANTEES

As at 30 June 2005, there were outstanding bank guarantees of Baht 1.9 million (31 December 2004: Baht 1.9 million) issued by a bank on behalf of the Company, and of Baht 8.6 million (31 December 2004: Baht 8.4 million) issued on behalf of a subsidiary. All were required in the normal course of business.

17. FINANCIAL INFORMATION BY SEGMENT

The operations of the Company and subsidiaries mainly involve the single industry segment of the hospital business and health care center, and most of them are carried on in the single geographic area in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area. The Company and a subsidiary had income for the three-month and six-month periods ended 30 June 2005 of Baht 13.2 million and Baht 17.6 million, respectively (2004: Baht 4.0 million and Baht 8.0 million) from hospital business in foreign countries.

18. APPROVAL OF INTERIM FINANCIAL STATEMENTS

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