

Bumrungrad Hospital Public Company Limited

Management Discussion and Analysis

For First Quarter 2006

1. Revenues and Margins

For 1Q06, the Company reported total revenues of Baht 1,923 million, an increase by 21% y-o-y from Baht 1,590 million in 1Q05. The increase is mainly the result of the continuous growth in hospital operations, where inpatient revenues increased by 14% while outpatient revenues increased by 25%.

In 1Q06, the Company reported cost of hospital operation of Baht 1,163 million, an increase by 19% y-o-y, in line with the increase in revenues. Gross profit margin, therefore, remained stable at 37.7% for 1Q06 compared to 37.5% in 1Q05. Administrative expenses increased by 10% y-o-y to Baht 274 million in 1Q06. As a result, EBITDA margin improved to 25.1% in 1Q06, compared to 22.7% in 1Q05.

2. Corporate Income Tax and Net Profit

The Company's corporate income tax increased significantly from Baht 41 million in 1Q05 to Baht 108 million in 1Q06, as the Company starts to pay full tax rate in 2006 because the Company has used up all of its tax loss carried forward in 2005. As a result, net profit margin slightly decreased from 14.3% in 1Q05 to 13.9% in 1Q06. Despite the slight decrease in net profit margin, the Company reported net profit growth of 18% y-o-y, from Baht 227 million in 1Q05 to Baht 267 million in 1Q06.

Basic EPS stood at Baht 0.37 per share for 1Q06, an increase of 18% from Baht 0.31 per share in 1Q05. Similarly, fully diluted EPS was up by 18% from Baht 0.26 per share in 1Q05 to Baht 0.31 per share in 1Q06.

	(Unit: Million Baht)	
	1Q06	1Q05
Total Revenues	1,923	1,590
Gross Profit	704	585
EBITDA	481	360
Net Profit	267	227

3. Balance Sheet

Total assets slightly increased to Baht 6,022 million as at 31 March 2006 from Baht 5,728 million as at 31 December 2005, primarily because of increase in current investments, netted off with decrease in cash and cash equivalents, and increase in property, plant and equipment from the construction of new hospital building.

Total liability was at Baht 3,072 million as at 31 March 2006, stable compared to Baht 3,032 million as at 31 December 2005. Net Debt to equity decreased from 0.38x as at 31 December 2005 to 0.28x as at 31 March 2006 as the debt continues to be paid down, coupled with increase in cash and current investments. Shareholder's equity increased to Baht 2,871 million as at 31 March 2006 from Baht 2,615 million as at 31 December 2005, primarily as a result of net profit for 1Q06. Annualized return on assets for 1Q06 was at 18.2% while annualized return on equity remained high at 37.9% for 1Q06.

4. Liquidity

The Company's cash flow from operating activities for 1Q06 was at Baht 365 million, compared to Baht 336 million for 1Q05. The increase was primarily attributable to improved pre-tax profits from operation. Net cash used in investment activities slightly increased to Baht 178 million in 1Q06 from Baht 142 million in 1Q05. Net cash used in financing activities remained stable at Baht 91 million in 1Q05 and 1Q06 primarily because of the scheduled repayment of long-term loan. As a result, cash and cash equivalents at the end of the period decreased to Baht 640 million in 1Q06 from Baht 826 million in 1Q05.

Liquidity ratio stood at 0.78x for 1Q06 compared to 0.93x for 1Q05, due to an increase in current liabilities, mainly in corporate income tax payable and accounts payable and physician fees to support the growth of hospital operations. Consequently, quick ratio was at 0.59x in 1Q06, a decrease from 0.81x in 1Q05.