

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED  
AND SUBSIDIARIES  
REVIEW REPORT AND INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 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 September 2005, the related consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2005 and 2004, the consolidated statements of changes in shareholders' equity and cash flows for the nine-month periods ended 30 September 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 September 2005 amounting to Baht 427 million and its share of gain of the associated company for the three-month and nine-month periods ended 30 September 2005 amounting to Baht 6.7 million and Baht 3.6 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 nine-month periods ended 30 September 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 November 2005

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 September 2005 (Unaudited but reviewed)	31 December 2004 (Audited)	30 September 2005 (Unaudited but reviewed)	31 December 2004 (Audited)
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		490,297	652,882	295,793	516,300
Current investments - fixed deposits at financial institutions		50,060	470,000	50,000	-
Trade accounts receivable - net	3	319,328	234,958	316,638	233,886
Advances to employees and directors		9,807	5,533	9,755	5,437
Short-term loans and interest receivable - related parties	4	817	430	22,014	25,173
Inventories		130,884	104,451	128,260	102,028
Prepaid expenses		124,808	30,278	103,961	29,379
Other current assets		10,943	5,208	3,561	765
<b>TOTAL CURRENT ASSETS</b>		<b>1,136,944</b>	<b>1,503,740</b>	<b>929,982</b>	<b>912,968</b>
<b>NON-CURRENT ASSETS</b>					
Pledged fixed deposits at financial institutions	2	229,823	229,828	221,251	221,251
Investments accounted for under equity method	5	427,410	209	1,513,445	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	79,573	-	22,591	25,022
Property, plant and equipment - net	7	3,047,550	2,801,618	1,917,358	1,618,025
Intangible assets - net		597,793	476,128	670,793	661,017
Other non-current assets		16,084	7,515	19,084	7,515
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,400,280</b>	<b>3,517,345</b>	<b>4,366,569</b>	<b>3,420,048</b>
<b>TOTAL ASSETS</b>		<b>5,537,224</b>	<b>5,021,085</b>	<b>5,296,551</b>	<b>4,333,016</b>

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 September 2005 (Unaudited but reviewed)	31 December 2004 (Audited)	30 September 2005 (Unaudited but reviewed)	31 December 2004 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade accounts payable		465,832	413,413	464,168	412,140
Current portion of long-term loan	8	328,522	328,522	-	-
Short-term loans and interest payable - a related party	4	-	-	1,754,414	1,470,827
Accrued physicians' fee		201,975	167,002	201,723	166,377
Interest payable		267	-	-	-
Interest payable - convertible bonds treated as equity securities		1,822	6,233	1,822	6,233
Corporate income tax payable		141,665	60,893	141,665	-
Accrued expenses		321,914	136,154	299,054	134,069
Accounts payable - others	4	63,297	47,862	58,864	40,065
Unearned income	4	35,975	-	-	-
Other current liabilities		31,467	21,316	31,377	19,994
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,592,736</b>	<b>1,181,395</b>	<b>2,953,087</b>	<b>2,249,705</b>
NON-CURRENT LIABILITIES					
Long-term loan	8	1,533,102	1,779,493	-	-
Provision for loss in excess of cost of investment in subsidiary	5	-	-	12,931	23,114
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,533,102</b>	<b>1,779,493</b>	<b>12,931</b>	<b>23,114</b>
<b>TOTAL LIABILITIES</b>		<b>3,125,838</b>	<b>2,960,888</b>	<b>2,966,018</b>	<b>2,272,819</b>

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 September 2005 (Unaudited but reviewed)	31 December 2004 (Audited)	30 September 2005 (Unaudited but reviewed)	31 December 2004 (Audited)
<b>SHAREHOLDERS' EQUITY</b>					
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		14,618	-	14,618	-
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		896,457	640,739	896,457	640,739
<b>TOTAL EQUITY ATTRIBUTABLE TO COMPANY'S SHAREHOLDERS</b>		<b>2,330,533</b>	<b>2,060,197</b>	<b>2,330,533</b>	<b>2,060,197</b>
MINORITY INTEREST - Equity attributable to minority shareholder of subsidiary		80,853	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,411,386</b>	<b>2,060,197</b>	<b>2,330,533</b>	<b>2,060,197</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5,537,224</b>	<b>5,021,085</b>	<b>5,296,551</b>	<b>4,333,016</b>
		0	0	0	0

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

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 DIRECTORS  
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(UNAUDITED BUT REVIEWED)

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF EARNINGS  
FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
<b>REVENUES</b>					
Revenues from hospital operations		1,773,465	1,535,011	1,759,636	1,015,702
Rental income	4	27,478	14,866	29,167	22,771
Non-competition fee income	4	-	-	-	6,375
Interest income	4	1,991	6,608	1,797	4,461
Gain on exchange rate		6,399	4,087	5,921	2,928
Other income	4	22,797	9,714	6,694	21,137
Share of profit from investments accounted for under equity method		6,692	-	12,248	39,143
<b>TOTAL REVENUES</b>		<b>1,838,822</b>	<b>1,570,286</b>	<b>1,815,463</b>	<b>1,112,517</b>
<b>EXPENSES</b>					
Cost of hospital operations		1,100,081	998,556	1,095,691	654,108
Depreciation and amortisation		74,526	60,432	64,203	28,996
Administrative expenses	4	251,539	202,262	244,125	172,312
Directors' remuneration		1,935	1,230	1,935	1,230
Loss on impairment of fixed assets	7	10,900	13,900	10,900	-
Amortisation of goodwill		-	4,667	-	-
Share of loss from investments accounted for under equity method		-	-	8,595	2,621
<b>TOTAL EXPENSES</b>		<b>1,438,981</b>	<b>1,281,047</b>	<b>1,425,449</b>	<b>859,267</b>
<b>EARNINGS BEFORE INTEREST EXPENSE AND INCOME TAX</b>					
		399,841	289,239	390,014	253,250
<b>INTEREST EXPENSE</b>		(25,929)	(30,166)	(24,739)	(9,998)
<b>CORPORATE INCOME TAX</b>	11	(65,041)	(15,821)	(57,500)	-
<b>EARNINGS BEFORE MINORITY INTEREST</b>		<b>308,871</b>	<b>243,252</b>	<b>307,775</b>	<b>243,252</b>
<b>MINORITY INTEREST</b>		<b>(1,096)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EARNINGS FROM ORDINARY OPERATIONS</b>		<b>307,775</b>	<b>243,252</b>	<b>307,775</b>	<b>243,252</b>
<b>EXTRAORDINARY ITEM - Gain from conversion of convertible bonds to ordinary shares</b>	9	-	63,978	-	63,978
<b>NET EARNINGS FOR THE PERIOD</b>		<b>307,775</b>	<b>307,230</b>	<b>307,775</b>	<b>307,230</b>
(Unit: Baht)					
<b>BASIC EARNINGS PER SHARE</b>					
	12				
Earnings from ordinary operations		0.42	0.35	0.42	0.35
Extraordinary item		-	0.09	-	0.09
<b>Net earnings</b>		<b>0.42</b>	<b>0.44</b>	<b>0.42</b>	<b>0.44</b>
Weighted average number of ordinary shares (shares)		727,691,372	693,197,881	727,691,372	693,197,881
<b>DILUTED EARNINGS PER SHARE</b>					
	12				
Earnings from ordinary operations		0.35	0.28	0.35	0.28
Extraordinary item		-	0.07	-	0.07
<b>Net earnings</b>		<b>0.35</b>	<b>0.35</b>	<b>0.35</b>	<b>0.35</b>
Weighted average number of ordinary shares (shares)		867,414,859	867,414,859	867,414,859	867,414,859

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
<b>REVENUES</b>					
Revenues from hospital operations		4,910,181	4,210,058	4,873,106	1,015,702
Rental income	4	63,042	42,072	81,879	62,946
Non-competition fee income	4	-	-	-	19,125
Interest income	4	5,357	18,216	5,699	9,575
Gain on exchange rate		16,638	12,654	17,050	3,274
Other income	4	65,110	29,733	21,376	32,967
Share of profit from investments accounted for under equity method		3,612	-	33,433	362,139
<b>TOTAL REVENUES</b>		<b>5,063,940</b>	<b>4,312,733</b>	<b>5,032,543</b>	<b>1,505,728</b>
<b>EXPENSES</b>					
Cost of hospital operations		3,072,425	2,722,498	3,058,675	654,108
Depreciation and amortisation		214,541	189,477	184,717	34,903
Administrative expenses	4	751,376	565,028	767,521	217,856
Directors' remuneration		5,090	3,720	5,090	3,720
Loss on impairment of fixed assets	7	10,530	13,900	10,530	-
Amortisation of goodwill		-	4,367	-	-
Share of loss from investments accounted for under equity method		-	-	8,595	7,841
<b>TOTAL EXPENSES</b>		<b>4,053,962</b>	<b>3,498,990</b>	<b>4,035,128</b>	<b>918,428</b>
<b>EARNINGS BEFORE INTEREST EXPENSE AND INCOME TAX</b>					
		1,009,978	813,743	997,415	587,300
<b>INTEREST EXPENSE</b>		(80,017)	(90,231)	(75,914)	(9,998)
<b>CORPORATE INCOME TAX</b>	11	(151,147)	(137,766)	(141,665)	-
<b>EARNINGS BEFORE MINORITY INTEREST</b>		<b>778,814</b>	<b>585,746</b>	<b>779,836</b>	<b>577,302</b>
<b>MINORITY INTEREST</b>		<b>1,022</b>	<b>(8,444)</b>	<b>-</b>	<b>-</b>
<b>EARNINGS FROM ORDINARY OPERATIONS</b>		<b>779,836</b>	<b>577,302</b>	<b>779,836</b>	<b>577,302</b>
<b>EXTRAORDINARY ITEM - Gain from conversion of convertible bonds to ordinary shares</b>	9	-	63,978	-	63,978
<b>NET EARNINGS FOR THE PERIOD</b>		<b>779,836</b>	<b>641,280</b>	<b>779,836</b>	<b>641,280</b>
(Unit: Baht)					
<b>BASIC EARNINGS PER SHARE</b>					
	12				
Earnings from ordinary operations		1.07	0.86	1.07	0.86
Extraordinary item		-	0.09	-	0.09
<b>Net earnings</b>		<b>1.07</b>	<b>0.95</b>	<b>1.07</b>	<b>0.95</b>
Weighted average number of ordinary shares (shares)		727,609,892	672,117,302	727,609,892	672,117,302
<b>DILUTED EARNINGS PER SHARE</b>					
	12				
Earnings from ordinary operations		0.90	0.67	0.90	0.67
Extraordinary item		-	0.07	-	0.07
<b>Net earnings</b>		<b>0.90</b>	<b>0.74</b>	<b>0.90</b>	<b>0.74</b>
Weighted average number of ordinary shares (shares)		867,414,859	861,624,714	867,414,859	861,624,714

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit: Thousand Baht)

	<b>CONSOLIDATED</b>		<b>THE COMPANY ONLY</b>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Cash flows from (used in) operating activities</b>				
Net earnings	779,836	641,280	779,836	641,280
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities: -				
Depreciation and amortisation	214,541	189,477	184,717	34,903
Bad debts and allowance for doubtful accounts	15,705	9,919	9,703	5,147
Amortisation of goodwill	-	4,367	-	-
Loss on impairment of fixed assets	10,530	13,900	10,530	-
Share of profit from investments accounted for under equity method	(3,612)	-	(24,838)	(354,298)
Earnings attributed to minority interest for the period	(1,022)	8,444	-	-
Loss (gain) on disposal of fixed assets	2,181	(1,556)	2,559	-
	<u>1,018,159</u>	<u>865,831</u>	<u>962,507</u>	<u>327,032</u>
Decrease (increase) in operating assets				
Trade accounts receivable	(100,075)	(28,112)	(92,455)	(227,809)
Inventories	(26,433)	(1,634)	(26,232)	(93,151)
Other current assets	(100,265)	(9,565)	(77,377)	(19,388)
Increase (decrease) in operating liabilities				
Trade accounts payable	16,693	(46,739)	16,302	349,926
Accrued physicians' fee	34,973	20,369	35,346	163,574
Interest payable	267	-	-	-
Corporate income tax payable	80,772	72,010	141,665	-
Accrued expenses	185,760	99,949	164,985	230,273
Accounts payable - others	15,435	3,740	18,799	8,945
Unearned income	35,975	-	-	-
Other current liabilities	10,151	20,617	11,383	22,343
Net cash from operating activities	<u>1,171,412</u>	<u>996,466</u>	<u>1,154,923</u>	<u>761,745</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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit: Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
<b>Cash flows from (used in) investing activities</b>					
Decrease (increase) in deposits at financial institutions					
with maturity of more than 3 months and those pledged		400,004	(390,184)	-	-
Increase in advances to employees and directors		(4,274)	(231)	(4,318)	(9,834)
Decrease (increase) in short-term loans and interest					
receivable - related parties		(387)	(98,471)	3,159	(211,559)
Decrease (increase) in long-term loans and interest					
receivable - related parties		(79,573)	11,634	2,431	10,706
Increase in unearned non-competition fee		-	-	-	6,375
Purchase of investments in a subsidiary and associated					
companies		(327,095)	(221,223)	(599,000)	(221,223)
Dividend received		-	-	-	239,738
Increase in plant and equipment		(394,680)	(362,687)	(406,748)	(1,058,568)
Increase in other non-current assets		(173,012)	(581)	(76,012)	(4,499)
Net cash used in investing activities		<u>-579,017</u>	<u>(1,061,743)</u>	<u>(1,080,488)</u>	<u>(1,248,864)</u>
<b>Cash flows from (used in) financing activities</b>					
Increase in short-term loans and interest payable -					
a related party		-	-	283,587	853,660
Decrease in long-term loan		(246,391)	-	-	-
Cash received from issued ordinary shares		-	110,612	-	110,612
Dividend paid		(511,029)	(219,016)	(511,029)	(219,016)
Decrease in liabilities under debt restructuring agreement					
from interest payment		-	(8,044)	-	(8,044)
Interest paid for convertible bonds treated as equity securities		(17,500)	(10,000)	(17,500)	(10,000)
Net cash from (used in) financing activities before					
extraordinary item		(774,920)	(126,448)	(244,942)	727,212
Extraordinary item - gain from conversion of					
convertible bonds to ordinary shares		-	(63,978)	-	(63,978)
Net cash from (used in) financing activities		<u>(774,920)</u>	<u>(190,426)</u>	<u>(244,942)</u>	<u>663,234</u>
Net increase (decrease) in cash and cash equivalents		(182,525)	(255,703)	(170,507)	176,115
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>540,357</u>	<u>769,891</u>	<u>345,793</u>	<u>247,391</u>
<b>Supplemental cash flows information</b>					
Cash paid during the period for: -					
Interest expense		79,749	98,304	81,313	8,073
Corporate income tax		85,722	69,808	11,416	4,052
Non-cash transaction: -					
Convertible bonds converted to ordinary shares		-	200,000	-	200,000

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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)		
<b>Balance - as at 1 January 2004</b>		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
Convertible bonds converted to ordinary share	9	57,143	-	184,456	-	-41,599	-	-	-	-	-	200,000
Interest paid for convertible bonds treated as												
equity securities	9	-	-	-	-	-	-	-	-	-8,260	-	-8,260
Transferred to statutory reserve	13	-	-	-	-	-	-	-	32,000	-32,000	-	-
Net earnings for the period		-	-	-	-	-	-	-	-	641,280	-	641,280
Dividend paid	13	-	-	-	-	-	-	-	-	-219,016	-	-219,016
Minority interest for the period		-	-	-	-	-	-	-	-	-	8,444	8,444
Purchase of investment in a subsidiary from minority		-	-	-	-	-	-	-192,662	-	-	-28,562	-221,224
<b>Balance - as at 30 September 2004</b>		<u>727,359</u>	<u>2,693</u>	<u>285,568</u>	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>-192,662</u>	<u>32,000</u>	<u>366,383</u>	<u>-</u>	<u>1,771,341</u>
<b>Balance - as at 1 January 2005</b>		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		-	-	-	14,618	-	-	-	-	-	3,555	18,173
Interest paid for convertible bonds treated as												
equity securities	9	-	-	-	-	-	-	-	-	-13,089	-	-13,089
Net earnings for the period		-	-	-	-	-	-	-	-	779,836	-	779,836
Minority interest for the period		-	-	-	-	-	-	-	-	-	-1,022	-1,022
Dividend paid	13	-	-	-	-	-	-	-	-	-511,029	-	-511,029
<b>Balance - as at 30 September 2005</b>		<u>727,691</u>	<u>2,361</u>	<u>285,568</u>	<u>14,618</u>	<u>-</u>	<u>550,000</u>	<u>-192,662</u>	<u>46,500</u>	<u>896,457</u>	<u>80,853</u>	<u>2,411,386</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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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)	
<b>Balance - as at 1 January 2004</b>		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
Convertible bonds converted to ordinary shares	9	57,143	-	184,456	-	-41,599	-	-	-	-	200,000
Interest paid for convertible bonds treated as equity securities	9	-	-	-	-	-	-	-	-	-8,260	-8,260
Transferred to statutory reserve	13	-	-	-	-	-	-	-	32,000	-32,000	-
Net earnings for the period		-	-	-	-	-	-	-	-	641,280	641,280
Dividend paid	13	-	-	-	-	-	-	-	-	-219,016	-219,016
Purchase of investment in a subsidiary from minority		-	-	-	-	-	-	-192,662	-	-	-192,662
<b>Balance - as at 30 September 2004</b>		<u>727,359</u>	<u>2,693</u>	<u>285,568</u>	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>-192,662</u>	<u>32,000</u>	<u>366,383</u>	<u>1,771,341</u>
<b>Balance - as at 1 January 2005</b>		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		-	-	-	14,618	-	-	-	-	-	14,618
Interest paid for convertible bonds treated as equity securities	9	-	-	-	-	-	-	-	-	-13,089	-13,089
Net earnings for the period		-	-	-	-	-	-	-	-	779,836	779,836
Dividend paid	13	-	-	-	-	-	-	-	-	-511,029	-511,029
<b>Balance - as at 30 September 2005</b>		<u>727,691</u>	<u>2,361</u>	<u>285,568</u>	<u>14,618</u>	<u>-</u>	<u>550,000</u>	<u>-192,662</u>	<u>46,500</u>	<u>896,457</u>	<u>2,330,533</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 NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2005 AND 2004

**1. GENERAL INFORMATION**

**1.1 Investment and business operation plans**

On 21 September 2005, the extraordinary meeting of the Company's shareholders approved the issue and offer of up to Baht 2,500 million of bonds with a period not exceeding 10 years from the issue date in order to refinance existing loans, fund the business operations and expansion. The Company's investment committee or any persons assigned by the investment committee are authorised to determine the issue date and also other information and conditions of the issue and offer of the bonds.

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.

(UNAUDITED BUT REVIEWED)

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

### **1.3 Basis of consolidation**

These consolidated financial statements include the financial statements of Bumrungrad Hospital Public Company Limited and subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 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 September 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 September 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 September</u> <u>2005</u>	<u>31 December</u> <u>2004</u>	<u>30 September</u> <u>2005</u>	<u>31 December</u> <u>2004</u>
Current	175,274	136,767	173,947	136,417
Overdue				
1 - 30 days	54,293	64,123	52,806	63,971
31 - 60 days	35,389	20,728	34,488	20,455
61 - 90 days	24,454	6,727	23,577	6,623
91 - 180 days	31,525	8,741	30,738	8,618
181 - 365 days	13,583	11,208	13,271	11,138
More than 365 days	26,684	17,035	26,684	17,035
Total	361,202	265,329	355,511	264,257
Less: Allowance for doubtful accounts	(41,874)	(30,371)	(38,873)	(30,371)
Net	319,328	234,958	316,638	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>periods ended</u> <u>30 September</u>		<u>For the nine-month</u> <u>periods ended</u> <u>30 September</u>		
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
<u>Transactions with subsidiaries</u>					
Rental income	6.3	9.9	18.9	33.9	As per contracts a)
Non-competition fee income	-	6.3	-	19.1	As per contract b)

## (UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	THE COMPANY ONLY				Pricing policy
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2005	2004	2005	2004	
Interest income	0.5	0.5	1.7	1.4	MLR less 0.5% p.a.
Medical service income	2.8	1.6	8.1	1.6	Cost plus margin
Management fee income	-	12.2	-	12.8	As per contract c)
Dividend received	-	239.7	-	239.7	Baht 2 per share
Rental expense	21.0	32.5	63.0	32.5	As per contract d)
Interest expense	24.7	10.0	75.9	10.0	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	2.3	0.5	8.5	0.5	Cost plus margin
Rental income	0.3	0.5	0.9	1.6	As per contract e)
Interest income	-	3.8	-	8.0	MLR p.a.
Rental expense	5.6	4.9	14.8	15.3	As per contract f)
Donation expense	2.7	0.3	5.9	0.3	-
Purchase of computer software	-	-	64.2	-	As per contract g)
Insurance expense	5.1	0.1	11.4	0.8	As per insurance policies

(Unit: Million Baht)

	CONSOLIDATED				Pricing policy
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2005	2004	2005	2004	
<u>Transactions with subsidiaries</u> (eliminated from consolidated financial statements)					
Interest income	0.5	-	1.3	-	10% p.a.
<u>Transactions with related companies</u>					
Medical service income	2.3	3.8	8.5	13.3	Cost plus margin
System implementation income	-	-	6.8	-	As per contract h)
Software license fee income	1.9	-	3.8	-	As per contract i)
Rental income	0.3	0.5	0.9	1.6	As per contract e)
Interest income	-	4.6	-	12.5	MLR p.a.
Rental expense	5.6	4.9	14.8	15.3	As per contract f)
Donation expense	2.7	1.3	5.9	7.9	-



## (UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	CONSOLIDATED				Pricing policy
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2005	2004	2005	2004	
Purchase of computer software	-	-	164.2	-	As per contract g)
Sales of equipment	-	-	7.7	-	As g)
System implementation expense	-	-	2.0	-	As per contract h)
Insurance expense	5.1	3.0	11.4	8.4	As per insurance policies

- 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.

(UNAUDITED BUT REVIEWED)

- 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.
- 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. At the present, the Company is in the process of agreement renewal.

Rental payable as at 30 September 2005, amounting to Baht 5.6 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.

(UNAUDITED BUT REVIEWED)

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.

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 September 2005, amounting to Baht 34.5 million, was shown in the balance sheet under the caption of “Unearned income”.

## (UNAUDITED BUT REVIEWED)

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 September 2005	31 December 2004	30 September 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.	-	-	615	-
Vitalife Corporation Ltd.	-	-	21,024	24,743
<u>Associated company</u>				
Asian Hospital, Inc.	442	-	-	-
<u>Related parties</u>				
Global Care Solutions (Thailand) Co., Ltd.	214	218	214	218
The Bumrungrad Hospital Foundation	161	212	161	212
Total	817	430	22,014	25,173
<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.	79,573	-	-	-
Total	79,573	-	22,591	25,022
<u>Short-term loans and interest payable - a related party</u>				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.	-	-	1,754,414	1,470,827

(UNAUDITED BUT REVIEWED)

The short-term and long-term loans to Vitallife 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 80 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.

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

(Unit: Thousand Baht)

	31 December 2004	Increase	Decrease	30 September 2005
<u>Short-term loans and interest receivable - related parties</u>				
<u>Subsidiaries</u>				
Bumrungrad International Ltd.	-	5,253	4,638	615
Vitallife Corporation Ltd.				
Principal	23,573	24,941	27,576	20,938
Interest receivable	1,170	850	1,934	86
<u>Associated company</u>				
Asian Hospital, Inc.	-	9,126	8,684	442
<u>Related parties</u>				
Global Care Solutions (Thailand) Co., Ltd.	218	388	392	214
The Bumrungrad Hospital Foundation	212	1,451	1,502	161

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	31 December 2004	Increase	Decrease	30 September 2005
<u>Long-term loans and interest receivable - related parties</u>				
<u>Subsidiaries</u>				
Bumrungrad International Ltd.				
Principal	538	-	538	-
Interest receivable	195	-	195	-
Vitallife Corporation Ltd.				
Principal	22,494	-	-	22,494
Interest receivable	1,795	883	2,581	97
<u>Associated company</u>				
Asian Hospital, Inc.	-	79,573	-	79,573
<u>Short-term loans and interest payable - a related party</u>				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.				
Principal	1,465,446	533,100	252,169	1,746,377
Interest payable	5,381	75,914	73,258	8,037

## 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 September 2005				31 December 2004			
	Paid-up capital	Percentage owned	Investments		Paid-up capital	Percentage owned	Investments	
			Cost method	Equity method			Cost method	Equity method
		%				%		
<u>Subsidiaries</u>								
Bumrungrad Medical								
Center Ltd.	958,954	100.00	1,691,903	1,069,006	958,954	100.00	1,691,903	1,077,600
Bumrungrad International Ltd.	600,000	100.00	600,000	636,892	1,000	100.00	999	24
Vitallife Corporation Ltd.	31,500	100.00	25,610	(12,931)	31,500	100.00	25,610	(23,114)
<b>Total investments in subsidiaries</b>			<u>2,317,513</u>	<u>1,692,967</u>			<u>1,718,512</u>	<u>1,054,510</u>

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	30 September 2005				31 December 2004			
	Paid-up capital	Percentage owned	Investments Cost method	Investments Equity method	Paid-up capital	Percentage owned	Investments Cost method	Investments Equity method
<b>Associated company</b>		%				%		
L.S. Cleaning Co., Ltd.	1,250	25.00	313	209	1,250	25.00	313	209
<b>Total investment in associated company</b>			313	209			313	209
<b>Total investments</b>			2,317,826	1,693,176			1,718,825	1,054,719

(Unit: Thousand Baht)

THE COMPANY ONLY

	30 September 2005	31 December 2004
<b>Net investments</b>		
Investments accounted for under equity method	1,513,445	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	(12,931)	(23,114)
<b>Total</b>	<b>1,693,176</b>	<b>1,054,719</b>

**CONSOLIDATED**

(Unit: Thousand Baht)

	30 September 2005	31 December 2004
The Company's investment in associated company	209	209
The subsidiaries' investments in associated companies	427,201	-
<b>Total</b>	<b>427,410</b>	<b>209</b>

(UNAUDITED BUT REVIEWED)

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.

## 6. OTHER LONG-TERM INVESTMENTS

(Unit: Thousand Baht)

COMPANY	PERCENTAGE OF SHAREHOLDING		CONSOLIDATED		THE COMPANY ONLY	
	30 September	31 December	30 September	31 December	30 September	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 investments by considering the latest financial statements of invested companies.

(UNAUDITED BUT REVIEWED)



## 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 September 2005 of Baht 1,284 million (31 December 2004: Baht 1,327 million), to secure long-term loan obtained from a local commercial bank as described in Note 8.

During the year 2005, the Company recorded provision for impairment of medical instruments, amounting to Baht 10.5 million because there were indications that the carrying value of these assets exceeded their recoverable value.

In July 2004, Bumrungrad Medical Center Ltd. recorded provision for impairment of medical instruments, amounting to Baht 13.9 million because there were indications that the carrying value of these assets exceeded their recoverable value.

## 8. LONG-TERM LOAN

(Unit: Thousand Baht)

	CONSOLIDATED	
	30 September 2005	31 December 2004
<u>Bumrungrad Medical Center Ltd.</u>		
Loan from a local commercial bank	1,861,624	2,108,015
Less: Current portion	(328,522)	(328,522)
Long-term portion	<u>1,533,102</u>	<u>1,779,493</u>

(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 September 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.

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

(UNAUDITED BUT REVIEWED)

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

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

Interest expense for the nine-month period ended 30 September 2005 of the convertible bonds amounted to Baht 13.1 million (2004: Baht 8.3 million), being recorded as a reduction to “retained earnings”.

On 24 August 2004, the bondholder of unsecured convertible bonds without trustee in an amount of Baht 200 million, Bangkok Insurance Public Company Limited, requested to exercise its right to convert all of the bonds, effective on 25 August 2004. The results of such conversion can be summarised as follows: -

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

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

(UNAUDITED BUT REVIEWED)

## **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.

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.

(UNAUDITED BUT REVIEWED)

## 11. CORPORATE INCOME TAX

The Company's corporate income tax for the three-month and nine-month periods ended 30 September 2005 and corporate income tax of a subsidiary (Bumrungrad Medical Center Ltd.) for the three-month and nine-month periods ended 30 September 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 nine-month periods ended 30 September 2004 since tax losses brought forward from previous years exceed net earnings for the period.

## 12. RECONCILIATION OF DILUTED EARNINGS PER SHARE

For the three-month periods ended 30 September						
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	
<b>Basic earnings per share</b>						
Net earnings	307,775	307,230	727,691	693,198	0.42	0.44
<b>Effect of dilutive potential</b>						
<b>ordinary shares</b>						
2,360,850 preference shares						
(2004: 2,692,850 preference shares)	-	-	2,361	2,693		
55 convertible bonds	-	-	137,363	171,524		
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
	<u>307,775</u>	<u>307,230</u>	<u>867,415</u>	<u>867,415</u>	0.35	0.35

## (UNAUDITED BUT REVIEWED)

	For the nine-month periods ended 30 September					
	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
<b>Basic earnings per share</b>						
Net earnings	779,836	641,280	727,610	672,118	1.07	0.95
<b>Effect of dilutive potential ordinary shares</b>						
2,360,850 preference shares						
(2004: 2,692,850 preference shares)	-	-	2,442	2,718		
55 convertible bonds	-	-	137,363	186,789		
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>779,836</u>	<u>641,280</u>	<u>867,415</u>	<u>861,625</u>	0.90	0.74

**13. DIVIDEND PAID / STATUTORY RESERVE**

On 17 August 2005, the Company's Board of Directors approved the payment of an interim dividend of Baht 0.30 per share to the Company's shareholders from the Company's earnings from 1 January 2005 to 30 June 2005. This constitutes a total dividend of Baht 219 million.

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.

On 18 August 2004, the Company's Board of Directors approved the payment of an interim dividend of Baht 0.30 per share to the Company's shareholders from the Company's earnings from 1 January 2004 to 30 June 2004. This constitutes a total dividend of Baht 219 million. The Company had allocated a statutory reserve of Baht 32 million before dividend payment.

(UNAUDITED BUT REVIEWED)

#### 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>	
	30 September		30 September	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash in hand and at financial institutions	490,297	279,891	295,793	247,391
Fixed deposits at financial institutions	279,883	1,119,982	271,251	1,306
	770,180	1,399,873	567,044	248,697
Less: Amounts with maturities of more than 3 months or those pledged	(229,823)	(629,982)	(221,251)	(1,306)
Cash and cash equivalents	<u>540,357</u>	<u>769,891</u>	<u>345,793</u>	<u>247,391</u>

#### 15. COMMITMENTS

As at 30 September 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.
- b) The Company has future commitments to pay a total of Baht 156 million (31 December 2004: Baht 263.6 million) in relation to the construction of a new building and Baht 310 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.

(UNAUDITED BUT REVIEWED)

- d) The Company has a commitment of Baht 21.6 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 53.6 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 11.9 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.
- 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 September 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 8.4 million (31 December 2004: Baht 8.4 million) issued on behalf of a subsidiary. All were required in the normal course of business.



(UNAUDITED BUT REVIEWED)

#### **17. CONTINGENT LIABILITIES**

On 4 October 2005, Asian Hospital, Inc. (AHI), an associated company, received a preliminary deficiency tax findings for the year ended 31 December 2002 from the Revenue Department of Philippines. AHI's management strongly believes that the finding was made without grounds and vigorously challenged it. AHI has therefore not set aside allowance for the assessment in its accounts.

#### **18. 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 nine-month periods ended 30 September 2005 of Baht 7.1 million and Baht 24.7 million, respectively (2004: Baht 4.4 million and Baht 12.4 million) from hospital business in foreign countries.

#### **19. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

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