

**Bumrungrad Hospital Public Company Limited**  
**Management Discussion and Analysis**  
**For the First Quarter ended 31 March 2008**

**1. Basis of Consolidation**

On 27 April 2007, the Company's shareholding in Bumrungrad International Limited was decreased from 51.0% to 31.5% as the Company waived its rights to subscribe to Bumrungrad International Limited's new shares to allow Asia Financial Holdings to own 19.5% of Bumrungrad International Limited. As a result, the status of Bumrungrad International Limited has changed from a subsidiary to an associated company. Therefore, while Bumrungrad International Limited's accounts were consolidated in the Company's financial statements as at 31 March 2007, as at 31 March 2008, the accounts are no longer consolidated but are equity accounted instead. Consequently, the 1Q07 income statements reflect the consolidation of Bumrungrad International Limited accounts for the period, while the 1Q08 income statement does not consolidate Bumrungrad International Limited's accounts.

**2. Profit and Loss Statements**

For 1Q08, the Company reported revenues from hospital operations of Baht 2,176 million, a 6% y-o-y increase from Baht 2,058 million in 1Q07. The increase is mainly the result of the continuous growth in hospital operations, where inpatient revenues increased by 4% while outpatient revenues increased by 10%.

Total revenues for 1Q08 were Baht 2,228 million, an increase by 4% y-o-y from Baht 2,135 million in 1Q07, increasing at a slower rate than the increase in revenues from hospital operations, mainly from two reasons: (1) the Company reported revenues from hospital management of Baht 17 million in 1Q07 as Bumrungrad International Limited's revenues from hospital management were still consolidated with the Company's accounts at the time, while the Company did not record any revenues from hospital management in 1Q08; and (2) while Bumrungrad International Limited Group (Asian Hospital Inc. at the time) contributed a share of income from investment in associated company of Baht 8 million in 1Q07, Bumrungrad International Limited and CDE Trading Company Limited (Previously known as Global Care Solutions (Thailand) Company Limited) together contributed a share of loss from investment in associated company of Baht 5 million in 1Q08.

In 1Q08, the Company reported cost of hospital operations of Baht 1,317 million, an increase by 5% y-o-y from Baht 1,257 million, slightly lower than the increase in revenues from hospital operations as a result of better cost control. Gross profit margin, therefore, increased to 39.5% for 1Q08 compared to 38.9% in 1Q07.

The Company's administrative expenses remained stable at Baht 333 million in 1Q08, compared to Baht 332 million in 1Q07 because of tight cost control. As a result, EBITDA increased to Baht 577 million in 1Q08 from Baht 532 million in 1Q07, or an increase of 8%. EBITDA margin therefore increased to 25.9% in 1Q08 from 25.1% in both 1Q07.

In 1Q08, the Company reported a share of loss from investment in associated company of Baht 5 million, which is attributable to share of loss from investment in CDE Trading Company Limited of Baht 29 million, netted off with share of gain from investment in Bumrungrad International

Limited of Baht 24 million. Share of loss from CDE Trading Limited was primarily a result of foreign exchange loss on the gain of sale of its assets to Microsoft in 4Q07. Because the sales transaction was in USD, the strengthening of the Thai Baht against US dollars since the time of sale has resulted in the foreign exchange loss on the transaction on the amount that the proceeds have not been received. On the other hand, the share of gain from investment in Bumrungrad International Limited of Baht 24 million comprise share of profit Bumrungrad International Limited's operation of existing projects of Baht 11 million, while the rest of Baht 13 million was from the accounting affect relating to the debt refinancing of Asian Hospital Inc. in the Philippines.

As a result of the above, the Company reported net profit of Baht 314 million for 1Q08, an increase of 6% from Baht 296 million in 1Q07. Net margin slightly increased to 14.1% in 1Q08 compared to 13.9% in 1Q07.

The Company's basic EPS was Baht 0.43 per share in 1Q08, a 5% increase from 0.41 per share in 1Q07. Similarly, fully diluted EPS increased by 6% to Baht 0.36 per share in 1Q08 from Baht 0.34 per share in 1Q07.

(Unit: Baht Million)

	1Q08	1Q07	Y-o-Y Growth
Revenues from hospital operations	2,176	2,058	6%
Total Revenues	2,228	2,135	4%
Gross Profit	859	801	7%
<i>Gross Profit Margin</i>	39.5%	38.9%	
EBITDA	577	532	8%
<i>EBITDA Margin</i>	25.9%	25.1%	
Net Profit	314	296	6%
<i>Net Profit Margin</i>	14.1%	13.9%	
EPS – Basic	0.43	0.41	5%
EPS – Fully Diluted	0.36	0.34	6%

### 3. Balance Sheet

As at 31 March 2008, the Company reported total current assets of Baht 1,265 million, a decrease from Baht 1,417 million as at 31 December 2007 because of decrease in cash and cash equivalents to Baht 424 million as at 31 March 2008 from Baht 550 million as at 31 December 2007. This is due to the payment for construction of the new Bumrungrad International Clinic Building and additional investment in Bumrungrad International Limited of Baht 142 million. Total non-current assets slightly increased to Baht 6,781 million as at 31 March 2008 from Baht 6,049 million as at 31 December 2007. This was mainly due to increase in property, plant and equipment to Baht 4,847 million as at 31 March 2008 from Baht 4,145 million as at 31 December 2007, as the Company acquired BH Tower from Bangkok Bank Public Company Limited in February 2008, as well as continues on the construction of the seven floors of the Bumrungrad International Clinic Building as planned for the mid-2008 opening. As a result, total assets increased to Baht 8,046 million as at 31 March 2008 from Baht 7,466 million as at 31 December 2007.

Total liability was at Baht 3,493 million as at 31 March 2008, an increase from Baht 3,117 million as at 31 December 2007. This was primarily due to increase in total long-term loan (including current portion) to Baht 2,058 million as at 31 March 2008 from Baht 1,772 million as at 31 December 2007, as the Company made a draw down of Baht 400 million in February 2008 to finance the acquisition of BH Tower, netted off with scheduled repayment of Baht 115 million in 1Q08. As a result, net debt to equity slightly increased to 0.36x as at 31 March 2008 from 0.28x as at 31 December 2007. The Company's interest coverage ratio remains high at 21.0x in 1Q08 compared to 19.1x in 1Q07.

Total shareholder's equity increased to Baht 4,553 million as at 31 March 2008 from Baht 4,349 million as at 31 December 2007, primarily as a result of the Company's net profit for 1Q08. Annualized average return on assets for 1Q08 was at 16.2% while annualized average return on equity remained high at 28.3 for 1Q08.

#### 4. Liquidity

The Company's cash flow from operating activities for 1Q08 was Baht 447 million, an increase from Baht 385 million in 1Q07, primarily attributable to improved profits from operation. Net cash used in investment activities increased to Baht 850 million in 1Q08, compared to Baht 103 million in 1Q07 because of acquisition of property, plant and equipment and repayment of construction and medical equipment payable related to the acquisition of BH Tower and the construction of the Bumrungrad International Clinic of Baht 696 million, together with additional investment in Bumrungrad International Limited of Baht 142 million. The Company reported net cash flow from financing activities of Baht 276 million in 1Q08 compared to net cash used in financing activities of Baht 91 million in 1Q07, as the Company made a draw down of long-term loan of Baht 400 million in 1Q08. As a result, cash and cash equivalents at the end of the period was Baht 424 million as at 31 March 2008 compared to Baht 1,045 million as at 31 March 2007.

Liquidity ratio as at 31 March 2008 slightly decreased to 0.65x from 0.80x as at 31 December 2007, while quick ratio was 0.51x as at 31 March 2008, compared to 0.64x as at 31 December 2007. The decrease in both liquidity and quick ratios are primarily due to a decrease in cash and cash equivalents to Baht 433 million as at 31 March 2008 from Baht 550 million as at 31 December 2007.