

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2006 AND 2005

Report of Independent Auditor

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

I have audited the consolidated balance sheets of Bumrungrad Hospital Public Company Limited and its subsidiaries as at 31 December 2006 and 2005, the related consolidated income statements, statements of changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Bumrungrad Hospital Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bumrungrad Hospital Public Company Limited and its subsidiaries and of Bumrungrad Hospital Public Company Limited as at 31 December 2006 and 2005, and the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

Ernst & Young Office Limited

Bangkok: 27 February 2007

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2006 AND 2005

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
ASSETS					
Current assets					
Cash and cash equivalents		853,860,177	543,506,119	353,636,646	382,385,685
Current investments - fixed deposit at financial institution		10,000,000	-	10,000,000	-
Trade accounts receivable - net	6, 7	525,196,532	339,475,021	468,695,611	314,651,484
Amounts due from related parties	7	6,520,043	1,383,764	17,242,430	5,863,072
Advances to employees and directors		11,300,539	10,014,019	9,563,658	9,523,442
Short-term loans and interest receivable - a related party	7	-	-	-	20,097,671
Inventories	8	166,413,300	149,895,896	161,111,044	147,181,909
Prepaid expenses		44,390,574	49,969,718	37,078,848	26,073,426
Other current assets		11,372,648	9,597,054	2,209,237	1,245,248
Total current assets		1,629,053,813	1,103,841,591	1,059,537,474	907,021,937
Non-current assets					
Pledged fixed deposits at financial institutions	9	9,605,495	229,883,845	1,251,095	221,250,972
Investments accounted for under equity method	10	464,948,666	481,415,370	1,678,669,626	1,492,256,552
Other long-term investments - net	11	2,047,213	2,047,213	2,047,213	2,047,213
Advance for future subscription - net		16,370,994	-	-	-
Long-term loans and interest receivable - a related party	7	-	-	18,121,384	22,603,851
Property, plant and equipment - net	12	3,751,950,703	3,269,654,875	2,680,514,143	2,153,355,063
Intangible assets - net	13	732,093,327	624,219,061	786,428,585	692,026,413
Other non-current assets		16,823,645	16,456,303	19,823,645	19,456,303
Total non-current assets		4,993,840,043	4,623,676,667	5,186,855,691	4,602,996,367
TOTAL ASSETS		6,622,893,856	5,727,518,258	6,246,393,165	5,510,018,304

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2006 AND 2005

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable		551,815,024	484,362,198	547,325,609	482,523,293
Amount due to a related party	7	1,800,000	-	1,800,000	-
Current portion of long-term loan	14	328,521,802	328,521,802	-	-
Short-term loans and interest payable -					
a related party	7	-	-	1,465,263,415	1,709,236,428
Accrued physician's fee		255,561,894	213,240,714	253,511,894	213,049,372
Interest payable		768,021	585,039	-	-
Interest payable - convertible bonds treated					
as equity securities		6,232,877	6,232,877	6,232,877	6,232,877
Corporate income tax payable		196,122,348	205,622,400	196,122,348	204,543,949
Accrued expenses		137,849,661	203,357,059	126,178,348	171,015,278
Accounts payable - others	7	27,802,694	71,126,079	27,576,890	67,173,381
Unearned income	7	25,391,445	34,131,272	-	-
Other current liabilities		40,031,930	33,578,559	38,130,678	32,445,898
Total current liabilities		1,571,897,696	1,580,757,999	2,662,142,059	2,886,220,476
Non-current liabilities					
Long-term loan	14	1,422,449,491	1,450,971,293	300,000,000	-
Provision for loss in excess of cost of					
investment in subsidiary	10	-	-	-	8,561,836
Total non-current liabilities		1,422,449,491	1,450,971,293	300,000,000	8,561,836
TOTAL LIABILITIES		2,994,347,187	3,031,729,292	2,962,142,059	2,894,782,312

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2006 AND 2005

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
Shareholders' equity					
Share capital	16				
Registered					
920,475,835 ordinary shares of Baht 1 each (2005: 920,341,835 ordinary shares of Baht 1 each)		920,475,835	920,341,835	920,475,835	920,341,835
2,226,850 preference shares of Baht 1 each (2005: 2,360,850 preference shares of Baht 1 each)		2,226,850	2,360,850	2,226,850	2,360,850
Issued and paid-up					
727,825,372 ordinary shares of Baht 1 each (2005: 727,691,372 ordinary shares of Baht 1 each)		727,825,372	727,691,372	727,825,372	727,691,372
2,226,850 preference shares of Baht 1 each (2005: 2,360,850 preference shares of Baht 1 each)		2,226,850	2,360,850	2,226,850	2,360,850
Premium on ordinary shares		285,568,300	285,568,300	285,568,300	285,568,300
Unrealised gain resulting from the sale of subsidiary's shares to the public in excess of par value		156,134,945	-	156,134,945	-
Translation adjustment		13,045,673	30,828,437	13,045,673	30,828,437
Convertible bonds treated as equity securities	15	550,000,000	550,000,000	550,000,000	550,000,000
Excess of investment over book value of a subsidiary	10	-192,661,558	-192,661,558	-192,661,558	-192,661,558
Retained earnings					
Appropriated - statutory reserve	17	92,275,000	92,275,000	92,275,000	92,275,000
Unappropriated		1,649,836,524	1,119,173,591	1,649,836,524	1,119,173,591
Total equity attributable to company's shareholders		3,284,251,106	2,615,235,992	3,284,251,106	2,615,235,992
Minority interest - equity attributable to minority shareholders of subsidiaries		344,295,563	80,552,974	-	-
Total shareholders' equity		3,628,546,669	2,695,788,966	3,284,251,106	2,615,235,992
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,622,893,856	5,727,518,258	6,246,393,165	5,510,018,304
		0	0	0	0

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

.....
DIRECTORS
.....

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
Revenues					
Revenues from hospital operations	7	7,650,579,386	6,646,518,382	7,585,397,295	6,595,730,218
Revenues from hospital management	7	57,093,812	6,876,693	-	-
Rental income	7	118,423,241	89,087,699	145,367,048	114,204,008
Interest income	7	18,480,051	8,414,581	11,328,721	8,402,714
Gain on exchange rate		15,218,810	25,216,037	21,446,128	24,467,416
Other income	7	27,958,782	27,501,701	63,067,371	36,903,233
Share of income from investments accounted for under equity method		7,763,568	3,160,025	74,352,816	29,804,599
Total revenues		7,895,517,650	6,806,775,118	7,900,959,379	6,809,512,188
Expenses					
Cost of hospital operations		4,775,141,818	4,145,590,150	4,752,401,403	4,127,593,520
Depreciation and amortisation	12, 13	342,093,936	291,816,213	300,424,972	251,605,807
Administrative expenses	7	1,148,589,490	986,095,496	1,195,092,972	1,006,276,837
Allowance for loss on impairment of assets (reversal)		10,426,768	11,430,248	-6,788,266	11,430,248
Share of loss from investments accounted for under equity method		-	-	17,520,733	37,995,459
Total expenses		6,276,252,012	5,434,932,107	6,258,651,814	5,434,901,871
Income before interest expense and income tax		1,619,265,638	1,371,843,011	1,642,307,565	1,374,610,317
Interest expense	7	-109,946,409	-106,867,549	-120,396,441	-101,549,396
Corporate income tax	18	(432,140,026)	(217,907,995)	-426,209,024	-220,321,642
Income after corporate income tax		1,077,179,203	1,047,067,467	1,095,702,100	1,052,739,279
Net loss attributable to minority interest		18,522,897	5,671,812	-	-
Net income for the year		1,095,702,100	1,052,739,279	1,095,702,100	1,052,739,279
Basic earnings per share					
	20				
Net income		1.51	1.45	1.51	1.45
Weighted average number of ordinary shares (shares)		727,798,572	727,630,430	727,798,572	727,630,430
Diluted earnings per share					
	20				
Net income		1.26	1.21	1.26	1.21
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.

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cash flows from operating activities				
Net income	1,095,702,100	1,052,739,279	1,095,702,100	1,052,739,279
Adjustments to reconcile net income to net cash provided by (paid from) operating activities: -				
Depreciation and amortisation	342,093,936	291,816,213	300,424,972	251,605,807
Allowance for loss on impairment of assets (reversal)	10,426,768	11,430,248	(6,788,266)	11,430,248
Bad debts and allowance for doubtful accounts	54,482,057	14,264,748	52,550,495	12,776,194
Share of loss (income) from investments accounted for under equity method	-7,763,568	-3,160,025	-56,832,083	8,190,860
Net loss attributable to minority interest	(18,522,897)	(5,671,812)	-	-
Loss on disposal of equipment	6,098,983	2,694,621	6,098,983	3,073,072
Income from operating activities before changes in operating assets and liabilities	1,482,517,379	1,364,113,272	1,391,156,201	1,339,815,460
Decrease (increase) in operating assets				
Trade accounts receivable	(240,203,567)	(118,781,734)	(206,594,622)	(93,541,690)
Amounts due from related parties	(5,136,279)	-	(11,379,358)	-
Inventories	(16,517,404)	(45,444,839)	(13,929,135)	(45,154,175)
Other current assets	3,803,550	(24,080,958)	(11,969,411)	2,825,506
Increase (decrease) in operating liabilities				
Trade accounts payable	(11,127,448)	8,523,531	(13,777,958)	7,957,506
Amount due to a related party	1,800,000	-	1,800,000	-
Accrued physicians' fee	42,321,180	46,239,046	40,462,522	46,672,327
Interest payable	182,982	585,039	-	-
Corporate income tax payable	(9,500,052)	144,729,028	(8,421,601)	204,543,949
Accrued expenses	(65,507,398)	67,203,470	(44,836,930)	36,946,606
Accounts payable - others	(43,323,385)	23,263,630	(39,596,491)	27,108,553
Unearned income	(8,739,827)	34,131,272	-	-
Other current liabilities	6,453,371	12,262,058	5,684,780	12,451,452
Net cash from operating activities	<u>1,137,023,102</u>	<u>1,512,742,815</u>	<u>1,088,597,997</u>	<u>1,539,625,494</u>

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cash flows from investing activities				
Decrease (increase) in deposits at financial institutions with maturity of more than 3 months and those pledged	210,278,350	399,943,927	209,999,877	(92)
Increase in advances to employees and directors	(1,286,520)	(4,480,728)	(40,216)	(4,086,563)
Decrease (increase) in short-term loans and interest receivable - related parties	-	(953,736)	20,097,671	4,132,918
Decrease in long-term loans and interest receivable - related parties	-	-	4,482,467	2,418,518
Sales (purchase) of investments in a subsidiary and associated companies	209,354	(385,002,855)	209,354	-599,000,000
Increase in long term advance for future subscription	-33,586,028	-	-	-
Increase in plant and equipment	(680,434,863)	(653,109,053)	(670,157,128)	(665,176,119)
Increase in other non-current assets	(172,926,881)	(215,474,922)	(172,926,881)	(116,787,922)
Net cash used in investing activities	<u>(677,746,588)</u>	<u>(859,077,367)</u>	<u>(608,334,856)</u>	<u>(1,378,499,260)</u>
Cash flows from financing activities				
Capital increase of minority shareholders of a subsidiary	452,644,323	-	-	-
Increase (decrease) in short-term loans and interest payable - a related party	-	-	(243,973,013)	233,488,839
Increase in long-term loan	300,000,000	-	300,000,000	-
Long-term loan repayment	(328,521,802)	(328,521,802)	-	-
Dividend paid	(547,539,167)	(511,029,555)	(547,539,167)	(511,029,555)
Interest paid for convertible bonds treated as equity securities	-17,500,000	-17,500,000	-17,500,000	-17,500,000
Net cash used in financing activities	<u>(140,916,646)</u>	<u>(857,051,357)</u>	<u>(509,012,180)</u>	<u>(295,040,716)</u>
Net increase (decrease) in cash and cash equivalents	318,359,868	(203,385,909)	(28,749,039)	(133,914,482)
Translation adjustment	(8,005,810)	24,010,087	-	-
Cash and cash equivalents at beginning of year	543,506,119	722,881,941	382,385,685	516,300,167
Cash and cash equivalents at end of year	<u>853,860,177</u>	<u>543,506,119</u>	<u>353,636,646</u>	<u>382,385,685</u>
	-0	0	-0	0
Supplemental cash flows information				
Cash paid during the year for: -				
Interest expense	109,763,427	106,270,888	110,369,454	106,930,038
Corporate income tax	441,640,078	73,178,967	435,396,812	15,777,693

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit: Baht)

CONSOLIDATED												
	Note	Issued and paid-up share capital		Premium on ordinary shares	Unrealised gain resulting from the sale of subsidiary's shares		Convertible bonds treated as equity securities	Excess of investment over book value of a subsidiary	Retained earnings		Minority interest	Total
		Ordinary shares	Preference shares		to the public in excess of par value	Translation adjustment			Appropriated - statutory reserve	Unappropriated		
Balance as at 31 December 2004		727,359,372	2,692,850	285,568,300	-	-	550,000,000	(192,661,558)	46,500,000	640,738,867	-	2,060,197,831
Preference shares converted to ordinary shares	16	332,000	(332,000)	-	-	-	-	-	-	-	-	-
Investment of minority interest as at purchase date												
of investment in a subsidiary		-	-	-	-	-	-	-	-	-	78,323,511	78,323,511
Translation adjustment		-	-	-	-	30,828,437	-	-	-	-	7,901,275	38,729,712
Interest paid for convertible bonds treated as equity securities	15	-	-	-	-	-	-	-	-	(17,500,000)	-	(17,500,000)
Transferred to statutory reserve	17	-	-	-	-	-	-	-	45,775,000	(45,775,000)	-	-
Net income for the year		-	-	-	-	-	-	-	-	1,052,739,279	-	1,052,739,279
Dividend paid	23	-	-	-	-	-	-	-	-	(511,029,555)	-	(511,029,555)
Net loss attributable to minority interest		-	-	-	-	-	-	-	-	-	(5,671,812)	(5,671,812)
Balance as at 31 December 2005		727,691,372	2,360,850	285,568,300	-	30,828,437	550,000,000	(192,661,558)	92,275,000	1,119,173,591	80,552,974	2,695,788,966
Preference shares converted to ordinary shares	16	134,000	(134,000)	-	-	-	-	-	-	-	-	-
Capital increase of minority shareholders of a subsidiary		-	-	-	156,134,945	-	-	-	-	-	285,477,815	441,612,760
Translation adjustment		-	-	-	-	(17,782,764)	-	-	-	-	(3,212,329)	(20,995,093)
Interest paid for convertible bonds treated as equity securities	15	-	-	-	-	-	-	-	-	(17,500,000)	-	(17,500,000)
Net income for the year		-	-	-	-	-	-	-	-	1,095,702,100	-	1,095,702,100
Dividend paid	23	-	-	-	-	-	-	-	-	(547,539,167)	-	(547,539,167)
Net loss attributable to minority interest		-	-	-	-	-	-	-	-	-	(18,522,897)	(18,522,897)
Balance as at 31 December 2006		727,825,372	2,226,850	285,568,300	156,134,945	13,045,673	550,000,000	(192,661,558)	92,275,000	1,649,836,524	344,295,563	3,628,546,669

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit: Baht)

THE COMPANY ONLY

Note	Issued and paid-up share capital		Premium on ordinary shares	Unrealised gain resulting from the sale of subsidiary's shares		Convertible bonds treated as equity securities	Excess of investment over book value of a subsidiary	Retained earnings		Total
	Ordinary shares	Preference shares		to the public in excess of par value	Translation adjustment			Appropriated -		
								statutory reserve	Unappropriated	
Balance as at 31 December 2004	727,359,372	2,692,850	285,568,300	-	-	550,000,000	-192,661,558	46,500,000	640,738,867	2,060,197,831
Preference shares converted to ordinary shares	16	332,000	-332,000	-	-	-	-	-	-	-
Translation adjustment		-	-	-	30,828,437	-	-	-	-	30,828,437
Interest paid for convertible bonds treated as equity securities	15	-	-	-	-	-	-	-	-17,500,000	-17,500,000
Transferred to statutory reserve	17	-	-	-	-	-	-	45,775,000	-45,775,000	-
Net income for the year		-	-	-	-	-	-	-	1,052,739,279	1,052,739,279
Dividend paid	23	-	-	-	-	-	-	-	-511,029,555	-511,029,555
Balance as at 31 December 2005	727,691,372	2,360,850	285,568,300	-	30,828,437	550,000,000	-192,661,558	92,275,000	1,119,173,591	2,615,235,992
Preference shares converted to ordinary shares	16	134,000	-134,000	-	-	-	-	-	-	-
Capital increase of minority shareholders of a subsidiary		-	-	156,134,945	-	-	-	-	-	156,134,945
Translation adjustment		-	-	-	(17,782,764)	-	-	-	-	-17,782,764
Interest paid for convertible bonds treated as equity securities	15	-	-	-	-	-	-	-	-17,500,000	-17,500,000
Net income for the year		-	-	-	-	-	-	-	1,095,702,100	1,095,702,100
Dividend paid	23	-	-	-	-	-	-	-	-547,539,167	-547,539,167
Balance as at 31 December 2006	727,825,372	2,226,850	285,568,300	156,134,945	13,045,673	550,000,000	-192,661,558	92,275,000	1,649,836,524	3,284,251,106
	0	0	0	0	0	0	0	0	0	0

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

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

1. GENERAL INFORMATION

Bumrungrad Hospital Public Company Limited (“the Company”) is registered as a public limited company under Thai laws. The Company operates its business in Thailand and is principally engaged in hospital business, investment in other companies and rental of properties service. Its registered address is 33 Soi 3 (Nana Nua) Sukhumvit Road, Klongtoey Nua Sub District, Wattana District, Bangkok.

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. A subsidiary (Bumrungrad International Ltd.) entered into a Memorandum of Understanding and Shareholders Agreement relating to the Establishment with the counterparty on 16 March 2005 and 31 January 2006, respectively. The initial investment of Baht 25.8 million was made on 7 September 2006.

On 14 February 2006, a subsidiary (Bumrungrad International Holdings (Hong Kong) Ltd.) entered into Call Option Agreement with the counterparties for investment in the People’s Republic of China. The subsidiary paid USD 1 million for call option as deposit and recorded in advance for future subscription account in the consolidated financial statements.

The meeting of the Company’s Board of Directors No. 3/2549 dated 30 March 2006 has resolved to approve the following resolutions: -

- a) Approve the increase in registered capital of Bumrungrad International Ltd. (“BIL”), a wholly-owned subsidiary of the Company, from 6,000,000 shares to 19,764,701 shares by issuing new 13,764,701 ordinary shares at a par value of Baht 100 per share.

The subscription for the capital increase will be made in 2 stages. In the first capital increase, 5,764,701 new shares will be issued at Baht 153.52 per share to strategic investors, raising fund of Baht 884,996,897.52. The Company’s shareholding in BIL will reduce to 51% after the first capital increase.

In the second capital increase, all shareholders of BIL will subscribe to 8,000,000 new shares on a pro-rata basis at Baht 100 per share to raise an additional Baht 800 million. After the second capital increase, the Company's shareholding will remain at 51%.

- b) Approve a waiver of right to subscribe to a maximum of 5,764,701 new shares of BIL to allow subscription by Bangkok Bank Public Company Limited ("BBL"), Istithmar PJSC ("Istithmar") and V-Sciences Investment Pte Ltd ("V-Sciences").

This transaction is subject to the following conditions: -

- The Company, BBL, Istithmar and V-Sciences shall obtain all necessary regulatory approvals/permissions for the transaction; and
- The execution of the definitive agreements in relation to the transaction by the Company, BBL, Istithmar and V-Sciences.

Provided that, the actual amount of new BIL shares to be waived by the Company shall depend on the amount of shares approved for each investors under condition a) above. Particularly for BBL, the waiver is subject to approval of the Company's shareholders' meeting with affirmative votes of not less than three-fourths of all votes of the shareholders or proxy present at the meeting and having the right to vote, excluding the shareholders having interest therein. In case any investor is not allowed to subscribe to the shares, the Company may reduce the amount of shares to be waived as the Board of Directors may deem appropriate.

On 15 May 2006, the extraordinary meeting of the Company's shareholders No. 1/2549 passed a resolution approving the waiver of the right to subscribe new shares of BIL to allow subscription by BBL, which is the connected transaction. On 2 June 2006, the Company, BIL, BBL, Istithmar and V-Sciences have executed contracts for investment in BIL. On 28 July 2006, BIL registered the first increase of share capital.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. BASIS OF CONSOLIDATION

3.1 The consolidated financial statements included the financial statements of Bumrungrad Hospital Public Company Limited, its subsidiaries and joint venture (applying the proportionate consolidated method) jointly controlled by the Company or its subsidiary as follows: -

Company's name	Nature of business	Percentage of shareholding		Country of incorporation	Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
		2006	2005		2006	2005	2006	2005
		Percent	percent		Percent	Percent	Percent	Percent
<u>Subsidiaries held by the Company</u>								
Bumrungrad Medical Center Ltd. (BMC)	Building lease	100.00	100.00	Thailand	17	20	-	-
Bumrungrad International Ltd. (BIL)	Holding company	51.00	100.00	Thailand	8	3	1	-
Vitalife Corporation Ltd.	Health care center	100.00	100.00	Thailand	1	1	1	1

Company's name	Nature of business	Percentage of indirect shareholding		Country of incorporation
		2006	2005	
		Percent	Percent	
<u>Subsidiaries held by a subsidiary (BIL)</u>				
Bumrungrad International Philippines Inc.	Hospital Management	100.00	100.00	Philippines
Neptune Stroika Holdings, Inc.	Holding company	40.00	40.00	Philippines
Bumrungrad International Holdings (Hong Kong) Limited	Holding company	100.00	100.00	Hong Kong
Bumrungrad International Management (Hong Kong) Limited	Hospital Management	100.00	100.00	Hong Kong
<u>Joint venture held by a subsidiary (BIL)</u>				
Bumrungrad Hospital Dubai LLC	Hospital business (not yet commenced operation)	49.00	-	United Arab Emirates

- 3.2** The financial statements of the subsidiaries incorporated overseas are translated into Thai Baht at the average closing exchange rate for assets and liabilities, and at the monthly average exchange rate applying during the year for revenues and expenses. The resultant differences have been shown under the caption of “Translation adjustment” in shareholders’ equity.
- 3.3** Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- 3.4** Investments in the subsidiaries as recorded in the Company’s books of account are eliminated against the equity of the subsidiaries. The resultant differences are amortised over a period of 5 and 10 years commencing as from the date of acquisition of the investment.
- 3.5** In September 2006, a subsidiary (Bumrungrad International Ltd.) invested in Bumrungrad Hospital Dubai LLC (BHD), a newly established company incorporated in United Arab Emirates, in which it holds 49% of equity.
- 3.6** In February 2005, a subsidiary (Bumrungrad International Ltd.) invested in Bumrungrad International Philippines Inc. (BIPI), incorporated in Philippines, in which it holds 100% of equity.
- 3.7** In February 2005, a subsidiary (Bumrungrad International Ltd.) invested in Neptune Stroika Holdings, Inc. (Neptune), incorporated in Philippines, in which it holds 40% of equity. 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.
- 3.8** In December 2005, a subsidiary (Bumrungrad International Ltd.) invested in Bumrungrad International Holdings (Hong Kong) Limited (BIH (HK)) and Bumrungrad International Management (Hong Kong) Limited (BIM (HK)), incorporated in Hong Kong, in which it holds 100% of equity.

4. ADOPTION OF NEW ACCOUNTING STANDARDS

In October 2006, the Federation of Accounting Professions issued Notification No. 26/2006 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1) under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method. Entities which are not ready to adopt the cost method in 2006 can continue to use the equity method through the end of 2006 and adopt the cost method as from 1 January 2007.

In this regard, the Company has elected to adopt the change in 2007. Adoption of the change in 2007 will necessitate the restatement of the Company’s 2006 separate financial statements to be presented for comparative purposes along with the financial statements for 2007. The effect to net income and net worth in the Company’s separate financial statements for 2006 is in the process of consideration.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenue and expense recognition

- a) Revenues from hospital operations, mainly consisting of medical fees, hospital room sales, and medicine sales, are recognised as income when services have been rendered or medicine delivered.
- b) Consulting and management fee income are recognised when service have been rendered taking into account the stated of completion.
- c) Rental income and related service income are recognised on an accrual basis in accordance with a period as stipulated in an agreement.
- d) Interest income and expenses are recognised on an accrual basis.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

5.4 Inventories

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

5.5 Investments

Investments in subsidiaries (in the separate financial statements of the Company), jointly controlled entity and associates are valued at the equity method.

Long-term investments in non-marketable equity securities, which are held as other investments, are valued at cost net of allowance for loss on diminution in value (if any).

5.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of buildings and equipment is calculated, by reference to their costs, on a straight-line basis over the following estimated useful lives: -

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

Depreciation is included in determining income.

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

5.7 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows: -

Computer software	-	5 years and 10 years
Goodwill on purchase of business	-	10 years
Other intangible asset	-	10 years

The amortisations is included in determining income.

5.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.9 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

5.10 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset of the Company and subsidiary may be impaired. If any such indication exists, the Company and its subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

5.11 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

5.12 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.13 Income tax

Income tax of the Company and its subsidiaries in Thailand is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

Overseas subsidiaries calculate corporate income tax in accordance with tax rates regulated in tax laws of those countries.

5.14 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts receivable as at 31 December 2006 and 2005 are aged, based on due date, as follows: -

(Unit: Baht)

<u>Age of receivables</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
	2006	2005	2006	2005
Not yet due	269,103,295	209,272,336	232,975,428	186,997,648
Past due				
1 - 30 days	98,189,592	67,190,268	97,876,579	65,560,381
31 - 60 days	50,190,426	24,610,224	49,951,413	24,016,496
61 - 90 days	34,091,683	15,250,749	33,766,064	14,244,873
91 - 180 days	40,457,551	22,180,489	37,451,898	22,038,206
181 - 365 days	21,432,824	15,347,076	20,331,900	14,690,543
More than 365 days	39,555,519	28,688,726	20,746,572	28,679,631

Total	553,020,890	382,539,868	493,099,854	356,227,778
Less: Allowance for doubtful accounts	(27,824,358)	(43,064,847)	(24,404,243)	(41,576,294)
Trade accounts receivable - net	<u>525,196,532</u>	<u>339,475,021</u>	<u>468,695,611</u>	<u>314,651,484</u>

7. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiaries had significant business transactions with their related parties, which have been concluded on the commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>		<u>Transfer pricing policy</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Rental income	-	-	26.9	25.1	As per contracts 7.1)
Interest income	4.6	1.9	2.1	2.4	10% p.a., MLR less 0.5% p.a. to MLR plus 0.25% p.a. (2005: 10% p.a., MLR less 0.5% p.a.)
Medical service income	-	-	17.0	10.6	Cost plus margin
Consulting fee income	11.9	-	36.9	9.9	As per contract 7.10), Actual charge
Rental expense	-	-	84.0	84.0	As per contract 7.2)
Interest expense	-	-	116.0	101.5	MLR less 0.45% p.a. to MLR p.a. (2005: 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 associated companies</u>					
System implementation income	5.4	6.8	-	-	As per contract 7.6)
Software license fee income	7.7	5.7	-	-	As per contract 7.7)
Management fee income	40.6	23.1	-	-	As per contract 7.8)
<u>Transactions with joint venture</u>					
(eliminated from the consolidated financial statements)					
Consulting fee income	2.8	-	-	-	Cost
<u>Transactions with related companies</u>					
Medical service income	85.4	57.3	85.4	57.3	Cost plus margin
Rental income	1.3	1.3	1.3	1.3	As per contract 7.3)
Software maintenance expense	74.9	-	74.9	-	As per contract 7.9)
Other income	0.9	1.0	0.9	1.0	Cost
Rental expense	31.5	20.1	31.5	20.1	As per contract 7.4)
Donation expense	7.2	11.6	7.2	11.6	-
Consulting fee expense	9.3	0.8	4.0	0.8	As per contracts
Purchase of computer software	139.1	164.2	139.1	64.2	As per contracts 7.5)

Sales of equipment	-	7.7	-	-	As 7.5)
System implementation expense	3.5	4.1	-	-	As per contract 7.6)
Insurance expense	18.5	15.7	18.5	15.6	As per insurance policies

- 7.1) A subsidiary (Bumrungrad Medical Center Ltd.) has leased a plot of land for its hospital operations. The lease agreements cover a period of 30 years, commencing from the year 1996. The rental fees are Baht 22 million per annum.

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 the 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.

- 7.2) 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.

- 7.3) 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.

- 7.4) 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 11 November 2005, the bank approved renewal of agreement, commencing on 29 August 2005 to 28 August 2006. 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 31 December 2006, amounting to Baht 8.0 million (2005: Baht 3.3 million), was shown in the balance sheet under the caption of "Accounts payable - others".

- 7.5) In December 2006, the Company entered into a license agreement with Global Care Solutions (Thailand) Co., Ltd. to purchase additional computer software, totaling USD 3.25 million (exclusive of value added tax). The Company paid for such software in December 2006.

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.

- 7.6) 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 overseas hospital business. The subsidiary is obliged to pay such fee totaling USD 200,000. During the year 2005 and 2006, the subsidiary recorded for such fee amounting to USD 103,000 and USD 94,000, respectively.

The subsidiary has also entered into computer system implementation agreement with AHI, totaling USD 350,000. The subsidiary called for such fee during the year 2006 and 2005 amounting to USD 175,000 and USD 140,000, respectively.

- 7.7) In February 2005, 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 2005. The license fee will be recognised as income in accordance with the period as stipulated in the agreement. Unrecognised license fee as at 31 December 2006, amounting to Baht 24.9 million (2005: Baht 32.6 million), was shown in “Unearned income” in consolidated financial statements.

- 7.8) In February 2005, a subsidiary (Bumrungrad International Philippines Inc.) (BIPI) and Asian Hospital, Inc. (AHI) have entered into a management service agreement under which AHI has to pay the subsidiary a percentage of its total revenue and profit before interest expense, income, tax, and depreciation and amortisation expenses. The management fee shall be paid in form of cash up to a certain amount, the excess of which will be paid in form of AHI’s shares, up to maximum 10% of total issued and outstanding capital stock of AHI (fully diluted basis). The agreement covers a period of 5 years, expiring in the year 2010, and shall be renewed. Management fee receivable as at 31 December 2006,

amounting to Baht 52.8 million (2005: Baht 22.8 million) was recorded in “Trade accounts receivable” in consolidated financial statements.

7.9) On 4 January 2006, the Company has entered into a Maintenance Services for Software Hospital 2000/DOT NET with Global Care Solutions (Thailand) Co., Ltd. The Company is obliged to pay such fee totaling USD 1,750,000 (exclusive of value added tax). The agreement expired on 31 December 2006.

7.10) On 2 June 2006, the Company has entered into a Consulting Support Agreement with a subsidiary (Bumrungrad International Ltd.). The subsidiary is obliged to pay such fee totaling Baht 55 million per annum starting from August 2006. The agreement will expire as per the agreement's conditions. In addition, the Company charged Baht 14 million for consulting services provided from January to July 2006.

The balances of the accounts as at 31 December 2006 and 2005 between the Company and those related companies are as follows: -

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
<u>Amounts due from related parties</u>				
<u>Former subsidiary</u>				
The Bumrungrad Hospital Rayong Co., Ltd.	-	-	-	39,431,842
Less: Allowance for doubtful accounts	-	-	-	(39,431,842)
	-	-	-	-
<u>Subsidiaries</u>				
Bumrungrad Medical Center Ltd.	-	-	-	4,921,080
Bumrungrad International Ltd.	-	-	15,932,419	5,878
Vitalife Corporation Ltd.	-	-	1,041,658	647,323
<u>Associated companies</u>				
Asian Hospital, Inc.	514,127	1,094,973	-	-
L.S. Cleaning Co., Ltd.	-	105	-	105
<u>Joint venture</u>				
Bumrungrad Hospital Dubai LLC	5,737,563	-	-	-
<u>Related companies</u>				
Global Care Solutions (Thailand) Co., Ltd.	67,268	138,547	67,268	138,547
The Bumrungrad Hospital Foundation	201,085	150,139	201,085	150,139
Total	<u>6,520,043</u>	<u>1,383,764</u>	<u>17,242,430</u>	<u>5,863,072</u>

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
<u>Short-term loans and interest receivable - a related party</u>				
<u>Subsidiary</u>				
Vitallife Corporation Ltd.	-	-	-	20,097,671
<u>Long-term loans and interest receivable - a related party</u>				
<u>Subsidiary</u>				
Vitallife Corporation Ltd.	-	-	18,121,384	22,603,851
<u>Amounts due to a related party</u>				
<u>Related company</u>				
The Bumrungrad Hospital Foundation	1,800,000	-	1,800,000	-
<u>Short-term loans and interest payable - a related party</u>				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.	-	-	1,465,263,415	1,709,236,428

The short-term and long-term loans to Vitallife Corporation Ltd. carry interest at the rates of MLR less 0.5% per annum, MLR per annum, and MLR plus 0.25% per annum (2005: MLR less 0.5% per annum).

Bumrungrad International Ltd. granted short-term loan of USD 1 million to Bumrungrad International Holdings (Hong Kong) Limited. The loan carries interest at the rate of MLR less 0.45% per annum.

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 short-term loans from Bumrungrad Medical Center Ltd. carry interest at the rates of MLR less 0.45% per annum, and MLR per annum (2005: MLR less 0.45% per annum).

During 2006, movements of loans to and loans from related parties were as follows.

(Unit: Baht)

	During the year			Balance as at 31 December 2006
	Balance as at 31 December 2005	Increase	Decrease	
	<u>Short-term loans and interest receivable - a related party</u>			
<u>Subsidiary</u>				
Vitallife Corporation Ltd.				
Principal	20,000,000	-	20,000,000	-
Interest receivable	97,671	549,151	646,822	-
	<u>20,097,671</u>	<u>549,151</u>	<u>20,646,822</u>	<u>-</u>
<u>Long-term loans and interest receivable - a related party</u>				
<u>Subsidiary</u>				
Vitallife Corporation Ltd.				
Principal	22,494,000	-	4,494,000	18,000,000
Interest receivable	109,851	1,512,891	1,501,358	121,384
	<u>22,603,851</u>	<u>1,512,891</u>	<u>5,995,358</u>	<u>18,121,384</u>
<u>Short-term loans and interest payable - a related party</u>				
<u>Subsidiary</u>				
Bumrungrad Medical Center Ltd.				
Principal	1,709,236,428	40,000,000	294,000,000	1,455,236,428
Interest payable	-	116,040,757	106,013,770	10,026,987
	<u>1,709,236,428</u>	<u>156,040,757</u>	<u>400,013,770</u>	<u>1,465,263,415</u>

Directors and management's remuneration

In 2006 the Company and its subsidiaries paid salaries, bonuses, meeting allowances and gratuities to their directors and management totaling Baht 126.3 million (The Company only: Baht 118.2 million) (2005: Baht 93.8 million, The Company only: Baht 93.8 million).

8. INVENTORIES

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
Medicine	103,969,481	90,825,694	98,667,225	88,111,707
Medical supplies	28,613,789	25,784,871	28,613,789	25,784,871
Other supplies	33,830,030	33,285,331	33,830,030	33,285,331
Total inventories	<u>166,413,300</u>	<u>149,895,896</u>	<u>161,111,044</u>	<u>147,181,909</u>

9. PLEDGED FIXED DEPOSITS AT FINANCIAL INSTITUTIONS

As at 31 December 2006, deposits at financial institutions of Baht 9.6 million (2005: Baht 9.9 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.).

As at 31 December 2005, fixed deposit of Baht 220 million had been pledged to secure long-term loan of that subsidiary and the pledge of fixed deposits had been cancelled in 2006 as described in Note 14.

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

These represent investments in ordinary shares in the following subsidiary and associated companies.

CONSOLIDATED

Companies	Paid-up capital		Percentage of shareholding		Investment				Dividend	
	2006	2005	2006	2005	Cost method		Equity method		2006	2005
			%	%	2006	2005	2006	2005		
Associate held by the Company										
L.S. Cleaning Co., Ltd.	-	1,250,000	-	25.00	-	312,500	-	209,354	-	-
Associate held by subsidiaries										
Asian Hospital, Inc.	1,422,424,944	1,409,179,552	35.10	35.19	385,759,564	385,759,564	464,948,666	481,206,016	-	-
	Peso	Peso								
Joint venture held by a subsidiary										
Bumrungrad Hospital Dubai LLC	5,000,000	-	49.00	-	25,051,549	-	-	-	-	-
	AED									
Total investments					410,811,113	386,072,064	464,948,666	481,415,370		

THE COMPANY ONLY

Companies	Paid-up capital		Percentage of shareholding		Investment				Dividend	
	2006	2005	2006	2005	Cost method		Equity method		2006	2005
			%	%	2006	2005	2006	2005		
Subsidiaries										
Bumrungrad Medical Center Ltd.	958,953,608	958,953,608	100.00	100.00	1,691,902,972	1,691,902,972	1,146,352,548	1,092,852,182	-	-
Bumrungrad International Ltd.	744,117,525	600,000,000	51.00	100.00	599,999,400	599,999,400	712,688,023	591,856,574	-	-
Vitalife Corporation Ltd.	31,500,000	31,500,000	100.00	100.00	25,610,000	25,610,000	12,290,613	(8,561,836)	-	-
Total investments in subsidiaries					2,317,512,372	2,317,512,372	1,871,331,184	1,676,146,920		
Associate held by the Company										
L.S. Cleaning Co., Ltd.	-	1,250,000	-	25.00	-	312,500	-	209,354	-	-
Total investment in associated company					-	312,500	-	209,354		
Total investments					2,317,512,372	2,317,824,872	1,871,331,184	1,676,356,274		

(Unit: Baht)

	THE COMPANY ONLY	
	<u>2006</u>	<u>2005</u>
<u>Net investments</u>		
Investments accounted for under equity method	1,678,669,626	1,492,256,552
Excess of investment over book value of a subsidiary	192,661,558	192,661,558
Provision for loss in excess of cost of investment in subsidiary	-	(8,561,836)
Total	<u>1,871,331,184</u>	<u>1,676,356,274</u>

On 28 July 2006, Bumrungrad International Ltd. registered the first increase of registered share capital by issuing 5,764,701 ordinary shares with a par value of Baht 100 each. Therefore, the registered share capital of the subsidiary is increased from Baht 600,000,000 to Baht 1,176,470,100. The new shares were issued at Baht 153.52 per share, with initial paid up in cash of Baht 78.52 per share. On 15 May 2006, the extraordinary meeting of the Company's shareholders No. 1/2549 passed a resolution approving the waiver of the right to subscribe new shares of BIL to allow subscription by BBL, Istithmar and V-Sciences. As a result, the Company's shareholding in BIL reduced to 51%.

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 Peso 1,000 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 Peso 1 each (a 100% holding) and further inject Capital in the form of loans to BIPI amounted to Baht 179,386,827.26 (Peso 253,856,573.29).

On 31 January 2006, BIPI registered the increase of registered share capital by issuing new 19,000,000 ordinary shares at a par value of Peso 1 each. Therefore, the registered share capital of the subsidiary is increased from Peso 7,000,000 to Peso 26,000,000. Bumrungrad International Ltd. purchased all increased shares therefore the subsidiary's shareholding in BIPI is still at 100%. Baht 179,386,827.26 loans to BIPI were used for such share subscription.

Neptune and BIPI acquired investments in the ordinary shares of Asian Hospital, Inc. (AHI) for Peso 215 million (190,265,487 shares) and Peso 283 million (423,238,004 shares), respectively, representing respective shareholdings of 13.41% and 29.83%. AHI is incorporated in Philippines and operates the hospital business.

On 7 September 2006, a subsidiary (Bumrungrad International Ltd.) invested AED 2,450,000 or equivalent to Baht 25,774,000 in Bumrungrad Hospital Dubai LLC (BHD) to acquire 2,450 ordinary shares at a par value of AED 1,000 each (49% ownership). BHD is a newly established company incorporated in United Arab Emirates. Its principal activity is hospital business. At the present, BHD is in a progress of construction of 250-bed-hospital and shall commence an operation in 2008.

L.S. Cleaning Co., Ltd. registered its dissolution with the Ministry of Commerce on 8 December 2005 and registered the liquidation on 22 May 2006.

The share of the profit/loss of L.S. Cleaning Co., Ltd. for the year 2005 had been calculated from the management accounts of that company.

The share of the profit/loss of AHI for the year 2006 and 2005 has been calculated from the audited financial statements of that company.

11. OTHER LONG-TERM INVESTMENTS

(Unit: Baht)

COMPANIES	PERCENTAGE OF		CONSOLIDATED		THE COMPANY ONLY	
	SHAREHOLDING		2006	2005	2006	2005
	2006	2005				
	%	%				
Chantaburi Country Club Co., Ltd.	0.5	0.5	4,500,000	4,500,000	4,500,000	4,500,000
Global Care Solutions S.A.	14.0	14.0	347,213	347,213	347,213	347,213
Total			4,847,213	4,847,213	4,847,213	4,847,213
Less: Allowance for impairment loss			(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)
Other long-term investments - net			2,047,213	2,047,213	2,047,213	2,047,213

12. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

	CONSOLIDATED									
	Land	Leasehold right and land improvement	Building and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Construction in progress and under installation	Total
Cost										
31 December 2005	290,861,482	34,880,909	1,958,262,826	124,049,444	1,194,744,642	526,236,080	298,039,459	50,440,087	564,476,715	5,041,991,644
Purchase	-	-	43,545,988	10,662,633	314,678,909	57,419,097	13,824,689	2,680,000	325,306,636	768,117,952
Disposals	-	-	-	-	(12,910,295)	(2,729,112)	(826,740)	(7,761,327)	-	(24,227,474)
Transfer	-	-	5,759,864	-	56,640,000	-	495,469	-	(62,895,333)	-
31 December 2006	290,861,482	34,880,909	2,007,568,678	134,712,077	1,553,153,256	580,926,065	311,532,877	45,358,760	826,888,018	5,785,882,122
Accumulated depreciation										
31 December 2005	-	11,569,832	557,246,549	48,816,645	601,328,364	334,833,558	167,165,714	30,945,859	-	1,751,906,521
Depreciation for the year	-	1,103,020	72,266,111	7,250,361	127,534,065	48,077,988	16,521,245	4,655,873	-	277,408,663
Depreciation on disposals	-	-	-	-	(4,044,308)	(1,337,004)	(188,397)	(3,456,038)	-	(9,025,747)
31 December 2006	-	12,672,852	629,512,660	56,067,006	724,818,121	381,574,542	183,498,562	32,145,694	-	2,020,289,437
Allowance for impairment loss										
31 December 2005	-	-	-	-	20,430,248	-	-	-	-	20,430,248
Decrease during the year	-	-	-	-	(6,788,266)	-	-	-	-	(6,788,266)
31 December 2006	-	-	-	-	13,641,982	-	-	-	-	13,641,982
Net book value										
31 December 2005	290,861,482	23,311,077	1,401,016,277	75,232,799	572,986,030	191,402,522	130,873,745	19,494,228	564,476,715	3,269,654,875
31 December 2006	290,861,482	22,208,057	1,378,056,018	78,645,071	814,693,153	199,351,523	128,034,315	13,213,066	826,888,018	3,751,950,703
Depreciation included in the income statement for the year										
2005										233,373,296
2006										277,408,663

(Unit: Baht)

THE COMPANY ONLY

	Land	Leasehold right and land improvement	Building and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Construction in progress and under installation	Total
Cost										
31 December 2005	290,861,482	15,563,340	353,036,037	99,238,592	753,764,183	299,880,510	178,354,666	28,004,330	564,476,714	2,583,179,854
Purchase	-	-	43,545,988	10,662,633	314,678,909	57,136,932	13,814,054	2,680,000	315,321,696	757,840,212
Disposals	-	-	-	-	(12,910,295)	(2,729,112)	(826,740)	(7,761,327)	-	(24,227,474)
Transfer	-	-	5,759,864	-	56,640,000	-	495,469	-	(62,895,333)	-
31 December 2006	290,861,482	15,563,340	402,341,889	109,901,225	1,112,172,797	354,288,330	191,837,449	22,923,003	816,903,077	3,316,792,592
Accumulated depreciation										
31 December 2005	-	6,853,240	59,677,436	17,114,390	134,021,932	111,181,677	72,035,757	8,510,111	-	409,394,543
Depreciation for the year	-	459,101	17,503,166	7,111,646	129,668,413	46,904,192	15,965,214	4,655,873	-	222,267,605
Depreciation on disposals	-	-	-	-	(4,044,242)	(1,337,004)	(188,397)	(3,456,038)	-	(9,025,681)
31 December 2006	-	7,312,341	77,180,602	24,226,036	259,646,103	156,748,865	87,812,574	9,709,946	-	622,636,467
Allowance for impairment loss										
31 December 2005	-	-	-	-	20,430,248	-	-	-	-	20,430,248
Decrease during the year	-	-	-	-	(6,788,266)	-	-	-	-	(6,788,266)
31 December 2006	-	-	-	-	13,641,982	-	-	-	-	13,641,982
Net book value										
31 December 2005	290,861,482	8,710,100	293,358,601	82,124,202	599,312,003	188,698,833	106,318,909	19,494,219	564,476,714	2,153,355,063
31 December 2006	290,861,482	8,250,999	325,161,287	85,675,189	838,884,712	197,539,465	104,024,875	13,213,057	816,903,077	2,680,514,143
Depreciation included in the income statement for the year										
2005										177,768,329
2006										222,267,605

The Company has mortgaged all of the land with a book value of Baht 290.9 million (Baht 719 million appraisal fair value as of 14 February 2006) with a commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds treated as equity securities as described in Note 15.

The Company and Bumrungrad Medical Center Ltd. have mortgaged their buildings and pledged medical instruments and hospital equipment, with a total net book value as at 31 December 2006 of Baht 1,236 million (2005: Baht 1,285 million) (the Company only: Baht 170 million 2005: Baht 165 million), as collaterals for long-term loan credit facilities granted by a local commercial bank as described in Note 14.

As at 31 December 2006, certain equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to Baht 105 million (2005: Baht 112 million) (the Company only: Baht 97 million 2005: Baht 110 million).

13. INTANGIBLE ASSETS

(Unit: Baht)

	CONSOLIDATED			THE COMPANY ONLY		
	Computer software	Other intangible asset	Total	Computer software	Goodwill on purchase of business	Total
Cost						
31 December 2005	683,625,752	1,687,000	685,312,752	583,625,752	192,927,561	776,553,313
Additions	172,559,539	-	172,559,539	172,559,539	-	172,559,539
31 December 2006	856,185,291	1,687,000	857,872,291	756,185,291	192,927,561	949,112,852
Accumulated amortisation						
31 December 2005	61,065,496	28,195	61,093,691	57,195,496	27,331,404	84,526,900
Amortisation during the year	64,024,611	660,662	64,685,273	58,864,611	19,292,756	78,157,367
31 December 2006	125,090,107	688,857	125,778,964	116,060,107	46,624,160	162,684,267
Net book value						
31 December 2005	622,560,256	1,658,805	624,219,061	526,430,256	165,596,157	692,026,413
31 December 2006	731,095,184	998,143	732,093,327	640,125,184	146,303,401	786,428,585
Amortisation included in the income statement for the year						
2005	58,414,722	28,195	58,442,917	54,544,722	19,292,756	73,837,478

2006	<u>64,024,611</u>	<u>660,662</u>	<u>64,685,273</u>	<u>58,864,611</u>	<u>19,292,756</u>	<u>78,157,367</u>
------	-------------------	----------------	-------------------	-------------------	-------------------	-------------------

14. LONG-TERM LOAN

(Unit: Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
<u>Bumrungrad Medical Center Ltd.</u>				
Loan from a local commercial bank	1,750,971,293	1,779,493,095	300,000,000	-
Less: Current portion	<u>(328,521,802)</u>	<u>(328,521,802)</u>	-	-
Long-term portion	<u>1,422,449,491</u>	<u>1,450,971,293</u>	<u>300,000,000</u>	-

Movements in long-term loan account during the year are summarised below.

(Unit: Baht)

	CONSOLIDATED	THE COMPANY ONLY
Balance as at 1 January 2006	1,779,493,095	-
Add : Additional loan	300,000,000	300,000,000
Less: Repayment	<u>(328,521,802)</u>	-
Balance as at 31 December 2006	<u>1,750,971,293</u>	<u>300,000,000</u>

On 16 September 2002, the subsidiary entered into a loan agreement in the Baht currency with a local commercial bank to obtain a Baht 2,400,000,000 credit facility. Such loan carries interest at 5.5% per annum for the first two years and then at MLR less 0.5% 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 12 and 9. 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.

On 25 May 2006, the Company and the subsidiary entered into Second Amendment Dated 25 May 2006 to Baht 2,400,000,000 Facility Agreement Dated 12 September 2002 (As Amended and Restated) with the bank creditor to change the interest rate of Baht 2,250,000,000 credit facility from MLR less 0.5% per annum to average MLR less 1.25% per annum and cancel the pledged of fixed deposits.

In addition, the Company and the subsidiary obtain additional Baht 1,370,000,000 credit facilities, divided into 4 tranches as follows: -

- a) Tranche B2 of Baht 650,000,000 carries interest at average MLR less 1.25% per annum. Principal is repayable in 32 quarterly installments, commencing 31 March 2008.
- b) Tranche C of Baht 400,000,000 carries interest at average MLR less 1.25% per annum. Principal is repayable in 32 quarterly installments, commencing 31 March 2008.
- c) Tranche D of Baht 300,000,000 for 8-year working capital carries interest at average MLR less 1.25% per annum.
- d) Tranche E of Baht 20,000,000 for 8-year working capital carries interest at MOR per annum.

Original mortgaged building and pledged medical instruments and hospital equipment are still used as collaterals for above loan credit facilities except for Tranche C; B.H. Residence building will be mortgaged when the Company buys it back from Bangkok Bank Plc.

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.

As at 31 December 2006, outstanding long-term credit facilities of the Company and its subsidiaries which have yet to be drawn down total Baht 750 million.

15. CONVERTIBLE BONDS

Convertible bonds as at 31 December 2006 and 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.

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 expresses their intention to convert these bonds into ordinary shares on the maturity date. Therefore, the whole amounts 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 year 2006 of the convertible bonds amounted to Baht 17.5 million (2005: Baht 17.5 million), being recorded as a reduction to "retained earnings".

16. SHARE CAPITAL

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

In the first quarter of 2006, 134,000 preference shares (2005: 332,000 shares) were converted into ordinary shares at ratio of one preference share to one ordinary share. The Company registered this conversion with the Ministry of Commerce on 14 March 2006.

17. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

During the years 2006 and 2005, the statutory reserve reaches 10% of the Company's registered capital.

18. CORPORATE INCOME TAX

The Company's corporate income tax for the years 2006 and 2005 has been calculated at the rate of 25% of net income not exceed Baht 300 million and 30% for the rest. The tax rate applied are in compliance with the provision of Royal Decree 387 (B.E. 2544) dated 28 August 2001, issued under the Revenue Code, regarding the reduction of income tax rates.

Corporate income tax for the years 2006 and 2005 of a subsidiary (Bumrungrad Medical Center Ltd.) has been calculated at the rate of 30% of net taxable income.

19. NUMBER OF EMPLOYEES AND RELATED COSTS

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Number of employees at end of year (persons)	3,130	2,841	3,089	2,809
Employee costs for the year (Thousand Baht)	1,090,770	928,897	1,061,837	916,257

20. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing the net income for the year by the sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Reconciliation between basic earnings per share and diluted earnings per share is presented below.

	For the years ended 31 December					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	Baht	Baht	Shares	Shares	Baht	Baht
Basic earnings per share						
Net income	1,095,702,100	1,052,739,279	727,798,572	727,630,430	1.51	1.45
Effect of dilutive potential ordinary shares						
Preference shares	-	-	2,253,650	2,421,792		
Convertible bonds	-	-	137,362,637	137,362,637		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>1,095,702,100</u>	<u>1,052,739,279</u>	<u>867,414,859</u>	<u>867,414,859</u>	1.26	1.21

21. SEGMENT INFORMATION

The Company's and its subsidiaries' business operations involve 2 principal segments: (1) hospital and health care center and (2) hospital management business. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2006 and 2005 of the Company and its subsidiaries by segment.

	(Unit: Million Baht)							
	Hospital and health care center		Hospital management business		Elimination of inter- segment revenues		Consolidation	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues	7,668	6,657	57	7	(17)	(11)	7,708	6,653
Segment income	<u>2,875</u>	<u>2,501</u>	<u>57</u>	<u>7</u>	<u>-</u>	<u>-</u>	2,932	2,508
Unallocated income and expenses:								
Other income							180	150
Depreciation and amortisation							(342)	(292)
Administrative expenses							(1,159)	(997)
Share of income of associated companies and joint venture							8	3
Interest expense							(110)	(107)
Corporate income tax							(432)	(218)
Minority interest							19	6
Net income							<u>1,096</u>	<u>1,053</u>

(Unit: Million Baht)

	Hospital and health care center		Hospital management business		Elimination of inter- segment revenues		Consolidation	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Assets								
Property, plant and equipment - net	3,784	3,304	-	1	(32)	(35)	3,752	3,270
Intangible assets	786	692	114	121	(168)	(189)	732	624
Other assets	4,303	4,452	1,018	624	(3,182)	(3,242)	2,139	1,834
Total assets	<u>8,873</u>	<u>8,448</u>	<u>1,132</u>	<u>746</u>	<u>(3,382)</u>	<u>(3,466)</u>	<u>6,623</u>	<u>5,728</u>

Transfer prices between business segments are set out as described in Note 7.

22. PROVIDENT FUND

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly at the rate of 5% of their basic salaries and the Company or subsidiaries contributed 5% - 7% of basic salary. The fund, which is managed by Finansa Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2006, the Company and subsidiaries contributed Baht 24.7 million (2005: Baht 21.9 million) to the fund.

23. DIVIDENDS PAID

Dividends	Approved by	(Unit: Baht)	
		Total dividends	Dividend per share
Final dividends for 2005	Annual General Meeting of the shareholders on 26 April 2006	328,523,500	0.45
Interim dividends for 2006	Board of Directors' meeting on 16 August 2006	219,015,667	0.30
Total for 2006		<u>547,539,167</u>	<u>0.75</u>
Final dividends for 2004	Annual General Meeting of the shareholders on 27 April 2005	292,013,889	0.40
Interim dividends for 2005	Board of Directors' meeting on 17 August 2005	219,015,666	0.30
Total for 2005		<u>511,029,555</u>	<u>0.70</u>

24. COMMITMENTS AND CONTINGENT LIABILITIES

24.1 Capital commitment

As at 31 December 2006, the Company has capital commitments to pay a total of Baht 98.4 million (2005: Baht 79.5 million) in relation to the construction of a new building and Baht 120.2 million (2005: Baht 150.1 million) in respect of purchase of medical instrument and hospital equipment.

24.2 Long-term service commitments

As at 31 December 2006, the Company and its subsidiaries have the following outstanding long-term service commitments: -

(Unit: Million Baht)

	<u>Details of commitments</u>	<u>Paid in</u>	<u>Amount</u>
<u>The Company</u>			
1)	To pay fee to a bank which is bondholders' representative	2007	0.3
		2008 - 2012	1.2
2)	Land rental for construction of nursing dormitory (shall be extended for a further period of 20 years)	2007	30.9
		2008 - 2035	60.8
3)	Lease of medical instrument	2007	20.0
		2008 - 2009	39.9
4)	Lease of land and building for operating service apartment (shall be extended for a further period of 2 years)	2007	24.8
		2008	6.4
5)	Lease of building for nursing dormitory and related services (shall be renewed automatically)	2007	9.1
		2008	4.0
6)	Maintenance service fee for medical instrument	2007	33.6
		2008	11.2
7)	Rental and maintenance service fee for cars	2007	8.8
		2008 - 2011	26.1
<u>Subsidiaries</u>			
Bumrungrad International Inc.			
1)	To pay consulting fee (Unit: USD)	2007	30,000
		2008 - 2012	82,500

24.3 Bank guarantees

As at 31 December 2006, there were outstanding bank guarantees of Baht 3.4 million (2005: Baht 1.9 million) issued by a bank on behalf of the Company, and of Baht 8.4 million (2005: Baht 8.4 million) issued on behalf of a subsidiary. All were required in the normal course of business.

24.4 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.

25. FINANCIAL INSTRUMENTS

25.1 Financial risk management

The Company's and subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "*Financial Instruments: Disclosure and Presentations*", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, and other receivables. The Company and subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the balance sheet.

Interest rate risk

The Company's and its subsidiaries' exposures to interest rate risk relate primarily to their cash at banks, bank overdrafts, and long-term borrowings. However, since most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2006 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	CONSOLIDATED						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
	(Million Baht)						
<u>Financial assets</u>							
Cash and cash equivalents	419	-	-	402	33	854	0.25 - 4.62
Current investments - fixed deposits at financial institutions	10	-	-	-	-	10	5.125
Trade accounts receivable - net	-	-	-	-	525	525	-
Amounts due from related parties	-	-	-	-	7	7	-
Pledged fixed deposits at financial institutions	10	-	-	-	-	10	3.25 - 3.50
Other long-term investments - net	-	-	-	-	2	2	-
	<u>439</u>	<u>-</u>	<u>-</u>	<u>402</u>	<u>567</u>	<u>1,408</u>	
<u>Financial liabilities</u>							
Trade accounts payable	-	-	-	-	552	552	-
Amount due to a related party	-	-	-	-	2	2	-
Long-term loan	-	-	-	1,751	-	1,751	MLR less 1.25
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,751</u>	<u>554</u>	<u>2,305</u>	

THE COMPANY ONLY							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
	(Million Baht)						
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	333	21	354	0.25 - 0.50
Current investments - fixed deposits at financial institutions	10	-	-	-	-	10	5.125
Trade accounts receivable - net	-	-	-	-	469	469	-
Amounts due from related parties	-	-	-	-	17	17	-
Pledged fixed deposits at financial institutions	1	-	-	-	-	1	3.25 - 3.50
Other long-term investments - net	-	-	-	-	2	2	-
Long-term loans and interest receivable - a related party	-	-	-	18	-	18	MLR plus 0.25
	<u>11</u>	<u>-</u>	<u>-</u>	<u>351</u>	<u>509</u>	<u>871</u>	
<u>Financial liabilities</u>							
Trade accounts payable	-	-	-	-	547	547	-
Amount due to a related party	-	-	-	-	2	2	-
Short-term loans and interest payable - a related party	-	-	-	1,455	10	1,465	MLR
Long-term loan	-	-	-	300	-	300	MLR less 1.25
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,755</u>	<u>559</u>	<u>2,314</u>	

Foreign currency risk

The Company's and its subsidiaries' exposures to foreign currency risk arise mainly from servicing transactions and payments for service fee that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2006 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2006
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	-	0.2	36.2308

25.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature and loans and borrowings bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

26. SUBSEQUENT EVENTS

26.1 On 29 January 2007, the Company's Board of Directors approved a waiver of future rights to subscribe to a maximum of 3,714,283 new shares at Baht 153.52 per share, totaling Baht 570,216,726.16, of Bumrungrad International Ltd. ("BIL") and to allocate such rights to Asia Financial Holdings Limited ("AFH"), or its wholly-owned subsidiary. As a result, BH's shareholding in BIL will reduce to 31.5% of the diluted share capital.

26.2 On 27 February 2007, the Company's Board of Directors approved the proposal to the annual general meeting of the Company's shareholders for consideration of the payment of Baht 0.45 per share from the Company's income for the year ended 31 December 2006. This constitutes a total dividend of Baht 329 million. In addition, the meeting also resolved that the interim dividend of Baht 0.30 per share, totaling Baht 219 million, which had been distributed on 15 September 2006 be reported to the annual general meeting of the Company's shareholders. The total dividend payment for the year 2006 is Baht 0.75 per share, totaling Baht 548 million.

27. RECLASSIFICATION

Certain amounts in the financial statements for the year ended 31 December 2005 have been reclassified to conform to the current year's classification, with no effect on previously reported net income or shareholders' equity.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2007.