

Bumrungrad Hospital Public Company Limited
Management Discussion and Analysis
For the Third Quarter ended 30 September 2007

1. Basis of Consolidation

On 27 April 2007, the Company's shareholding in Bumrungrad International Limited ("BIL") was decreased from 51.0% to 31.5% as the Company waived its rights to subscribe to BIL's new shares to allow Asia Financial Holdings ("AFH") to own 19.5% of BIL. As a result, the status of BIL has changed from a subsidiary to an associated company. Therefore, while BIL's accounts were consolidated in the Company's financial statements as at 31 March 2007, as at 30 September 2007, the accounts are no longer consolidated but are equity accounted instead. Consequently, the 9-months 2006 income statements reflect the consolidation of BIL accounts for the entire 9 months, while the 9-months 2007 income statements reflect the consolidation of BIL's 1Q07 accounts and only the equity-accounting of BIL's 2Q07 and 3Q07 performance.

2. Revenues, Net Profit and Margins

For 3Q07, the Company reported revenues from hospital operations of Baht 2,155 million, an increase by 6% y-o-y from Baht 2,042 million in 3Q06. The increase is mainly the result of the continuous growth in hospital operations, where inpatient revenues increased by 8% while outpatient revenues increased by 6%. The Company reported a slower growth in revenues in 3Q07 as the Company saw a slight decrease in patient volume, both domestic and international. The slower volume of Thai patients is attributable to the slow down of the domestic economy. For international patients, in addition to the slow down of the global economy, two of the Company's top nationalities were specifically affected in 3Q07: (1) The Middle East patients: Ramadan period started 10 days earlier into September in 2007 compared to 2006 (13 Sept – 13 Oct 2007 vs 23 Sep – 23 Oct 2006), stopping the Middle Eastern patients, the Company's largest international patient base, from traveling during that time, and (2) US is also faced with a sluggish economy.

Total revenues for 3Q07 was at Baht 2,222 million, compared to Baht 2,131 million in 3Q06, an increase of 4%, lower than the increase in revenue from hospital operations in 3Q07, primarily due to the accounting change related to the consolidation of BIL. The change affected two accounts: (1) a decrease in share of profit from investments in associated company: 3Q06 share of Baht 30 million was Asian Hospital Inc.'s (AHI), BIL's associated company, which included a one-time gain related to the acquisition of AHI of Baht 26 million, while the 3Q07 share of Baht 11 million was BIL's share and (2) BIL revenues from hospital management are no longer consolidated in the Company's consolidated financial statements in 3Q07, while the Company reported BIL's revenues from hospital management of Baht 10 million in 3Q06.

In 3Q07, the Company reported cost of hospital operation of Baht 1,327 million, an increase by 6% y-o-y, in line with increase in revenues. Gross profit margin, therefore, remained stable at 38.4% for 3Q07 compared to 3Q06.

The Company's administrative expenses remained stable at Baht 330 million in 3Q07 compared to Baht 326 million in 3Q06. As a result, EBITDA increased by 8% from Baht 508 million in

3Q06 to Baht 552 million in 3Q07, with EBITDA margin higher in 3Q07 at 25.0%, compared to 24.3% in 3Q06.

Although EBITDA saw an increase of 8%, higher than the increase in revenues, signifying the improved efficiency in hospital operations, the Company's net profit remained stable at Baht 306 million for 3Q07, compared to Baht 309 million in 3Q06. This was mainly because of (1) the decrease in share of profit from investments in associated company as explained earlier, and (2) an 18% increase in depreciation from Baht 87 million in 3Q06 to Baht 103 million in 3Q07 as the hospital had a major technology upgrade of its equipment because the existing hospital building has reached its tenth year of operation. As a result, net margin was at 13.8% in 3Q07, compared to 14.5% in 3Q06.

For the nine months of 2007, the Company reported revenues from hospital operations of Baht 6,274 million, an increase by 9% from Baht 5,761 million in 9M06. The increase is the result of 9% increase in inpatient revenues and 10% increase in outpatient revenues. Revenues from hospital management was Baht 17 million for 9M07, which was BIL's 1Q07 consolidated revenues, compared to Baht 47 million for 9M06 because of BIL's 9-months consolidation. Total revenues for 9M07 were Baht 6,468 million, compared to Baht 5,954 million in 9M06, an increase of 9%.

The cost of hospital operations for 9M07 was at Baht 3,849 million, an increase of 8% from 9M06, slightly slower than the increase in revenues from hospital operations. The gross margin, therefore, increased from 38.0% in 9M06 to 38.7% in 9M07.

Administrative expenses in the nine months of 2007 were at Baht 985 million, compared to Baht 895 million in 9M06 (excluding a one-time reversal of non-operating accrued expense related to intended bond issuance of Baht 20 million in 2Q06), or an increase of 10%, higher than the increase in revenues, due to the increase in advertising and salary expenses primarily in 1Q07. EBITDA (excluding one-time non-operating item) increased from Baht 1,456 million in 9M06 to Baht 1,607 million in 9M07 and EBITDA margin slightly increased from 24.6% in 9M06 to 25.0% in 9M07.

The Company reported 9M07 net profit of Baht 884 million, an increase of 8% for its hospital operations from Baht 822 million (net profit excluding one-time item) in 9M06, and an increase of 5% from the reported net profit of Baht 842 million in 9M06. As a result, net margin decreased slightly from 13.8% (net profit excluding the one-time item) and 14.1% in 9M06 (reported net profit) to 13.7% in 9M07.

Basic EPS remained stable at Baht 0.42 per share in 3Q07 as in 3Q06 while fully diluted EPS decreased slightly by 3% to Baht 0.35 per share in 3Q07 from Baht 0.36 per share in 3Q06. For the nine months of 2007, Basic EPS stood at Baht 1.21 per share, an increase by 4% from Baht 1.16 per share in 9M06. Similarly, fully diluted EPS increased by 6% to Baht 1.02 per share in 9M07 from Baht 0.97 per share in 9M06.

(Unit: Baht Million)

	3Q07	3Q06	Y-o-Y Growth	9M07	9M06	Growth
Revenues from hospital operations	2,155	2,042	6%	6,274	5,761	9%
Total Revenues	2,222	2,131	4%	6,468	5,954	9%
Gross Profit	828	784	6%	2,426	2,186	11%
<i>Gross Profit Margin</i>	38.4%	38.4%		38.7%	38.0%	
EBITDA (Excluding non-operating item in 2Q06)	552	508	8%	1,607	1,456	10%
<i>EBITDA Margin</i>	25.0%	24.3%		25.0%	24.6%	
Net Profit (Excluding non-operating item in 2Q06)	306	309	-1%	884	822	8%
<i>Net Profit Margin (Excluding non-operating item in 2Q06)</i>	13.8%	14.5%		13.7%	13.8%	
Net Profit	306	309	-1%	884	842	5%
<i>Net Profit Margin</i>	13.8%	14.5%		13.7%	14.1%	
EPS - Basic	0.42	0.42	-	1.21	1.16	4%
EPS - Fully Diluted	0.35	0.36	-3%	1.02	0.97	5%

3. Balance Sheet

As at 30 September 2007, the Company reported total current assets of Baht 1,355 million, a decrease from Baht 1,629 million as at 31 December 2006. This is primarily due to a decrease in cash from Baht 854 million as at 31 December 2006 to Baht 441 million as at 30 September 2007, as BIL's cash position is no longer consolidated into the Company's consolidated financial statements. Investments in associated company increased from Baht 465 million as at 31 December 2006 to Baht 1,092 million as at 30 September 2007. The investment of Baht 465 million in 2006 is the equity-accounting investment of AHL, as at the time, BIL's accounts were still consolidated with the Company's, while the investment of Baht 1,092 million was the equity-accounting investment of BIL of Baht 1,070 million and investment in Global Care Solutions (Thailand) Co., Ltd. ("GCS Thailand") of Baht 22 million. The Company announced a 30% investment in GCS Thailand in September 2007. As a result, the Company's total assets increased to Baht 7,025 million as at 30 September 2007 from Baht 6,623 million as at 31 December 2006.

Total liability was at Baht 3,403 million as at 30 September 2007, compared to Baht 2,994 million as at 31 December 2006, primarily due to an increase in accrued expenses and loans from banks. The Company had an additional short-term loan from bank of Baht 200 million and an increment drawdown of term loan (net of loan repayment) of Baht 104 million. Consequently, net debt to equity increased from 0.27x as at 31 December 2006 to 0.44x as at 30 September 2007. The Company's interest coverage ratio improved to 19.4x in 9M07 from 17.6x in 9M06.

Shareholder's equity attributable to Company's shareholders (excluding equity attributable to minority shareholders of subsidiaries) increased to Baht 3,622 million as at 30 September 2007 from Baht 3,284 million as at 31 December 2006, primarily as a result of the Company's net profit for

9M07 of Baht 884 million, netted off with dividend payment of Baht 621 million and interest expense on convertible bonds of Baht 13 million. As at 31 December 2006, the Company reported equity attributed to minority shareholders of subsidiaries of Baht 344 million, which was the minority interest of BIL, while there was no equity attributed to minority shareholders as at 30 September 2007 as BIL accounts are no longer consolidated. Annualized average return on assets for 9M07 was at 17.3% while annualized average return on equity remained high at 32.5% for 9M07.

4. Liquidity

The Company's cash flow from operating activities for 9M07 was at Baht 981 million, compared to Baht 807 million for 9M06. The increase was primarily attributable to improved profits before depreciation. Net cash used in investment activities increased to Baht 617 million in 9M07 from Baht 331 million in 9M06, primarily because of the Company's additional investments in BIL of Baht 266 million, together with a decrease in deposit at financial institution with maturity of more than 3 months and those pledged, as a result of release of loan agreement covenants. Net cash used in financing activities increased from Baht 159 million in 9M06 to Baht 334 million in 9M07, mainly due to an increase in dividend payment. With a deduction of cash and cash equivalents of subsidiary (BIL) as at the date of a subsidiary changed to an associated company of Baht 442 million, the Company's cash and cash equivalents at the end of the period decreased to Baht 441 million as at 30 September 2007 from Baht 861 million as at 30 September 2006.

Liquidity ratio as at 30 September 2007 decreased to 0.70x from 1.04x as at 31 December 2006, while quick ratio was at 0.55x as at 30 September 2007, a decrease from 0.88x as at 31 December 2006. The decrease in both liquidity and quick ratios are primarily due to a decrease in cash and cash equivalents of Baht 423 million, from Baht 864 million as at 31 December 2006 to Baht 441 million as at 30 September 2007.

5. Change in Accounting Policy

Since 1 January 2007, the Company changed its accounting policy regarding investments in subsidiaries, associates and jointly controlled entities so that the Company financial statement (or "The separate financial statement"), which formerly reported investments using the equity method, now reports investments using the cost method in accordance with the Notification No. 26/2006 issued by the Federation of Accounting professions regarding the Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (Amendment No. 1). Therefore the Company restated its financial statement, using the cost method as the cost of investment in subsidiaries and associates of the Company financial statement. This adjustment caused the followings effects:

- Net income in the Company financial statement does not equal net income in the consolidated financial statement.
 - In 3Q07, net income on the Company financial statement was Baht 281 million, lower than Baht 306 million in the consolidated financial statement by Baht 25 million. For 3Q06, net income on the Company financial statement was Baht 302 million, lower than the net income in the consolidated financial statement of Baht 309 million by Baht 7 million. This is because the Company financial statement did not include share of net income from

investments under the equity method of Baht 25 million and Baht 7 million in 3Q07 and 3Q06 respectively.

- For 9M07, net income on the Company financial statement was Baht 841 million, lower than Baht 884 million in the consolidated financial statement by Baht 43 million. For 9M06, net income on the Company financial statement was Baht 792 million, lower than the net income in the consolidated financial statement of Baht 842 million by Baht 50 million. This is because the Company financial statement did not include share of net income from investments under the equity method of Baht 43 million and Baht 50 million in 9M07 and 9M06 respectively.
- The effect on the Company's balance sheet as at 31 December 2006 are as follows:

Decrease in investment in subsidiary companies (net of excess of investment over book value of a subsidiary)	Baht 99 million
Decrease in translation adjustment	Baht 13 million
Decrease in unrealized gain resulting from the sale of subsidiary's shares to the public in excess of par value	Baht 156 million
Increase in retained earnings	Baht 70 million

However, the change of accounting policy affects only the accounts relating to investments in subsidiaries and associates of the Company financial statements. It does not have any effect on the consolidated financial statements or the Company's business fundamentals.