

Bumrungrad Hospital Public Company Limited

Management Discussion and Analysis

For the Second Quarter 2006

1. Revenues and Margins

For 2Q06, the Company reported total revenues of Baht 1,918 million, an increase by 17% y-o-y from Baht 1,640 million in 2Q05. The increase is mainly the result of the continuous growth in hospital operations, where inpatient revenues increased by 12% while outpatient revenues increased by 23%.

In 2Q06, the Company reported cost of hospital operation of Baht 1,154 million, an increase by 16% y-o-y, slightly at a slower rate than the increase in revenues. As a result, gross profit margin increased to 37.7% for 2Q06 compared to 36.7% in 2Q05. Administrative expenses increased by 9% y-o-y to Baht 272 million in 2Q06, slower than the increase in revenue as a result of effective cost control and economies of scale. As a result, EBITDA margin improved to 25.4% in 2Q06, compared to 23.8% in 2Q05.

Compared to 1Q06, the Company's total revenues of Baht 1,918 million in 2Q06 is at the same level as 1Q06 of Baht 1,923 million. This is due to the seasonality factor of the hospital business as second quarter has many long holidays in Thailand. The costs and administrative expenses were in the same level as 1Q06 and therefore the gross profit margin and EBITDA margin remained stable at 37.7% and 25.4% respectively.

For the first half of 2006, the Company reported total revenues of Baht 3,841 million, an increase by 19% from Baht 3,228 million in 1H05. The increase is the result of 14% increase in inpatient revenues and 24% increase in outpatient revenues. The cost of hospital operations for 1H06 was at Baht 2,317 million, or an increase of 17% from 1H05. The gross margin, therefore slightly increased from 37.1% in 1H05 to 37.7% in 1H06. Administrative expenses increased at a slower rate of 9% due to effective cost control and economies of scale, resulting in improvement in EBITDA margin from 23.2% in 1H05 to 25.2% in 1H06.

2. Corporate Income Tax and Net Profit

For 2Q06, the Company's corporate income tax increased significantly to Baht 100 million from Baht 45 million in 2Q05 as the Company has used up all of its tax loss carried forward in 2005 and starts to pay full tax rate in 2006. As a result, net profit margin slightly decreased from 14.9% in 2Q05 to 13.9% in 2Q06. Despite the slight decrease in net profit margin, the Company reported net profit growth of 9% y-o-y, from Baht 245 million in 2Q05 to Baht 266 million in 2Q06.

Comparing to 1Q06, the Company's corporate income tax slightly decreased from Baht 108 million in 1Q06 to Baht 100 million in 2Q06, yielding an effective tax rate of 29% and 27% respectively. With the effective tax rate close to the full tax of 30%, the net profit margin remained stable at 13.9% for both 1Q06 and 2Q06.

For 1H06, the Company reported corporate income tax of Baht 208 million, an increase of 141% from Baht 86 million in 1H05, as the Company starts to pay full tax rate. As a result, the net profit slightly decreased from 14.6% in 1H05 to 13.9% in 1H06.

Basic EPS stood at Baht 0.37 per share for 2Q06, an increase of 9% y-o-y from Baht 0.34 per share in 2Q05 and remained stable q-o-q compared to Baht 0.37 per share in 1Q06. Similarly, fully diluted EPS was up by 11% y-o-y to Baht 0.31 per share in 2Q06 from Baht 0.28 per share in 2Q05 and remained stable q-o-q, compared to Baht 0.31 per share in 1Q06. 1H06 basic EPS was at Baht 0.73 per share, or an increase of 12% from Baht 0.65 per share for 1H05. Similarly, fully diluted EPS increased by 13% from Baht 0.54 per share in 1H05 to Baht 0.61 per share in 1H06.

(Unit: Million Baht)

| | 2Q06 | 1Q06 | Q-o-Q Growth | 2Q05 | Y-o-Y Growth | 1H06 | 1H05 | Growth |
|---------------------|-------|-------|-----------------|-------|-----------------|-------|-------|--------|
| Total Revenues | 1,918 | 1,923 | -0.2% | 1,640 | 17% | 3,841 | 3,228 | 19% |
| Gross Profit | 698 | 704 | -1% | 579 | 21% | 1,402 | 1,164 | 20% |
| Gross Profit Margin | 37.7% | 37.7% | | 36.7% | | 37.7% | 37.1% | |
| EBITDA | 486 | 481 | 1% | 389 | 25% | 967 | 749 | 29% |
| EBITDA Margin | 25.4% | 25.1% | | 23.8% | | 25.2% | 23.2% | |
| Net Profit | 266 | 267 | -0.4% | 245 | 9% | 533 | 472 | 13% |
| Net Profit Margin | 13.9% | 13.9% | | 14.9% | | 13.9% | 14.6% | |

3. Balance Sheet

Total assets slightly increased to Baht 5,845 million as at 30 June 2006 from Baht 5,728 million as at 31 December 2005, primarily because of increase in current assets to support the growth of hospital operations and increase in property, plant and equipment from the construction of new outpatient and parking building, netted off with decrease in pledge of fixed deposits at financial institutions, as the condition on maintaining an escrow account for the term loan has been released.

Total liability was at Baht 2,989 million as at 30 June 2006, stable compared to Baht 3,032 million as at 31 December 2005. Net Debt to equity also remained stable at 0.39x as at 30 June 2006 compared to 0.38x as at 31 December 2005. In addition, in May 2006, the Company has secured an additional credit line of Baht 1,370 million for investments in medical

equipment, purchase of a building and working capital, of which the loan has not yet been drawn.

Shareholder's equity increased to Baht 2,786 million as at 30 June 2006 from Baht 2,615 million as at 31 December 2005, primarily as a result of 1H06 net profit of Baht 533 million, netted off with dividend payment of Baht 329 million. Annualized return on assets for 1H06 was at 18% while annualized return on equity remained high at 36.7% for 1H06.

4. Liquidity

The Company's cash flow from operating activities for 1H06 was at Baht 636 million, generally the same level as 1H05 of Baht 689 million. Net cash used in investment activities decreased to Baht 187 million in 1H06 from Baht 409 million in 1H05 as in 1H05, the Company spent Baht 323 million in investment in Asian Hospital Inc. to expand its hospital business into the Philippines. Net cash used in financing activities remained stable at Baht 501 million in 1H06 compared to Baht 465 million in 1H05, primarily because of the scheduled repayment of long-term loan and dividend payment. As a result, cash and cash equivalents at the end of the period decreased to Baht 491 million in 1H06 from Baht 538 million in 1H05.

Liquidity ratio stood at 0.76x in 2Q06, stable compared to 0.78x for 1Q06 and 0.72x for 2Q05. Consequently, quick ratio was at 0.53x in 2Q06, at a stable level compared to 0.59x for both 1Q06 and 2Q05.