

Press Release

Dialysis Corporation of America Reports Second Quarter 2006 Results

Linthicum, Maryland, Monday, August 7, 2006 – Dialysis Corporation of America (NASDAQ-DCAI) announced its financial results for the second quarter of 2006. Operating revenues for the second quarter were \$14,458,000 compared to \$11,141,000 for the same period last year, a 30% increase. Net income for the quarter was \$595,000 or \$.06 per share (\$.06 diluted per share) compared to \$444,000 or \$.05 per share (\$.05 diluted per share) for the same period last year, representing a 34% increase in net income. Operating revenues for the first half of 2006 were \$27,675,000 compared to \$21,754,000 for the same period last year, a 27% increase. Net income for the first half of 2006 was \$1,114,000 or \$.12 per share (\$.12 diluted per share) compared to \$769,000 or \$.09 per share (\$.08 diluted per share) for the same period last year, representing a 45% increase in net income.

Stephen Everett, President and Chief Executive Officer, commented, “The second quarter of 2006 resulted in continued growth for our company, with results in both operations and finance meeting expectations. As to be expected with the opening of new centers, Medicare provider numbers for 2 centers were pending at the end of the quarter, along with 5 Medicaid provider numbers. Both of the Medicare provider numbers and one of the Medicaid provider numbers were subsequently obtained in the third quarter. The centers that were newly opened during the past six months have successfully added patients beyond projections, and we completed final preparations for two centers that opened at the beginning of the third quarter. Second quarter pre-tax costs associated with the opening of new centers approximated \$379,000, compared with \$468,000 of such pre-tax costs for the first quarter of 2006. Additionally, non-cash stock compensation expense of \$36,000 was included in our results for the quarter.”

Dialysis Corporation of America currently owns or manages 32 free-standing operating kidney hemodialysis centers in Georgia, Maryland, New Jersey, Ohio, Pennsylvania, South Carolina and Virginia providing patients with a full range of quality in-center and at-home dialysis services, as well as providing in-hospital services. The company has 2 new centers under development in Georgia and South Carolina.

This release contains forward-looking statements that are subject to risks and uncertainties that could affect the business and prospects of the company and cause actual results and plans to differ materially from those anticipated. Those factors include, but are not limited to, maintaining continued growth and profitability, delays beyond the company’s control with respect to future business events, the highly competitive environment in the establishment and operation of dialysis centers, the ability to develop or acquire additional dialysis facilities, whether patient bases of the company’s dialysis facilities can mature to provide profitability, the extensive regulation of dialysis operations, government rate determination for Medicare reimbursement, pricing pressure from private payors, and other risks detailed in the company’s filings with the SEC, particularly as described in the company’s annual report on Form 10-K for the fiscal year ended December 31, 2005. The historical results contained in this press release are not necessarily indicative of future performance of the company.

The company’s press releases, corporate profile, corporate governance materials, quarterly and current reports, and other filings with the SEC are available on Dialysis Corporation of America’s internet home page: <http://www.dialysiscorporation.com>.

CONTACT: For additional information, you may contact Stephen Everett, President and CEO of Dialysis Corporation of America, 1302 Concourse Drive, Suite 204, Linthicum, MD 21090; Telephone No. (410) 694-0500.

DIALYSIS CORPORATION OF AMERICA AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)**

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Operating revenues:				
Sales				
Medical services revenue	\$14,066,900	\$11,021,524	\$26,938,553	\$21,505,625
Product sales	<u>214,168</u>	<u>---</u>	<u>453,630</u>	<u>---</u>
Total sales revenues	14,281,068	11,021,524	27,392,183	21,505,625
Other income	<u>176,999</u>	<u>119,902</u>	<u>282,867</u>	<u>248,297</u>
	<u>14,458,067</u>	<u>11,141,426</u>	<u>27,675,050</u>	<u>21,753,922</u>
Operating costs and expenses:				
Cost of sales				
Cost of medical services	8,651,984	6,724,869	16,489,941	13,267,470
Cost of product sales	<u>131,936</u>	<u>---</u>	<u>275,611</u>	<u>---</u>
Total cost of sales revenues	8,783,920	6,724,869	16,765,552	13,267,470
Selling, general and administrative expenses				
Corporate	1,616,541	1,295,212	3,019,128	2,412,935
Facility	<u>2,147,134</u>	<u>1,747,932</u>	<u>4,188,207</u>	<u>3,463,833</u>
Total	3,763,675	3,043,144	7,207,335	5,876,768
Stock compensation expense	36,386	---	170,902	---
Depreciation and amortization	540,898	411,106	1,086,008	821,243
Provision for doubtful accounts	<u>237,499</u>	<u>204,649</u>	<u>392,913</u>	<u>452,643</u>
	<u>13,362,378</u>	<u>10,383,768</u>	<u>25,622,710</u>	<u>20,418,124</u>
Operating income	1,095,689	757,658	2,052,340	1,335,798
Other income (expense)				
Interest income on officer/director note	---	1,421	---	2,713
Interest expense on note and advances payable to parent	---	(54,875)	---	(89,811)
Other income, net	<u>66,293</u>	<u>44,538</u>	<u>133,274</u>	<u>76,393</u>
	<u>66,293</u>	<u>(8,916)</u>	<u>133,274</u>	<u>(10,705)</u>
Income before income taxes, minority interest and equity in affiliate earnings	1,161,982	748,742	2,185,614	1,325,093
Income tax provision	<u>442,411</u>	<u>310,105</u>	<u>859,385</u>	<u>618,908</u>
Income before minority interest and equity in affiliate earnings	719,571	438,637	1,326,229	706,185
Minority interest in income of consolidated subsidiaries	(224,233)	(89,131)	(404,514)	(152,401)
Equity in affiliate earnings	<u>100,062</u>	<u>94,689</u>	<u>192,468</u>	<u>214,798</u>
Net income	<u>\$ 595,400</u>	<u>\$ 444,195</u>	<u>\$1,114,183</u>	<u>\$ 768,582</u>
Earnings per share:				
Basic	<u>\$.06</u>	<u>\$.05</u>	<u>\$.12</u>	<u>\$.09</u>
Diluted	<u>\$.06</u>	<u>\$.05</u>	<u>\$.12</u>	<u>\$.08</u>
Basic weighted average shares outstanding	<u>9,527,692</u>	<u>8,661,859</u>	<u>9,415,582</u>	<u>8,599,837</u>
Diluted weighted average shares outstanding	<u>9,561,302</u>	<u>9,239,268</u>	<u>9,546,823</u>	<u>9,144,429</u>

DIALYSIS CORPORATION OF AMERICA AND SUBSIDIARIES

SUPPLEMENTAL OPERATING DATA

	Six Months Ended		
	June 30,		
	<u>2006</u>	<u>2005</u>	<u>Y/Y Change %</u>
Operating data:			
Treatments:			
Consolidated	94,130	78,615	19.7%
Managed	<u>8,452</u>	<u>7,565</u>	11.7%
Total treatments	102,582	86,180	19.0%
Patient revenue per treatment	\$286.18	\$273.56	4.6%
Non-acquired growth data:			
Non-acquired treatment growth	15%	27%	
Non-acquired revenue per treatment change	3%	(6%)	
Non-acquired patient revenue growth	19%	20%	
Key clinical metrics:			
Treatment adequacy (% of pts with Kt/V>1.2)	95.75%	94.21%	
Anemia management (% of pts with Hgb>11)	80.63%	80.40%	
Venous access (% of pts with AVF)	46.32%	43.43%	